

UNITED STATES DEPARTMENT OF AGRICULTURE  
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## Weekly Cotton Market Review

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Trading continued moderately active and was confined mostly to CCC loan equities, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were steady. Growers offered freely at slightly higher prices. Merchant demand was good and offerings were rapidly absorbed. Supplies were generally adequate but were becoming depleted in some qualities. Domestic mill purchases were light for prompt and nearby delivery and moderate for forward delivery. Foreign mills made limited purchases. Interest in forward contracting remained light. Through the end of April, United States growers had booked about 3 percent of their 1986 crop. Planting made good progress and neared completion in some localities. Weather conditions were generally good, but rain is urgently needed in most southeastern states and several areas of Texas. Commodity Credit Corporation loan premiums and discounts for the 1986 upland and American Pima cotton crops were released. A schedule of CCC base loan rates for upland cotton by warehouse locations was also announced. The interest rate for CCC loans disbursed in May will be 6.50 percent. The final 1985 crop report is scheduled for release on May 9.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 63.65 cents per pound during the week ended Thursday, May 8. Prices ranged from a low of 63.41 cents on Friday to a high of 63.86 cents on Thursday. A week earlier, prices averaged 63.38 cents per pound and ranged from 63.21 to 63.71 cents. In the corresponding week a year ago, the average price was 60.41 cents. The New York July 1986 futures settlement price ended the week on Thursday at 67.30 cents per pound compared with 65.87 cents a week earlier. The October settlement price was 38.55 cents against 37.60 cents last Thursday and the December price was 38.50 cents compared with 37.73 cents a week ago.

Trading was light to moderate on spot cotton markets. Activity was restricted primarily to sales of CCC loan equities. Growers offered freely. Merchant demand continued very good for a wide range of qualities. Due to the heavy volume of recent trading, supplies of selected qualities were diminishing in some markets. Domestic mill purchases included a light volume for fill-ins but a larger amount was bought for deferred delivery. Export sales were light but increased for 1986-crop cotton. Both Far Eastern and European mills bought a limited volume for prompt and nearby delivery. Purchases reported by cotton exchanges in the designated markets totaled 157,500 bales in the week ended Thursday, May 8. This compares with 132,600 bales reported a week earlier and 25,700 bales in the corresponding week a year ago.

Textile mill report. Mills continued to buy intermittently and in light volume for prompt and nearby delivery. Purchases remained moderate for 1986-crop cotton. Most mills were interested in cotton for delivery after August 1, but found shippers reluctant to offer. There were often disparities between asking and offering prices due to confusion on the finer details of the new farm program. Interest was best for the medium and lower grades for both prompt and forward delivery. The textile market was good to excellent over a wide range of products. Sales of yarn, apparels, underwear, knitted goods for sportswear, towels and sheets were steady and are now extending into the third and fourth quarters. Bottomweights, heavy to lightweight constructions for work clothing and for light industrial applications have been good sellers. Workweeks were mostly six to seven days per week. A few mills indicated that the traditional summer holidays might be shortened.

Forward contracting of 1986-crop cotton. United States upland cotton growers had forward contracted about 3 percent of the 1986 crop through the end of April. This was the second smallest percentage booked for this period since records began in 1974. At the end of April last year, growers had booked 4 percent of their crop and two years ago, 20 percent. Contracting this year has been most active in the western states where about 15 percent of the crop has been sold ahead. Growers in southwestern states had booked around 1 percent and south central growers less than 0.5 percent by May 1. No contracting has been reported in southeastern states. American Pima cotton growers had forward contracted about 11 percent of their expected acreage through the end of April, primarily in Arizona. These estimates were based on the Crop Reporting Board's March planting intentions report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

USDA releases program differentials for 1986-crop cotton. Schedules of differentials for 1986 crops of upland and extra long staple (ELS) cotton were released May 2 by the Commodity Credit Corporation, USDA. The schedules of differentials will apply to loan rates of 55.00 cents per pound for the base grade of upland cotton and 85.40 cents per pound for ELS cotton. Loan rates for the base grade of upland cotton at each approved warehouse location were also released.

CCC base loan rates for upland cotton at specific locations, mike 35-49, net weight, by seasons, 1978-1986

Location	Grade 41 staple 34								
	1978	1979	1980	1981	1982	1983	1984	1985	1986
<u>Markets</u>	<u>Cents per pound</u>								
Greenville	49.55	52.05	50.35	54.90	59.60	57.35	57.35	59.85	57.55
Augusta	49.45	51.95	50.20	54.60	59.35	57.20	57.20	59.20	56.90
Montgomery	48.75	51.20	49.25	53.55	58.25	56.35	56.35	58.60	56.30
Memphis	48.50	50.90	48.85	53.20	57.90	56.00	56.00	58.40	56.10
Greenwood	48.45	50.85	48.80	53.15	57.85	55.90	55.90	58.25	55.95
Pine Bluff	48.45	50.85	48.80	53.15	57.90	55.90	55.90	58.25	55.95
Winnsboro	48.45	50.85	48.80	53.15	57.85	55.90	55.90	58.25	55.95
Altus	48.15	50.45	48.40	52.70	57.40	55.35	55.35	57.55	55.25
Dallas	48.15	50.45	48.40	52.70	57.40	55.35	55.35	57.55	55.25
Waco	48.15	50.45	48.40	52.70	57.40	55.35	55.35	57.55	55.25
Harlingen	48.10	50.35	48.25	52.50	57.20	55.20	55.20	57.50	55.20
Lubbock	48.10	50.35	48.25	52.50	57.20	55.20	55.20	57.50	55.20
El Paso	47.90	50.15	48.05	52.25	56.95	54.85	54.85	57.45	55.15
Phoenix	46.90	49.00	46.50	51.45	56.00	54.05	54.05	56.20	53.95
Fresno	46.90	49.00	46.50	51.45	56.00	54.05	54.05	56.20	53.95
Average location	48.00	50.23	48.00	52.46	57.08	55.00	55.00	57.30	55.00
Target price	52.00	57.70	58.40	70.87	71.00	76.00	81.00	81.00	81.00

Forward contracting of upland cotton by growers, as of May 1, crops of 1977-1986  
and prospective plantings, 1986 crop 1/

State	Cotton crops											Prospective plantings 2/ 1,000 acres
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986		
Alabama 3/	Pct. 5	Pct. 5	Pct. 9	Pct. 13	Pct. 7	Pct. 7	Pct. 10	Pct. 25	Pct. 20	Pct. -		320
Georgia	1	-	5	9	6	1	-	10	2	-		245
North Carolina	14	1	6	22	2	3	15	36	-	-		84
South Carolina	15	*	8	36	1	9	37	32	16	-		110
Southeastern states	7	3	8	17	5	6	12	24	11	-		759
Arkansas	14	5	9	40	10	6	15	32	8	-		465
Louisiana	6	12	8	34	9	4	10	22	1	-		580
Mississippi	19	22	29	56	22	13	21	29	15	*		1,000
Missouri	21	14	14	76	5	9	22	49	*	-		155
Tennessee	2	6	4	17	1	4	23	37	4	-		330
South central states	14	14	17	46	13	8	18	30	8	*		2,530
Oklahoma	19	20	3	4	-	*	-	13	-	-		360
Texas	15	5	8	11	2	1	3	16	2	1		4,400
Southwestern states	15	6	8	10	2	1	2	16	2	1		4,760
Arizona	47	29	13	25	6	14	7	3	2	*		260
California	28	30	17	14	4	7	8	24	4	19		1,210
New Mexico	12	7	6	1	-	-	-	1	1	-		68
Western states	31	28	16	16	4	8	7	19	3	15		1,538
United States	16	12	11	19	5	4	7	20	4	3		9,587

1/ Contracting estimates for 1977 through 1980 based on January prospective plantings report; 1982-1985 based on February; 1981 and 1986 based on March. Estimates do not include cotton consigned to marketing organizations but do include cotton contracted with marketing organizations.

2/ March 1986, Crop Reporting Board, Statistical Reporting Service, USDA.

3/ Includes Florida, 1984 crop.

\* Less than 0.5 percent.

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			
May 1	66.07	65.87	37.60	37.73	38.62	39.40	63.39	46.75	
2	66.28	65.92	36.65	36.86	37.72	38.61	63.41	46.50	
5	67.83	66.75	37.65	37.77	38.60	39.25	63.61	HOLIDAY	
6	67.50	66.45	37.57	37.62	38.45	39.30	63.71	46.45	
7	67.20	66.67	37.61	37.66	38.65	39.45	63.64	46.30	
8	-	67.30	38.55	38.50	39.50	40.25	63.86	46.15	

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 2		Through May 1	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,441,300	-	292,600
Exports	107,800	4,867,900	18,300	1,627,300
Total export commitments	-	6,309,200	-	1,919,900
New sales	36,800	-	14,700	-
Buy-backs and cancellations	6,900	-	3,700	-
Net sales	29,900	-	11,000	-
Sales next marketing year	42,600	519,700	56,300	834,900

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

Upland cotton export sales for the current marketing year resulted in a net increase of 11,000 running bales during the week ended May 1, according to the Foreign Agricultural Service, USDA. Sales to Taiwan of 7,400 bales, Indonesia 2,800 and Japan 2,400 bales were partially offset by reductions to South Korea of 2,100 bales. Sales of 56,300 bales for the 1986-87 marketing year were primarily to Taiwan of 12,200 bales, South Korea 11,900, the Philippines 6,000, Indonesia 6,000 and El Salvador 5,900 bales. This was El Salvador's first purchase since the 1981-82 marketing year. Exports for the week declined 60 percent below the previous week and totaled 18,300 bales. Asian destinations accounted for 72 percent of the week's shipments and West European 28 percent.

CCC loan premiums and discounts for grade and staple length of 1986-crop American upland cotton, basis grade 41 staple 34 (SLM 1-1/16"), net weight.

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Grade	Code	Staple length (inches)								
		13/16 (26) through 29/32 (29)	15/16 (30)	31/32 (31)	1 (32)	1-1/32 (33)	1-1/16 (34)	1-3/32 (35)	1-1/8 (36)	1-5/32 (37) & longer <sup>1/</sup>
<b>Points per pound</b>										
<b>WHITE:</b>										
SM & better (11 & 21)		-830	-655	-445	-270	-55	+160	+205	+220	+235
MID Plus (30)		-850	-680	-470	-300	-75	+140	+190	+205	+220
MID (31)		-860	-685	-475	-325	-95	+130	+180	+190	+205
SLM PLUS (40)		-905	-735	-525	-365	-170	+45	+90	+105	+120
SLM (41)		-935	-760	-555	-415	-215	BASE	+45	+60	+75
LM PLUS (50)		-1015	-880	-675	-570	-465	-260	-230	-220	-215
LM (51)		-1090	-965	-785	-705	-610	-450	-430	-415	-410
SGO PLUS (60)		-1365	-1290	-1235	-1225	-1130	-1045	-1030	-1025	-1025
SGO (61)		-1450	-1375	-1320	-1305	-1210	-1145	-1130	-1125	-1125
GO PLUS (70)		-1685	-1655	-1635	-1635	-1540	-1530	-1515	-1515	-1510
GO (71)		-1750	-1720	-1710	-1710	-1615	-1615	-1610	-1605	-1605
<b>LIGHT SPOTTED:</b>										
SM & better (12 & 22)		-885	-715	-505	-355	-145	+50	+95	+105	+110
MID (32)		-925	-755	-550	-405	-225	-15	+30	+40	+45
SLM (42)		-1020	-890	-705	-600	-505	-365	-340	-325	-320
LM (52)		-1275	-1160	-1065	-1050	-955	-955	-950	-950	-950
SGO (62)		-1575	-1490	-1475	-1460	-1365	-1365	-1365	-1365	-1365
<b>SPOTTED:</b>										
SM & better (13 & 23)		-1155	-1050	-975	-915	-705	-540	-520	-510	-510
MID (33)		-1250	-1150	-1075	-1035	-940	-825	-810	-800	-800
SLM (43)		-1395	-1320	-1300	-1295	-1200	-1200	-1195	-1190	-1190
LM (53)		-1620	-1590	-1590	-1590	-1495	-1495	-1495	-1495	-1495
SGO (63)		-1790	-1750	-1750	-1750	-1655	-1655	-1655	-1655	-1655
<b>TINGED: 1/</b>										
SM (24)		-1505	-1420	-1380	-1365	-1270	-1185	-1175	-1165	-1165
MID (34)		-1565	-1480	-1445	-1445	-1350	-1290	-1285	-1260	-1260
SLM (44)		-1610	-1540	-1530	-1530	-1435	-1435	-1435	-1435	-1435
LM (54)		-1785	-1750	-1750	-1750	-1655	-1655	-1655	-1655	-1655
<b>LIGHT GRAY:</b>										
SM & better (16 & 26)		-1035	-860	-670	-520	-260	+15	+70	+80	+85
MID (36)		-1240	-1100	-920	-845	-750	-480	-440	-430	-425
SLM (46)		-1545	-1470	-1410	-1390	-1295	-1150	-1120	-1110	-1110
<b>GRAY:</b>										
SM & better (17 & 27)		-1240	-1100	-940	-880	-785	-590	-550	-540	-535
MID (37)		-1545	-1470	-1415	-1400	-1305	-1225	-1180	-1170	-1165
SLM (47)		-1935	-1900	-1890	-1890	-1795	-1780	-1740	-1730	-1730

1/ Cotton classed as "Yellow Stained" ( Middling and better grades) will be eligible for loan, if otherwise eligible, at a discount 200 points greater than the discount applicable to the comparable quality in the color group "Tinged."

CCC loan schedule of micronaire differences for 1986-crop upland cotton

Micronaire reading	Points per pound		Micronaire reading	Points per pound	
	Staples 32 (1") & shorter	Staples 33 (1-1/32") & longer		Staples 32 (1") & shorter	Staples 33 (1-1/32") & longer
5.3 and above	-225	-215	3.0 through 3.2	-410	-485
5.0 through 5.2	-120	-120	2.7 through 2.9	-665	-760
3.5 through 4.9	0	0	2.6 and below	-960	-1035
3.3 through 3.4	-205	-220			

United States Department of Agriculture, Agricultural Stabilization and Conservation Service

1986 Upland Base Loan Rate - 55.00 Cents Per Pound

1986 Upland Target Price - 81.00 Cents Per Pound

CCC schedule of loan rates for eligible qualities of 1986-crop extra long staple cotton (American Pima) stored in approved warehouses at all locations

(In cents per pound, net weight, micronaire 3.5 and above 1/)

Grade	Staple (inches)	
	1-3/8 (44)	1-7/16 (46) & longer
01	93.05	93.55
02	92.40	92.85
03	90.55	91.05
04	82.30	82.50
05	52.90	53.10
06	40.00	40.25

1/ A micronaire premium of 171 points (1.71 cents) per pound is reflected in the loan rates for the eligible qualities; thus, the national average loan rate reflected in the above schedule is 87.11 cents per pound. Cotton with micronaire readings below the micronaire range "3.5 and above" will be subject to the discounts in the schedule of micronaire differences for ELS cotton which follows:

CCC loan schedule of micronaire differences for eligible qualities of 1986-crop extra long staple cotton (American Pima)

Micronaire reading	Points per pound	Micronaire reading	Points per pound
3.5 and above	0	3.0 through 3.2	-1130
3.3 through 3.4	-370	2.7 through 2.9	-1485

United States Department of Agriculture, Agricultural Stabilization and Conservation Service

1986 American Pima Target Price - 102.48 Cents Per Pound

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