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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-521-2934



Weekly Cotton Market Review

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Spot cotton prices averaged slightly higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was restricted by a very light volume of grower offerings and supplies. Merchants had immediate needs fairly well covered and demand was weak. Domestic and foreign mill purchases were light. Growers forward contracted a limited volume of 1985-crop cotton. The crop made good progress in California, Arizona and southern Texas. Planting neared completion in New Mexico and increased in the late producing areas of Texas and in Oklahoma. Planting made good progress and was in final stages over most of the southern states. Rains caused delays in a few localities. Commodity Credit Corporation loan premiums and discounts for the 1985 upland and American Pima cotton crops were released. The final 1984 crop report will be released May 10.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.41 cents per pound during the week ended Thursday, May 9. Prices ranged from a low of 59.94 cents on Friday to a high of 60.88 cents on Thursday. A week earlier, prices averaged 60.17 cents per pound and ranged from 59.68 to 60.52 cents. In the corresponding week a year ago, the average price was 78.55 cents. The New York July 1985 futures settlement price ended the week on Thursday at 65.68 cents per pound compared with 64.97 cents a week earlier. The October settlement price was 64.51 cents against 64.35 cents last Thursday and the December price was 64.58 cents compared with 64.33 cents a week ago.

Trading continued slow on spot cotton markets. Many growers had marketed their 1984 crop and uncommitted supplies were mostly lower grades. Many merchants had immediate needs covered and were out of the market while others traded among themselves in an attempt to balance stocks. Domestic mill purchases were mostly of 1985-crop cotton, San Joaquin Valley growth, but a light volume of old crop was purchased for prompt to nearby delivery. Export trading remained slow. Far Eastern mills were the predominant buyers. Purchases included 1984-crop cotton for prompt through September shipment and 1985 crop for October-December shipment. Purchases reported by cotton exchanges in the designated markets totaled 25,700 bales in the week ended Thursday, May 9. This compares with 45,900 bales reported a week earlier and 30,600 bales in the corresponding week last season.

Textile mill report. Mills bought a small volume of old crop for prompt through July delivery and a limited amount of new crop for October and later shipment. Most mills have their immediate needs covered but reported they may need more cotton before new-crop movement, if business improves. Sales of goods were intermittent but a slight overall increase in business was noted in some product areas. Sportswear and underwear continued to move readily while all-cotton yarn and denim showed moderate gains in sales. Household and industrial products were trading better in the short term with sales trailing off toward year's end. Work schedules were mostly five days per week with some mills producing slower moving items on shortened weeks.

India's cotton mills urge government to import cotton. Several months after a government decision to export about 156,000 bales of long staple cotton, the Indian Cotton Mill Federation has asked the government to arrange for the import of about 400,000 bales of cotton, according to the Foreign Agricultural Service, USDA. Local news reports indicate the request was made to meet a domestic shortage and curb rising prices. The U.S. would be a potential supplier should the government agree to import cotton. According to the U.S. Agricultural Counselor, the government may not act favorably on the request.

USDA releases program differentials for 1985-crop cotton. Schedules for differentials for 1985 crops of upland and extra long staple (ELS) cotton were released April 25 by the Commodity Credit Corporation, USDA. The schedules are used for issuing price support loans to farmers. The same procedures used in 1984 were followed to develop the 1985 schedules. The upland cotton procedures were recommended by a study committee, required by the Agriculture and Food Act of 1981. The schedules of differentials will apply to loan rates of 57.30 cents per pound for the base grade of upland cotton and 85.95 cents per pound for ELS cotton. Loan rates for the base grade of upland cotton at each approved warehouse location will be issued later.

CCC schedule of loan rates for eligible qualities of 1985-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	92.65	93.10
02	92.20	92.65
03	91.75	92.20
04	89.10	89.55
05	79.65	79.90
06	60.60	60.80
07	48.75	48.95
08	44.40	44.60
09	42.90	43.10

1/ A micronaire premium of 137 points (1.37 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 87.32 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 1985-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	-845
3.3 through 3.4	-360	2.7 through 2.9	-1260

CCC loan premiums and discounts for grade and staple length of 1985-crop American upland cotton, basis grade 41 staple 34 (SLM 1-1/16"), net weight

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
		Points per pound								
WHITE:										
SM & better (11 & 21)		-870	-710	-495	-305	-40	+185	+225	+245	+265
MID Plus (30)		-890	-735	-520	-335	-65	+160	+205	+225	+245
MID (31)		-900	-740	-525	-365	-85	+145	+195	+210	+230
SLM PLUS (40)		-950	-795	-580	-410	-175	+50	+95	+115	+135
SLM (41)		-980	-820	-610	-460	-225	BASE	+40	+60	+80
LM PLUS (50)		-1055	-920	-700	-585	-480	-285	-255	-245	-235
LM (51)		-1135	-1005	-800	-710	-610	-470	-450	-430	-420
SGO PLUS (60)		-1385	-1315	-1250	-1225	-1125	-1035	-1020	-1010	-1010
SGO (61)		-1450	-1380	-1320	-1290	-1190	-1130	-1115	-1100	-1100
GO PLUS (70)		-1670	-1630	-1600	-1600	-1500	-1495	-1480	-1475	-1470
GO (71)		-1730	-1690	-1675	-1675	-1575	-1575	-1570	-1560	-1560
LIGHT SPOTTED:										
SM & better (12 & 22)		-930	-775	-555	-395	-140	+60	+105	+120	+130
MID (32)		-970	-820	-605	-445	-235	-20	+25	+40	+50
SLM (42)		-1060	-940	-755	-635	-515	-390	-360	-345	-335
LM (52)		-1300	-1195	-1080	-1060	-960	-960	-955	-950	-950
SGO (62)		-1560	-1475	-1440	-1440	-1340	-1340	-1340	-1340	-1340
SPOTTED:										
SM & better (13 & 23)		-1120	-1015	-940	-870	-715	-565	-545	-535	-535
MID (33)		-1205	-1110	-1030	-985	-885	-805	-790	-780	-775
SLM (43)		-1350	-1275	-1255	-1255	-1155	-1155	-1155	-1150	-1150
LM (53)		-1595	-1545	-1545	-1545	-1445	-1445	-1445	-1445	-1445
SGO (63)		-1770	-1715	-1710	-1710	-1610	-1610	-1610	-1610	-1610
TINGED: 1/										
SM (24)		-1435	-1370	-1365	-1365	-1265	-1265	-1265	-1265	-1265
MID (34)		-1470	-1400	-1400	-1400	-1300	-1300	-1300	-1300	-1300
SLM (44)		-1540	-1480	-1480	-1480	-1380	-1380	-1380	-1380	-1380
LM (54)		-1735	-1675	-1675	-1675	-1575	-1575	-1575	-1575	-1575
LIGHT GRAY:										
SM & better (16 & 26)		-1040	-865	-670	-520	-265	+15	+70	+85	+95
MID (36)		-1255	-1105	-925	-850	-715	-460	-415	-395	-385
SLM (46)		-1555	-1480	-1415	-1380	-1280	-1130	-1100	-1080	-1080
GRAY:										
SM & better (17 & 27)		-1255	-1105	-950	-875	-750	-580	-540	-520	-510
MID (37)		-1555	-1480	-1425	-1405	-1305	-1200	-1155	-1135	-1130
SLM (47)		-1895	-1865	-1840	-1840	-1740	-1705	-1665	-1650	-1645

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 1985-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	-215	-205	3.0 through 3.2	-410	-475
5.0 through 5.2	-115	-115	2.7 through 2.9	-650	-750
3.5 through 4.9	0	0	2.6 and below	-915	-1010
3.3 through 3.4	-195	-215			

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 '85	Jul '85	Oct '85	Dec '85	Mar '86	May '86		
May 2	67.35	64.97	64.35	64.33	65.30	65.82	60.13	66.05
3	67.45	64.72	64.30	64.45	65.60	66.11	59.94	66.05
6	68.20	65.19	64.45	64.60	65.75	66.26	60.29	Holiday
7	68.40	65.19	64.20	64.33	65.50	66.10	60.42	66.00
8	68.98	65.19	64.25	64.35	65.55	66.13	60.51	65.70
9	-	65.68	64.51	64.58	65.70	66.33	60.88	65.40

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. Average 1/
	Futures Settlement					
	May '85	Jul '85	Oct '85	Dec '85	Mar '86	
May 2	57.00	56.91	-	56.70	-	49.95
3	57.00	56.70	-	56.65	-	49.80
6	57.00	57.10	-	57.00	-	50.08
7	57.00	56.70	-	56.60	-	50.28
8	57.00	56.60	-	56.55	-	50.51
9	-	56.90	-	56.80	-	50.88

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 3		Through May 2	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,701,300	-	1,441,300
Exports	178,600	5,165,700	107,800	4,867,900
Total export commitments	-	6,867,000	-	6,309,200
New sales	39,700	-	36,800	-
Buy-backs and cancellations	28,000	-	6,900	-
Net sales	11,700	-	29,900	-
Sales next marketing year	12,600	1,108,500	42,600	519,700

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

Upland cotton export sales for the current marketing year totaled 29,900 running bales during the week ended May 2, according to the Foreign Agricultural Service, USDA. Major buyers were Japan with 11,000 bales and South Korea 9,200 bales. Sales for the 1985-86 marketing year totaled 42,600 bales and were primarily to South Korea with 20,400 bales and Japan 16,300 bales. Exports for the week totaled 107,800 bales. Asian destinations accounted for 60 percent of the week's shipments, Western Europe 22 percent and the USSR 14 percent.