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## Weekly Cotton Market Review

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Spot cotton prices were fairly stable, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was most active in the southern states. Uncommitted supplies increased but many growers were holding for higher prices. Merchant demand was fairly good. Domestic and foreign mill purchases were light. Harvesting was interrupted by rain in most localities. United States cotton stocks were forecast to increase sharply by the end of this season and could rise even further during 1985-86.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.42 cents per pound during the week ended Thursday, November 29. Prices ranged from a high of 60.67 cents on Monday to a low of 60.21 cents on Tuesday and ended the week at 60.61 cents. A week earlier, prices averaged 60.05 cents per pound and ranged from 59.65 to 60.33 cents. In the corresponding week a year ago, the average price was 72.78 cents. The New York March 1985 futures settlement price ended the week on Thursday at 66.03 cents per pound compared with 65.90 cents on Wednesday a week earlier.

Trading on spot cotton markets continued to increase and remained most active in the southern states. Supplies increased. Offerings were restricted in some markets as many growers were unwilling to sell at prevailing prices. Merchant demand was improving for selected lower qualities and growers sold a sizeable volume. Domestic mill purchases remained light and were mostly for prompt delivery. Export trading slowed. European mills were the major buyers. Purchases reported by cotton exchanges in the designated markets totaled 184,300 bales in the week ended Thursday, November 29. This compares with 115,400 bales reported a week earlier and 243,500 bales in the corresponding week last season.

Textile mill report. Mill buying consisted of a light volume of fill-ins, primarily southeastern and central Texas growths. Demand for forward delivery was noticeably slack. Shippers and mills continued to negotiate on central belt qualities to be delivered on outstanding commitments. Reports indicated that mill rejection rates remained high. Textile mill business maintained the sluggish trading pace of recent weeks. Sales were slow and intermittent, indicating an unsteady market for a fairly wide range of products. A number of apparels, yarn and some household goods remained slow movers. Underwear, sportswear and some industrial and automotive items accounted for the few bright spots in an otherwise dull market. Mills returned to three to five-day work schedules.

China announces new cotton policy. The Chinese government recently announced 1985 State cotton procurement will be limited to 19.5 million bales, according to the Foreign Agriculture Service, USDA. Moreover, the new policy calls for more extensive use of improved-quality cotton varieties and larger procurement price adjustments for differences in quality. Cotton production in excess of the 19.5 million bales is to be sold in free markets with cotton producing counties selling directly to commercial concerns. The intent of the program is to reduce large surplus stocks while improving overall quality of Chinese cotton supplies.

United States cotton stocks to rise. According to the "Cotton and Wool Outlook and Situation Summary," U. S. cotton stocks are forecast to rise 2 million bales. Stocks could reach 4.8 million by the end of this season, and could rise even further during 1985-86. Despite restrictive acreage reduction programs in 1984 and 1985, stocks are rising because



of record yields in 1984, and because of declines in both mill use and exports. A decline in mill use is normal following the rebuilding of inventories during an economic recovery. However, this season and next, sluggish economic growth and competition from imported textiles will push mill use lower than might be expected. Mill use for 1984-85 is forecast at 5.3 million bales, and might fall to about 5 million during 1985-86. U. S. cotton exports are forecast at 6.1 million bales in 1984-85, 0.7 million less than last season. Production in foreign countries could exceed consumption by more than 3 million bales. Normally, foreign consumption is greater than production, and the United States is able to supply the difference. During 1984-85, foreign ending stocks are expected to rise by about 9 million bales, with China accounting for most of the buildup, as well as most of the rise in foreign production. This season, variable bale sizes, inadequate transportation, and uncertain quality will limit China's exports.

The use-to-supply ratio for U. S. cotton is estimated at 0.71 for 1984-85, down from 0.81 in 1983-84, and a further decline is possible during 1985-86. Declines in this ratio usually coincide with a lowering of average farm prices. Despite a decline in spot cotton prices since 1983-84, 1984 could be profitable for many cotton farmers. While some areas of poor harvest exist, net returns per planted acre for cotton-program participants could average more than \$100 on the 1984 crop, compared with an estimated \$174 in 1983 and \$27 in 1982.

Exports of extra-long staple cotton may rise from 36,000 bales in 1983-84 to a record 65,000 this season. The rise is expected to offset the decline in mill use to 50,000 bales, and ending stocks may drop below 60,000 for the first time since 1980-81.

Factory shipments and production of manmade fibers declined 6 percent from the second to the third quarter of 1984. Further reflecting the market's weakness, manmade fiber plants operated at only 75 percent of capacity, on average, during the third quarter. Capacity utilization in the first and second quarters averaged 81 percent.

The average net weight per bale of 1984-crop cotton ginned in the United States prior to November 1 was 497.4 pounds. This weight was calculated from state average bale weights and ginnings released by the Bureau of the Census. To convert 1984-crop running bales to 480 pound net weight bales, multiply by 1.04. To convert 480 pound net weight bales to running bales, multiply by 0.96.

Average net weight per bale of cotton ginned prior to November 1,  
by specified states, crops of 1981 to 1984

State	Crop year			
	1984	1983	1982	1981
	Pounds	Pounds	Pounds	Pounds
Alabama	506.5	508.1	504.9	510.8
Arizona	495.9	498.1	495.7	495.0
Arkansas	491.3	490.0	491.0	490.0
California	498.3	500.0	499.2	496.6
Florida	508.1	508.5	513.0	494.6
Georgia	500.2	505.4	511.4	504.7
Louisiana	495.6	490.9	489.7	493.7
Mississippi	501.3	500.2	511.6	498.7
Missouri	496.2	490.2	493.2	494.8
Nevada	-	-	-	504.1
New Mexico	495.3	493.5	494.9	487.3
North Carolina	504.2	488.0	505.8	501.9
Oklahoma	491.5	502.9	480.0	479.5
South Carolina	519.5	508.2	521.3	510.0
Tennessee	495.8	495.2	505.1	498.2
Texas	491.3	499.0	497.8	498.9

Source: Bureau of the Census



Supply, disappearance and stocks of all kinds of cotton in the U. S., by months and seasons, crops of 1982-1984 1/

Date	Supply			Disappearance			End-of-month stocks				
	Beginning stocks	Ginnings	Imports	Total	Domestic cons.	Exports	Total	Consuming estab.	1,000 bales		
									Public storage	Elsewhere	Total
		1,000 bales			1,000 bales			1,000 bales			
Sept. 1982	6,087	1,078	10	7,176	Crop of 1982			671	5,293	388	6,351
Oct.	6,351	3,768	1	10,120	474	351	825	611	7,575	1,225	9,411
Nov.	9,411	3,527	3	12,940	416	293	709	635	10,190	1,343	12,167
Dec.	12,167	1,754	*	13,922	391	382	773	698	11,101	1,320	13,119
Jan. 1983	13,119	721	1	13,841	425	377	802	782	11,120	1,097	12,999
Feb.	12,999	225	*	13,224	404	438	843	777	10,225	1,424	12,426
Mar.	12,426	-	1	12,427	430	368	798	790	9,713	887	11,390
Apr.	11,390	-	*	11,390	549	487	1,037	795	8,796	757	10,348
May	10,348	-	*	10,348	431	612	1,042	777	7,930	736	9,444
June	9,444	-	*	9,444	441	464	905	757	7,419	289	8,465
July	8,465	2	1	8,468	543	435	979	756	6,656	278	7,690
Season 4/	6,399	11,488	5/	17,908	369	409	778	756	6,656	150	7,561
		1,000 bales			Crop of 1983						
Aug. 1983	7,561	313	2	7,876	453	367	820	712	6,168	177	7,057
Sept.	7,057	458	1	7,515	560	322	882	639	5,870	124	6,633
Oct.	6,633	2,575	1	9,209	459	261	720	556	7,119	813	8,489
Nov.	8,489	2,659	1	11,149	446	441	887	554	8,570	1,138	10,262
Dec.	10,262	1,207	*	11,469	468	632	1,100	611	8,790	968	10,369
Jan. 1984	10,369	264	1	10,633	469	663	1,132	647	7,525	1,329	9,501
Feb.	9,501	22	1	9,523	448	719	1,167	713	6,359	1,285	8,357
Mar.	8,357	-	*	8,357	548	896	1,443	741	4,997	1,177	6,914
Apr.	6,914	-	*	6,914	430	723	1,154	766	3,956	1,038	5,760
May	5,760	-	1	5,761	442	607	1,049	766	2,966	980	4,712
June	4,712	-	2	4,714	503	422	925	822	2,212	755	3,789
July	3,789	163	3	3,955	354	365	720	795	1,761	679	3,235
Season 4/	7,561	7,665	5/	15,238	5,628	6,419	12,047	795	1,761	350	2,906
		1,000 bales			Crop of 1984						
Aug. 1984	2,906	473	-	3,379	416	452	867	715	1,491	305	2,511
Sept. " 6/	2,511	544	-	3,055	494	264	758	645	1,432	220	2,297
Season											

1/ Imports in equivalent 480 pound gross weight bales, all others in running bales. 2/ Elsewhere stocks determined by subtracting public storage and consuming establishment stocks from total stocks. 3/ Total stocks determined by subtracting total disappearance from total supply. 4/ Adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in the United States by Bureau of the Census. End-of-season total stocks include an allowance for city crop. Totals may not add due to rounding. 5/ Ginnings prior to August 1 included in carryover. 6/ Preliminary. Figures may not add due to various estimates. \* Less than 500 bales.

Source: Bureau of the Census



CCC loan entries of 1984-crop cotton totaled 91,300 running bales through November 14. Repayments had been made on 27,400 bales. Loans were outstanding on 63,900 bales, of which 22,100 were Form A (producer) and 41,800 were Form G (cooperative) loans. Entries of 1983 crop totaled 1,784,800 bales, repayments had been made on 1,733,000 bales, leaving outstanding loans of 49,400 bales. A total of 25,300 bales were Form A and 24,100 were Form G loans. Loans remained outstanding on 57,200 bales of 1982 crop, 59,400 bales of 1981 crop and 3,100 bales of 1980 crop. A total of 795,500 bales had been forfeited from the 1982 crop, 956,700 from 1981 and 40,100 from the 1980 crop.

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 'A' Index 1/
	Futures Settlement						8-Market Average	
	Dec '84	Mar '85	May '85	Jul '85	Oct '85	Dec '85		
Nov. 22	H O L I D A Y							72.05
23	64.75	65.87	67.00	68.10	68.06	68.30	60.30	72.05
26	65.64	66.44	67.62	68.55	68.10	68.50	60.67	72.05
27	64.90	65.70	66.90	67.95	67.88	68.15	60.21	72.45
28	65.16	65.87	66.93	67.90	67.90	68.25	60.33	72.00
29	65.48	66.03	67.00	67.96	67.89	68.30	60.61	72.00

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 17		Through November 15	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,125,300	-	3,481,700
Exports	105,300	1,209,100	111,300	1,245,700
Total export commitments	-	4,334,400	-	4,727,400
New sales	186,000	-	226,600	-
Buy-backs and cancellations	13,200	-	7,600	-
Net sales	172,800	-	219,000	-
Sales next marketing year	35,700	166,500	6,700	41,400

Description	Marketing Year			
	1983-84		1984-85	
	Through November 24		Through November 22	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,177,500	-	3,415,400
Exports	97,400	1,306,300	129,200	1,373,600
Total export commitments	-	4,483,800	-	4,789,000
New sales	161,400	-	229,200	-
Buy-backs and cancellations	11,900	-	166,400	-
Net sales	149,500	-	62,800	-
Sales next marketing year	14,500	181,000	5,300	46,700

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

Upland cotton export sales totaled 62,800 running bales during the week ended November 22, according to the Foreign Agricultural Service, USDA. This was 71 percent below the previous week. The major buyers were Spain with 16,900 bales, South Korea 11,600 and Indonesia 7,600 bales. Contract adjustments produced the bulk of new sales as well as buy-backs and cancellations. Weekly exports of 129,200 bales were the largest this marketing year. Asian destinations accounted for 78 percent of the week's shipments, Western Europe 18 percent and Western Hemisphere 4 percent.