

# UNITED STATES DEPARTMENT OF AGRICULTURE

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## Weekly Cotton Market Review

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Spot cotton prices averaged sharply higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading slowed. Some merchants were actively seeking CCC cotton certificates for redeeming equities and premiums of up to 18 percent above face value were being offered. Domestic and foreign mill buying was slow. Harvesting continued to increase and made fairly good progress.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 37.23 cents per pound during the week ended Friday, September 26. Prices ranged from a low of 36.40 cents on Monday to a high of 38.31 cents on Friday. A week earlier, prices averaged 34.00 cents and ranged from 32.37 to 36.28 cents. The New York December 1986 futures settlement price ended the week on Friday at 42.05 cents per pound compared with 45.10 cents a week earlier. The October 1987 settlement price was 45.20 cents against 48.35 cents a week earlier.

Trading. Demand continued good for old-crop equities but available supplies are extremely limited. Trading was mostly of 1986 crop. Many merchants were reluctant to buy or sell as the futures market and world price continued to move higher. CCC cotton certificate trading was extremely active. Prices were sharply higher, ranging from 98 to 118 percent of face value. Generic certificates traded at 110 to 120 percent of stated value. In the southeastern markets, equity trading improved for 1986-crop cotton. Crop lot prices ranged from \$25 to \$30 per bale, mostly \$30. Inter-merchant trading continued at prices of \$30 to \$40 per bale. Demand strengthened for 1984 and 1985-crop equities in the south central markets but very little was available. Supplies of 1986 crop were becoming available but merchants were very selective in buying. Equity prices ranged from \$30 to \$50 per bale. Forward contracting was less active. A small acreage was booked at 51.00 to 51.50 cents per pound, basis grade 41 staple 34, mike 35-49. Many buyers lowered their bids or withdrew from the market. Trading was steady in southwestern markets. Most offerings were of 1986-crop equities from south Texas. Some equities traded as high as \$60 per bale but the largest volume brought mostly \$50 to \$55 per bale. A light volume of 1985-crop equities traded at prices of \$25 to \$55 per bale. Trading was slow in the western markets and was primarily of 1986 crop. Prices were around \$66 to \$67 per bale net to grower. A very small volume of 1985-crop equities brought \$50 to \$65 per bale. Growers forward contracted a light volume of 1986 crop. Terms varied. Prices ranged from 66.50 to 76.25 cents per pound, basis grade 31 staple 35, mike 35-49. Domestic mill buying was slow. Export trading was at a standstill. A number of inquiries were received from foreign mills but bid prices were well below the level of current trading. A very light volume of cotton was purchased by European mills for January-April shipment. Purchases reported by cotton exchanges in the designated markets totaled 192,100 bales in the week ended Friday, September 26. This compares with 180,100 bales reported a week earlier and 42,500 bales in the corresponding week last season.

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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.



Textile mill report. Domestic mill buying consisted of a light volume of central belt and western growths needed to fill gaps in stocks. Unsettled market conditions and quality of the current crop was of concern to both mills and shippers. Mills reported problems with getting shipments out of some warehouses, especially in localities receiving new-crop cotton. Textile products continued to move at a lively rate. Demand was good over a wide range of items and sales extended into early 1987. Mills continued to run full to extended schedules.

Crop progress. Reports received from classing offices through September 26 indicated harvesting and ginning began on a very limited scale in the San Joaquin Valley of California. Cool temperatures and showers continued to slow maturity in some fields while hindering effects of defoliants in others. Rain in the El Centro area interrupted harvesting. In Arizona, the Phoenix area crop continued to make good progress. Defoliation was active in some localities and harvesting is just beginning. Scattered showers in New Mexico hindered the development of the crop. A few weeks of warm weather are needed. In the Corpus Christi and Harlingen area of Texas, the weather was hot and dry allowing stalk destruction and plowing to reach virtual completion. In the southern counties of the Waco area, harvesting is complete but ginning from modules continued. A few gins are in operation in northern counties. Rainy weather has caused expected yields to decline. In the Abilene area, cotton fields look good but there is very little fruit. Some of the cotton is turning yellow, probably due to too much water. Insects are a problem in some counties. Weather was warm and clear in Lamesa. Many plants showed surges of new growth, as a result of recent wet weather. Heavy rains fell in the Lubbock area, just as fields had begun to dry. Some harvesting is expected in mid October. Rainfall was detrimental to much of the cotton crop in the Altus area of Oklahoma. Early planted cotton was maturing rapidly. Hot, dry weather is needed for the later planted cotton to develop. Harvesting was rapidly increasing in Arkansas with some areas almost complete and others just beginning. In Missouri and Tennessee, harvesting and ginning are at peak levels in most localities. Open weather permitted harvesting to make good progress in Mississippi. A few isolated showers were reported. Harvesting made good progress in Louisiana, although interrupted briefly by rains. In Alabama, harvesting is getting off to a slow start due to scattered showers. Much of the cotton is putting on second growth, necessitating the second application of defoliants. Dry weather is needed. In Georgia, favorable weather allowed harvesting to increase. Yields have been disappointing in some areas. Conditions for harvesting were good in North Carolina and South Carolina. Growing conditions have caused wide variations in quality.

Upland cotton ginned prior to September 15 this season totaled 1,022,741 running bales, according to the Bureau of the Census. This compares with 1,072,515 bales ginned through the same period last year and 749,669 bales two years ago. Texas accounted for 67 percent of the total with 686,431 bales ginned through mid September this season, followed by Mississippi at 18 percent with 184,149 bales ginned and Louisiana at 10 percent with 105,013 bales ginned.

Soviet cotton crop progress reported. Soviet press reports suggest the cotton crop in the region of Soviet Central Asia may be suffering from a water shortage, according to the Foreign Agricultural Service, USDA. Reportedly, the water flow in major rivers and canals is not much more than half the average of recent years. Virtually all Soviet cotton production is irrigated. An assessment of remote sensing imagery by USDA is consistent with this information and indicates that vegetative growth in the affected area is not as vigorous as in previous years. The impact, if any, on yield cannot be determined at this time. USDA's forecast of the Soviet cotton crop stands at 12.0 million bales, slightly below the 1985 level.



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	1986				
	Aug. 29-				Sept. 26-
	Sept. 4	Sept. 5-11	Sept. 12-18	Sept. 19-25	Oct. 2
Adjusted world price	23.47	24.87	26.98	29.38	33.76
Coarse count adjustment	4.09	4.35	4.66	5.31	5.34

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	Coarse
	Futures Settlement					8 Mkt.:	Staple 35
	Oct '86	Dec '86	Mar '87	May '87	Jul '87	Average:	'A' Index 1/
Sept. 22	46.30	47.10	48.15	48.90	49.40	36.40	47.30
23	44.50	45.08	46.13	46.60	47.10	36.84	48.80
24	45.10	45.33	46.33	46.65	47.00	36.96	48.35
25	43.45	43.85	44.75	45.38	45.70	37.62	48.35
26	41.60	42.05	42.77	43.50	43.80	38.31	48.05

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 1985-86 and 1986-87

Description	Marketing Year			
	1985-86		1986-87	
	Through September 19	Through September 18	Through September 19	Through September 18
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,014,600	-	3,816,900
Exports	34,400	294,200	117,500	642,300
Total export commitments	-	1,308,800	-	4,459,200
New sales	38,000	-	165,400	-
Buy-backs and cancellations	13,200	-	4,800	-
Net sales	24,800	-	160,600	-
Sales next marketing year	400	11,500	-	66,400

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

Upland cotton export sales during the week ended September 18 resulted in a net increase of 160,600 running bales, according to the Foreign Agricultural Service, USDA. Japan made the predominant purchase of 65,200 bales followed by South Korea 31,100, Iraq 13,200 and Guatemala 10,000 bales. Exports for the week totaled 117,500 bales, up 27 percent from the previous week. Asian destinations accounted for 74 percent of the week's shipments, West European 16 percent, African 7 percent and Western Hemisphere 3 percent.



SPOT COTTON QUOTATIONS - UPLAND

September 26, 1986

Spot prices are in cents per pound for cotton equal to the Official Standards with mike readings of 35 thru 49, net weight, in mixed lots, uncompressed, free of all charges in 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.

GREENVILLE, SC				MONTGOMERY, AL				GREENWOOD, MS				MEMPHIS, TN							
Staple	Grade				:	Grade				:	Grade				:	Grade			
	31	41	51	42		31	41	51	42		31	41	51	42		31	41	51	42
33	34.00	33.25	30.00	32.00	:	35.25	34.75	31.25	33.25	:	36.55	35.35	31.40	33.45	:	34.80	34.60	30.65	31.70
34	36.50	35.75	31.75	33.75	:	37.25	36.75	32.75	34.75	:	39.30	38.00	33.50	35.35	:	37.05	36.75	32.25	33.10
35	36.95	36.25	32.00	33.25	:	37.35	36.85	32.85	34.85	:	39.80	38.45	33.70	35.60	:	37.55	37.20	32.45	33.95
36	37.25	36.45	32.10	33.35	:	37.45	36.95	32.95	34.95	:	39.90	38.60	33.85	35.75	:	37.65	37.35	32.60	33.50

  

DALLAS, TX				LUBBOCK, TX				PHOENIX, AZ				FRESNO, CA							
Staple	Grade				:	Grade				:	Grade				:	Grade			
	31	41	32	42		41	51	42	52		31	41	32	42		31	40	41	51
29	25.05	24.30	24.40	23.45	:	22.70	20.65	22.35	19.80	:	-	-	-	:	-	-	-	-	
30	26.80	26.05	26.10	24.75	:	24.45	21.90	23.65	20.95	:	-	-	-	:	-	-	-	-	
31	28.90	28.10	28.15	26.60	:	26.50	23.70	25.50	21.90	:	-	-	-	:	-	-	-	-	
32	30.40	29.50	29.60	27.65	:	27.90	24.50	26.55	22.05	:	-	-	-	:	-	-	-	-	
33	34.20	33.00	32.90	29.60	:	30.65	25.70	27.75	23.00	:	45.75	40.85	40.75	36.95	:	-	-	-	
34	36.95	35.65	35.50	31.50	:	33.30	27.80	29.65	23.00	:	48.00	43.00	42.85	38.35	:	49.25	48.25	47.25	45.00
35	-	-	-	-	:	-	-	-	-	:	48.50	43.45	43.30	38.60	:	51.00	50.00	49.00	47.00
36	-	-	-	-	:	-	-	-	-	:	-	-	-	:	51.10	50.10	49.10	47.00	
37	-	-	-	-	:	-	-	-	-	:	-	-	-	:	51.20	50.20	49.20	47.00	

MIKE DIFFERENCES

MIKE RANGES	Points per pound									8 MARKET AVERAGE
	GVL	MTG	MEM	GRW	DAL	LUB	PHOE	FRES		
26 & Below	-1000	-1200	-1035	-1035	-960	-950	-1035	-1000	-1027	
27 thru 29	-800	-800	-760	-760	-500	-300	-760	-700	-673	
30 thru 32	-500	-500	-485	-485	-350	-250	-485	-400	-432	
33 thru 34	-200	-300	-220	-220	-200	-200	-220	-200	-220	
35 thru 49	0	0	0	0	0	0	0	0	0	
50 thru 52	-150	-150	-120	-120	-120	-100	-120	-50	-116	
53 & Above	-250	-250	-215	-215	-225	-200	-215	-100	-209	

SPOT COTTON QUOTATIONS - AMERICAN PIMA 1/

Staple	Grade			:	Mike ranges	Point per pound
	03	04	05			
	Cents per pound			:	26 & Below	-2000
				:	27 thru 29	-1550
44	90.50	82.50	53.00	:	30 thru 32	-1250
				:	33 thru 34	-350
46	91.00	83.00	53.25	:	35 & Above	0

1/ Arizona, New Mexico and Texas.

LANDED MILL PRICES - GROUP 201 MILL POINTS

Prices are in cents per pound for even running lots, with mike readings of 35 thru 49, net weight, prompt shipment, delivered, brokerage included. Prices for group 200 mill points are slightly higher. Prices for Alabama, Georgia and east Tennessee mills are slightly lower.

SOUTHEASTERN GROWTHS				MEMPHIS TERRITORY GROWTHS				CALIFORNIA (SJV) GROWTHS			TEXAS-OKLAHOMA GROWTHS						
Staple	Grade				:	Grade				:	Grade						
	31	41	51	42		31	41	51	42		31	41	51	41	51	32	42
29	-	-	-	-	:	-	-	-	-	:	-	-	-	35.75	34.25	35.75	34.50
30	-	-	-	-	:	-	-	-	-	:	-	-	-	37.25	35.50	37.25	35.75
31	-	-	-	-	:	-	-	-	-	:	-	-	-	39.00	37.00	39.00	37.25
32	-	-	-	-	:	-	-	-	-	:	-	-	-	40.75	38.25	40.75	38.75
33	45.75	44.50	40.75	43.50	:	46.25	45.00	41.00	43.85	:	-	-	-	43.00	40.00	43.00	40.50
34	47.50	46.00	42.75	45.00	:	48.00	46.50	43.00	45.25	:	59.50	57.75	56.00	45.25	42.00	43.25	42.25
35	48.00	46.75	43.00	45.25	:	48.50	47.25	43.25	45.50	:	61.00	59.25	57.25	-	-	-	-
36	-	-	-	-	:	-	-	-	-	:	61.25	59.50	57.25	-	-	-	-