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Weekly Cotton Market Review

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Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. The average price of spot cotton on Wednesday of 55.95 cents per pound was the lowest since December 21, 1981. Supplies of new-crop cotton were increasing but most offerings were CCC loan ineligible cotton. Most merchants had prompt and nearby needs covered and were not actively seeking cotton. Domestic and foreign mill buying remained slow. Growers forward contracted a light volume of 1985 crop. Cotton was maturing rapidly and harvesting was expanding in many areas of the Cotton Belt.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 56.68 cents per pound during the week ended Thursday, September 19. Prices ranged from a high of 57.67 cents on Monday to a low of 55.95 cents on Wednesday and ended the week at 56.26 cents. A week earlier, prices averaged 56.71 cents per pound and ranged from 56.54 to 56.92 cents. In the corresponding week a year ago, the average price was 60.64 cents. The New York December 1985 futures settlement price ended the week on Thursday at 59.50 cents per pound compared with 58.45 cents a week earlier. The October 1986 settlement price was 54.10 cents against 53.75 cents a week ago.

Trading on spot cotton markets continued slow. Supplies of 1984-crop cotton in desirable qualities have virtually all been committed. Supplies of 1985 crop were increasing as harvesting expanded. Much of the limited trading in new crop was cotton ineligible for the CCC loan and sold at prices below loan rates. Most merchants had prompt and nearby commitments covered and were not actively seeking cotton. Domestic mill buying was light and primarily for fill-ins. Export trading was slow and mostly with European mills. Purchases reported by cotton exchanges in the designated markets totaled 38,700 bales in the week ended Thursday, September 19. This compares with 28,400 bales reported a week earlier and 35,700 bales in the corresponding week last season.

Textile mill report. Mills bought a light to moderate volume, mostly for prompt to nearby shipment. Purchases contained a fairly wide range of qualities, largely from western and far western growths. A small amount of central belt cotton was beginning to move to mills directly from early ginning locations. Mill business remains slow. Textile sales have not shown much improvement but have not worsened. Denim, sportswear, underwear, selected yarns and some household products continued to move readily and mills producing these items were on five to six-day work schedules. Numerous other products were trading intermittently and these mills were arranging workweeks accordingly. Most of the remainder of this year's production was booked at many mills but business for first quarter and later delivery continues sporadic.

Crop progress. In California, some San Joaquin Valley growers began applying defoliants. Most gins expected to begin operating around the first of October. Defoliants were also being applied to some fields in Riverside County. The Arizona crop continued to make good progress. Harvesting was increasing in Yuma County and open bolls were reported in most fields over the remainder of the state. Insects were generally under control. The crop was maturing rapidly in New Mexico. A small

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amount of harvesting was expected soon. In Texas, harvesting was virtually completed in southern portions of the state and most gins have closed for the season. Scattered showers briefly delayed harvesting in central portions of the state. First bales continued to be harvested on the Plains and additional growers began applying harvest-aid chemicals to earlier planted fields. Harvesting increased in Oklahoma and many gins had ginned their first few bales. At least one gin added a second shift. Defoliation increased in Arkansas and the harvest was well under way in southeastern localities and was gradually expanding elsewhere. The Missouri crop made good progress and was maturing rapidly. Harvesting was expected to begin in about a week. Picking and ginning slowly gained momentum in Tennessee. A large acreage had been defoliated and harvesting was expected to gain momentum rapidly. In Mississippi, harvesting expanded rapidly and a number of gins were operating around-the-clock. Some growers were cutting stalks. A sizeable volume of seed cotton has already been moduled for ginning at a later date. Harvesting gathered momentum in Louisiana and some gins were beginning to build up backlogs of seed cotton. Many gins expect to begin night shifts soon. Many Alabama growers completed application of defoliants and plant regulators and harvesting was beginning to expand. A few gins were operating and most were expected to be running by the end of next week. Harvesting was expected to increase rapidly in Georgia. Defoliation was well under way and harvesting was increasing in earlier sections of South Carolina. In later sections and in North Carolina, defoliation was just beginning. Harvesting was expected to be in full swing by early October in both states.

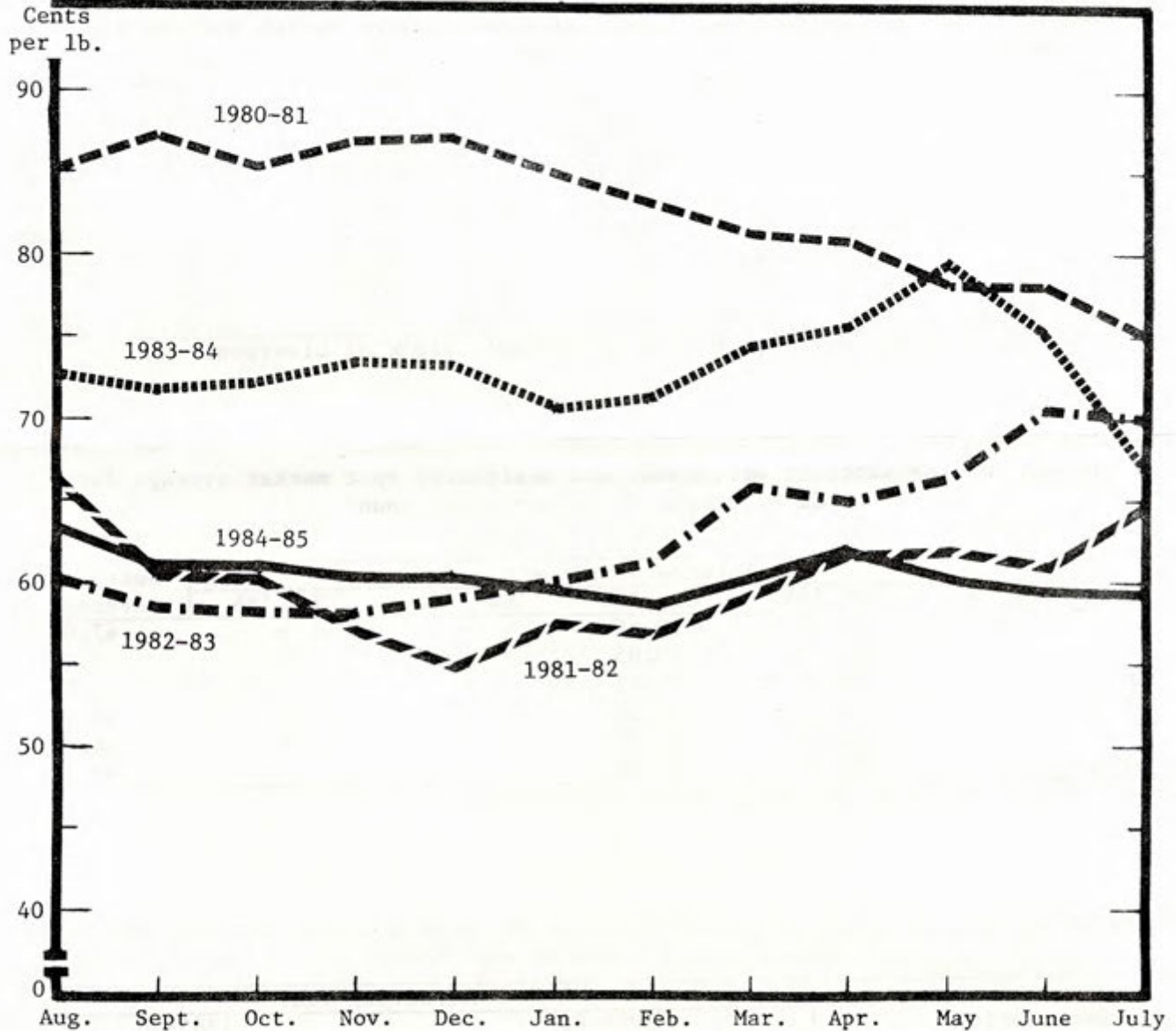
CCC loan entries of 1985-crop cotton totaled 34,900 running bales through August 31, according to the Agricultural Stabilization and Conservation Service, USDA. Entries of Form A (producer) loans amounted to 14,000 bales and Form G (cooperative) loans totaled 20,900 bales. Entries of 1984 crop totaled 2,976,500 bales, repayments had been made on 1,560,400 bales, leaving outstanding loans of 1,414,500 bales. A total of 503,300 bales were Form A and 911,200 were Form G loans. Loans remained outstanding on 5,700 bales of 1983 crop, 6,200 bales of 1982 crop, 39,500 bales of 1981 crop and 200 bales of 1980 crop. A total of 1,600 bales has been forfeited from the 1984 crop, 11,200 from 1983, 799,500 from 1982, 966,500 from 1981 and 40,400 from the 1980 crop.

Seven months and older certificated stock, October 1, 1985 ^{1/}

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	405	842	193	22	1,462
Greenville	4	1	-	-	5
Houston	-	-	-	-	-
Memphis	399	59	9	4	471
Mobile	-	-	-	-	-
New Orleans	-	-	-	-	-
Total	808	902	202	26	1,938

^{1/} Based on Cotton Division records as of September 16, 1985.

SPOT COTTON PRICE TRENDS - GRADE 41 STAPLE 34



Monthly average spot prices for grade 41 staple 34 (SIM 1-1/16") cotton in the designated markets are plotted on the above graph for the past five seasons. In the first five months of the 1980-81 season, monthly average prices were sharply higher, reaching a high of 87.51 cents in September. This was the highest monthly average since USDA began receiving quotation prices from designated markets in 1915. Prices declined steadily the remainder of the marketing year with the low price of 75.08 cents occurring in July. During the 1981-82 season, prices were sharply lower. In August, the average price was 66.44 cents and by December had fallen to 55.11 cents. Prices advanced most months during the remainder of the season, reaching 64.96 cents in July. Monthly prices during the 1982-83 marketing year averaged lower the first four months, then took an upward turn for the next four months, rising sharply in March. Prices declined in April, then rose most months during the remainder of the season. Monthly prices averaged higher during most of the 1983-84 season. In August, the average price was 72.93 cents. Prices declined in September, strengthened in October and November, then declined the next two months. Prices advanced the next four months, reaching a high of 79.44 cents in May. Prices dropped sharply the next two months, declining to 67.35 cents in July. Monthly prices during the 1984-85 season averaged sharply lower. The August 1984 average price was 63.01 cents, the highest monthly average for the season. Prices declined the next three months, were about steady in December, then declined the next two months, reaching the season's lowest monthly average price of 58.65 cents in February. Prices averaged higher the next two months but moved lower the remainder of the year.

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						Desig. 8- Mkt. Avg.	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Oct '85	Dec '85	Mar '86	May '86	Jul '86	Oct '86		
Sept. 12	58.63	58.45	59.50	59.85	59.05	53.75	56.79	53.95
13	59.10	58.35	59.35	59.85	58.80	53.62	57.14	53.95
16	59.80	58.50	59.63	59.95	58.99	53.75	57.67	53.95
17	59.45	58.47	59.53	59.96	58.85	53.77	56.39	53.60
18	59.95	58.72	59.80	60.10	58.95	53.83	55.95	53.00
19	60.20	59.50	60.60	60.90	59.68	54.10	56.26	52.90

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					
	Oct '85	Dec '85	Mar '86	May '86	Jul '86	
Sept. 12	-	49.75	50.60	-	-	47.92
13	-	49.80	50.85	-	-	48.40
16	-	50.05	51.15	-	-	48.82
17	-	50.10	51.20	-	-	48.27
18	-	50.80	51.80	-	-	48.76
19	-	51.25	52.50	-	-	48.78

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 September 13		Through September 12	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,051,900	-	1,024,200
Exports	75,600	588,000	45,700	260,400
Total export commitments	-	3,639,900	-	1,284,600
New sales	89,600	-	30,400	-
Buy-backs and cancellations	44,500	-	7,000	-
Net sales	45,100	-	23,400	-
Sales next marketing year	-	21,600	-	11,100

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

Upland cotton export sales during the week ended September 12 totaled 23,400 running bales, according to the Foreign Agricultural Service, USDA. The major buyer was Zaire with 15,900 bales with smaller purchases by South Korea of 2,800 bales, Taiwan 2,500 and Ireland 2,300 bales. Exports for the week totaled 45,700 bales. Asian destinations accounted for 69 percent of the week's shipments, West European 25 percent, Western Hemisphere 4 percent and Africa 2 percent.