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Weekly Cotton Market Review

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Spot cotton prices were sharply higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower-to-merchant trading was more active on some spot markets. More cotton was offered but many growers were reluctant to sell uncommitted supplies. Domestic and foreign mill demand was weak. Continuing rains brought harvesting to a standstill in most areas of the Cotton Belt. Dry weather is needed. Favorable weather allowed harvesting to make good progress in Arizona and California. The September daily rate of domestic mill cotton consumption was down from the previous month.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 62.86 cents per pound during the week ended Thursday, October 25. Prices ranged from a low of 61.75 cents on Friday to a high of 63.47 cents on Monday and ended the week at 62.70 cents. A week earlier, prices averaged 61.17 cents per pound and ranged from 60.54 to 61.70 cents. In the corresponding week a year ago, the average price was 73.42 cents. The New York December futures settlement price ended the week on Thursday at 68.11 cents per pound compared with 66.37 cents a week earlier. The October 1985 settlement price was 70.50 cents against 69.90 cents last Thursday.

Trading between growers and merchants increased on some spot cotton markets. Although prices were higher, many growers were not willing to sell. Merchant demand was fairly good and the bulk of offerings traded. Domestic mill inquiries increased slightly but purchases remained light. Export trading was almost inactive. Far Eastern mills bought a very light volume of California-Arizona growth, mostly for prompt or nearby delivery. Purchases reported by cotton exchanges in the designated markets totaled 76,900 bales in the week ended Thursday, October 25. This compares with 57,100 bales reported a week earlier and 188,600 bales in the corresponding week last season.

Textile mill report. Domestic mill inquiries increased slightly and centered on grades 41 and higher. Purchases, however, remained light and consisted of small quantities for prompt shipment. Delivery of cotton already purchased has become a significant problem, especially at mills with low stocks. Shippers were less willing to offer central belt cotton, especially high grades, until the effects of weather conditions on crop quality can be determined. Most mills continued to report slow sales of a wide range of textile products. Orders already sold were being filled but new business remains slow. Mills reduced production to hold down inventories. Work schedules ranged from three to five days, with some mills closing plants on alternate weeks.

Quality of ginnings. Upland cotton ginned in the United States prior to October 1 contained the largest percentage of white grades since 1959. Grade 41 was the predominant quality accounting for 36 percent of ginnings. The average staple length was 33.6 thirty-seconds inches, the shortest since the 1980 crop, but staples 36 and longer accounted for the second largest proportion of ginnings for this period on record. Average mike was 41, the lowest since records were established in 1965. Average fiber strength in grams per tex was 23.7, the strongest average since records began in 1980.

Domestic mill consumption of cotton averaged 19,600 running bales per day in the five weeks ended September 29, according to the Bureau of the Census. This was down from 20,800 bales used per day a month earlier and 22,400 bales in September last season. Domestic mills consumed 491,000 bales in September, bringing consumption for the first two months this season (nine weeks) to 906,500 bales, down 10 percent from 1,012,300 bales used the previous season.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 158.9 million pounds (about 331,100 bales of 480 pounds) in the five weeks ended September 29, according to the Bureau of the Census. This brought consumption for the first nine weeks (August-September) this season to 292.0 million pounds (about 608,300 bales). August-September consumption last season (nine weeks) totaled 331.4 million pounds (about 690,400 bales).

Stocks of cotton at mills totaled 644,600 running bales on September 29, according to the Bureau of the Census. This was up from 715,500 bales a month earlier and 638,800 bales at the end of September last season. At the September daily rate of consumption, mill stocks were equivalent to about six and one-half weeks' supply. Cotton in public storage totaled 1,388,400 running bales on September 29, the smallest end-of-September stocks since 1973. Public storage stocks totaled 1,490,800 bales a month earlier and 5,870,500 bales at the end of September 1983.

All cotton: Domestic mill consumption and stocks, running bales, by months and seasons, 1980-1984

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
	<u>Mill consumption 1/</u>												
1980	443	456	597*	458	475*	435	446	539*	435	441	531*	385	5,664
1981	429	517*	448	403	400*	378	398	493*	410	392	460*	317	5,043
1982	386	474*	416	391	425*	404	430	549*	431	441	543*	369	5,259
1983	453	560*	459	446	468*	469	448	548*	430	442	503*	354	5,628
1984 3/	416	491*											
	<u>Mill consumption per day</u>												
1980	22.1	22.8	23.9	22.9	19.0	21.8	22.3	21.5	21.7	22.1	21.3	19.2	21.8
1981	21.4	20.7	22.4	20.1	16.0	18.9	19.9	19.7	20.5	19.6	18.4	15.9	19.4
1982	19.3	19.0	20.8	19.5	17.0	20.2	21.5	22.0	21.5	22.0	21.7	18.4	20.2
1983	22.6	22.4	22.9	22.3	18.7	23.5	22.4	21.9	21.5	22.1	20.1	17.7	21.6
1984 3/	20.8	19.6											
	<u>Stocks in consuming establishments 2/</u>												
1980	891	784	743	750	831	947	1,038	1,105	1,078	1,023	937	883	-
1981	810	695	663	673	757	822	884	917	911	901	871	830	-
1982	750	671	611	635	698	782	777	790	795	777	757	756	-
1983	712	639	556	554	611	647	713	741	766	766	822	795	-
1984 3/	715	645											
	<u>Stocks in public storage 2/</u>												
1980	1,509	1,578	3,181	5,071	5,927	5,847	5,109	4,227	3,470	2,807	2,199	1,688	-
1981	1,491	1,940	4,060	7,064	9,267	9,489	8,882	7,921	7,112	6,292	5,544	5,269	-
1982	5,008	5,293	7,575	10,190	11,101	11,120	10,546	9,713	8,796	7,930	7,419	6,656	-
1983	6,168	5,870	7,119	8,570	8,790	7,525	6,359	4,997	3,956	2,966	2,212	1,761	-
1984 3/	1,491	1,388											

1/ Consumption figures relate to four-week months except as noted. Daily consumption rates calculated on the basis of 20 days for four-week months and 25 days for five-week months with no allowance for holidays. Season totals are adjusted data as reported in Supply and Distribution of Domestic and Foreign Cotton in the United States by Bureau of the Census.

2/ These data refer to a particular day near the end of the month.

3/ Preliminary.

* Five-week month.

U. S. COTTON: Comparison of forecasts and final production 1/

Year beginning August 1	August 1		September 1		October 1		November 1		December 1		January 1		Final production 1,000 bales
	1,000 bales	% of final	1,000 bales	% of final	1,000 bales	% of final	1,000 bales	% of final	1,000 bales	% of final	1,000 bales	% of final	
1955	12,728	86.5	12,873	87.4	13,928	94.6	14,843	100.8	14,663	99.6	-	-	14,721
1956	13,552	101.8	13,115	98.5	13,268	99.7	13,153	98.8	13,303	99.9	-	-	13,310
1957	11,897	108.5	12,713	116.0	12,401	113.1	11,788	107.5	11,010	100.4	-	-	10,964
1958	11,583	100.6	12,105	105.2	11,675	101.4	11,764	102.2	11,581	100.6	-	-	11,512
1959	14,815	101.8	14,678	100.8	14,692	100.9	14,801	101.7	14,701	101.0	-	-	14,558
1960	14,471	101.4	14,581	102.2	14,553	102.0	14,298	100.2	14,309	100.3	-	-	14,272
1961	13,918	97.2	14,263	99.6	14,334	100.1	14,538	101.5	14,304	99.9	-	-	14,318
1962	15,102	101.6	14,687	98.8	14,675	98.7	14,533	97.8	14,723	99.0	-	-	14,867
1963	13,984	91.2	14,310	93.3	14,847	96.8	15,322	99.9	15,548	101.4	-	-	15,334
1964	14,785	97.4	14,945	98.4	15,274	100.6	15,444	101.7	15,356	101.1	-	-	15,182
1965	14,916	99.6	15,134	101.1	15,159	101.2	15,079	100.7	15,059	100.6	-	-	14,973
1966	10,820	113.0	10,992	114.8	10,688	111.6	10,290	107.5	9,627	100.5	-	-	9,575
1967	8,332	111.7	8,185	109.7	8,089	108.5	7,969	106.9	7,618	102.1	-	-	7,458
1968	10,976	100.3	11,197	102.3	11,071	101.1	10,912	99.7	10,822	98.8	-	-	10,948
1969	11,779	117.7	11,088	110.8	10,528	105.2	10,036	100.3	10,080	100.7	-	-	10,008
1970	11,079	108.8	10,752	105.6	10,618	104.3	10,429	102.4	10,270	100.8	-	-	10,184
1971	10,932	104.4	10,952	104.6	10,701	102.2	10,719	102.3	10,557	100.8	10,548	100.7	10,477
1972	13,343	97.4	13,582	99.1	13,670	99.8	13,955	101.8	13,469	98.3	13,567	99.0	13,704
1973	12,740	98.2	12,939	99.7	13,123	101.2	13,189	101.7	13,067	100.7	12,961	99.9	12,974
1974	12,758	110.6	13,200	114.4	12,813	111.0	12,053	104.4	11,878	102.9	11,702	101.4	11,540
1975	9,416	113.4	9,309	112.1	9,059	109.1	9,034	108.8	8,476	102.1	8,327	100.3	8,302
1976	10,730	101.4	10,375	98.1	10,251	96.9	9,891	93.5	10,264	97.0	10,557	99.8	10,581
1977	13,535	94.1	13,202	91.8	13,317	92.5	13,832	96.1	14,386	100.0	14,496	100.7	14,389
1978	11,820	108.9	11,155	102.8	10,873	100.2	10,981	101.2	10,694	98.5	10,841	99.9	10,856
1979	13,710	93.7	14,245	97.4	14,356	98.1	14,544	99.4	14,527	99.3	14,873	101.7	14,629
1980	12,812	115.2	11,689	105.1	11,589	104.2	11,224	100.9	10,938	98.3	11,125	100.0	11,122
1981	14,789	94.5	15,507	99.1	15,476	98.9	15,560	99.5	15,570	99.5	15,733	100.6	15,646
1982	11,143	93.1	11,029	92.2	11,365	95.0	11,947	99.9	12,102	101.2	12,019	100.5	11,963
1983	7,810	100.5	7,776	100.1	7,550	97.2	7,497	96.5	7,619	98.0	7,725	99.4	7,771
1984	12,569		13,276		13,272								

1/ Bales of 480 pounds net weight. Cotton production figures prior to 1971 are for 500 pound gross weight bales.

Compiled from reports of the Crop Reporting Board, Statistical Reporting Service, USDA.

In Thailand, the Minister of Finance recently increased the import duty on cotton by 500 percent, according to the Foreign Agricultural Service, USDA. Prior to this announcement, cotton was taxed at a rate of less than 1 U. S. cent per pound. The new duty has increased the rate to about 3.6 cents. At current cotton prices, the duty has been raised from approximately 1 percent to 5 percent of the value. The measure was part of a larger resolution to increase import duties and appears to be directed toward generating income for the government.

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. 18	66.37	67.92	69.32	70.15	69.90	69.90	61.05	73.95
19	67.22	68.75	70.05	71.05	70.00	70.00	61.75	73.95
22	69.22	70.75	72.05	72.67	71.00	71.05	63.47	74.15
23	68.85	70.07	71.45	72.25	70.49	70.60	63.38	75.25
24	68.37	69.72	70.85	71.86	70.30	70.25	62.99	75.15
25	68.11	69.45	70.45	71.60	70.50	70.50	62.70	75.15

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 20		Through October 18	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,972,800	-	3,298,000
Exports	53,200	867,300	47,400	869,700
Total export commitments	-	3,840,100	-	4,167,700
New sales	90,000	-	88,000	-
Buy-backs and cancellations	1,700	-	6,100	-
Net sales	88,300	-	81,900	-
Sales next marketing year	-	46,400	1,300	33,800

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

Upland cotton export sales totaled 81,900 running bales during the week ended October 18, according to the Foreign Agricultural Service, USDA. This was up 56 percent from the previous week. The primary buyers were Japan with 38,500 bales and South Korea 18,200 bales. Weekly exports totaled 47,400 bales. This was the lowest level since October 1982 and was 15 percent below the previous week and 19 percent below the four-week average. Asian destinations accounted for 72 percent of the week's shipments, Western Europe 16 percent and Western Hemisphere 12 percent.