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Weekly Cotton Market Review



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Trading was fairly steady on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were firm. Grower offerings and sales of CCC loan equities continued moderate to heavy. Merchant demand strengthened in some markets. Domestic and foreign mill buying was light. Growers in the San Joaquin Valley forward contracted a light volume of 1986-crop cotton. Planting was around 90 percent completed in south Texas and cotton was up to a good stand in many fields. Planting was well advanced in portions of Arizona and central Texas. United States cotton growers expect to plant 9.71 million acres in 1986.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 61.74 cents per pound during the week ended Thursday, March 20. Prices ranged from a low of 61.57 cents on Friday to a high of 61.91 cents on Thursday. A week earlier, prices averaged 61.35 cents per pound and ranged from 61.05 to 61.58 cents. In the corresponding week a year ago, the average price was 60.93 cents. The New York May 1986 futures settlement price ended the week on Thursday at 63.62 cents per pound compared with 63.30 cents a week earlier. The October settlement price was 40.75 cents against 43.85 cents last Thursday and the December price was 40.98 cents compared with 43.83 cents a week ago.

Trading was fairly active on spot cotton markets. Grower offerings were primarily of CCC loan equities. A moderate volume of equities netted growers around \$5 to \$15 per bale with a limited volume moving at \$30 per bale. Demand improved as a few merchants actively sought cotton to expand inventories. Domestic mill buying consisted of a light volume for both prompt and deferred delivery. Inquiries for new-crop cotton increased. Very little export trading was reported but inquiries for later delivery were more numerous. Purchases reported by cotton exchanges in the designated markets totaled 101,500 bales in the week ended Thursday, March 20. This compares with 99,200 bales a week earlier and 86,500 bales in the corresponding week a year ago.

Textile mill report. Mill buying slowed but remained fairly steady. Most mills have covered their prompt needs and buying was largely for nearby and later shipment. Demand was best for the medium and lower grades from central and western growths. Sales of textiles remained good. Mills were especially cautious not to build inventories of finished goods. Reports indicate that profit margins have begun to show moderate improvement. Sales of textiles remain good. A few soft spots exist but have been offset with good sales of other products. Yarns, most apparel goods, underwear, sportswear and household items continue to move readily with sales booked into third quarter months. Sales of other products were mixed but mostly fair to good.

CCC loan entries of 1985-crop cotton totaled 7,165,700 running bales through March 12, according to the Agricultural Stabilization and Conservation Service, USDA. Repayments had been made on 299,100 bales. Loans were outstanding on 6,847,000 bales of upland cotton and 19,600 bales of American Pima. Total outstanding loans of 3,739,300 bales were Form A (producer) and 3,127,300 bales were Form G (cooperative) loans. Outstanding American Pima cotton was primarily Form G loans. Loans remained outstanding on 1,090,800 bales of 1984-crop cotton.

March planting intentions. Area planted to all cotton for 1986 is expected to total 9.71 million acres, down 9 percent from 1985 plantings, according to the Crop Reporting Board, SRS, USDA. Upland acreage, at 9.61 million acres, is down 10 percent from 1985 while American Pima acreage, at 98,000 acres, is up 17 percent. At the time of these intentions, some uncertainty remained about the Farm Program for 1986. Program sign-up began on March 6 and will end on April 11.

Southeastern growers (Alabama, Georgia, North Carolina and South Carolina) intend to plant 759,000 acres, down 5 percent from 1985. All states in the area expect to plant less acreage this year.

Delta growers (Arkansas, Louisiana, Mississippi, Missouri and Tennessee) intend to plant 2.53 million acres, down 5 percent from 1985. Intended acreage in Arkansas and Missouri is unchanged from last year, while reductions in plantings are expected in Louisiana, Mississippi and Tennessee.

Growers in Texas and Oklahoma intend to plant 4.76 million acres of upland cotton, down 11 percent from 1985. Acreage in Texas is expected to decrease 12 percent while acreage in Oklahoma is unchanged from 1985. Land preparation is under way for the 1986 crop in both states. Mild temperatures and ample soil moisture have aided advancement of spring tillage activities, which are ahead of normal.

Upland planted acreage in the western states (Arizona, California and New Mexico) is expected to total 1.54 million acres, down 14 percent from last year. Intentions are below 1985 in all three states, with Arizona expecting the sharpest percentage decline. Expectations are for higher participation in the Farm Program in this area whereas, historically, grower participation has been low compared with other areas.

Cotton acreage planted, by states, 1984, 1985 and prospective plantings March 1986

State	1984	1985	Prospective 1986	1986 as percent of 1985
<u>Upland</u>		<u>1,000 acres</u>		<u>Percent</u>
Alabama	309.0	330.0	320.0	97.0
Arizona	430.0	366.0	260.0	71.0
Arkansas	470.0	465.0	465.0	100.0
California	1,410.0	1,350.0	1,210.0	90.0
Florida	17.5	24.5	22.0	90.0
Georgia	175.0	260.0	245.0	94.0
Kansas	0.8	1.0	2.0	200.0
Louisiana	650.0	640.0	580.0	91.0
Mississippi	1,045.0	1,050.0	1,000.0	95.0
Missouri	164.0	155.0	155.0	100.0
New Mexico	77.0	70.0	68.0	97.0
North Carolina	97.0	88.0	84.0	95.0
Oklahoma	425.0	360.0	360.0	100.0
South Carolina	104.0	124.0	110.0	89.0
Tennessee	340.0	340.0	330.0	97.0
Texas	5,350.0	5,000.0	4,400.0	88.0
Virginia	1.0	1.3	1.5	115.0
U. S.	11,065.3	10,624.8	9,612.5	90.5
<u>American Pima</u>				
Arizona	50.5	56.5	70.0	124.0
New Mexico	10.0	7.8	10.0	128.0
Texas	19.6	19.5	18.0	92.0
U. S.	80.1	83.8	98.0	116.9
U. S. all cotton	11,145.4	10,708.6	9,710.5	90.7

CCC loan entries, loan redemptions, and acquired and pooled stocks; percentages of crops pledged by farmers to loan programs, by seasons, running bales 1948-1985

Crop year	CCC loans			Total cotton crop 1,000 bales	Loans as a percent of total crop Percent
	Entries 1,000 bales	Redemptions 1,000 bales	Acquired or pooled by CCC 1,000 bales		
1948	5,272	1,491	3,781	14,580	36
1949	3,190	3,105	85	15,909	20
1950	8	5	3	9,910	*
1951	1,115	881	234	15,076	7
1952	2,307	636	1,671	14,955	15
1953	6,832	2,092	4,740	16,317	42
1954	2,309	662	1,645	13,619	17
1955	7,257	1,219	6,038	14,542	50
1956	4,830	1,153	3,677	13,151	37
1957	3,657	1,197	2,460	10,880	34
1958	6,832	794	6,038	11,435	60
1959 <sup>1/</sup>	335	309	26	14,515	2
1960 <sup>1/</sup>	540	539	1	14,265	4
1961	4,850	1,603	3,247	14,325	34
1962	6,853	2,109	4,744	14,864	46
1963	8,088	2,059	6,029	15,290	53
1964	7,341	2,487	4,853	15,149	48
1965	6,965	1,621	5,344	14,933	47
1966	3,133	1,728	1,405	9,562	33
1967	1,514	1,461	53	7,439	20
1968	4,443	1,658	2,785	10,917	41
1969	3,707	2,638	1,069	9,937	37
1970	2,411	2,399	12	10,112	24
1971	1,250	1,250	<u>2/</u>	10,229	12
1972	1,945	1,945	<u>2/</u>	13,269	15
1973	1,757	1,757	<u>2/</u>	12,611	14
1974	2,465	2,464	<u>1</u>	11,328	22
1975	701	701	<u>2/</u>	8,151	9
1976	952	952	<u>2/</u>	10,347	9
1977	4,564	4,562	<u>2</u>	14,018	33
1978	1,560	1,558	2	10,549	15
1979	1,759	1,758	<u>2/</u>	14,262	12
1980	2,328	2,288	<u>40</u>	10,826	22
1981	6,028	5,091	937	15,150	40
1982	5,007	4,219	787	11,526	43
1983	1,744	1,736	8	7,504	23
1984	2,978	1,797	91	12,545	24
1985 <sup>3/</sup>	7,132	285	-	12,955	55

<sup>1/</sup> Loan eligibility limited to choice B upland and extra long staple cotton.

<sup>2/</sup> Less than 500 bales.

<sup>3/</sup> Preliminary. Through March 12, 1986.

\* Less than 0.5 percent.

Compiled from reports of the Agricultural Stabilization and Conservation Service and Bureau of the Census.

Seven months and older certificated stock, April 1, 1986 1/

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	857	122	12	77	1,068
Greenville	124	-	-	-	124
Houston	8	-	-	-	8
Memphis	141	2	3	6	152
Mobile	-	-	-	-	-
New Orleans	-	-	-	-	-
<b>Total</b>	<b>1,130</b>	<b>124</b>	<b>15</b>	<b>83</b>	<b>1,352</b>

1/ Based on Cotton Division records as of March 14, 1986.

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
	Futures Settlement							Staple 35
	May '86	Jul '86	Oct '86	Dec '86	Mar '87	May '87	'A' Index 1/	
Mar. 13	63.30	64.07	43.85	43.83	44.50	45.27	61.58	53.10
14	63.01	63.60	43.80	43.82	44.30	45.17	61.57	53.00
17	63.13	63.78	43.80	43.82	44.43	45.25	61.66	52.75
18	63.42	64.23	43.60	43.82	44.60	45.38	61.73	52.75
19	63.37	63.90	42.75	42.77	43.30	44.17	61.84	52.30
20	63.62	64.17	40.75	40.98	41.75	42.55	61.91	52.25

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

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1984-85 and 1985-86

Description	Marketing Year			
	1984-85		1985-86	
	Through March 14		Through March 13	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,149,400	-	474,300
Exports	145,100	4,018,300	32,300	1,383,700
Total export commitments	-	6,167,700	-	1,858,000
New sales	208,900	-	29,100	-
Buy-backs and cancellations	16,000	-	5,200	-
Net sales	192,900	-	23,900	-
Sales next marketing year	25,200	299,700	78,500	422,300

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

Upland cotton export sales for the current marketing year resulted in a net increase of 23,900 running bales during the week ended March 13, according to the Foreign Agricultural Service, USDA. Major buyers were South Korea with 13,400 bales and Japan with 12,800 bales. Sales for the 1986-87 marketing year totaled 78,500 bales; 54,100 bales to South Korea and 19,300 bales to Japan. Exports for the week totaled 32,300 bales. Asian destinations accounted for 83 percent of the week's shipments, West European 16 percent and Western Hemisphere 1 percent. American Pima sales increased 1,300 bales for the current marketing year and 13,100 bales for 1986-87. Shipments totaled 4,200 bales.