

# UNITED STATES DEPARTMENT OF AGRICULTURE

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## Weekly Cotton Market Review

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November 20, 1990

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 69.40 cents per pound during the week ending Friday, November 16, according to the Cotton Division, Agricultural Marketing Service, USDA. Daily average quotations ranged from a high of 69.74 cents on Wednesday November 14, to a low of 69.41 cents on Friday, November 16. Spot cotton quotations averaged 69.20 cents a week earlier and 68.31 cents in the corresponding week a year ago. The New York December 1990 futures settlement price closed on Friday at 74.25 cents compared with 73.07 cents a week earlier. The March 1991 settlement price was 73.63 cents against 73.37 cents the previous week. Spot transactions reported in the designated markets totaled 82,140 bales during the week ended Friday, November 16. This compares with 65,432 bales the previous week and 58,166 bales in the corresponding week last season.

Southeastern markets. Demand continued to weaken and prices were lower. Supplies of cotton were more than adequate to meet merchant demand. Some growers rejected offers. Some cotton began moving into the CCC loan program. Merchant demand remained best for the higher grade, high strength cotton. Prices paid for mixed lots of mostly grade 41 and higher, staples 34 and longer, mike 35-49 ranged from 300 to 400 points off New York December futures, FOB trucks in Georgia and the Carolinas. In Alabama prices were mostly 500 to 550 points off, FOB warehouse. Prices on grades 51 and 42 were 150 to 200 points lower than grade 41. Higher grades, 27 and higher grams per tex brought premiums of 100 to 150 points. The harvest made excellent progress, and was nearing completion.

South central markets. Slightly higher prices made growers more willing to sell their cotton. A moderate to heavy volume traded. In mixed lots, grade 41 staples 34 and longer, mike 35-49 moved at prices averaging around 650 points off NY March futures. A Memphis shipper announced that he had sold an additional 212,000 bales to China. Earlier in the month, the same merchant announced the sale of a record 500,000 bales to China. Domestic mills purchased a few small lots for fill-ins. Very few inquiries were made for forward deliveries.

Southwestern markets. Spot cotton trading continued at a moderate pace. Supplies increased and buyers became more selective. Demand was strongest for Strict Low Middling white and Light Spotted grades and higher. Mixed lots of mostly grades 51, 42 and higher, staples 30 and longer, generally brought 1,650 to 1,900 points above CCC loan rates. Buyers paid premiums of 50 to 250 points for lots with higher strength readings and discounted "average rule" cotton 200 to 300 points. Domestic and foreign mill inquiries were light to moderate. Harvesting made excellent progress.

Western markets. In the San Joaquin Valley (SJV), a light volume of grade 31 staples 35-37, mike 35-49 traded at 79.50 to 79.75 cents per pound, UD compression paid. Grade 41 brought 77.40 cents. In Arizona, trading was moderate to fairly active. Grade 31 staples 34-36, mike 35-49 traded at 74.45 to 76.75 cents. Grades 41 and 32 traded at 74.20 to 74.70 and grade 42 brought 68.85 to 69.50 cents. Domestic mills purchased a light volume of cotton from the SJV and El Paso (EP) areas for prompt and nearby shipment. Far Eastern mills purchased a small volume from Arizona for nearby shipment. European mills bought a small amount from the EP area for prompt and nearby shipment. Forward contracting was limited to a small acreage of SJV 1991 crop at around 75 cents per pound. The harvest was practically completed in the SJV. American Pima trading was more active. In Arizona, grade 2 traded at almost \$1.26 per pound and grade 3 moved around \$1.22 to \$1.25. Central Texas grade 4 averaged around \$1.12 per pound, FOB Galveston. In the SJV, a small amount of grades 2 and 3 brought around \$1.26 per pound.



Textile mill report. Domestic mill buying continued light. Nearby needs were well covered. Shipments of previous purchases have been steady and stocks were at manageable levels. A few fill-in lots were purchased, but the bulk of trading was for mid 1991 and later delivery. Merchants have been reluctant to offer cotton for delivery past first quarter. Demand was best for the medium and higher white and equivalent Light Spotted grades, staples 34 and longer, mike 35-49. Mill business remained slow. Some mills have already closed for a week and many others will close from one to five weeks between now and the end of the year. Others have already reduced workweeks. Demand has weakened for most products and 100 percent cotton fabrics for men's apparel was about the only product that continued to sell well. Lightweight ladies apparel fabrics, automotives, home fabrics, and denims were especially slow movers. Most closings have been motivated by the need to reduce inventories of unsold goods.

Ginning charges. The average charge for saw-ginning and wrapping a 480-pound net-weight bale of upland cotton in the United States was \$44.26 during the 1989-90 season, compared with \$45.14 per bale in 1988-89. Average charges remained around year-earlier levels in most states, with lower charges noted in eight states, and higher charges in six states. The largest decline in ginning charges occurred in Oklahoma where average charges fell by \$2.11, while South Carolina experienced the largest increase with average charges up by \$2.50 per bale. In Texas, where ginning charges are based primarily on the volume of seed cotton processed, charges averaged \$51.55 per bale during 1989-90, compared with \$51.45 the previous season. The volume of Texas seed cotton required to yield a 480-pound net-weight bale of lint during 1989-90 increased for machine-stripped cotton, but declined for that harvested by the machine-picked methods.

Active Gins. There were a total of 1,581 active cotton gins operating during the 1989-90 season, a net decline of 64 gins from 1988-89. Sharply lower 1989-90 production, especially in the southwestern states, caused many gins to remain idle during the season. The greatest drop was in Texas, where the number of gins fell to 507 in 1989-90 from 543. Despite fewer gins operating during 1989-90, the nearly 24-percent decline in total bales ginned resulted in an average volume processed per gin of only 7,096 bales, compared with 8,902 bales in the 1988-89 season. Gin volumes varied from an average low of 2,538 bales in Oklahoma to a high of 17,500 bales in California.

Method of harvesting. The proportion of the 1989 cotton crop harvested by the machine-picking method averaged 79 percent, an increase of 7 percentage points from the 1988-89 season. Machine-stripping, used primarily in Texas, Oklahoma, and New Mexico, accounted for 21 percent of the overall harvested volume, compared with 28 percent a year earlier. Sharply lower cotton production in these three states during 1989-90 accounted for the decline in overall machine-stripped volume. The use of modules as a method of temporary fields storage of seed cotton is now practiced to some extent in all cotton-producing states. Approximately 51 percent of the 1989 crop was ginned from modules, compared with 53 percent a year earlier. Modules remain the primary method of seed cotton assembly in Arizona, California, and Texas, and use of this equipment is growing in a number of other states.

Pounds of seed cotton required for a 480 pound net weight bale. For the 1989-90 season, about 1,471 pounds of seed cotton were required to yield a 480-pound net-weight bale under the machine-picked method of harvest, slightly less than the 1988-89 average of 1,482. Poor growing and harvesting conditions in many areas of Texas and Oklahoma caused the average volume under the machine-stripped method to increase. For 1989-90, an average of 2,311 pounds of seed cotton were needed, compared with 2,246 pounds the previous season.

Selected marketing services. After ginning, most cotton bales are moved directly to local warehouses for storage and other services necessary for marketing. Many gins, however, have installed universal density compression equipment, making traditional warehouse compression unnecessary when receiving bales from these gins. Charges for the four primary cotton warehousing services changed only slightly over 1988-89 charges. Warehouse receiving charges averaged \$2.51 per bale during 1989-90, a decline of 19 cents from the average a year earlier. Storage charges averaged \$1.75 per bale per month, compared with \$1.61 per bale in 1988-89. Charges for compressing cotton to universal density dropped 2 cents a bale to an average of \$7.45 in 1989-90. Warehouse charges for outhandling services at time of shipment to mills or ports averaged \$5.74 per bale for 1989-90, 37 cents above a year earlier.



Average charges for saw-ginned upland cotton, average charges for selected marketing services, and related information, by states, 1989-90 season

ITEM	UNIT	U.S.	AL	AZ	AR	CA	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX
Bales ginned 1/ (running bales)	Thous.	11,219	366	619	838	2,590	377	875	1,514	264	77	138	165	147	470	2,819
Active gins 2/	No.	1,581	75	89	125	148	63	81	201	48	28	36	65	41	74	507
Average volume per gin (running bales)	No.	7,096	4,880	6,955	6,704	17,500	5,349	10,802	7,532	5,500	2,750	3,833	2,538	3,585	6,351	5,560
Ginning and wrapping charges:																
Total charge per 480 lb. net weight bale 3/	Dol.	44.26	36.67	42.15	38.99	47.77	42.70	36.43	37.42	42.19	55.51	45.79	45.63	46.57	34.59	51.55
Method of harvesting:																
Machine-picked	Pct.	79	100	96	100	100	100	98	100	100	83	100	20	100	99	22
Machine-stripped	Pct.	21	---	---	---	---	---	---	---	4/	16	---	80	---	1	78
Machine-scraped	Pct.	4/	4/	4	---	---	---	2	4/	---	1	4/	---	4/	4/	4/
Weight of seed cotton per 480 lb. net weight bale:																
Machine-picked	Lbs.	1,471	5/	1,501	1,450	1,491	5/	1,403	5/	1,507	1,525	5/	1,533	5/	1,445	1,482
Machine-stripped	Lbs.	2,311	---	---	---	---	---	---	---	1,825	2,110	---	2,181	---	1,950	2,320
Machine-scraped	Lbs.	1,948	---	1,946	---	---	---	6/	---	---	2,005	6/	---	6/	1,750	6/
Cotton ginned from:																
Trailers	Pct.	49	68	23	79	35	66	68	67	78	89	100	59	100	86	26
Modules	Pct.	51	32	77	21	65	34	32	33	22	11	4/	41	4/	14	74
Charges for warehousing and related services: 7/																
Charge per bale for receiving	Dol.	2.51	2.95	---	2.79	1.50	2.86	3.39	3.13	2.00	1.86	2.96	2.09	2.36	3.08	2.60
Charge per bale per month for insured storage:	Dol.	1.75	1.66	1.97	1.82	1.84	1.59	1.97	1.89	1.77	1.58	1.33	1.52	1.44	1.79	1.51
Charge per bale for compressing to universal density:	Dol.	7.45	6.75	5.75	7.70	6.25	---	7.50	8.25	7.75	7.25	---	7.50	---	8.05	8.35
Charge per bale for outhandling:	Dol.	5.74	5.20	4.82	7.90	5.15	4.70	7.71	7.79	7.80	4.33	2.27	3.75	3.41	7.95	4.17

---= 0. 1/ Based on report of March 1989 by Bureau of the Census, but excludes all American-Pima and upland cotton ginned on roller gins. Also excluded are 18,000 bales ginned in FL and KS. 2/ Based on Bureau of the Census information, and includes two active gins in Florida, and one in Kansas. 3/ Includes bagging and ties, drying of seed cotton, lint cleaning, and insurance, but does not reflect any patronage dividends, rebates, transportation to warehouses, industry organization dues, or cotton classing fees. 4/ Less than 0.5 percent. 5/ Seed cotton usually not weighed. 6/ No data available. 7/ Based on published tariffs.

World market price, in cents per pound, adjusted to U.S. quality and location, for grade 41 staple 34, mike 35-49 upland cotton and the coarse count adjustment in effect from 12:01 a.m. Friday through 12:00 midnight Thursday

Description	1990				
	: Oct. 19-25		Oct. 26- : Nov. 1	Nov. 2-8	Nov. 9-15 : Nov. 16-25
	Adjusted world price	65.86	66.46	67.11	66.64
Course count adjustment	0.61	0.81	0.53	0.67	0.93

Source: Agricultural Stabilization and Conservation Service, USDA

New York futures contract settlement, designated spot market average for grade 41 staple 34 and 'A' and 'B' Index cotton prices in cents per pound

Date	Grade 41 Staple 34					Grade 31	Coarse	
	Futures Settlement					7 Mkt.:	Count	
	Dec '90	Mar '91	May '91	Jul '91	Oct '91	Average: 'A' Index 1/:	'B' Index 1/	
Nov. 12	72.39	72.67	76.32	73.52	67.80	68.64	82.15	77.25
13	73.87	73.66	73.85	74.00	67.83	69.55	81.65	76.65
14	73.99	73.58	73.80	74.02	67.75	69.74	82.60	77.50
15	74.15	73.44	73.70	73.95	67.81	69.64	82.60	77.50
16	74.25	73.63	74.03	74.20	67.79	69.41	82.60	77.50

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 1989-90 and 1990-91

Description	Marketing Year			
	1989-90		1990-91	
	Through November 9		Through November 8	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,851,300	-	4,015,000
Exports	132,100	1,436,100	119,100	1,302,400
Total export commitments	-	4,287,400	-	5,317,400
New sales	84,300	-	430,900	-
Buy-backs and cancellations	10,100	-	4,800	-
Net sales	74,200	-	426,200	-
Sales next marketing year	1,500	116,000	7,700	61,100

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Sales of 426,200 running bales were the second highest of the marketing year, during the week ending November 9, and were 39 percent below the record level set the prior week, according to the Foreign Agricultural Service, USDA. The dominant buyer was China with purchases of 211,500 bales followed by South Korea 57,100, Japan 35,700, Taiwan 18,600, Hong Kong 18,000 and Thailand 17,300 bales. Exports of 119,100 bales were 25 percent above the previous week. Asian destinations accounted for 77 percent of the week's shipments; West European 9 percent, Western Hemisphere 6 percent; African 6 percent; and East European 2 percent.

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NOTE: Portions of the narrative from this report are available on the USDA's Electronic Dissemination of Information System. If you are interested in receiving this information electronically, contact Russell Forte at 202-447-5505.



SPOT COTTON QUOTATIONS - UPLAND

November 16, 1990

Spot quotations are in cents per pound for cotton equal to the Official Standards with mike readings of 35-49, net weight, in mixed lots, uncompressed, free of all charges in the warehouse in the market. Quotations are the average value of spot cotton in each market and may or may not represent actual trades in each quality.

SOUTHEAST				NORTH DELTA				SOUTH DELTA				DESERT SOUTHWEST				
Grade				Grade				Grade				Grade				
31	41	51	42	31	41	51	42	Staple	31	41	51	42	21	31	41	32
67.08	65.98	63.23	63.73	65.63	64.38	62.38	63.13	33	66.03	64.38	61.88	62.88	71.63	71.63	70.38	70.38
69.13	68.63	66.13	66.88	68.38	67.13	64.88	65.63	34	68.53	67.13	64.63	65.63	75.63	75.63	74.38	74.38
69.38	68.88	66.38	67.13	68.48	67.38	64.98	65.73	35	68.63	67.23	64.73	65.73	75.73	75.73	74.48	74.48
69.53	69.03	66.53	67.28	68.58	67.48	65.08	65.83	36	68.73	67.33	64.83	65.83	75.73	75.73	74.48	74.48

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
59.40	59.25	59.55	58.55	60.80	59.70	59.75	58.60	29	-	-	-	-
60.15	60.00	60.30	59.10	61.55	60.70	61.20	59.90	30	-	-	-	-
62.90	62.75	62.05	60.85	63.90	63.20	62.65	60.95	31	-	-	-	-
63.55	63.25	62.55	61.10	64.45	63.40	64.15	61.90	32	-	-	-	-
65.60	65.20	64.00	63.75	66.00	65.45	65.70	63.50	33	-	-	-	-
67.35	66.50	65.80	64.55	67.80	67.00	67.00	64.10	34	76.88	76.63	75.13	71.88
67.65	67.25	66.05	64.85	68.10	67.25	67.25	64.40	35	78.63	78.38	76.88	72.88
67.75	67.35	66.15	64.85	68.20	67.35	67.35	64.40	36	78.73	78.48	76.98	72.88
67.75	67.35	66.15	64.85	68.20	67.35	67.35	64.40	37	78.83	78.58	77.08	72.88

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-1200	26 & Below	-1200	-2100	-	-1393
-800	-840	-840	-500	27-29	-500	-1400	-1700	-940
-500	-525	-525	-300	30-32	-300	-800	-1150	-586
-250	-230	-230	-150	33-34	-150	-350	-450	-259
0	0	0	0	35-49	0	0	0	0
-200	-155	-155	-300	50-52	-300	-100	-100	-187
-250	-240	-240	-400	53 & Above	-	-150	-	-256

SPOT QUOTATIONS - AMERICAN PIMA

Staple	01	02	03	04	05	06	Mike ranges	Points per pound
							26 & Below	-3100
							27-29	-2275
44	125.75	125.50	124.50	110.50	78.50	58.00	30-32	-1200
							33-34	-300
46	126.25	126.00	125.00	111.00	78.50	58.00	35 & Above	0

LANDED MILL QUOTATIONS - GROUP 201 MILL POINTS

Quotations are in cents per pound for even running lots, with mike readings of 35-49, net weight, prompt shipment, delivered, brokerage included. Quotations for group 200 mill points are slightly higher and for Alabama, Georgia and east Tennessee mills are slightly lower.

SOUTHEASTERN GROWTHS				DELTA GROWTHS				TEXAS-OKLAHOMA GROWTHS				CALIFORNIA (SJV) GROWTHS			
Grade				Grade				Grade				Grade			
31	41	51	42	31	41	51	42	Staple	41	51	32	42	31	41	51
-	-	-	-	-	-	-	-	29	67.50	64.25	67.50	64.75	-	-	-
-	-	-	-	-	-	-	-	30	69.25	66.75	69.25	67.25	-	-	-
-	-	-	-	-	-	-	-	31	70.75	68.00	70.75	68.50	-	-	-
-	-	-	-	-	-	-	-	32	72.25	69.00	72.25	69.50	-	-	-
76.50	75.00	73.00	73.75	77.00	75.50	73.25	74.00	33	74.25	70.25	74.25	70.75	-	-	-
77.50	75.75	74.00	74.75	78.00	76.25	74.25	75.00	34	76.50	72.00	76.50	72.50	85.25	84.25	82.25
78.00	76.50	74.50	74.75	78.50	77.00	74.75	75.00	35	-	-	-	-	86.75	85.75	83.50
-	-	-	-	-	-	-	-	36	-	-	-	-	87.00	86.00	83.50