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

Weekly Cotton Market Review

Vol. 67, No. 16 November 14, 1985

Spot cotton prices remained fairly steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Supplies of cotton were more available. Growers offered more freely but many refused bid prices. Merchant demand was light. Domestic mill buying continued fairly active and included cotton for both nearby and forward delivery. Export trading was slow but increased in California. Unfavorable weather restricted harvesting and ginning in many localities. All cotton production in the United States was forecast at 13.9 million bales, 7 percent above 1984 production. Record yield per harvested acre of 644 pounds is expected. U.S. cotton stocks at the end of 1985-86 are projected to more than double.

<u>Spot cotton prices</u> for grade 41 staple 34, mike 35-49, in the designated markets averaged 56.10 cents per pound during the week ended Thursday, November 14. Prices ranged from a high of 56.25 cents on Friday to a low of 55.81 cents on Thursday. A week earlier, prices averaged 56.27 cents per pound and ranged from 56.05 to 56.41 cents. In the corresponding week a year ago, the average price was 59.75 cents. The New York December 1985 futures settlement price ended the week on Thursday at 60.79 cents per pound compared with 61.70 cents a week earlier. The October 1986 settlement price was 55.30 cents against 53.68 cents a week ago.

<u>Trading</u> on spot cotton markets was a little more active. Growers asked for bids on a larger volume of cotton as supplies increased but many refused to sell at prevailing prices. Merchant demand was light but strong enough to maintain fairly steady prices. Domestic mill buying was light to moderate. Purchases included a fairly large volume of Texas Plains cotton for prompt through March delivery. Export trading was slow but a little more active in California. Far Eastern mills made limited purchases for prompt and nearby shipment. Purchases reported by cotton exchanges in the designated markets totaled 69,900 bales in the week ended Thursday, November 14. This compares with 80,300 bales reported a week earlier and 105,300 bales in the corresponding week last season.

<u>Textile mill report</u>. Mill buying was light to moderate. A few mills were covering spot shortages and a moderate amount was purchased for deferred shipment. Offerings of San Joaquin Valley growth were at competitive prices and mill interest and buying were increasing. A moderate volume of Texas cotton was also purchased. Buying of central and southeastern territory cotton was slow. Although mill stocks were regarded as below normal, little buying urgency was shown. Sales of a number of textile products remained good, prompting guarded optimism that the current upturn in business could be sustained into the first half of 1986. Sales of most apparels, all-cotton yarn, athletic goods and underwear remained good to very good. Some plants producing these items were on six and seven day work schedules. Sales of industrial, automotive and selected household items were showing some improvement. Work schedules were mostly five days.

<u>World cotton supply and demand estimates</u>. Record supplies and weak growth in world demand outside China dominate the cotton outlook for 1985-86. Despite prospects for moderately smaller global production, sharply larger stocks at the beginning of the season are boosting supplies about one-tenth above the 1984-85 level. This far exceeds prospective textile mill and inventory needs, leading to a burdensome buildup in stocks. The 1985-86 carryover is projected at a record 52 million 480 pound net weight bales, equal to 8.5 months' consumption, and nearly double the 1980-84 average.

With relatively large supplies and extremely weak export demand, U.S. stocks are projected to more than double. Foreign stocks at the end of 1985-86 are projected to rise 5 million bales to a record 43 million. China is expected to account for all of the increase, as stocks in other foreign countries are projected to decline slightly and remain tight.

Bumper world supplies and relatively low prices are favorably affecting cotton textile mill use. Led by an anticipated sharp increase in Chinese use, global mill consumption may increase nearly 4 percent this season. U.S. mill use is expected to exceed the 1984-85 level. With more cotton-consuming nations becoming self-sufficient, global exports for 1985-86 are pegged at 19.6 million bales, nearly 1 million below the year-earlier level. U.S. exports are suffering as cheaper foreign supplies cut into traditional U.S. markets. U.S. exports are projected at 3.5 million bales, the smallest in a decade.

All cotton production in the United States for 1985 was forecast at 13.9 million 480 pound net weight bales, according to the Crop Reporting Board, SRS, USDA. This was 2 percent above the October 1 forecast and 7 percent above the 1984 crop. Upland production was forecast at 13.7 million bales and American Pima at 147,500 bales. Area for harvest was estimated at 10.3 million acres, down fractionally from last year. Expected yield per harvested acre is a record high 644 pounds, 44 pounds above the previous record high established in 1984.

Cottonseed production for 1985, based on a three year average lint-seed ratio, was forecast at 5.51 million tons, 7 percent above the 1984 production of 5.15 million tons.

The Bureau of the Census reports 6,253,533 running bales ginned prior to November 1 compared with 4,320,592 bales to the same date last year and 3,348,053 bales in 1983.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1984-1985

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales 1/			Ginnings prior to November 1	
	1984	Indicated 1985	1984	Indicated 1985	1984	Indicated 1985 October	Indicated 1985 November	1984	1985
Upland	1,000 acres		Pounds		1,000 bales			Running bales	
Alabama	307.0	327.0	699	734	447.0	425.0	500.0	217,140	332,410
Arizona	429.0	390.0	1,227	1,255	1,097.0	1,080.0	1,020.0	336,719	259,517
Arkansas	465.0	440.0	632	731	612.0	610.0	670.0	157,415	572,979
California	1,400.0	1,340.0	999	1,110	2,913.0	3,100.0	3,100.0	1,174,022	1,114,199
Florida 2/	17.0	21.5	847	781	30.0	35.0	35.0	-	-
Georgia	172.0	260.0	784	720	281.0	390.0	390.0	144,941	199,632
Kansas 2/	0.5	0.8	288	480	0.3	0.8	0.8	-	-
Louisiana	645.0	635.0	786	612	1,056.0	850.0	810.0	502,252	649,367
Mississippi	1,032.0	1,040.0	767	785	1,650.0	1,700.0	1,700.0	546,887	1,278,014
Missouri	162.0	152.0	554	584	187.0	175.0	185.0	72,177	136,111
New Mexico	69.0	55.0	605	655	87.0	75.0	75.0	11,889	11,278
North Carolina	96.0	88.0	600	627	120.0	115.0	115.0	37,816	56,309
Oklahoma	375.0	355.0	234	352	183.0	275.0	260.0	(D)	(D)
South Carolina	104.0	122.0	785	728	170.0	180.0	185.0	100,102	124,550
Tennessee	325.0	330.0	498	553	337.0	380.0	380.0	82,792	258,941
Texas	4,700.0	4,700.0	376	439	3,680.0	4,100.0	4,300.0	889,102	1,195,238
Virginia 2/	1.0	1.3	528	591	1.1	1.6	1.6	-	-
All other	-	-	-	-	-	-	-	33,230	46,513
U.S.	10,299.5	10,257.6	599	642	12,851.4	13,492.4	13,727.4	4,306,484	6,235,058
American Pima									
Arizona	50.3	59.5	841	863	88.1	107.0	107.0	9,733	11,603
New Mexico	10.0	7.7	595	655	12.4	10.5	10.5	436	875
Texas	19.3	19.4	744	742	29.9	28.0	30.0	3,939	5,997
U.S.	79.6	86.6	786	818	130.4	145.5	147.5	14,108	18,475
U.S. all cotton	10,379.1	10,344.2	600	644	12,981.8	13,637.9	13,874.9	4,320,592	6,253,533

1/ Based on crop conditions about November 1.
2/ Estimates for current year carried forward from earlier forecast.
(D) Withheld to avoid disclosure of individual gins.

Compiled from reports of the Crop Reporting Board, SRS, USDA and Bureau of the Census.

Cotton supply and use: World, United States, major exporters and importers; marketing years 1983-84, 1984-85, and 1985-86 1/
November 12, 1985

Region		Supply			Use		Ending stocks
		Beginning stocks	Production	Imports	Mill use	Exports	
				Million 480 pound bales			
				1983-84			
World		25.15	67.61	20.50	68.91	19.23	24.66
United States		7.94	7.77	0.01	5.93	6.79	2.78
Total foreign		17.21	59.84	20.49	62.98	12.44	21.89
Major exporters 2/		6.68	43.31	1.34	31.38	8.12	11.70
China		3.02	21.30	0.25	16.00	0.80	7.77
Pakistan		0.15	2.19	0.28	2.03	0.38	0.09
USSR		1.85	12.07	0.78	9.40	3.20	2.09
Major importers 3/		4.67	0.84	15.54	15.97	0.62	4.44
Japan		0.63	-	3.34	3.30	-	0.67
				1984-85 (Estimated)			
World		24.66	87.24	20.18	69.12	20.48	42.25
United States		2.78	12.98	0.02	5.54	6.22	4.10
Total foreign		21.89	74.25	20.15	63.58	14.26	38.14
Major exporters 2/		11.70	53.71	1.21	31.35	9.20	25.86
China		7.77	28.70	0.10	15.50	1.20	19.87
Pakistan		0.09	4.63	-	2.27	1.17	1.13
USSR		2.09	11.88	0.90	9.50	3.10	2.27
Major importers 3/		4.44	0.97	15.41	15.98	0.57	4.26
Japan		0.67	-	3.13	3.19	-	0.61
				1985-86 (Projected)			
World							
October		41.61	81.18	19.61	71.52	19.54	51.01
November		42.25	81.66	19.51	71.86	19.65	51.64
United States							
October		4.10	13.64	0.01	5.75	3.50	8.57
November		4.10	13.88	0.01	5.75	3.50	8.87
Total foreign							
October		37.51	67.55	19.59	65.78	16.04	42.43
November		38.14	67.79	19.50	66.12	16.15	42.77
Major exporters 2/							
October		25.87	48.55	1.03	33.55	10.42	31.17
November		25.86	48.67	1.02	33.65	10.42	31.17
China	Oct.	19.87	24.00	0.10	17.00	1.50	25.37
	Nov.	19.87	24.00	0.10	17.20	1.50	25.17
Pakistan	Oct.	1.12	4.00	4/	2.40	1.30	1.24
	Nov.	1.13	4.30	4/	2.40	1.40	1.46
USSR	Oct.	2.31	12.50	0.70	9.70	3.40	2.41
	Nov.	2.27	12.50	0.70	9.70	3.40	2.37
Major importers 3/							
October		4.28	1.17	15.16	15.89	0.62	4.08
November		4.26	1.17	15.07	15.79	0.62	4.08
Japan	Oct.	0.61	-	3.00	3.00	-	0.61
	Nov.	0.61	-	3.00	3.00	-	0.61

1/ Marketing year beginning August 1. Totals may not add and trade and stocks may not balance due to rounding, a small quantity destroyed, and other factors. 2/ Australia, China, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. 3/ Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan. 4/ Less than 50,000 bales.

Source: United States Department of Agriculture

Seven months and older certificated stock, December 1, 1985 1/

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	169	5	248	46	468
Greenville	211	1	-	-	212
Houston	108	-	-	-	108
Memphis	1,269	13	8	3	1,293
Mobile	-	-	-	-	-
New Orleans	-	-	-	-	-
Total	1,757	19	256	49	2,081

1/ Based on Cotton Division records as of November 13, 1985.

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 Staple 35
	Futures Settlement						Desig. 8-	
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	Dec '86	Mkt. Avg.	'A' Index 1/
Nov. 7	61.70	62.59	62.83	62.00	53.68	51.85	56.41	48.00
8	61.34	62.27	62.95	62.10	53.85	51.95	56.25	48.00
11	61.12	62.00	62.63	61.72	54.40	52.23	56.11	48.10
12	61.23	61.97	62.67	61.80	55.10	52.65	56.12	48.10
13	61.42	62.07	62.77	61.88	55.70	53.28	56.21	48.15
14	60.79	61.75	62.50	61.63	55.30	53.00	55.81	48.20

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					
	Futures Settlement					Desig. 5-Mkt.
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	Average 1/
Nov. 7	55.00	55.20	-	-	-	51.45
8	55.00	55.20	-	-	-	51.23
11	55.00	55.20	-	-	-	51.10
12	55.00	55.20	-	-	-	51.07
13	55.00	55.20	-	-	-	51.23
14	55.20	55.20	-	-	-	50.85

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

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 November 8		Through November 7	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,374,100		
Exports	100,200	1,134,400		
Total export commitments	-	4,508,500	WILL BE RELEASED	
New sales	139,000	-		
Buy-backs and cancellations	9,800	-	NOVEMBER 15, 1985	
Net sales	129,200	-		
Sales next marketing year	-	34,700		

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