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Weekly Cotton Market Review

March 14, 1985

Trading was more active in California but continued to slow across the remainder of the Cotton Belt, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower-held supplies were limited and offerings were light. Merchant demand was restricted primarily to cotton needed to fill prompt or nearby commitments. Domestic mill buying was a little more active but limited mostly to San Joaquin Valley, California, growth. Purchases included both 1984 and 1985-crop cotton. Export trading was slow and primarily with Far Eastern mills. Forward contracting of the 1985 crop was limited mostly to south Texas. Planting made good progress in south Texas, was under way in portions of the El Centro, California, area and was expected to begin in California's San Joaquin Valley and southern portions of central Texas in the next couple of weeks. Elsewhere, land preparation made good progress in most localities.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 59.59 cents per pound during the week ended Thursday, March 14. Prices ranged from a low of 58.88 cents on Monday to a high of 60.46 cents on Wednesday and ended the week at 60.07 cents. A week earlier, prices averaged 58.51 cents per pound and ranged from 58.01 to 58.75 cents. In the corresponding week last season, prices averaged 75.13 cents. The New York May 1985 futures settlement price ended the week on Thursday at 65.68 cents per pound compared with 64.38 cents a week earlier. The October settlement price was 65.02 cents against 64.62 cents last Thursday and the December price was 65.20 cents compared with 64.63 cents a week ago.

Trading was more active in California's San Joaquin Valley but continued to slow across most of the remainder of the Cotton Belt. Grower-held supplies and offerings were light in most markets but were adequate to meet merchant demand. Some growers rejected current prices and showed more interest in the CCC loan. Domestic mill buying was a little more active but restricted primarily to the San Joaquin Valley. Purchases included both 1984 and 1985-crop cotton. Export trading was light. Far Eastern mills made the bulk of purchases and wanted prompt or nearby shipment. Forward contracting of 1985-crop cotton by growers was restricted primarily to south Texas where a light volume was booked. Purchases reported by cotton exchanges in the designated markets totaled 61,100 bales in the week ended Thursday, March 14. This compares with 65,600 bales a week earlier and 97,800 bales reported in the corresponding week last season.

Textile mill report. Most mills have enough cotton to sustain current operations and buying remained light. Purchases were largely of southeastern and western growths, medium and higher grades, needed to augment existing stocks. Mills indicated that scheduling shipments to fit changing operating arrangements remains an ongoing problem. Quality of available cotton varies widely within some production areas, prompting some mills to seek needs from other localities. New orders for finished goods remained spotty and a number of mills maintained shortened work schedules to avoid inventory buildup. Sales of numerous apparel goods were mixed and yarn business was generally weak. In contrast, sportswear, underwear and medium weight apparel fabrics sold at a fair to good pace. Mills operated three to five days per week.

World cotton supply and demand estimates. Projected world cotton production is up from a month earlier (see table on page 2). Crop forecasts for China, Pakistan and Peru are higher. Record crops are expected in China and Pakistan. Forecast global mill use and trade are near last month's estimates. Consumption is at a record level. With larger projected world output, this season's ending stocks forecast has been raised moderately. United States supply and demand forecasts are unchanged.

Cotton supply and use: World, United States, major exporters and importers; marketing years 1982-83, 1983-84, and 1984-85 ^{1/} March 11, 1985

Region	Supply			Use		Ending stocks	
	Beginning stocks	Production	Imports	Mill use	Exports		
<u>Million 480 pound bales</u>							
<u>1982-83</u>							
World	25.4	67.5	19.8	68.0	19.4	24.9	
United States	6.6	12.0	2/	5.5	5.2	7.9	
Total foreign	18.8	55.5	19.7	62.5	14.2	17.0	
Major exporters ^{3/}	6.7	39.6	1.6	31.8	9.1	6.7	
China	1.9	16.5	1.1	16.4	0.1	3.0	
Pakistan	0.2	3.8	2/	2.5	1.3	0.2	
USSR	2.5	11.9	0.5	9.2	3.9	1.8	
Major importers ^{4/}	4.9	0.8	15.1	15.8	0.3	4.7	
Japan	0.8	-	3.1	3.3	-	0.6	
<u>1983-84 (Estimated)</u>							
World	24.9	67.6	20.5	68.7	19.4	24.5	
United States	7.9	7.8	2/	5.9	6.8	2.8	
Total foreign	17.0	59.9	20.5	62.8	12.6	21.7	
Major exporters ^{3/}	6.7	43.6	1.3	31.3	8.4	11.8	
China	3.0	21.3	0.3	16.0	0.8	7.8	
Pakistan	0.2	2.2	0.3	2.0	0.3	0.1	
USSR	1.8	12.3	0.8	9.3	3.5	2.1	
Major importers ^{4/}	4.7	0.8	15.7	16.1	0.6	4.5	
Japan	0.6	-	3.3	3.3	-	0.7	
<u>1984-85 (Projected)</u>							
World							
February	24.5	81.8	20.6	69.8	20.7	36.3	
March	24.5	84.3	20.6	69.7	20.7	38.7	
United States							
February	2.8	13.3	2/	5.3	6.5	4.3	
March	2.8	13.3	2/	5.3	6.5	4.3	
Total foreign							
February	21.7	68.5	20.6	64.5	14.2	31.9	
March	21.7	71.0	20.6	64.4	14.2	34.3	
Major exporters ^{3/}							
February	11.8	50.2	1.3	32.4	9.5	21.2	
March	11.8	52.6	1.3	32.4	9.6	23.6	
China	Feb.	7.8	26.0	0.1	16.5	1.2	16.2
Mar.	7.8	27.9	0.1	16.5	1.2	18.1	
Pakistan	Feb.	0.1	4.0	2/	2.3	1.1	0.6
Mar.	0.2	4.5	2/	2.3	1.2	1.1	
USSR	Feb.	2.1	11.7	1.0	9.5	3.2	2.1
Mar.	2.1	11.7	1.0	9.5	3.2	2.1	
Major importers ^{4/}							
February	4.5	1.0	15.6	16.3	0.5	4.3	
March	4.5	1.0	15.6	16.3	0.5	4.4	
Japan	Feb.	0.7	-	3.3	3.3	-	0.7
Mar.	0.7	-	3.3	3.3	-	0.7	

1/ Marketing year beginning August 1. Totals may not add and trade and stocks may not balance due to rounding, a small quantity destroyed, and other factors. 2/ Less than 50,000 bales. 3/ Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 4/ Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

Source: United States Department of Agriculture

Cotton: Area, yield and production, world and selected countries and regions, harvest season beginning August 1

Continent and Country	Area			Yield			Production		
	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85	1982-83	1983-84	1984-85
	1,000 Hectares			Kilograms per hectare			Thousand 480 pound bales		
Western Hemisphere:									
United States	3,939	2,973	4,233	661	569	684	11,963	7,771	13,292
Brazil	2,113	1,960	2,240	308	286	360	2,985	2,577	3,700
Mexico	204	245	320	921	923	850	863	1,038	1,250
Argentina	360	510	475	310	353	337	512	827	735
Colombia	56	119	223	587	644	594	151	352	608
Paraguay	240	280	320	333	321	340	367	413	500
Peru	83	95	120	433	761	717	165	332	395
Guatemala	49	57	57	933	1,069	1,146	210	280	300
Nicaragua	90	117	110	847	614	564	350	330	285
El Salvador	50	38	37	801	791	824	184	138	140
Venezuela	14	23	23	451	521	521	29	55	55
Honduras	4	7	7	762	653	622	14	21	20
Ecuador	17	6	5	551	544	740	43	15	17
Bolivia	8	5	5	218	435	435	8	10	10
Others	21	23	24	249	265	254	24	28	28
Total.....	7,248	6,458	8,199	537	478	567	17,868	14,187	21,335
Europe:									
Greece	137	168	192	693	762	731	436	588	645
Spain	49	38	64	1,120	980	953	252	171	280
Bulgaria	13	13	13	335	302	335	20	18	20
Yugoslavia	3	4	5	290	163	348	4	3	8
Italy	3	3	3	218	218	218	3	3	3
Others	28	28	28	272	272	272	35	35	35
Total.....	233	254	305	701	701	707	750	818	991
Africa:									
Egypt	447	425	415	1,031	991	940	2,117	1,934	1,791
Sudan	392	407	421	533	538	538	959	1,006	1,040
Zimbabwe	138	191	190	435	429	430	276	376	375
South Africa	105	99	110	257	345	386	124	157	195
Tanzania	360	344	310	119	137	130	197	216	185
Chad	137	172	182	275	299	209	173	236	175
Cameroon	55	70	71	519	529	460	131	170	150
Uganda	468	600	600	25	30	31	54	83	85
Nigeria	205	196	201	96	69	76	90	62	70
Central African	68	80	81	150	150	161	47	55	60
Zaire	90	93	93	138	133	140	57	57	60
Mozambique	110	110	100	109	109	109	55	55	50
Malawi	35	35	35	218	218	218	35	35	35
Morocco	11	11	11	554	594	693	28	30	35
Kenya	150	145	110	61	57	59	42	38	30
Angola	25	25	25	174	174	174	20	20	20
Somalia	12	12	12	127	127	127	7	7	7
Others	579	600	601	367	364	398	975	1,003	1,100
Total.....	3,387	3,615	3,568	346	334	333	5,387	5,540	5,463
Asia and Oceania:									
China	5,828	6,077	6,500	616	763	871	16,500	21,300	26,000
USSR	3,188	3,192	3,230	815	838	789	11,932	12,280	11,700
India	7,871	7,765	7,900	175	165	179	6,324	5,879	6,480
Pakistan	2,263	2,277	2,285	364	209	381	3,781	2,188	4,000
Turkey	595	614	750	822	850	781	2,246	2,398	2,691
Australia	92	136	194	1,098	1,037	1,055	464	648	940
Syria	159	176	174	994	1,098	902	726	888	721
Israel	56	57	64	1,547	1,623	1,405	398	425	413
Iran	205	184	184	454	473	473	427	400	400
Thailand	114	102	114	357	391	351	187	183	184
Burma	217	231	230	160	165	166	160	175	175
Afghanistan	50	50	50	435	435	435	100	100	100
Iraq	65	65	65	218	218	218	65	65	65
Southern Yemen	16	16	16	340	340	340	25	25	25
Philippines	10	12	7	457	399	560	21	22	18
Korea, Republic	4	3	3	327	363	290	6	5	4
Others	90	111	112	215	192	192	89	98	99
Total.....	20,823	21,068	21,878	454	487	538	43,451	47,079	54,015
Foreign Total.....	27,752	28,422	29,717	435	459	502	55,493	59,853	68,512
World Total.....	31,691	31,395	33,950	463	469	525	67,456	67,624	81,804

NOTE: Totals may not add because of rounding.

Seven months and older certificated stock, April 1, 1985 1/

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	7,907	5,695	165	106	13,873
Greenville	414	16	3	2	435
Houston	-	-	-	-	-
Memphis	6,016	2,484	1,022	375	9,897
Mobile	-	-	-	-	-
New Orleans	196	-	1	-	197
Total	14,533	8,195	1,191	483	24,402

1/ Based on Cotton Division records as of March 13, 1985.

New York futures contract settlement, designated spot market average for grade 41 staple 34 and 'A' Index cotton prices in cents per pound

Date	Grade 41 Staple 34						Desig. 8- Mkt. Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	May '85	Jul '85	Oct '85	Dec '85	Mar '86	May '86		
Mar. 7	64.38	64.45	64.62	64.63	65.63	66.40	58.75	67.05
8	64.87	65.00	65.05	65.10	66.10	66.65	59.12	67.05
11	64.42	64.80	64.80	65.00	66.10	66.47	58.88	66.95
12	65.03	64.97	64.95	65.09	66.05	66.63	59.40	66.90
13	66.20	65.38	65.22	65.50	66.50	66.95	60.46	66.75
14	65.68	65.18	65.02	65.20	66.20	66.65	60.07	66.90

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

Chicago futures contract settlement and designated spot market average for grade 42 staple 31 in cents per pound

Date	Grade 42 Staple 31					Desig. 5-Mkt. Average 1/
	Futures Settlement					
	May '85	Jul '85	Oct '85	Dec '85	Mar '86	
Mar. 7	56.33	56.75	-	57.40	-	48.85
8	56.70	57.05	-	57.50	-	49.14
11	56.48	56.80	-	57.60	-	49.02
12	56.77	56.83	-	57.55	-	49.49
13	57.15	56.68	-	57.35	-	50.29
14	56.93	56.80	-	57.15	-	49.98

1/ Greenville, Montgomery, Memphis, Dallas and Lubbock.

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1983-84 and 1984-85

Description	Marketing Year			
	1983-84		1984-85	
	Through March 8		Through March 7	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,811,400	-	2,101,600
Exports	192,300	3,743,400	244,900	3,876,200
Total export commitments	-	6,554,800	-	5,977,800
New sales	83,500	-	38,200	-
Buy-backs and cancellations	17,800	-	23,400	-
Net sales	65,700	-	14,800	-
Sales next marketing year	41,000	588,700	8,600	274,500

Source: Export Sales Reporting Division, Foreign Agricultural Service, USDA

Upland cotton export sales for marketing year 1984-85 totaled 14,800 running bales during the week ended March 7, according to the Foreign Agricultural Service, USDA. Exports for the week totaled 244,900 bales, the largest shipments for any week so far this marketing year.