

UNITED STATES DEPARTMENT OF AGRICULTURE



AGRICULTURAL MARKETING SERVICE  
COTTON DIVISION

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Dept of Ag Eco

Weekly Cotton Market Review

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Spot cotton prices trended higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading increased slightly on a few spot markets. Merchants sought selected qualities a little more aggressively but many growers were holding for higher prices. Domestic and foreign mill buying was slow. Rains delayed harvesting in most areas of the Cotton Belt. A record Chinese cotton crop is projected for 1984-85. World cotton stocks are expected to increase sharply. USDA announced the 1985 upland CCC base loan rate of 57.30 cents per pound for grade 41 staple 34, mike 35-49, at average U. S. location. The loan rate for 1985-crop American Pima cotton was announced at 85.95 cents, and the target price at 103.14 cents.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 61.17 cents per pound during the week ended Thursday, October 18. Prices ranged from a low of 60.54 cents on Friday to a high of 61.70 cents on Tuesday and ended the week at 61.05 cents. A week earlier, prices averaged 59.92 cents per pound and ranged from 59.37 to 60.15 cents. In the corresponding week a year ago, the average price was 72.31 cents. The New York December futures settlement price ended the week on Thursday at 66.37 cents per pound compared with 65.15 cents a week earlier. The October 1985 settlement price was 69.90 cents against 69.30 cents last Thursday.

Trading on a few spot cotton markets was a little more active. Merchant demand improved slightly but many growers with uncommitted cotton were reluctant to sell at prices offered. Supplies increased as harvesting expanded but much early-ginned cotton was being delivered against forward contracts or to marketing organizations. Domestic mill buying consisted of a light volume for immediate delivery. Export trading was slow. The majority of sales were to Far Eastern mills for prompt through December shipment. Purchases reported by cotton exchanges in the designated markets totaled 57,100 bales in the week ended Thursday, October 18. This compares with 38,900 bales reported a week earlier and 152,100 bales in the corresponding week last season.

Textile mill report. Domestic mill buying maintained the slow pace of recent weeks. Purchases were small lots covering a wide range of qualities, mostly for prompt shipment. Shippers continued to deliver against existing orders but reported little or no new business. Mills' sales of finished goods remained sluggish and intermittent. Numerous apparels, sales yarn and household products remained in poor demand. A few industrial and automotive goods traded more readily. Mills continued to adjust production to sales and those with poor selling products have cut workweeks accordingly.

CCC loan entries of 1984-crop cotton totaled 1,100 running bales through September 30. All entries were Form A (producer) loans. Entries of 1983 crop totaled 1,784,800 bales. Repayments had been made on 1,700,400 bales. Loans were outstanding on 84,300 bales, of which, 26,400 were Form A (producer) and 57,900 were Form G (cooperative) loans. Loans remained outstanding on 58,800 bales of 1982-crop cotton, 62,500 bales of 1981 crop and 3,100 bales of 1980 crop. A total of 795,000 bales has been forfeited from the 1982 crop, 956,500 from 1981 and 40,100 from the 1980 crop.



In Japan, imports of raw cotton totaled slightly over 3.3 million bales in 1983-84, an increase of 200,000 from 1982-83, according to the Foreign Agricultural Service, USDA. Although domestic spinners continue to face keen competition from Pakistani and Chinese imports of cotton yarn, Japanese imports of raw cotton in 1984-85 are expected to match last year's level. The United States remained the largest supplier to the Japanese market in 1983-84, supplying 1.7 million bales or 52 percent of total Japanese imports. Other major suppliers included Nicaragua, Australia, the Soviet Union and Pakistan. Reflecting a record 1983-84 Chinese crop and limited Soviet and Australian export availabilities, Chinese exports to Japan jumped from 5,000 bales in 1982-83 to 93,000 in 1983-84.

Record cotton production in China projected; world stocks to rise. World cotton production is forecast to exceed 77 million 480 pound net weight bales in 1984-85, up from 67 million last season, largely because of increased production in China, Pakistan and the United States. A record 22 million bale crop is forecast for China. With world consumption rising less than 2 million bales to about 70 million, world cotton stocks will rise from 24 million bales to 31 million during this season. World consumption is rising due to better economic growth and increased supplies of cotton. Also, many countries are replenishing inventories which were depleted by the poor harvests of recent years. Consequently, world exports this season are forecast to exceed 20 million bales, the highest since 1981-82. However, the rise in stocks will push the world ending stocks-to-consumption ratio up from 0.36 in 1983-84 to 0.45.

The major changes since last month in estimates of world supply and use occurred in China. China's cotton stocks are expected to exceed 12 million bales at the end of the 1984-85 season, representing about two-fifths of forecast world ending stocks. China exported 750,000 bales during 1983-84 and exports in 1984-85 are tentatively estimated at 1.1 million bales. Problems with quality and export infrastructure, and a desire to export textiles rather than cotton, are expected to limit export gains this season.

China's mill use in 1984-85 is forecast at 16.5 million bales, about the same as in 1982-83 but above last season. Mill use fell in 1983-84 because consumers in China apparently prefer manmade fiber products, and because textile mills are forced to buy cotton at procurement prices which are above prices for world cotton and internal manmade fibers. A lowering of procurement prices during 1984-85 is expected, which will allow mill use to rebound.

Other minor changes were made to this month's world supply and use table. Estimates of production in Colombia, Spain and Israel rose a combined 160,000 bales. Consumption was raised in Japan, Taiwan, Indonesia and Tanzania by 245,000 bales. Estimates of U. S. production, mill use, and exports were unchanged.

Seven months and older certificated stock, November 1, 1984 <sup>1/</sup>

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	5,445	372	73	37	5,927
Greenville	49	1	4	-	54
Houston	-	-	-	-	-
Memphis	2,101	521	716	304	3,642
Mobile	-	-	-	-	-
New Orleans	-	1	-	-	1
Total	7,595	895	793	341	9,624

<sup>1/</sup> Based on Cotton Division records as of October 15, 1984.

Cotton supply and use: World, United States, major exporters and importers; marketing years 1982-83, 1983-84, and 1984-85 1/  
October 12, 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> <u>2/</u>	25.5	67.4	19.5	67.9	19.3	25.0
<u>United States</u>	6.6	12.0	<u>3/</u>	5.5	5.2	7.9
<u>Total foreign</u>	18.9	55.5	19.4	62.4	14.0	17.1
Major exporters <u>4/</u>	4.8	23.1	0.5	15.4	9.1	3.7
Major importers <u>5/</u>	5.0	0.8	14.8	15.6	0.3	4.6
Others	9.1	31.6	4.1	31.4	4.7	8.7
<u>1983-84 (Estimated)</u>						
<u>World</u> <u>2/</u>	25.0	67.3	20.3	68.5	19.3	24.4
<u>United States</u>	7.9	7.8	<u>3/</u>	5.9	6.8	2.8
<u>Total foreign</u>	17.1	59.5	20.3	62.6	12.5	21.6
Major exporters <u>4/</u>	3.7	22.3	1.1	15.3	7.6	4.0
Major importers <u>5/</u>	4.6	0.8	15.5	16.1	0.5	4.3
Others	8.7	36.5	3.8	31.2	4.4	13.3
<u>1984-85 (Projections)</u>						
<u>World</u> <u>2/</u>						
September	23.8	76.3	19.6	70.3	19.7	29.6
October	24.4	77.1	20.0	69.8	20.1	31.3
<u>United States</u>						
September	2.7	13.3	<u>3/</u>	5.5	6.1	4.6
October	2.8	13.3	<u>3/</u>	5.5	6.1	4.6
<u>Total foreign</u>						
September	21.1	63.0	19.6	64.8	13.6	25.1
October	21.6	63.8	20.0	64.3	14.1	26.8
Major exporters <u>4/</u>						
September	4.0	24.2	0.7	15.9	8.3	4.5
October	4.0	24.2	0.7	15.9	8.3	4.6
Major importers <u>5/</u>						
September	4.4	1.0	15.3	16.0	0.3	4.4
October	4.3	1.1	15.5	16.3	0.5	4.1
Others						
September	12.7	37.8	3.5	32.9	4.9	16.1
October	13.3	38.5	3.8	32.1	5.3	18.1

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



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 '84	May '85	Jul '85	Oct '85	Dec '85		
Oct. 11	65.15	66.97	68.40	69.40	69.30	69.60	60.15	72.75
12	65.63	67.42	68.75	69.80	69.80	69.90	60.54	72.75
15	66.75	68.65	69.53	70.60	69.90	70.00	61.44	72.85
16	67.06	68.77	69.80	70.65	70.00	70.00	61.70	73.55
17	66.49	68.09	69.30	70.50	69.80	69.80	61.11	74.15
18	66.37	67.92	69.32	70.15	69.90	69.90	61.05	73.95

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 October 13		Through October 11	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,937,800	-	3,263,500
Exports	50,400	814,100	55,700	822,300
Total export commitments	-	3,751,900	-	4,085,800
New sales	80,600	-	57,100	-
Buy-backs and cancellations	4,800	-	4,600	-
Net sales	75,800	-	52,500	-
Sales next marketing year	700	46,400	1,700	32,500

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

Upland cotton export sales totaled 52,500 running bales during the week ended October 11, according to the Foreign Agricultural Service, USDA. This was down sharply from the previous two weeks and 52 percent below the four-week average. The major buyers were Taiwan with 11,400 bales, Japan 10,200 and South Korea 8,400 bales. Weekly exports totaled 55,700 bales, down 21 percent from a week earlier and 12 percent below the four-week average. Asian destinations accounted for 75 percent of the week's shipments, Western Europe 19 percent and Western Hemisphere 6 percent.