

THE

Cotton

SITUATION

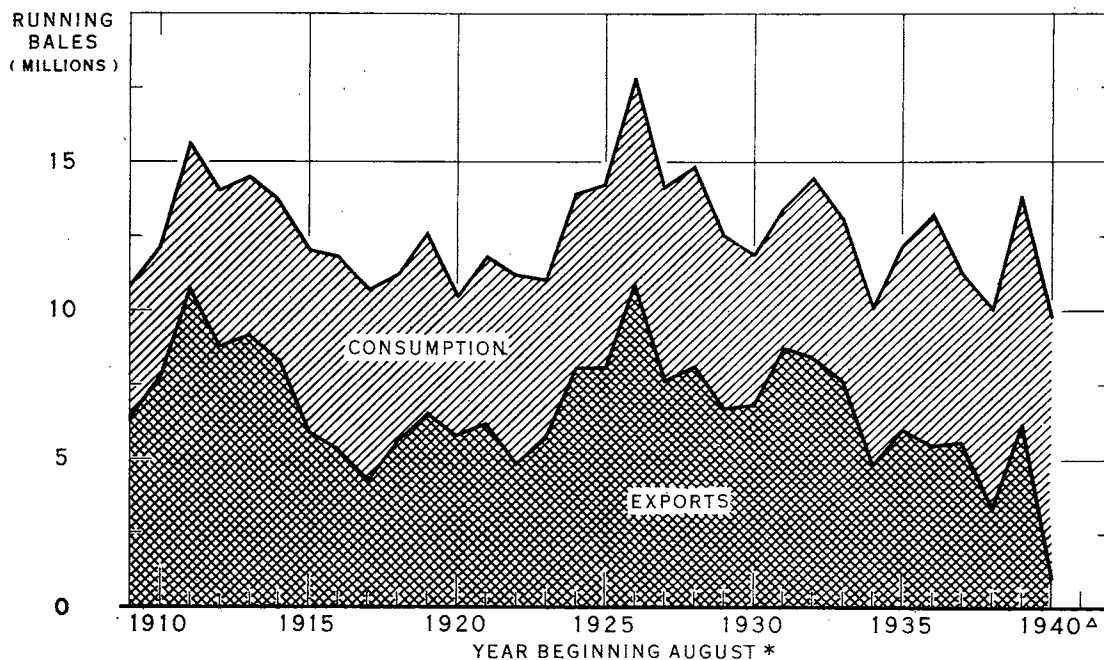
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

CS-52



FEBRUARY 1941

COTTON, AMERICAN: EXPORTS AND DOMESTIC CONSUMPTION, 1909-40



*1909-12, YEAR BEGINNING SEPTEMBER.

^A1940, ESTIMATED FROM THE ANNUAL RATE RELATED TO AUGUST-JANUARY

U. S. DEPARTMENT OF AGRICULTURE

NEG. 38986 BUREAU OF AGRICULTURAL ECONOMICS

DURING THE FIRST HALF OF THE CURRENT SEASON AMERICAN EXPORTS OF COTTON WERE THE LOWEST SINCE 1868-69, AND IT IS POSSIBLE THAT THE SEASON'S TOTAL MAY NOT EXCEED ONE MILLION BALES. THE EUROPEAN AND ASIATIC WARS AND ACCOMPANYING TRANSPORTATION AND EXCHANGE DIFFICULTIES ARE LARGELY RESPONSIBLE FOR THE GENERALLY LOW LEVEL OF EXPORTS AND FOREIGN CONSUMPTION OF AMERICAN COTTON. STIMULATED BY INCREASED CONSUMER INCOMES, GENERALLY IMPROVED BUSINESS ACTIVITY, AND DIRECT GOVERNMENT PURCHASES, DOMESTIC CONSUMPTION WILL REACH A NEW HIGH LEVEL THIS SEASON. DESPITE THIS RECORD DOMESTIC CONSUMPTION, HOWEVER, EXPORTS ARE SO LOW THAT DOMESTIC DISAPPEARANCE OF AMERICAN COTTON WILL BE THE LOWEST SINCE 1899.

T H E C O T T O N S I T U A T I O N

Summary

With half of the season over, prospects are for total exports this season of no more than 1 million bales and domestic consumption of about 9 million bales. This would be the lowest volume of exports since 1864 and the highest domestic consumption (by 1 million bales) on record. For the first half of the season only 660,000 bales were exported, 84 percent less than in the corresponding months of the 1939-40 season. Of this amount the United Kingdom took 50 percent, Russia 21 percent, and Canada 13 percent. In contrast with the small exports of American cotton so far this season, exports from Brazil through December were considerably greater than a year earlier.

Through February 17 slightly over 3 million bales of cotton had been placed under the 1940 Government loan. Repossessions by that date totaled 184,000 bales, leaving 2.8 million bales of 1940 cotton still under loan. The total Government owned and held stocks on that date were about 11.0 million bales, compared with 8.7 million at the beginning of the season.

Price changes during the past month were small both at home and abroad, and Brazilian cotton continues to undersell American in Canada and the Orient. Mill activity in the United Kingdom is likely to be reduced still further. Most of this reduction will probably be at the expense of domestic civilian consumption.

-- February 27, 1941

PRICES

American: Prices remain steady during past month

During the month ended February 25 the 10-market average price of Middling 15/16-inch cotton fluctuated within a range of about one-fourth cent. At the beginning of the monthly period the price averaged 10.13 cents and at

the end 10.25 cents. Since December prices have averaged below last season and on February 25 the price was seven-tenths cent lower than a year earlier.

During the last few months exports have been so unusually low as to more than offset some of the other factors which, other things being equal, would have tended to support prices at a higher level than those of last season. Some of these favorable influences are a slightly smaller world supply of American cotton and a much higher domestic consumption. Other unfavorable factors in the cotton situation in addition to reduced exports are higher production at home and abroad and a slightly larger carry-over at the beginning of the season in foreign countries than a year earlier. Another factor was the export subsidy in effect during much of last season which tended to increase exports and support a higher level of prices than would otherwise have prevailed. New crop futures held firmer than old crop prices, but both suffered their greatest losses in the months nearest the end of this season.

The January farm price of cotton averaged 9.45 cents, table 10. This is 12 points higher than for December and from 7 to 22 points higher than for any other month this season. However, the price on January 15 was slightly more than three-fifths cent below the price a year earlier, although slightly over one-third cent above the weighted average farm price for last season. The parity price of cotton on January 15 was 15.37 cents, the same as a month earlier and 12 points higher than on January 15 a year ago. The parity price for January was .06 cent above the average parity for last season. Futures at New York showed very minor net changes between the beginning and end of the monthly period.

Liverpool: Small declines at Liverpool and
slight narrowing of spread between
Liverpool and exporting points

Between January 24 and February 21 there were declines in the prices of American, Indian, and Brazilian cotton in the Liverpool market ranging up to about one-fifth cent a pound. Egyptian Uppers, however, showed a gain between these dates of .07 cent. The position of American Middling on the Liverpool market continued exactly the same as that of Brazilian Sao Paulo, Fair, these two growths having sold at the same price each week since December 27, 1940. American Middling gained some with respect to Egyptian, but lost slightly with respect to Indian. Prices also declined at New Orleans, Bombay, and Sao Paulo, as did the price spreads between Liverpool and these exporting points.

Other prices: Brazilian cotton undersells
American in Canada and Orient

The competition between American and Brazilian cotton is mostly in staple lengths up to 1 inch, since Brazil produces very little cotton of a longer staple length. In the shorter lengths, however, a considerable price-advantage favors Brazilian cotton. Montreal reports that on January 17 the delivered price of American cotton was being quoted at 11.43 cents a pound, while more or less comparable grades of Brazilian cotton were offered at 9.63, or 1-4/5 cents less per pound. This spread was slightly less than that of a

month earlier. Canadian sources indicate that American cotton (lengths up to 1 inch) will face severe competition from Brazilian cotton, despite reported differences in waste cotton and fiber characteristics, as long as Brazilian cotton in these lengths undersells American.

On February 13 a cable from Shanghai quoted American Middling 15/16 inch cotton at 13.72 cents while Brazilian was being quoted at 11.57 cents. In Japan the spread between American and Brazilian cotton widened to about .3 cents a pound by the end of December.

EXPORTS

United States exports 84 to 95 percent below
last year, lowest in more than 70 years

With half of the current season over, an examination of the American export situation for cotton reveals little that may be considered encouraging. During January exports totaled only 52,184 bales compared with 1,035,000 bales during January of last year, a decrease of 95 percent. Of this quantity the United Kingdom received 18,000; Japan 10,000; Canada 8,000; China 6,000; and Sweden 5,000. Smaller quantities went to several other countries.

During the 6 months ended January 31 exports totaled 660,000 bales, or only 16 percent of the corresponding figure a year ago and the lowest total since 1868-69. Approximately one half of the total went to the United Kingdom, one fifth to Russia, one eighth to Canada, and much smaller proportions to other countries. Japan and China, to whom we exported but 39,000 and 12,000 bales respectively, received only 7 and 4 percent of their corresponding figures for last season. Since two thirds of the season's exports normally occur prior to the beginning of February, total annual exports on the basis of shipments during the first 6 months of the season would approximate 1 million bales, table 4. This low level of exports results in part from the European and Asiatic wars, accompanying transportation and exchange difficulties, and increased competition from other fibers, particularly synthetics, but in some cases lower-priced foreign cotton. This shrinkage in the volume of exports is shown graphically on the cover page. The data are shown in table 4.

It has been reported that the British Government may issue no more licenses for additional commercial importations of American cotton this season. If this happens, American exports to the United Kingdom could be limited to the 205,000-225,000 bales of barter cotton remaining in this country. Approximately 215,000 bales of the original 600,000 bales of barter cotton were still in warehouses in this country during early February. An additional quantity of 90,000 or 100,000 bales of cotton is yet to be delivered to the British authorities under contract-provisions relating to the export subsidy which was in effect last season.

Brazilian exports show increase,
Egyptian, Peruvian and Indian decrease

During December Brazil exported 151,000 bales to raise the total for the season to 470,000 or 13 percent more than Brazil's exports through December

of last season. December exports from Brazil were marked by a shipment of 50,000 bales to Spain. This greatly exceeds any previous Brazilian shipments to that country. It is reported that no shipping space was available for Chinese imports of Brazilian cotton during January and February but that space had been chartered for 50,000 bales in March and April. There is also a possibility of large British purchases of Brazilian cotton, although nothing definite has yet been reported. As will be discussed later, this will probably depend on Britain's new policies with respect to cotton, which are now being formulated.

Exports of Egyptian cotton totaled 58,000 bales during the first 29 days of January, raising the total for the season to 319,000 or slightly under one third of the exports for the first 6 months of last season.

Exports from Peru amounted to only 171,000 bales from August through January, compared with 222,000 bales during the same months last season. Peru is among the more important of the smaller cotton-exporting countries, having in past years exported approximately one-third million bales annually. About half of Peru's exports from 1934 through 1939 went to the United Kingdom, with Germany, up to last season, being the second largest customer.

While the United Kingdom is normally the largest importer of Peruvian cotton, and as late as last season took three fifths of the total exports, from August through January of this season Japan took 108,000 out of a total of 171,000 bales while the United Kingdom took only 24,000 bales. Following this shrinkage of shipments of cotton to the United Kingdom word has recently been received that the surplus of 1940 cotton - approximately 42,000 bales - has been sold to the United Kingdom. Trade sources report that up to the end of December about one fourth of a million bales, or two thirds of the estimated 1940 Peruvian crop, had already been sold, and 6 percent had been placed under the 1940 Government loan at prices equivalent to from 6.07 to 6.83 cents per pound.

Tables 5 and 6, which appear toward the end of this report, show that despite the fact that Peru exports but one third of a million bales annually, its exports have in the past gone to a number of countries. Like all exporting countries the present European war has practically blocked Peruvian cotton from continental Europe, but exports from Peru to the Orient compare favorably with those of past seasons.

Exports of Indian cotton this season (September-August) are not expected to exceed 1,350,000 bales of 478 pounds compared with 1,926,000 bales last season and 2,721,000 bales in 1938-39. Export commitments as of the end of November were chiefly for England, Australia, Japan, and China. Unfilled orders from Japan and China were largely in the hands of Japanese firms since Indian exporters have been insisting on cash terms for shipments to these countries. Unconfirmed reports indicate that 126,000 bales of Indian cotton had been sold to importers in Liverpool for October-November shipment, but that on account of the scarcity of freight space it might take a few months for the contracts to be completed.

DEMAND AND CONSUMPTION

American: Consumption of 843,000 bales
in January highest on record

During January consumption of cotton in the United States totaled 843,000 bales. This exceeded consumption in December by 68,000 bales and the previous record made in March 1937 by 66,000 bales. The seasonally adjusted index of cotton consumption, however, declined from a record high of 145 percent of the 1935-39 average in December to 138 percent in January. This decline in the face of greater total consumption of cotton is largely accounted for by the larger number of working days in January and a slowing up of production in some areas because of influenza among employees.

Should consumption during the remainder of the season continue at the January rate, consumption probably would total about 9 million bales for the season, including 125,000 to 150,000 bales of imported cotton. This would be more than a million bales larger than the previous record consumption of 1936-37. Despite this high level of consumption, exports are so low as to make total domestic disappearance (consumption plus exports) of American cotton this season much lower than at any time since 1909 and the lowest since 1899. (See chart on cover page.)

In most recent weeks manufacturers' sales of unfinished textiles have been equal to or greater than production, and they probably would have been somewhat larger had it not been so difficult to arrange suitable delivery dates for new purchase. With many mills sold well through the second quarter of the calendar year, cotton mill activity will probably show no more than the usual seasonal decline during the remainder of this season.

Some of the factors contributing to this high level of consumption are the generally improved level of business activity, relatively heavy forward-buying, higher consumer incomes, and direct Government purchases of cotton and cotton textiles. Prices of most lines of textiles are continuing their gradual rise. Mill margins on 17 constructions of unfinished goods widened from 14.50 cents per pound in December to 14.94 cents in January, a gain of about 1-3/5 cents over that of a year ago.

Canada: Consumption of cotton from August through
December 20 percent larger than a year earlier

As has been noted from month to month, cotton consumption in Canada continued at comparatively high levels throughout the calendar year 1940. The total of 160,000 bales from August through December compares with 133,000 bales in the same 5 months of 1939. This high level of consumption was brought about by a good domestic demand and by large orders for war materials which are estimated to have accounted for about 10 percent of the year's production. Mills operated at about 160 percent of full daytime capacity during the calendar year 1940, and employment in the cotton industry at the end of the year was higher than a year earlier. Government orders probably will be smaller in 1941 than in 1940. At the close of the year Canadian cotton mills were

in better position with respect to unfilled orders than a year earlier and additional capacity was being provided.

The effect of recent Canadian tariff changes on the cotton and textile situation is hard to determine, but during the coming year the effects are not likely to be large. The higher production costs in the United Kingdom and shipping difficulties are likely to offset the effects of some of the preferential provisions applying to British goods. In contrast with the outlook for the cotton industry in Canada, the outlook for the wool industry is less optimistic.

It has been noted in recent issues of the Cotton Situation that consumption of Brazilian cotton in Canada was increasing in relation to that of American cotton. However, during December a considerably higher proportion of American cotton was used than in November. Trade discussion of the merits of the two fibers from the standpoint of the needs of the Canadian manufacturer has brought out the statement that the Brazilian cotton has fewer convolutions. The Brazilian fiber is also reported to be more dense, making dyeing slightly more difficult. Some mills also have reported considerably greater manufacturing waste in Brazilian cotton than in American. Whether or not this increased consumption of American cotton, relative to Brazilian, in December reflects the greater desirability of American cotton or whether on the other hand it is merely an indication that a longer staple cotton was needed for the products produced in December is not known. Comparative consumption of the two growths in the coming months will be a better indication as to which of the two possibilities most likely accounted for the return to American cotton in December.

United Kingdom: Mill activity may soon be reduced

Mill activity has declined in the United Kingdom during recent weeks, and an announcement of major changes in the Government's policy concerning the textile industry appears likely as soon as present negotiations are completed. While it is not known what changes will be made, the new plan probably will include (1) Government rather than private purchases of cotton for import, (2) further reductions in production of textiles for domestic civilian consumption, and (3) the concentration of production of goods in the more efficient mills. The last two of these will release textile workers for employment in munitions plants. New regulations to encourage the use of juvenile laborers in the textile industry are another possibility. Already direct Government purchases of cotton have been noted in Egypt and Peru, and similar negotiations have been reported in progress between the British and Brazilian Governments. British purchases of cotton in the various countries quite possibly may exceed shipping facilities, with the result that delivery of much of the cotton will not take place for many months.

Foreign exchange is also one of the factors limiting British purchases of cotton in some areas where immediate payment is demanded. It is not known to what extent this is responsible for the contemplated decision to license no more shipments of commercial cotton from the United States during the remainder of this season. During the 6-month's period, April through September,

sales of cotton goods for domestic civilian consumption are to be limited to 20 percent of last year's sales (40 percent in the case of rayon goods). This curtailment in civilian consumption would, other things being the same, permit a reduction in mill activity from the rate of 57,000 bales per week, which prevailed during the first half of the current season, to about 35,000 bales per week.

Other countries: Spain negotiating for
120,000 bales of Argentina cotton

According to recent reports from Spain, the Spanish Government is trying to arrange for Argentina to supply 120,000 bales of cotton. This is reported to be merely one phase of a more comprehensive agreement whereby Spain would also obtain quantities of wheat and meat. The terms of the arrangement are reported to be already more or less agreed upon, but no official commitments have been made.

Greece imported about 11,000 bales of American cotton in the first 9 months of the calendar year 1940. This constituted about two thirds of total Grecian cotton imports during that period, and it was the first American cotton imported since May 1938. Mill activity up to the beginning of the war with Italy was progressing at a satisfactory rate, but since the beginning of the war it has been quite spotty. Imports are no longer permitted, thereby conserving much needed foreign exchange and current production is limited almost entirely to Government orders.

Little change has occurred in the Japanese cotton situation during the past month, with purchases of American being almost - if not entirely - limited to California and other special growths. However, according to reports, there is some diverted "subsidy" cotton being offered on the Japanese market, although it was originally intended for other markets. Despite the fact that transportation problems have retarded the importation of Brazilian and other non-American cotton, enough of these lower-priced growths have been shipped into Japan to keep the importation of American cotton at a very low level.

During November and December yarn production averaged about 130,000 bales of 400 pounds per month, of which 85,000 bales were intended for export. Allotments for January and February are reported to be somewhat higher, but apparently nothing in the Japanese textile situation would seem to justify expanded production when unsold stocks of textiles are at such an unusually high level.

During January consumption of cotton in China and Manchuria declined slightly (to 118,000 bales) from the 125,000-bale consumption in November and December. One reason given for the lower mill activity is the New Year holidays, so it is possible that the reduction may be only temporary.

ACREAGE, PRODUCTION, STOCKS, AND SUPPLY

American cotton: More than 3 million bales
placed in 1940 Government loan;
repossessions nearly 200,000 bales

Through February 17 slightly more than 3 million bales of cotton had been placed under the 1940 Government loan, of which about one half was Texas cotton. However, with the price well above 10 cents during most of the last 2 months a considerable volume of repossession occurred. It is difficult to estimate the actual volume of Government-owned and -held stocks because of the lag in reporting new loans and repossessions to the Commodity Credit Corporation. However, on February 17 total Government stocks were probably about 11.0 million bales compared with 8.7 million bales at the beginning of the season (see tables 7 and 8). Trade estimates on withdrawals range from 200,000 to 500,000 bales, but the Commodity Credit Corporation reported withdrawals of only 184,000 bales of the 1940 loan cotton up to February 17.

With a carry-over of 10.6 million bales at the beginning of this season and a production of 12.5 million bales, the total supply of American cotton in the United States this season is 23.1 million bales. Therefore, if domestic disappearance totals only 9.9 million bales the domestic carry-over of American cotton at the end of this season will be about 13.2 million bales, or the highest on record.

Greece: Acreage and production of
cotton higher in 1940 than in 1939

According to the latest official report from Greece, the current estimate of cotton acreage for the 1940 crop is 194,000 acres compared with 188,000 acres in 1939. Production in 1940 is officially estimated at 77,000 bales, a gain of about 14,000 bales over the previous crop.

Table 1.-- Cotton: Spot price per pound, specified growths at Liverpool and Osaka, specified periods

Season, month or day	Liverpool, England						Osaka, Japan				
	American	Indian	Egyptian	Brazilian	Ameri-	Indian	can	Mid-	Actual	Ameri-	strict
	Fine Comra #1	F.G.F. Uppers	Fair, Sao Paulo	can	Acola 1/						
	As a	As a	As a	As a	As a	% of	% of	% of	% of	% of	
Mid-	Low	% of	% of	% of	Strict	Mid-	Actual	Ameri-	% of		
dling	Mid-	Actual	Ameri-	Actual	Ameri-	Ameri-	Mid-	Actual	Ameri-	can	
Fair	dling	Actual	can	Actual	can	Actual	can	dling	Actual	can	
Staple		Mid-	Mid-	Mid-	Mid-	Mid-	Mid-		strict		
		dling	dling	dling	dling	dling	dling		Middling		
10-year average	Ct.	Ct.	Ct.	Pct.	Ct.	Pct.	Ct.	Pct.	Ct.	Ct.	Pct.
1927-28 to											
1936-37	14.50	13.60	11.19	78.0	17.12	117.9	14.08	97.7	14.74	11.37	77.1
1936-37	14.62	13.15	10.87	74.4	17.40	119.0	14.12	96.6	15.75	11.58	73.5
1937-38	10.31	8.78	7.96	77.1	13.10	126.7	10.18	93.7	12.70	9.95	78.3
1938-39	10.15	8.71	7.14	70.4	11.80	115.5	9.63	94.9	2/10.89	2/7.85	72.2
1939-40	12.64	11.79	9.94	78.4	15.76	124.1	12.49	98.6	3/	3/	
1939-40											
Aug.	10.16	8.53	7.38	72.6	11.35	111.7	9.37	92.2	3/	3/	
Sept.	11.21	9.79	8.56	76.4	12.49	111.4	10.71	95.5	3/	3/	
Oct.	10.55	9.41	8.41	79.0	12.03	113.0	10.45	98.1	3/	3/	
Nov.	11.56	10.79	9.46	81.1	12.70	103.9	11.59	99.4	3/	3/	
Dec.	14.14	13.32	11.69	82.7	15.80	111.7	14.14	100.0	13.23	11.29	85.3
Jan.	14.31	14.12	12.31	83.1	17.50	118.2	14.87	100.4	3/	3/	
Feb.	13.74	13.11	11.09	80.7	17.14	124.7	13.94	101.5	13.86	10.06	72.6
Mar.	13.06	12.53	10.68	81.8	17.17	131.5	13.23	101.3	13.60	9.39	69.0
Apr.	13.47	12.88	10.70	79.4	17.64	131.0	13.47	100.0	13.52	8.88	65.7
May	12.95	12.36	10.23	79.0	17.44	134.7	12.95	100.0	12.82	7.67	59.8
June	12.61	12.02	9.37	74.3	18.26	144.8	12.43	98.5	12.87	6.89	53.5
July	13.25	12.60	9.46	71.4	19.54	147.5	12.71	95.9	12.71	7.82	61.3
1940-41											
Aug.	13.50	13.00	9.76	72.3	20.50	151.9	13.10	97.0	12.31	8.37	68.0
Sept.	14.20	13.57	10.28	72.4	21.31	150.1	13.67	96.3	12.03	8.51	70.7
Oct.	13.65	12.98	10.26	74.9	20.81	152.5	13.35	97.8	12.22	7.57	61.9
Nov.	13.84	12.97	10.71	77.4	20.27	145.5	13.77	99.5	12.45	7.73	62.1
Dec.	14.20	13.24	11.22	79.0	19.33	136.1	14.29	100.6	12.70	7.14	56.2
Jan.	14.62	13.62	11.96	81.8	18.65	127.6	14.62	100.0	3/	3/	3/
Jan.	14.71	13.70	11.54	78.5	18.77	127.6	14.71	100.0	3/	3/	3/
10	14.66	13.65	11.71	79.9	18.65	127.2	14.66	100.0	3/	3/	3/
17	14.67	13.67	12.21	83.2	18.67	127.2	14.67	100.0	3/	3/	3/
24	14.57	13.57	12.19	83.3	18.60	127.7	14.57	100.0	3/	3/	3/
31	14.51	13.50	12.13	83.3	18.57	128.0	14.51	100.0	3/	3/	3/
Feb.	14.33	13.35	11.93	83.3	18.57	128.0	14.33	100.0	3/	3/	3/
14	14.33	13.35	11.93	83.3	18.57	128.0	14.33	100.0	3/	3/	3/
21	14.36	13.35	11.97	83.4	18.67	136.8	14.36	100.0	3/	3/	3/

Continued

Table 1.- Cotton: Spot price per pound, specified growths at Liverpool and Osaka, specified periods,
- Continued

Prices at Liverpool are compiled from reports of the Liverpool Cotton Association except for recent weeks which are from cables and reports of the New York Cotton Exchange. Prices were reported in pence per pound and converted to cents per pound at current official rates of exchange. Prices at Osaka are from "The Ten-Days Return of Cotton", Osaka, and cables to the Bureau of Agricultural Economics. They were reported in yen per picul and converted to cents per pound using monthly exchange rates as reported by the Federal Reserve Board; all prices in foreign countries based on net weight.

- 1/ Average of Hinganghat, Yeotmal and Akora, referred to as Acola or the Acola group.
- 2/ Average for 10 months.
- 3/ Not available.

CS-52 Table 2.- Cotton: Spot price per markets, 10-year average 1927-28 to 1928-29

Season, month or day	American Middling		Indian		Sao Paulo		Osaka		Bombay	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
10-yr. av.										
1927-28 to:										
1936-37 ..:	12.99	1.51	1.75	10.06	1.13	1.31	14.11	.03	15.34	1.78
1936-37 ...:	13.45	1.17	2.30	10.08	.79	1.50	12.95	1.17	15.46	1.94
1937-38 ...:	9.24	1.07	3.46	7.27	.69	2.68	9.26	.92	10.96	2.14
1938-39 ...:	9.04	1.11	2/1.98	6.57	.57	2/1.38	8.40	1.23	9.92	1.88
1939-40 ...:	9.04	1.11	3/	8.13	1.81	3/	9.04	3.45	9.12	2.23
Aug.:	9.24	2.41	3/	6.76	.62	3/	7.72	1.65	9.34	3.11
Sept.:	10.23	.98	3/	6.76	.62	3/	8.69	2.02	9.14	2.88
Oct.:	9.18	.98	3/	7.33	1.23	3/	8.73	1.72	10.37	2.73
Nov.:	9.22	1.99	3/	7.46	.95	3/	8.73	1.72	10.37	2.73
Dec.:	9.12	1.53	3/	8.61	.85	3/	9.76	1.83	13.26	2.57
Jan.:	9.60	2.06	3/	10.50	1.19	.79	11.91	2.23	15.10	2.17
Feb.:	10.84	3.30	3/	10.46	1.85	.90	11.35	3.52	14.75	2.17
Mar.:	10.98	3.83	3/	9.16	1.93	.61	9.69	3.54	14.92	2.17
Apr.:	10.87	2.87	2.99	8.78	1.90	.02	8.87	4.60	15.13	4.14
May:	10.53	2.43	2.78	8.86	1.84	-.09	7.58	5.37	13.38	5.17
June:	10.74	2.73	2.57	7.76	2.47	1.25	6.69	5.74	12.56	5.17
July:	10.25	2.70	2.13	5.64	3.73	1.63	6.79	5.92	12.26	5.17
1940-41 ..:	10.74	1.87	2.16	6.19	3.27					
Aug.:	10.55	2.70								
Sept.:				6.57	3.19	1.80	6.50	6.60	11.80	
Oct.:				6.92	3.36	1.59	6.74	6.93		
Nov.:				6.58	3.68	0.99	6.74	6.61	3/	
Dec.:				6.78	3.93	0.95	6.98	6.79	3/	
Jan.:				6.30	4.92	0.84	7.18	7.11	3/	
Jan. 3 ...:				5.87	6.09	3/	7.05	7.57	3/	
Jan. 10 ...:				5.93	5.61	3/	7.29	7.42	3/	
Jan. 17 ...:				5.89	5.82	3/	7.33	7.33	3/	
Jan. 24 ...:				5.83	6.38	3/	7.09	7.58	3/	
Jan. 31 ...:				5.73	6.46	3/	6.89	7.68	3/	
Feb. 7 ...:				5.95	6.18	3/	6.65	7.86	3/	
Feb. 14 ...:				5.79	6.18	3/	6.77	7.59	3/	
Feb. 21 ...:				5.66	6.30	3/	6.81	7.58	3/	
				5.54	6.43	3/	6.85	7.51	3/	

Prices at New Orleans are from records of the Agricultural Marketing Service
 Prices at Bombay are from Bombay Cotton Annual and Financial News through
 1940; since then from New York Cotton Exchange reports. They were converted
 rupees per candy of 784 pounds at current rates of exchange (buying rates
 weeks) as reported by the Federal Reserve Board.
 Prices at Sao Paulo are from official publications and cables. Pri
 converted from milreis per 15 kilograms at current rates of exchange until
 1934, October 1934 to February 10, 1935, at open or free market rates, and
 February 11 to date at composite averages of official and free market rates
 from November 16, 1937 through April 10, 1939 when free market rates were
 Statistics. Prices were converted from tallaris per cantar at current no
 of exchange through August 1939; since September 1939 converted at offic
 foreign countries in the United States based on gross weight; a
 pool and Osaka. 2/ Based on average price for 10 months. The 10-month
 price at New Orleans was 8.91 cents and at Bombay was 6.48 cents. 3/ No

Table 3.- Cotton: Exports from specified countries, average 1929-30 to 1938-39, and seasons 1938-39 to date

Country of origin and destination	Jan.					Aug.-Jan.				
	10-yr. av. 1929-30	1938-39	1939	1940	1941	10-yr. av. 1929-30	1938-39	1939	1940	1941
	to				pct. of 1940	to				pct. of 1939-40
	1,000	1,000	1,000	1,000		1,000	1,000	1,000	1,000	
	bales	bales	bales	bales		bales	bales	bales	bales	
	1/	1/	1/	1/	Pct.	1/	1/	1/	1/	Pct.
United States to										
United Kingdom:	127	41	380	18	4.7	785	285	1,333	327	24.5
Canada	19	15	43	8	18.6	128	131	219	85	38.8
Japan	155	71	161	10	6.2	877	528	583	39	6.7
China	29	19	65	6	9.2	161	39	278	12	4.3
Russia	0	0	0	0	---	13	0	0	139	---
Germany	88	31	0	0	---	718	200	19	0	0
France	64	21	178	0	0	491	294	488	0	0
Italy	48	22	68	0	0	320	173	311	0	0
Spain	18	0	22	0	0	112	2	190	0	0
Belgium	16	10	15	0	0	95	62	136	0	0
Other countries	56	60	103	10	9.7	361	478	613	58	9.5
Total 2/	620	290	1,035	52	5.9	4,061	2,192	4,170	660	15.8
		Dec. 1940 as a % of:					Aug.-Dec. 1938-1940 :			
Brazil to		1938	1939	1940	1939		1938	1939	1940	
Japan	3/	18	5	17	340.0	3/	129	82	159	193.9
United Kingdom:	3/	18	27	26	96.3	3/	128	119	70	58.8
Portugal	3/	1	7	2	28.6	3/	8	15	3	20.0
Canada	3/	0	0	29	---	3/	0	1	86	3,600.0
United States :	3/	0	0	6	---	3/	0	2	14	700.0
China	3/	10	1	15	1,500.0	3/	27	35	69	197.1
Spain	3/	0	0	50	---	3/	0	2	50	2,500.0
Other countries	3/	58	4	6	150.0	3/	243	161	19	11.8
Total 2/	44	105	44	151	343.2	235	535	417	470	112.7
		Jan. 1939-1941:					Aug.-Jan. 1938-39-1940-41:			
Egypt to		1939	1940	1941			1938-39	1939-40	1940-41	
United Kingdom:	56	55	67	3/	---	315	248	352	3/	---
France	20	17	41	3/	---	111	83	161	3/	---
United States :	8	4	2	3/	---	36	15	35	3/	---
Germany 4/	15	16	0	3/	---	83	110	12	3/	---
Italy	10	6	13	3/	---	65	61	54	3/	---
Japan	14	12	21	3/	---	69	82	105	3/	---
British India :	11	10	7	3/	---	40	42	88	3/	---
Other countries	31	29	17	3/		181	195	173	3/	---
Total 2/	165	149	168	5/58	34.5	900	836	980	319	32.6

Compiled from official sources. 1/ American in running bales (counting round bales as half bales), foreign in bales of 478 pounds net. 2/ Totals were made before figures were rounded to thousands. 3/ Not available by countries. 4/ Includes Austria since January 1, 1938. 5/ Includes January 1 to January 29, 1941.

Table 4.- Cotton, American: Exports and consumption, United States, 1909-40

Year beginning Aug.	Exports	Consumption	Total
	1,000 running bales.	1,000 running bales	1,000 running bales
1909 1/	6,339	4,466	10,805
1910 1/	7,781	4,323	12,104
1911 1/	10,682	4,921	15,603
1912 1/	8,800	5,250	14,050
1913	9,142	5,343	14,485
1914	8,323	5,375	13,698
1915	5,896	6,081	11,977
1916	5,300	6,470	11,770
1917	4,288	6,383	10,671
1918	5,592	5,590	11,182
1919	6,545	6,003	12,548
1920	5,745	4,677	10,422
1921	6,184	5,613	11,797
1922	4,623	6,322	11,145
1923	5,656	5,353	11,009
1924	8,005	5,917	13,922
1925	8,052	6,176	14,228
1926	10,927	6,880	17,807
1927	7,542	6,535	14,077
1928	8,044	6,778	14,822
1929	6,690	5,803	12,493
1930	6,760	5,084	11,844
1931	8,708	4,744	13,452
1932	8,419	6,004	14,423
1933	7,534	5,553	13,087
1934	4,799	5,241	10,040
1935	5,973	6,220	12,193
1936	5,440	7,768	13,208
1937	5,598	5,616	11,214
1938	3,327	6,736	10,063
1939	6,192	7,655	13,847
1940 2/	1,000	8,750	9,750

Compiled from reports of the Bureau of the Census.

1/ Year beginning September 1.

2/ Estimated from the average annual rate for the 6 months August-January. However, if one assumes that the January rate of consumption (seasonally adjusted) continues during the remainder of the season, consumption for the season will total about 8.9 million bales of American cotton or about 9.0 million bales of all kinds of cotton.

Table 5.- Cotton: Exports from Peru, average 1929-30 to 1938-39 and seasons 1938-39 to date, by country of destination

Country of destination	Nov.					Aug.-Nov.				
	10-yr.:		1940 as:		Pct.	10-yr.:		1940 as:		Pct.
	av.:	:	a per-	:		av.:	:	a per-		
	1929-39:	1938-39:	1938-39:	1939:	1939:	1929-30:	1938-39:	1938-39:	1939:	1939:
1,000 bales	1,000 bales	1,000 bales	1,000 bales	lb.	1,000 bales	1,000 bales	1,000 bales	1,000 bales	lb.	
Belgium	1/	2	3	0	0	1/	7	6	0	0
France	1/	1	2/	0	0	1/	4	4	0	0
Germany	1/	6	0	0	---	1/	38	7	0	0
Netherlands ..	1/	2	6	0	0	1/	10	15	0	0
Sweden	1/	0	0	2/	---	1/	0	0	2/	---
Switzerland ..	1/	0	1	2/	---	1/	0	2	2/	---
United Kingdom	1/	20	16	5	31.3	1/	91	90	23	25.6
United States:	1/	0	2/	1	---	1/	0	3	4	133.3
Argentina	1/	0	0	0	---	1/	0	0	1	---
Bolivia	1/	2/	2/	0	0	1/	2/	2/	2/	---
Chile	1/	2/	2/	1	---	1/	2	4	5	125.0
Colombia	1/	0	0	1	---	1/	0	0	4	---
Venezuela	1/	0	2/	2	---	1/	0	1	4	400.0
China	1/	0	0	1	---	1/	2/	0	3	---
India	1/	2/	0	0	---	1/	2/	0	1	---
Japan	1/	4	3	19	633.3	1/	4	15	43	286.7
Other countries	1/	2/	2/	2/	---	1/	3	4	1	25.0
Total 3/ ...:	24	36	30	30	100	136	159	151	89	58.9

Compiled from official sources.

1/ Not available by countries.

2/ Less than 500 bales.

3/ Totals made before figures were rounded.

Table 6.- Cotton: Exports from Peru to specified countries, August 1934 to date

Country	Year beginning Aug. 1									
	1934-1939						1940 1/			
	1934	1935	1936	1937	1938	1939	Aug.	Sept.	Oct.	Nov.
Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.	Bales 478 lb.
Belgium	16,568	16,250	17,328	12,065	19,353	9,409	0	0	0	0
Czechoslovakia ...	2/	2/	25	1,549	1,732	0	0	0	0	0
Denmark	2/	161	412	1,503	798	1,143	0	0	0	0
France	8,991	7,778	10,071	8,617	10,865	9,555	0	0	0	0
Germany	91,785	123,294	102,827	84,581	91,759	6,953	0	0	0	0
Italy	5,017	2,765	3,438	3,100	2,947	14,955	0	0	0	0
Netherlands	2,458	4,357	9,790	7,206	30,044	20,191	0	0	0	0
Poland	55	1,006	134	234	836	0	0	0	0	0
Portugal	212	2/	2/	2/	0	0	0	0	0	0
Spain	52	294	2/	2/	0	0	0	0	0	0
Sweden	0	0	0	0	108	0	0	0	0	414
Switzerland	2/	2/	2/	2/	0	2,305	0	0	360	58
United Kingdom ...	157,800	160,511	179,343	178,018	175,375	193,549	9,935	954	7,049	4,810
Canada	0	0	0	0	0	0	103	39	0	0
United States	1,435	716	814	205	126	6,192	503	2,167	583	524
Guatemala	0	0	0	0	80	1,507	0	107	324	0
Argentina	0	0	0	0	0	865	279	278	0	0
Bolivia	1,105	185	186	532	742	1,126	61	432	0	0
Chile	1,273	5,749	7,925	10,200	9,309	11,395	851	1,268	2,168	1,038
Colombia	0	2/	2/	2/	0	1,889	721	1,583	1,360	637
Ecuador	853	2/	2/	2/	0	0	0	0	0	0
Venezuela	0	0	0	2/	0	1,828	1,459	372	495	1,535
China	2/	2/	209	313	700	3,342	0	1,141	320	1,380
India	11,430	11,899	354	372	330	1,237	107	1	533	0
Japan	20,110	57,435	32,990	5,665	22,394	36,211	4,418	9,830	9,710	19,233
Other countries ...	214	1,679	646	692	0	0	0	0	0	0
Total	319,358	394,079	366,492	314,852	367,498	323,652	18,487	18,172	22,902	29,629

Compiled from official sources.

1/ Preliminary.
2/ If any, included in "other countries".

Table 7.- Cotton: Government financed stocks, July 31, 1930-40

Item	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Federal Farm Board	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Spots and futures ^{2/}	bales	1/bales	1/bales	1/bales	1/bales	1/bales	1/bales	1/bales	1/bales	1/bales	1/bales
Cooperatives combined :											
holdings	70	2,072	1,571	0	0	0	0	C	0	0	0
Stabilization corpo- :											
ration holdings	1,242	1,321	808	0	0	0	0	0	0	0	0
Total ^{3/}	1,312	3,393	2,379	0	0	0	0	C	0	0	0
Options and producers ¹ :											
pools:											
Spots	---	---	---	1,129	1,891	629	^{4/}	^{4/}	0	0	0
Futures	---	---	---	425	35	939	0	0	0	0	0
Total ^{3/}	---	---	---	1,554	1,926	1,568	^{4/}	^{4/}	0	0	0
Loan stocks - spots:											
1933	---	---	---	---	1,112	7	0	0	0	0	0
1934	---	---	---	---	---	4,453	3,160	1,665	1,667	1,665	0
1935	---	---	---	---	---	---	77	^{4/}	0	0	0
1937	---	---	---	---	---	---	---	---	5,297	5,272	0
1938	---	---	---	---	---	---	---	---	---	4,113	2,068
1939	---	---	---	---	---	---	---	---	---	---	21
Total spot loan											
stocks ^{3/}	---	---	---	---	1,112	4,460	3,237	1,665	6,964	11,049	2,089
Government owned stocks:											
1934 crop	---	---	---	---	---	---	---	---	---	---	1,557
1937 crop	---	---	---	---	---	---	---	---	---	---	5,071
Total ^{3/}	---	---	---	---	---	---	---	---	---	---	6,628
Total Government											
financed stocks ^{2/} :											
Spots	^{5/}	^{5/}	^{5/}	1,129	3,002	5,088	3,237	1,665	6,964	11,049	8,717
Futures	^{5/}	^{5/}	^{5/}	425	35	939	0	0	0	0	0
Total ^{3/}	1,312	3,393	2,379	1,554	3,037	6,027	3,237	1,665	6,964	11,049	8,717

Compiled from "Studies in Conflict and Control, Stabilization Operations of the Federal Farm Board" by E. S. Haskell; reports from the New York Cotton Exchange Service, and the United States Department of Agriculture.

^{1/} Spot cotton in terms of running bales, futures in terms of equivalent 500-pound bales. ^{2/} Spots and futures not separately reported prior to November 1933. ^{3/} Totals were made before figures were rounded. ^{4/} Less than 500 bales. ^{5/} Non-ascertainable.

Table 8.- Cotton: Number of bales entering and being withdrawn from the 1940 Government loan, by weeks

Week ended:	Entering loan		Withdrawals		Remaining in loan
	During week	Cumulative total	During week	Cumulative total	
	Bales	Bales	Bales	Bales	
Sept. 9 <u>1/</u>	2,701	2,701	0	0	2,701
16	10,092	12,793	0	0	12,793
23	60,899	73,692	0	0	73,692
30	84,910	158,602	0	0	158,602
Oct. 7	173,464	332,066	0	0	332,066
14	219,140	551,206	0	0	551,206
21	290,233	841,439	0	0	841,439
28	285,131	1,126,570	0	0	1,126,570
Nov. 4	296,058	1,423,428	0	0	1,423,428
12 <u>2/</u>	226,654	1,650,082	0	0	1,650,082
18	271,432	1,921,514	0	0	1,921,514
25	152,044	2,073,558	0	0	2,073,558
Dec. 2	166,421	2,239,979	0	0	2,239,979
9	144,517	2,384,496	0	0	2,384,496
16	118,647	2,503,143	0	0	2,503,143
23	100,598	2,603,741	0	0	2,603,741
30	62,418	2,666,159	0	0	2,666,159
Jan. 6	49,222	2,715,381	<u>3/</u> 12,018	<u>3/</u> 12,018	2,703,363
20 <u>4/</u>	135,648	2,851,029	0	12,018	2,839,011
27	51,858	2,902,887	16,210	28,228	2,874,659
Feb. 3	39,177	2,942,064	27,684	55,912	2,886,152
10	38,798	2,980,862	50,205	106,117	2,874,745
17	23,875	3,004,737	77,995	184,112	2,820,625
24	:				
Mar. 3	:				
10	:				
17	:				
24	:				
31	:				

Compiled from records and reports of the Commodity Credit Corporation.

1/ First day any loans on the 1940-41 crop were made.

2/ November 11 was a holiday.

3/ The first withdrawals (repossessions) of 1940 loan cotton occurred on January 2.

4/ Total for 2 weeks; no report was released on January 13 as the compiling office was being moved to New Orleans, Louisiana.

Table 9.- Cotton, American and Foreign: World supply and distribution and United States farm price and income, averages 1928-32 and 1933-37, annual 1938-40

Type of cotton and item	Year beginning Aug.				
	Average: 1928-32:	Average: 1933-37:	1938	1939	1940 ^{1/}
	Million bales	Million bales	Million bales	Million bales	Million bales
	2/	2/	2/	2/	2/
American cotton:					
Carry-over (beginning of season)	7.6	9.0	13.8	14.1	12.7
Production (ginnings plus city crop)	14.6	12.7	11.7	11.5	12.5
World supply ^{3/}	22.2	21.7	25.4	25.7	25.2
Consumption (total world) ^{3/}	13.2	12.3	11.2	12.9	---
In United States	5.7	6.1	6.7	7.7	<u>4/</u> 8.9
In foreign countries	7.6	6.2	4.5	5.2	---
Exports	7.7	5.9	3.3	6.2	<u>4/</u> 1.0
Stocks at end of season (world total) ^{3/} ..	9.0	9.4	14.1	12.7	---
In United States	6.1	7.2	13.0	10.6	---
Government loan stocks	1.9	4.0	11.0	8.7	---
Other stocks	3.2	3.2	2.0	1.9	---
In foreign countries	2.9	2.1	1.2	2.1	---
	Cents	Cents	Cents	Cents	Cents
Farm price (United States weighted average per pound)	11.28	10.87	8.60	9.09	9.39
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Farm income including Government pay- ments ^{3/}	919.5	907.4	855.0	831.0	---
From lint	822.8	682.0	508.0	536.9	---
From seed	96.7	103.4	82.9	78.7	---
From Government payments	0.0	122.0	264.0	215.5	201.0
	Million bales	Million bales	Million bales	Million bales	Million bales
	1/	1/	1/	1/	1/
Foreign cotton:					
Carry-over (beginning of season)	5.6	6.5	8.9	7.5	7.8
Production	10.9	15.9	15.8	15.9	17.0
World supply ^{3/}	16.5	22.3	24.8	23.3	24.8
Consumption	10.9	15.1	17.3	15.6	---
Stocks at end of season	5.6	7.2	7.5	7.8	---

Bureau of Agricultural Economics. Compiled from reports of the Bureau of the Census and the New York Cotton Exchange Service.

^{1/} Preliminary.

^{2/} American in running bales (counting round bales as half bales) and foreign in bales of approximately 478 pounds net.

^{3/} Totals were made before figures were rounded.

^{4/} Estimated.

Table 10.- Cotton prices, mill margins and specified index numbers, United States, annual 1929-39, monthly August 1940-January 1941 1/

Year beginning Aug.	Price of cotton per pound :				Index numbers			
	Received by farmers	Parity	Middling 15/16" cotton-	Mill, average margin:	Cotton consump- tion (1935-39= 100)	Industrial produc- tion (1935-39= 100)	Whole- sale prices (1910-14= 100)	Prices paid by farmers (1910-14= 100)
15th of month	2/	3/	4/	5/	5/	6/		
	Cents	Cents	Cents	Cents				
1929	15.50	20.30	16.24	13.19	91	101	134	151
1930	9.22	18.35	10.02	12.17	78	81	114	135
1931	5.61	15.84	6.10	9.43	73	63	99	115
1932	6.90	14.29	7.29	10.07	92	62	92	103
1933	10.55	15.52	11.00	13.95	85	76	106	118
1934	12.27	16.28	12.70	11.83	80	79	114	126
1935	11.09	15.76	11.92	12.63	94	96	117	122
1936	12.64	16.63	13.29	16.59	120	116	124	130
1937	8.39	16.25	9.09	12.15	86	92	119	126
1938	8.38	15.66	9.00	10.44	103	99	112	120
1939	9.50	15.81	10.09	12.68	116	117	114	122
1940-41 7/:								
August	9.23	15.75	9.91	11.23	124	121	113	122
September	9.23	15.75	9.48	12.26	120	125	114	122
October	9.35	15.75	9.38	13.31	126	129	115	122
November	9.38	15.75	9.66	14.24	135	132	116	122
December	9.33	15.87	9.86	14.50	145	137	117	122
January	9.45	15.87	10.10	14.94	138	122	118	123

1/ All annual data on an August 1 year: The annual figure is the simple average of the 12 monthly figures.

2/ Average United States farm price for the 5 years August 1909-July 1914 of 12.4 cents times the index of prices paid by farmers, interest, and taxes (1910-14=1.00).

3/ Prices for 1929 through 1938 are the premiums of 15/16" cotton at six markets (Dallas, Galveston, Houston, Little Rock; Memphis, and New Orleans) added to the price of 7/8" cotton in the same markets. Since 1939 prices are as quoted on Middling 15/16" cotton in the ten designated markets.

4/ Mill margins on unfinished cloth (17 constructions).

5/ Federal Reserve Board, adjusted for seasonal variation.

6/ Bureau of Labor Statistics 1926 = 100, converted to 1910-14=100.

7/ Preliminary.