

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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**TEXAS TECH**

Dept of Ag Eco

Weekly Cotton Market Review

Vol. 66, No. 17

November 23, 1984

Trading on spot cotton markets was a little more active, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were fairly steady. Growers offered a larger volume of cotton as supplies increased. Merchant demand was fair to good. Domestic mill buying was slow. Foreign mills purchased a larger volume of cotton. Although rains interrupted harvesting in many localities, stored seed cotton was sufficient to keep most gins operating. The October daily rate of domestic mill cotton consumption was the largest for any month since May 1984. Upland cotton ginned in the United States prior to November 1 this season contained the largest proportion of grades 41 and higher since 1958. Cotton ginned prior to November 15 totaled 7,047,172 running bales, up from 4,637,748 bales ginned through the same period in 1983.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.05 cents per pound during the period ending Wednesday, November 21. Prices ranged from a low of 59.65 cents on Monday to a high of 60.33 cents on Wednesday. A week earlier, prices averaged 59.75 cents per pound and ranged from 59.17 to 60.88 cents. In the corresponding week a year ago, the average price was 72.90 cents. The New York March 1985 futures settlement price ended the period on Wednesday at 65.90 cents per pound compared with 66.03 cents on Thursday a week earlier.

Trading on spot cotton markets was a little more active. Supplies and offerings increased. Offerings were restricted in some markets as many growers were delivering current ginnings against forward contracts or were unwilling to sell at prevailing prices. Merchant demand was fairly good for selected qualities but was generally light for the qualities in largest supply. Domestic mill purchases were light. Export trading increased. Far Eastern mills were the major buyers with most purchases scheduled for prompt through March shipment. European mills bought a light volume for December-January delivery. Purchases reported by cotton exchanges in the designated markets totaled 115,400 bales in the period ending Wednesday, November 21. This compares with 105,300 bales reported a week earlier and 181,600 bales in the corresponding week last season.

Textile mill report. Mill buying slowed. With the year end holidays and business in the doldrums, there was little buying urgency. The light volume of purchases consisted of fill-ins over a fairly wide range of qualities. Prompt to nearby shipment was preferred. Mills continued to reject heavily from central belt cotton offered against existing commitments. Interest remained best for white grades 51 and higher. A fairly wide range of textiles remained slow sellers. Yarn, sewing thread and a number of apparels were in poor demand, putting price pressure on these items. Sales of industrial and automotive products were intermittent. Mills closed for various lengths of time for Thanksgiving with some plants idle for up to a week.

Domestic mill consumption of cotton averaged 20,900 running bales per day in the four weeks ended October 27, according to the Bureau of the Census. This was down from 22,900 bales used per day in October 1983 but was the largest daily rate for any month since May 1984. Domestic mills consumed 417,000 bales in October, bringing usage for the first three months this season (13 weeks) to 1,326,400 bales. Through October last year (13 weeks), mills used 1,471,000 bales and two years ago (13 weeks) 1,275,700 bales.

Stocks of cotton at mills totaled 540,100 running bales on October 27, according to the Bureau of the Census. This was the smallest end-of-October stocks at mills since records began in 1912 and compares with 644,700 bales a month earlier and 556,400 bales at the end of October last year. At the October daily rate of consumption, mill stocks were equivalent to about five weeks' supply. Cotton in public storage totaled 3,155,000 running bales on October 27, the smallest end-of-October stocks since 1976. Public storage stocks totaled 1,432,100 bales a month earlier and 7,119,400 bales at the end of October 1983.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 133.6 million pounds (about 278,400 bales of 480 pounds) in the four weeks ended October 27, according to the Bureau of the Census. This brought consumption for the first 13 weeks (August-October) this season to 427.1 million pounds (about 889,800 bales). August-October consumption last season (13 weeks) totaled 483.8 million pounds (about 1,007,900 bales).

Quality of ginnings. Upland cotton ginned in the United States prior to November 1 this season contained the largest proportion of grades 41 and higher since 1958. These qualities made up almost 78 percent of ginnings. Grade 21 accounted for the largest proportion than in any year since 1964 and grade 31 was the largest since 1961. Average staple length was 35.4 thirty-seconds inches, the longest for ginnings prior to November 1 since records were established in 1938. Staple 36 was the predominant length for the first time since records began and accounted for about 44 percent of ginnings. Average mike was 42, the lowest since records began in 1965 but the mike 35-49 range accounted for over 91 percent of ginnings, the largest proportion on record. Average fiber strength was 25.8 grams per tex, the strongest since records were established in 1980.

DISCOUNTS FOR SPECIAL CONDITION COTTON

An informal survey of merchants, gins and others made by Cotton Division, Agricultural Marketing Service, USDA, indicates the following discounts are being applied in spot markets to grades when the Average Rule is used or the grade has been reduced because of grass or bark.

Market	Discounts - points per pound					
	Average Rule Used (ARU) 1/		Grass reduction 2/		Bark reduction 2/	
	Range	Average	Range	Average	Range	Average
Greenville	-	-	-	-	-	-
Montgomery	50-500	164	100-200	150	100-200	150
Memphis	0-100	33	-	200	-	200
Greenwood	0-200	75	0-200	125	0-200	115
Dallas	100-200	188	100-200	188	0-100	13
Lubbock	200-500	300	200-300	225	0	0
Phoenix	-	100	-	100	-	100
Fresno	-	100	-	100	-	-

1/ Average Rule Used - This rule applies to white grades when the color is two or more grades higher than the leaf. In all other color groups (Light Spotted, Spotted, Tinged and Yellow Stained), the leaf or color is two or more grades higher than the lowest factor. The assigned grade is one grade higher than the lowest factor (leaf or color).

2/ Reduction cotton - Cotton is reduced in grade because of presence of grass or bark. The discounts apply to the grade to which the bale is reduced.

United States: Percentage distribution of grade, staple, mike and fiber strength for upland cotton classed prior to November 1, 1984 <sup>1/</sup>

Grade	Staple														All staples
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer	
White:															
11	-	-	-	*	*	*	*	*	*	*	*	-	-	-	*
21	*	*	*	0.1	0.2	0.2	0.1	0.2	0.7	3.2	0.9	*	*	*	5.7
30	-	*	*	*	*	*	*	*	*	0.1	0.1	*	*	-	0.3
31	*	*	*	0.3	1.0	1.2	1.2	1.9	6.4	16.9	6.4	0.1	*	*	35.4
40	-	*	*	*	0.2	0.2	0.3	0.6	1.8	3.0	1.0	*	*	*	7.1
41	*	*	*	0.1	0.4	0.7	1.4	3.2	6.7	11.8	4.5	0.3	*	*	29.3
50	-	*	*	*	*	*	0.1	0.1	0.7	1.4	0.5	*	*	*	2.9
51	*	*	*	*	0.1	0.2	0.2	0.3	0.8	1.8	0.7	*	*	*	4.2
60	-	-	*	*	*	*	*	*	*	*	*	*	*	-	*
61	-	*	*	*	*	*	*	*	*	0.1	*	*	*	-	0.2
70	-	-	-	-	-	-	-	*	*	*	-	-	-	-	*
71	-	-	*	*	*	*	*	*	*	*	*	*	-	-	*
Lt. Spotted:															
12	-	-	-	*	*	*	-	-	-	-	-	-	-	-	*
22	-	*	*	*	0.1	*	*	*	*	*	*	*	*	-	0.2
32	*	*	*	0.3	0.4	0.3	0.2	0.3	0.7	0.9	0.3	*	*	*	3.4
42	*	*	*	0.1	0.2	0.2	0.3	0.6	1.4	2.8	1.5	0.2	*	*	7.4
52	*	*	*	*	0.1	0.1	0.1	0.2	0.5	1.3	0.5	*	*	*	2.9
62	-	*	*	*	*	*	*	*	*	0.1	*	*	*	-	0.2
Spotted:															
13	-	-	-	*	*	*	*	*	*	*	*	*	-	-	*
23	-	*	*	*	*	*	*	*	*	*	*	*	-	-	*
33	*	*	*	*	*	*	*	*	*	*	*	*	*	-	0.1
43	*	*	*	*	*	*	*	*	0.1	0.1	*	*	*	*	0.2
53	-	*	*	*	*	*	*	*	*	*	*	*	*	*	0.2
63	*	*	*	*	*	*	*	*	*	*	*	*	*	-	*
Tinged:															
24	-	-	-	-	-	*	*	*	*	*	*	*	-	-	*
34	*	*	*	*	*	*	*	*	*	*	*	*	-	-	*
44	-	-	*	*	*	*	*	*	*	*	*	*	*	*	*
54	-	-	*	*	*	*	*	*	*	*	*	*	-	-	*
Stained:															
25	-	-	-	-	-	-	-	-	-	*	-	-	-	-	*
35	-	-	-	*	-	*	-	*	*	*	*	-	-	-	*
Lt. Gray:															
16	-	-	-	-	*	-	-	*	-	*	-	-	-	-	*
26	-	-	-	*	*	*	*	*	*	*	*	-	-	-	*
36	-	-	*	*	*	*	*	*	*	*	*	*	-	-	0.1
46	-	-	*	*	*	*	*	*	*	*	*	*	-	-	*
Gray:															
17	-	-	-	-	-	-	-	-	*	-	-	-	-	-	*
27	-	-	-	-	*	*	-	-	*	*	*	-	-	-	*
37	-	-	-	*	*	*	*	*	*	*	*	-	-	-	*
47	-	-	-	-	*	*	*	*	*	*	*	-	-	-	*
Below Grade <sup>2/</sup>	-	*	*	*	*	*	*	*	*	*	*	*	*	*	0.1
All grades	*	*	0.1	1.1	2.8	3.4	4.1	7.6	20.0	43.5	16.5	0.7	0.1	*	100.0

Mike	26 and below	27-29	30-32	33-34	35-49	50-52	53 and above	Average mike
Percent	0.1	0.3	1.2	2.3	91.1	4.2	0.8	42

Fiber strength	1/8" gage (grams per tex)									Average strength
	17 and below	18-19	20-21	22-23	24-25	26-27	28-29	30-31	32 and above	
Percent	0.1	1.1	5.5	16.0	26.4	22.5	15.6	9.9	2.9	25.8

<sup>1/</sup> Ginnings, Bureau of the Census, 4,310,229 running bales.  
<sup>2/</sup> Lower in grade than the lowest grades of the official standards.  
 \* Less than 0.05 percent.

Average staple. . . . . 35.4  
 Percent tenderable. . . . . 73.5  
 Percent Average Rule Used (ARU) . . . . . 1.2  
 Percent grade reductions. . . . . 3.5

DAILY COTTON MARKET NEWS

MARKET

TELEPHONE NUMBER

Bakersfield, California - - - - -	805-834-2121
Fresno, California - - - - -	209-251-9264
Greenwood, Mississippi - - - - -	601-455-3285
Lubbock, Texas - - - - -	806-763-7870
Phoenix, Arizona - - - - -	602-253-0433

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 '85	May '85	Jul '85	Oct '85	Dec '85		
Nov. 15	64.13	66.03	67.57	68.75	68.70	68.85	59.69	71.80
16	64.90	66.56	67.90	69.25	69.19	69.25	60.32	71.80
19	64.47	65.87	67.24	68.45	68.55	68.65	59.65	72.00
20	64.33	65.77	67.13	68.25	68.30	68.50	59.88	71.95
21	64.57	65.90	67.05	68.10	68.06	68.26	60.33	71.85
22	HOLIDAY							72.05

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	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,057,800	-	3,374,100
Exports	99,500	1,103,800	100,200	1,134,400
Total export commitments	-	4,161,600	-	4,508,500
New sales	153,000	-	139,000	-
Buy-backs and cancellations	15,900	-	9,800	-
Net sales	137,100	-	129,200	-
Sales next marketing year	37,900	130,800	-	34,700

Description	Marketing Year			
	1983-84		1984-85	
	Through November 17		Through November 15	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,125,300		
Exports	105,300	1,209,100		
Total export commitments	-	4,334,400		Will be released
New sales	186,000	-		
Buy-backs and cancellations	13,200	-		November 23, 1984
Net sales	172,800	-		
Sales next marketing year	35,700	166,500		

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