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Dept of Ag Eco

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## Weekly Cotton Market Review

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Spot cotton prices were at the lowest level in over 20 months, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was slow. New-crop supplies were light but were increasing. Merchant demand was best for cotton that could be delivered immediately. Domestic mill buying was slow. Export trading was less active. Growers had forward contracted about 24 percent of the 1984 crop through the end of September. Harvesting was gaining momentum in most areas of the Cotton Belt. The interest rate for CCC loans disbursed in October will be 11.75 percent. August exports increased from a month earlier.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 60.12 cents per pound during the week ended Thursday, October 4. Prices ranged from a high of 60.45 cents on Friday to a low of 59.53 cents on Thursday. Thursday's average price was the lowest since January 5, 1983. A week earlier, prices averaged 61.00 cents per pound and ranged from 60.76 to 61.39 cents. In the corresponding week a year ago, the average price was 70.57 cents. The New York December futures settlement price ended the week on Thursday at 64.41 cents per pound compared with 65.42 cents a week earlier. The October 1985 settlement price was 69.20 cents against 69.60 cents last Thursday.

Trading was slow on most spot cotton markets. Supplies were light but increased as harvesting expanded. Merchant demand was best for cotton that could be delivered in early October to fill pressing commitments. Domestic mill stocks were mostly adequate for current needs and buying was slow. Export trading was less active. Limited purchases were made by both European and Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 29,600 bales in the week ended Thursday, October 4. This compares with 35,400 bales reported a week earlier and 104,700 bales in the corresponding week last season.

Textile mill report. Mill buying was light. Purchases consisted of small quantities over a wide range of grades. Most mills have enough cotton bought to cover current production rates until early in the first quarter. With textile sales in the doldrums and a large cotton crop in prospect, there seems to be little buying urgency. Mills report a business slump covering a fairly wide range of products. Apparel goods, household products and yarn sales continue to move slowly. Selected industrials, a few heavier yarns and most automotive products traded fairly readily. Although most mills continue to fill orders already booked, new business remained noticeably slower. Where business slowed and inventories were building, mills curtailed production and shortened workweeks.

Cotton ginned prior to September 15 totaled 750,739 running bales, according to the Bureau of the Census. This compares with 396,741 bales ginned through the same period last season and 578,310 bales two years ago. Texas accounted for almost 99 percent of the total with 742,678 bales ginned through mid September this season.



Prices received by farmers for upland cotton during calendar year 1984 remained below the target price of 81.00 cents per pound. The monthly average farm price was 67.00 cents in mid September and 67.20 cents for the entire month of August, according to the Statistical Reporting Service, USDA. If the weighted average price received by farmers during the calendar year is below the target price, deficiency payments will be made to growers participating in the cotton program. In September 1983, the average farm price was 63.10 cents per pound. These prices include cotton delivered against forward contracts.

Exports of cotton from the United States totaled 451,900 running bales in August, according to the Bureau of the Census. This was up 24 percent from 365,500 bales shipped a month earlier and was the largest August shipments since 1979. Exports in August 1983 totaled 367,200 bales and two years ago 341,600 bales.

Contracting 1984 crop. United States upland cotton growers had forward contracted about 24 percent of their crop by the end of September. This was the largest percentage booked by the end of September since the 1980 crop and was up from 16 percent a year earlier and 12 percent two years ago. Growers in southeastern states had contracted 32 percent of their crop this season, up from 25 percent last year. South central states' growers had booked 31 percent against 25 percent in 1983. In the western states, growers had contracted 22 percent, down from 26 percent the previous year. Growers in southwestern states had booked 19 percent, up from 6 percent a year earlier. American Pima cotton growers had forward contracted about 20 percent of their acreage by the end of September; 24 percent in Arizona, 23 percent in New Mexico and 7 percent in Texas. These estimates were based on the Crop Reporting Board's September acreage for harvest report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Forward contracting of upland cotton by growers, as of October 1, crops of 1975-1984 and acres for harvest, 1984 crop <sup>1/</sup>

State	Cotton crops										Acres for harvest <sup>2/</sup> 1,000 acres
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
Alabama <sup>3/</sup>	3	68	9	15	13	31	7	13	24	26	312
Georgia	1	33	1	*	9	12	11	4	6	29	195
North Carolina	-	38	16	23	12	42	5	15	28	36	94
South Carolina	15	42	18	29	22	55	22	36	62	53	105
Southeastern states	4	52	9	15	14	32	10	15	25	32	706
Arkansas	16	82	17	34	23	53	15	18	24	40	430
Louisiana	2	72	7	27	17	41	8	18	21	23	645
Mississippi	15	67	27	45	50	80	27	23	25	28	1,140
Missouri	10	84	24	41	34	78	25	23	38	53	160
Tennessee	1	65	2	9	13	41	8	22	33	37	310
South central states	12	73	19	35	33	62	18	21	25	31	2,685
Oklahoma	-	19	19	26	18	4	2	1	-	18	345
Texas	*	24	19	10	13	21	7	4	7	19	4,600
Southwestern states	*	23	19	11	14	20	7	4	6	19	4,945
Arizona	23	62	49	34	30	45	7	20	18	11	477
California	33	73	30	38	26	40	10	15	30	27	1,400
New Mexico	-	45	18	12	10	7	1	*	-	1	72
Western states	28	69	34	35	26	40	9	16	26	22	1,949
United States	8	49	21	21	20	33	10	12	16	24	10,285

<sup>1/</sup> Contracting estimates do not include cotton consigned to marketing organizations but does include cotton contracted with marketing organizations.

<sup>2/</sup> September 1984, Crop Reporting Board, Statistical Reporting Service, USDA.

<sup>3/</sup> Includes Florida, 1984 crop.

\* Less than 0.5 percent.



Exports of cotton from the United States, running bales,  
by months and seasons, 1945-1984

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season 1/
	1,000 bales												
1945	188	244	195	297	215	293	250	319	318	457	410	367	3,553
1946	413	242	104	455	361	290	385	383	275	249	303	84	3,544
1947	37	124	133	165	230	214	163	261	155	205	133	149	1,968
1948	115	171	246	428	522	403	497	582	590	464	508	221	4,747
1949	168	211	415	434	657	530	655	686	469	539	741	267	5,771
1950	356	373	284	372	449	317	429	354	471	371	204	129	4,108
1951	146	356	587	805	980	676	588	419	334	316	264	48	5,519
1952	107	241	296	337	466	292	259	246	208	261	220	115	3,048
1953	193	200	217	243	375	297	385	430	422	336	435	228	3,761
1954	190	199	351	390	497	334	307	369	240	231	281	59	3,447
1955	60	116	192	137	159	78	99	294	362	344	238	135	2,215
1956	423	505	598	538	939	791	809	787	603	662	525	418	7,598
1957	336	379	484	526	609	517	449	480	501	535	434	468	5,717
1958	209	212	181	314	298	222	211	284	245	248	236	129	2,789
1959	98	230	392	651	726	1,109	839	767	669	524	502	675	7,182
1960	113	193	439	720	981	976	845	841	585	387	248	304	6,632
1961	644	322	301	402	537	381	381	392	302	361	425	465	4,913
1962	139	163	157	298	383	211	522	440	299	310	244	183	3,351
1963	274	361	386	501	628	587	570	490	400	381	388	697	5,662
1964	120	184	290	388	747	244	181	584	407	251	398	266	4,060
1965	117	226	304	370	447	278	254	236	177	214	176	142	2,942
1966	341	348	306	518	607	458	458	401	288	416	299	228	4,669
1967	244	277	275	298	331	474	447	436	406	383	277	357	4,206
1968	213	262	152	185	276	55	55	130	568	363	194	278	2,731
1969	147	141	167	123	176	382	325	246	308	299	269	186	2,768
1970	84	89	180	251	362	439	455	562	467	327	307	213	3,737
1971	162	310	195	272	417	337	402	437	275	163	147	110	3,229
1972	58	82	191	352	534	654	528	677	607	437	500	381	5,000
1973	329	266	259	257	592	545	598	778	638	561	496	426	5,746
1974	261	125	120	272	350	409	380	346	371	364	392	356	3,746
1975	325	258	226	176	237	214	141	381	302	327	315	276	3,178
1976	274	342	217	265	376	354	509	536	548	400	462	282	4,565
1977	181	200	149	333	496	521	502	704	640	510	528	456	5,219
1978	524	388	283	355	464	517	577	574	602	542	614	410	5,850
1979	463	428	390	630	902	737	1,025	1,150	916	911	686	540	8,779
1980	402	393	237	436	541	669	688	733	498	458	320	264	5,639
1981	233	211	262	478	732	653	754	873	676	484	498	396	6,263
1982	342	351	293	382	377	438	368	487	612	464	435	409	4,961
1983	367	322	261	441	632	663	719	896	723	607	422	365	6,419
1984 2/	452												

1/ 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/ Preliminary.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1983-1984

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1983	1984		1983	1984		1983	1984
	Cents	Cents		Cents	Cents		Cents	Cents
January	57.00	62.70	June	62.60	69.50	November	66.80	
February	57.70	65.70	July	67.10	68.20	December	67.30	
March	62.20	70.50	August	67.00	67.20			
April	60.40	68.10	September	63.10	67.00 <sup>1/</sup>	Calendar year avg.	63.90	
May	63.60	73.60	October	64.00				

<sup>1/</sup> Mid-month price.

Source: Statistical Reporting Service, USDA

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 <sup>1/</sup>
	Futures Settlement							
	Oct '84	Dec '84	Mar '85	May '85	Jul '85			
Sept. 27	64.85	65.42	67.30	68.25	69.35	61.04	73.25	
28	64.50	64.72	66.57	68.00	68.98	60.45	73.00	
Oct. 1	64.35	64.51	66.33	67.60	68.65	60.30	72.80	
2	64.61	64.54	66.40	67.62	68.73	60.29	72.80	
3	64.58	64.72	66.62	67.70	68.80	60.05	72.60	
4	63.90	64.41	66.40	67.65	68.80	59.53	72.65	

<sup>1/</sup> 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 September 29	Through September 27	Through September 27	Through September 27
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,876,400		
Exports	73,100	696,900		
Total export commitments	-	3,573,300		
New sales	149,900	-		DATA NOT AVAILABLE
Buy-backs and cancellations	13,500	-		
Net sales	136,400	-		
Sales next marketing year	5,900	45,300		

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