

THE

Cotton

SITUATION

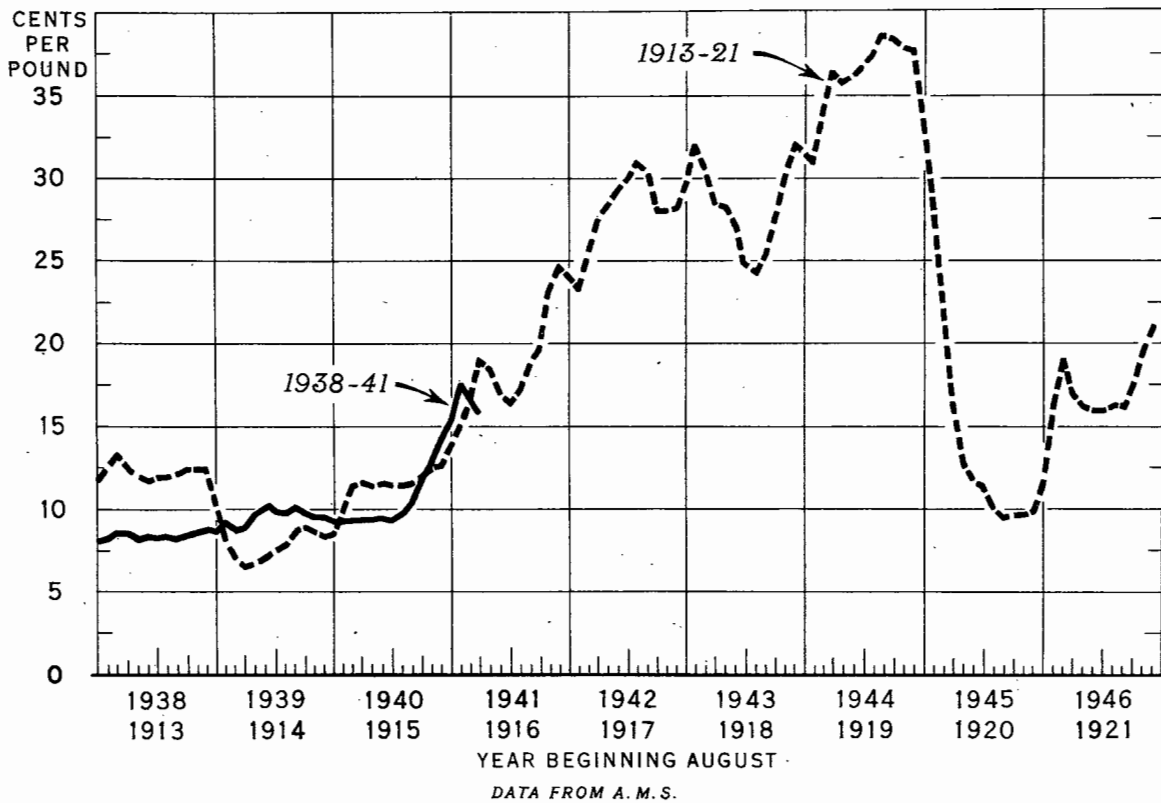
BUREAU OF AGRICULTURAL ECONOMICS
 UNITED STATES DEPARTMENT OF AGRICULTURE

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DECEMBER 1941

COTTON: PRICE RECEIVED BY FARMERS, UNITED STATES, 1913-21, AND 1938-41



U. S. DEPARTMENT OF AGRICULTURE

NEG. 39770 BUREAU OF AGRICULTURAL ECONOMICS

IN DECEMBER 1941 THE AVERAGE UNITED STATES FARM PRICE OF COTTON WAS ABOUT TWICE AS HIGH AS THE AVERAGE OF 8-2/5 CENTS FOR THE TWELVE MONTHS ENDED JULY 1939.

THIS IS ABOUT THE SAME ABSOLUTE BUT A LARGER RELATIVE GAIN THAN THE ADVANCE OF 8-1/5 CENTS (50 PERCENT) WHICH OCCURRED IN THE CORRESPONDING PERIOD OF WORLD WAR I. MOST OF THE RISE IN PRICE DURING THE PRESENT WAR HAS BEEN WITHIN THE PAST YEAR, AND HAS OCCURRED DESPITE A TOTAL CURRENT DOMESTIC SUPPLY OF COTTON EQUAL TO NEARLY TWICE THE PROSPECTIVE DOMESTIC CONSUMPTION AND EXPORTS FOR THE SEASON. A LARGE AMOUNT OF THE CURRENT SUPPLY, HOWEVER, IS GOVERNMENT-FINANCED COTTON, THUS FAR UNAVAILABLE FOR DOMESTIC USE. IN 1916-17 THE DOMESTIC SUPPLY--ALL OF WHICH WAS AVAILABLE--WAS 1-1/4 TIMES ACTUAL CONSUMPTION PLUS EXPORTS.

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

Summary

Domestic cotton consumption established a new record daily high in November (nearly 43,600 bales compared with the previous high of 42,950 last May and with 36,150 in November 1940). Consumption may go still higher in the next few months if labor and equipment are available. The United States entry into the war will result in larger Government orders for cotton goods, and necessitate considerable substitution of cotton for import fibers. It will probably result in still further increases in civilian demand for cotton textiles.

Maintenance of the November daily rate for the remainder of the season would result in an annual domestic consumption of about 11 million bales. An expansion in the daily rate, therefore, would mean a yearly consumption in excess of 11 million bales compared with the previous record high of 9-3/4 million bales in 1939-40. The extent of any further expansion in the output of domestic mills probably will depend more upon their ability to obtain equipment, particularly repair and replacement equipment, than upon their ability to obtain labor.

The record high and increasing rate of domestic consumption, together with the Government loan program and general inflationary sentiment in the cotton trade, was an important factor contributing to a net advance of 1 cent per pound in domestic cotton prices from late November to late December. Despite the large total domestic supply, the December 30 price of Middling 15/16 inch cotton in the 10 markets of 17.77 cents was 7-3/4 cents higher than a year earlier. It was nearly twice as high as the average for 1938-39, the last year prior to the outbreak of World War II. In December 1916 domest

cotton prices were about 5-1/4 cents (40 percent) higher than the average for 1913-14, the last season prior to the beginning of World War I. These gains in cotton prices compare with advances in the domestic all-commodity wholesale price index of 22 and 45 percent, respectively, in the corresponding periods in World War II and World War I.

Although prices (in the 10 markets) have recently been from 2-1/2 to nearly 3-1/2 cents higher than the 1941 loan rate, farmers have continued to place cotton under Government loan. Up to December 20 Government loan stocks included over 1-1/2 million bales of the 1941 crop. In addition over 6-1/2 bales of cotton from earlier crops were owned or held as collateral against loans by the Government as of December 1.

-- December 30, 1941

DOMESTIC AND FOREIGN PRICES

Domestic Prices Show Gains for Month and Year of 1-1/4 and 7-3/4 Cents

Despite a large domestic supply (11 percent, or slightly over 2 million bales above the average for 1930-39), the December 30 price of Middling 15/16 inch in the 10 markets (of 17-3/4 cents) was 1 cent higher than in late November and 7-3/4 cents higher than a year earlier. It was 8-3/4 cents (97 percent) above the average for 1938-39, the last full season prior to the outbreak of the present war. This compares with a net gain of 5-1/5 cents (40 percent) in the basic quality (Middling 7/8 inch) at New Orleans in December 1916 over the average for 1913-14. Most of the price advance since the beginning of World War II has occurred within the past 12 months. The Government loan program, the extremely large domestic consumption, and inflationary elements in the domestic price structure were factors contributing to the price advance of the past few weeks and to the price gains over last season. For the week ended December 20 this year the Bureau of Labor Statistics wholesale all-commodity price index of 137 (1910-14 = 100) was 22 percent above the 1938-39 (August-July) average, whereas, in December 1916 it was 45 percent above the 1913-14 average.

The much greater gains in cotton prices thus far during the present war has occurred even though total domestic supplies of cotton for the current season of over 23 million bales are equal to about two times the probable domestic consumption and exports for the year. In 1916-17 such supplies were only one and one-fourth times as large as consumption plus exports. However, after deducting Government-financed stocks on August 1 plus the amount of 1941-crop cotton under Government loan as of early December, the current

season's indicated supply of "free" cotton (about 15-1/2 million bales) is equal to slightly less than one and one-half times the probable domestic consumption.

Cotton Prices in India and Brazil Less
Than Half of Those in United States

On December 26 the price of type 5 cotton at Sao Paulo, Brazil was reported as equivalent to about 7-1/3 cents per pound. This was equivalent to less than 43 percent of the price of American Middling 15/16 inch in New Orleans. In December last year, about the same price in Sao Paulo was then equivalent to 72 percent of the price of American at New Orleans. In the 10 years ended July 1937 the price at Sao Paulo averaged a little higher than Middling 15/16 at New Orleans (table 2). Following the spread of the war and the possible increased difficulty in exporting from India the price of Indian Oomra No. 1 Fine at Bombay, India declined from about 8-1/5 cents on December 5 to 7.03 cents on December 26. On the latter date the Bombay price was only 41 percent of the New Orleans price compared with 65 percent in December last year and a 10-year (1927-36) average of 77 percent.

These comparative prices strikingly indicate that the United States is no longer on an "export basis". Furthermore, it is evident that without import restrictions (arising from transportation difficulties or trade barriers such as import quotas) domestic prices could not be maintained at anything like present levels. Without import restrictions domestic mills, like Canadian mills, would import large quantities of foreign cotton (Brazilian and other growths less similar in quality to the American they usually used) and shift away from the higher-priced American cotton.

DOMESTIC DEMAND AND CONSUMPTION

War Increases Textile Needs, May Assure
Substantially Higher Cotton Textile Output

With the outbreak of war between the United States and Japan on December 7, it was immediately evident that the demand for domestically produced cotton textiles would be considerably greater than if the United States had remained a nonbelligerent. This country's entry into the war meant that larger quantities of cotton textiles would be required to clothe and equip the expanded military personnel. On the basis of the Department of Commerce estimate - placing the quantity of cotton required to produce the goods purchased by the Government to clothe and equip an average soldier for 1 year at 250 pounds - an expansion in our armed forces would require the output of 500,000 bales of cotton for each 1 million men. (The average peace-time domestic per capita consumption of cotton is only about 25 pounds.) A recent announcement from the Office of Production Management (December 29) stressed the need for speeding up cotton textile production in view of the fact that "defense demands are increasing and will no doubt, continue to increase and it will be necessary to take care of certain requirements for lend-lease and friendly foreign Governments".

The rapidity with which the Government expects to expand its armed forces and build up stocks of cotton textiles is not known. There is, however,

no question that Government orders will require substantially larger proportions of the output of domestic mills than during the past year when Government purchases were variously estimated to have been equivalent to from 10 to 20 percent of the total domestic production of cotton textiles.

The cotton goods required for soldiers, sailors, and marines include, in addition to various items of clothing, such articles of equipment as barrack bags, water bags, mosquito bars, tents, comforters, cots, mattresses and mattress covers, sheets, towels, sandbags, gas masks, and so forth. In addition to the Government's direct purchases of cotton textiles or goods composed very largely of cotton textiles, large quantities of cotton also go into the thousands of motor vehicles and airplanes and the millions of tires purchased by the Government for military and other defense activities.

Civilian Demand Likely to Increase

The preparations now being made for civilian defense seem likely to result in increased domestic civilian demand for cotton goods. Already civilians have begun making purchases of black-out cloth, although the Office of Production Management has recently requested merchants, wholesale and retail "not to encourage the purchase of black-out cloth". Other articles of, or containing cotton, used for civilian defense, include window tapes, sandbags, gas masks, and first aid equipment.

Civilian demand for cotton textiles for clothing and household articles in the next several months may also be somewhat greater than had previously been expected. This will be offset to some extent, however, by the prospective greater decline in the cotton required to produce automobiles, trucks, and tires for civilian use as a result of restrictions on the production of these products. The restricted supplies of these and other civilian goods along with the increase in consumer incomes are believed likely to encourage consumers to increase their expenditures for cotton textiles if sufficient supplies of cotton goods are available. Despite the great increase in taxes the income of consumers available for the purchase of various goods and services is expected to be somewhat larger than in the recent past.

Indirectly the national defense effort also contributes to "civilian" demand - as distinguished from direct Government demand - in other ways. For example, the great expansion in factory production and in transportation makes it necessary for individual companies and corporations to purchase larger quantities of various types of cotton goods, or goods which require cotton textiles for production or distribution.

Reduced Fiber Imports May Result in Important Shifts to Cotton

As a result of the war effort and the possible difficulties of getting the needed requirements of such imported fibers as abaca ("Manila hemp" from the Philippines), jute, sisal, silk, and possibly wool, it is likely that cotton will be substituted for these fibers to an important extent during the months immediately ahead. This is especially true if labor and equipment are sufficient to enable an important further expansion in the production of cotton textiles.

In view of the strong demand for cotton goods, it would seem that if mill facilities and labor supplies permit, domestic mills will materially expand cotton textile production during the months immediately ahead. It is reported that at present about 60 percent of the cotton textile industry is running on a three 8-hour shift basis and practically all of the remainder on a two-shift basis. With mills reasonably assured of a strong demand, it is likely that greater efforts will now be made to obtain additional workers. It is generally believed that from a short-time standpoint the shortage of certain types of equipment, primarily carding equipment, constitutes the greatest obstacle to further expansion in cotton textile production. Trade reports indicate that because many mills have been called upon to produce coarser goods than the mills were designed to produce, the capacity of the existing carding equipment is not sufficient to enable the spindles to produce as much yarn as would otherwise be possible.

Importance of the possible substitution of cotton for other materials and also the increased domestic demand for textiles resulting from the war is indicated in the announcement from the Office of Price Administration on December 16 placing ceilings on second-hand burlap and cotton bags. In this announcement the following reasons were given for placing a ceiling on these items: "Urgent demands from the Army and Navy for sandbags have been superimposed upon the existing heavy requirements for bags to package industrial and agricultural products. Burlap imports are in danger of being completely interrupted by the war situation in the Far East," and "production of new cotton textile bags cannot be increased fast enough to make up for the threatened burlap deficiency."

Consumption May Reach or Exceed 11
Million Bales

The average daily rate of total domestic consumption in November of nearly 43,600 bales (including an average of 200 bales of cotton distributed to low-income families for mattress making) established a new record high. This was 20 percent above the average for November last year, when an average of nearly 1,400 bales per day were distributed for use in making mattresses. The daily rate of mill consumption, excluding mattress cotton, was 25 percent higher in November this year than last. If the November daily rate of consumption is maintained for the remainder of the 1941-42 season the total domestic consumption will approximate 11 million bales. In view of the strong demand there seems little question that the November rate will be maintained or exceeded if labor, equipment, and power are available in sufficient quantities. In 1940-41 domestic consumption totaled 9.7 million bales, including more than 400,000 bales of mattress cotton, and was 1-3/4 million bales larger than the previous record consumption established in 1936-37.

Price ceilings have already been established, or are in prospect in the near future for practically all cotton goods. Consequently the strong demand will not be further reflected in yarn and cloth prices. There is little question that necessary special arrangements will be made to see that mills operating on defense orders maintain a high level of production.

Manufacturers' sales of cotton goods have continued mostly below output in recent weeks. This is due primarily to the fact that unfilled orders are

still fairly large and mills are unwilling to sell important quantities very far in advance. Since the United States entry into the war on December 7 the manufacturers' reluctance to sell ahead has been due in part to their expectations that the Government would soon be placing large orders for military purposes. Since December 16 sales of cotton textiles probably have been affected to some extent by an announcement from the Office of Price Administration that temporary price ceilings were being prepared on a wide variety of textiles not already subject to price control. The ceilings were to "apply at all levels of production and distribution except the retail levels."

FOREIGN DEMAND AND CONSUMPTION

Spread of War Reduces Cotton Consumption Prospects in Orient

Cotton consumption in Japan and China was quite low during the first 4 months of the current season. Now, with India, and the United States at war with Japan, the supply of cotton reaching the mills of Japan and China will no doubt decline considerably further. In India cotton consumption is running at a record high level, but for the three countries combined the quantity of cotton being consumed is considerably below average.

Japan's Imports and Consumption Curtailed - In Japan purchases of American cotton for import ceased with the institution of the freezing regulations in July so that little American cotton has reached that country this season. Japanese imports from India also have been negligible. In August an agreement was reported between the Indian and Japanese Governments for shipment of approximately 80,000 bales of Indian cotton, practically all of which was contracted for prior to the imposition of the freezing orders. It was recently reported, however, that up to November 1 not more than 25,000 bales of that amount had arrived in Japan and even then it was believed that no further shipments would be received from India for an indefinite period. It is estimated that a total of only 75 to 80,000 bales of cotton from all sources arrived in Japan during the 3 months ended October 31. This compares with the monthly average of more than 100,000 bales in the early months of the calendar year. Exports statistics for Brazil and Peru show 17,000 and 48,000 bales, respectively, exported to Japan between August 1 and October 30, 1941. Now, however, all shipments from these and other Latin American countries have ceased.

No available estimates of Japanese imports of cotton from China are available, but in November Japanese press reports were optimistic concerning the cotton crop in North China and Japan's prospects of obtaining a larger portion of it this year. At that time reports from Shanghai indicated that total shipments to Japan in 1941-42 might reach something like 350,000 bales compared with 300,000 bales last year. Now that Japan will be exerting much greater effort in the conduct of the war it is doubtful if this quantity can be obtained.

Raw cotton stocks in Japan on November 1 were estimated at about one half million bales, a quantity sufficient for not more than a 6 months' supply if used only for the most urgent domestic needs. Stocks of cotton piece goods in Japanese warehouses, however, were estimated to have exceeded

1 billion square yards. In view of the war it is likely that these goods will now be used for domestic purposes instead of for export as was originally intended.

Mill Consumption in China Also Expected to Decline - Cotton mill consumption in China during October was estimated at about 115,000 bales, practically the same as in September. This was at an annual rate of less than 1,400,000 bales, or about half of the actual average consumption for the years 1937-39. It seems very likely that the spread of the war will result in a still smaller consumption in the months ahead. Reported imports of cotton into China in September totaled 31,000 bales, half of which was from Brazil, and the quantity for October and November may have been in about the same general range. With practically all of the imports going to mills in Shanghai, which are now under Japanese control, raw cotton imports into China are now likely to be nil. Furthermore, it would seem reasonable to expect that the mills formerly under China's or British control will now have more difficulty in obtaining Chinese-grown cotton. The latter may also be true with respect to the mills in China which were already under Japanese management.

Indian Mill Activity Continues at Record Levels

So far this season cotton mill consumption in India is believed to have been somewhat higher than during the corresponding period last year, when for the 4 months ended November 1940 consumption of Indian cotton totaled 1,088,000 bales. The latter figure was itself a new high record and considerably above the average for recent years. The high level of consumption both for this year and last is attributable to large Government purchases for military needs and to reduced imports of cotton textiles from Japan.

PRODUCTION, STOCKS, AND SUPPLY

United States Crop Third Smallest in 18 Years; Below Average in Grade, Slightly Longer in Staple

The United States cotton crop was estimated December 8 by the Crop Reporting Board at 10,976,000 bales (500 pounds gross weight), on the basis of conditions as of December 1, 1941. This is a reduction of 44,000 bales from the forecast as of November 1 and compares with a crop of 12,566,000 bales in 1940 and an average of 13,245,000 bales for the 10 years 1930-39. The indicated current crop is the third smallest since 1923, the 1934 and 1939 crops having been somewhat smaller.

The indicated yield per acre for the United States of 335.4 pounds compares with 252.5 pounds in 1940 and an average of 205.4 pounds for the 10 years 1930-39.

The harvested acreage is now estimated at 22,376,000 acres, 6.2 percent less than in 1940. It is 1.1 percent less than the acreage estimate used in preparing the reports for September, October, and November. The area in cultivation as of July 1 was revised to 23,250,000 acres, with

abandonment estimated at 3.8 percent, including the acreage removed by farmers after July 1 in compliance with the Agricultural Conservation Program.

During much of the 1941 season growing conditions were favorable in the Mississippi River Delta and in western Oklahoma and Texas but unfavorable in the Southwest. New high record yields were recorded in Missouri and Tennessee, and the highest yield of recent years was recorded in Oklahoma. Yields were very low in South Carolina, Georgia, Louisiana, and Florida and about average in Alabama. Other States had above-average yields, with the outturn in northwestern Texas more than offsetting the low yields in the central and eastern parts of that State.

Upland cotton ginned in the United States through December 12 was substantially lower in grade and slightly longer in staple than the crop ginned to the corresponding date last season, according to recent estimates of the Agricultural Marketing Service. The index grade of 95.0 for ginnings through December 12 was the lowest for any season since records have been available. Over 45 percent of all cotton ginned through December 12 was Strict Low Middling White or below in grade. The extremely low grade of the crop may be attributed in large part to the unfavorable harvest conditions which prevailed in some parts of the Belt during most of the ginning season.

The average staple length of cotton ginned through December 12 was 32.2 thirty-seconds of an inch, which is slightly longer than that ginned to the corresponding date last season. It was the longest for any of the 14 years for which estimates are available. The current crop contains a slightly smaller proportion of the length 15/16 inch through 1 inch than did the crop last year, but a somewhat larger proportion of the lengths 1-1/8 inch and longer. All other lengths as a whole showed little change. It is estimated that ginnings to December 12 contained over 62,000 bales more of the 1-1/8 inches and longer staples than did ginnings to the same date last season.

Domestic State Allotments for 1942 About
Same as 1941

The 1942 State cotton acreage allotments were announced on December 16 as about the same as those of 1941 and will result in an allotted acreage of approximately 27,400,000, after the minimum farm allotment provisions of the Agricultural Adjustment Act have been applied. In 1941 final allotments totaled approximately 27,400,000 acres but only 23,250,000 acres were planted.

The preliminary State cotton acreage allotments, excluding the acreage increases to be made to growers under the minimum allotment provisions, total approximately 26,598,000 acres for 1942 compared with 26,700,000 acres in 1941.

The State allotments will be used as a basis for calculating county and individual allotments under the 1942 Agricultural Conservation Program. By complying with these allotments, farmers may earn conservation payments amounting to 1.25 cents a pound on the normal yield of the farm's allotted acreage. Parity payments also are conditioned upon compliance with the allotments.

Farm allotments also will be used in determining marketing quotas. Continuance of marketing quotas for cotton in 1942 was assured on December 13,

when farmers, according to incomplete returns, voted by approximately 94 percent in favor of quotas in 1942.

Domestic Supply Large; "Free" Supply
Reduced by Government Loans

Although the current crop is 3-1/4 million bales smaller than the 1930-39 average the indicated total domestic supply of United States grown cotton for the current season is nearly 2 million bales larger than the 10-year average. It will, however, be about the same as for 1940-41. The carry-over on August 1 of slightly over 12 million running bales was the second largest on record and about 5 million bales larger than the 10-year average. The carry-over plus the season's indicated ginnings (in running bales) including city crop adjustments will likely give a supply of about 22,900,000 running bales.

Up to December 20, the Commodity Credit Corporation reports that loans had been made on over 1.6 million bales of 1941 crop cotton. This is a gain of 131,000 bales over the loans reported through December 13 and compares with loans made to the same date last season of about 2.6 million bales. If this, or an additional quantity of 1941 crop cotton, remains under loan for the remainder of the season it will reduce the supply of "free" 1941 domestically produced cotton available for domestic manufacturers to a figure much below the indicated domestic consumption for the current season of possibly 11 million bales or more (see Domestic Demand and Consumption, page 4). This would result in domestic stocks of "free" cotton at the end of the current season materially below the 5-2/3-million bale figure as of August 1, 1941 unless considerable quantities of the 6-2/3 million bales of cotton produced in earlier years which was owned or held as collateral by the Government as of December 1, 1941, are sold or redeemed. This situation and general inflationary elements in the current price structure are important factors in the relatively high current domestic cotton prices. Government-owned cotton has been released in considerable quantities this year, but only for export under the Lend-Lease Program or the Export Payment Program.

Supplies of Foreign Cotton Large; Both
Carry-over and Production Above
Average

The most recent available estimates of the New York Cotton Exchange Service place the indicated 1941-42 world supply of foreign cotton at about 25 million bales. This has been exceeded only by the 25,800,000-bale supply for the 1937-38 season. It is 5.3 million bales larger than the 1930-39 average, with the carry-over and the indicated production 2.8 million and 1.5 million bales, respectively, larger than the 10-year average. The estimate of the 1941-42 crop is based on the assumption that the crops in China and Russia will be about the same as 1940-41. It is possible, however, that there will be a somewhat smaller quantity of commercial cotton harvested this season than there was last season. Nevertheless, the total world commercial supply of foreign cotton will be much larger than average while the consumption of such cotton will be greatly restricted. The restriction will be particularly great in the Axis controlled countries, where cotton supplies are exceptionally low. In Great Britain and Russia, two of the other important

consuming countries, shortages of transportation facilities, equipment or labor may materially restrict mill consumption.

Egyptian Cotton Crop Smaller This Year
Than Last; 1942 Crop to be Further
Reduced

The second official estimate released by the Egyptian Government places Egypt's 1941 cotton crop at 1,671,000 bales (of 478 pounds) compared with a final estimate for 1940 of 1,900,000 bales. The smaller crop is largely attributed to reduced yields, but there was a slight acreage reduction possibly influenced by a law enacted on February 22, 1941, that prohibited the planting to cotton in 1941 of any land then planted to winter crops of beans, lentils, helba, flax, and barley. The 1941-42 acreage, however, of 1,706,000 acres is only slightly below the 1,749,000 acres in the 1940-41 crop. The effects of insufficient water supply, smaller available quantities of chemical fertilizers, and periods of unfavorable weather during the growing season were only partially offset by an exceptionally light attack of cotton leaf worms and the insignificant damage done by pink boll worms. The indicated yield per acre of 463 pounds is much lower than in 4 of the past 5 years. Picking was virtually completed in all parts of Egypt by the end of October. Only 333,000 bales had been ginned, however, and the proportion of high grade cotton was 15 to 20 percent less than in 1940.

The British Government, as previously reported, has agreed to purchase at last year's schedule of prices, half of Egypt's 1942 cotton crop without consideration for anything above a total production of 1,036,000 bales. The Egyptian Government will purchase the remaining half at prices about 1.67 cents per pound above the British schedule and will pay to producers the difference on cotton purchased by the British. Individuals may still export their cotton to allied or neutral destinations if they wish. The British Government again guarantees a return to Egyptian growers of 50 percent of any profits accruing from resale of the cotton purchased but will absorb all losses that may be incurred.

In further compliance with the Anglo-Egyptian agreement, a 1942 cotton acreage-reduction law was enacted about September 25, 1941, limiting the cultivation of cotton in Upper Egypt to 25 percent of cultivable land and in Lower Egypt to 27 percent. This measure is reported as being expected to reduce the 1942 acreage to approximately 80 percent of the 1,749,000 acres planted in 1940. Growers are urged by Government officials and cotton organizations to divert cotton land to other crops. In this connection, the Government issued a decree on October 30, 1941, offering a bounty of 2 Egyptian pounds per feddan (\$7.95 per acre) in Upper Egypt and 1.5 pounds (\$5.96) in Lower Egypt to farmers diverting cotton land to the cultivation of wheat, barley, and beans. The areas concerned must have been authorized to be planted to cotton under a law enacted earlier in October.

Stocks of cotton in Egypt, estimated at 1,193,000 bales on August 31, 1941 had increased to 2,634,000 bales on October 31 compared with 323,000 and 2,086,000 bales on the respective dates in 1940.

Egypt: Cotton acreage, production, and exports, 1936-37 to 1941-42

(In bales of 478 pounds)

Season	Area	Production	Yield per acre	Exports ^{1/}
	1,000 acres	1,000 bales	Pounds	1,000 bales
1936-37	1,781	1,887	506	1,825
1937-38	2,053	2,281	531	1,789
1938-39	1,852	1,728	446	1,761
1939-40	1,687	1,801	510	1,636
1940-41	1,749	1,900	512	708
1941-42	1,706	1,671	468	---
1942-43 (expected)	^{2/} 1,400	^{2/}		

Compiled from official sources.

^{1/} August 1-July 31.^{2/} Acreage of about 80 percent of 1940 figure, which with 5-year (1937-41) average yield for Egypt as a whole, would give a little over 1.4 million bales.Cotton Crop in Iran Slightly Lower

Unofficial estimates recently received place the 1941 cotton production in Iran at 208,000 bales (of 478 pounds) or slightly less than last year's crop of 231,000 bales. Government plans to increase acreage by 10 percent in each of the 5 years beginning with 1941 were more than accomplished this year with the acreage planted increasing from about 495,000 acres in 1940 to 618,000 acres. But poor yields resulting from insufficient winter rains and exceptionally cold weather in the middle of April prevented a proportionate increase in production. Government aid to growers includes an advance of not more than 400 rials per hectare (\$3.60 per acre) of cotton planted.

Cotton exports during the year ended March 20, 1940, totaled 96,700 bales sent to Germany, Japan, Rumania, and Italy. The respective quantities to each were 43,900, 40,400, 10,000 and 2,400 bales. Exports during the 9 months ended December 22, 1940, amounted to only 33,300 bales compared with 59,000 for the corresponding period in 1939. Shipments to European countries were limited by transportation difficulties early in 1941, and ceased entirely after the outbreak of Russo-German hostilities and the institution of a pre-British Government in Iran. The exportation of cotton is done under a Government monopoly, largely through clearing or barter agreements.

Annual consumption by domestic mills is estimated at about 69,000 bales. An additional 46,000 bales are usually consumed by individuals in the making of quilts, carpets, ropes, and other hand-made articles. About 13,104,000 pounds of the 15,429,000 pounds of cotton cloth imported in 1939-40 were obtained from Japan, and 1,150,000 from Germany.

Stocks of raw cotton on hand at the end of August 1941 were estimated at about 46,000 bales, of which 23,000 were port stocks, 11,000 bales on hand at mills, and 11,000 bales held elsewhere.

Belgian Congo Maintains Cotton Production
at High Level

The 1941 cotton crop in the Belgian Congo is estimated unofficially at 214,000 bales (of 478 pounds) compared with 213,000 bales last year and 180,000 bales in 1939. In recent years, about 5,000 bales of the total has been grown in the Belgian protectorate of Ruanda-Urundi, adjoining the Congo. Next year's crop is expected to about equal that of 1941. There are no alternative crops that are believed sufficiently profitable to encourage an expansion at the expense of cotton, and the demand for labor in the copper and tin mines is so heavy that the farm labor situation will hardly permit an expansion of cotton cultivation. It is estimated that 927,000 acres were planted in 1940 by 900,000 planters in the Belgian Congo and Ruanda-Urundi.

Before the war the Belgian Congo normally exported about two thirds of its cotton crop each year, mostly to Belgium and the Netherlands, and consumed the remainder locally. Cotton exported to Belgium was principally 7/8 to 1 inch fiber of the Triumph Big Boll type, while that shipped to the Netherlands was Allen long staple of around 1-1/8 inches. These two varieties comprise the entire crop. Since 1940 the bulk of the local crop has been exported to the British Empire, mainly Great Britain and India. Considerable quantities of cotton linters have been exported to the Union of South Africa during the past 2 years, but shipments of cotton lint to that country were negligible.

The only trade agreement affecting the movement of the Belgian Congo cotton is the Anglo-Belgian agreement of 1940, providing for the purchase by the United Kingdom of about 92,000 bales of Belgian Congo cotton during the 1940-41 season. An export tax was imposed on cotton exports, effective September 4, 1941. Stocks of cotton at Leopoldville and Matadi were estimated early in October at about 52,000 bales. Stocks in mills were estimated at only about 1,200 bales. Presumably the greater part of the 60,000 to 70,000 bales consumed annually in the Belgian Congo is accounted for by small local mills.

The average price being paid to the Belgian Congo natives in early October was 90 centimes per kilogram (0.93 cent per pound) for seed cotton. In normal times the Belgian Congo Government stabilizes the prices paid to the producers by means of a reserve and compensation fund maintained during periods of favorable prices by the deposits of buyers. The Congolese Cotton Commission, the organization that sponsors the system, contains representatives of all ginning and exporting companies.

Table 1.- Cotton prices, mill margins and specified index numbers, United States, annual 1929-40, monthly November 1940 to date

Season beginning August	Price of cotton received by farmers 15th of month		Price of cotton for pound: Middling 15/16" cotton: average for 10 markets		Mill margin 3/	Index numbers			
	Cents	Cents	Cents	Cents		Cotton consumption (1935-39=100) 4/	Industrial production (1935-39=100) 4/	Wholesale sale prices (1910-14=100) 5/	Prices paid, interest and taxes (1910-14=100)
1929	16.79	20.30	16.23	13.19	91	101	134	163	
1930	9.46	18.35	9.99	12.17	78	81	114	148	
1931	5.66	15.84	6.09	9.43	73	63	99	128	
1932	6.52	14.29	7.29	10.07	92	62	92	115	
1933	10.17	15.52	11.00	13.95	85	76	106	125	
1934	12.36	16.28	12.68	11.83	80	79	114	131	
1935	11.09	15.76	11.88	12.63	94	96	117	127	
1936	12.33	16.63	13.25	16.59	120	116	124	134	
1937	8.41	16.25	9.09	12.15	86	92	119	131	
1938	8.60	15.66	9.00	10.44	103	99	112	126	
1939	9.09	15.81	10.09	12.68	116	117	114	128	
1940 6/	9.89	16.00	11.00	16.35	146	142	119	129	
1940-41 6/:									
Nov.	9.38	15.75	9.66	14.24	139	134	116	127	
Dec.	9.33	15.87	9.86	14.50	142	139	117	128	
Jan.	9.45	15.87	10.10	14.94	144	140	118	128	
Feb.	9.44	15.87	10.13	16.00	152	144	118	128	
Mar.	9.72	16.00	10.58	18.17	156	147	119	129	
Apr.	10.45	16.00	11.09	19.81	160	144	121	129	
May	11.68	16.12	12.44	20.85	164	154	124	130	
June	12.81	16.37	13.79	21.84	160	159	127	132	
July	14.32	16.49	15.58	19.06	162	160	129	133	
1941-42 6/:									
Aug.	15.33	16.86	16.14	20.53	160	160	132	136	
Sept.	17.53	17.11	17.10	20.01	156	161	134	138	
Oct.	16.55	17.48	16.49	20.45	161	163	135	141	
Nov.	15.78	17.73	16.38	20.34	167	167	135	143	

1/ Average United States farm price for the 5 years Aug. 1909-July 1914 of 12.4 cents times the index of prices paid by farmers, interest, and taxes (1910-14=100).

2/ Prices for 1929 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 10 designated markets. Prices for 1930-38 are computed by adding the monthly average premium for Middling 15/16" to the average price of Middling 7/8" in the 10 markets. Prior to July 1937 premiums for 15/16" cotton in Norfolk, Augusta, Savannah, and Montgomery were estimated. Since 1939 prices are as quoted on Middling 15/16" cotton in the 10 designated markets. On Aug. 6, 1941 Charleston was substituted for Norfolk.

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

4/ Federal Reserve Board, adjusted for seasonal variation.

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

6/ Preliminary.

Table 2.- Cotton: Spot price per pound, in domestic and foreign markets with comparisons, 10-year average 1927-36 and 1936-41

Season, month or day	American: Middling 15/16" at New Orleans		Brazilian Sao Paulo : Type 5 at Sao Paulo		Indian Comra Fine : at Bombay		Premiums of American Middling 15/16" at New Orleans over	
	Cents	Cents	Percent	Cents	Percent	Cents	Cents	
10-yr. av.:								
1927-28 to:								
1936-37 :	12.99	14.11	108.6	10.06	77.4	-1.12	2.93	
1936-37 :	13.45	12.95	96.3	10.08	74.9	0.50	3.37	
1937-38 :	9.24	9.26	100.2	7.27	78.7	-0.02	1.97	
1938-39 :	9.04	8.42	93.1	6.57	72.7	.62	2.47	
1939-40 :	10.23	9.04	88.4	8.13	79.5	1.19	2.10	
1940-41 :	11.06	6.91	62.5	6.62	59.9	4.15	4.44	
Nov. :	9.77	6.98	71.4	6.35	70.1	2.79	2.92	
Dec. :	9.94	7.18	72.2	6.43	64.7	2.76	3.51	
Jan. :	10.17	7.05	69.3	5.92	58.2	3.12	4.25	
Feb. :	10.22	6.81	66.6	5.77	56.5	3.41	4.45	
Mar. :	10.79	6.78	62.8	6.30	58.4	4.01	4.49	
Apr. :	11.07	6.94	61.8	6.11	55.2	4.23	4.96	
May :	12.44	6.61	53.1	6.46	51.9	5.83	5.98	
June :	13.75	6.81	49.5	7.42	54.0	6.94	6.33	
July :	15.58	7.91	50.8	8.19	52.6	7.67	7.39	
1941-42 :								
Aug. :	16.10	8.55	53.1	7.74	48.1	7.55	8.36	
Sept. :	16.95	8.62	50.9	7.74	45.7	8.33	9.21	
Oct. :	16.28	7.47	45.9	6.90	42.4	8.81	9.38	
Nov. :	16.34	7.20	44.1	7.76	47.5	9.14	8.58	
14 :	16.39	7.15	43.6	7.60	46.4	9.24	8.79	
21 :	16.35	7.08	43.5	8.06	49.3	9.27	8.29	
28 :	16.45	7.16	43.5	7.64	46.4	9.29	8.81	
Dec. 5 :	17.29	7.36	42.6	8.17	47.3	9.93	9.12	
12 :	17.15	7.28	42.4	7.39	43.1	9.87	9.76	
19 :	17.20	7.28	42.3	7.52	43.7	9.92	9.68	
26 :	17.29	1/7.36	42.7	7.03	40.7	9.93	10.26	

Prices at New Orleans are from records of the Agricultural Marketing Service. Prices at Bombay are spot and near-month futures quotations and are from Bombay Cotton Annual and Financial News through March 1941; since then from New York Cotton Exchange reports. They were converted from rupees per candy of 784 pounds at current rates of exchange (buying rates in recent months) as reported by the Federal Reserve Board.

Prices at Sao Paulo are from official publications and cables. Prices were converted from milreis per 15 kilograms at current rates of exchange until September 1934, October 1934 to February 10, 1935 at open or free market rates, and from February 11 to date at composite averages of official and free market rates; except from November 13, 1937 through April 10, 1939 when free market rates were used.

Prices in the United States are based on gross weight; all prices in foreign countries based on net weight.

1/ Price as of December 27.

Table 3.- Cotton, all kinds: Consumption in the United States and percentage change, 1935-41

Period	Year beginning August						
	Average 1935-39	1939	1940	Actual	1941 1/		
					As a percentage of		
				Average: 1935-39	1939	1940	
	1,000 run- ning bales	1,000 run- ning bales	1,000 run- ning bales	1,000 run- ning bales	Percent	Percent	Percent
Aug.	555.4	630.7	650.9	874.1	157.4	138.6	134.3
Sept.	567.9	624.2	638.2	875.7	154.2	140.3	137.2
Oct.	591.7	686.5	770.8	953.6	161.2	138.9	123.7
Nov.	587.2	718.7	741.2	849.7	144.7	118.2	114.6
Aug.-Nov.	2,302.2	2,660.0	2,801.1	3,553.1	154.3	133.6	126.8
Dec.	568.5	650.1	777.5				
Jan.	606.5	731.8	844.8				
Feb.	566.6	661.8	793.4				
Mar.	623.5	627.2	854.8				
Apr.	575.0	623.1	921.0				
May	574.9	641.6	923.5				
June	564.5	565.4	875.8				
July	556.5	622.7	929.8				
Total for year	6,958.3	7,783.8	9,721.7				

Compiled from reports of the Bureau of the Census.

1/ Preliminary.

Table 4.- Cotton, all kinds: Consumption in United States, total, and daily rate, specified periods, August 1940-November 1941

Season and month	Consumption				Daily rate		
	Total	Government: mattress programs	Total less Government: mattress programs	Number working days per month	Total	Government: mattress programs	Total less Government: mattress programs
1940-41							
Aug.	650,888	37,000	613,888	22.00	29,586	1,682	27,904
Sept.	638,235	19,000	619,235	20.50	31,133	927	30,207
Oct.	770,832	17,000	753,832	22.75	33,883	747	33,135
Nov.	741,170	28,000	713,170	20.50	36,155	1,366	34,789
Dec.	777,482	50,000	727,482	21.00	37,023	2,381	34,642
Jan.	844,839	16,000	828,839	21.50	39,295	744	38,550
Feb.	793,428	29,000	764,428	20.00	39,671	1,450	38,221
Mar.	854,767	34,000	820,767	21.00	40,703	1,619	39,084
Apr.	920,950	45,000	875,950	22.00	41,861	2,045	39,816
May	923,518	48,000	875,518	21.50	42,954	2,233	40,722
June	875,812	48,000	827,812	21.00	41,705	2,286	39,420
July	929,732	49,000	880,732	22.00	42,263	2,227	40,036
Total	9,721,703	420,000	9,301,703	255.75	38,013	1,642	36,370
1941-42 1/							
Aug.	874,113	28,000	846,113	21.00	41,624	1,333	40,291
Sept.	875,682	12,000	863,682	21.50	40,729	558	40,171
Oct.	953,600	6,000	947,600	22.75	41,916	264	41,653
Nov.	849,733	4,000	845,733	19.50	43,576	205	43,371

Compiled from records and reports of the Bureau of the Census except number of working days per month which are from reports of the Federal Reserve Board.

1/ Preliminary.