

# UNITED STATES DEPARTMENT OF AGRICULTURE

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## Weekly Cotton Market Review

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October 23, 1990

Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 70.32 cents per pound during the week ending Friday, October 19, according to the Cotton Division, Agricultural Marketing Service, USDA. Daily average quotations ranged from a low of 70.06 cents on Monday October 15, to a high of 70.65 cents on Tuesday, October 16. Spot cotton quotations averaged 70.40 cents a week earlier and 68.87 cents in the corresponding week a year ago. The New York December 1990 futures settlement price closed on Friday at 73.23 cents compared with 73.08 cents a week earlier. The March 1991 settlement price was 73.63 cents against 73.50 cents the previous week. Spot transactions reported in the designated markets totaled 31,490 bales during the week ended Friday, October 19. This compares with 34,819 bales the previous week and 25,846 bales in the corresponding week last season.

Southeastern markets. Spot cotton trading continued to increase, as rains slowed the harvest and allowed growers to offer more cotton for sale. Demand was strong for all qualities and most offerings moved readily into trade channels, even though a few growers were holding out for prices around 70 cents per pound. Prices offered for mixed lots of mostly grade 41 and higher, staples 34 and longer, mike 35-49 ranged from 200 to 400 points off New York December futures. Prices offered for grades 42 and 51 were 150 to 200 points lower. Premiums of around 100 points were being paid for lots with strength of 27 grams per tex and higher. In North Alabama, where less cotton was being offered, grade 41 prices were mostly 300 to 400 points off December. While in Georgia and the Carolinas, offers of 200 to 250 points off were numerous for lots of mostly grade 41 and higher, staples 34 and longer.

South central markets. Demand was stronger for grade 31, but held steady or eased for other qualities. Growers offered a very large volume of cotton but they rejected most bids. Even with the tremendous number of rejected bids, a large volume of cotton traded. Even runnings lots of grade 31 staples 34 and longer, mike 35-49 sold at 250 to 350 points off NY December futures. In mixed lots, grade 31 traded at 300 to 400 points off December. Grades 41 and 32 sold at 450 to 550 off, and grade 42 moved at 600 to 700 points off. Commodity Credit Corporation (CCC) mike discounts were generally applied to any cotton miking outside the 35-49 range. A moderate amount of 1991 crop north Delta cotton acreage was contracted at prices averaging around 550 points off NY December futures, basis grade 41 staple 34, mike 35-49. Domestic mills purchased a moderate to heavy volume of mostly grades 51, 42 and higher grade cotton for prompt through December 1991 delivery. Far Eastern mills purchased a moderate volume of grades 31 and 41. Harvesting moved at peak levels over most of south central area during the week. Light rainfall temporarily slowed picking in a few localities. The bulk of the cotton was picked in the south Delta, and was well past the half way mark in the north Delta.

Southwestern markets. Spot cotton trading continued slow to moderate. Buyers accepted delivery of contracted cotton and were actively seeking to contract additional acreage. A moderate amount was booked at 1,600 to 1,850 points above CCC loan rates with a ceiling equal to grade 41 staple 33. Merchants actively sought free cotton, but supplies remained limited. Demand was good for most grades except "average rule used" cotton which was usually discounted around 300 points. Mixed lots generally sold at 1,200 to 1,800 points, above CCC loan rates. Buyers paid the higher prices for qualities needed to fill existing commitments. Premiums of 100 to 300 points were generally paid for lots with higher strength readings. Below grade cotton traded at an average of 51 cents per pound. Harvesting increased as growers took advantage of ideal weather conditions.

Western markets. Spot trading increased moderately, but remained slow. In the San Joaquin Valley (SJV), growers sold a small volume of current crop ginnings at around 750 points on December futures, basis grade 31 staple 35, mike 35-49. In Arizona, growers sold first offerings at 74.65 to 75 cents per pound for mixed lots of grades 21 and 31, staple 33-37. Grades 41 and 32 mike 35-49 brought 73.70 cents. Far Eastern mills purchased a light volume of higher grades from the Desert Southwest for nearby shipment. European mills bought a light volume from the El Paso area for first quarter 1991 shipment. Forward contracting was at a standstill. The cotton harvest made good progress. Demand was good for American Pima grades 3 and higher. In the SJV, mixed grades 2 and 3 traded at around \$1.25 per pound. In Arizona, grades 2 and 3 traded at \$1.22 to \$1.25 cents per pound. Demand was weaker for grades 4 and lower. Far Eastern and domestic mills purchased a moderate volume for prompt and nearby shipment.

Textile mill report. Domestic mills purchased a moderate volume of mostly central belt cotton. Interest centered on small volume purchases for prompt and nearby delivery, even though some purchases were made as far forward as the last quarter of 1991. Stocks of cotton remained low. Qualities in best demand were the medium white and equivalent Light Spotted grades staples 34 and longer, mike 35-49. Mill business remained steady for most products. Best selling items continued to be athletic wear, sales yarn, and 100 percent cotton fabrics. Sales of home furnishings and apparel fabrics remained slow, while denims eased somewhat. Workweeks have been reduced at some plants because of a buildup in inventories of unsold goods.

Cotton ginned prior to October 1, in running bales, by states, crops of 1987-1990

State	Ginnings			
	1990 1/	1989	1988	1987
United States	2,619,562	980,529	2,278,874	3,195,927
Upland	2,614,120	959,064	2,276,768	3,194,463
American Pima	5,442	21,465	2,106	1,464
Alabama	134,832	6,556	64,131	140,562
Arizona	27,216	34,678	26,835	42,721
Upland	(D)	27,091	(D)	41,257
American Pima	(D)	7,587	(D)	1,464
Arkansas	168,575	51,977	170,065	424,823
California	35,214	55,191	15,001	46,471
Upland	35,214	(D)	15,001	46,471
American Pima	-	(D)	-	-
Florida	(D)	(D)	-	(D)
Georgia	87,377	3,933	13,233	34,384
Louisiana	512,690	119,786	262,771	377,142
Mississippi	606,474	25,064	483,552	768,826
Missouri	46,102	31,183	13,447	202,516
New Mexico	(D)	3,887	113	(D)
Upland	(D)	(D)	113	(D)
American Pima	-	(D)	-	-
North Carolina	19,000	631	960	6,026
Oklahoma	3,727	(D)	4,112	78
South Carolina	37,681	3,008	9,112	23,908
Tennessee	112,638	24,520	56,085	274,675
Texas	821,636	619,885	1,159,457	853,231
Upland	(D)	606,686	(D)	853,231
American Pima	(D)	13,199	(D)	-

1/ Subject to revision.

(D) Withheld to avoid disclosure of individual gins.

Source: Bureau of the Census

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						
	Sept. 21-27:		Sept. 28-:	Oct. 4	Oct. 5-11	Oct. 12-18	Oct. 19-25
	Adjusted world price	65.75	65.45	64.93	65.55	65.86	
Course count adjustment	0	0	0	0.10	0.61		

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.:	Staple 35	
	Dec '90	Mar '91	May '91	Jul '91	Oct '91	Average:'A' Index 1/	'B' Index 1/	
Oct. 15	72.83	73.15	73.60	73.65	69.20	70.06	81.35	76.90
16	73.76	74.08	74.35	74.35	69.15	70.65	81.25	76.50
17	73.57	73.88	74.18	74.25	68.95	70.55	81.80	76.85
18	73.21	73.55	74.07	74.10	68.30	70.22	81.80	76.85
19	73.23	73.63	73.97	74.00	68.10	70.13	81.75	76.75

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 October 12		Through October 11	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,615,300	-	3,126,100
Exports	113,700	1,017,200	64,000	942,800
Total export commitments	-	3,632,500	-	4,068,900
New sales	68,300	-	74,800	-
Buy-backs and cancellations	6,300	-	8,900	-
Net sales	62,000	-	65,900	-
Sales next marketing year	1,300	109,500	200	47,200

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 65,900 running bales during the week ending October 11, were below 6 percent from the previous week, according to the Foreign Agricultural Service, USDA. The major buyers were Japan with purchases of 12,900 bales, Mauritius 9,400, Bangladesh 8,500, Indonesia 6,700, Canada 5,900, South Korea 5,600 and Mexico 5,600 bales. Decreases of 6,000 bales were reported from China. Exports of 64,000 were 35 percent below the previous week. Asian destinations accounted for 74 percent of the week's shipments; West European 15 percent; Western Hemisphere 9 percent; and African 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

October 19, 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
68.43	67.33	64.58	65.08	66.73	65.73	62.98	63.98	33	67.13	65.73	62.23	63.73	70.73	70.73	68.98	68.98
70.48	69.98	67.23	67.73	69.48	68.48	65.48	66.48	34	69.63	68.48	64.98	66.48	74.73	74.73	72.98	72.98
70.73	70.23	67.48	67.98	69.58	68.73	65.58	66.58	35	69.73	68.58	65.08	66.58	74.83	74.83	73.08	73.08
70.88	70.38	67.63	68.13	69.68	68.83	65.68	66.68	36	69.83	68.68	65.18	66.68	74.83	74.83	73.08	73.08

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
57.40	57.25	57.05	56.05	59.80	57.70	57.75	55.60	29	-	-	-	-
58.15	58.00	57.80	56.60	61.05	59.20	59.20	57.65	30	-	-	-	-
63.90	63.75	62.55	62.35	65.15	63.20	63.15	61.70	31	-	-	-	-
66.05	65.75	64.55	64.10	67.20	65.15	65.15	63.40	32	-	-	-	-
66.60	66.20	65.50	65.25	68.75	66.70	66.70	65.00	33	-	-	-	-
68.35	68.00	67.30	66.05	70.30	68.00	68.00	65.60	34	77.73	77.48	74.98	71.48
68.65	68.25	67.55	66.35	70.60	68.25	68.25	65.90	35	79.48	79.23	76.73	72.48
68.75	68.35	67.65	66.35	70.70	68.35	68.35	65.90	36	79.58	79.33	76.83	72.48
68.75	68.35	67.65	66.35	70.70	68.35	68.35	65.90	37	79.68	79.43	76.93	72.48

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1215	-	-1700	26 & Below	-1700	-2100	-	-1593
-800	-840	-840	-700	27-29	-700	-1400	-1500	-969
-500	-525	-525	-450	30-32	-450	-800	-950	-600
-250	-230	-230	-150	33-34	-150	-350	-350	-244
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	124.75	124.50	123.50	113.50	87.50	76.00	30-32	-1200
							33-34	-300
46	125.25	125.00	124.00	114.00	87.50	76.00	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	67.75	64.50	67.75	65.25	-	-	-
-	-	-	-	-	-	-	-	30	69.50	67.00	69.50	67.50	-	-	-
-	-	-	-	-	-	-	-	31	71.00	68.25	71.00	69.00	-	-	-
-	-	-	-	-	-	-	-	32	72.50	69.25	72.50	69.75	-	-	-
76.25	75.00	73.00	74.25	76.75	75.50	73.25	74.50	33	74.75	70.50	74.50	71.00	-	-	-
77.25	75.75	74.00	75.25	77.75	76.25	74.25	75.50	34	76.75	72.25	76.75	72.75	85.50	84.25	81.00
77.75	76.50	74.50	75.25	78.25	77.00	74.75	75.50	35	-	-	-	-	87.00	85.75	82.25
-	-	-	-	-	-	-	-	36	-	-	-	-	87.25	86.00	82.25