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Weekly Cotton Market Review

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Trading slowed on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Growers offered rather freely; however, sales declined as many growers refused bid prices. Some merchants traded among themselves to satisfy their needs. Domestic and foreign mill buying was light. Through the end of February, growers in the United States forward contracted about 194,600 acres of 1986-crop cotton, primarily in California and south Texas. This compares with about 177,600 acres through the same period the previous year. Planting increased in south Texas and was under way in portions of Arizona. Elsewhere, land preparation made good to excellent progress. The 1985 crop (lint and seed) was valued at 4.0 billion dollars. The interest rate for CCC loans disbursed in March will be 7.625 percent.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 61.28 cents per pound during the week ended Thursday, March 6. Prices ranged from a high of 61.39 cents on Tuesday to a low of 61.18 cents on Thursday. A week earlier, prices averaged 61.01 cents per pound and ranged from 60.67 to 61.27 cents. In the corresponding week a year ago, the average price was 58.51 cents. The New York May 1986 futures settlement price ended the week on Thursday at 62.70 cents per pound compared with 63.72 cents a week earlier. The October settlement price was 44.28 cents against 44.32 cents last Thursday.

Trading was less active on spot cotton markets. Offerings were primarily of CCC loan equities but many growers refused to sell at merchant bid prices. Inventory protection provisions included in the 1986 farm program boosted growers' incentive to hold. Equities traded netted growers mostly \$7.50 to \$10.00 per bale. Merchant demand weakened. In an attempt to cover essential needs, inter-merchant trading increased. Domestic mill buying slowed. Purchases included a light volume of both old and new-crop cotton. Export trading continued light. Far Eastern and European mills made small purchases. Purchases reported by cotton exchanges in the designated markets totaled 107,400 bales in the week ended Thursday, March 6. This was down from 156,900 bales reported a week earlier and compares with 65,600 bales in the corresponding week last season.

Textile mill report. Mills operated five to six-day workweeks with some plants on seven days. This return to full work schedules has been gradual and reflects the continuing trend toward economic recovery in the textile market. Sales of numerous products were booked into third quarter months. Domestic mill buying slowed but remained moderately active. Mill stocks had run low during the period of indecision surrounding farm legislation. Purchases were mostly the medium and lower grades of Memphis territory and San Joaquin growths for prompt to nearby delivery.

CCC loan entries of 1985-crop cotton totaled 7,036,500 running bales through February 26, according to the Agricultural Stabilization and Conservation Service, USDA. Repayments had been made on 251,900 bales. Loans were outstanding on 6,784,600 bales, of which, 3,641,800 were Form A (producer) and 3,142,800 were Form G (cooperative) loans. Upland cotton from the 1984 crop of 1,096,900 bales remains outstanding.

The Foreign Agricultural Service, USDA, reports: United States cotton imports are up sharply, totaling 27,000 bales (480 pound net weight) during the first five months of the 1985-86 season. Mexico is the only reported foreign supplier to the U.S. market this season. Total 1984-85 season U.S. imports were 23,700 bales.

World cotton trade projections indicate slightly reduced cotton import levels for the Soviet Union as the Soviet textile industry attempts to reduce dependence on imports. The USSR export projection has also been trimmed, reflecting lower usage of imports and the reduced 1985 crop estimate. Chinese and Pakistani cotton exports have been revised upward to reflect their improved performance in major Asian markets this season. Japan reports cotton imports were up 438 percent from China, 585 percent from Pakistan and 154 percent from Australia during the first four months of the 1985-86 season over the same period a year ago. Hong Kong reports Chinese and Pakistani cotton has significantly replaced U.S. cotton this season. South Korea reports the U.S. share of Korean cotton imports at the lowest level in recent years, while Chinese, Pakistani, and Australian shares show significant increases. Taiwan reports improved textile industry activity is boosting cotton import prospects. Taiwan's 1985-86 imports have been increased to 1.15 million bales. Taiwan reports significantly larger imports of cotton from Pakistan and Brazil have replaced much U.S. cotton this season. Total 1985-86 world cotton exports are estimated at 19.4 million bales.

The value of the 1985 crop (lint and seed) was 4.0 billion dollars, according to a preliminary estimate by the Crop Reporting Board, SRS, USDA. This compares with 4.1 billion dollars for the 1984 crop and 3.0 billion for 1983. The 1985 estimate does not include an allowance for unredeemed loans. The calculated average value of the 1985 crop was about \$384.00 per harvested acre compared with \$397.00 in 1984 and \$407.00 in 1983.

Prices received by farmers for upland cotton averaged 54.30 cents per pound in mid February, according to the Statistical Reporting Service, USDA. This compares with 53.00 cents for the entire month of January and 49.50 cents in February 1985. These prices include cotton delivered against forward contracts.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1985-1986

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1985	1986		1985	1986		1985	1986
	Cents	Cents		Cents	Cents		Cents	Cents
January	52.20	53.00	June	60.30		November	56.00	
February	49.50	54.30 <sup>1/</sup>	July	60.50		December	53.30	
March	56.10		August	56.00				
April	57.00		September	55.10		Calendar		
May	57.50		October	56.70		year avg.	54.70	

<sup>1/</sup> Mid-month price.

Source: Statistical Reporting Service, USDA

All cotton: Season average price received by farmers and value of production, by states, 1983-1985

State	Price per pound			Value of production <sup>1/</sup>		
	1983 <sup>2/</sup>	1984 <sup>2/</sup>	1985 <sup>3/</sup>	1983 <sup>2/</sup>	1984 <sup>2/</sup>	1985 <sup>3/</sup>
<u>Upland</u>	<u>Cents</u>			<u>1,000 dollars</u>		
Alabama	65.7	55.3	54.2	57,711	118,652	136,584
Arizona	68.2	59.8	57.1	237,336	314,883	257,635
Arkansas	66.5	55.6	54.7	103,102	163,331	185,105
California	72.8	66.8	59.2	688,746	934,024	895,104
Florida	67.3	57.9	52.0	4,910	8,338	8,237
Georgia	67.2	58.4	54.1	36,127	78,770	96,082
Kansas	57.8	48.3	47.8	55	70	161
Louisiana	65.4	54.3	54.2	167,005	275,236	195,120
Mississippi	66.2	54.2	54.5	285,984	429,264	431,640
Missouri	68.5	57.9	54.0	24,002	51,971	51,840
New Mexico	73.9	59.8	55.2	24,830	24,972	19,872
North Carolina	70.5	61.8	55.0	14,551	35,597	30,360
Oklahoma	57.8	48.3	47.8	40,229	42,427	66,538
South Carolina	72.4	61.0	57.0	18,419	49,776	49,248
Tennessee	68.5	56.2	53.4	49,649	90,909	102,528
Texas	59.3	52.5	52.7	677,443	927,360	1,011,840
Virginia	73.0	63.0	55.0	105	333	449
U. S.	66.0	57.5	55.1	2,430,204	3,545,913	3,538,343
<u>American Pima</u>						
Arizona	101.0	91.7	88.2	22,737	38,778	44,453
New Mexico	114.0	98.6	101.0	8,646	5,869	5,090
Texas	108.0	89.7	97.9	16,589	12,874	15,507
U. S.	106.0	91.9	91.3	47,972	57,521	65,050
U. S. all cotton	66.4	57.8	55.5	2,478,176	3,603,434	3,603,393

<sup>1/</sup> Value based on a 480 pound net weight bale.

<sup>2/</sup> Includes allowance for unredeemed loans.

<sup>3/</sup> Average to January 1, 1986 with no allowance for unredeemed loans.

Cottonseed: Season average price received by farmers and value of production, by states, 1983-1985

State	Price per ton			Value of production		
	1983	1984	1985	1983	1984	1985
<u>Upland</u>	<u>Dollars</u>			<u>1,000 dollars</u>		
Alabama	161.00	94.50	55.50	10,787	14,931	10,362
Arizona	171.00	101.00	65.00	51,710	46,915	27,404
Arkansas	158.00	81.50	55.50	18,960	17,686	14,386
California	169.00	119.00	87.00	133,341	144,109	111,986
Florida	140.00	75.00	35.00	812	803	431
Georgia	189.00	93.50	57.00	7,749	9,444	7,655
Kansas	181.00	103.00	59.50	18	10	18
Louisiana	172.00	79.00	49.50	33,712	30,178	13,707
Mississippi	165.00	81.00	51.50	55,275	50,220	31,631
Missouri	162.00	86.50	52.00	4,698	6,228	4,040
New Mexico	168.00	102.00	59.50	5,762	4,080	2,118
North Carolina	163.00	93.00	45.00	2,608	3,720	1,787
Oklahoma	181.00	103.00	59.50	10,498	7,725	6,932
South Carolina	176.00	97.50	50.00	3,520	5,948	3,630
Tennessee	161.00	90.50	53.50	9,660	12,037	8,416
Texas	162.00	101.00	62.50	162,324	157,863	104,800
Virginia	163.00	93.00	45.00	16	56	27
U. S.	166.00	99.50	65.00	511,450	511,953	349,330

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							Grade 31 Staple 35 'A' Index 1/
	Futures Settlement						Desig. 8- Mkt. Avg.	
	Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mar '87		
Feb. 27	62.75	63.72	64.22	44.32	44.40	45.45	61.27	53.95
28	63.10	63.45	63.98	44.68	44.61	45.53	61.27	53.95
Mar. 3	62.37	63.15	63.68	44.52	44.56	45.52	61.26	53.95
4	62.70	63.56	64.02	44.99	44.95	45.83	61.39	53.85
5	62.05	63.14	63.76	44.54	44.70	45.62	61.29	53.85
6	61.72	62.70	63.62	44.28	44.38	45.37	61.18	53.40

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 February 28		Through February 27	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,331,800	-	494,200
Exports	203,900	3,631,300	73,800	1,321,200
Total export commitments	-	5,963,100	-	1,815,400
New sales	120,000	-	27,200	-
Buy-backs and cancellations	16,500	-	3,200	-
Net sales	103,500	-	24,000	-
Sales next marketing year	25,700	265,900	35,300	265,000

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

Upland cotton export sales for the current marketing year resulted in a net increase of 24,000 running bales during the week ended February 27, according to the Foreign Agricultural Service, USDA. Predominant buyers were Japan with 15,300 bales and Korea 6,700 bales. Sales for the 1986-87 marketing year totaled 35,300 bales and were primarily to Japan of 13,200 bales and Korea 17,100 bales. Exports for the week totaled 73,800 bales. African destinations accounted for 53 percent of the week's shipments, Asia 39 percent, West European 6 percent and Western Hemisphere 2 percent.