

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review

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Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 82.74 cents per pound during the week ending Friday, May 10, according to the Cotton Division, Agricultural Marketing Service, USDA. Quotations averaged 82 points higher than the previous week. Daily average quotations ranged from a high of 83.04 cents on Thursday, May 9, to a low of 82.51 cents on Friday, May 10. Spot cotton quotations averaged 81.92 cents a week earlier and 72.63 cents in the corresponding week last year. The New York July 1991 futures settlement price closed on Friday at 87.72 cents compared with 89.57 cents a week earlier. The October 1991 settlement price was 78.00 cents compared with 78.65 cents a week earlier, and December 1991 was 72.05 cents compared with 72.87 cents the previous week. Spot transactions reported in the designated markets totaled 26,713 bales during the week ending Friday, May 10. This compares with 20,778 bales reported during the previous week and 22,180 bales in the corresponding week last season.

Southeastern markets. Trading remained slow. Demand was best for higher grades which were in shorter supply. Mixed lots of mostly grades 41 and higher, staples 34 and longer, mike 35-49 traded at 100 to 200 points off New York July futures, FOB trucks in Georgia. In the Carolinas and Alabama prices were around 300 to 350 points off, FOB warehouse. A light volume of CCC equities traded at around 26 to 28 cents per pound. Forward contracting slowed. Rains interrupted planting in portions of Alabama. Observers estimate about 60 percent of the crop has been planted. In North Carolina, planting ranges from 65 to 90 percent completed. Around 50 percent of the acreage is reportedly up to a stand. Around one-half of the South Carolina crop is in the ground. A good portion of the planted acreage is emerging but some fields will probably require replanting.

South central markets. Trading remained slow. Grower offerings were very light. Merchants filled orders from stocks or by trading with one another. In mixed lots grade 41 staple 34, mike 35-49, sold at 150 to 250 points off NY July futures. A small volume of CCC loan equities traded at 29.65 to 31.25 cents per pound. Domestic mill buying was very light. No export trading was reported. Growers booked 1991-crop cotton at around 600 to 650 points off NY December futures for bale contracts and at about 700 points off for acreage contracts. Rains continued to hamper planting. About 5 to 10 percent of the crop had been planted in Arkansas. Mississippi growers made very little progress with planting. Some planting occurred in Missouri between rains and about 25 percent was reportedly in the ground. Some cotton was planted in Tennessee. Little progress was made in Louisiana. Many Delta growers were beginning to look at their planting options as optimum planting dates were rapidly passing.

Southwestern markets. Trading continued slow. Supplies remained limited. Prices strengthened for higher qualities. A few mixed lots brought around 2,000 to 2,600 points above CCC loan rates. A limited acreage was contracted in south and central Texas at 70 to 78 cents per pound, basis grade 41 staple 34, mike 35-49, depending on dryland versus irrigated acreage and picker versus stripper harvested methods. Domestic mill inquiries were light to moderate. Foreign mill inquiries were very light. The crop made excellent progress in south Texas. Planting was underway in west Texas and Oklahoma. Widely scattered showers temporarily alleviated dry conditions in some localities.

Western markets. Spot cotton trading remained slow in the San Joaquin Valley (SJV). Mixed lots of mostly grades 31 and 41, staples 35-36, mike 35-49, sold at 85.20 to 87.65 cents per pound with compression charges to follow the cotton. Domestic and Far Eastern mills purchased a moderate volume for nearby shipment. Forward contracting of the 1991 crop was slow at 80.50

to 81 cents per pound, basis grade 31 staple 35, mike 35-49, UD free, gin yard. Planting was completed and cotton in many fields was up to a stand. In the Desert Southwest (DSW), spot trading was inactive. Domestic and Far Eastern mills purchased a moderate volume for prompt and nearby shipment. Forward contracting of the 1991 crop was slow. In Arizona, growers received 72 to 73 cents per pound, basis grade 31 staple 34, mike 35-49. In the El Paso area growers booked at 76 cents, basis grade 31 staple 37. Planting was nearing completion. Some growers reported below average plant growth. Demand was good for American Pima. Prices were higher. A light to moderate amount of grade 3 traded at \$1.23 to \$1.27 per pound. A small amount of grade 4 brought growers \$1.04 to \$1.05. Some forward contracting occurred. Booking was done in the SJV at \$1.21, in Arizona at \$1.23 to \$1.25, and in the El Paso area at \$1.20 to \$1.21 per pound. Domestic and Far Eastern mills purchased a small volume for nearby shipment. Far Eastern mills purchased a moderate amount for last quarter 1991 shipment.

Textile mill report. Domestic mill buying remained slow. Most mills had needs fairly well covered. The bulk of trading consisted of a few fill-ins for third and fourth quarter 1991 delivery. Supplies of higher grade cotton were becoming scarce. Mill business continued to show improvement. Goods prices continued soft, but overall sales have improved. Sales of ladies apparel and home furnishings remained weak, but open-end carded yarns and denims sales were strong.

Revised 1990-crop cotton. All cotton production in the United States totaled 15.5 million bales in 1990, 27 percent above 1989 production. This large increase was due to both a larger acreage and higher yields. Upland cotton production, at 15.1 million bales, was 32 percent above the 1989 level, and American Pima production totaled 359 thousand bales. The American Pima crop was down 48 percent from 1989's record high production.

The area planted to all cotton totaled 12.3 million acres, a 17 percent increase from 1989. Harvested area, at 11.7 million acres, was up 23 percent from the previous year. Abandonment during 1990 totaled 5 percent compared with 10 percent in 1989. Yields averaged 634 pounds per acre, 20 pounds above 1989 and up 15 pounds from the yields realized in 1988.

The Bureau of the Census reported 15,064,343 running bales ginned (15,482,267 equivalent 480-pound net weight bales) during the 1990 season. Cottonseed production in 1990 totaled 5.97 million tons.

World cotton supply and demand estimates. World cotton prospects for 1991-92 point to production in excess of consumption and a moderate recovery in stocks. Current relatively high prices should help encourage larger acreage and production in a number of countries, boosting global output about 5 percent to a record 91 million bales. Meanwhile, consumption is projected to rise about 2-1/2 percent to a record 88 million bales. With most of the consumption growth expected to occur in major producing countries, world trade could tail off slightly to a projected 23.5 million bales. Ending stocks are forecast at 29 million bales, one-tenth above the estimated beginning level. The U.S. cotton outlook for 1991-92 is highlighted by prospects for stocks to rebuild to 3.0 million bales from this season's extremely low 2.3 million. Larger stocks reflect projections of bigger production and smaller use. The 1991 crop may total about 16 million bales, slightly above a year earlier because of larger acreage stemming from new planting flexibility and lower upland acreage reduction requirements. While mill use next season may modestly exceed 1990-91's estimated 8.4 million bales, exports could slip about 11 percent to 7 million bales. Major factors include prospects for reduced global import demand and increased competition from several major foreign exporting countries.

Foreign cotton stocks next season also are projected to recover from recent low levels. The 1991-92 foreign crop may increase about 5 percent to 75 million bales, with prospects for larger output the brightest in China and India. Use abroad is expected to increase modestly to a record 79.5 million bales, with China again a prime candidate for further growth. Foreign exports may increase slightly. Ending stocks overseas are placed at 26 million bales, 9 percent above the projected carryin.

CCC proposes changes in 1991 upland cotton price support program regulations. USDA's Commodity Credit Corporation announced proposed amendments to the 1991 upland cotton price support program on May 3, which specified the terms and conditions under which producers are eligible to participate in the program.

The proposed rule would:

- allow a person engaged in the business of storing, processing or merchandising any commodity to act as an agent for a producer if that person is delegated authority restricted specifically to repaying outside loan amounts, plus interest and charges, and the delegation is on file at the USDA's Agricultural Stabilization and Conservation Service county office.

- provide that in order for upland cotton to be eligible for price support it must have a strength reading of more than 18 whole grams per tex as determined by the Agricultural Marketing Service using a high volume instrument (HVI).

- provide that title and beneficial interest must remain with the producer throughout the loan period to protect CCC's interest in cotton under loan. However, a producer shall not be considered to have divested beneficial interest in the cotton if (1) the producer enters into a forward contract to sell cotton which does not provide for an advance payment to be made by the buyer; or if (2) a producer enters into a purchase-option contract, with or without a provision for advance payment, which provides that title, risk of loss, and beneficial interest in the cotton remains with the producer until the buyer exercises the option to purchase. The contract must also provide that the option to purchase will expire if the cotton is forfeited to the CCC.

- provide that a producer may repay a loan amount for upland cotton at a level that is the lesser of (1) the loan level plus charges and accrued interest, or (2) the higher of the loan level multiplied by 70 percent or the adjusted world price in effect on the day of repayment.

- provide that if an upland cotton loan is extended and repaid at less than the loan level, the repayment amount will include loan interest accrued from the first month of the extension.

- provide that loan deficiency payments will be available for the quantity of upland cotton that is eligible to be pledged as collateral for a price support loan.

Cotton supply and use: World, United States, major exporters and importers;
marketing years 1990-91, and 1991-92 1/
May 13, 1990

Region	Supply			Use		Loss 2/	Ending stocks
	Beginning stocks	Produc- tion	Imports	Domestic	Exports		
Million 480 pound bales							
1990-91 (Estimated)							
World	25.65	86.81	24.00	85.91	24.12	0.22	26.22
United States	3.00	15.50	3/	8.40	7.90	-0.10	2.30
Total foreign	22.65	71.32	24.00	77.51	16.22	0.31	23.92
Major exporters 4/	9.21	47.65	3.00	39.68	8.17	0.15	11.86
China	3.88	20.50	1.90	20.50	0.90	-	4.88
Pakistan	1.16	7.50	3/	5.50	1.60	-	1.57
USSR	1.99	12.00	0.35	8.70	2.50	-	3.14
Major importers 5/	4.57	1.55	14.53	15.34	1.07	0.07	4.18
Japan	0.73	-	2.75	2.90	-	-	0.58
Selected other							
Brazil	1.83	3.20	0.60	3.30	0.46	-	1.87
India	2.41	9.35	-	9.15	1.00	-	1.61
1991-92 (Projected)							
World							
May	26.2	91.0	23.5	88.0	23.5	-	29.0
United States							
May	2.3	16.0	3/	8.5	7.0	-0.2	3.0
Total Foreign							
May	23.9	75.0	23.5	79.5	16.5	0.2	26.0

1/ Marketing year beginning August 1. Totals may not add and trade and stocks may not balance due to rounding and other factors. 2/ For foreign countries, reflects cotton lost or destroyed in the marketing channel; for the U.S., reflects the difference between ending stocks based on Bureau of Census data and implicit stocks based on supply less total use. 3/ Less than 5,000 bales. 4/ Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 5/ Europe, Japan, Hong Kong, Rep. of Korea and Taiwan.

All cotton: Acreage planted, harvested, yield per acre, production in 480 pound net weight bales, and value of production, by states 1990 crop

State	Planted	Harvested	Yield	Production 1/	Value of production 2/
	1,000 acres		Pounds	1,000 bales	1,000 dollars
Upland					
Alabama	380.0	378.0	476	375.0	123,660
Arizona	350.0	348.0	1,110	805.0	270,094
Arkansas	770.0	750.0	692	1,081.0	338,829
California	1,100.0	1,090.0	1,204	2,734.0	993,426
Florida	37.0	36.0	640	48.0	15,667
Georgia	355.0	350.0	555	405.0	134,525
Kansas	1.5	1.2	280	0.7	212
Louisiana	810.0	790.0	715	1,177.0	371,179
Mississippi	1,230.0	1,220.0	728	1,850.0	571,872
Missouri	248.0	235.0	641	314.0	98,420
New Mexico	69.0	62.0	735	95.0	32,285
North Carolina	201.0	200.0	631	263.0	87,106
Oklahoma	380.0	370.0	496	382.0	115,700
South Carolina	155.0	154.0	452	145.0	47,467
Tennessee	525.0	515.0	461	495.0	157,529
Texas	5,500.0	5,000.0	477	4,965.0	1,501,416
Virginia	5.3	5.3	562	6.2	2,053
U.S.	12,116.8	11,504.5	632	15,140.9	4,861,440
America Pima					
Arizona	125.0	124.0	751	194.0	94,982
California	25.7	25.5	1,080	57.4	28,654
Mississippi	1.3	1.3	591	1.6	691
New Mexico	19.3	19.3	609	24.5	13,759
Texas	60.0	57.0	682	81.0	41,213
U.S.	231.3	227.1	758	358.5	179,299
U.S. all cotton	12,348.1	11,731.6	634	15,499.4	5,040,739

1/ Production ginned and to be ginned. 2/ Average to April 1, 1991, with no allowance for unredeemed loans.

Cottonseed: Production, season average price received by farmers, and value of production, by states, 1989 and 1990 crops 1/

State	Production		Price per ton		Value of production	
	1989	1990	1989	1990	1989	1990
	1,000 tons		Dollars		1,000 dollars	
Alabama	140.0	139.0	96.00	96.50	13,440	13,414
Arizona	423.0	378.0	111.00	136.00	46,953	51,408
Arkansas	335.0	431.0	97.50	106.00	32,663	45,686
California	1,040.0	1,079.0	93.50	148.00	97,240	159,692
Florida	10.4	17.0	90.00	100.00	936	1,700
Georgia	123.0	144.0	105.00	127.00	12,915	18,288
Kansas	0.1	0.3	124.00	107.00	12	32
Louisiana	319.0	446.0	110.00	116.00	35,090	51,736
Mississippi	601.0	732.0	99.00	110.00	59,499	80,520
Missouri	104.0	124.0	95.00	107.00	9,880	13,268
New Mexico	39.0	48.0	128.00	143.00	4,992	6,864
North Carolina	49.0	91.0	100.00	112.00	4,900	10,192
Oklahoma	74.0	150.0	124.00	107.00	9,176	16,050
South Carolina	54.0	50.0	101.00	121.00	5,454	6,050
Tennessee	176.0	192.0	102.00	111.00	17,952	21,312
Texas	1,189.0	1,943.0	119.00	116.00	141,491	225,388
Virginia	0.9	2.2	100.00	112.00	90	246
U.S.	4,677.4	5,966.5	105.00	121.00	492,683	721,846

1/ 1990 crop preliminary.

World market price, in cents per pound, adjusted to U.S. quality and location, for grade 41 staple 34, mike 35-49 upland cotton and the coarse count adjustment in effect from 12:01 a.m. Friday through 12:00 midnight Thursday

Description	1991				
	Apr. 12-18		Apr. 19-25		Apr. 26-
	Apr. 12-18	Apr. 19-25	May 2	May 3-9	May 10-16
Adjusted world price	66.80	65.91	65.84	65.35	65.60
Course count adjustment	1.47	1.26	1.09	0.60	0.55

Source: Agricultural Stabilization and Conservation Service, USDA

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

Date	Grade 41 Staple 34					7 Mkt.:	Grade 31		Coarse		
	Futures Settlement						Average:	'A' Index	1/:	'B' Index	1/
	May '91	Jul '91	Oct '91	Dec '91	Mar '92						
May 6	91.75	88.33	77.87	72.45	73.25	82.59	H O L I D A Y				
7	91.85	88.54	78.19	72.32	73.15	82.74	83.30	81.30	78.35	77.10	
8	92.22	88.22	78.65	72.53	73.41	82.80	83.30	81.30	78.35	77.10	
9	-	88.55	79.40	72.93	73.75	83.04	83.30	81.45	78.35	77.15	
10	-	87.72	78.00	72.05	72.90	82.51	83.30	81.65	78.35	77.40	

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 1989-90 and 1990-91

Description	Marketing Year			
	1989-90		1990-91	
	Through May 3		Through May 2	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,961,700	-	1,276,500
Exports	149,900	5,432,700	128,600	6,009,900
Total export commitments	-	7,394,400	-	7,286,400
New sales	78,500	-	29,700	-
Buy-backs and cancellations	8,600	-	8,700	-
Net sales	70,000	-	21,100	-
Sales next marketing year	75,900	964,300	21,900	1,098,700

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 21,100 running bales, during the week ending May 2, for the 1990-91 marketing year were off 56 percent from the previous week, according to the Foreign Agricultural Service, USDA. The major buyers were Canada with purchases of 7,000 bales, Thailand 4,600, South Korea 4,500 and Taiwan 4,100 bales. Sales increases for the 1991-92 marketing year of 21,900 bales were primarily for Thailand with purchases of 12,500 bales and Indonesia 4,500 bales. Exports of 128,600 bales exceeded the previous week by 2 percent. Asian destinations accounted for 77 percent of the week's shipments; West European 19 percent; and Western Hemisphere 4 percent.

NOTE: Portions of the narrative from this report are available on the USDA's Electronic Dissemination of Information System. If you are interested in receiving this information electronically, contact Russell Forte at 202-447-5505.

SPOT COTTON QUOTATIONS - UPLAND

May 10, 1991

Spot quotations are in cents per pound for cotton equal to the Official Standards with mike readings of 35-49, net weight, in mixed lots, uncompressed, free of all charges in the warehouse in the market. Quotations are the average value of spot cotton in each market and may or may not represent actual trades in each quality.

SOUTHEAST				NORTH DELTA				SOUTH DELTA				DESERT SOUTHWEST				
Grade				Grade				Grade				Grade				
31	41	51	42	31	41	51	42	31	41	51	42	21	31	41	32	
82.72	81.47	77.72	78.22	84.22	82.97	77.22	78.47	33	84.47	82.97	76.97	78.67	79.72	79.72	75.72	75.72
84.72	84.22	80.72	81.47	86.97	85.72	79.72	80.97	34	86.97	85.72	79.72	81.42	83.72	83.72	79.72	79.72
84.97	84.47	80.97	81.72	87.07	85.97	80.32	81.57	35	87.07	85.82	79.82	81.52	83.82	83.82	79.82	79.82
85.12	84.62	81.12	81.87	87.17	86.07	80.42	81.67	36	87.17	85.92	79.92	81.62	83.82	83.82	79.82	79.82

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY			
Grade				Grade				Grade			
31	41	32	42	31	41	32	42	21	31	41	51
67.90	67.40	67.10	66.80	66.80	66.30	66.00	65.75	29	-	-	-
69.95	68.60	68.90	67.95	68.85	67.50	67.80	66.85	30	-	-	-
73.00	72.00	71.90	70.10	71.90	70.90	70.80	69.10	31	-	-	-
75.95	75.00	74.75	73.10	74.95	74.00	73.75	72.10	32	-	-	-
78.65	77.80	77.50	76.50	76.65	75.80	75.50	74.50	33	-	-	-
82.10	81.00	81.00	79.20	79.10	78.00	78.00	76.20	34	84.22	83.97	83.22
82.90	82.00	81.80	79.75	79.90	79.00	78.80	76.75	35	85.97	85.72	84.97
83.00	82.25	81.90	79.50	80.00	79.25	78.90	76.50	36	86.07	85.82	85.07
83.00	82.25	81.90	79.50	80.00	79.25	78.90	76.50	37	86.17	85.92	85.17

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-1400	26 & Below	-1400	-2200	-	-1493
-800	-890	-890	-700	27-29	-700	-1500	-1500	-997
-500	-625	-625	-350	30-32	-350	-900	-950	-614
-250	-330	-330	-150	33-34	-150	-450	-350	-287
0	0	0	0	35-49	0	0	0	0
-300	-155	-155	-200	50-52	-200	-200	-100	-187
-400	-240	-240	-250	53 & Above	-	-250	-	-276

SPOT QUOTATIONS - AMERICAN PIMA

Staple	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Points per pound
	01	02	03	04	05	06	Mike ranges	
							26 & Below	-3100
							27-29	-2275
44	128.75	128.50	125.50	104.50	70.00	62.00	30-32	-1200
							33-34	-300
46	129.25	129.00	126.00	105.00	70.00	62.00	35 & Above	0

LANDED MILL QUOTATIONS - GROUP 201 MILL POINTS

Quotations are in cents per pound for even running lots, with mike readings of 35-49, net weight, prompt shipment, delivered, brokerage included. Quotations for group 200 mill points are slightly higher and for Alabama, Georgia and east Tennessee mills are slightly lower.

SOUTHEASTERN GROWTHS				DELTA GROWTHS				TEXAS-OKLAHOMA GROWTHS				CALIFORNIA (SJV) GROWTHS			
Grade				Grade				Grade				Grade			
31	41	51	42	31	41	51	42	Staple	41	51	32	42	31	41	51
-	-	-	-	-	-	-	-	29	80.50	77.25	80.50	77.75	-	-	-
-	-	-	-	-	-	-	-	30	82.25	79.75	82.25	80.25	-	-	-
-	-	-	-	-	-	-	-	31	83.75	81.00	83.75	81.50	-	-	-
-	-	-	-	-	-	-	-	32	85.25	82.00	85.25	82.50	-	-	-
93.25	92.00	89.00	89.75	93.75	92.50	89.25	90.00	33	87.25	83.25	87.25	83.75	-	-	-
94.25	92.75	90.00	90.75	94.75	93.25	90.25	91.00	34	89.50	85.00	89.50	85.50	92.75	91.75	88.75
94.75	93.50	90.50	91.25	95.25	94.00	90.75	91.50	35	-	-	-	-	94.25	93.25	90.00
-	-	-	-	-	-	-	-	36	-	-	-	-	94.50	93.50	90.00