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UNITED STATES DEPARTMENT OF AGRICULTURE  
Bureau of Agricultural Economics  
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THE COTTON SITUATION  
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Summary

Mill activity and cotton consumption remained at high levels and tended to increase in nearly all of the important cotton consuming countries of the world during December and early January. Raw cotton consumption and output and sales of cotton goods are at or approaching record highs in the United States, Japan and China, and in the United Kingdom are larger than at any time in recent years.

Exports from the United States were less in the first 5 months of the present season than in the corresponding period last year, and the available data on imports, consumption, forwardings and mill takings of American cotton in foreign countries during this period indicate that total foreign consumption of American also was lower than in the same period in 1935-36. This reduction in consumption, however, was much less than it would have been were it not for the very large consumption of all kinds of cotton by foreign mills.

Spot prices at the 10 markets in the United States have well maintained the rise experienced in the first half of December. The average price for December was 12.60 cents compared with 12.06 for November and 11.70 cents in December 1935. The averages for the weeks ended January 9 and 16 were 12.75 and 12.82 cents, respectively.

The supply of American cotton in trade channels may be augmented due to the operation of the plan of the Commodity Credit Corporation to release "a reasonable amount" of the approximately 3,000,000 bales of Government financed cotton between February 1 and April 1. The plan for its release is similar to

those under which about 1,400,000 bales were released last season. Nearly all of this cotton is 12-cent loan cotton and will not be released if the 10-market price on the preceding day is less than 12.75 cents.

World production in 1936-37 is placed at 30,200,000 bales of approximately 478 pounds net compared with the earlier estimate of 29,900,000 bales and an output of 26,500,000 bales in 1935-36. This larger estimate of world production follows an upward revision of the preceding estimate of the crop in foreign countries. Foreign output is now forecast at 17,800,000 bales instead of the earlier figure of 17,500,000 as a result of the increase in the estimate of Russian production from 2,500,000 to 2,800,000 bales.

Cotton acreage in Argentina for the 1936-37 crop represents a record high of over 1,000,000 acres, but production prospects have been clouded due to unsatisfactory weather and damage from insect pests. While an Agricultural Conservation Program similar to that of 1936 and affecting cotton as a soil depleting crop will be applied in the Southern United States this coming season, it is difficult to determine what effect it will have on cotton acreage.

#### Domestic Prices Maintain Rise Experienced in First Half of December

The strength evident in spot prices during the first half of December continued to be present throughout the month and in the first half of January. The price of Middling spot cotton at the 10 markets averaged 12.60 cents in December compared with 12.06 in November and 11.70 cents in December 1935. The high was 12.88 cents on December 28 and the low 12.35 on December 5. The averages for the week ended January 9 and 16 were 12.75 and 12.82 cents, respectively.

The very high rate at which American cotton is being used by mills in the United States and the relatively small supply of American cotton now in private hands, together with the record level of world consumption of all cotton, continue to be important price-strengthening factors. The price of American Middling at Liverpool strengthened in December along with the rise in spot prices in the United States. The important foreign growths also rose in price so that their prices expressed as a percentage of American showed little change from November but, on the whole, continued to encourage their consumption at the expense of American.

Release of Government-Financed Stocks May Augment Supplies  
of American Trade Channels

During the calendar year 1936 about 1,400,000 bales of cotton upon which the Commodity Credit Corporation and the Reconstruction Finance Corporation had loaned 11 and 12 cents per pound were sold by releasing it to the borrowing growers at 25 points less than the current 10-market price. On January 2, 1937, the Corporation stated that in order to make available "a reasonable amount" of the 3,000,000 bales remaining, loan-stock cotton (nearly all 12-cent loan) would be released to producer-borrowers between February 1 and April 1 under conditions similar to those of last year.

None of the 12-cent loan cotton will be released if the 10-market price of Middling 7/8" on the preceding day is less than 12.75 cents. Appropriate differences will be allowed so as to equalize values as between the different qualities of cotton and as between the various locations where the cotton is stored. Under the plans covering the disposal of the loan cotton last season, no provision was made for differences in value arising from differences in quality and location.

Although the minimum 10-market price at which 12-cent loan cotton can be released is 12.75 cents, and the market has been hovering around this level in recent weeks, considerable quantities of loan cotton probably will move into trade channels, if the high rate of consumption by domestic mills should continue and the foreign demand for American cotton improve so as to maintain the 10-market price at 12.75 or above.

Exports of American Cotton Continue Below Last Year

Exports of cotton from the United States in December amounted to 594,000 bales compared with 886,000 in December 1935. In the 10 years ended 1932-33, exports in December averaged 1,010,000 bales. Exports to nearly all of the important foreign consumers of American cotton were less than a year ago, but declines were especially heavy with respect to Japan, Germany and France. Shipments to these countries were 118,000, 66,000 and 99,000 bales, respectively, compared with exports of 269,000, 116,000, and 120,000 bales to these same markets in December 1935. Shipments of 37,000 bales to Italy represented an advance over exports of 29,000 bales in December a year earlier.

In the first 5 months of the present season, exports totaled 2,397,000 bales or 16 percent less than those of 3,461,000 bales in the corresponding period in 1935 and, with the exception of 1934, are the smallest for the period since 1922. All of the major importing countries took smaller amounts than in the same August to December period in 1935.

The tables on pages 13 and 15 show the importance of cotton production and income from cotton to American agriculture, the share which cotton exports represent of cotton production, and total exports of agricultural and all products as far back as comparable data are available. There is clearly evident from the table the long-time upward trend in cotton production and cotton exports, especially from the middle of the nineteenth century to the beginning of the World War period. If the data were carried back still further the upward trend could be seen to be extending from the beginning of the nineteenth century.

Both production and exports, especially the latter, tended to decline during the World War and during the period of very great boll weevil infestation in the early 1920's. Beginning with 1924, both production and exports recovered and remained at a generally high level until the advent of Government price and production control. The value of cotton exports has shown a general upward trend. Although the value has fluctuated from year to year in response to changes both in their volume and in response to changes in the price of cotton--as affected by the supply, the movement of general prices, and the world demand for the staple--in most seasons the variation in the value of exports has not been as great as the change in the volume. Generally smaller exports have been accompanied by a small crop and high prices, and large exports have been accompanied by a heavy crop and relatively low prices so that quantities and prices have tended, to some extent, to offset each other.

Apparently there has been a tendency for a somewhat smaller proportion of the crop to be exported. With the exception of the period from 1860 to 1869, in most of the years up until the World War, from two-thirds to three-fourths of American production was exported each season. In most of the years since 1914 the proportion of the crop shipped abroad has ranged from a half to less than two thirds.

Cotton exports as a percentage of total agricultural exports and total exports of all commodities were very large from 1850 to 1859 and from 1865 to 1869, but declined during the next three decades with the opening of the West and the tremendous expansion in exports of grains and livestock products to Europe.

After the turn of the century, however, the domestic demand for foodstuffs expanded and new sources of supply for the industrial countries of Europe were developed in such countries as Canada, Australia, Argentina. As a result, exports of foodstuffs declined but Europe continued to rely upon the United States for cotton so that the share of total agricultural exports and all exports represented by cotton increased. A decline in the ratio of cotton exports to other exports came during the War and early post-war years as a result of the heavy shipments of foodstuffs and raw materials to the allied countries and the complete cessation of cotton exports to Germany and her allies, which had formerly constituted such a large market for American cotton. The resumption in the latter half of the 1920's of the downward trend in exports of foodstuffs and the large volume of cotton exports accompanied by comparatively high prices for the staple caused an increase in the share of total agricultural exports represented by cotton.

Since 1930 the proportion of the value of total exports represented by cotton has not declined and the share of total agricultural exports represented by cotton has, on the average, been higher than from 1925 to 1929. The comparatively favorable showing of cotton exports as a percentage of the value of total exports, however, has resulted not from an increase in the volume and the value of cotton exports but rather from the fact that the foreign demand for all exports, and especially exports of agricultural products, as a whole has been greatly depressed. Also, the fact that foreign markets are more important to cotton than to other domestic products has caused the devaluation of the dollar to have a greater effect upon the value of cotton exports than upon the value of all exports taken as a group.

The very large share of gross farm income and cash farm income represented by income from cotton production and the large part of the value of the cotton crop still represented by exports indicate how important foreign demand is to cotton farmers' income and to agricultural income as a whole.

### The Textile Situation

#### World mill activity and cotton consumption tend to show further increase

The activity of cotton textile industries has tended to increase in most important cotton consuming countries during the past 6 weeks. Consumption by mills in the United States in December was a record high for the month and utilization in the first 5 months of the current season was a record high for the period. In foreign countries, especially in Japan, China and the United Kingdom, as in the United States, increased industrial activity, consumer incomes and Government spending are being reflected in large sales of cotton goods, a large volume of unfilled orders, increased prices for yarn and cloth, and more profitable mill margins, which are tending to maintain or expand the already large volume of cotton consumption.

In foreign countries, the high degree of activity is taking place largely on the basis of foreign cotton, but the large consumption of all kinds is tending to maintain the actual consumption of American at a level not greatly below that of last season even though its relative importance has declined considerably. This situation is well illustrated by data on forwardings of cotton to mills of the United Kingdom and Japan in the 5 months from August 1 to December 31, 1936, as reported by the New York Cotton Exchange Service. From August 1 to December 31, forwardings of all kinds of cotton to mills in Great Britain totaled 1,173,000 bales compared with 1,080,000 bales in the corresponding period a year earlier. Forwardings of American cotton this season were 486,000 bales, or 41.4 percent of the total, whereas a year earlier the 489,000 bales forwarded represented 45.3 percent of the total. In Japan, forwardings of all kinds of cotton totaled 1,533,000 bales in the first 5 months of this year and 1,277,000 last season. Forwardings of American were 512,000 bales and 33.3 percent of the total so far this season and 613,000 bales and 49 percent of the total in the corresponding period a year earlier. In December, forwardings of all kinds of cotton to Japanese mills were 30 percent larger, American 7 percent, and foreign 60 percent larger than in December 1935.

#### Domestic consumption at record levels

Total domestic mill consumption in December exceeded that for any December on record and was nearly up to the record high for any month. Consumption of 693,000 bales in December compared with 627,000 in November and with 500,000 bales in December 1935. Consumption in the 5 months August to December, inclusive, totaled 3,170,000 bales, an increase of 31 percent over consumption in the corresponding period a year earlier, and is a record high. The daily rate of consumption, as calculated by the New York Cotton Exchange Service on the basis of 21 working days, was 33,000 bales. Mill margins (based on 17 constructions of gray cloth) averaged 17.70 cents in December compared with 13.30 in November and with 13.02 cents in December 1935, and were the widest margins for any month since August 1933.

Trade reports indicate that domestic mill consumption continued at an unusually high rate during the first half of January. During the latter half of December, mill sales of cloth tended to lag behind the very high rate of output, but mills continued to hold a very large volume of unfilled orders. In the first 2 weeks of January, sales increased and exceeded output by a substantial margin. Cloth prices advanced, and mill margins are believed to have widened slightly. Sales of unfinished cloth were especially large.

It is not known to what extent unfinished goods and the articles made from them have accumulated in the channels of wholesale and retail trade, but indications are that retail sales have been very high during recent months.

European cotton industries active - outlook good 1/

United Kingdom.- Cotton consumption in the United Kingdom was maintained through the first 3 weeks of December at close to the highest rates so far recorded in the recovery period. Cotton textile products continued in active demand at higher prices. During the month agreements were reached binding spinners to maintain fixed margins between cotton quotations and yarn prices on both fine and medium counts, and a strike of spinning mill operatives was averted at the last moment. The settlement involved a general wage increase of 5.63 percent of current rates of compensation, with larger proportionate increases granted to workers low in the scale. The wage increases in the spinning mills follow increases of some 7.3 percent and more, granted to weavers in November.

Weekly mill takings of American cotton, while running somewhat under the best figures for the season, held up fairly well at slightly above the season's average, while takings of Brazilians, Argentines and East Indians, which ran high earlier, fell substantially below their 1936-37 weekly averages. Takings of Egyptians, on the other hand, were relatively very large.

Imports of American, normally at their peak at this time, were unusually low and so far this season have been only little more than sufficient to replenish mill takings from the port stocks. Difficulty is reported in obtaining from American exporters offers of desirable qualities at prices competitive with cotton on the spot and with other growths, especially South Americans, the available supply of which in Great Britain is now larger than usual. The competitive position of other principal growths, with the notable exception of Egyptian Uppers, was strengthened a little in December by price changes, which made them slightly cheaper in relation to American than in November.

The outlook for British cotton mill activity in the next several months continues favorable. In the home market underlying conditions continue favorable to the consumption of cotton goods. The export outlook, however, remains somewhat uncertain, and with the Italian and Dutch devaluations competition has increased notably.

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1/ Prepared largely from a report from Agricultural Attaché Loyd V. Steere at Berlin under date of January 11, 1937.

Germany.- There has been no significant change in the German situation. Complaints from the industry have been numerous, and it is evident that raw cotton as well as other raw material is very scarce. Retail sales have kept up very well, and it is this discrepancy in the development of retail turnover and raw material supplies that makes for the tension existing at present. According to a recent decree, all stocks of cotton and cotton yarns, including mixed yarns, exceeding 100 kilograms per owner must be reported by January 15 to the Supervisory Office.

Imports of raw cotton and other spinning material have remained low, and it is hardly conceivable that the present rate of cotton mill activity can be maintained for any length of time, unless the recent United States Treasury ruling facilitates the purchase of larger supplies of American cotton through increased German exports to the United States.

Czechoslovakia.- The cotton mill situation in Czechoslovakia has definitely improved, and it is evident that the increase in domestic purchasing power resulting from expansionistic Government policies has benefited the industry greatly. The spinning mill cartel has been concluded recently; domestic yarn sales are apportioned, and exports are subsidized by a bounty levied on the home sale of yarn. It is also planned to buy up surplus spindleage, for which purpose credits under Government guaranty are to be obtained.

Austria.- The situation in Austria has been characterized by considerable fluctuation in recent weeks, with employment still rather high, but the export outlook, notably for business with Rumania, changing from one week to another. Export competition has become more difficult since the devaluation of the Italian lira, and a considerable share of the Austrian business in south-eastern Europe has been taken away by Italy. It is however, reported that an export market agreement between Austria and Italy has assured Austrian cotton yarn a definite share of the Rumanian market.

France.- Very favorable business and mill occupation has continued in the French cotton industry. There is a lack of skilled workers in many places, and full activity has been recorded by Alsatian spinners and from some other districts. It is pointed out, however, that a large share of this increase in business and occupation is due to the justified expectation of strongly rising prices in connection with and following devaluation.

This stimulus is expected to weaken as time goes on, and there may be some slight recession in the present high level of turnover as a result of possible recession in wholesale demand. Since ultimate consumer demand for textiles, however, will likely continue growing as a result of the expanding general economic activity, the possible recession in mill activity and raw cotton consumption is not expected to be large.

Italy.<sup>2/</sup> There has been a very notable further improvement in the Italian cotton mill situation, owing to greatly enhanced export business, not only with the southeastern European countries - where the Italian export success is a great handicap to Central European mills - but also with British India, China, and the Dutch Indies. It is indicated that mills have recently been operating at very satisfactory levels, since raw cotton is freely allotted to them by the Government for such manufacture as is destined for export.

Arrivals of raw cotton in Italian ports have appreciably increased. The share of raw cotton consumed by the mills for manufacturing goods for the domestic market, however, remains greatly restricted. The outlook for Italian cotton mill occupation in the next several months to come is favorable on account of the export situation. Owing to this improvement the Government has removed all direct restrictions on operations of spindles and looms. By decree of December 22, all cotton mills have been compelled to use a total of 5,000 metric tons of cottonized hemp during the year ending November 30, 1937.

Poland. - Domestic turnover of cotton goods in Poland is reported to have considerably increased of late, notably because of increased military requirements. It is expected that raw cotton consumption during the next several months and in all of 1937 will be on the increase - the increased quantity of raw cotton compared with last year to be procured eventually through compensation deals, mainly with South American countries. The procurement of sufficient cotton supplies is not an easy task in Poland, since the foreign exchange available for that purpose appears limited.

Russia. - The large quantity of domestic cotton which is reported to be available for consumption in 1937 has, for the first time during the past years, brought up the question of cotton mill equipment. Opinion seems to differ as to whether or not the present number of spindles is sufficient to enable the spinning of a minimum of 3,000,000 bales of 478 pounds of ginned cotton. The Commissar of the Light Industry has recently stated that the industry must and will be able to work up the large quantity of cotton available. Others, however, are of the opinion that a fundamental modernization or expansion, or both, of the existing mill equipment is required. It appears that the large 1936 cotton crop finds the textile industry unprepared to handle it.

It is hardly possible to form an opinion as to whether or not a material further increase in cotton textile output is possible with the present equipment, but no doubt great efforts will be made to make the best of available capacity and to increase the productivity per unit of equipment. On the other hand, it is not altogether improbable that part of any raw cotton surplus might be exported.

Production of cotton fabrics by enterprises of the Light Industry during the first 10 months of 1936 amounted to 2,369,394,000 yards as compared with 1,842,279,000 yards in the first 10 months of 1935 and 1,609,938,000 in 1934.

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<sup>2/</sup> Based on information received from the American Consulate at Milan.



Outlook for the next few months

The outlook for some months to come is relatively favorable for Europe as a whole. It is likely that conditions in England will tend to maintain a favorable domestic demand for cotton goods, and, although the recent wage increases may be unfavorable for the export outlook, it is unlikely that any great change in export possibilities of the British cotton industry will occur in the near future, despite increased competition from the devalued Lira and Guilder. World trade is now generally on a definite upgrade, and production costs are rising in other countries as well.

In France, further progress along the line of economic recovery may be definitely counted upon, and it is likely that this will tend to increase domestic consumer demand for cotton goods. Italy will probably be a much better consumer of raw cotton in the next several months on account of a decided increase in, or resumption of, her export business, for which raw material is now being amply allotted. Czechoslovakia also is likely to benefit from increased domestic purchasing power, the growth of which is now being stimulated by expansionistic Government policies. Switzerland should also continue to benefit from currency adjustment, which has already brought about a notable betterment in the activity of the Swiss cotton industry. Holland is likewise reported to have experienced improvement that should continue because of a general pick-up in her business with the Dutch colonies.

Austria is likely to maintain her present satisfactory situation, despite considerable uncertainty in regard to the further development of yarn exports to the Danubian area. For Germany, on the other hand, the outlook is not very favorable, for raw material reasons, but hopes are entertained that the recent ruling of the United States Treasury governing the use of Askis or compensation marks, will enable purchase of larger quantities of American cotton.

Mills active in Japan and China - imports and stocks of American  
increase in Japan 3/

Japan.-- Imports of American cotton in November amounted to 247,000 bales compared with 109,000 bales in October and with 166,000 bales in November 1935. Imports from September to November totaled 368,000 bales compared with 277,000 in the corresponding period in 1935, an increase of 33 percent. Imports of all kinds of cotton were 380,000 bales in November and 829,000 bales in the 3-month period from September to November compared with 281,000 and 553,000 bales, respectively, in the corresponding period a year earlier. Imports during November of Indian, Egyptian and Chinese cottons

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3/ Prepared largely from cables received from Agricultural Commissioner Dawson at Shanghai, under date of December 30 and January 4 and 14.

of 56,000, 15,000, and 21,000 bales, respectively, were in each case somewhat below those in November 1935, but for the September to November period imports of all three growths were larger than a year earlier. 4/

Stocks of all kinds of cotton in Japan on November 30, 1936, of 476,000 bales were 2-3/4 times as large as stocks on the corresponding date a year earlier. Although a large increase was shown for Indian cotton and other growths, the larger part of the increase in total stocks as compared with November 1935 resulted from a rise in stocks of American cotton from 60,000 to 240,000 bales.

Mill takings of all kinds of cotton in November amounted to 301,000 bales compared with 251,000 bales in November 1935. Takings of American cotton of 137,000 bales were about the same as in the corresponding month a year earlier but takings of Indian of 108,000 were 30 percent larger. Japanese mills took 24,000 bales of Brazilian compared with none in November 1935.

Yarn production was 318,428 bales of approximately 400 pounds in November and with the exception of November 1934 was the largest yarn output for the month on record. Production of 326,629 bales in December was a record high for any month. The voluntary curtailment rate imposed by the Japanese cotton spinners' association remained unchanged at 26.2 percent of spindle capacity during November and December, but it is reported that the percentage of operation will be increased by 1.2 percent in the first quarter of 1937. It is proposed, however, to curtail spindle operation by 35 percent of capacity in the second quarter of the year. In spite of the decreased proportion of all spindles which will be operating, it is believed that a more intensive and efficient utilization of a smaller percentage of capacity will result in a yarn output in the second quarter of 1937 of from 315,000 to 320,000 bales per month, which, if realized, will be a higher level of yarn output than has prevailed at any time with the exception of December 1936, and 2 or 3 months in 1934-35.

It is reported that the domestic market is expected to absorb any increase which takes place in the output of cotton textiles. It is believed that an improvement in rural incomes in Japan, as a result of good rice crops, is mainly responsible for recent increases in the domestic demand for yarn and cloth. This increased demand from domestic consumers has been a contributing factor in the recent rise in yarn and cloth prices in Japan.

Exports of cotton cloth from Japan amounted to 215,000,000 square yards in November, and were slightly smaller than the 221,000,000 yards exported in November 1935. Exports in the 4 months, August to November, totaled 880,000,000 yards, compared with 895,000,000 in the corresponding period a year earlier. 4/ The import figures are those estimated by the trade and differ considerably from the official import statistics as reported by the Minister of Finance. The official data are said to include only cotton which has been completely unloaded by about the 25th of the month. Consequently, should a large number of boats arrive toward the end of the month and be unloaded after the 25th or be in process of being unloaded on or after that date, the official figure for imports would be much smaller than the trade estimate. This has been the case in recent month. For instance, the official source gives imports of American and all kinds of cotton into Japan in November as 170,000 and 316,000 bales, respectively. However, taking an entire season of 12 months, the trade estimates and official figures will differ but little. (See Foreign Crops and Markets, January 11, 1936).

China.- The cotton situation during November and December was characterized by a high rate of mill activity, heavy arrivals of Chinese cotton, a good demand for yarn with an unusually wide margin between yarn prices and cotton prices, and very small imports of foreign cotton.

Preliminary Shanghai arrivals of all kinds of cotton in December totaled 236,940 bales of which 229,000 bales were Chinese. In the 3-month period, October to December, arrivals of all kinds amounted to 647,653 bales of which over 625,000 bales were Chinese. In the corresponding period in 1935, arrivals of all kinds of cotton and Chinese cotton amounted to 377,000 and 357,000 bales, respectively.

Deliveries to Shanghai mills of all growths of cotton totaled 562,000 bales from October to December, an increase of 63 percent over deliveries in the same period of last year. The entire increase can be accounted for by Chinese cotton, deliveries of all other growths being only 21,000 compared with 31,000 bales in the corresponding period a year earlier.

Deliveries as well as imports and arrivals of American cotton have been less in recent months than in the corresponding months a year earlier.

It is estimated that from 175,000 to 200,000 bales of foreign cotton will be needed by mills in China during the 10-month period extending from November 30, 1936, to September 30, 1937, or about two-thirds as much as was actually consumed in the corresponding period a year earlier. This estimate has been made on the basis of present yarn prices and estimated demand for the different qualities of yarn during the coming months.

It is estimated that spinning mill requirements will call for about 50,000 bales of American, 80,000 to 90,000 bales of Indian, and 50,000 to 60,000 bales of all other growths. It is realized, however, that variations in price margins between different qualities of yarn and different kinds of cottons may result in some shifting in the consumption of the different qualities of yarn and the various growths of raw cotton. Thus far, the price of Chinese cotton has not declined sufficiently to permit any considerable export of qualities which are competitive with other short and medium staple growths in world markets.

#### Production, Acreage, and Crop Conditions

World.- World production of all kinds of cotton in the 1936-37 season is preliminarily estimated at 30,200,000 bales compared with the earlier estimate for the present season of 29,900,000 bales and last year's crop of 26,500,000 bales. Foreign production of 17,800,000 bales is a record high and compares with the 1935-36 figure of 15,900,000 and the average for the 10 years ended 1932-33 of 11,200,000 bales.

In the 10 years ended 1932-33, cotton production in the United States averaged 14,400,000 bales, or 3,200,000 more than the average production of foreign cotton in the same period. In 1934-35 and 1935-36, foreign production has exceeded American by 4,600,000 and 5,300,000 bales, respectively. Should actual foreign production turn out to be as large or larger than is anticipated at the present time it will exceed the crop in the United States by a greater amount than in any previous year.

Russia.- On November 15, a month before the expiration of the date fixed by the Russian Government, full execution was reported of this year's cotton procuring plan of 2,685,000 bales of ginned cotton. Reports indicated that cotton picking and procuring were still continuing. Procurements of unginned cotton by December 1 were reported to have amounted to 9,833,000 bales or the equivalent of 3,048,000 bales of ginned cotton of approximately 478 pounds net.

The crop is reported to be of good quality. Although in previous years, early estimates of the crop made by the Russian Government have been subsequently revised downward, the previous forecast made by the Bureau of Agricultural Economics of Russian production of 2,500,000 bales is being raised to 2,800,000. This is a record high production. The crop in 1935-36 amounted to 2,250,000 bales, in 1934-35 to 1,785,000 bales, and for the 10 years ended 1932-33 averaged 1,100,000 bales.

United States.- An Agricultural Conservation Program for 1937 similar in many respects to the 1936 program was announced on December 7, 1936, by the Secretary of Agriculture. Subject to the expected provision of funds by Congress, the Plan provides for payments to farmers who meet specified conditions for shifting land from soil-depleting crops to soil-conserving crops and for carrying out approved soil-building practices. In 1937, it is proposed to place more emphasis upon soil-building practices and more funds will be made available for this purpose than in the preceding year.

Preparations are not being made to transfer the administration of the Agricultural Conservation Program to the States on January 1, 1938, as provided for in the Soil Conservation and Domestic Allotment Act. While cotton is classified as a soil-depleting crop and payments will be made for shifts from it to soil-conserving crops, it is impossible to tell what effect the Program will have on the 1937 cotton acreage.

Argentina.- The first official estimate of the Argentine Government places the cotton area for the 1936-37 season at 1,015,000 acres. This is a record high and compares with the revised estimate of 763,000 acres for 1935-36 and 308,000 in the 5-year period ended 1932-33.

It seems likely that the increase in production this season as compared with last will not be in proportion to the increase in acreage. Persistent drought delayed the development of the crop in the Chaco, the most important cotton producing area in Argentina. Furthermore, locusts and hail have done considerable damage. In Corrientes, the second most important producing area, the condition of the crop is poor because of drought and locust damage. In some cases, re-sowing was possible following drought or locust invasion, but over much of the area the damage is believed to have been irreparable. The cotton crop in Argentina last year amounted to 354,000 bales compared with 295,000 bales in 1934-35 and an average of 145,000 bales in the 5 years 1928-29 to 1932-33. The Argentine Government is making vigorous efforts to expand cotton production, and it is anticipated that output during the next few years will continue to show an upward trend.

Egypt.- Ginnings of Egyptian cotton from September 1, 1936, to January 1, of this year amounted to 1,407,000 bales of 478 pounds, including Scarto. During the corresponding months of the 1935-36 season, 1,321,000 bales were ginned.

United States: Production and exports of cotton, exports of all commodities, and exports of agricultural commodities, 1850-51 to date

Season 1/	Quantity of cotton produced or exported	Ratio of cotton exports to production	Value of cotton exported	Value of all commodities exported	Ratio of value of cotton exports to value of all commodities exports	Value of agricultural exports	Ratio of value of agricultural exports to value of all commodities exports	
	1,000 bales 2/ 500 lb.	Percent	1,000 dollars	1,000 dollars	Percent	1,000 dollars	Percent	
1850-51 to :								
1859-60 :	3,449	2,360	68.4	123,607	232,283	53.2	189,564	65.2
1860-61 to :								
1864-65 :	2,140	136	6.4	11,723	170,198	6.9	123,951	9.5
1865-66 to :								
1869-70 :	2,453	1,481	60.4	204,724	307,696	66.5	240,440	85.1
1870-71 to :								
1879-80 :	4,397	2,846	64.7	194,531	574,388	33.8	453,200	42.9
1880-81 to :								
1889-90 :	6,495	4,258	65.6	221,329	750,146	29.5	573,952	38.6
1890-91 to :								
1899-1900 :	8,900	6,105	68.6	226,366	1,006,183	22.5	703,235	32.2
1900-01 :	10,124	6,800	67.2	317,761	1,460,463	21.8	951,628	33.4
1901-02 :	9,508	6,949	73.1	287,119	1,355,482	21.2	857,114	33.5
1902-03 :	10,630	7,084	66.6	316,278	1,392,231	22.7	878,481	36.0
1903-04 :	9,851	6,207	63.0	372,476	1,435,179	26.0	859,160	43.4
1904-05 :	13,438	8,908	66.3	393,080	1,491,745	26.4	826,905	47.5
1905-06 :	10,576	7,118	67.3	393,141	1,717,953	22.9	976,047	40.3
1906-07 :	13,274	8,943	67.4	476,994	1,853,718	25.7	1,054,405	45.2
1907-08 :	11,106	7,666	69.0	438,871	1,834,786	23.9	1,017,396	43.1
1908-09 :	13,241	8,955	67.6	421,491	1,638,356	25.7	903,238	46.7
1909-10 :	10,005	6,353	63.5	448,710	1,710,084	26.2	871,158	51.5
1910-11 :	11,609	8,027	69.1	531,896	2,013,549	28.9	1,030,794	56.5
1911-12 :	15,694	11,116	70.8	567,554	2,170,320	26.2	1,050,627	54.0
1912-13 :	13,703	9,146	66.7	548,689	2,423,506	22.6	1,123,652	48.8
1913-14 :	14,153	9,508	67.2	610,041	2,329,684	26.2	1,113,974	54.8
1914-15 :	16,112	8,702	54.0	376,246	2,716,178	13.9	1,475,938	25.5
1915-16 :	11,172	6,113	54.7	384,171	4,272,178	9.0	1,518,071	25.3
1916-17 :	11,448	5,525	48.3	522,556	6,227,164	8.4	1,968,253	26.5
1917-18 :	11,284	4,402	39.0	654,180	5,838,652	11.2	2,280,466	28.7
1918-19 :	12,018	5,774	48.0	924,202	7,081,462	13.1	3,579,918	25.8
1919-20 :	11,411	6,707	58.8	1,333,925	7,949,309	16.8	3,861,511	34.5
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United States: Production and exports of cotton, exports of all commodities, and exports of agricultural commodities, 1850-51 to date  
Continued

Season 1/	Quantity of cotton		Ratio of cotton exports to pro-duction	Value of cotton exported	Value of all commodities exported	Ratio of value of cotton exports to all com-modity exports	Value of agricultural exports	Ratio of value of cotton exported to total agricul-tural exports
	1,000 bales	1,000 bales	Percent	1,000 dollars	1,000 dollars	Percent	1,000 dollars	Per-cent
1920-21	13,429	5,973	44.5-	591,312	6,385,884	9.3	2,607,641	22.7
1921-22	7,945	6,348	79.9	600,130	3,699,909	16.2	1,915,866	31.3
1922-23	9,755	5,007	51.3	639,199	3,886,682	16.4	1,799,168	35.5
1923-24	10,140	5,815	57.3	906,569	4,223,973	21.5	1,867,098	48.6
1924-25	13,630	8,240	60.5-	1,049,065	4,778,155	22.0	2,280,381	46.0
1925-26	16,105	8,267	51.3	922,737	4,653,148	19.8	1,891,739	48.8
1926-27	17,978	11,299	62.8	855,788	4,867,346	17.6	1,907,864	44.9
1927-28	12,956	7,857	60.6	820,105	4,773,332	17.2	1,815,451	45.2
1928-29	14,477	8,419	58.2	847,409	5,283,938	16.0	1,847,216	45.9
1929-30	14,825	7,035	47.5-	657,727	4,617,730	14.2	1,495,907	44.0
1930-31	13,932	7,133	51.2	420,972	3,031,557	13.9	1,038,034	40.6
1931-32	17,097	9,193	53.8	339,940	1,908,087	17.8	752,145	45.2
1932-33	13,003	8,895	68.4	342,699	1,413,397	24.2	589,653	58.1
1933-34	13,049	7,964	61.0	421,406	2,008,484	21.0	787,347	53.5
1934-35	9,636	5,036	52.3	325,685	2,085,092	15.6	3/668,713	48.7
1935-36 4/	10,638	6,267	58.9	383,537	2,374,159	16.2	3/766,304	50.1

Exports compiled from reports of the Bureau of Foreign and Domestic Commerce.

1/ Cotton (quantity and value) 1850-51 through 1866-67 season beginning July; 1867-68 includes 13 months July through July; 1868-69 to date season beginning August. All commodity exports and agricultural exports are for season beginning July 1.

2/ Running bales 1850-51 through 1898-99; 1899-1900 to date bales of 500 pounds gross weight.

3/ Excludes distilled liquors which are classified as nonagricultural.

4/ Preliminary.

