

## UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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**Weekly Cotton Market Review**

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Spot cotton prices averaged higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading slowed in most markets. A considerable amount of cotton remains in the CCC loan and growers offered freely. Merchant demand was good. Domestic and foreign mill buying was light. A small volume of 1986-crop cotton was forward contracted by growers in south Texas and the San Joaquin Valley. Land preparation made excellent progress and planting was more active. August-February consumption of cotton by domestic mills this season exceeded levels of the past five years. February exports increased from the previous month.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 62.31 cents per pound during the week ended Thursday, March 27. Prices ranged from a low of 62.10 cents on Friday to a high of 62.66 cents on Thursday. A week earlier, prices averaged 61.74 cents per pound and ranged from 61.57 to 61.91 cents. In the corresponding week a year ago, the average price was 61.41 cents. The New York May 1986 futures settlement price ended the week on Thursday at 65.56 cents per pound compared with 63.62 cents a week earlier. The October settlement price was 39.32 cents against 40.75 cents last Thursday and the December price was 39.23 cents against 40.98 cents a week ago.

Trading on spot cotton markets was mostly in CCC loan equities. Growers offered freely. Most equities traded netted growers \$5 to \$20 per bale with a limited volume moving at around \$30. Demand remained moderate to good but merchants were more selective in bidding. Domestic mill buying remained fairly steady. Purchases included cotton for prompt through April 1987 delivery. Foreign mill buying was light. Far Eastern mills made the bulk of purchases which were mostly for prompt delivery. Limited sales to European mills were of new-crop cotton. Purchases reported by cotton exchanges in the designated markets totaled 85,000 bales in the week ended Thursday, March 27. This compares with 101,500 bales reported a week earlier and 63,500 bales in the corresponding week a year ago.

Textile mill report. Domestic mill purchases included a limited volume for fill-ins and a light amount for August and later delivery. Central and western growths of the medium and lower grades accounted for the bulk of purchases. Textile sales remained good to very good. Most mills were carrying orders into third quarter months and some fourth quarter business was being booked. Yarns, materials for sportswear, most apparels, underwear and household products continued to sell readily. Sales of other constructions were mixed. Mills operated five to six-day work schedules, with some plants on seven days.

Domestic mill consumption of cotton averaged 24,700 running bales per day in the four weeks ended March 1, according to the Bureau of the Census. This was the largest February daily rate since 1980 and compares with 23,800 bales used per day a month earlier and 20,900 bales in February 1985. Cotton consumption totaled 494,000 bales in February. This brought usage for the first 31 weeks this marketing year (August-February) to 3,566,600 bales, the largest usage for the first seven months of any season since 1979-80. A year ago, August-February consumption (30 weeks) totaled 2,995,800 bales and two years ago (30 weeks) was 3,302,500 bales.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 138.2 million pounds (equivalent to about 288,000 bales of 480 pounds, net weight) in the four weeks ended March 1, according to the Bureau of the Census. This was down from 163.5 million pounds (about 340,600 bales) used a month earlier but up from 125.5 million pounds (about 261,400 bales) used in February 1985. Consumption of manmades during the first seven months this season totaled 1,007.4 million pounds (about 2,098,700 bales). This was up about 11 percent from last year but down over 7 percent from two years ago.

Stocks of cotton at mills totaled 725,000 running bales on March 1, according to the Bureau of the Census. This was down from 874,600 bales at the end of February last season but was the largest end-of-month stocks at mills for any month since July 1985. At the February daily rate of consumption, mill stocks were equivalent to about six weeks' supply. Cotton in public storage totaled 10,270,600 running bales on March 1. This was down from 10,747,100 bales a month earlier but was the largest end-of-February stocks in public storage since 1983.

Exports of cotton from the United States totaled 201,600 running bales during February, according to the Bureau of the Census, Industry Division. This was higher than the previous month's shipments of 188,600 bales but was the smallest volume shipped in February since 1976. Shipments during the first seven months this season totaled 1,387,700 bales, down sharply from 3,679,500 bales shipped a year earlier and 3,405,400 bales two years ago. August-February exports this season were the smallest since 1968-69.

COTTON: Ginnings in running bales, equivalent 480 pound net weight bales and average net weight per bale, crops of 1984 and 1985

State	Running		480 Pound net		Average bale weight	
	1985	1984	1985	1984	1985	1984
	Bales	Bales	Bales	Bales	Pounds	Pounds
United States	12,987,834	12,544,866	13,417,572	12,962,303	495.9	496.0
Upland	12,837,088	12,418,749	13,262,402	12,832,154	495.9	496.0
American Pima	150,746	126,117	155,170	130,149	494.1	495.3
Alabama	517,238	425,122	542,969	443,077	503.9	500.3
Arizona	968,516	1,121,051	997,078	1,151,429	494.9	493.0
Upland	862,825	1,035,639	888,255	1,063,418	494.1	492.9
American Pima	105,691	85,412	108,823	88,011	494.2	494.6
Arkansas	686,170	598,312	701,601	612,155	490.8	491.1
California	3,045,729	2,835,737	3,153,680	2,947,650	497.0	498.9
Georgia	359,545	269,482	377,465	285,832	503.9	509.1
Louisiana	735,399	1,028,565	746,394	1,051,222	487.2	490.6
Mississippi	1,602,505	1,597,170	1,654,749	1,652,196	495.6	496.5
Missouri	199,353	185,700	203,498	187,926	490.0	485.8
New Mexico	68,301	84,131	70,147	86,187	493.0	491.7
Upland	62,880	78,136	64,615	79,923	493.2	491.0
American Pima	5,421	5,995	5,532	6,264	489.8	501.6
North Carolina	113,263	117,725	119,535	122,661	406.6	500.1
Oklahoma	272,203	176,219	280,408	179,326	494.5	488.5
South Carolina	167,182	156,215	177,291	165,424	509.0	508.3
Tennessee	403,128	326,065	415,480	335,932	494.7	494.5
Texas	3,826,892	3,599,491	3,954,027	3,716,110	495.9	495.6
Upland	3,787,258	3,564,781	3,913,212	3,680,236	496.0	495.5
American Pima	39,634	34,710	40,815	35,874	494.3	496.1
All other states	22,410	23,881	23,250	25,176	-	-

Source: Bureau of the Census

All cotton: Domestic mill consumption, stocks and exports, running bales, by months and seasons, 1981-1985

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season 1/
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
	<u>Mill consumption 2/</u>												
1981	429	517*	448	403	400*	378	398	493*	410	392	460*	317	5,043
1982	386	474*	416	391	425*	404	430	549*	431	441	543*	369	5,259
1983	453	560*	459	446	468*	469	448	548*	430	442	503*	354	5,628
1984	428	509*	428	390	423*	399	418	519*	419	439	525*	369	5,268
1985 4/	458	562*	493	477	486*	595*	494						
	<u>Mill consumption per day</u>												
1981	21.4	20.7	22.4	20.1	16.0	18.9	19.9	19.7	20.5	19.6	18.4	15.9	19.4
1982	19.3	19.0	20.8	19.5	17.0	20.2	21.5	22.0	21.5	22.0	21.7	18.4	20.2
1983	22.6	22.4	22.9	22.3	18.7	23.5	22.4	21.9	21.5	22.1	20.1	17.7	21.6
1984	21.4	20.4	21.4	19.5	16.9	20.0	20.9	20.8	21.0	21.9	21.0	18.5	20.3
1985 4/	22.9	22.5	24.6	23.9	19.5	23.8	24.7						
	<u>Stocks in consuming establishments 3/</u>												
1981	810	695	663	673	757	822	884	917	911	901	871	830	-
1982	750	671	611	635	698	782	777	790	795	777	757	756	-
1983	712	639	556	554	611	647	713	741	766	766	822	795	-
1984	715	645	542	560	683	812	875	815	796	804	734	733	-
1985 4/	685	621	557	570	604	687	725						
	<u>Stocks in public storage 3/</u>												
1981	1,491	1,940	4,060	7,064	9,267	9,489	8,882	7,921	7,112	6,292	5,544	5,269	-
1982	5,008	5,293	7,575	10,190	11,101	11,120	10,546	9,713	8,796	7,930	7,419	6,656	-
1983	6,168	5,870	7,119	8,570	8,790	7,525	6,359	4,997	3,956	2,966	2,212	1,761	-
1984	1,491	1,432	3,386	6,321	7,551	7,529	6,541	5,648	4,806	4,008	3,570	2,930	-
1985 4/	2,826	3,743	6,122	8,963	10,677	10,747	10,271						
	<u>Exports</u>												
1981	233	211	262	478	732	653	754	873	676	484	498	396	6,263
1982	342	351	293	382	377	438	368	487	612	464	435	409	4,961
1983	367	322	261	441	632	663	719	896	723	607	422	365	6,419
1984	452	264	292	484	629	793	766	625	544	426	353	252	5,943
1985 4/	166	179	222	196	236	189	202						

1/ Season totals are adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in the United States by Bureau of the Census.  
 2/ Consumption figures relate to four-week months except as noted. Daily consumption rates calculated on the basis of 20 days for four-week months and 25 days for five-week months with no allowance for holidays.  
 3/ These data refer to a particular day near the end of the month.  
 4/ Preliminary.  
 5/ Five-week month.

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 '86	Jul '86	Oct '86	Dec '86	Mar '87	May '87		
Mar. 20	63.62	64.17	40.75	40.98	41.75	42.55	61.91	52.25
21	64.38	64.90	40.78	40.71	41.40	42.10	62.10	51.85
24	64.52	65.20	40.50	40.55	41.05	41.65	62.16	51.55
25	64.35	64.91	40.60	40.70	41.40	41.90	62.20	51.05
26	65.10	65.57	39.48	39.30	40.07	40.57	62.45	50.65
27	65.56	65.99	39.32	39.23	39.95	40.50	62.66	50.20

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 21		Through March 20	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,986,600	-	471,300
Exports	189,600	4,207,600	21,200	1,404,900
Total export commitments	-	6,194,200	-	1,876,200
New sales	60,600	-	22,800	-
Buy-backs and cancellations	33,800	-	4,600	-
Net sales	26,800	-	18,200	-
Sales next marketing year	65,200	364,900	60,300	482,600

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

Upland cotton export sales for the current marketing year resulted in a net increase of 18,200 running bales during the week ended March 20, according to the Foreign Agricultural Service, USDA. The major buyer was Japan with 17,700 bales. Sales for the 1986-87 marketing year totaled 60,300 bales and were primarily to South Korea of 27,900 bales and Japan 18,700 bales. Exports for the week totaled 21,200 bales. Asian destinations accounted for 77 percent of the week's shipments, West European 13 percent and Western Hemisphere 10 percent.