

UNITED STATES DEPARTMENT OF AGRICULTURE

TEXAS TECHAGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review



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Trading slowed on most spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices reached marketing year highs most days during the period. Supplies of grower-held cotton in the loan declined but remained adequate to meet the limited merchant demand. Domestic and foreign mill buying was light. Growers forward contracted a small volume of 1986-crop cotton. The crop made good progress in most areas. Badly needed rains were received in portions of Oklahoma, west Texas and the southeastern states but did not adequately reduce moisture deficiencies. U.S. all-cotton production in 1985 was the largest since 1981 and contained the largest American Pima crop since 1963.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 64.04 cents per pound during the week ended Thursday, May 22. Prices ranged from a low of 63.88 cents on Friday to a high of 64.27 cents on Thursday. A week earlier, prices averaged 63.84 cents per pound and ranged from 63.73 to 63.88 cents. In the corresponding week a year ago, the average price was 60.54 cents. The New York July 1986 futures settlement price ended the week on Thursday at 67.16 cents per pound compared with 66.67 cents a week earlier. The October settlement price was 36.43 cents against 36.70 cents last Thursday and the December price was 36.48 cents compared with 36.75 cents a week ago.

Trading slowed on most spot cotton markets. Merchant interest in buying weakened due to uncertainties concerning inventory protection payments. Grower offerings were primarily of CCC loan equities which were offered fairly readily. Supplies were generally adequate for most buyers' needs but selected qualities were diminishing in some markets. Domestic mills bought a light volume of cotton, primarily for prompt delivery. Purchases of CCC loan equities increased. Foreign mill inquiries were fairly numerous and a light volume of new crop was purchased by both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 139,400 bales in the week ended Thursday, May 22. This compares with 128,400 bales reported a week earlier and 31,700 bales in the corresponding week last season.

Textile mill report. Domestic mill purchases were intermittent and in light to moderate volume. Buying for prompt shipment was primarily to fill gaps in stocks or cover recent product sales. Sustained mill work schedules of five to seven days per week increased consumption beyond earlier estimates. Mill inquiries and purchases were shifting to new-crop cotton for September and later shipment. Demand for most textile products remains good to very good with some goods sold late into the year. Sheeting and other household products moved readily as did yarns and most popular apparels. Sales of industrial products were mixed and automotive items slowed.

Cotton crop for 1985 revised. United States cotton production totaled 13.4 million 480 pound net weight bales in 1985, according to the Agricultural Statistics Board, NASS, USDA. This was up 3 percent from 1984 and 73 percent above 1983. The 1985 crop was the largest since 1981 when 15.6 million bales were produced and compares with the record high crop of 18.9 million bales produced in 1937. Upland cotton accounted for 13.3 million bales of the total 1985 crop and American Pima, 155,100 bales. This was the largest American Pima crop since 1963 when a record high 164,000 bales were produced.

Planted area, at 10.7 million acres, was 4 percent below 1984. Harvested area, at 10.2 million acres, was down 1 percent from 1984. Abandonment in 1985 was 4.3 percent of the planted area compared with 6.9 percent in 1984. Yield per acre was a record high 630 pounds, 30 pounds above the previous record of 600 pounds set in 1984.

The Bureau of the Census reported 12,987,834 running bales ginned during the 1985 season compared with 12,544,866 bales ginned in 1984.

The preliminary 1985 season average price for lint is 54.80 cents per pound, down 3.00 cents from 1984. Value of lint and seed for the 1985 crop totaled \$3.87 billion, down 6 percent from the previous year.

The 1985 cottonseed production, at 5.28 million tons, was 3 percent above 1984 production. The preliminary season average price is \$65.00 per ton and compares with \$99.50 in 1984.

CCC loan entries of 1985-crop cotton totaled 7,289,012 running bales through May 7, according to the Agricultural Stabilization and Conservation Service, USDA. Repayments had been made on 886,628 bales. Loans were outstanding on 6,393,960 bales, of which, 3,499,885 were Form A (producer) and 2,894,075 were Form G (cooperative) loans. A total of 8,424 bales had been forfeited. Loans remained outstanding on 1,034,582 bales of 1984 crop, 489 bales of 1982 crop and 59 bales of 1981-crop cotton.

Loans made, repaid and outstanding on 1985-crop cotton in Commodity Credit Corporation cotton loan program through May 7, 1986, by states

State	Loans made			Loans repaid			Loans outstanding		
	Form A	Form G	Total	Form A	Form G	Total	Form A	Form G	Total
<u>Upland</u>									
	<u>Running bales</u>								
Alabama	242,125	102,531	344,656	37,163	35,538	72,701	204,962	66,993	271,955
Arizona	254,494	348,675	603,169	3,582	42,018	45,600	250,912	306,657	557,569
Arkansas	388,319	120,780	509,099	37,136	22,913	60,049	351,183	97,867	449,050
California	128,595	738,412	867,007	11,022	88,736	99,758	117,573	649,676	767,249
Florida	5,113	508	5,621	1,893	138	2,031	3,220	370	3,590
Georgia	89,046	25,597	114,643	17,971	11,509	29,480	71,075	14,088	85,163
Kansas	57	-	57	-	-	-	57	-	57
Louisiana	332,956	104,577	437,533	23,543	28,027	51,570	309,413	76,550	385,963
Mississippi	503,150	539,544	1,042,694	57,921	109,092	167,013	445,229	430,452	875,681
Missouri	151,939	12,737	164,676	11,937	3,071	15,008	140,002	9,666	149,668
New Mexico	16,837	14,378	31,215	34	9,426	9,460	16,803	4,952	21,755
N. Carolina	25,788	38,475	64,263	4,431	3,812	8,243	21,357	34,663	56,020
Oklahoma	74,490	142,986	217,476	1,544	8,431	9,975	65,224	134,555	199,779
S. Carolina	41,353	11,077	52,430	9,665	1,458	11,123	31,688	9,619	41,307
Tennessee	224,991	16,564	241,555	24,148	4,005	28,153	200,843	12,559	213,402
Texas	1,375,996	1,181,730	2,557,726	105,091	148,942	254,033	1,270,203	1,032,788	2,302,991
Virginia	-	39	39	-	6	6	-	33	33
Total	3,855,249	3,398,610	7,253,859	347,081	517,122	864,203	3,499,744	2,881,488	6,381,232
<u>American Pima</u>									
Total	141	35,012	35,153	-	22,425	22,425	141	12,587	12,728
U.S. all cotton	3,855,390	3,433,622	7,289,012	347,081	539,547	886,628	3,499,885	2,894,075	6,393,960

Source: Agricultural Stabilization and Conservation Service, USDA

All cotton: Acreage planted, harvested, yield per acre, production in 480 pound net weight bales, and value of production, by states, 1985 crop

State	Planted	Harvested	Yield	Production ^{1/}	Value of production ^{2/}
	1,000 acres		Pounds	1,000 bales	1,000 dollars
Upland					
Alabama	330.0	329.0	795	545.0	140,741
Arizona	360.0	359.0	1,241	928.0	240,092
Arkansas	465.0	440.0	767	703.0	185,255
California	1,330.0	1,320.0	1,132	3,114.0	874,411
Florida	24.5	22.5	693	32.5	8,112
Georgia	255.0	245.0	725	370.0	96,082
Kansas	0.8	0.6	320	0.4	92
Louisiana	640.0	630.0	565	742.0	194,463
Mississippi	1,050.0	1,040.0	764	1,655.0	434,537
Missouri	152.0	150.0	653	204.0	53,856
New Mexico	70.0	54.0	631	71.0	19,426
North Carolina	88.0	87.0	646	117.0	30,888
Oklahoma	370.0	360.0	380	285.0	65,117
South Carolina	124.0	122.0	708	180.0	49,248
Tennessee	340.0	335.0	600	419.0	106,996
Texas	5,000.0	4,650.0	404	3,910.0	964,675
Virginia	1.3	1.3	443	1.2	317
U.S.	10,600.6	10,145.4	628	13,277.1	3,464,308
American Pima					
Arizona	56.5	56.3	927	108.7	44,506
New Mexico	8.0	7.9	687	11.3	5,359
Texas	19.5	19.4	868	35.1	16,359
U.S.	84.0	83.6	891	155.1	66,224
U.S. all cotton	10,684.6	10,229.0	630	13,432.2	3,530,532

^{1/} Production ginned and to be ginned.

^{2/} Average to April 1, 1986, with no allowance for unredeemed loans.

Cottonseed: Production, season average price received by farmers, and value of production, by states, 1984 and 1985 crops ^{1/}

State	Production		Price per ton		Value of production	
	1984	1985	1984	1985	1984	1985
	1,000 tons		Dollars		1,000 dollars	
Alabama	158.0	189.0	94.50	56.00	14,931	10,584
Arizona	464.5	389.0	101.00	69.00	46,915	26,841
Arkansas	217.0	264.0	81.50	55.50	17,686	14,652
California	1,211.0	1,300.0	119.00	85.00	144,109	110,500
Florida	10.7	11.7	75.00	35.00	803	410
Georgia	101.0	128.0	93.50	57.00	9,444	7,296
Kansas	0.1	0.2	103.00	59.50	10	12
Louisiana	382.0	264.0	79.00	48.50	30,178	12,804
Mississippi	620.0	616.0	81.00	51.50	50,220	31,724
Missouri	72.0	80.0	86.50	52.00	6,228	4,160
New Mexico	40.0	31.3	102.00	60.50	4,080	1,894
North Carolina	40.0	44.0	93.00	45.00	3,720	1,980
Oklahoma	75.0	106.0	103.00	59.50	7,725	6,307
South Carolina	61.0	61.0	97.50	50.00	5,948	3,050
Tennessee	133.0	160.0	90.50	53.00	12,037	8,480
Texas	1,563.0	1,634.5	101.00	62.50	157,863	102,156
Virginia	0.6	0.5	93.00	45.00	56	23
U.S.	5,148.9	5,279.2	99.50	65.00	511,953	342,873

^{1/} 1985 crop preliminary.

Source: Agricultural Statistics Board, National Agricultural Statistics Service, USDA

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								
	Jul '86	Oct '86	Dec '86	Mar '87	May '87	Jul '87			
May 15	66.67	36.70	36.75	37.75	38.55	39.22	63.73	45.40	
16	67.00	37.15	37.25	38.25	38.88	39.63	63.88	45.40	
19	67.08	37.15	37.17	38.12	38.67	39.35	63.90	45.40	
20	67.43	36.65	36.73	37.72	38.45	39.10	63.98	45.15	
21	66.78	36.25	36.26	37.45	38.02	38.75	64.16	44.95	
22	67.16	36.43	36.48	37.45	38.15	38.78	64.27	44.60	

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 May 16		Through May 15	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,221,300	-	217,200
Exports	165,500	5,132,000	17,400	1,667,800
Total export commitments	-	6,353,300	-	1,885,000
New sales	31,200	-	6,300	-
Buy-backs and cancellations	17,100	-	200	-
Net sales	14,100	-	6,100	-
Sales next marketing year	10,000	540,600	89,700	1,025,500

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

Upland cotton export sales for the current marketing year resulted in a net increase of 6,100 running bales during the week ended May 15, according to the Foreign Agricultural Marketing Service, USDA. Predominant buyers were Japan with 3,100 bales and South Korea 2,500 bales. Sales for the 1986-87 marketing year totaled 89,700 bales. Leading buyers were Taiwan with 45,600 bales, Japan 12,600, Greece 11,700 and South Korea 7,500 bales. Exports for the week totaled 17,400 bales. Asian destinations accounted for 80 percent of the week's shipments and West European 20 percent.