

# UNITED STATES DEPARTMENT OF AGRICULTURE

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## Weekly Cotton Market Review

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Spot cotton prices moved higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was mostly of 1986-crop equities. Merchant demand strengthened. Domestic mill buying was light to moderate. Export trading increased. The crop made good progress in the western states. Excessive rains in Texas, Oklahoma and portions of the south central and southeastern states caused an adverse effect on much of the crop. Deltapine was the leading variety of upland cotton planted in the United States for 1986. The interest rate for CCC loans disbursed in September will be 6.125 percent.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 28.62 cents per pound during the week ended Friday, September 5. Prices ranged from a low of 27.90 cents on Tuesday to a high of 29.56 cents on Friday. A week earlier, prices averaged 27.42 cents and ranged from 27.18 to 27.84 cents. The New York October 1986 futures settlement price ended the week on Friday at 38.33 cents per pound compared with 35.28 cents a week earlier. The December settlement price was 39.17 cents against 36.28 cents a week earlier.

Trading. A light volume of old-crop CCC loan equities continued to trade but supplies are very limited. Trading of 1986 crop was more active. Merchant demand strengthened and prices trended higher. Merchants continued to redeem cotton from the CCC loan but heavy redemptions are causing delays. A large volume of CCC cotton certificates traded, ranging from 98 to 107 percent of face value. Generic certificates were also in good demand at prices of 105 to 115 percent of stated value. In the southeastern markets, trading was less active and was primarily merchant-to-merchant of old-crop equities. Prices ranged from \$12 to \$30 per bale. Demand for 1985-crop equities in the south central markets was strong but a very light supply restricted trading. Prices ranged from \$15 to \$40 per bale. A light to moderate volume of 1986 crop was forward contracted at 46.50 to 48.00 cents per pound, basis grade 41 staple 34, mike 35-49. Some contracts allowed growers the option of placing cotton into the loan and receiving \$20 to \$25 per bale equity. In the southwestern markets, small volumes of 1985-crop equities traded at prices ranging from \$5 to \$50 per bale. Forward sales of 1986-crop equities were heavy and prices ranged mostly from \$8 to \$25 per bale. A very light volume of 1985-crop equities traded at around \$40 per bale in the western markets. Trading was mostly of 1986-crop equities with growers netting \$50 to \$55 per bale, basis grade 31 staple 34, mike 35-49. Domestic mill buying was light to moderate. The bulk of sales was for prompt to nearby delivery, but some forward sales were made. Export trading was very active. Sales were made to both Far Eastern and European mills for prompt through August 1987 shipment. Purchases reported by cotton exchanges in the designated markets totaled 65,200 bales in the week ended Friday, September 5. This compares with 103,900 bales reported a week earlier and 27,800 bales in the corresponding week last season.

Textile mill report. Domestic mill buying increased slightly and consisted mostly of central and western growths for prompt to nearby delivery. Interest was also shown for new-crop cotton for forward shipment but purchase volume was limited. Prices strengthened especially for far western growths. Mill sales of a wide range of textile products remained steady to active. Sales extended into first quarter months on some items. Mills continued to operate on five to six-day work schedules with some plants on seven days.

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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.

Prices received by farmers for upland cotton averaged 52.30 cents per pound in mid August, according to the National Agricultural Statistics Service, USDA. This compares with 58.60 cents for the entire month of July and 56.00 cents in August 1985. These prices include cotton delivered against forward contracts.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1985-1986

Month	: Year beginning		Month	: Year beginning		Month	: Year beginning	
	: January 1			: January 1			: January 1	
	: 1985	: 1986		: 1985	: 1986		: 1985	: 1986
	Cents	Cents		Cents	Cents		Cents	Cents
January	52.20	53.00	June	60.30	56.40	November	56.00	
February	49.50	55.40	July	60.50	58.60	December	53.30	
March	56.10	55.00	August	56.00	52.30 1/	Calendar		
April	57.00	56.40	September	55.10		year avg.	54.70	
May	57.50	56.90	October	56.70				

1/ Mid-month price.

Source: National Agricultural Statistics Service, USDA

Varieties planted, 1986 crop. Deltapine was the leading variety of upland cotton planted in the United States for the 1986-87 season and made up 27 percent of the national acreage. Deltapine was the leading variety planted in Alabama, Arizona, Georgia, Louisiana and Mississippi and was the second most popular variety planted in Arkansas, Missouri and Tennessee. Deltapine Acala 90 and Deltapine 50 were the most popular strains, each accounting for 7 percent of the U.S. acreage. Stoneville was the second leading variety planted in 1986 and accounted for 16 percent of the U.S. acreage. Stoneville was the most popular variety planted in Arkansas, Missouri and Tennessee and was the second leading variety planted in Alabama, Arizona, Louisiana and Mississippi. Stoneville 825 was the most popular Stoneville strain, accounting for 9 percent of the national acreage. The third most favored variety was Paymaster which made up 11 percent of the U.S. acreage. Paymaster was the leading variety planted in Texas and the second most popular variety planted in New Mexico and Oklahoma. Paymaster 145 was the predominant Paymaster strain which accounted for 8 percent of the U.S. acreage. Acala, Lankart and Tamcot were the next most prevalent varieties planted in the U.S., each accounting for 7 percent of the national acreage. Acala was the leading variety planted in California and New Mexico. Acala SJ-2 was the most popular strain planted in California and accounted for 5 percent of the U.S. acreage. The leading strain in New Mexico was Acala 1517-75. Lankart was the favored variety planted in Oklahoma. The most popular Lankart strain in the U.S. was Lankart 611 which made up 4 percent of the total acreage. Tamcot was the second leading variety planted in Texas. Tamcot CAMD-E and Tamcot SP21 were the most popular strains and each accounted for 2 percent of the U.S. acreage. Pima S-6 remained the leading strain of American Pima cotton planted this season and accounted for 98 percent of the U.S. acreage. Pima S-5 made up 2 percent.

Estimated percentage of upland cotton acreage planted to specified varieties, United States, 1982-1986

Year	Acala	Delta-pine	Lankart	Paymaster	Stoneville	Tamcot	Other	Total
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1982	14	16	8	5	21	10	26	100
1983	14	16	9	9	16	9	27	100
1984	12	17	7	10	17	7	30	100
1985	10	20	7	11	17	7	28	100
1986	7	27	7	11	16	7	25	100

Ginnings charges. The average charge for saw-ginning and wrapping a 480-pound net-weight bale of upland cotton in the United States was \$44.86 during the 1985-86 season, compared with \$45.64 per bale during 1984-85, according to the Economic Research Service, USDA. The lower average charge for the 1985-86 season primarily reflects sharply lower cottonseed prices, continued low prices of cotton lint, and slight declines in the volume of seed cotton required to yield a 480-pound net-weight bale.

Average charges varied from a low of \$36.59 per bale in Mississippi to a high of \$54.26 in New Mexico. Charges decreased in nine states, but increased in five other states. The largest declines occurred in Texas and Missouri where average charges fell \$2.30 and \$2.10 per bale, respectively. New Mexico and Alabama had the largest increases with charges up \$2.41 and \$1.49 per bale, respectively. Charges for ginning American Pima cotton are estimated at \$61 per bale during 1985-86, an increase of \$1 from a year earlier.

Active gins. There were a total of 1,772 active cotton gins operating during the 1985-86 season, 85 gins less than during the 1984-85 season. The number of gins declined in each state, except Georgia. The largest drop was in Texas where the number of gins fell to 601 in 1985-86 from 629 a year earlier.

A slightly larger 1985 cotton crop in combination with fewer gins resulted in an average volume per gin of 7,231 bales, an 8-percent improvement over 1984-85. Gin volumes varied from an average low of 2,032 bales in New Mexico to a high of 18,687 in California.

Method of harvesting. The proportion of the 1985 cotton crop harvested by the machine-picking method averaged 77 percent, 1 percentage point above that for the 1984-85 season. Machine-stripping was used primarily in Texas, Oklahoma, and New Mexico and accounted for 22 percent of the overall volume harvested. Machine-scraping (gleaning from the ground) accounted for the remaining 1 percent of the volume harvested, the same percentage as a year earlier.

The use of modules as a method of temporary field storage of seed cotton has continued to increase in most cotton-producing states. For the 1985-86 season, approximately 39 percent of the crop was ginned from modules, compared with 36 percent during 1984-85. Modules are the primary method of seed cotton assembly in Texas, Arizona, and California, and use of this equipment is growing in Oklahoma, Mississippi and parts of Georgia.

Pounds of seed cotton required for a 480-pound net-weight bale. For the 1985-86 season, approximately 1,515 pounds of harvested seed cotton were required to yield a 480-pound net-weight bale of cotton under the machine-picked method, 2 pounds less than the 1984-85 average.

However, under the machine-stripped method, 2,136 pounds were required, compared with 2,271 pounds during 1984-85. Lower seed cotton weights in 1985-86 contributed to the generally lower ginning charges for states where extensive machine-stripping is practiced. Cotton harvested by machine-scraping required 2,094 pounds of seed cotton for each 480-pound net-weight bale in 1985-86, about 235 pounds more than the previous season.

Selected marketing services. After ginning, most cotton bales are moved directly to local warehouses for storage and other services necessary for marketing. For the 1985-86 season, charges for the four primary cotton warehousing functions increased only slightly over 1984-85 charges.

Warehouse receiving charges averaged \$2.44 per bale during the 1985-86 season, 3 cents above a year ago. Storage charges averaged \$1.58 per bale per month during 1985-86, compared with \$1.51 in 1984-85. Charges for compressing bales to universal density increased 24 cents per bale to an average of \$6.81 in 1985-86. Warehouse charges for outhandling services at time of shipment to mills or ports averaged \$5.01 per bale for 1985-86, 3 cents above a year earlier.

Average charges for saw-ginned upland cotton, average charges for selected marketing services, and related information, by state, 1985-86 season

ITEM	UNIT	US	AL	AZ	AR	CA	GA	LA	MS	MO	NM	NC	OK	SC	TN	TX
Bales ginned <u>1/</u> (running bales)	Thous.	12,814	517	863	686	3,046	360	735	1,603	199	63	113	272	167	403	3,787
Active gins <u>2/</u>	No.	1,772	84	91	132	163	61	89	237	50	31	36	71	49	74	601
Average volume per gin (running bales)	No.	7,231	6,155	9,484	5,197	18,687	5,902	8,258	6,764	3,980	2,032	3,139	3,831	3,408	5,446	6,301
Ginning and wrapping charges:																
Total charge per 480 lb. net weight bale <u>3/</u>	Dol.	44.86	37.76	40.70	38.94	48.91	42.89	38.46	36.59	37.39	54.26	45.42	48.57	42.97	38.78	50.18
Method of harvesting:																
Machine-picked	Pct.	77	100	97	100	99	99	98	98	100	61	99	8	100	92	32
Machine-stripped	Pct.	22	---	<u>4/</u>	---	<u>4/</u>	---	<u>4/</u>	<u>4/</u>	---	36	<u>4/</u>	92	---	6	68
Machine-scraped	Pct.	1	<u>4/</u>	3	<u>4/</u>	<u>4/</u>	1	2	2	---	3	1	<u>4/</u>	---	2	---
Weight of seed cotton per 480 lb. net weight bale:																
Machine-picked	Lbs.	1,515	<u>5/</u>	1,515	1,439	1,539	<u>5/</u>	1,417	1,521	1,486	1,507	<u>5/</u>	1,575	1,475	1,453	1,531
Machine-stripped	Lbs.	2,136	---	<u>6/</u>	<u>6/</u>	<u>6/</u>	---	<u>6/</u>	<u>6/</u>	---	2,045	---	2,083	---	1,988	2,265
Machine-scraped	Lbs.	2,094	---	1,823	1,620	<u>6/</u>	---	<u>6/</u>	<u>6/</u>	---	2,183	---	<u>6/</u>	---	1,905	---
Cotton ginned from:																
Trailers	Pct.	61	93	39	96	49	82	93	85	100	70	100	79	100	99	37
Modules	Pct.	39	7	61	4	51	18	7	15	---	30	---	21	<u>4/</u>	1	63
Charges for warehousing and related services: <u>7/</u>																
Charge per bale for receiving	Dol.	2.44	2.96	<u>8/</u>	2.40	<u>8/</u>	2.63	3.05	2.46	1.50	1.68	2.07	2.00	2.11	1.09	2.43
Charge per bale per month for insured storage	Dol.	1.58	1.54	1.90	1.53	1.80	1.51	1.81	1.63	1.50	1.53	1.21	1.32	1.29	1.50	1.34
Charge per bale for compressing to universal density	Dol.	6.81	6.33	5.80	7.76	6.02	---	6.71	7.55	7.60	6.85	---	7.10	---	5.95	7.26
Charge per bale for outthandling	Dol.	5.01	4.06	4.20	7.38	4.87	4.17	7.14	7.35	7.07	4.50	2.50	3.70	2.45	6.60	3.75

--- = 0. 1/ Based on report of March 1986 by Bureau of the Census, but excluding all American Pima and upland cotton ginned on roller gins. Also excluded are 22,000 bales ginned in Florida and Kansas. 2/ Based on Bureau of the Census information. 3/ Includes bagging and ties, drying of seed cotton, lint cleaning and insurance, but does not reflect any patronage dividends, rebates, transportation to warehouses, industry organization dues, or cotton classing fees. 4/ Less than 0.5 percent. 5/ Seed cotton usually not weighed. 6/ No data available. 7/ Based on published tariffs. 8/ Separate charges not available.