



TEXAS TECH
Dept of Ag

Weekly Cotton Market Review

Vol. 66, No. 16

November 15, 1984

Spot cotton prices reached the lowest level in almost two years, according to the Cotton Division, Agricultural Marketing Service, USDA. Although supplies of uncommitted cotton were more plentiful, many growers were unwilling to offer and sell at current prices. Merchant demand was limited. Domestic mill purchases were light. Foreign mills purchased a light to moderate volume of cotton. Harvesting was interrupted by rain in many localities but generally made good progress. Many gins had sizeable backlogs of seed cotton. Cotton production in the United States for 1984 was forecast at 13.27 million bales, 71 percent above 1983 production and virtually unchanged from the previous month's prediction. Record world cotton stocks are expected this season with the United States and China accounting for most of the buildup.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 59.75 cents per pound during the week ended Thursday, November 15. Prices ranged from a high of 60.88 cents on Friday to a low of 59.17 cents on Tuesday and ended the week at 59.69 cents. Tuesday's average price was the lowest since December 20, 1982. A week earlier, prices averaged 60.92 cents per pound and ranged from 60.46 to 61.78 cents. In the corresponding week a year ago, the average price was 73.47 cents. The New York December futures settlement price ended the week on Thursday at 64.13 cents per pound compared with 65.63 cents a week earlier. The October 1985 settlement price was 68.70 cents against 69.50 cents last Thursday.

Trading remained slow on spot cotton markets. Supplies were increasing but offerings were light. Growers remained slow to sell at prevailing prices. Merchant demand was limited and bid prices followed the declining New York futures market. Domestic mill demand was weak. Far Eastern mills bought a light to moderate volume of cotton and requested specific varieties on some purchases. Shipments were scheduled for prompt through October 1985. European mills made limited purchases for prompt or nearby shipment. Purchases reported by cotton exchanges in the designated markets totaled 105,300 bales in the week ended Thursday, November 15. This compares with 88,500 bales reported a week earlier and 226,600 bales in the corresponding week last season.

Textile mill report. Other than accepting delivery of earlier purchases and covering spot shortages with occasional truckloads of cotton, mill buying remained light. With production reduced at a number of mills, stocks on hand and cotton already purchased were ample for nearby needs. With grades significantly lower following heavy rains, mills and shippers were working together on delivery of central belt cotton. Mill sales of finished goods remained slow but steady. Orders for new products continued to trickle in but a sustained demand was noticeably absent. A number of apparel goods, sales yarn and sewing thread were trading at a sluggish rate. Sales of household goods, underwear and athletic wear were moderate. Industrials and products for the automotive trade were spotty. Work schedules ranged from three to five days per week with some yarn mills working alternate weeks. Extended Thanksgiving holidays were planned at some mills.

Record world cotton stocks reflect buildup in China and U. S. Global cotton stocks this season are expected to increase 45 percent to a record 35.2 million 480 pound net weight bales. Production sharply in excess of use, particularly in China and the United States, accounts for most of the buildup. World output in 1984-85 is estimated at a record 80.7 million bales, one-fifth above a year earlier, primarily reflecting larger production in the United States, China, and Pakistan. Meanwhile, global consumption is up only 1.5 percent to an estimated 69.5 million bales, with China accounting for one-half of the gain. Consequently, world stocks are increasing nearly 11 million bales.

Foreign cotton stocks at the end of this season may total about 30.4 million bales, up almost 9 million from the beginning level. While production abroad is placed at a record 67.4 million bales, up nearly 8 million from 1983-84, mill use may total 64.2 million bales, up 1.6 million. China accounts for most of these changes in foreign supply and demand: output in China is up 4 million bales to 25.3 million; mill use is up 0.5 million bales to 16.5 million; and stocks are up 7.7 million bales to 15.5 million. Elsewhere, a sharp recovery in Pakistan's production is permitting mill use and exports to rebound to more normal levels.

U. S. cotton stocks also are expected to increase sharply this season as the prospective crop of 13.3 million bales is well in excess of anticipated disappearance. Total use is placed at 11.4 million bales, slightly below month-earlier prospects and 1.3 million below 1983-84. A 0.2-million-bale downward revision in mill use to 5.3 million accounts for the change from October indications. Continuing large cotton textile imports are primarily responsible for the more pessimistic outlook. The export estimate remains at 6.1 million bales, one-tenth below 1983-84. While export sales to date have been running ahead of a year earlier, larger competitive supplies abroad are expected to offer increased competition for U. S. cotton later in the season. So, with this season's much larger production and moderately smaller total use, U. S. cotton stocks may increase about 2 million bales reaching 4.8 million, slightly above last month's estimate.

World cotton trade in 1984-85 is expected to increase about 5 percent to 20.2 million bales. With larger supplies, foreign exports are likely to rebound sharply from last season's depressed level and total about 14.2 million bales. Pakistan and China likely will see the largest increases. Exports by Pakistan are forecast to recover to 0.9 million bales. Exports by China may total about 1.2 million bales, up 60 percent from 1983-84. China has the potential to export more cotton, but quality, marketing, and transportation problems are limiting their current growth. U. S. exports may account for 30 percent of global trade, down from an unusually high 35 percent last season.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1983-1984

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales 1/			Ginnings prior to November 1	
	1983	Indicated 1984	1983	Indicated 1984	1983	Indicated 1984		1983	1984
						October	November		
<u>Upland</u>	<u>1,000</u>	<u>acres</u>	<u>Pounds</u>		<u>1,000 bales</u>			<u>Running bales</u>	
Alabama	215.0	298.0	409	660	183.0	360.0	410.0	121,483	218,198
Arizona	284.0	477.0	1,225	1,208	725.0	1,200.0	1,200.0	153,314	336,719
Arkansas	310.0	430.0	500	614	323.0	620.0	550.0	256,616	157,415
California	950.0	1,400.0	996	1,029	1,971.0	3,000.0	3,000.0	640,097	1,174,022
Florida 2/	12.0	13.5	608	651	15.2	18.3	18.3	-	-
Georgia	115.0	180.0	467	720	112.0	225.0	270.0	36,254	147,131
Kansas 2/	0.4	0.8	240	480	0.2	0.8	0.8	-	-
Louisiana	410.0	645.0	623	729	532.0	1,000.0	980.0	400,853	502,216
Mississippi	675.0	1,040.0	640	762	900.0	1,900.0	1,650.0	724,008	547,032
Missouri	93.0	160.0	377	525	73.0	170.0	175.0	65,644	72,177
New Mexico	47.0	72.0	715	633	70.0	95.0	95.0	D	11,889
North Carolina	59.0	94.0	350	536	43.0	105.0	105.0	28,318	37,860
Oklahoma	300.0	375.0	232	256	145.0	190.0	200.0	11,637	D
South Carolina	69.0	105.0	369	731	53.0	150.0	160.0	43,150	100,199
Tennessee	215.0	325.0	337	510	151.0	375.0	345.0	122,341	83,292
Texas	3,550.0	4,700.0	322	409	2,380.0	3,750.0	4,000.0	729,138	3/ 888,849
Virginia 2/	0.4	1.0	360	480	0.3	1.0	1.0	-	-
All other	-	-	-	-	-	-	-	11,891	33,230
U. S.	7,304.8	10,316.3	504	612	7,676.7	13,160.1	13,160.1	3,343,120	4,310,229
<u>American Pima</u>									
Arizona	29.3	49.5	768	735	46.9	75.8	75.8	3,309	9,667
New Mexico	11.1	9.0	683	549	15.8	11.0	10.3	D	436
Texas	22.3	19.3	689	622	32.0	25.0	25.0	D	3,939
U. S.	62.7	77.8	725	685	94.7	111.8	111.1	4,933	14,042
U. S. all cotton	7,367.5	10,394.1	506	613	7,771.4	13,271.9	13,271.2	3,348,053	4,324,271

1/ Based on crop conditions about November 1.

2/ Estimates for current year carried forward from earlier forecast.

3/ Includes American Pima and upland. Total Pima ginnings withheld to avoid disclosure of individual gins.

(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 1982-83, 1983-84, and 1984-85 ^{1/}
November 13, 1984

Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
<u>Million 480 pound bales</u>						
<u>1982-83</u>						
<u>World</u> ^{2/}	25.5	67.4	19.5	67.9	19.3	25.0
<u>United States</u>	6.6	12.0	^{3/}	5.5	5.2	7.9
<u>Total foreign</u>	18.8	55.5	19.4	62.4	14.0	17.0
Major exporters ^{4/}	4.8	23.1	0.5	15.4	9.1	3.7
Major importers ^{5/}	5.0	0.8	14.8	15.6	0.3	4.6
Others	9.1	31.6	4.1	31.4	4.7	8.6
<u>1983-84 (Estimated)</u>						
<u>World</u> ^{2/}	25.0	67.3	20.3	68.5	19.3	24.3
<u>United States</u>	7.9	7.8	^{3/}	5.9	6.8	2.8
<u>Total foreign</u>	17.0	59.5	20.3	62.6	12.5	21.5
Major exporters ^{4/}	3.7	22.2	1.1	15.3	7.6	4.0
Major importers ^{5/}	4.6	0.8	15.5	16.1	0.5	4.3
Others	8.6	36.5	3.8	31.2	4.4	13.3
<u>1984-85 (Projections)</u>						
<u>World</u> ^{2/}						
October	24.4	77.1	20.0	69.8	20.1	31.3
November	24.3	80.7	20.1	69.5	20.2	35.2
<u>United States</u>						
October	2.8	13.3	^{3/}	5.5	6.1	4.6
November	2.8	13.3	^{3/}	5.3	6.1	4.8
<u>Total foreign</u>						
October	21.6	63.8	20.0	64.3	14.1	26.8
November	21.5	67.4	20.1	64.2	14.2	30.4
Major exporters ^{4/}						
October	4.0	24.2	0.7	15.9	8.3	4.6
November	4.0	24.4	0.7	15.9	8.3	4.8
Major importers ^{5/}						
October	4.3	1.1	15.5	16.3	0.5	4.1
November	4.3	1.1	15.5	16.2	0.5	4.2
Others						
October	13.3	38.5	3.8	32.1	5.3	18.1
November	13.3	41.9	3.8	32.1	5.4	21.4

^{1/} Marketing year beginning August 1. ^{2/} World imports and exports may not balance due to differences in marketing years, cotton in transit, and reporting discrepancies in some countries. Total trade of individual countries, including intra-regional trade. ^{3/} Less than 50,000 bales. ^{4/} Includes Australia, Central America, Egypt, Mexico, Pakistan, Sudan, Turkey and the USSR. ^{5/} Includes Eastern Europe, Western Europe, Japan, Hong Kong, Republic of Korea and Taiwan.

NOTE: Totals may not add and stocks may not balance due to rounding, a small quantity of cotton destroyed, and differences unaccounted.

Source: United States Department of Agriculture

Seven months and older certificated stock, December 1, 1984 ^{1/}

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>	<u>Bales</u>
Charleston	-	-	-	-	-
Galveston	9,241	1,171	69	37	10,518
Greenville	88	-	5	-	93
Houston	-	-	-	-	-
Memphis	2,200	484	716	301	3,701
Mobile	-	-	-	-	-
New Orleans	196	1	-	-	197
Total	11,725	1,656	790	338	14,509

^{1/} Based on Cotton Division records as of November 15, 1984.

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						8-Market Average	Grade 31 Staple 35 'A' Index ^{1/}
	Futures Settlement							
	Dec '84	Mar '84	May '85	Jul '85	Oct '85	Dec '85		
Nov. 8	65.63	67.37	68.88	70.09	69.50	69.65	60.72	72.90
9	65.85	67.60	68.67	70.15	69.60	69.65	60.88	72.90
12	64.11	65.82	67.37	68.92	68.90	68.95	59.45	72.90
13	63.82	65.62	67.08	68.60	68.60	68.90	59.17	72.15
14	64.20	65.99	67.47	68.78	68.70	68.95	59.58	72.00
15	64.13	66.03	67.57	68.75	68.70	68.85	59.69	71.80

^{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 1983-84 and 1984-85

Description	Marketing Year			
	1983-84		1984-85	
	Through November 10		Through November 8	
	<u>Week</u>	<u>Marketing Year</u>	<u>Week</u>	<u>Marketing Year</u>
Outstanding sales	-	3,057,800	-	-
Exports	99,500	1,103,800	-	-
Total export commitments	-	4,161,600	-	Will be released
New sales	153,000	-	-	-
Buy-backs and cancellations	15,900	-	-	November 16, 1984
Net sales	137,100	-	-	-
Sales next marketing year	37,900	130,800	-	-

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