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Weekly Cotton Market Review

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Spot cotton prices averaged lower, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading volume was light to moderate and was primarily in cotton ineligible for the CCC loan. Merchant demand was fairly good for selected qualities. Domestic and foreign mill buying was slow. Harvesting was delayed by rains over most of the Cotton Belt but was expected to expand rapidly as fields dry. The average staple length of upland cotton ginned prior to October 1 this season was the longest on record.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 55.79 cents per pound during the week ended Thursday, October 24. Prices ranged from a low of 55.47 cents on Monday to a high of 56.07 cents on Thursday. A week earlier, prices averaged 56.32 cents per pound and ranged from 56.20 to 56.50 cents. In the corresponding week a year ago, the average price was 62.86 cents. The New York December 1985 futures settlement price ended the week on Thursday at 60.37 cents per pound compared with 60.28 cents a week earlier. The October 1986 settlement price was 52.70 cents against 54.15 cents a week ago.

Trading on spot cotton markets was moderate to slow. Merchant demand was light and selective but was best for lower grades. Buyers needing these qualities to cover orders were willing to pay prices above CCC loan rates. A few growers redeemed lower grades placed into the loan earlier. Most cotton in higher grades being offered was ineligible for the loan. Domestic mill buying was light and most purchases were for prompt to nearby delivery. Export trading was slow. Far Eastern mills bought a small volume for prompt through December shipment. Purchases reported by cotton exchanges in the designated markets totaled 72,000 bales in the week ended Thursday, October 24. This compares with 43,100 bales reported a week earlier and 76,900 bales in the corresponding week last season.

Textile mill report. Mill buying maintained the slow pace of recent weeks. Purchases were light in volume. Interest improved for central belt growths of the medium and lower grades for prompt to nearby shipment. Some shipments of cotton from warehouses in active harvesting areas were delayed. Mills continued to hold inventories at low levels but reports indicate that needs are fairly well covered into the first quarter of next year. Mill business remains fair to good with orders in some product areas spilling into early 1986. Mills reported cotton use holding steady to slightly improved. All-cotton yarn, a number of apparels, underwear and selected household products continued to move readily. Some automotive and industrial products showed modest improvement. Blended yarn, corduroy and some polyester-cotton goods continued to trade slowly. Mills were operating five to seven days, mostly five.

The state council in CHINA recently approved a report on the 1986 policy concerning the production, purchase and marketing of cotton, according to the Foreign Agricultural Service, USDA. The report states that the government's 1985 national procurement contract of 19.5 million bales will also apply to next season's cotton crop. Individual provincial contracts will remain at the 1985 level. The report calls for local governments to sign cotton contracts with farmers prior to the planting of winter wheat this fall. The 1986 procurement price for cotton grown north of the Huai River (North China Plain) will be 40 percent at the base price and 60 percent at the bonus price. The 1985 procurement price for cotton grown north of the Huai River was 30 percent at the base price and 70 percent at the bonus price.

Ginnings. Upland cotton ginned prior to October 1 this season totaled 2,432,027 running bales, according to the Bureau of the Census. This compares with 1,174,761 bales a year earlier. Ginnings through September this season were equivalent to about 19 percent of the expected upland crop against 9 percent in 1984.

Quality of ginnings. Upland cotton ginned in the United States prior to October 1 contained a record-high proportion of staples 34 and 35. These two staple lengths accounted for 78 percent of ginnings. Grade 41 was the predominant grade and made up 42 percent of ginnings. Average mike was 42, the second lowest since records began in 1965. Average fiber strength in grams per tex was 22.6, down from 23.7 in 1984.

Grade. The predominant grade of upland cotton ginned prior to October 1 this season was grade 41, accounting for 42 percent of ginnings. This was the largest proportion since 1976 and was up from 36 percent a year earlier. White grades 31 and higher comprised 22 percent compared with 32 percent the previous season. White grades 41 and higher accounted for 72 percent of ginnings, the second largest proportion since 1960, and was down from 77 percent last year. All white grades comprised 80 percent of ginnings this season. This was also the second largest proportion in these grades since the crop of 1960 and was down from 84 percent in 1984. Light Spotted grades accounted for 20 percent this season, up from 15 percent last year.

Staple. Average staple length of upland cotton ginned prior to October 1 was 34.4 thirty-seconds inches. This was the longest average length since records began in 1938 and was up from 33.6 a year earlier. Staple 35 was the predominant length, comprising 41 percent of ginnings, and was up from 21 percent the previous year. In 1984, staple 34 was the predominant length and accounted for 24 percent of ginnings. Staples 31 and shorter made up 2 percent of ginnings against 15 percent last year. Staples 32 and 33 made up 11 percent of ginnings. This was the smallest proportion on record and was down from 27 percent the previous year. Staples 34 and 35, at 78 percent, made up the largest proportion since records began in 1938, and compare with 46 percent a year earlier. Staples 36 and longer accounted for 9 percent of ginnings this season against 13 percent a year ago.

Mike. Upland cotton in the mike 35-49 range accounted for 81 percent of ginnings this season; down from 87 percent last year. Cotton with mike 34 and lower comprised 13 percent, the largest proportion since records began in 1965, and was up from 8 percent a year ago. Cotton with mike 50 and higher accounted for 7 percent of ginnings prior to October 1 this season. This was the second smallest proportion in this range on record and compares with 5 percent a year ago. Average mike was 42, the second lowest on record, and compares with 41 in 1984.

Strength. The average fiber strength for upland cotton ginned prior to October 1 this season was 22.6 grams per tex. This was the second time since records were established in 1980 that the average has fallen below 23.0 grams per tex. A year earlier, average fiber strength was 23.7. Strengths in the 19 and lower range accounted for 5 percent of ginnings against 3 percent in 1984. Cotton with strengths of 20 to 23 grams per tex made up 62 percent compared with 44 percent the previous year. About 32 percent of ginnings had strengths in the 24 to 27 range, down from 47 percent a year ago. Strengths in the 28 and higher range made up 1 percent against 6 percent in 1984.

United States: Percentage distribution of grade, staple, mike and fiber strength for upland cotton classed prior to October 1, 1985 ^{1/}

Grade	Staple													All staples
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	
White:														
11	-	-	-	-	-	*	*	*	*	-	-	-	-	*
21	*	-	*	*	*	*	0.1	0.3	0.1	0.1	*	-	-	0.7
30	-	-	*	*	*	*	*	*	*	*	-	-	-	*
31	*	*	*	*	0.3	0.7	1.8	9.3	7.6	1.3	0.1	*	*	21.1
40	-	*	*	*	0.1	0.1	0.3	2.4	3.8	0.7	*	*	*	7.5
41	*	*	*	*	0.2	0.6	2.3	15.4	19.5	3.9	0.2	*	*	42.3
50	-	*	*	*	*	*	0.1	0.5	1.2	0.4	*	*	-	2.3
51	-	*	*	*	0.1	0.1	0.5	1.9	2.4	0.5	*	*	-	5.5
60	-	-	-	-	-	*	*	*	*	*	*	-	-	*
61	-	*	*	*	*	*	*	0.1	0.1	*	*	-	-	0.3
70	-	-	-	-	-	*	*	*	*	-	-	-	-	*
71	-	-	-	*	*	*	*	*	*	*	-	-	-	*
Lt. Spotted:														
12	-	-	-	-	-	-	-	-	*	-	-	-	-	*
22	-	-	*	*	*	*	*	*	*	*	*	-	-	0.2
32	-	-	*	*	0.3	0.7	1.0	1.7	1.1	0.3	0.1	*	*	5.3
42	*	*	*	*	0.3	0.6	1.3	4.1	4.0	1.0	0.1	*	*	11.4
52	-	-	*	*	0.1	0.2	0.4	0.8	0.8	0.2	*	*	-	2.5
62	-	-	*	*	*	*	*	0.1	*	*	*	-	-	0.2
Spotted:														
13	-	-	-	-	-	*	*	*	*	*	-	-	-	*
23	-	-	*	*	*	*	*	*	*	*	*	-	-	*
33	-	-	*	*	*	*	*	0.1	*	*	*	-	-	0.2
43	-	-	-	*	*	*	0.1	0.1	0.1	*	*	*	-	0.3
53	-	-	-	*	*	*	*	0.1	*	*	*	-	-	0.1
63	-	-	-	*	*	*	*	*	*	*	*	-	-	*
Tinged:														
24	-	-	-	-	-	-	-	*	-	-	-	-	-	*
34	-	-	-	-	*	*	*	*	*	*	-	-	-	*
44	*	*	-	-	*	*	*	*	*	*	-	-	-	*
54	-	-	-	-	-	*	*	*	*	*	-	-	-	*
Stained:														
25	-	-	-	-	-	-	-	*	-	-	-	-	-	*
35	-	-	-	-	-	-	-	*	*	*	-	-	-	*
Lt. Gray:														
16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	*	*	*	*	*	*	-	-	-	*
36	-	-	-	*	*	*	*	*	*	*	-	-	-	*
46	-	-	-	-	*	*	*	*	*	*	-	-	-	*
Gray:														
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	*	-	-	-	-	-	*
37	-	-	-	-	*	-	*	*	*	-	-	-	-	*
47	-	-	-	*	*	*	*	*	-	-	-	-	-	*
Below Grade ^{2/}	*	*	*	*	*	*	*	*	*	*	-	-	-	0.1
All grades	*	*	*	0.2	1.4	3.2	8.1	37.0	40.9	8.5	0.6	*	*	100.0

Mike	26 and below	27-29	30-32	33-34	35-49	50-52	53 and above	Average mike
Percent	0.5	1.9	5.2	5.3	80.5	5.3	1.3	42

Fiber strength	1/8 th 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	0.3	4.4	22.8	39.0	25.4	6.8	1.1	0.2	0.1	22.6

1/ Ginnings, Bureau of the Census, 2,432,027 running bales. Average staple. 34.4
^{2/} Lower in grade than the lowest grades of the official standards. Percent tenderable. 67.8
* Less than 0.05 percent. Percent Average Rule Used (ARU) . . . 1.5
Percent grade reductions. 6.1

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						Designated 8-Market Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	Dec '86		
Oct. 17	60.28	60.76	61.17	59.70	54.15	52.95	56.25	48.60
18	59.86	60.40	60.80	59.35	53.95	52.82	55.81	48.60
21	59.41	60.08	60.65	59.05	53.81	52.63	55.47	48.55
22	59.56	60.13	60.63	59.13	53.72	52.55	55.74	48.45
23	59.92	60.35	60.87	59.00	53.42	52.05	55.85	48.40
24	60.37	60.67	61.08	58.52	52.70	51.40	56.07	51.10

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

Chicago futures contract settlement and designated spot market average for grade 42 staple 31 in cents per pound

Date	Grade 42 Staple 31					Designated 5-Market Average 1/
	Futures Settlement					
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	
Oct. 17	53.25	53.50	-	-	-	50.80
18	53.10	53.50	-	-	-	50.55
21	52.90	53.50	-	-	-	50.28
22	53.05	53.60	-	-	-	50.52
23	53.75	53.75	-	-	-	50.73
24	54.50	54.50	-	-	-	51.10

1/ Greenville, Montgomery, Memphis, Dallas and Lubbock.

U.S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1984-85 and 1985-86

Description	Marketing Year			
	1984-85		1985-86	
	Through October 11		Through October 10	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,263,500	-	914,700
Exports	55,700	822,300	52,300	429,000
Total export commitments	-	4,085,800	-	1,343,700
New sales	57,100	-	18,400	-
Buy-backs and cancellations	4,600	-	9,600	-
Net sales	52,500	-	8,800	-
Sales next marketing year	1,700	32,500	500	13,100

Description	Marketing Year			
	1984-85		1985-86	
	Through October 18		Through October 17	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,298,000	-	903,800
Exports	47,400	869,700	22,400	451,400
Total export commitments	-	4,167,700	-	1,355,200
New sales	88,000	-	19,300	-
Buy-backs and cancellations	6,100	-	7,800	-
Net sales	81,900	-	11,500	-
Sales next marketing year	1,300	33,800	-	13,100

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

Upland cotton export sales during the week ended October 17 resulted in a net increase of 11,500 running bales, according to the Foreign Agricultural Service, USDA. Purchases by South Korea of 8,100 bales, Japan 4,200, Sweden 2,500 and Israel 1,200 bales were partially offset by reductions by Spain of 4,000 bales and Thailand 1,200 bales. Exports for the week totaled 22,400 bales, a record low for weekly shipments. Asian destinations accounted for 64 percent of the week's shipments, West European 18 percent, Western Hemisphere 11 percent and Africa 7 percent.