

## UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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## Weekly Cotton Market Review

May 23, 1985

Spot cotton prices were steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Grower-held supplies were limited and offerings were very light at prevailing prices. Demand was weak. Merchants were buying only to cover essential needs. Domestic and foreign mills made limited purchases of both 1984 and 1985-crop cotton. Growers forward contracted a light volume of 1985-crop cotton. Planting is about completed in most areas except in Oklahoma and on the Texas Plains. Most of the crop is up to a stand and making good progress. Domestic mill consumption of cotton for the first nine months this marketing year was the smallest since 1920-21. A schedule of CCC base loan rates for eligible 1985-crop upland cotton by warehouse locations was released.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.54 cents per pound during the week ended Thursday, May 23. Prices ranged from a high of 60.78 cents on Wednesday to a low of 60.15 cents on Thursday. A week earlier, prices averaged 60.56 cents per pound and ranged from 60.36 to 60.93 cents. In the corresponding week a year ago, the average price was 80.66 cents. The New York July 1985 futures settlement price ended the week on Thursday at 64.62 cents per pound compared with 65.05 cents a week earlier. The October settlement price was 63.53 cents against 63.65 cents last Thursday and the December price was 63.60 cents compared with 63.78 cents a week ago.

Trading remained slow on spot cotton markets. Supplies of uncommitted 1984-crop cotton were nearly depleted. Offerings were very light. Most bid prices for available cotton were near or below CCC loan levels and growers were not willing to sell. Merchant demand was light and restricted primarily to cotton needed to fill prompt and nearby commitments. Inter-merchant trading accounted for some activity. Domestic mills purchased a small volume of cotton for both prompt and forward delivery. Export trading remained slow. European and Far Eastern mills made limited purchases. Purchases reported by cotton exchanges in the designated markets totaled 31,700 bales in the week ended Thursday, May 23. This compares with 48,500 bales reported a week earlier and 33,300 bales in the corresponding week last season.

Textile mill report. Domestic mills continued to purchase light volumes for both prompt and deferred delivery. Purchases included a wide range of qualities and growth areas. There was an undertone of cautious optimism as sales of mill products seemed to be improving slowly. Sales of athletic wear and underwear continued good. Apparel sales were mixed but generally rather slow. Goods for work clothing were steady and denim sales improved. Selected yarns and industrial fabrics continued to sell fairly well. Mills' schedules varied but most were working a five-day week. Some were operating only three days per week while others were working seven days. Reports indicated some small plants expect to close for a week in conjunction with the Memorial Day weekend.

Domestic mill consumption of cotton averaged 20,200 running bales per day in the four weeks ended April 27, according to the Bureau of the Census. This was the same as a month earlier but down from 21,500 bales used per day in April last season. Mills used 403,900 bales during April, bringing August-April consumption to 3,808,800 bales, the smallest since the 1920-21 season. Through April last year, mills had used 4,280,500 bales and two years ago, 3,905,400 bales.

Stocks of cotton at mills totaled 798,500 running bales on April 27, according to the Bureau of the Census. This was the largest end-of-April stocks at mills since 1982 and compares with 815,400 bales a month earlier and 766,000 bales at the end of April last year. At the April daily rate of consumption, mill stocks were equivalent to almost eight weeks' supply. Stocks of cotton in public storage totaled 4,817,900 bales on April 27 compared with 5,648,100 bales a month earlier and 3,956,500 bales at the end of April 1984.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 119.3 million pounds (about 248,500 bales of 480 pounds) in the four weeks ended April 27, according to the Bureau of the Census. This brought consumption for the August-April period this season to 1,181.6 million pounds (about 2,461,600 bales) and compares with 1,417.9 million pounds (about 2,953,900 bales) used through April a year ago.

CCC base loan rates for upland cotton at specific locations, mike 35-49, net weight, by seasons, 1977-1985

| Location         | Grade 41 staple 34     |       |       |       |       |       |       |       |       |
|------------------|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
|                  | 1977                   | 1978  | 1979  | 1980  | 1981  | 1982  | 1983  | 1984  | 1985  |
| <u>Markets</u>   | <u>Cents per pound</u> |       |       |       |       |       |       |       |       |
| Greenville       | 46.05                  | 49.55 | 52.05 | 50.35 | 54.90 | 59.60 | 57.35 | 57.35 | 59.85 |
| Augusta          | 45.95                  | 49.45 | 51.95 | 50.20 | 54.60 | 59.35 | 57.20 | 57.20 | 59.20 |
| Montgomery       | 45.30                  | 48.75 | 51.20 | 49.25 | 53.55 | 58.25 | 56.35 | 56.35 | 58.60 |
| Memphis          | 45.10                  | 48.50 | 50.90 | 48.85 | 53.20 | 57.90 | 56.00 | 56.00 | 58.40 |
| Greenwood        | 45.05                  | 48.45 | 50.85 | 48.80 | 53.15 | 57.85 | 55.90 | 55.90 | 58.25 |
| Pine Bluff       | 44.95                  | 48.45 | 50.85 | 48.80 | 53.15 | 57.90 | 55.90 | 55.90 | 58.25 |
| Winnsboro        | 44.95                  | 48.45 | 50.85 | 48.80 | 53.15 | 57.85 | 55.90 | 55.90 | 58.25 |
| Altus            | 44.65                  | 48.15 | 50.45 | 48.40 | 52.70 | 57.40 | 55.35 | 55.35 | 57.55 |
| Dallas           | 44.65                  | 48.15 | 50.45 | 48.40 | 52.70 | 57.40 | 55.35 | 55.35 | 57.55 |
| Waco             | 44.65                  | 48.15 | 50.45 | 48.40 | 52.70 | 57.40 | 55.35 | 55.35 | 57.55 |
| Harlingen        | 44.60                  | 48.10 | 50.35 | 48.25 | 52.50 | 57.20 | 55.20 | 55.20 | 57.50 |
| Lubbock          | 44.60                  | 48.10 | 50.35 | 48.25 | 52.50 | 57.20 | 55.20 | 55.20 | 57.50 |
| El Paso          | 44.45                  | 47.90 | 50.15 | 48.05 | 52.25 | 56.95 | 54.85 | 54.85 | 57.45 |
| Phoenix          | 43.60                  | 46.90 | 49.00 | 46.50 | 51.45 | 56.00 | 54.05 | 54.05 | 56.20 |
| Fresno           | 43.60                  | 46.90 | 49.00 | 46.50 | 51.45 | 56.00 | 54.05 | 54.05 | 56.20 |
| Average location | 44.63                  | 48.00 | 50.23 | 48.00 | 52.46 | 57.08 | 55.00 | 55.00 | 57.30 |
| Target price     | 47.80                  | 52.00 | 57.70 | 58.40 | 70.87 | 71.00 | 76.00 | 81.00 | 81.00 |

All cotton: Domestic mill consumption and stocks, running bales, by months and seasons, 1980-1984

| Season beginning August 1 | Aug.        | Sept.       | Oct.        | Nov.        | Dec.        | Jan.        | Feb.   | Mar.        | Apr.        | May         | June        | July        | Season      |
|---------------------------|-------------|-------------|-------------|-------------|-------------|-------------|--|-------------|-------------|-------------|-------------|-------------|-------------|
|                           | 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</u> 1/                   |             |             |             |             |             |             |
| 1980                      | 443         | 456         | 597*        | 458         | 475*        | 435         | 446  | 539*        | 435         | 441         | 531*        | 385         | 5,664       |
| 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 3/                   | 416         | 494*        | 415         | 377         | 407*        | 387         | 406  | 504*        | 404         |             |             |             |             |
|                           |             |             |             |             |             |             | <u>Mill consumption per day</u>              |             |             |             |             |             |             |
| 1980                      | 22.1        | 22.8        | 23.9        | 22.9        | 19.0        | 21.8        | 22.3   | 21.5        | 21.7        | 22.1        | 21.3        | 19.2        | 21.8        |
| 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 3/                   | 20.8        | 19.8        | 20.8        | 18.8        | 16.3        | 19.3        | 20.3   | 20.2        | 20.2        |             |             |             |             |
|                           |             |             |             |             |             |             | <u>Stocks in consuming establishments</u> 2/ |             |             |             |             |             |             |
| 1980                      | 891         | 784         | 743         | 750         | 831         | 947         | 1,038  | 1,105       | 1,078       | 1,023       | 937         | 883         | -           |
| 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 3/                   | 715         | 645         | 542         | 560         | 683         | 812         | 875  | 815         | 798         |             |             |             |             |
|                           |             |             |             |             |             |             | <u>Stocks in public storage</u> 2/           |             |             |             |             |             |             |
| 1980                      | 1,509       | 1,578       | 3,181       | 5,071       | 5,927       | 5,847       | 5,109  | 4,227       | 3,470       | 2,807       | 2,199       | 1,688       | -           |
| 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 3/                   | 1,491       | 1,432       | 3,386       | 6,321       | 7,551       | 7,398       | 6,395  | 5,648       | 4,818       |             |             |             |             |

1/ 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. 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/ These data refer to a particular day near the end of the month.

3/ Preliminary.

\* 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 |         |         |         |         |         |                        | Grade 31<br>Staple 35<br>'A' Index 1/ |
|--------|--------------------|---------|---------|---------|---------|---------|------------------------|---------------------------------------|
|        | Futures Settlement |         |         |         |         |         | Desig. 8-<br>Mkt. Avg. |                                       |
|        | Jul '85            | Oct '85 | Dec '85 | Mar '86 | May '86 | Jul '86 |                        |                                       |
| May 16 | 65.05              | 63.65   | 63.78   | 64.80   | 65.43   | 65.90   | 60.47                  | 65.05                                 |
| 17     | 65.06              | 63.73   | 63.77   | 64.82   | 65.50   | 65.85   | 60.48                  | 65.05                                 |
| 20     | 65.22              | 63.83   | 63.80   | 64.85   | 65.50   | 65.90   | 60.60                  | 64.90                                 |
| 21     | 65.36              | 63.72   | 63.73   | 64.77   | 65.40   | 65.75   | 60.70                  | 64.80                                 |
| 22     | 65.26              | 63.73   | 63.75   | 64.83   | 65.43   | 65.80   | 60.78                  | 64.65                                 |
| 23     | 64.62              | 63.53   | 63.60   | 64.56   | 65.16   | 65.45   | 60.15                  | 64.65                                 |

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

Chicago futures contract settlement and designated spot market average for grade 42 staple 31 in cents per pound

| Date   | Grade 42 Staple 31 |         |         |         |         |         | Desig. 5-Mkt.<br>Average 1/ |
|--------|--------------------|---------|---------|---------|---------|---------|-----------------------------|
|        | Futures Settlement |         |         |         |         | May '86 |                             |
|        | Jul '85            | Oct '85 | Dec '85 | Mar '86 | May '86 |         |                             |
| May 16 | 56.25              | -       | 55.85   | -       | -       | -       | 50.70                       |
| 17     | 56.20              | -       | 55.76   | -       | -       | -       | 50.71                       |
| 20     | 55.90              | -       | 55.50   | -       | -       | -       | 50.80                       |
| 21     | 56.05              | -       | 55.50   | -       | -       | -       | 50.89                       |
| 22     | 56.10              | -       | 55.35   | -       | -       | -       | 50.83                       |
| 23     | 56.00              | -       | 54.65   | -       | -       | -       | 50.24                       |

1/ Greenville, Montgomery, Memphis, Dallas and Lubbock.

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1983-84 and 1984-85

| Description                 | Marketing Year |                |                |                |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | 1983-84        |                | 1984-85        |                |
|                             | Through May 17 |                | Through May 16 |                |
|                             | Week           | Marketing Year | Week           | Marketing Year |
| Outstanding sales           | -              | 1,480,100      | -              | 1,221,300      |
| Exports                     | 122,300        | 5,417,000      | 165,500        | 5,132,000      |
| Total export commitments    | -              | 6,897,100      | -              | 6,353,300      |
| New sales                   | 21,000         | -              | 31,200         | -              |
| Buy-backs and cancellations | 3,500          | -              | 17,100         | -              |
| Net sales                   | 17,500         | -              | 14,100         | -              |
| Sales next marketing year   | 43,600         | 1,189,100      | 10,000         | 540,600        |

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

Upland cotton export sales for the current marketing year totaled 14,100 running bales during the week ended May 16, according to the Foreign Agricultural Service, USDA. Major buyers were Japan with 6,500 bales, Italy 2,900, Yugoslavia 5,400 and Zaire 3,600 bales. Sales for the 1985-86 marketing year totaled 10,000 bales and major buyers were Japan with 300 bales, Italy 2,900 and Zaire 1,700 bales. Exports for the week totaled 165,500 bales. Asian destinations accounted for 51 percent of the week's shipments, Africa 21 percent, Western Europe 14 percent and the USSR 12 percent.