THE Cotton SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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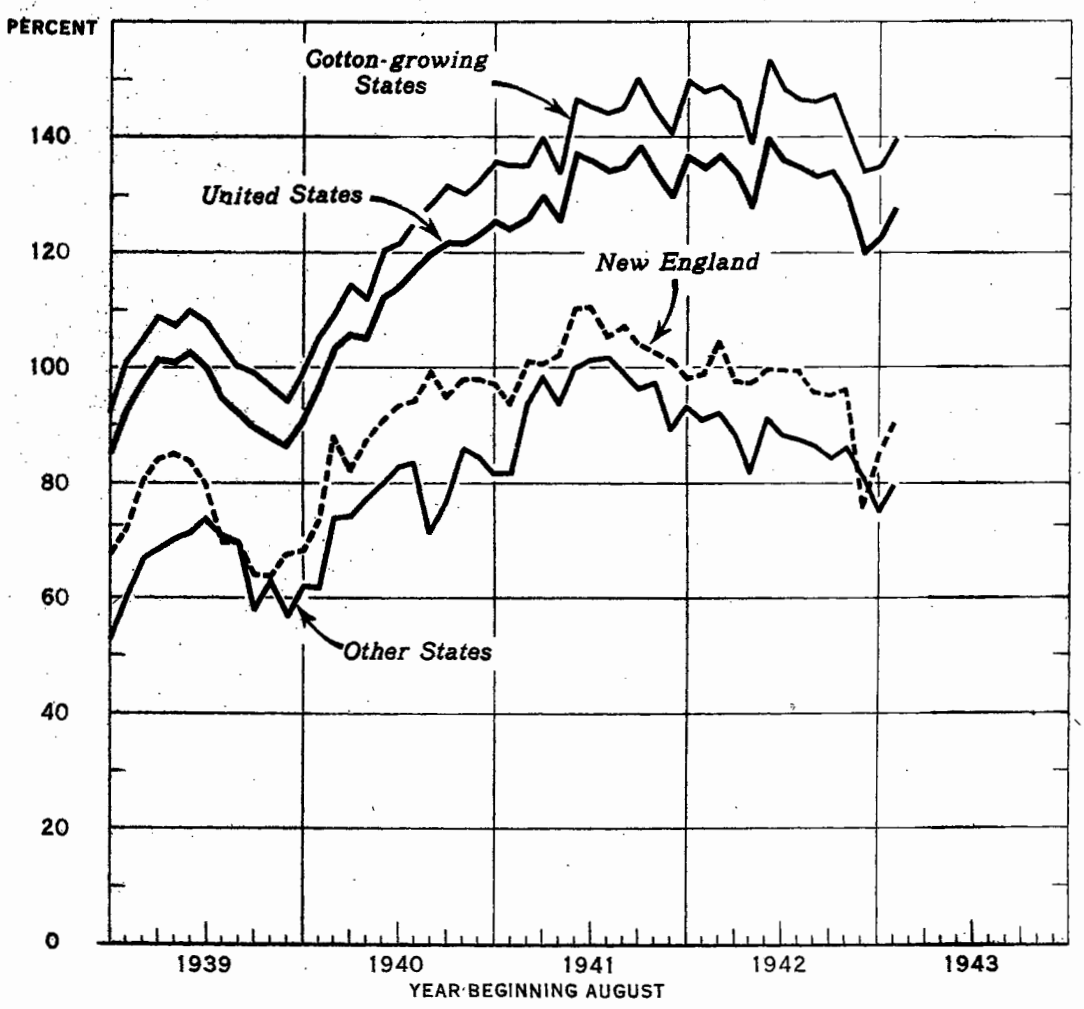
PERCENTAGE OF ACTIVITY IN THE COTTON SPINNING INDUSTRY BASED ON 80-HOURS-PER-WEEK OPERATION, BY AREAS, UNITED STATES, 1939-43



U. S. DEPARTMENT OF AGRICULTURE NEG. 43289 BUREAU OF AGRICULTURAL ECONOMICS

The peak in spindle activity appears definitely to have been passed. The trend of activity in the noncotton growing States has been downward for more than 1½ years. In the cotton-growing States, which represent about four-fifths of the total industry, the peak in percentage of activity was reached about the middle of last season. For the country as a whole, spindle activity this summer was at the lowest level since the latter part of the 1940-41 season. Some improvement has since occurred, but the trend in spindle activity is expected to continue downward largely as a result of the tight labor situation in the cotton textile industry.

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Summary

Indications are that the 1944 cotton acreage goal, as determined in a series of State meetings held during October, will be slightly above the 1943 acreage and about half way between this acreage and the 1943 goal of 22-1/2 million acres.

Both the United States farm price and parity price advanced in October. The farm price rose from 20.20 cents in September to 20.28 in October while the parity price increased from 20.46 cents, at which level it had held since July, to 20.58 cents in October.

Ginnings through October 17 totaled about 7.8 million bales, compared with 8.2 million bales in the same period last year. Approximately 31 percent of the crop remained to be ginned after that date, a slightly smaller proportion of the crop than remained on that date in either 1941 or 1942. During the early part of the season the average grade of the cotton ginned was considerably above that of the corresponding portions of either the 1941 or 1942 crops. Through October 17 approximately 1.5 million bales or 19 percent of the total ginnings were Strict Middling and higher, compared with 8.5 percent a year ago. The grade for ginnings from October 1 through October 17 was substantially lower than during the same period last season but, because of the large quantity of high-grade cotton obtained earlier in the season, the average grade index of all cotton ginned is still higher than it was a year ago.

During September about 872,000 bales of cotton were consumed by American mills. This was slightly larger than in either July or August. Should consumption continue throughout the year at the same daily rate as in

September, consumption for the full season would total about 10.4 million bales. This would compare with 11.1 million bales last season and 11.2 million bales in 1941-42.

-- November 1, 1943

Unofficial Reports Indicate 1944 United States Goal about Same as in 1943

Looking forward to the 1944 production season, representatives of State and Federal Agricultural agencies held meetings during October in all cotton-producing States for the purpose of establishing 1944 production goals. On the basis of reports from these meetings, indications are that the 1944 cotton acreage goal will be slightly above the 1943 acreage and about half way between this acreage and the 1943 goal of 22-1/2 million acres.

Parity Price Advances in October; Farm Price Also up Slightly

After holding at 20.46 cents per pound from July through September, the parity price of cotton advanced to 20.58 cents per pound in October. This was the highest level since November 1929. The United States farm price of cotton averaged 20.28 cents in October. This was about 99 percent of parity and compares with 20.20 cents per pound in September.

The farm price of cottonseed was $52.50 per ton in October, a gain of $0.60 over September. Cottonseed was 140 percent of parity.

Spot cotton prices declined slightly during October. In the 10 designated spot markets the day-to-day changes in the price of Middling 15/16-inch cotton were fairly small. The average price of 20.32 cents during October was about 1/8 cent below the September average of 20.44 cents per pound.

Ginnings Trail 1942 but Percentage of Crop Ginned is Higher than a Year Ago

Through October 17 ginnings totaled 7,791,691 bales compared with 8,182,596 bales in 1942 and 6,857,017 bales in 1941. Approximately 31 percent of the crop remained to be ginned after October 17. This compares with 34 percent in 1942 and 35 percent in 1941. Less than one-fourth of the crop remained in Alabama, Georgia, South Carolina, Louisiana, Mississippi, and Florida, while over half remained in Virginia and the three Western irrigated States, Arizona, California, and New Mexico. The greatest change in the percentage remaining to be ginned after October 17 was in Missouri. There, because of the later crop this season, 46 percent was yet to be ginned this year compared with 30 percent in 1942.

Quality of Ginnings in Early October Lower than a Year Earlier; for Season to Date, Staple Shorter, but Grade Higher

The staple length of the cotton ginned during the first half of October was 1/32 inch shorter than that ginned during the corresponding period of last season. The grade index was also lower by 1.7 points than during the first half of October 1942.

For the season through October 17 the average staple length was 31.8 thirty-seconds inch compared with 32.1 thirty-seconds inch up to the same time a year ago. Some slight improvement in the average staple length was evident in the Southeastern States but in most of the other States, particularly those in which the summer drought was most severe, the staple averaged somewhat shorter than in 1942. The most severely affected State was Oklahoma, where the average staple was 28.4 thirty-seconds inch compared with 30.4 thirty-seconds inch in 1942, a decline of 1/16 inch.

The United States average staple length was not only shorter but also the percentage of ginnings under 15/16 inch was larger, 15.2 percent compared with 14.0 percent a year ago. Here, too, some improvement occurred in the Southeast but it was much more than offset by the increase in very short staple cotton in the drought States. In Oklahoma the percentage of cotton having a staple length of less than 15/16 inch up to mid-October increased from 32.7 percent in 1942 to 64.0 percent this year.

The grade index in most States was higher this year than last. Through October 17 the United States grade index averaged 97.8 compared with 96.9 for the same period last season. Of the total cotton ginned up to that time 19.0 percent was Strict Middling and higher and equivalent grades of colored cotton. This is much above the 8.5 percent which these grades comprised during the same period of 1942.

However, because of a sharp recent drop in grades, cotton was lower during the first half of October than in 1942. During the ginning period, October 1 to 17, only 4.1 percent of the cotton was Strict Middling and higher, compared with 7.0 percent during the corresponding ginning period last year. Thus, the high percentage of cotton Strict Middling and higher so far this year is due to the fact that in the early part of the ginning season grades were much higher than a year earlier.

Consumption Improved Slightly in September; Was at Annual Rate of 10.4 Million Bales

Consumption of cotton averaged 40,563 bales per working day in September. This was considerably above the low for the summer of 38,285 bales per day recorded during August. Total consumption also increased, rising from about 840,000 bales in July and about 842,000 bales in August to 872,109 bales in September. Should consumption continue at the September daily rate for the remainder of the season, consumption this season would total about 10.4 million bales. This would compare with 11.1 million bales last season and about 11.2 million bales in 1941-42.

Output of cotton textiles is limited neither by the supply of raw cotton which is obviously ample nor by the demand for textiles which is sufficient to provide a ready market for an even larger quantity of goods than are available. The major cause for the indicated decline is to be found rather in the labor situation confronting cotton mills.

The labor turn-over rate has been high. Experienced workers who have left the mills have been replaced, of necessity, with inexperienced and very often less efficient workers. Moreover, since last December, when the peak in textile employment was reached, it has been impossible to replace all workers who have left, and total employment has declined about 5 percent. The labor situation is expected to become even tighter later in the season.

1944 Fertilizer Supplies will be Larger than in 1943; Farmers Urged to Accept Early Delivery

Fertilizer supplies available to cotton farmers for use in 1944 will be somewhat larger than in 1943. The total supply of nitrogen will be about 33 percent larger than in 1943 and the supply of phosphorus about 20 percent larger. The supply of potash, on the other hand, will be about 10 percent smaller than in 1943.

Farmers and dealers are being urged by the War Food Administration to place their orders for fertilizer as soon as possible and accept delivery as soon as the orders can be filled. If this is not done there is reason to doubt if the fertilizer mixing plants will be able to supply farmers with all of the fertilizer for which raw materials are in prospect in time for it to be of maximum use. The labor situation in many mixing plants is very tight. It is necessary, therefore, for their mixing operations to be spread over about a 6-month period as compared with the more normal 60-day period. Since there is insufficient storage space at many mixing plants to permit the accumulation of large supplies of mixed fertilizer without either handicapping further mixing operations or being forced to shut down, it is desirable that orders be available to permit the fertilizer to be shipped out as ready. The generally tight shipping situation also makes it desirable that the shipping season for fertilizer be spread over a longer-than-normal period.

Table 1.- Cotton, all kinds: Ginnings before October 17 and quantity remaining to be ginned after that date, by States, 1941-43

State	Ginnings through Oct. 17			Total ginnings			Remaining to be ginned after Oct. 17 2/					
							Actual			Percentage of total ginnings		
	1941	1942	1943	1941	1942	1943 1/	1941	1942	1943	1941	1942	1943
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	Percent	Percent	Percent
Alabama	669	727	794	774	892	929	105	165	135	14	18	15
Arizona	55	28	29	178	188	137	123	160	108	69	85	79
Arkansas	1,026	963	759	1,381	1,428	1,064	355	465	305	26	33	29
California	66	33	40	396	399	357	330	366	317	83	92	89
Florida	14	14	13	15	15	14	1	1	1	67	7	71
Georgia	532	685	675	637	853	822	105	168	147	16	20	18
Louisiana	278	496	594	311	572	702	33	76	108	11	13	15
Mississippi	1,197	1,458	1,405	1,388	1,887	1,748	191	429	343	14	23	20
Missouri	357	289	182	471	414	338	114	125	156	24	30	46
New Mexico	18	25	35	96	104	105	78	79	70	81	76	67
North Carolina	397	398	407	569	735	677	172	337	270	30	46	40
Oklahoma	232	333	179	692	687	353	460	354	174	66	52	49
South Carolina	325	523	529	408	695	701	83	172	172	20	25	25
Tennessee	452	386	315	574	603	499	122	217	184	21	36	37
Texas	1,212	1,802	1,815	2,558	2,917	2,734	1,346	1,115	919	53	38	34
Virginia	12	11	12	24	28	21	12	17	9	50	61	43
Other	16	13	7	23	20	19	7	7	12	30	35	63
United States	6,857	8,183	7,792	10,495	12,438	11,219	3,638	4,255	3,427	35	34	31

Compiled in part from reports of the Bureau of the Census.

1/ Indicated October 1.

2/ Obtained by subtracting rounded figures.

Table 2.- Cotton, Upland: Grade and staple of ginnings through October 17, by States, 1942 and 1943

State	Season through Oct. 17						Percentage of ginnings Strict Middling and higher 1/			
	Average staple length		Percentage shorter than 15/16 inch		Grade index		Oct. 1-17		Season through Oct. 17	
	1942	1943	1942	1943	1942	1943	1942	1943	1942	1943
	32d inch	32d inch	Percent	Percent			Percent	Percent	Percent	Percent
Alabama	30.7	30.8	16.1	15.3	97.3	98.0	3.5	2.0	3.1	12.9
Arizona	33.6	33.3	2/	.0	102.4	97.0	56.9	7.7	61.3	15.7
Arkansas	33.4	32.2	3.1	7.4	98.3	98.9	7.1	4.4	8.8	24.4
California	34.8	34.7	2/	.0	103.8	103.4	92.2	85.7	91.3	84.4
Florida	32.7	33.0	12.4	10.6	93.4	96.9	.0	2/	3.2	5.3
Georgia	31.3	31.5	12.2	7.4	96.1	96.9	3.4	1.6	3.1	3.0
Louisiana	32.5	32.3	3.8	6.5	96.5	97.6	3.2	1.4	7.4	21.4
Mississippi	34.0	33.6	1.8	1.9	98.4	98.6	8.2	1.9	13.5	28.7
Missouri	33.6	33.8	.4	.2	97.8	97.0	5.5	1.3	5.8	6.3
New Mexico	36.0	35.4	.0	.0	101.0	102.0	30.3	43.3	37.0	53.3
North Carolina	32.6	32.6	4.5	3.4	96.9	96.6	3.4	2.1	5.2	7.9
Oklahoma	30.4	28.4	32.7	64.0	94.1	97.1	3.1	3.0	3.5	10.8
South Carolina	32.9	33.2	.6	.2	96.0	96.1	2.3	.9	4.2	4.7
Tennessee	32.8	32.1	9.4	9.6	98.8	96.5	11.4	.9	14.3	9.3
Texas	30.1	29.8	39.2	40.4	95.3	98.0	7.0	3.1	8.5	23.6
Virginia	33.2	32.5	.8	1.8	92.0	94.5	.0	.0	.0	1.1
United States	32.1	31.8	14.0	15.2	96.9	97.8	6.7	4.0	8.2	18.8

Compiled from reports of the Cotton and Fiber Branch, Food Distribution Administration.
1/ Strict Middling and higher, White and Extra White, and Good Middling Spotted.
2/ Less than 0.05 percent.

Table 3.- STATISTICAL SUMMARY

Item	Unit or base period	1942	1943			Pct. of year ago 1/
		Sept.	July	Aug.	Sept.	
Prices:						
Middling 15/16-inch, 10 markets	Cent	18.72	20.85	20.45	20.44	109
Farm, United States	Cent	18.59	19.60	19.81	20.20	109
Parity	Cent	18.97	20.46	20.46	20.46	108
Farm, percentage of parity	Percent	98	96	97	99	101
Premium of 1-1/8-inch over basis 2/:						
Memphis	Point	444	401	392	434	98
Carolina "B" mill area	Point	644	606	585	609	95
New England mill area	Point	669	631	610	634	95
American-Egyptian, farm, Arizona	Cent	41.0	---	45.7	46.3	113
SxP, New England mill points 3/	Cent	45.30	47.96	48.20	48.13	106
Cloth, 17 constructions	Cent	40.62	40.62	40.62	40.62	100
Mill margin (17 constructions)	Cent	22.03	19.94	20.34	20.37	92
Cottonseed, farm price	Dollar	45.33	44.50	50.90	51.90	114
Cottonseed, parity	Dollar	34.50	37.20	37.20	37.20	108
Cottonseed, farm, pct. of parity	Percent	131	120	137	140	107
Consumption:						
All kinds during month, total	1,000 bales	959.7	839.9	842.3	872.1	91
All kinds cumulative, total	1,000 bales	1,885	11,100	842	1,714	91
All kinds per day, total	Bale	44,639	39,994	38,285	40,563	91
All kinds, annual rate	Million bales	11.4	10.2	9.9	10.4	91
American-Egyptian cotton, total	Bale	4,314	3,524	3,369	3,633	84
American-Egyptian, cumulative	Bale	8,457	50,273	3,369	7,002	83
Foreign cotton, total	Bale	16,701	9,907	10,192	10,403	62
Foreign cotton, cumulative	Bale	32,031	169,654	10,192	20,595	64
Spindle activity:						
Spindles in place	Thousand	23,836	23,401	23,403	23,352	98
Active spindles	Thousand	22,988	22,667	22,633	22,631	98
Percentage active	Percent	96.4	96.9	96.7	96.9	101
Hours operated, total	Million	11,190	9,888	10,091	10,325	92
Hours per spindle in operation	Hour	487	436	446	456	94
Hours per day 4/	Hour	16.2	14.1	14.4	15.2	94
Stocks, end of month:						
Consuming establishments	1,000 bales	1,786	2,117	1,929	1,930	108
Public storage and compresses	1,000 bales	9,713	7,704	8,027	10,433	107
Total 5/	1,000 bales	11,499	9,821	9,956	12,363	108
Egyptian cotton, total 5/	Bale	27,956	38,052	34,292	37,143	133
American-Egyptian cotton, total 5/	Bale	23,621	36,541	36,960	39,438	167
Index numbers:						
Cotton consumption	1935-39 = 100	171	153	147	156	91
Spindle activity 6/	Percent	135.4	120.0	122.5	127.5	94
Prices paid, interest, and taxes	1910-14 = 100	152	165	165	165	109
Industrial production	1935-39 = 100	208	239	242	243	117
Wholesale prices	1910-14 = 100	145	151	151	151	104

Compiled from official sources. 1/ Applies to last month for which data are available. 2/ Premiums for Middling 1-1/8 inch based on near active month futures at New York. 3/ SxP, No. 2, 1-1/2 inch, New England mill points. 4/ Total hours per spindle in operation divided by number of days in calendar month. 5/ Includes only stocks in mills and public storage and at compresses. 6/ Based on 5-day 80-hour per week operation.