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Weekly Cotton Market Review

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Spot cotton prices averaged lower, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow but was a little more active. Grower-held supplies and offerings increased as harvesting expanded. Merchant demand was limited and most growers were not willing to sell at prevailing bid prices. Much of the limited trading in 1985 crop was cotton ineligible for the CCC loan and sold at prices below loan rates. Domestic mills showed more interest in the 1985 crop for forward delivery and purchases increased slightly. Export trading was slow. Harvesting made good progress in most southern states and was exceeding ginning capacity in many localities. Defoliation increased in California and Arizona. Rains slowed maturing of the crop in portions of the Texas Plains and Oklahoma. Cotton consumption by domestic mills during August was the largest since 1979. End-of-August stocks at mills were the smallest since 1949.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 55.72 cents per pound during the week ended Thursday, September 26. Prices ranged from a high of 56.08 cents on Friday to a low of 55.34 cents on Thursday. A week earlier, prices averaged 56.68 cents per pound and ranged from 55.95 to 57.67 cents. In the corresponding week a year ago, the average price was 61.00 cents. The New York December 1985 futures settlement price ended the week on Thursday at 58.82 cents per pound compared with 59.50 cents a week earlier. The October 1986 settlement price was 54.17 cents against 54.10 cents a week ago.

Trading. Grower-to-merchant trading remained light but was a little more active on some markets. Supplies of 1985-crop cotton increased as harvesting expanded. Growers offered a limited volume of 1985 crop but bid prices were often rejected and eligible cotton continued to be entered into the CCC loan program. The bulk of trading was cotton ineligible for the CCC loan and sold at prices below loan rates. Most merchants had prompt and nearby commitments covered and demand was weak. A few merchants were actively seeking early-ginned San Joaquin Valley growth for September and early October delivery. Domestic mill buying was slow but mills showed increased interest in 1985 crop for forward delivery. The limited export trading, which came primarily from Far Eastern mills, was mostly for prompt shipment. Purchases reported by cotton exchanges in the designated markets totaled 49,800 bales in the week ended Thursday, September 26. This compares with 38,700 bales reported a week earlier and 35,400 bales in the corresponding week last season.

Textile mill report. Domestic mills bought a few truckload lots of lower grade cotton to cover immediate needs and a light to moderate volume of 1985 crop for prompt to November delivery. Inquiries were more numerous for cotton to be delivered in first quarter and later months. Most mills were trying to maintain stocks at six to eight weeks' supply. Textile sales remained fairly steady with denim showing the strongest improvement. Mills remained on varying work schedules of five to seven days.

Upland cotton ginned prior to September 15 totaled 1,065,878 running bales, according to the Bureau of the Census. This compares with 749,669 bales ginned through the same period last season and 396,741 bales two years ago. Texas accounted for 83 percent of the total with 888,184 bales ginned through mid September this season, followed by Mississippi at 10 percent of the total with 104,679 bales ginned.

Domestic mill consumption of cotton totaled 464,000 running bales in the four weeks ended August 24, according to the Bureau of the Census. This was the largest August consumption since 1979 and compares with 369,400 bales used a month earlier and 415,500 bales in August 1984. Consumption averaged 23,200 bales per day in August compared with 18,500 bales a month earlier and 20,800 bales in August a year ago.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 128.0 million pounds (about 266,600 bales of 480 pounds) in the four weeks ended August 24, according to the Bureau of the Census. This compares with 107.2 million pounds (about 223,400 bales) the previous four weeks and 133.0 million pounds (about 277,200 bales) in August (four weeks) last season.

Stocks of cotton at mills totaled 686,700 running bales on August 24, according to the Bureau of the Census. This was the smallest end-of-August stocks at mills since 1949 and compares with 732,700 bales a month earlier and 715,500 bales at the end of August last year. At the August daily rate of consumption, mill stocks were equivalent to almost six weeks' supply. Stocks of cotton in public storage amounted to 2,830,700 bales on August 24 and compares with 2,930,200 bales a month earlier and 1,490,800 bales at the end of August 1984.

SUPPLY AND DISTRIBUTION OF DOMESTIC AND FOREIGN COTTON IN THE UNITED STATES:
SEASON OF 1984 to 1985

The figure on the cotton "carryover" in the United States as of July 27, 1985, is 4,087,916 bales, according to the Bureau of the Census, Department of Commerce. (Linters are not included.) In addition to stocks of cotton in warehouses and consuming establishments, this count includes a partially estimated figure of cotton held elsewhere. Running bales, except imported cotton which is in equivalent 480 pound bales.

Supply and distribution	Number of bales
SUPPLY	
Stocks, July 28, 1984 ^{1/}	2,905,976
In consuming establishments.	794,953
In public storage and at compresses.	1,761,023
Elsewhere (partially estimated) ^{2/}	350,000
Net imports of foreign cotton.	20,510
Total imports for consumption.	23,511
Less: Re-exports (other than withdrawals from bond for export).	3,001
Ginnings, crop of 1984 during crop year 1984 to 1985	12,382,098
Total ginnings, crop of 1984	12,544,866
Less: Ginnings prior to August 1, 1984.	162,768
Ginnings, prior to August 1, 1985, crop of 1985.	69,955
Aggregate supply	15,378,539
DISTRIBUTION	
Total exports ^{3/}	5,943,000
Consumption, during crop year 1984 to 1985 ^{4/}	5,267,752
Stocks, July 27, 1985 ^{1/}	4,087,916
In consuming establishments.	732,674
In public storage and at compresses.	2,930,242
Elsewhere (partially estimated) ^{2/}	425,000
Aggregate distribution	15,298,668
Excess of reported supply over distribution.	79,871

^{1/} These data represent the end of the reporting period rather than the end of the crop year.
^{2/} Includes cotton in transit to ports, warehouses, consuming establishments, and Canada; on docks, on ship-board but not cleared, and other ports' stocks not in warehouses or consuming establishments; and on farms, in merchant sheds, and other private storage.
^{3/} Includes exports to Puerto Rico from the U.S. Individual monthly figures do not add to yearly totals. Revised yearly totals for individual countries will be shown in the September 1985 issue.
^{4/} Includes data for establishments previously not included during the August 1984 to June 1985 period. Revised figures will be shown in the Summary for Cotton Season 1984 to 1985, to be issued during December 1985. These establishments represent approximately 4 percent of total cotton consumption.

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	416	494*	415	377	407*	387	406	504*	407	426	522*	369	5,268
1985 3/	464												
	<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	20.8	19.8	20.8	18.8	16.3	19.3	20.3	20.2	20.3	21.3	20.9	18.5	20.3
1985 3/	23.2												
	<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/	687												
	<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/	2,831												

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							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. 19	60.20	59.50	60.60	60.90	59.68	54.10	56.26	52.90	
20	60.13	59.26	60.32	60.70	59.43	54.39	56.08	52.90	
23	60.00	59.20	60.25	60.57	59.60	54.65	55.91	52.90	
24	60.06	59.05	60.26	60.55	59.42	54.52	55.79	52.50	
25	60.02	58.94	60.15	60.47	59.40	54.50	55.49	52.15	
26	60.15	58.82	59.99	60.35	59.15	54.17	55.34	51.65	

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. 19	-	51.25	52.50	-	-	48.78	
20	-	51.00	52.00	-	-	48.64	
23	-	51.35	52.10	-	-	48.40	
24	-	50.70	52.20	-	-	48.31	
25	-	51.00	52.18	-	-	48.29	
26	50.75	51.05	52.10	-	-	48.22	

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 20		Through September 19	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	3,085,200	-	1,014,600
Exports	50,200	638,200	34,400	294,200
Total export commitments	-	3,723,400	-	1,308,800
New sales	91,400	-	38,000	-
Buy-backs and cancellations	8,000	-	13,200	-
Net sales	83,400	-	24,800	-
Sales next marketing year	300	21,900	400	11,500

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

Upland cotton export sales during the week ended September 19 totaled 24,800 running bales, according to the Foreign Agricultural Service, USDA. The major buyer was Japan with 17,500 bales followed by Ghana 5,900, Canada 4,800 and Yugoslavia 2,100 bales. Sales for the week were partially offset by reductions of 5,300 bales for Israel and 2,600 bales for Switzerland. Exports for the week totaled 34,400 bales. Asian destinations accounted for 69 percent of the week's shipments, West European 22 percent and Western Hemisphere 9 percent. Sales of American Pima cotton this week totaled 7,800 running bales and were primarily to Yugoslavia of 4,700 bales and West Germany 1,800 bales. Exports of 2,200 bales were mostly to Yugoslavia.