

WEEKLY COTTON MARKET SUMMARY 10/18/96

Vol. 78, No. 12

October 18, 1996

Spot cotton quotations averaged 305 points lower than in the previous week, according to the Cotton Division, Agricultural Marketing Service, USDA. The average quotation for color 41, leaf 4, staple 34, mike 35-36 & 43-49, strength 23.5-25.4, in the designated markets was 71.54 cents per pound during the week ending Thursday, October 17, and ranged from a high of 72.23 cents on Tuesday, October 15, to a season low of 70.95 cents on Thursday, October 17. New season lows were set on three of the five trading days. Quotations averaged 74.59 cents during the previous week & 82.54 cents in the corresponding week a year ago. The New York December futures settlement price was 72.78 cents against 75.40 cents last week. The NY March futures settlement price ended the week at 74.04 cents, down sharply from 76.65 cents last week.

Southeastern markets. Spot trading was moderate. Supplies increased. Grower offerings were limited. Much of the recently ginned cotton was delivered against forward contracts and the bulk of the uncommitted stocks were being held for higher prices. Many buyers have contracted a sufficient amount of cotton to meet their current shipping needs. A moderate amount of spot cotton was purchased at about 200 points off New York December futures, for mixed lots of mostly color 41 and better, leaf 4 and better, staples 34 and longer, mike 35-49, with strength 26 grams per tex, FOB car/truck. In North & South Carolina cotton moved gin direct at about 300 points off NY December futures, basis color 41, leaf 4, staple 34, mike 35-49. A week of sunny, dry weather allowed harvesting & ginning activities to reach peak levels throughout much of the southeastern territory. Some gins operated twenty-four hours a day. Only a few gins were carrying a backlog of moduled seed cotton.

South central markets. Spot cotton trading was light to moderate. Demand was good. Grower offerings were limited. Some growers were not willing to accept prices offered and entered their available supplies into the CCC loan program. Mixed lots of mostly color 41 and better, leaf 4 and better, staples 34 and longer, mike 35-49, sold at around 200 to 250 points off NY December futures, FOB car/truck. Cotton with mike readings of 50 & higher was generally discounted 500 to 700 points. Domestic mills purchased a light volume of cotton for prompt & nearby delivery. Export trading was inactive. Ideal weather allowed harvesting to reach peak proportions.

Southwestern markets. Spot trading was light as buyers continued to be very selective in their purchases and offers were often rejected. A light volume of mixed lots in west Texas containing mostly colors 41, 32 and better, leaf 4 and better, staples 33 and longer, mike 35-49, traded at around 66 cents per pound, FOB car, uncompressed terms. A light volume of cotton in south & central Texas sold at prices averaging around 575 points off NY December futures, FOB warehouse, basis color 41, leaf 4, staple 34, mike 35-49. Cotton with mike ranges of 50 & higher was generally discounted 300 to 550 points. Mills sought delivery of contracted supplies, but new purchases for immediate delivery remained light. Export sales continued very light. Harvesting was slowing in the Upper Coast and steady in central to north central Texas locations. Defoliation and harvesting activities increased in west Texas.

Western markets. Spot trading was extremely slow in the San Joaquin Valley

(SJV). Supplies were increasing as the harvest gained momentum, but most of the recent ginning had not reached trade channels. Demand was about steady to slightly weaker. Mills from Japan, Indonesia and Bangladesh purchased a light volume of cotton for prompt and nearby shipment. Weather conditions were about normal and the harvest continued to expand rapidly. Spot trading was very slow in the Desert Southwest (DSW). Supplies increased moderately. Demand was about steady. Domestic mills purchased a small amount of cotton for prompt shipment. The harvest passed the halfway mark in western Arizona and the Imperial Valley of California. Harvesting increased in New Mexico and eastern Arizona and got underway in the Texas portion of the DSW. Spot trading of American Pima remained inactive. Supplies were very light. Demand was weak. Merchants were bidding several cents per pound less than growers were willing to accept. Domestic mills purchased a light volume of 1996-crop cotton for prompt & nearby shipment. The Pima harvest gained some momentum in the DSW and the SJV.

Textile mill report. Domestic mill buying continued at a moderate pace. Mill consumption was generally steady. Purchases for prompt and nearby delivery were light. Interest continued good for color 41 and better, leaf 4 and better, staples 35 & longer, and mike 35-49, with delivery for third and fourth quarter 1997. Consumer demand for denim was good. Interest in fleece and infant wear was fair. Demand for sales yarn, casual apparel & housewares was steady, while gray cloth and specialty fabrics was lackluster. Mills continued to operate on a five day work week.