

# UNITED STATES DEPARTMENT OF AGRICULTURE

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## Weekly Cotton Market Review

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Spot cotton quotations for grade 41 staple 34, mike 35-49, in the designated markets averaged 73.36 cents per pound during the week ending Friday, September 7, according to the Cotton Division, Agricultural Marketing Service, USDA. Quotations averaged 161 points lower than the previous week. Daily average quotations ranged from a high of 74.45 cents on Wednesday, September 5, to a low of 71.83 cents on Friday, September 7. Spot cotton quotations averaged 74.97 cents a week earlier and 68.35 cents in the corresponding week a year ago. The New York October 1990 futures settlement price closed on Friday at 73.66 cents compared with 73.83 cents a week earlier. The December settlement price was 72.94 cents against 72.19 cents the previous week. Spot transactions reported in the designated markets totaled 13,254 bales during the week ended Friday, September 7. This compares with 15,497 bales the previous week and 20,420 bales in the corresponding week last season.

Southeastern markets. Spot cotton trading was extremely light. Only a limited volume of 1990-crop cotton has been ginned, and old-crop cotton supplies have been deleted. A light volume of 1990-crop cotton was contracted. Prices ranged from 150 to 300 points off NY December futures in North Carolina and Georgia and from 350 to 450 points off in Alabama. Much of the crop has been defoliated. Harvesting was becoming general in a few localities and was beginning in numerous others.

South central markets. Trading slowed. A light volume of new-crop cotton was beginning to reach trade channels in Louisiana, but elsewhere supplies of old and new crop cotton were extremely light. A light volume of 1990-crop cotton traded with grade 41 staples 34 and longer, moving at prices averaging around 350 points off NY October futures. Domestic mill buying was light. A few mill began to inquire about cotton bought earlier in the year as shortages began to appear in stocks. Export trading was light and primarily with Far Eastern mills for last quarter 1990 shipment. Inquiries for mostly high grades were received from both Far Eastern and European mills. Forward contracting of 1990-crop cotton was less active. Bale contracts were signed at 500 to 550 points off NY December futures and acreage contracts at around 600 points off, basis grade 41 staple 34, mike 35-49. A small volume of 1991-crop cotton was forward contracted at about 500 to 550 points off NY December 1991 futures. Harvesting expanded rapidly in Louisiana and Mississippi. Limited harvesting was underway in other delta states. Area weather continued hot and dry.

Southwestern markets. Trading activity centered on the south Texas crop. Merchants accepted delivery of contracted cotton and were paying 1,100 to 1,700 points above CCC loan rates for mixed lots of free cotton. Demand was weak for cotton stapling 30 and shorter, for 50 and higher miking cotton, and for cotton with strength of 23 grams per tex and below. Cotton with strength below 24 grams per tex was discounted two to four cents per pound. Merchants contracted a limited volume of 1991-crop south Texas cotton at 65.00 to 67.00 cents for grade 41 staple 34, mike 35-49. Very little Plains area spot cotton traded during the week as supplies were very limited. A light to moderate volume of Plains 1990-crop was contracted at 1,600 to 1,800 points above CCC loan rates. The cotton crop continued to make good progress as weather conditions remained ideal.



Western markets. Spot trading was inactive. Grower and merchant supplies were very light. Growers in the Desert Southwest offered a small volume of cotton, but rejected all bids. Domestic and Far Eastern mills purchased small amounts of grade 41 from the San Joaquin Valley for prompt shipment. San Joaquin Valley growers forward contracted a small acreage of 1990-crop at 80 to 80.50 cents, basis grade 31 staple 35, and a small acreage of 1991-crop at 75 cents per pound. The cotton crop was progressing satisfactorily in spite of some insect infestations. Demand remained good for American Pima. Trading was limited to a few small lots of grade 4 mike 30 to 32, with a high percentage of grade reductions at 85 to 90 cents per pound. Domestic mills purchased a moderate to heavy volume of 1990-crop for fourth quarter to mid 1991 shipment. Arizona growers forward contracted a light volume of 1990-crop at \$1.18 and \$1.20 per pound, basis grade 3.

Textile mill report. Domestic mill inquiries for nearby through July 1991 deliveries increased, but purchases were very light. Interest centered on central and southeastern growths, but western growths attracted some attention. Mill business remained fairly good for most products. Athletic wear, most knits, and plied yarns continued to be best sellers, while ring spun yarn, lightweight blended apparel fabric, and household goods were the slower sellers.

Lower mill use and exports expected this season, but no stock improvement. Based on August 1 crop conditions, 1990 U.S. cotton production is estimated at 14.9 million bales, up from 12.2 million in 1989. Planted acreage has increased 16 percent to 12.3 million acres, reflecting this season's smaller acreage reduction program. The average cotton yield is forecast at 622 pounds per harvested acre, up 8 pounds from last year and near the previous five year average. Yields in the southeast, particularly in Georgia and the Carolinas, are expected to decline this season due to adverse weather.

U.S. mill use of cotton in 1990-91 is estimated at 8.0 million bales, down from last season's high level. Higher cotton prices, lower man-made fiber prices, exchange rates favoring increased cotton textile imports, and smaller cotton supply are expected to weigh on cotton use this season.

U.S. cotton export sales (including rollover) for delivery during 1990-91 reached 3.3 million bales by the start of the current season. Despite the relatively high sales, exports during 1990-91 are expected to decline to 7 million bales from 7.8 million last season. A smaller total supply in 1990-91, competition for supplies from domestic mills, and an increase in foreign production are expected to restrict U.S. export potential. The U.S. share of global cotton trade in 1990-91 is projected at 29 percent, down from 33 percent in 1989-90.

Projections of U.S. production, mill use, and exports in 1990-91 indicate a close balance between production and off-take, with little prospect of stock replenishment. Ending stocks in 1990-91 are projected at a low 2.9 million bales, the same as in 1989-90. The ending stocks-to-use ratio could increase slightly to .19 at the end of the current season from a low .18 last season.

For the 1989-90 marketing year, both U.S. and world cotton prices outpaced those of the previous season. The U.S. spot price for base quality cotton averaged near 70 cents per pound--12 cents above last season's average. Likewise, the adjusted world price for the 1989-90 season averaged 65 cents per pound compared with 52 cents in 1988-89. The U.S. was competitive in the world market as U.S. quotes on the Northern European market contained in the A and B Indexes for almost the entire 1989-90 season.

World cotton production is projected to rise 9 percent over last season to nearly 87 million bales in 1990-91. Foreign cotton production in 1990-91 is estimated at nearly 72 million bales, the second highest ever. Production gains are expected to result from improved yields, which are projected to rebound from last season, and a slight increase in area. Among major foreign exporters, China outturn is projected at 21 million bales (21 percent above last season), Pakistan at 6.9 million (up 3 percent), and Soviet Union at 11.5 million (down 6 percent).



Despite larger foreign outturn, stocks-to-use ratios are expected to reach record lows as foreign consumption expands to an estimated record 79 million bales. Pakistan is expected to consume 5.3 million bales in 1990-91, up over 9 percent from last season, while China is predicted to consume 20.5 million (up 2.5 percent) and the Soviet Union 9.2 million (unchanged from last season).

A projected increase in foreign cotton exports to 17.3 million bales is expected to further reduce stocks. Based on forecasts of foreign production, consumption and exports, 1990-91 foreign ending stocks are likely to decline to 20.5 million bales from 21.4 million a year earlier. Foreign ending stocks-to-use ratios are expected to fall to .26 in 1990-91 from .27 in 1989-90.

Raw wool mill consumption in 1989 was 127 million pounds, clean, 4 percent below the previous year. Most of the decline occurred in the worsted system, which experienced a decline in top exports and considerable consumer resistance to higher priced apparel containing worsted yarns. Woolen system apparel tends to be lower priced. Carpet mills took 14 million pounds, 2 percent below the average of the previous two years. Raw wool mill use in second-quarter 1990 was 33.7 million pounds, down slightly from both the first quarter and a year earlier.

Exports of all cotton from the United States, running bales,  
by months and season, 1975-1989 1/

Season	:	:	:	:	:	:	:	:	:	:	:	:	:	:
beginning	: Aug.:	Sept.:	Oct.:	Nov.:	Dec.:	Jan.:	Feb.:	Mar.:	Apr.:	May	:June:	July:	Season	:
August 1	:	:	:	:	:	:	:	:	:	:	:	:	2/	:
<u>1,000 bales</u>														
1975	329	208	268	146	199	258	203	341	351	307	276	363	3,178	
1976	260	385	161	217	444	352	508	666	453	445	520	250	4,565	
1977	170	223	130	294	550	436	494	827	621	464	662	533	5,219	
1978	528	360	307	378	470	496	552	699	588	620	547	493	5,850	
1979	455	403	380	652	876	921	1,033	1,087	803	987	865	456	8,779	
1980	403	461	195	422	674	660	608	792	438	404	402	222	5,639	
1981	233	198	211	545	698	669	756	793	765	450	560	386	6,263	
1982	348	304	248	442	357	472	355	435	557	511	381	467	4,961	
1983	369	329	308	438	566	821	737	783	839	494	429	370	6,419	
1984	454	249	340	472	712	755	705	692	556	435	59	299	5,943	
1985	166	218	180	198	236	189	202	206	125	69	68	19	1,875	
1986	374	496	489	525	664	591	518	750	500	465	554	439	6,366	
1987	355	304	316	612	536	698	879	649	565	537	486	359	6,297	
1988	248	173	292	352	524	756	514	597	575	795	515	649	5,987	
1989 3/	431	384	507	469	516	909	840	882	818	495	510	535	7,295	

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

2/ 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.

3/ Preliminary.

Source: Foreign Agricultural Service, USDA



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				
	Aug. 10-16	Aug. 17-23	Aug. 24-30	Aug. 31- Sept. 6	Sept. 7-13
Adjusted world price	66.31	64.82	64.24	66.01	65.94
Course count adjustment	0	0	0	0	0

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 : Staple 35	Coarse Count
	Futures Settlement						
	Oct '90	Dec '90	Mar '91	May '91	Jul '91	: 7 Mkt. : Average: 'A' Index 1/	: 'B' Index 1/
Sept. 3	HOLIDAY					81.40	78.00
4	73.63	72.84	73.95	74.70	74.70	74.20	81.40
5	73.98	73.16	74.39	75.05	75.05	74.45	81.60
6	73.48	72.71	73.83	74.55	74.45	72.95	81.40
7	73.66	72.94	74.25	74.88	75.00	71.83	81.30

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 August 31		Through August 30	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,526,500	-	3,149,800
Exports	76,100	421,600	133,100	448,600
Total export commitments	-	2,948,100	-	3,598,400
New sales	203,300	-	108,800	-
Buy-backs and cancellations	13,000	-	19,200	-
Net sales	190,300	-	89,600	-
Sales next marketing year	28,000	91,500	0	37,900

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

NOTE: Data may not add due to rounding.

Upland cotton export sales. Net sales of 89,600 running bales during the week ending August 30, were down 43 percent from the previous week, according to the Foreign Agricultural Service, USDA. The major buyers were Brazil with purchases of 23,100 bales, Turkey 16,400, Bangladesh 12,900 and Japan 11,200 bales. Cancellations of 8,800 bales were reported for Iraq. Shipments of 133,100 bales were 31 percent above the prior week. Asian destinations accounted for 92 percent of the week's exports; West European 5 percent and Western Hemisphere 3 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

September 7, 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
69.61	68.51	65.51	66.01	68.41	67.41	61.91	62.91	33	68.61	67.41	61.66	63.16	72.66	72.66	69.91	69.91
71.66	71.16	68.16	68.66	71.16	70.16	64.41	65.41	34	71.11	70.16	64.41	65.91	76.66	76.66	73.91	73.91
71.91	71.41	68.41	68.91	71.26	70.41	64.51	65.51	35	71.21	70.26	64.51	66.01	76.76	76.76	74.01	74.01
72.06	71.56	68.56	69.06	71.36	70.51	64.61	65.61	36	71.31	70.36	64.61	66.11	76.76	76.76	74.01	74.01

EAST TEXAS-OKLAHOMA				WEST TEXAS				SAN JOAQUIN VALLEY				
Grade				Grade				Grade				
31	41	32	42	31	41	32	42	Staple	21	31	41	51
59.40	59.25	59.05	58.05	61.80	59.70	59.75	58.60	29	-	-	-	-
60.15	60.00	59.80	58.60	63.05	60.95	61.20	61.15	30	-	-	-	-
64.90	64.75	64.55	64.35	67.15	64.95	65.15	65.00	31	-	-	-	-
67.05	66.75	66.55	66.10	69.20	66.70	67.15	66.90	32	-	-	-	-
68.60	68.20	67.50	67.25	70.75	68.70	68.70	68.30	33	-	-	-	-
70.35	70.00	69.30	68.05	72.30	70.00	70.00	68.60	34	79.41	79.16	77.41	73.91
70.65	70.25	69.55	68.35	72.60	70.25	70.25	68.90	35	81.16	80.91	79.16	74.91
70.75	70.35	69.65	68.35	72.70	70.35	70.35	68.90	36	81.26	81.01	79.26	74.91
70.75	70.35	69.65	68.35	72.70	70.35	70.35	68.90	37	81.36	81.11	79.36	74.91

MIKE DIFFERENCES - POINTS PER POUND

SOUTH-EAST	NORTH DELTA	SOUTH DELTA	EAST TX-OK	MIKE RANGES	WEST TEXAS	DESERT SW	SJV	AVG
-1250	-1685	-	-1700	26 & Below	-1700	-2100	-	-1687
-800	-1175	-1175	-700	27-29	-700	-1400	-1500	-1064
-500	-680	-680	-450	30-32	-450	-800	-950	-644
-250	-420	-420	-150	33-34	-150	-350	-350	-299
0	0	0	0	35-49	0	0	0	0
-200	-345	-345	-450	50-52	-450	-50	-100	-277
-250	-430	-430	-600	53 & Above	-	-100	-	-362

SPOT QUOTATIONS - AMERICAN PIMA

Staple	Grade	Grade	Grade	Grade	Grade	Grade	Grade	Mike ranges	Points per pound
	01	02	03	04	05	06			
								26 & Below	-3100
								27-29	-2275
44	115.75	115.50	114.50	105.50	82.50	71.00		30-32	-1200
								33-34	-300
46	116.25	116.00	115.00	106.00	82.50	71.00		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	68.00	64.75	68.00	65.25	-	-	-
-	-	-	-	-	-	-	-	30	69.75	67.25	69.75	67.75	-	-	-
-	-	-	-	-	-	-	-	31	71.25	68.50	71.25	69.00	-	-	-
-	-	-	-	-	-	-	-	32	72.75	69.50	72.75	70.00	-	-	-
77.00	76.25	75.00	76.25	77.50	76.75	75.25	76.50	33	75.75	70.75	74.75	71.25	-	-	-
78.00	77.00	76.00	77.25	78.50	77.50	76.25	77.50	34	77.00	72.50	77.00	73.00	87.00	85.75	81.25
78.50	77.75	76.50	77.25	79.00	78.25	76.75	77.50	35	-	-	-	-	88.50	87.25	82.50
-	-	-	-	-	-	-	-	36	-	-	-	-	88.75	87.50	82.50