

TEXAS TECH

Dept of Ag Econ
Ref. Room

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
2841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-521-2934



Weekly Cotton Market Review

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Spot cotton prices averaged higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Supplies increased. Trading was most active in the southern states. Merchant demand was fairly good for selected qualities. Domestic and foreign mill buying was slow. Harvesting was interrupted by light to heavy rains in the southern states but made good progress in most other localities. Cotton ginned in the United States prior to October 15 totaled 4,331,313 running bales. Although the September daily rate of domestic mill consumption was down from the previous month, consumption for the first two months this marketing year was the largest since 1978. End-of-September stocks at mills were the smallest since 1924.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 56.43 cents per pound during the week ended Thursday, October 31. Prices ranged from a low of 56.07 cents on Friday to a high of 56.77 cents on Monday and ended the week at 56.64 cents. A week earlier, prices averaged 55.79 cents per pound and ranged from 55.47 to 56.07 cents. In the corresponding week a year ago, the average price was 61.86 cents. The New York December 1985 futures settlement price ended the week on Thursday at 61.77 cents per pound compared with 60.37 cents a week earlier. The October 1986 settlement price was 53.60 cents against 52.70 cents a week ago.

Trading on spot cotton markets was most active in the southern states. Supplies continued to increase. Merchants bought selectively. Demand was best for lower grades and offerings traded readily at prices above loan rates. Most trading was cotton ineligible for the CCC loan program but some growers in compliance with the program were offering these qualities. Cotton in higher grades was being placed into the loan as most growers were not willing to accept prices offered. Domestic mills continued to keep stocks as low as possible and bought only as needed. Export trading was virtually inactive. Purchases reported by cotton exchanges in the designated markets totaled 70,000 bales in the week ended Thursday, October 31. This compares with 72,000 bales reported a week earlier and 91,500 bales in the corresponding week last season.

Textile mill report. Domestic mills bought selectively and only as needed. Purchases were of Memphis, San Joaquin, Eastern and a light volume of west Texas growths. Interest improved for the medium and lower grades with high breaking strengths, primarily southeastern growths. A number of mills have reportedly increased the use of cotton. Most textile sales remained fairly steady with slight improvements noted in printcloth and some industrials. A few mills report inquiries and new orders extending into the first quarter of next year. All-cotton knitting yarn, denim, twills, drills and a number of household products continue to sell readily, raising expectations that current market conditions may be sustained into early next year. Mills continue to express concern at only marginal profits from current sales of goods. Work schedules remain mostly at five days per week with a few plants operating six and seven.

CCC loan entries of upland cotton from the 1985 crop totaled 720,768 running bales through October 23, according to the Agricultural Stabilization and Conservation Service, USDA. Repayments had been made on 587 bales. Loans were outstanding on 720,181 bales, of which, 488,876 were Form A (producer) and 231,305 were Form G (cooperative) loans. Loans remained outstanding on 1,255,594 bales of the 1984 upland crop, 1,306 bales of 1983 crop and 800 bales of 1982 crop.

Domestic mill consumption of cotton averaged 22,400 running bales per day in the five weeks ended September 28, according to the Bureau of the Census. This was down from 22,900 bales used per day a month earlier but was up from 20,400 bales in September last season. Domestic mills consumed 560,400 bales in September, bringing consumption for the first two months this season (nine weeks) to 1,018,600 bales. This was the largest August-September consumption since 1978 and was up from 937,600 bales used through September last year.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 159.3 million pounds (about 331,800 bales of 480 pounds) in the five weeks ended September 28, according to the Bureau of the Census. This brought consumption for the first nine weeks (August-September) this season to 285.8 million pounds (about 595,300 bales). August-September consumption last season (nine weeks) totaled 293.5 million pounds (about 611,400 bales).

Stocks of cotton at mills totaled 630,000 running bales on September 28, according to the Bureau of the Census. This was the smallest end-of-September stocks at mills since 1924 and compares with 685,200 bales a month earlier and 644,700 bales at the end of September last year. At the September daily rate of consumption, mill stocks were equivalent to five and one-half weeks' supply. Cotton in public storage totaled 3,726,000 running bales on September 28 and compares with 2,825,600 bales a month earlier and 1,432,100 bales at the end of September 1984.

The average net weight per bale of 1985-crop cotton ginned in the United States prior to October 1 was 493.2 pounds. This weight was calculated from state average bale weights and ginnings released by the Bureau of the Census. To convert 1985-crop running bales to 480 pound net weight bales, multiply by 1.03. To convert 480 pound net weight bales to running bales, multiply by 0.97.

Average net weight per bale of cotton ginned prior to October 1,
by specified states, crops of 1982 to 1985

State	Crop year			
	1985	1984	1983	1982
	Pounds	Pounds	Pounds	Pounds
Alabama	515.6	509.4	498.0	505.3
Arkansas	492.4	500.8	488.1	498.4
Georgia	504.3	506.1	505.7	514.0
Louisiana	489.0	490.3	490.8	496.8
Mississippi	492.6	494.7	496.9	496.0
Missouri	487.9	498.9	489.3	492.5
North Carolina	490.8	484.0	488.5	515.8
South Carolina	510.7	504.9	494.6	513.6
Tennessee	497.0	507.3	499.6	502.9
Texas	491.8	493.8	490.7	490.0

Source: Bureau of the Census

All cotton: Domestic mill consumption and stocks, running bales, by months and seasons, 1981-1985

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>												
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	428	509*	415	377	407*	387	406	504*	407	426	522*	369	5,268
1985 3/	458	560*											
	<u>Mill consumption per day</u>												
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	21.4	20.4	20.8	18.8	16.3	19.3	20.3	20.2	20.3	21.3	20.9	18.5	20.3
1985 3/	22.9	22.4											
	<u>Stocks in consuming establishments 2/</u>												
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	715	645	542	560	683	812	875	815	796	804	734	733	-
1985 3/	685	630											
	<u>Stocks in public storage 2/</u>												
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	1,491	1,432	3,386	6,321	7,551	7,529	6,541	5,648	4,806	4,008	3,570	2,930	-
1985 3/	2,826	3,726											

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.

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							Grade 31 Staple 35 'A' Index 1/
	Futures Settlement						Desig. 8-Mkt. Avg.	
	Dec '85	Mar '86	May '86	Jul '86	Oct '86	Dec '86		
Oct. 24	60.37	60.67	61.08	58.52	52.70	51.40	56.07	48.35
25	60.38	60.70	61.02	58.75	52.67	51.25	56.07	48.35
28	61.23	61.62	61.64	59.05	52.80	51.35	56.77	48.35
29	61.17	61.60	61.71	59.23	53.18	51.85	56.48	48.40
30	60.84	61.27	61.60	59.15	53.33	52.13	56.17	48.25
31	61.77	62.15	62.34	59.45	53.60	52.25	56.64	48.15

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						Desig. 5-Mkt. Average 1/
	Futures Settlement						
	Dec '85	Mar '86	May '86	Jul '86	Oct '86		
Oct. 24	54.50	54.50	-	-	-	-	51.10
25	54.50	54.50	-	-	-	-	51.11
28	55.00	55.25	-	-	-	-	51.67
29	55.00	55.25	-	-	-	-	51.53
30	55.05	55.30	-	-	-	-	51.23
31	55.05	55.30	-	-	-	-	51.59

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 25		Through October 24	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,267,000	-	869,800
Exports	78,600	947,900	45,800	497,100
Total export commitments	-	4,214,900	-	1,366,900
New sales	58,500	-	16,400	-
Buy-backs and cancellations	10,900	-	4,600	-
Net sales	47,600	-	11,800	-
Sales next marketing year	-	33,800	-	13,100

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

Upland cotton export sales during the week ended October 24 resulted in a net increase of 11,800 running bales, according to the Foreign Agricultural Service, USDA. Major buyers were South Korea with 5,700 bales, Japan 2,700, Ireland 1,800 and Norway 1,200 bales. Exports for the week totaled 45,800 bales, up from the previous week. Asian destinations accounted for 59 percent of the week's shipments, West European 21 percent, Western Hemisphere 9 percent and Africa 7 percent.