UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-112 & 113

February 28, 1935

WORLD COTTON PROSPECTS

(January and February issues)

Summary

The 1934-35 world cotton production is now estimated by the Bureau of Agricultural Economics at 22,600,000 bales of 478 pounds compared with an estimated production in 1933-34 of 26,100,000 and a 10-year average of 25,530,000 bales. Production in foreign countries for the current season is estimated at 12,869,000 bales, a decline of 184,000 bales from the record production of 1933-34 and 400,0[illegible] bales from the previous estimate released about the first of January. The decline in the estimated foreign production is due to a decline of almost 600,000 bales in the Indian crop which, along with smaller decreases in a few other countries, more than offset the increased production in Brazil, China, Russia and a number of minor countries.

The 1934-35 world acreage is now tentatively placed at 73,400,000 acres, a decline of 1,000,000 from the previous season and 7,470,000 from the 10-year average. The 1934-35 cotton acreage in foreign countries is tentatively estimated at 45,885,000 acres compared with 44,422,000 acres for the previous season and an average for the 10 years ended 1932-33 of 40,352,000 acres.

With the decline in crop prospects in India during recent months prices of Indian cotton have shown considerably more strength than have prices of American. As a result the price of Indian at Liverpool is now higher relative to American than it has been for more than a year. Six months ago Indian was the lowest with few exceptions for more than a decade. Indian is still low relative to American when compared with the 10-year average.

Exports of American cotton for the first half of the season were 42 percent less than a year earlier and 43 percent less than the 10-year average for the period. The largest decline occurred in our exports to Germany, there being a decline of 79 percent between the first half of this season and the first half of 1933-34. Exports to China were 68 percent less than in the first half of 1933-34. Exports to France 58 percent less, and exports to the United Kingdom 45 percent less.

Total exports of Egyptian cotton from August to January this season were 14 percent less than a year earlier with exports to Germany 50 percent less, exports to the United Kingdom 44 percent less and exports to France 23 percent less. Exports from India to all countries for 6 months ended January 1935 were 40 percent more than to the same date last season, although shipments to Germany showed a decline of 56 percent and exports to the United Kingdom and France a decline of 17 and 18 percent, the increase was due to much larger exports to Japan.

Textile mill activity in most European countries continued at rather low levels during January and February, while in Japan and India activity was at high levels.

Prices

Domestic

Domestic cotton prices have been comparatively steady for a period of several months, the average price of middling 7/8 inch cotton in the 10 designated markets ranging between 12.15 and 12.74 cents since late September. There is little doubt but that the 12-cent loan has been a factor contributing to this comparatively stable price. While prices have during recent months shown less than usual fluctuations, there was a decline from early January to early February of nearly 1/2 cent per pound. During this period the 10 markets price of middling 7/8 declined from almost 12-3/4 cents to nearly 12-1/4 cents. From early February to late February the daily average price in the 10 designated markets has, except on February 18 when the Supreme Court announced its decision on the gold case, fluctuated within a range of 10 points of 12-1/2 cents. The average price of middling 7/8 in the 10 markets for the first 7 months of the current season averaged 12.64 cents compared with an average of 10.01 cents for the like period last season and was the highest for the period since 1929-30.

Liverpool prices

The price movement of American cotton at Liverpool in pence per pound has on the whole been similar to the movement of prices in the United States during the past few weeks as the value of the British pound has not materially changed relative to the dollar during this period. Liverpool prices of Indian cotton, the principal competitor of American, have shown considerably more strength since last October than have the prices of American. As a result the price of Indian relative to American is now much higher than at that time and the highest since January 1934. The price of three types of Indian during the first 3 weeks of February averaged 75 percent of the price of American middling and low middling, compared with 73 percent in January, 70 percent in December and 65 percent in October. In February last year the ratio of the three types of Indian to American was 72, but in each of the two preceding Februaries the ratio was 90 or above. The 10-year average ratio of Indian to American is slightly above 80.

The advance in the price of Indian relative to the price of American during recent months has been due largely to the decline in crop prospects in India. Several months ago it was fully expected by members of the cotton trade in Bombay, Liverpool and the United States that the 1934-35 crop would be considerably larger than the 1933-34 crop, but due to unfavorable weather conditions the crop is now expected to be materially smaller than last year. (See acreage, production and crop condition section, page 10).

Stocks and Movements

Exports of American cotton

Total exports of American cotton during January amounted to 466,000 running bales compared with 739,000 bales in January 1934 or a decline of 37 percent (see table page 7). January exports were the smallest for the month since 1922. Average exports in January for the 10 years ended 1932-33 amounted to 791,000 bales or 70 percent more than exports in January this year. For the first half of the season domestic exports totaled 2,865,000 bales which represented a decline of 2,054,000 bales or 42 percent from the first half of 1933-34 and a decline of 43 percent from the 10-year average for this 6-months period. Foreign consumption of American cotton has been maintained at a much higher level relative to last season than exports, as indicated both by consumption estimates and visible stocks of American cotton in foreign countries. It has been estimated by the New York Cotton Exchange Service that foreign consumption of American cotton during the first 6 months of the season were 23 percent less than in the like period last season as contrasted with a decline of 42 percent in exports.

Exports of American cotton to Germany during January were 89 percent less than in January last year and as much below the 10-year average for January. During the 6 months ended January exports to Germany were 79 percent less than during the first half of last season and about 84 percent below the 10-year average exports for the 6 months August to January. To a considerable extent the low exports of American cotton to Germany reflect the unsatisfactory economic conditions in Germany and her effort to balance her imports and exports. Exports from Egypt and India to Germany for the 6 months ended January were respectively 50 and 56 percent less than in the like period last season.

Exports from the United States to China from August to January this season were only 32 percent as large as in the corresponding period last season and only 30 percent as large as the average for this period in the 10 years ended 1932-33. The small exports to China reflect both a lower level of mill activity in China and the larger Chinese crop. Exports to France during the first half of the current season were 58 percent less than the first half of last season and exports to the United Kingdom 45 percent less, with exports to Japan 11 percent less than from August to January last season.

Exports of Egyptian cotton

Total exports of cotton from Egypt during January amounted to 151,000 bales of 478 pounds which were exactly the same as the 10-year average for January but 27 percent less than in January 1934. For the 6 months ended January exports to all countries totaled 915,000 bales which were 14 percent less than for the like period last season but 11 percent larger than the 10-year average for these months.

Exports from Egypt to the United States from August to January were 53 percent less than a year earlier, exports to Germany 50 percent less, exports to the United Kingdom 44 percent less and exports to France 23 percent less. Exports to Japan, Italy, British India and to miscellaneous countries were all considerably larger than in the first half of last season. (See table, page 7).

Exports of Indian cotton

Total exports of Indian cotton during January amounted to 297,000 bales of 478 pounds compared with 204,000 bales in January last year, an increase of 46 percent. As compared with the 10-year average, exports in January this year showed a decline of 15 percent.

Exports of Indian cotton from August to January this season totaled 1,002,000 bales which represented an increase of 40 percent over the like period last season, but a decline of 6 percent from the 10-year average. Exports to Germany for the 6 months were 56 percent less than a year earlier and were the smallest for the period since 1923-24, the first year for which data are readily available. China took only 15 percent as much Indian cotton from August to January this year as in the same period in 1933-34 Japan took 70.5 percent more Indian in the first half of this season than in the first half of last season.

The Textile Situation

United States

Domestic cotton consumption during January showed a very substantial increase over December, was the largest for any month since August 1933, and was the largest January consumption since 1930. The consumption of 547,000 running bales in January was 32 percent larger than the consumption of 414,000 bales in December, the increase being considerably greater than usually occurs from December to January. Cotton consumption during the first half of February continued at a comparatively high rate. During the 2 weeks ended February 16 production of cotton cloth as reported by the Cotton Textile Institute averaged 132,000,000 yards. This compared with an average of 139,900,000 yards for the previous 4 weeks and 126,000,000 yards for the first 2 weeks of February 1934. On the whole, sales of cotton goods by manufacturers during January and the first half of February were apparently less than output.

For the 6 months ended January total domestic consumption of all cotton amounted to 2,675,000 bales which was 248,000 bales less than during the first half of last season. With the exception of last season and the season before, consumption during the first half of the current season was the largest for the period since 1929-30. Domestic consumption of foreign cotton during the first half of the present season amounted to 62,000 bales compared with 77,000 bales during the like period last season. Consumption of American cotton during these two periods was 2,613,000 and 2,846,000 bales respectively.

Great Britain

Cotton textile mill activity in Great Britain during January was apparently unchanged, according to trade reports. Activity during the first part of February as in January was running around two thirds to three fourths of normal which is somewhat less than that existing in January and the first half of February last year. Forwarding of cotton to mills during the 4 weeks ended January 25 amounted to 223,000 bales compared with 225,000 bales during the corresponding weeks last year. Forwarding of American cotton during these two 4-week periods were respectively 81,000 and 132,000 bales.

Exports of cotton cloth from Great Britain in January amounted to 187,300,000 square yards compared with 160,500,000 square yards in December and 179,100,000 square yards in January 1934. The January exports were the largest for almost 2 years. Total cloth exports to the end of January were 7 percent larger than a year earlier and considerably larger than any like period since 1929-30 except in 1932-33 when they were only 7,000,000 yards larger than in the first half of this year.

Continental Europe 1/

Business developments in the continental European cotton textile industry during the month of January were spotted, with some improvement in western Europe, but approximately unchanged and possibly slightly less favorable tendencies in central Europe. Sales of cotton yarn and cotton fabrics in France showed a considerable pick-up during January, following a prolonged period of depression during the preceding several months. In Germany and other central European countries current sales of cotton goods during January were about on a level with those of the previous month, with a relatively large volume of new orders booked in Germany and Austria, but a basically unsatisfactory state of trade in Czechoslovakia.

Tendencies in continental European cotton mill occupation during January paralleled the above described developments in new cotton mill business. Some increases in mill activity, both spinning and weaving, are

---

1/ Based largely on a report from the office of the Agricultural Attaché at Berlin dated February 14, 1935.

reported to have occurred in France. Activity in Germany and Czechoslovakia was about unchanged. Mill activity in the latter country had not up to early February been affected by the abolition of the spinners' production and price cartel toward the end of January. Austrian mill activity seems to have continued on favorable levels well into January, with possibly some slight decline in the second half of the month.

Buying of raw cotton by the continental European cotton industry during the month of January remained on a conservative scale, and business was especially quiet in Germany due to the restrictions on imports because of Germany's unfavorable trade balance. Bremen reports indicated some buying interest for exotic cottons which on some days resulted in relatively active trading, but in general business was limited.

Continental European buying interest for cottons other than American was somewhat dampened during January by the continued rise in relative prices of these cottons. Prices of Indian cotton expressed in percent of American have risen considerably since December 1934, and are greatly above those at the same time last year, but still below prices 2 and 3 years ago. (See price section). Relative prices of Egyptian uppers have also risen since the beginning of December and are now approximately on the same relative level, as compared with American, as last year.

Germany

Largely unchanged conditions were reported from the German cotton industry during the month of January. Cotton spinner and weaver business was probably slightly smaller than in December, but mill activity seems to have been maintained about on December levels. That there is still relatively large demand for cotton textiles in relation to the current production possibilities of the mills, as determined by the existing restrictions on manufacturing activity and raw material buying, is indicated by the fact that imports of cotton textiles, including yarn, from abroad have remained high until recently. As a result of the fact that large German imports from "clearing countries' have greatly reduced remaining import reserves under existing clearing arrangements, the German Government has recently indicated that the issuance of currency and buying permits for the purchase of cotton textiles from England will be restricted during the next several months. It was also announced that for similar reasons German yarn imports from Czechoslovakia during the next several months will be possible only on the basis of direct compensation.

Breman business in raw cotton during the month of January has been quiet, with a revival of trading in exotic cottons reported on some days. Purchases by the German industry of American cotton were limited to small quantities. There has been considerable concern in industrial circles about the definite failure of the negotiations regarding the proposed compensation deal with the United States. German cotton spinners, it is reported, have recently shown a rather conservative attitude and are not very enthusiastic about the quality of exotic cottons obtained in place of American cotton. The irregularity of the staple of Brazil and other South American cottons is the main subject of complaint by such spinners as were heretofore used to spinning American cotton. It is also pointed out that this irregularity in staple tends to raise production costs for cotton yarn.

The following table shows imports of raw cotton into Germany, for the first 5 months of the season, in the past 5 years - total imports and imports by countries. The effects of the present import regulations are clearly shown both by the absolute import figures and by the relatives on the percentage distribution of imports by countries.

Cotton, Germany: Imports August 1 - December 31, 1930-31 to 1934-35

Country of origin	1930-31 Imports	1930-31 Percent of total	1931-32 Imports	1931-32 Percent of total	1932-33 Imports	1932-33 Percent of total	1933-34 Imports	1933-34 Percent of total	1934-35 Imports	1934-35 Percent of total
	Bales 478 lbs net	Percent	Bales 478 lbs net	Percent	Bales 478 lbs net	Percent	Bales 478 lbs net	Percent	Bales 478 lbs net	Percent
U.S.	636,012	78.7	485,172	75.7	570,095	78.8	598,825	75.2	193,992	49.1
Egypt ...	44,318	5.5	54,966	8.6	49,194	6.8	66,470	8.3	41,131	10.4
India ...	84,767	10.5	48,834	7.6	40,716	5.6	64,225	8.1	24,528	6.2
Argentina	8,516	1.1	5,415	0.8	14,311	2.0	11,713	1.5	12,414	3.1
Peru	17,525	2.2	24,207	3.8	25,448	3.5	23,511	3.0	28,172	7.1
Brazil ..	4,467	0.6	1,894	0.3	24	1/	-	-	30,946	7.8
Russia ..	158	1/	-	-	90	1/	2,424	0.3	6,557	1.7
All other ..	12,101	1.4	20,435	3.2	23,404	3.2	28,939	3.6	57,432	14.5
Total ...	807,864		640,923		723,282		796,107		395,172	

1/ Less than 0.05 percent.

According to recent private reports the expansion of artificial fibre production is now being pushed energetically, and the Government has assumed extensive guarantees for the erection of new plants, etc. It is also reported that at the Leipzig Spring Fair the complete process of artificial fibre production will be shown in a separate exhibition.

Czechoslovakia

Reports from Czechoslovakia indicate continuance of the basically unsatisfactory situation in the cotton textile industry, and it is feared that the difficulties of the mills will be aggravated by the discontinuance of the spinners' production and price cartel agreement effective January 28, 1935. Negotiations that had been carried on with regard to prolongation of the agreement which had been in effect since September 2, 1932, for spinners of American cotton, and since October 15, 1933 for spinners of Egyptian cotton, were not successful and led to the abolition of the cartel. Production, sales and prices of cotton yarn produced by Czechoslovakian cotton spinners, therefore, are no longer subject to any restriction or regulation.

Austria

Occupation in the Austrian cotton spinning mills during the month of January has still been rather favorable, but there have been complaints about a decline in new orders since the end of December 1934. This decline in orders is attributed, for the most part, to the inability of Rumanian and German buyers to obtain the necessary purchase and payment permits.

Stagnation in the export business to Rumania must of necessity influence considerably the total amount of unfilled yarn orders with Austrian spinners inasmuch as Rumania is the most important foreign buyer of Austrian cotton yarn, taking more than 50 percent of all Austrian cotton yarn exports.

Mill occupation during the year 1934, for which complete figures are now available, showed a very significant increase over 1933 and 1932. The improvement is largely attributed to the considerable pick-up in yarn exports which occurred in 1933 and continued in 1934. Total exports of cotton yarn amounted to 15,542,000 pounds in 1930, fell to 9,105,000 in 1931, and to 6,900,000 in 1932, but increased to 14,771,000 pounds in 1933. A preliminary estimate for 1934 is 16,314,000 pounds. As already indicated, more than half of these exports went to Rumania which, therefore, is by far the largest purchaser of Austrian cotton yarns. Yugoslavia and Hungary are the next important buyers; Germany during the past several years took less than Yugoslavia, but more than Hungary, and in 1934, because of her peculiar raw material situation, imported more than either Yugoslavia or Hungary. Germany's share in Austrian cotton yarn exports in 1934 was about 12 percent, as compared with 9 percent in 1933.

France

Considerably more optimism than in December was reported from the French cotton textile industry during the month of January, with the influx of new orders for cotton yarn and cotton fabrics appreciably increased and mill activity slightly higher. A firm tendency of prices for yarn and fabrics, despite approximately unchanged quotations for actual cotton, has added to the improvement in market sentiment.

The year 1934 in the French cotton textile industry turned out considerably less satisfactory than 1933, with mill operations continuously declining from the beginning to the end of the year, both in the spinning and in the weaving section, stocks of yarn and especially of fabrics rising above last year, and unfilled orders on hand, both in spinning and in weaving mills, greatly reduced. Average spinning activity in 1934 was about 18 percent less than in 1933, while average activity of the weaving mills, because of relatively favorable conditions during the first half of the year, was only about 12 percent below 1933. Unfilled orders in the spinning section at the end of 1934 were approximately 70 percent of a year ago, and unfilled orders in the weaving industry were reduced to less than two thirds of what they were at the end of 1933. The opening of the new year, as indicated above, brought considerably more favorable tendencies than had been observed in the French markets for several months, and the industry expresses more confidence in developments in the near future.

Italy

The state of trade report regarding the position of the Italian cotton industry during the last quarter of 1934, as published by the International Cotton Bulletin, indicates that production in the spinning and weaving sections was maintained and even showed a slightly increasing tendency. This general improvement, the Fascist Cotton Association thinks, is the first sign of the soundness of the measures which the Instituto Cotoniero Italiano has taken in recent months regarding the regulation of the output of the domestic mills.

Several reports have appeared in the press recently indicating that Italy - similarly to Germany - is now definitely headed for considerable expansion in the production of artificial fibres. The "Snia Viscosa" will open a second factory for the production of staple fibres, and "La Soie de Chatillon" as well as other firms are reported to be planning the erection of new plants for the production of such fibres.

The Netherlands

The state of trade report of the International Cotton Bulletin for the last quarter of 1934 indicates that the demand for cotton yarns in the Netherlands was for that period very unsatisfactory. Average mill activity of spinners was estimated to have ranged from 75 to 80 percent. Weaving mills also complained of disappointing demand both from the domestic and from the export markets. Activity in the weaving mills during the last quarter of 1934 was estimated at from 65 to 70 percent.

Russia 1/

Two sets of figures have recently become available on the output of the cotton textile industry in 1934. The deceased Kuybishev, deputy chairman of the Council of People's Commissars, in his speech early in January indicated that 2,711,000,000 meters (2,965,000,000 yards) of finished cotton goods were produced in 1934. It appears, however, that this figure either contains some varieties of fabrics normally not classified under "finished fabrics" or for other reasons is not comparable with the monthly production figures generally published by the Russian press. Total production of cotton fabrics in 1934, according to the latter figures, amounted to 2,368,000,000 meters (2,590,000,000 yards) or to 89.9 percent of the plan. Since the output during the first 11 months of 1934 was reported to have amounted to 2,129,000,000 meters (2,328,000,000 yards), December production appears to have been 239,000,000 meters (262,000,000 yards).

The 1935 production plan foresees a total output of cotton fabrics of 2,668,000,000 meters (2,918,000,000 yards) compared with the original 1934 plan of 2,927,000,000 meters (3,201,000,000 yards) published at the beginning of January 1934.

China 2/

About mid-February activity in the Chinese owned cotton mills in China was estimated at about 60 percent of normal compared with 80 percent 1 month earlier and 90 percent in February 1934. The Japanese owned mills continued to operate at about normal as has been true for the past year. In February last year these mills were operating at about normal. The decrease in activity in the Chinese mills was attributed to the Chinese New Year but it is expected that activity in these mills may continue comparatively small for some time, due perhaps at least in part to the decline in yarn prices which further widened the disparity with cotton. Yarn sales during January were few and scattered. Mills and buyers were settling accounts and reluctant to enter new transactions.

1/ Based largely on a report dated February 14 from the office of Agricultural Attache at Berlin.

2/ Based largely upon a radiogram from Agricultural Commissioner O. L. Dawson at Shanghai on February 15.

Japan 1/

Japanese yarn production in January amounted to 306,000 bales of approximately 400 pounds which represented a decline of 14,000 to 16,000 bales from the record levels of the 2 previous months. This, however, was considerably larger than the 271,000 bales produced in January 1934 which up to this year was the largest for the month of January on record. Total yarn output for the 6 months ended January amounted to 1,834,000 bales compared with 1,614,000 bales during the like period last season.

Acreage, Production and Crop Conditions

World acreage and production, 1934-35 - The 1934-35 world production of all cotton is now tentatively placed at 22,600,000 bales of 478 pounds, which represents a decline of 3,500,000 bales from the estimated 1933-34 production and is the smallest since 1923-24. The present estimate of world production is 11 percent smaller than the average production for the 10 years ended 1932-33, of 25,530,000 bales and is 400,000 bales smaller than the previous estimate released by this Bureau. The decline in the estimated world crop during the last 2 or 3 months has been due to unfavorable weather conditions in India which resulted in the crop now being estimated at 584,000 bales less than last year whereas earlier in the season it was expected that the Indian crop would be larger than in 1933-34. The Russian crop is now estimated to be slightly larger than in 1933-34 whereas earlier reports indicated a decrease.

Foreign production in 1934-35 is now tentatively placed at 12,869,000 bales of 478 pounds, a decline of 400,000 bales from our previous estimate and 184,000 bales from the estimate of 1933-34, but is 1,753,000 bales larger than the 10-year average. Although no official estimate has been received of the 1934-35 production in southern Brazil, private estimates and other information indicate that the crop is much larger than in 1933-34. The crop in northern Brazil has been officially estimated at 285,000 bales or 61 percent larger than in 1933-34. In addition to the increase in Brazil there were increases in China, Russia, and a number of the minor countries which we have reports for. These increases, however, have been more than offset by the rather large decline in India and smaller declines in Egypt, Mexico and a few smaller countries. (See table, page 12).

The 1934-35 world cotton acreage is now estimated at 73,400,000 acres compared with 74,400,000 acres in 1933-34 and an average for the 10 years 1923-24 to 1932-33 of 80,870,000 acres. The current year's world acreage is the smallest since 1923-24 due to the fact that the United States acreage is the smallest since 1901-02. The present estimate which is only tentative includes an estimate of 45,885,000 acres for foreign countries which is 1,463,000 acres larger than the estimated 1933-34 acreage which was itself the largest in history. The estimated 1934-35 foreign acreage is 5,533,000 acres or 14 percent larger than the 10-year average foreign acreage. (See table, page 12).

1/ Based largely on reports from the American Consul at Kobe received by radiogram from the office of the Agricultural Commissioner at Shanghai.

Russia 1/

The present estimate of the 1934 Russian cotton crop is about 1,937,000 bales of 478 pounds net and is thus slightly above the crop outturn in 1933 when 1,887,000 bales of 478 pounds net were harvested.

The 1934 cotton acreage amounted to 4,764,000 acres, which is in line with the 1934 plan; this plan provided for an acreage below the 5,070,000 acres planted in 1933.

The above figures on acreage and production indicate a 1934 yield of ginned cotton of 191 pounds per acre, as compared with 178 pounds per acre harvested in 1933. While this is appreciably below the plan for a significant increase in yields (up to 750 kilograms of unginned cotton which, in terms of ginned cotton, is about 240 to 250 kilograms per hectare, or 220 to 240 pounds per acre), the above 1934 yield would mean an increase by 9 percent over that of 1933. It appears doubtful, in the face of the unfavorable weather conditions experienced in 1934 in the cotton regions of the Union, whether the 1934 yield and production actually reached the level indicated. As has been previously reported, 1934 weather conditions were regarded as exceptionally unfavorable to cotton growing; sowings had been retarded by cold and rainy spring weather, and early frosts in the fall left a considerable share of the crop unmatured. In view of these conditions, it is difficult to see how 1934 yields could have been above those of the previous year. In addition, harvesting losses are reported to have been very great, apparently not only because of the early setting in of frosts, but also because of inadequate organization of the picking work. It is entirely possible that the above mentioned figure for the 1934 yield does not take into consideration the losses sustained during the picking of the crop, so that the total quantity of cotton actually available for consumption may turn out below the 1,937,000 bales mentioned above.

The fact that this year's procurings have not yet been completed - with only 88 percent of the yearly plan executed by January 20, whereas the procuring campaign was fully completed by the beginning of January in 1934 - may also point to an overestimation of this year's crop. As procurings have been developing very slowly during the past weeks - only 3 percent of the total yearly plan were procured between December 20, 1934 and January 20, 1935 - it is likely that this year's procuring plan will not be fully executed.

Another result of this year's unfavorable weather conditions is the considerable prevalence of lower grade cotton. It is reported that cotton of the "first" and "second" grades will constitute only about 50 percent of the total crop, as compared with a normal of over 80 percent. Thus the industry will have to work up a considerably larger quantity of low-grade cotton, which may cause some difficulties in manufacturing and may prevent the quality improvement of textile goods foreseen by the plan.

1/ Based largely on a report dated February 14 from the office of the Agricultural Attache at Berlin.

Cotton: Acreage and production in countries reporting for 1934-35, with comparisons

Item and country	1931-32	1932-33	1933-34	Preliminary 1934-35	Percentage 1934-35 is of 1933-34
	1,000	1,000	1,000	1,000	
Acreage	acres	acres	acres	acres	Percent
United States	38,705	35,939	29,978	27,515	91.8
India	23,722	22,483	23,854	23,407	98.1
China 1/	4,800	5,630	6,142	6,747	109.9
Russia	5,281	5,139	5,070	4,764	94.0
Egypt	1,747	1,135	1,873	1,798	96.0
Turkey	491	358	400	491	122.8
Mexico	319	192	424	418	98.6
Chosen	472	393	433	480	110.9
Bulgaria	14	20	51	51	100.0
Manchuria	2/	2/	141	198	140.4
Greece	46	50	71	109	153.5
Italy	4	4	4	7	175.0
Rumania	2/	2/	5	2	40.0
Uganda	866	1,071	1,091	1,171	107.3
Anglo-Egyptian Sudan	336	325	333	359	107.8
Syria and Lebanon	75	24	19	31	163.2
Estimated foreign countries	42,295	40,761	44,422	45,885	103.3
Estimated world total	81,000	76,700	74,400	73,400	98.7
	1,000	1,000	1,000	1,000	
	bales 478	bales 478	bales 478	bales 478	
Production	lbs. net	lbs. net	lbs. net	lbs. net	Percent
United States	17,095	13,001	13,047	9,731	74.6
India	3,353	3,898	4,197	3,613	86.1
China 1/	1,785	2,261	2,726	2,800	102.7
Egypt	1,323	1,028	1,777	1,617	91.0
Mexico	210	102	260	209	80.4
Turkey	91	28	128	77	60.2
Russia	1,843	1,778	1,887	1,937	102.6
Brazil 3/	449	226	468	753	160.9
Bulgaria	4	6	11	23	209.1
Manchuria	2/	2/	80	100	125.0
Greece	14	22	32	50	156.2
Italy	1	1	1	4	400.0
Anglo-Egyptian Sudan 4/	39	43	50	59	118.0
Chosen	101	136	140	150	107.1
Estimated foreign countries	10,405	10,699	13,053	12,869	98.6
Estimated world total	27,500	23,700	26,100	22,600	86.6

Division of Statistical and Historical Research. Compiled from official sources, International Institute of Agriculture and estimates of the Bureau of Agricultural Economics except as noted.

1/ Estimates of the Chinese Cotton Statistics Association except production for 1934-35 which is an estimate of the Agricultural Commission at Shanghai.

2/ Comparable estimates not available at this time. 3/ The Northeastern States which during the 3 years 1931-32 through 1933-34 produced a little less than 60 percent of the total Brazilian crop and in 1933-34 about 48 percent of the total crop. 4/ Excluding Sakellaridis in the Gezira territory, production of which averaged 110,000 bales for the 3 years 1931-32 through 1933-34.

Cotton: Exports from United States, India and Egypt to specified countries, for specified periods

Country of origin and destination	Jan. 10-yr. av. 1923-24 to 1932-33	Jan. 1933	Jan. 1934	Jan. 1935	Jan. 1935 as a percentage of 1934	Aug. 1 to Jan. 31 10-yr. av. 1923-24 to 1932-33	Aug. 1 to Jan. 31 1932-33	Aug. 1 to Jan. 31 1933-34	Aug. 1 to Jan. 31 1934-35	Aug. 1 to Jan. 31 1934-35 as a percentage of 1933-34
From United States:	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Per-cent	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Per-cent
United Kingdom	201	145	124	121	97.6	1,187	875	852	467	54.8
France	81	75	84	34	40.5	584	583	581	246	42.3
Italy	67	82	55	35	63.6	408	453	426	250	58.7
Germany	156	154	156	17	10.9	1,208	1,107	914	196	21.4
Japan	145	173	167	149	89.2	798	1,120	1,186	1,059	89.3
China	31	39	23	4	17.4	175	165	160	52	32.5
Other countries	110	126	130	106	81.5	710	737	800	595	74.4
Total	791	794	739	466	63.1	5,070	5,040	4,919	2,865	58.2
From British India	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.	Per-cent	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.	Per-cent
United Kingdom	19	15	34	21	61.8	63	54	107	89	83.2
Germany	19	19	21	8	38.1	77	59	75	33	44.0
France	15	12	15	14	93.3	50	54	56	46	82.1
Belgium	22	17	10	14	140.0	78	64	63	50	79.4
Japan	198	136	55	192	349.1	516	420	78	550	705.1
China	30	5	29	3	10.3	98	24	151	23	15.2
Italy	32	11	24	26	108.3	131	69	100	130	130.0
Other countries	13	7	16	19	118.8	53	25	85	81	95.3
Total	348	222	204	297	145.6	1,066	769	715	1,002	140.1
From Egypt:										
United Kingdom	59	46	82	49	59.8	337	209	464	262	56.5
British India	3	2	9	16	177.8	12	13	22	60	272.7
United States	19	5	12	6	50.0	95	31	57	27	47.4
France	18	22	24	19	79.2	107	102	123	95	77.2
Germany	9	12	26	9	34.6	54	96	99	50	50.5
Italy	10	9	10	14	140.0	54	50	80	93	116.2
Japan	8	8	13	9	69.2	37	47	66	140	212.1
Other countries	25	18	32	29	90.6	131	113	151	188	124.5
Total	151	122	208	151	72.6	827	661	1,062	915	86.2

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Compiled from official sources; current data for exports from India and Egypt from cables.

- - - - 0 - - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-114 & 115 May 2, 1935

WORLD COTTON PROSPECTS

(March and April issues)

The attached is the summary of a preliminary report upon foreign cotton production which is one section of a special study of the world cotton situation undertaken by the Bureau of Agricultural Economics upon the request of the Secretary of Agriculture. Due to the great amount of work involved in the preparation of this report the regular issues of World Cotton Prospects for March and April have not been prepared.

Since the release of this report revised estimates of the 1934-35 acreage and production in India has been received from the Indian Government at Calcutta. These estimates placed the 1934-35 crop at 4,023,000 bales (478 pounds net) compared with the previous estimate of 3,613,000 bales, or an increase of approximately 400,000 bales. The estimate of the 1933-34 crop was increased to 4,241,000 bales as compared with the previous estimate of 4,197,000 bales. The latest estimates, therefore, indicate a decrease from 1933-34 to 1934-35 of slightly more than 200,000 bales, whereas the previous official estimates indicated a decrease of nearly 600,000 bales. The latest estimates of acreage indicate an area of 23,830,000 acres in 1934-35 compared with 24,136,000 acres the season before, or a decrease of 1.3 percent.

Recent unofficial reports from Brazil indicate that due to unfavorable weather and heavy boll worm damage, the Brazilian cotton crop may be considerably smaller than the latest official estimate of the Brazilian Government which was used in the attached report. Trade reports suggest the crop may be slightly above 1,300,000 bales compared with the official estimate of 1,591,000 bales. This would tend to offset the increase which has occurred in the estimated production in India.

These revisions would indicate the need for revising the estimated totals for both the foreign and the world unless they are offset by subsequent reports from these or other countries.

The following is the summary of the report which was released April 29, 1935.

FOREIGN COTTON PRODUCTION

Summary and Conclusions

The trend in foreign cotton acreage and production has been upward during the last 45 years. In these years foreign cotton production outside of China for which early data are not available has increased at the rate of about 150,000 bales per year. This is slightly greater than the average annual increase of a little more than 100,000 bales for the United States. In the decade 1891 to 1900, foreign production, exclusive of China, amounted to about 30 percent of the world total (excluding China) whereas in the last 10 years it was about 40 percent.

Foreign cotton production, exclusive of China and Russia, for the current (1934-35) season is now estimated at 8,842,000 bales (478 pounds net.) This is slightly smaller than the 1933-34 crop in those countries, which is now estimated at 8,865,000 bales, about 10 percent larger than the average production in those countries for the 10 years ended with 1932-33, but 100,000 bales below the previous peak of 1925-26.

The area of foreign cotton, exclusive of that in Russia and China, for the current season (1934-35) is estimated at a little less than 34,400,000 acres which is approximately 1,300,000 acres more than the estimate for the previous season and 2,200,000 acres below the peak of 1925-26. The estimate of foreign acreage for 1934-35, not including Russia and China, is, however, about 5 percent larger than the average for the 10 years ended 1932-33.

Cotton acreage in foreign countries, as in the United States, tends to increase or decrease annually with material changes in actual cotton prices within these countries or with significant changes in cotton prices relative to prices of alternative products. An analysis of the year-to-year changes in the foreign acreage (excluding Russia) as affected by cotton prices relative to other commodities, as well as statistical analyses of acreage changes in some of the more important cotton-producing countries, indicates that the acreage in 1935-36 probably will be around 5 percent, or more, greater than the acreage harvested in the current season. The continuation of the upward trend in foreign acreage and production and the rate of growth or retardation will depend upon governmental policies and upon physical conditions as well as upon the trend of cotton prices and the prices or advantages of competing or alternative crops.

Questions have been asked as to what would have been the effect of higher or lower prices of American cotton upon acreage and production in foreign countries in the 1935-36 season. This analysis suggests that if American cotton prices during the current season had averaged about 10 cents per pound with the ratio of foreign to domestic cotton prices and to the prices of other commodities as they have been, and other conditions remained the same, cotton acreage in foreign countries in 1935 might have been but little if any greater than in 1934. On the other hand, if American cotton had been around 15 cents, with other conditions as specified, foreign acreage, excluding Russia, in 1935-36 might have increased 10 percent or more over the estimated acreage for the current season. The actual changes in acreage, of course, might have been affected by other factors changing as well as by cotton price changes.

The competition of foreign cotton is also becoming greater on a quality basis. In India and China during the last 10 or 15 years there has been a shifting to varieties (mainly American upland) which give a length of staple more nearly similar to that of the American crop. Brazil and Egypt in the last few years have been producing an increasingly large proportion of shorter staples more nearly similar to cotton produced in the United States. The marked increase in cotton production in Russia, where most of the varieties are American upland, has contributed materially to the increasing proportion of foreign-grown cotton similar in staple length to American. Many of the smaller producing countries, where production has been well maintained or even increased during the depression, are producing large proportions of American upland varieties.

The trend of cotton acreage and production in India has been rather sharply upward although the present world-wide depression brought some recession as did other depressions and periods of low prices, but the low point in each depression has been materially above the low points of previous depressions. A recovery of cotton acreage and production in India from the present depression seems to be under way. The increase from the low point of 1932 seems to be greater than can be explained by prices alone. This may be due to the acreage of 1932 being lower than is normally associated with the existing price relations. Statistical analyses of the response of Indian producers to price changes and the prices of cotton and other commodities in India during the present marketing season suggest that with normal weather conditions India's acreage and production in 1935-36 might be about 5 percent higher than in the current season. These analyses also suggest that with the same ratio of cotton prices in India to prices in the United States, a price of 10 cents in the United States, other conditions remaining the same, the 1935 Indian acreage might be reduced or be about the same. On the other hand, had the American cotton price level been 15 cents, other relationships remaining the same, the 1935 Indian acreage might be something like 10 percent larger than in 1934.

In Egypt the trend of cotton acreage and production over a long period has also been upward though at a somewhat slower rate than in India. However, in view of the limited supply of land and the degree of competition between food crops and cotton, the indications are that cotton acreage in Egypt will not often exceed 2,000,000 acres within the next 10 years unless cotton prices get unusually high relative to grain prices or unless the well-established system of crop rotation designed to maintain the fertility of the soil be materially changed. The acreage of the current season is approximately 1,800,000 acres.

Owing to a rather marked increase in grain prices in Egypt during the 8 months ending with March, the indications are that the 1935 Egyptian acreage may be considerably lower than the 1934 acreage. If cotton prices in the United States had been 15 cents per pound and grain prices in Egypt as high as they have been during recent months, it seems probable that, if other relationships had remained unchanged, cotton acreage in Egypt might still have been somewhat lower in 1935 than in 1934. In Egypt as in many other countries, government action has been an important factor in acreage changes. A slackening of restrictions following 1932 was an important factor in the increase in acreage in 1933.

The long-time trend of cotton production and acreage in Brazil has been upward as in India, Egypt, and most other countries, and during the last 2 years production has increased three-fold. This marked increase has been due to such factors as: (1) unusually favorable weather, (2) legal restrictions on the planting of coffee trees, (3) more active effort on the part of the Government to encourage cotton production, (4) increasing interest of foreign and domestic capital in Brazilian cotton production, and (5) perhaps the "lingering" effects of the extremely high prices of cotton in Brazil in terms of Brazilian currency in 1932-33. The most marked increase in acreage and production during the last 2 years has occurred in southern Brazil where American upland varieties are grown almost exclusively. Production in these Southern States averaged more than half of the total Brazilian crop in these 2 years, whereas formerly about three-fourths of the total crop was produced in the northeastern states where long-staple perennial tree-cotton varieties predominate. Statistical analyses show that from 1922 to 1932 changes in cotton acreage in Southern Brazil was closely associated with changes in cotton and coffee prices. During the last 2 years, however, cotton acreage in these states was much larger than might have been expected from past relationships, apparently because of the factors mentioned above. A weighting of the favorable factors against the unfavorable, and an examination of past trends, suggest that although acreage and production in Brazil may vary from year to year, and with low yields may drop back well below the high level of the current season, the trend is likely to continue upward, particularly in the southern states, unless cotton prices decline very materially or coffee prices increase materially. The immediate outlook for coffee prices, however, does not appear favorable.

Cotton production in Russia during recent years has averaged about 73 percent larger than the average for the 10 years ended 1932-33 and about 77 percent larger than the average for the 5 years ended 1916-17, but acreage and production have shown little change since 1931. With the marked expansion in acreage from 1927 to 1931, much of which occurred in the nonirrigated regions, yields declined. As a result of declining yields there has been a considerable disparity between the expansion of cotton acreage and the increase in production. Whereas the acreage in 1934 was about two and one-half times as large as in 1927, production was only 70 percent larger, and although acreage is now more than double the pre-war peak, production is only about one-fourth larger than that of 1915-16. The marked expansion in acreage was the result of a definite policy on the part of the Soviet Government to attain self sufficiency. The acreage and production in the next few years may, as in the past several years, depend to a considerable extent upon the policy of the Soviet Government, but in view of numerous difficulties it seems probable that further expansion will be slow. The Second Five Year Plan calls for very little increase in acreage, but it is planned that by increasing yields, production should be increased by 1937 to 3,000,000 bales. Two of the 5 years have already passed, however, and production has not reached 2,000,000 bales. No matter whether Russia should succeed or fail in its plan to materially increase the cotton production in the next few years, the indications are that it is not very likely either to import or to export significant quantities of cotton.

Cotton acreage and production in China have increased almost steadily since about 1927 (except in 1931 when the Yangtze Valley flood reduced both acreage and yields) despite declining cotton prices in most countries of the world. At present the acreage is at a new high level, according to the best estimates available. This expanding acreage in China within recent years has apparently been due in part to favorable prices for cotton in China relative to prices for other commodities (due in part to the marked depreciation of the Chinese currency and in part to a tariff on raw cotton which has been increased three times in the last 5 years), and to increased activity on the part of the Chinese Government to make cotton growing more profitable to Chinese farmers. It is not improbable that cotton production in China will continue to increase altho gh perhaps at a rather slow rate, and that China may soon become self sufficient so far as raw cotton is concerned. But if a long period of tranquility should occur in China, accompanied by political and financial stabilization and economic reforms, and a subsequent improvement in the standard of living of the Chinese people, cotton consumption in China might increase at a rate equal to or greater than the increase in cotton production.

The Governments of Chosen and Manchuria have made plans that provide for a rather significant increase in acreage and production in these countries within the next 10 to 15 years. It is the hope of the Chosen Government that by 1944 production will reach approximately 375,000 bales of 478 pounds, compared with a crop at present around 140,000 bales. The Manchurian Government hopes that by 1950 about 740,000 acres will be in cotton and that this acreage will produce about 400,000 bales compared with about 80,000 bales in 1934-35. It is believed that both of these plans are very optimistic in view of climatic conditions and other unfavorable factors.

In the case of Mexico and Peru the indications are that unless cotton prices increase considerably, cotton acreage and production in these countries are not likely to increase materially in the near future.

In Argentina, a plentiful supply of cheap public lands on which farmers pay neither taxes nor rent, in a region where the soil and climatic conditions are well suited to cotton production, has resulted in a rather marked increase in cotton acreage and production throughout the period of declining prices of recent years. The present production is approximately 200,000 bales. The indications are that the upward trend in acreage and production in Argentina will probably continue, although perhaps at a much slower rate than during the last few years. The rate, however, will depend to a considerable extent upon cotton prices relative to other things.

Of the African Colonial cotton-growing countries, Uganda, with a crop now averaging a little less than 250,000 bales, is the most important. Although acreage and production have fluctuated considerably, the trend has been decidedly upward, production increasing from less than 5,000 bales to its present level in less than 30 years. It seems reasonable that the trend in acreage and production in Uganda will also continue upward for some time to come, although probably at a considerably slower rate than during the last several decades unless cotton prices are unusually high relatively.

The Anglo-Egyptian Sudan is the next most important African Colonial cotton-growing territory, with production now averaging around 200,000 bales. This level of production was first reached in 1931, at which time the area in cotton was about 340,000 acres. Since that time acreage has shown comparatively little change and, unless cotton prices advance considerably, there seems little likelihood of much expansion in the Sudan in the immediate future.

Cotton production in the other African Colonial cotton territories is comparatively very small and has shown little tendency to increase during the last decade. Indications are that, unless cotton prices advance materially relative to other commodities, cotton production in these territories is not likely to expand significantly in the near future.

Trend of Foreign Cotton Production

Cotton production in foreign countries has been increasing at a rate more rapid than that in the United States. Since 1891 foreign production, outside of China, has increased at a rate of about 150,000 bales annually, which compares with a little more than 100,000 bales in the United States (fig. 1). In the first 10 years of this period foreign production exclusive of China averaged about 4,000,000 bales, whereas in the 10 years ended 1932-33 it averaged slightly more than 9,000,000 bales. In the meantime, production in the United States has increased from an average of 9,000,000 to 14,400,000 bales. It is of interest that in the first 10 years of this period production of foreign cotton not including Chinese, was less than one-half that of the United States, and in the 10 years ended 1932-33 it amounted to about 63 percent of the American crop. The recovery of foreign production during the past 2 years from the low level of 1932 and the reduction of the American crop has resulted in foreign exceeding United States production. Conditions in foreign countries appear to be such as to permit or even to encourage the continued upward trend in the production of cotton. The continuation of this trend and the rate of growth or retardation are dependent upon prices, as well as upon Governmental policies and natural conditions.

Acreage Response to Prices

Cotton acreage in most foreign countries, as in the United States, is influenced by price level and price changes. Since cotton enters extensively into international trade, the cotton-price levels of several exporting countries tend to adjust to a central-market basis. Taking Liverpool as a point upon which market prices are focused, it may be noted that in recent years acreage changes in the United States and in foreign countries are associated with significant changes in relative cotton prices (fig. 2). The rapid rise in Liverpool prices from 1921 to 1924 was followed by a very rapid and extensive increase in the acreage in cotton in foreign countries as well as in the United States. The decline in prices beginning with 1925 was followed by reductions in acreage. The sharp break in prices, beginning with 1929, brought extensive reductions in acreage, but it did not reduce foreign acreage as much as it reduced acreage in the United States. The turn in cotton prices in 1932 was followed by a sharp upturn in foreign cotton acreage, whereas the reduction program in the United States has reduced the acreage harvested in this country.

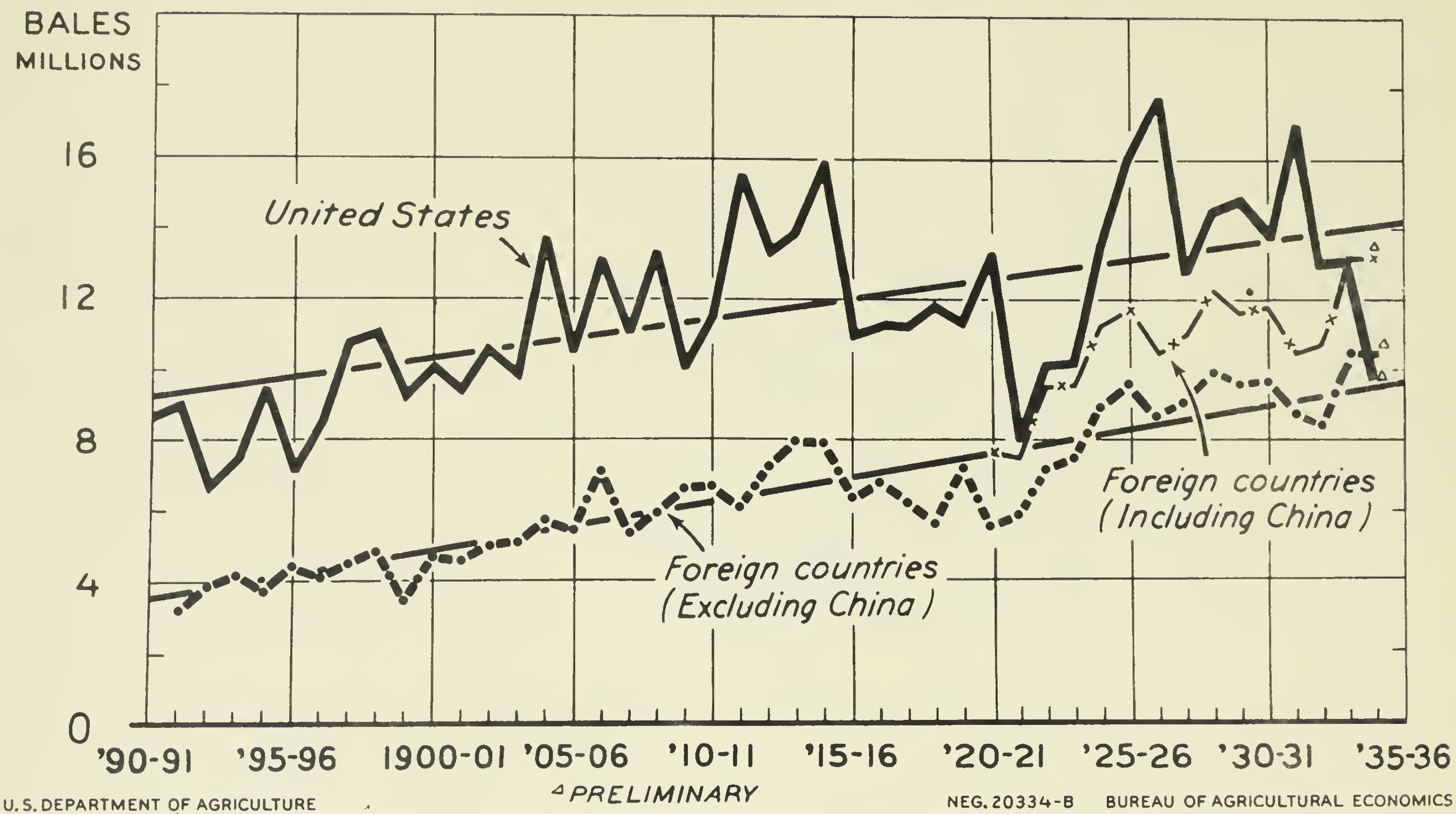
It is significant that in some countries the acreage response to price differs materially from that in the United States. In Russia, for example, acreage expanded at a very rapid rate from 1928 to 1931, without reference to the decline in world market prices. Since 1931 Russian cotton acreage has been maintained in spite of the great depression. Russian plantings have been controlled by the Government, the primary consideration being to develop a production adequate to meet domestic requirements for raw cotton. In other countries, such as China and Brazil, internal readjustments have contributed to maintaining and even expanding cotton acreages in the face of world market price declines; and in still other countries, such as Argentina and Uganda, acreage has continued to expand, despite declining cotton prices, as a matter of development of natural resources and bringing new lands into cultivation.

The trend of cotton prices is an import nt f.ctor in cotton planting and production in foreign countries as well as in the Unites States. The trend of cotton prices is influenced, of course, by the trend in the demand for cotton and in the general price level. The growth of population, improvement in the standard of living, and increasing international trde, all tend to increase the demand for commercial cotton. It is apparent that the demand for cotton increased after the depression of the Nineties until the outbreak of the World War. The general price level was also rising. Looking back over a long period of years, it will be observed that, in the main, cotton prices have followed the general price level (fig. 3). In addition, the general price levels of the important countries engaged in international trade tend to move together. This is because many important commodities, such as cotton, tend to establish world market price levels, and that marked changes in business activity are likely to be world-wide. At times, however, this tendency may be distrubed by abrupt changes in currency values in different countries, as during the Civil War period and in recent years (fig. 4).

The upward trend in foreign cotton production following the depression of the Nineties was influenced to a considerable extent by the expansion in international trade and the rising price level following the depression of the Nineties. The declining price level since the World War has retarded expansion, and sharp declines in the price level, together with the depression, actually curtailed cotton acreage and production in foreign countries, but not so much as in the United States. It is to be expected, therefore, that world-wide business recovery, accompanied by greater international trade and by a rising price level, would stimulate acreage and production and thus continue this upward trend.

The acreage of cotton in many foreign countries during recent years has been influenced by currency depreciation. The producers of cotton in China and Brazil have not felt the depression to the extent that the American producers have felt it because prices in those countries did not follow the course of cotton prices down through 1931 and 1932 (fig. 5). The price of Brazilian cotton in the currency of that country declined considerably during the first part of the depression, but the marked depreciation of the milreis in 1930 and 1931 tended to offset the effects of the world-wide depression (fig.6). In 1932-33 the position of Brazil in consuming more cotton than it produced, together with a very high tariff on raw cotton, caused cotton prices there to go to the highest level for more than 8 years. This was doubtless a very important factor contributing to the marked increase in acreage in Brazil the following season. Cotton prices in China declined comparatively little as compared with those of 1927-28 even throughout the most severe part of the depression, partly because of the marked depreciation in China's currency, aided perhaps by three increases in its tariff on raw cotton. This accounts in part for the increasing acreage in China during recent years. Prices in India and Egypt began to recover in 1931 after England (and therefore these two countries) left the gold standard, and the rupee and the Egyptian pound began depreciating. The earlier devaluation tended to check the influence of f lling prices upon cotton acreage in these several important foreign-producing countries. The subsequent devaluation in the United States and a checking of the depreciation in other countries has tended to weaken the influence of this factor in foreign-productioncompetition. The recent appreciation of silver may tend to check commercial cotton production in China but, on the other hand, the low level to which the Brazilian milreis has been depreciated may continue for some time to be a factor in expanding production in that country.

Cotton: Production in United States and Foreign Countries, 1890-91 to Date



U.S. DEPARTMENT OF AGRICULTURE — NEG. 20334-B — BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1.- THE UPWARD TREND IN FOREIGN PRODUCTION SINCE 1895 HAS BEEN VERY SIMILAR TO THAT IN THE U.S. WITH THE AVERAGE ANNUAL INCREASE SLIGHTLY GREATER THAN IN THE U.S. FOREIGN PRODUCTION EXCLUSIVE OF CHINA (FOR WHICH EARLY DATA ARE NOT AVAILABLE) AMOUNTED TO ABOUT 30 PERCENT OF THE WORLD TOTAL (EXCLUDING CHINA) IN THE DECADE FROM 1891 TO 1900 WHEREAS IN THE LAST 10 YEARS (1925-26 TO 1934-35) IT REPRESENTED ABOUT 40 PERCENT.

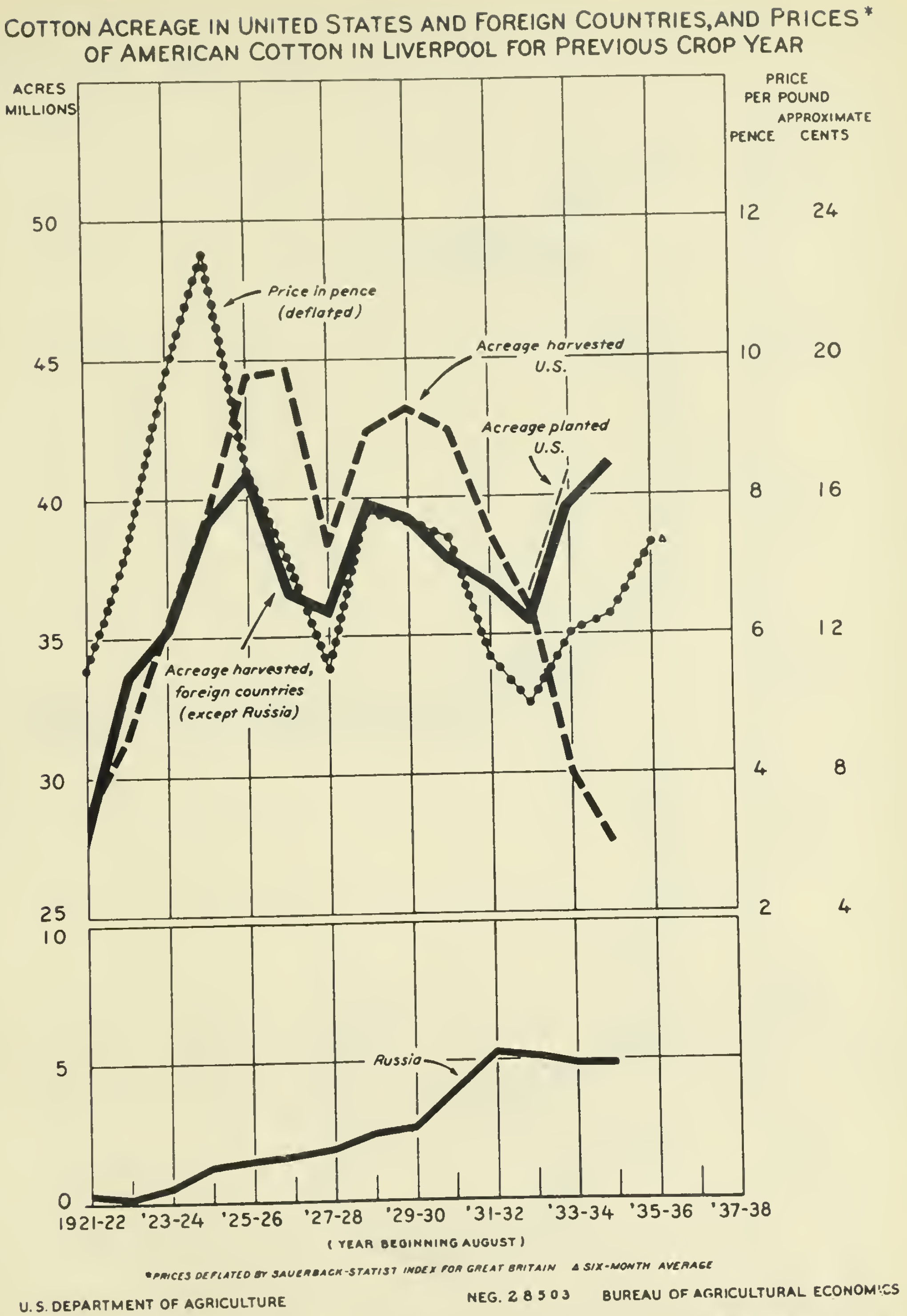
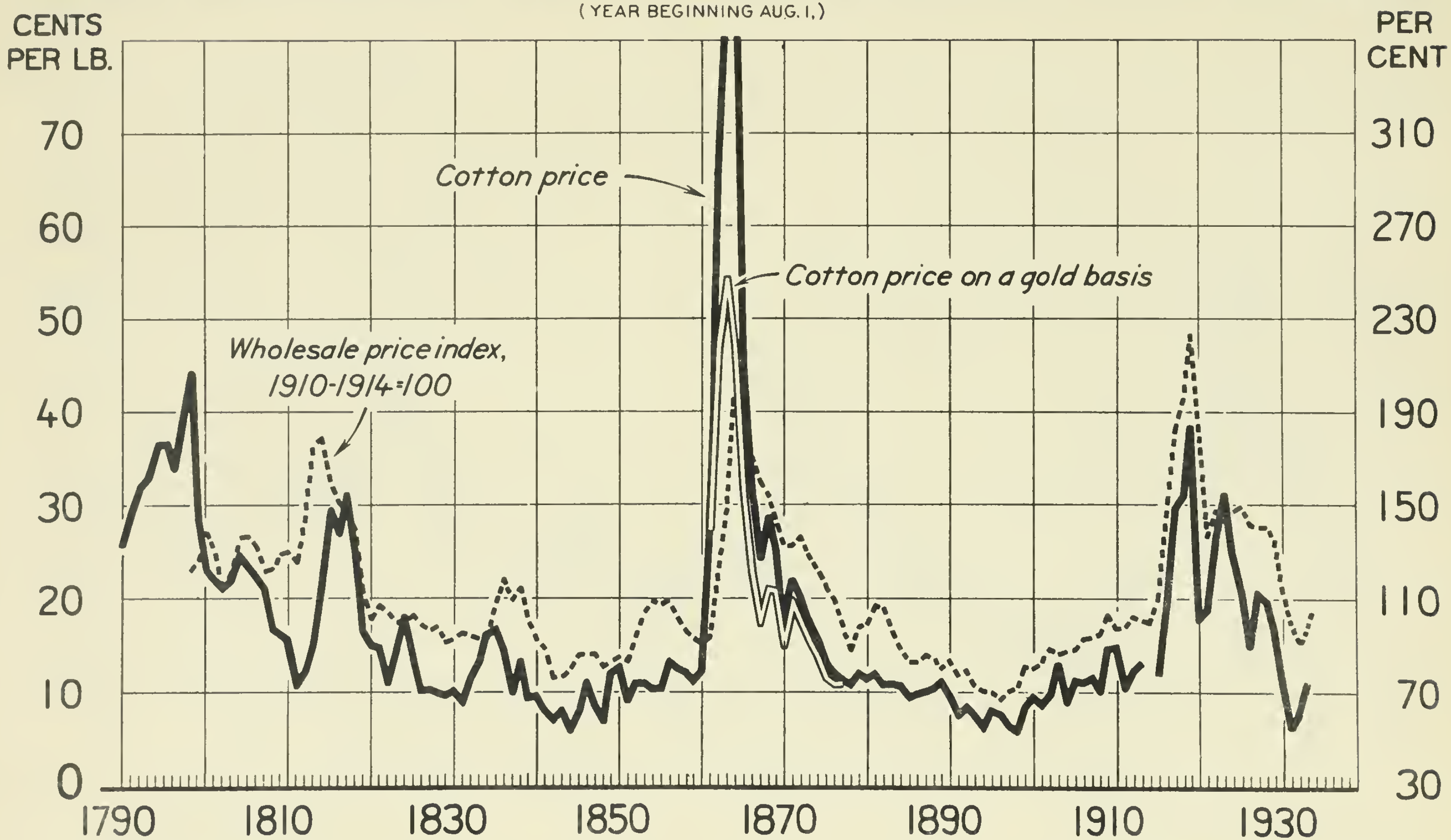


FIGURE 2.- COTTON ACREAGE IN FOREIGN COUNTRIES AS IN THE U.S. USUALLY INCREASES OR DECREASES FOLLOWING AN INCREASE OR DECREASE IN COTTON PRICES. FOREIGN ACREAGE HOWEVER, DID NOT DECLINE AS MUCH DURING THE RECENT DEPRESSION AS DID ACREAGE IN THE U.S. AND BOTH TURNED UPWARD IN 1933-34 FOLLOWING THE UPTURN IN COTTON PRICES.

Price of Cotton and Index of Wholesale Prices of all Commodities United States, 1790 to Date

(YEAR BEGINNING AUG. 1.)

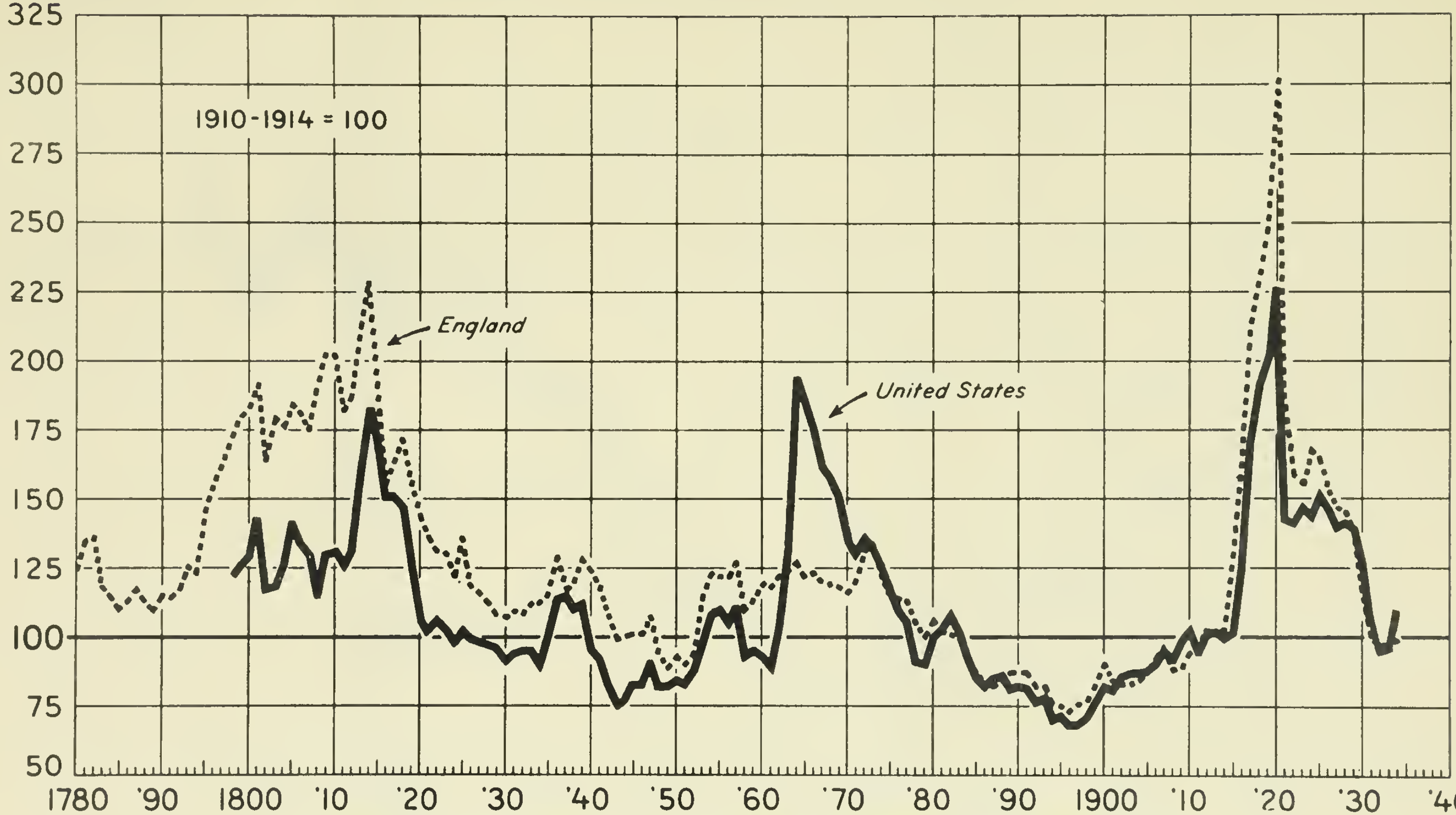


U S DEPARTMENT OF AGRICULTURE

NEG. 25002 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 3.- THIS CHART SHOWS THAT THROUGH A LONG PERIOD OF YEARS COTTON PRICES IN THE U.S. HAVE GENERALLY MOVED WITH THE ALL-COMMIDITY PRICE LEVEL. A DECLINING PRICE LEVEL DEPRESSES COTTON PRICES AND TENDS TO CHECK EXPANSION OR CURTAIL ACREAGE; AND A RISING PRICE LEVEL TENDS TO RAISE COTTON PRICES AND INCREASE ACREAGE AND PRODUCTION.

Wholesale Price Index Numbers in England and in the United States, 1780 to Date



ENGLAND - 1780-1847 - SILBERLING'S
1848- SAUERBECK'S

U.S. - 1798-1889 - WARREN AND PEARSON (VARIABLE WEIGHTS)
1890- B.L.S.

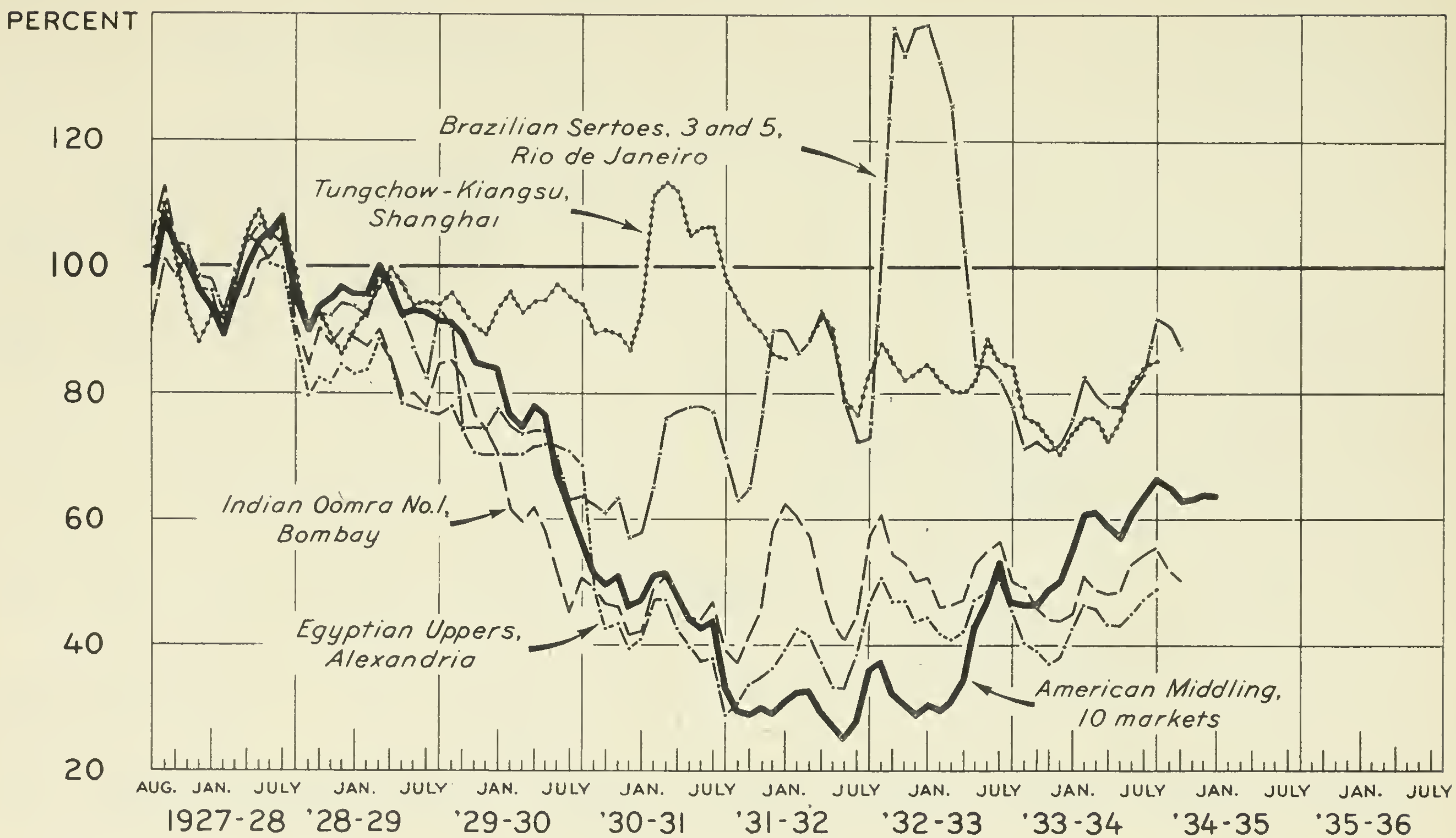
U.S DEPARTMENT OF AGRICULTURE

NEG. 24211 BUREAU OF AGRICULTURAL ECONOMICS

Figure 4.— Price levels in important countries engaged in international trade tend to move together. Since cotton enters extensively into international trade, the price of cotton is affected by the international price relations. This tendency, of course, may be disturbed from time to time by abrupt changes in currency values in different countries, as in the Civil War period and in recent years.

COTTON: PRICE RELATIVES, SPECIFIED COUNTRIES, 1927-28 TO DATE

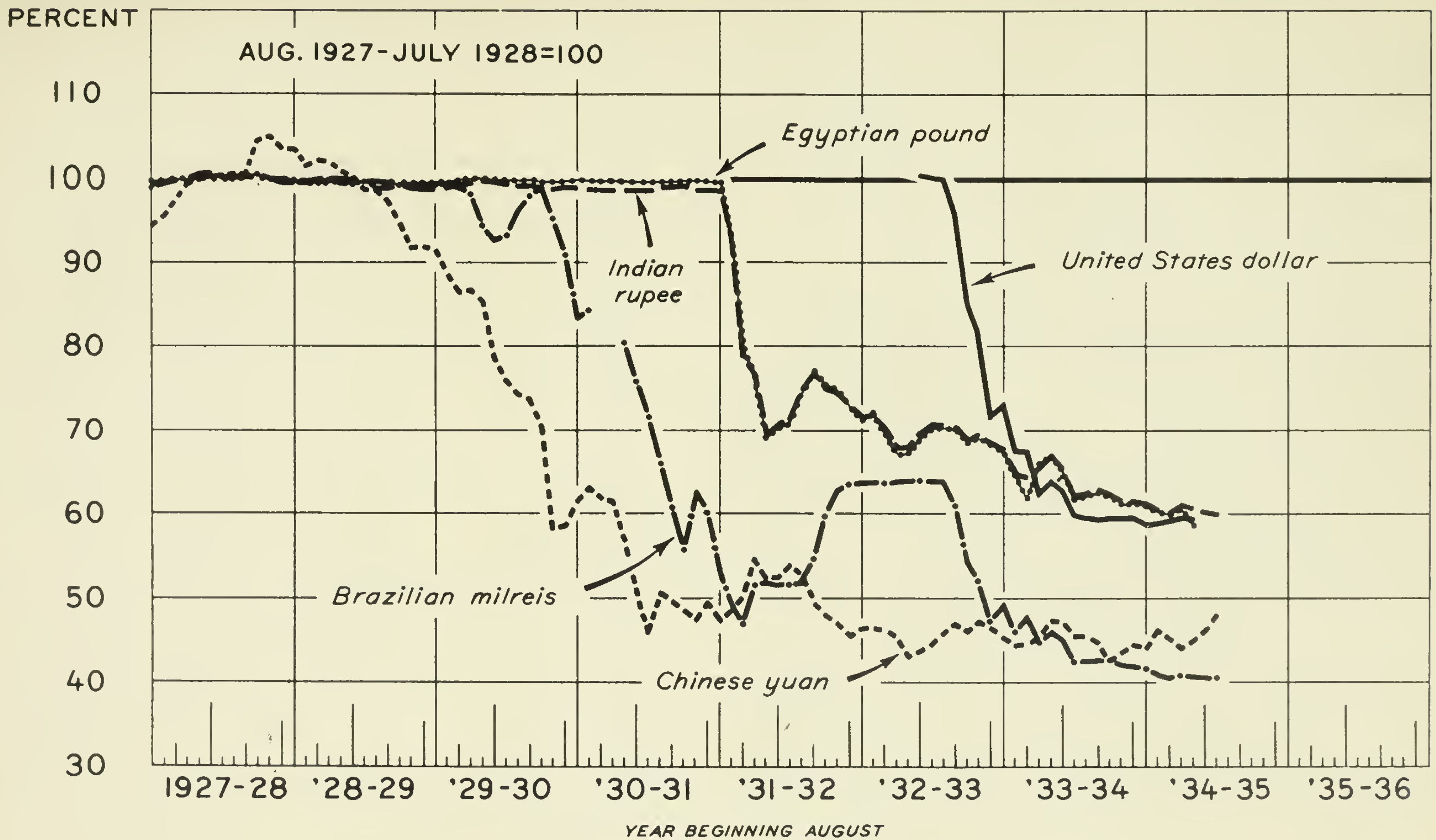
AUG. 1927 - JULY 1928=100



U. S. DEPARTMENT OF AGRICULTURE NEG. 28475 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 5.- THE LEVEL OF COTTON PRICES WITHIN DIFFERENT COUNTRIES HAS VARIED MATERIALLY DURING THE LAST FEW YEARS DUE IN PART TO CHANGES IN THE VALUE OF THE CURRENCY OF THE COUNTRY. IN 1931-32 AND 1932-33 COTTON PRICES IN THE IMPORTANT COTTON EXPORTING COUNTRIES, IN TERMS OF THE CURRENCIES OF THOSE COUNTRIES, WERE RELATIVELY HIGHER THAN COTTON PRICES IN THE U.S.

Relative Gold Values of Specified Currencies, 1927-28 to Date



U.S. DEPARTMENT OF AGRICULTURE — NEG. 28527 — BUREAU OF AGRICULTURAL ECONOMICS

Figure 6.- Currencies in other important cotton producing countries depreciated earlier than in the U.S. and, in the case of Brazil and China, declined further. This tended to prevent prices of cotton in the other cotton exporting countries from declining as much as cotton prices in this country which in turn tended to prevent foreign cotton acreage from declining as much as U.S. acreage.

In connection with the year-to-year changes in total foreign acreage, it is significant that from about 1921 to 1924 foreign acreage excluding that of Russia increased at about the same rate as the acreage in the United States.(fig.2). In 1925-26 and 1926-27, however, the acreage in the United States continued upward to a level much higher than that of foreign countries, and to a level higher than might have been expected by the relative prices of cotton, in part because of the expansion of acreage into western Texas and Oklahoma where production costs were low, and in part because of a recovery in yields in the Southeastern States of the United States. Acreage in the United States continued well above foreign acreage until 1931-32 and 1932-33 when domestic acreage declined to about the same level as foreign acreage excluding Russia, and considerably lower than total foreign acreage including Russia. To a considerable extent this greater decline in United States acreage than in foreign acreage following 1929 was due as already indicated to the fact that cotton prices in most of the important foreign-producing countries did not drop so low as prices in the United States. Some foreign cotton producers tend to respond less to price declines than do the average of all American producers, which is particularly significant in respect to foreign competition. For instance, many foreign producers who were induced to go into cotton production by the high prices for cotton relative to prices for other commodities, as a result of the short crops in the United States from 1921 to 1924, continued to produce cotton even at the low prices of 1931 and 1932. Perhaps a considerable part of the increase resulted from the bringing additional land into cultivation; once new land is brought in it requires an extremely low price to force it out of production.

While considering the year-to-year changes in total foreign acreage and production it should be pointed out that on the basis of the changes in foreign acreage which have been associated with the changes in the deflated price of American cotton at Liverpool in pence 1/ per pound as shown in Figure 2, foreign acreage in 1935-36 would be expected to be materially higher than in 1934-35. A line drawn through the 1934-35 acreage parallel to the line showing the change in the deflated Liverpool price from 1933-34 to 1934-35 (8 months, August 1934 to March 1935) would indicate an acreage in foreign countries, not including Russia, in 1935-36, of around 43,500,000 acres. This is nearly 2,500,000 acres larger than the estimated 1934-35 acreage in these countries. But this analysis is only a rough indicator for, as stated, cotton prices within the various countries may vary materially as may the prices of competing crops.

Although recognizing the limitations of this analysis it is worth while to note what this analysis would indicate foreign acreage might be if we had 10-cent and 15-cent cotton in the United States, since this question is often being asked, assuming the same ratio between the domestic price and the Liverpool price and the same price level of all commodities as

---

1/ It is to be remembered that the price of cotton within a given country (which of course has an important effect on the acreage planted in that country) is dependent to a considerable extent upon the gold and/or foreign exchange value of the currency of that country. Since the value of the currency of many of the foreign cotton producing countries has fluctuated with the British pound the price of American cotton at Liverpool in pence has been used.

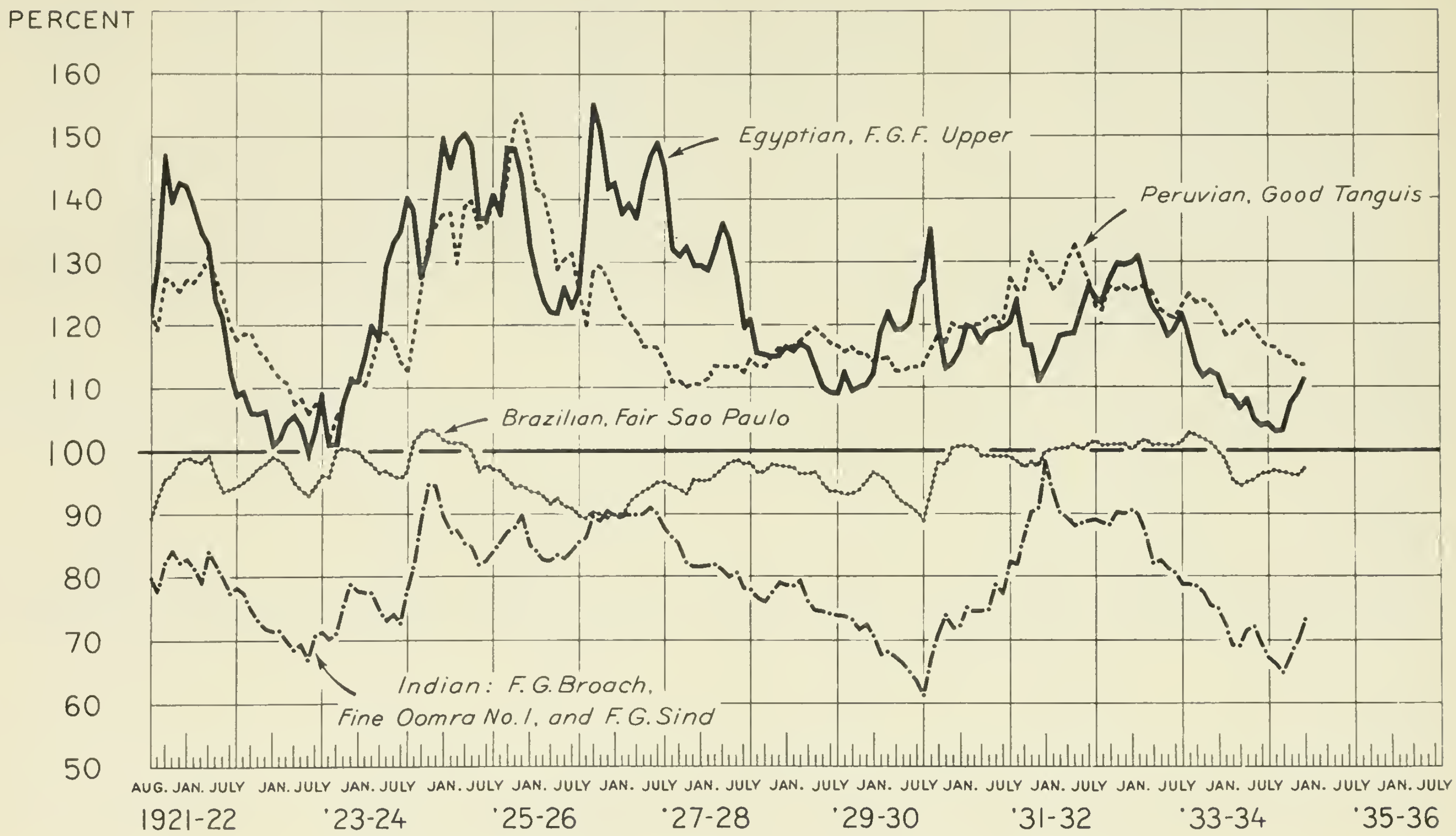
during the last few months. Under these conditions, if prices in the United States had been 10 cents this season, acreage in foreign countries (excluding Russia) in 1935-36 might have been about the same as in 1934-35, and with Middling 7/8 " cotton in the United States selling for 15 cents (average of 10 markets) this chart would point to an acreage of around 47,000,000 acres. As will be seen from the discussions regarding the individual countries, an attempt has been made, insofar as data and time have permitted, to determine the effect of different prices upon the acreage within each of the important countries. These analyses also suggest that with 10-cent cotton in the United States, other things remaining the same, foreign acreage in 1935 might have remained about the same as in 1934, and with 15-cent cotton foreign acreage, excluding Russia, in 1935 might have been in the neighborhood of 45,000,000 to 47,000,000 acres.

Quality of Foreign Cotton

Information with respect to the quantity of the various qualities of cotton produced in foreign countries is comparatively meager. This is not surprising in view of the fact that such data for the United States have become available only since 1928. As may be seen from table 1, it has been possible to divide roughly the quantity of cotton produced in the various cotton-producing countries into three groups according to the approximate staple length of the cotton. Comparatively little information is available as to the quantity of the various grades produced in foreign countries. Because of differences in the description, methods of determining the length of staple and incomplete reports from many countries, it is not certain to what extent the staple length figures for foreign countries are comparable with those for the United States which are based on official standards and determined by actually classing an adequate sample from each year's crop. On the basis of the distribution worked out in this table, however, it was found that during the 5 years 1927-28 to 1931-32, out of an average total foreign production of a little less than 11,600,000 bales approximately 5,600,000 bales, or 48 percent, were less than 7/8 inch in staple; about 4,000,000 bales, or 34 percent were 7/8 inch to 1-3/32 inch; and about 2,000,000 bales or 17 percent were 1-1/8 inch or longer in staple. The estimated distribution for the United States during these 5 years were about as follows: 13 percent shorter than 7/8 inch, 82 percent with a staple 7/8 inch to 1-3/32 inch in length, and 5 percent had staples 1-1/8 inch and longer.

Out of an average of about 5,600,000 bales of cotton of less than 7/8 inch in staple produced in foreign countries during the 5 years 1925-26 to 1929-30, India and China together accounted for all but about 250,000 bales. These two countries also accounted for a considerable part of the cotton 7/8 inch to 1-3/32 inch in staple which together with the Russian crop (which during this 5-year period practically all fell in this group) accounts for a very large proportion of the total production of these medium staples. In general practically all of the cotton produced in Egypt is 1-1/8 inch or longer which, in addition to the estimated average production of a little more than 300,000 bales of 1-1/8 inch or longer produced in northern Brazil, constitutes a very large proportion of the foreign as well as the world production of cotton 1-1/8 inches or longer in staple. It has been estimated, however, that during this period the production of long-staple cotton in Peru, Anglo-Egyptian Sudan, and Uganda has averaged more than 100,000 bales.

COTTON: PRICES OF EGYPTIAN, INDIAN, PERUVIAN, AND BRAZILIAN, EXPRESSED AS PERCENTAGES OF AMERICAN,* LIVERPOOL, 1921-22 TO DATE



* AMERICAN MIDDLING, EXCEPT INDIAN, WHICH IS MIDDLING AND LOW MIDDLING

U.S. DEPARTMENT OF AGRICULTURE NEG. 28522 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 7.- DUE TO DIFFERENCES IN QUALITY, EGYPTIAN AND PERUVIAN COTTONS USUALLY BRING A HIGHER PRICE THAN THE 7/8" AMERICAN, WHILE INDIAN USUALLY BRINGS A LOWER PRICE AND BRAZILIAN A PRICE NOT GREATLY DIFFERENT FROM AMERICAN. OVER SHORT PERIODS, HOWEVER, THE PRICES OF DIFFERENT COTTONS WITHIN A GIVEN MARKET MAY VARY MATERIALLY, DEPENDING UPON THE SUPPLY OF AND DEMAND FOR THE PARTICULAR COTTON AT THE TIME.

Table 1.-Estimated production of cotton, specified countries, by staple lengths, average, 1927-28 to 1931-32

Country	Less than 7/8 inch	7/8 to 3/32 inches	1 1/8 inches and longer	Total
	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.
Mexico	11	196	11	218
Venezuela	---	31	3	1/ 34
Colombia	---	6	5	11
Peru	---	64	192	256
Ecuador	---	6	---	6
Brazil	10	352	155	517
Paraguay	---	8	8	2/ 16
Argentina	---	124	14	138
Haiti	---	---	23	23
Puerto Rico	---	---	2	2
British West Indies	---	---	4	4
Greece	---	15	---	15
Bulgaria	2	2	---	4
Spain	---	4	---	4
Italy	---	3	---	3/ 3
Algeria	---	---	5	5
Dahomey	---	3	3	6
Ivory Coast	---	6	---	6
French Guinea	---	2	1	1/ 3
Senegal	---	1	---	1
French Sudan	---	6	5	11
Upper Volta	---	6	6	12
French Togo	---	2	6	8
Nigeria	5	15	---	20
Egypt 4/	---	150	1,398	1,548
Anglo-Egyptian Sudan	---	33	108	141
Italian Somaliland	---	---	5	5
Eritrea	---	1	---	1
Belgian Congo	---	40	---	40
Angola	---	2	1	3
Kenya	---	1	---	1
Uganda	---	109	36	145
Tanganyika	---	14	5	19
Nyasaland	---	4	1	5
Southern Rhodesia	---	1	---	1
Mozambique	---	2	7	9
Union of South Africa	---	2	6	8
Cyprus	1	2	---	3
Turkey (Asiatic)	64	22	---	86
Syria and Lebanon	8	3	---	11
Iraq	---	1	2	3
Russia (Asiatic) 5/	---	1,396	---	1,396
Persia	65	32	---	97
India 6/	3,511	877	---	4,388
China	1,819	321	---	2,140
Japan	1	---	---	1
Chosen	34	100	---	134
French Indo-China	5	1	---	6

Continued-

Table 1.-Estimated production of cotton, specified countries, by staple lengths, average, 1927-28 to 1931-32-Continued

Country	Less than 7/8 inch	7/8 to 3/32 inches	1 1/8 inches and longer	Total
	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.	1,000 bales 478 lbs.
Dutch East Indies	5	---	---	5
Siam	2	1	---	3
Australia	---	7	1	8
New Hebrides	---	---	2	2
All other	40	5	2	47
Total foreign countries	5,583	3,979	2,017	11,579
United States 7/	1,949	12,048	660	14,657
World total	7,532	16,027	2,677	26,236

Bureau of Agricultural Economics. Based on the classification of samples received from various countries and on compilations of official and unofficial reports. Differences in classing and incomplete reports from many countries make it uncertain to what extent the staple length figures for foreign countries are comparable with those for the United States which are based on official standards and determined by actually classing an adequate sample from each year's crop.

1/ Two-year average.

2/ Four-year average.

3/ Three-year average.

4/ The exact amount of Egyptian cotton shorter than 1 1/8 inches is not known, but a substantial quantity of this description of Egyptian cotton has been received in the United States during recent years and Egyptian production figures include considerable "Scarto" as well as other cotton shorter than 1 1/8 inches, so that an estimate of 150,000 bales was somewhat arbitrarily made of the quantity of this cotton.

5/ In recent years reports indicate that a substantial area has been planted to Egyptian cotton but very little of this cotton is believed to have been grown in Russia prior to 1932-33.

6/ The Indian Central Cotton Committee estimates that only about one fifth of the Indian cotton available for consumption is 7/8 inch and longer. Although the proportion produced is somewhat larger than this, it is reduced by poor ginning and mixing with shorter cotton. For a full explanation see the Annual Report of the Indian Central Cotton Committee, Bombay, August 1932.

7/ Includes American-Egyptian as well as American Upland cotton and these figures are estimated by applying estimates for staple lengths, during the 4 years 1928-29 to 1931-32, to production figures for the 5 years 1927-28 to 1931-32 because staple length estimates were not available in the United States prior to 1928-29.

In view of the scarcity of data it is difficult to determine how the exact proportions of the different staple lengths being produced now compare with earlier years. It is definitely known, however, that the proportions of both short-staple and long-staple cottons have decreased, that those lengths most comparable with the bulk of the American crop have increased, and that the trends seem to be continuing in this direction.

If the data released by the Indian Central Cotton Committee are comparable from year to year there has been considerable improvement in the quality of the Indian crop so far as length of staple is concerned since 1915 (Table 1). The reports of this Committee indicate that for the 3 years 1915-16 to 1917-18 the quantity of cotton produced in India with staple length mainly less than 7/8 inches constitutes a little more than 76.4 percent of the total, with slightly less than 23.6 percent being mainly 7/8 inches and longer in staple. During recent years, however, the proportion of the Indian crop mainly 7/8 inches and longer has averaged above 28 percent of the total. Thus, a larger proportion of the Indian crop is now more directly competitive with the bulk of the American crop than formerly. It should be noted, in connection with staple-length statistics for Indian cotton, however, that according to the Indian Central Cotton Committee, the quantity of Indian cotton with a staple 7/8 inch and longer available for consumption is reduced by poor ginning and by mixing of the longer with the shorter staples.

Little information is available on the actual quantity of the various staple lengths of cotton produced in China but there has apparently been a significant shift from the native varieties, which in the main produced short-staple cotton, to American Upland varieties.

During the last 10 to 15 years the proportion of the cotton acreage in Egypt of varieties which produces a staple length around 1-1/8 inches (which is similar in staple length to about 5 percent of the longest of the American Upland cotton produced in the United States) has increased. This increase in the varieties producing this length of staple has been mainly at the expense of Sakellaridis cotton which averages around 1-3/8 inches in staple. From about 1921 to 1923 the acreage in extra-long staple varieties was around 75 percent, the reaminder being in varieties producing mainly staples about 1-1/8 inches. Ten years later, however, the proportion of extra-long staple varieties had declined to less than 45 percent of the total. This also means that a larger proportion of the Egyptian crop is now more directly competitive with American cotton than formerly.

In Brazil the trend in the quality of cotton produced has been somewhat similar to that which has occurred in Egypt. Prior to the World War all but about 15 to 20 percent of the total Brazilian crop was produced in the northeastern states where a large proportion of the crop was at that time and still is "tree" cotton which is around 1-1/8 inches and longer in staple. During the last year or two, however, about 50 percent of the Brazilian crop has been produced in the Southern States where most of it originally came from American upland varieties which give a staple length more nearly similar to that of the bulk of the crop produced in the United States. In the past the ginning preparation of this cotton has not been very good but legislation has been passed which should soon correct this to some extent at least.

Within the last few years we have come to think of the cotton-production situation in Russia as somewhat apart from production in other countries 2/ but it is significant that since Russian production during the last few years has represented a much greater proportion of the total foreign production than at any time since the World War, this has resulted in an increase in the proportion of the total foreign production which is similar in staple length to the bulk of the United States crop. The reason is that a large part of the Russian cotton, like the southern Brazilian cotton, originally came from American upland varieties.

Principal Foreign Producing Countries

Before entering into a discussion of the cotton-production situation in the individual countries it might be well to point out that cotton is produced in some 60 or more foreign countries and that out of this large number there are only 5 which, on the average for the 10 years ended 1932-33 produced 250,000 bales (of 478 pounds net) or more annually. These five countries combined produced an average of about 9,700,000 bales, or 87 percent of the total foreign production. About 10 countries with an average production of 25,000 to 250,000 bales, when combined, produced an average of 1,200,000 bales. The remaining 45 or more countries usually produce less than 25,000 bales annually, collectively accounting for something like 300,000 bales on the average during the above 10-year period. In general, most of these countries or the cotton-producing areas of these countries fall within a zone between 35° and 40° north and south latitudes, depending upon the elevation and other factors affecting the length of the frostless season.

Of the foreign cotton-producing countries, India is by far the most important with a 10-year average production of approximately 4,500,000 bales. Although this is only about one-third as large as the average crop produced in the United States it is more than twice as large as the average production in China, the second largest foreign-producing country. On the basis of a 10-year average, Egypt would rank next to China in the number of bales produced but during the last 4 years Russia has produced an average of about 1,900,000 bales (about 73 percent more than the average for the 10 years ended 1932-33), compared with a 10-year average of 1,500,000 bales in Egypt. Brazil, with an average production of a little more than 500,000 bales is the only other country with an average production of more than 250,000 bales, but during 1933-34 and the current year Brazil's production has averaged more than 1,000,000 bales.

Note: The complete foreign production section of the report contains detailed statistics and discussions of cotton production in all of the important foreign producing countries and a number of the minor producing countries. After the other sections have been completed the complete report will be issued for general distribution.

2/ Since about 1931-32 Russia has been depending almost entirely upon locally produced cotton for its textile requirements and has neither exported nor imported any significant quantities of cotton or cotton textiles, it seems probable that this situation may continue for at least the next several years.

Cotton: Estimates of production, specified countries, 1920-21 to 1934-35

Crop year	United States	India	China 1/	Russia	Egypt	Brazil	Peru	Mexico
	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net
1920-21	13,429	3,013	1,883	58	1,251	476	177	2/ 188
1921-22	7,945	3,752	1,514	43	902	504	186	147
1922-23	9,755	4,245	2,318	55	1,391	553	199	202
1923-24	10,140	4,320	1,993	197	1,353	576	212	175
1924-25	13,630	5,095	2,178	455	1,507	793	212	196
1925-26	16,105	5,201	2,102	782	1,650	602	210	200
1926-27	17,978	4,205	1,742	830	1,586	512	246	360
1927-28	12,956	4,990	1,875	1,096	1,261	509	246	179
1928-29	14,477	4,838	2,466	1,174	1,672	446	225	278
1929-30	14,825	4,387	2,116	1,279	1,768	583	303	246
1930-31	13,932	4,373	2,457	1,589	1,715	471	271	178
1931-32	17,095	3,355	1,785	1,843	1,323	575	234	210
1932-33	13,001	3,898	2,261	1,816	1,028	448	242	102
1933-34 3/	13,047	4,197	2,726	1,887	1,777	969	276	260
1934-35 3/	9,634	3,613	2,800	1,937	1,617	1,591	276	209

Crop year	Argentina	Uganda	Anglo-Egyptian Sudan	Chosen (Korea)	Estimated foreign: Excluding China and Russia	Estimated foreign: Total	Estimated world total including China
	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net	1,000 bales 478 lbs. net
1920-21	26	68	26	101	5,637	7,578	21,007
1921-22	17	40	20	82	5,932	7,489	15,434
1922-23	26	74	24	103	7,134	9,507	19,262
1923-24	59	108	38	112	7,365	9,555	19,695
1924-25	67	164	41	124	8,669	11,300	24,930
1925-26	135	151	106	123	8,942	11,826	27,931
1926-27	58	110	130	143	7,867	10,439	28,417
1927-28	110	116	111	133	8,104	11,075	24,031
1928-29	118	171	142	150	8,646	12,286	26,763
1929-30	130	108	139	139	8,451	11,846	26,671
1930-31	139	158	106	149	8,143	12,189	26,121
1931-32	169	173	206	101	6,871	10,499	27,594
1932-33	150	247	121	136	6,860	10,937	23,938
1933-34 3/	200	258	135	140	8,865	13,478	26,525
1934-35 3/		240	136	140	8,842	13,579	23,213

Bureau of Agricultural Economics, Division of Statistical and Historical Research.
From official sources, International Institute of Agriculture and estimates of the Bureau of Agricultural Economics, except as noted.

1/ Estimates of the Chinese Mill Owners' Association and the Chinese Statistical Association.

2/ Includes Laguna District and Lower California only.

3/ Preliminary.

Cotton: Estimates of acreage, specified countries, 1920-21 to 1934-35

Year	United States	India	China 1/	Russia	Egypt	Brazil	Peru	Mexico
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
1920-21	34,408	21,339	4,301	315	1,897	949	258	2/
1921-22	28,678	18,451	4,284	296	1,339	1,185	268	241
1922-23	31,361	21,804	5,081	174	1,869	1,512	275	343
1923-24	35,550	23,631	4,487	527	1,780	1,551	281	292
1924-25	39,503	26,801	4,368	1,244	1,856	1,574	292	346
1925-26	44,390	28,403	4,269	1,464	1,998	1,320	293	425
1926-27	44,616	24,822	4,152	1,631	1,854	1,091	316	613
1927-28	38,349	24,761	4,192	1,981	1,574	1,301	316	326
1928-29	42,432	27,053	4,847	2,400	1,805	1,358	283	502
1929-30	43,242	25,922	5,133	2,608	1,911	1,461	314	492
1930-31	42,454	23,812	5,707	3,911	2,162	1,656	330	390
1931-32	38,705	23,722	4,803	5,281	1,747	1,941	314	319
1932-33	35,939	22,483	5,632	5,367	1,135	1,810	304	192
1933-34 3/	29,978	23,854	6,142	5,070	1,875	2,520	322	424
1934-35 3/	27,515	23,407	6,803	4,764	1,798		355	418

Crop year	Argentina	Uganda	Anglo-Egyptian Sudan	Chosen (Korea)	Foreign Excl. China and Russia	Estimated world total Excluding China	Estimated world total Including China
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres
1920-21	59	242	85	359	2/	2/	2/
1921-22	39	165	87	362	23,742	52,716	57,000
1922-23	56	346	64	370	28,484	60,019	65,100
1923-24	155	419	116	389	30,736	66,813	71,300
1924-25	258	573	174	418	34,785	75,532	79,900
1925-26	272	611	239	485	36,577	82,431	86,700
1926-27	177	570	216	529	32,501	78,748	82,900
1927-28	210	533	239	503	31,678	72,008	76,200
1928-29	245	700	284	505	35,021	79,853	84,700
1929-30	301	663	369	456	34,117	79,967	85,100
1930-31	315	740	387	473	32,128	78,493	84,200
1931-32	336	866	336	472	32,214	76,200	81,000
1932-33	342	1,072	325	393	29,992	71,070	76,700
1933-34 3/	482	1,091	333	433	33,210	68,258	74,400
1934-35 3/		1,171	365	474	34,318	66,597	73,400

Division of Statistical and Historical Research, Bureau of Agricultural Economics. From official sources, International Institute of Agriculture, and estimates of the Bureau of Agricultural Economics.

1/ Estimates of the Chinese Mill Owner's Association and the Chinese Statistical Association.

2/ Comparable data not available.

3/ Preliminary.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-116 & 117

WORLD COTTON PROSPECTS

(May and June issues)

Summary

The latest available information on acreage and production for the individual producing countries indicates that the total world cotton acreage in the 1934-35 season amounted to approximately 73,600,000 acres and total world production amounted to about 23,622,000 equivalent bales of 478 pounds net weight. These represent decreases of 1.3 and 11.1 percent respectively as compared with 1933-34 and were both the smallest since 1923-24. Total foreign acreage and production in 1934-35, however, both reached a new high level, the reduction in the world totals being due entirely to the curtailment in the United States.

The total acreage in foreign countries for the current (1934-35 season) is now estimated at 46,613,000 acres which is 2,000,000 acres or 4.5 percent larger than in the previous season and 11.6 percent larger than the average for the 5 years 1928-29 to 1932-33. Domestic acreage on the other hand was 3,000,000 acres or 10 percent smaller than a year earlier, one third smaller than the 5-year average, and the smallest since 1900.

Total cotton production in foreign countries in 1934-35 is estimated at 13,986,000 bales (478 pounds) which is 464,000 bales or 3.4 percent more than in 1933-34 and 2,435,000 bales or 21.1 percent larger than the average for the 5 years ended 1932-33. The domestic crop was 3,400,000 bales or 26.1 percent less than in 1933, 34.3 percent less than the 5-year average and the smallest with one exception since 1901.

A recent report from the Agricultural Commissioner's Office at Shanghai states that the 1935-36 Chinese crop is expected to be smaller than the 1934-35 crop due to unfavorable weather conditions in North China. The 1935-36 plan in Russia calls for about 4,800,000 acres in cotton, about 92 percent of which was reported to have been planted up to May 15 under favorable weather conditions. The planned acreage is slightly larger than the 4,764,000 acres reported as having been harvested in 1934-35 but the new crop was apparently planted more promptly and under more favorable weather conditions. The Brazilian Government has recently estimated that the new crop in northeastern Brazil, where harvesting is just beginning will be equivalent to 1,036,000 bales of 478 pounds. This is 348,000 bales or 47.2 percent higher than the new high production reached in these states last year.

Exports of American cotton during the first 11 months of 1934-35 were about 37 percent less than a year earlier although foreign consumption of American cotton has been considerably higher than exports, with stocks of American cotton in foreign countries now considerably lower than a year ago. Exports of Indian cotton during the first 10 months of 1934-35 were about 7 percent larger than a year earlier and exports from Egypt about 11.5 percent less than to the end of May last season. Exports from Brazil from last August 1 to the end of April amounted to 568,000 bales of 478 pounds compared with 145,000 bales during the like period a year earlier.

The cotton textile situation in Europe as a whole was more favorable during May and June than in the first part of 1934 particularly in regard to sales of cotton textiles. Mill activity also increased in some localities but in Germany and Italy the limitations on quantity of raw cotton which may be imported and consumed is restricting operations.

Prices

Throughout most of May domestic cotton prices fluctuated within a rather narrow range, the price of Middling 7/8" cotton in the 10 markets ranging between 12 and 12-1/2 cents. On may 31, the 10-market average dropped to 11-1/2 cents but by June 6 had recovered to 12 cents. Since that time the price of Middling 7/8" in 10 markets has fluctuated within a few points of 12 cents. The average price in these markets for the month of June was 11.97 cents compared with 12.33 in May and 12.04 in June last year. The average United States farm price as of June 15 was 11.8 cents compared with 12.0 cents in May and 11.6 cents in June last year.

The price of American cotton at Liverpool continued to strengthen during June relative to Indian continuing the trend which became evident in May. The price of three types of Indian cotton during the 3 weeks ended June 21 averaged 75 percent of the price of American Middling and Low Middling compared with 76.5 percent in May, and 77.8 percent in April. Indian is still higher relative to American than at this time last year but is lower than the average of the last 10 years.

Stocks and Movement

Exports of American cotton

Exports of American cotton during May totaled 279,000 running bales compared with 285,000 bales in May last year and 592,000 bales in May 1933, according to data released by the Bureau of the Census. Total exports for the first 10 months of the season amounted to 4,175,000 bales compared with 6,769,000 bales a year earlier, a decline of 2,595,000 bales or 38 percent. Trade reports indicate that domestic exports in June were around 22 percent below June last year. In view of the small amount of cotton other than the Government financed stocks and the fact that exports during July last year were comparatively large, it seems likely that exports for the remainder of the season will continue materially lower than a year earlier. Consumption reports of the New York Cotton Exchange Service as well as trade reports on stocks of American cotton in foreign countries indicate that foreign consumption of American cotton thus far this season has been maintained at a level substantially higher than is indicated by the low level of exports. Consumption estimates indicate that up to the end of April foreign consumption of American cotton during the current season was about 1,600,000 bales or 26 percent less than a year earlier. Consumption of foreign-grown cotton outside of the United States during the first 9 months of the season was estimated to have been about 1,800,000 bales larger than in the corresponding period last season.

Exports of Indian, Egyptian, and Brazilian cotton

During May 1935 total exports of Indian cotton amounted to 375,000 bales of 478 pounds. This represented a slight increase over exports in May 1934 and an increase of about 93 percent over May 1933. Exports from India to the United Kingdom in May were approximately 91 percent larger than a year earlier, exports to Belgium more than twice as large and exports to France about 30 percent larger. For the 10 months ended May 1935 total exports from India amounted to 2,246,000 bales compared with 2,106,000 bales during the like period last season and 1,784,000 bales for the first 10 months of 1932-33. Exports from India to Japan amounted to 1,203,000 bales or more than half of the total and were almost 400,000 bales larger than in the like period last season. Exports to most other countries for the first 10 months of the season were smaller than a year earlier.

Exports of Egyptian cotton in May were equivalent to about 115,000 bales of 478 pounds. This is the same as in May last year and 3,000 bales larger than in May 1933. For the first 10 months of the season, total shipments from Egypt amounted to 1,478,000 bales compared with 1,670,000 the year earlier and 1,092,000 bales in the corresponding months of 1932-33.

Exports of cotton from Brazil for the 9 months ended April 1935 amounted to 568,000 bales of 478 pounds, compared with 145,000 bales a year earlier and were the largest for the period on record.

Textile Situation

United States

Domestic cotton consumption in May amounted to about 469,000 running bales, according to data released by the Bureau of the Census. This represents a slight increase over the 463,000 bales consumed in April but is about 10 percent below consumption in May last year. Total consumption for the 10 months ended May 31,1935 amounted to 4,566,000 bales, compared with 4,977,000 bales during the like period last season. In view of the low level of consumption during the last 2 months of the 1933-34 season, it seems likely that domestic consumption in June and July will be somewhat larger than a year earlier, and that total consumption for the season will not be greatly lower than that of 1933-34, despite the curtailment in activity which has occurred since mid-April.

Reports of the Cotton Textile Institute place the average output of cotton cloth during the first 3 weeks of June at approximately 101,000,000 yards compared with an average of 120,000,000 yards during the 4 weeks ended April 13, 101,000,000 yards for the 4 weeks ended June 30, 1934 and an average of 92,000,000 yards for the 4 weeks ended July 28, 1934.

Cotton: Exports from United States, India and Egypt to specified countries, for specified periods

Country of origin and destination	May: 10-yr. av. 1923-24 to 1932-33	May: 1933	May: 1934	May: 1935	May: 1935 as a percentage of 1934	Aug. 1 to May 31: 10-yr. av. 1923-24 to 1932-33	Aug. 1 to May 31: 1932-33	Aug. 1 to May 31: 1933-34	Aug. 1 to May 31: 1934-35	Aug. 1 to May 31: 1934-35 as a percentage of 1933-34
From United States:	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Percent	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Percent
United Kingdom....	80	109	44	52	118.2	1,637	1,225	1,170	660	56.4
France	34	50	9	14	155.6	777	768	692	333	48.1
Italy	44	63	32	15	46.9	609	691	602	413	68.6
Germany	95	167	35	13	37.1	1,680	1,597	1,228	287	23.4
Japan	58	83	73	91	124.7	1,159	1,454	1,637	1,375	84.0
China	14	9	7	1	14.3	250	242	225	106	47.1
Other countries..	96	111	85	93	109.4	1,129	1,136	1,215	1,001	82.4
Total...	421	592	285	279	97.9	7,241	7,113	6,769	4,175	61.7
From British India:	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	Percent	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	Percent
United Kingdom....	19	26	32	61	190.6	149	147	263	260	98.9
Germany	21	11	23	16	69.6	164	120	180	98	54.4
France	14	10	10	13	130.0	119	106	107	97	90.7
Belgium	19	8	10	22	220.0	157	98	111	125	112.6
Japan	92	106	231	208	90.0	1,100	1,002	833	1,203	144.4
China	35	9	23	24	104.3	254	106	252	81	32.1
Italy	26	14	16	11	68.8	255	130	178	210	118.0
Other countries..	21	10	20	21	105.0	134	75	182	172	94.5
Total...	247	194	365	375	102.7	2,332	1,784	2,106	2,246	106.6
From Egypt:										
United Kingdom....	38	44	36	34	94.4	507	382	640	406	63.4
British India	3	3	5	9	180.0	22	23	46	103	223.9
United States	10	5	2	2	100.0	152	49	93	50	53.8
France......	14	17	12	20	166.7	167	160	191	173	90.6
Germany	8	13	16	11	68.8	93	148	198	115	58.1
Italy	8	8	10	5	50.0	86	81	129	131	101.6
Japan	3	4	9	9	100.0	58	69	105	172	163.8
Other countries..	16	18	22	25	113.6	207	180	268	328	122.4
Total...	100	112	115	115	100.0	1,292	1,092	1,670	1,478	88.5

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Compiled from official sources; current data for exports from India and Egypt from cables.

Continental Europe 1/

A continuance of the recent more favorable tendencies in new orders for the continental cotton industry was experienced during May, taking the Continent as a whole, but the level of cotton mill operations has remained largely unchanged, with some tendency toward a slight rise in western and northern Europe and Italy offset by slight declines in central Europe. These movements in occupation were generally in continuation of April developments. Trade reports indicate that in general the situation continued comparatively favorable in June.

New sales of cotton yarn by cotton spinners showed a clear though conservative improvement in France, Belgium, and Italy, with the latter country, following the introduction of control measures in April, experiencing developments similar to those observed in Germany when restrictions on the use of raw material were introduced. Italian cotton spinners and weavers have apparently received considerably larger orders in recent weeks. On the other hand, German and other central European cotton mills experienced a continuation of the downward tendency of new orders for both yarn and cloth.

Activity in the cotton spinning and weaving centers in France and, particularly, Belgium where hopes of a decided improvement following the devaluation move were realized, underwent a fair increase during the month of May. Some slight expansion was also observed in Italy, but the authoritative regulation of the use of raw material now in effect indicated to have prevented an increase corresponding to the rise in new orders. In Germany and Czechoslovakia, on the other hand, some declines in spinning and weaving mill activity occurred and these have tended to offset the improvements noted for western Europe.

Buying of raw cotton in May by continental European spinners and merchants was somewhat stimulated by the firm tendency in raw cotton markets, but continued to be greatly handicapped in Germany and Italy by governmental restriction of raw cotton purchases. Price-fixing was of fair volume. New business was adversely affected by the drastic decline in the American markets at the end of May, but this, however, was largely recovered during the first week in June.

Germany

The German cotton spinner report for April indicated that the demand for cotton yarns has fallen off considerably and that buying interest for mixed cotton and artificial fibre yarns was decidedly curtailed. Spinning mills were also indicated to be having difficulty with raw material supplies in some instances, and it may be concluded from statements in the report that mill occupation has slackened, though this was not expressly stated. The report of cotton weavers for April likewise indicated a spotted decline in incoming orders and difficulties, in places, in procuring necessary raw materials. Exports remained very unsatisfactory, but mill activity was indicated to have been substantially unchanged.

1/ Based largely on a report dated June 6 from Loyd V. Steere, Agricultural Attaché at Berlin, Germany.

Developments during May, on which there is still very little information available, seem to have conformed to the tendencies described above in the April reports. A decline in current demand for yarn and fabrics as well as a decline in spinning and weaving mill activity seems to have taken place.

German cotton spinner and merchant demand for raw cotton during the month of May continued to reflect the restrictions imposed upon import business. A spotted revival of transactions was reported around the middle of the month, especially in exotic cottons. Some pick-up in transactions in American cotton at the same time may have been due to new compensation deals of small volume. A rather heavy blow to German raw cotton supply possibilities was struck, however, at the beginning of May by the Brazilian Government's prohibition on the exportation of important raw materials, including raw cotton, on a compensation or clearing basis. It is not yet known whether this decision, which would make it impossible for Germany to continue imports of Brazilian cotton in the customary way, or in the recent volume, will be modified.

German imports of raw cotton during the first several months of the current year have shown a slightly rising tendency - both for imports from the United States and from other countries. Recently, it even seems that imports from the United States have increased relatively more than those from other countries. Nevertheless, they remain greatly below the latter, amounting to only 20 to 25 percent of the imports from other countries in the first 4 months of 1935, while in the same period of 1934 they were three times as high as imports from countries other than the United States.

Czechoslovakia

Very unsatisfactory conditions continued in the Czechoslovakian cotton industry. Sixty thousand looms of the 115,000 in place are at present idle. As a result of the dissolution of the spinners' cartel, cut-throat competition has reduced prices of cotton yarn by more than 25 percent, a cut which means severe losses. A great number of applications for permits to close individual plants have been received by the authorities, but these so far have largely been kept pending. It is hoped that a restoration of the spinners' cartel will improve the situation, particularly since some sort of organization of sales and output in the cloth mills will ensue as soon as the spinners' organization is restored.

Austria

The increasing tendency of raw cotton prices and resultant price increases for cotton yarns and cotton fabrics during May have continued to stimulate new orders for the cotton mills and have enabled maintenance of the previous levels of mill operations. Unsatisfactory development of exports, however, continues to be a threat for the near future.

France

Continued gradual improvement was registered in all sections of the French cotton textile industry during the month of May with new orders for cotton yarn and cotton cloth steadily increasing and mill operations expanded by about 5 percent. It appears that the stimulation of business was partly due to some anxiety about the position of the franc in recent weeks, as this factor is indicated by some observers to have contributed to the more active interest of buyers in the acquisition of raw material and of semi-manufactured as well as manufactured products. The cotton mill situation in France has shown steady betterment since the beginning of the year, though present indices of the sales and occupation of the industry are still greatly below the first several months of the previous 2 years.

Belgium

Great improvement in the Belgian cotton textile situation has been recorded in recent weeks, both in the spinning and weaving sections. It is indicated that the hopes of the industry in connection with devaluation of the belga are in full process of realization, and the cotton industry, in common with other export industries, seems literally to have taken on new life and a new outlook.

Italy

During the month of April, the Istituto Cotoniero Italiano, by Government ordinance, was entrusted with the control and supervision of cotton and cotton textile imports and exports and of the payments connected therewith. This supervision pertains both to the cotton industry and the cotton trade, and only after approval by the Istituto can the necessary currency be allotted for imports within existing contingents. Free imports of raw cotton in exchange for exports of cotton goods are reported as permitted on condition that 50 percent of the raw cotton imported is placed at the disposal of the Istituto against payment in domestic currency.

This raw material import supervision, which practically regulates the amount of working time in the industry (as in Germany at the time of the introduction of raw material supervision) has led to a considerably increased buying interest on the part of the industry and merchants for raw, semi-manufactured and finished products. A certain rise in mill activity has been generally observed following the increase in orders, but the new restrictions seem to be preventing anything like an expansion of output commensurate to the new bookings.

Russia

Production of the cotton textile factories in April amounted to 183,331,000 meters (200,491,000 yards) of fabrics, which is 8.8 percent above the monthly plan. Compared with April last year, however, this is a decline of about 13 percent.

Production of cotton fabrics in Soviet Russia

Month	1934	1935
	Yards	Yards
Jan., Feb. & Mar.	585,076	1/ 600,386,000
Apr.	230,420,000	200,491,000

1/ January - March 1935 reported to have been 15,310,000 yards above the corresponding period in 1934.

Acreage, Production and Crop Conditions

Estimated world acreage and production 1934-35

The latest available estimates of acreage in most of the principal cotton producing countries and many of the minor producing countries now indicate that the total world acreage in cotton for the 1934-35 season amounted to approximately 73,600,000 acres. This estimate is 1,000,000 acres or 1.3 percent smaller than the estimated acreage (revised) in 1933-34 and the smallest since 1923-24. The small world acreage estimate is due entirely to the reduced acreage in the United States. The 1934-35 United States acreage, which was estimated in May by the Crop Reporting Board at 26,987,000 acres, was approximately 3,000,000 acres or 10 percent smaller than in 1933-34, 13,567,000 acres or 33.5 percent smaller than the average, 1928-1932, and the smallest since 1900.

Total foreign acreage for 1934-35 is now estimated at 46,600,000 acres which is 2,000,000 acres or 4.5 percent larger than the previous peak acreage of 1933-34, and is 4,800,000 acres or 11.6 percent larger than the average, 1928-29 to 1932-33.

The latest information available indicates that the world production of all cotton in the season now drawing to a close amounted to the equivalent of about 23,622,000 bales of 478 pounds. This is approximately 3,000,000 bales or 11.1 percent less than the revised estimate of 1933-34, is 2,595,000 bales or 9.9 percent less than the average for the 5 years 1928-29 to 1932-33, and like the acreage is the smallest since 1923-24. The 1934 United States production amounted to 9,636,000 bales compared with 13,047,000 bales the previous season and an average for the 5 years 1928-1932 of 14,666,000 bales. Production in foreign countries in 1934-35 is now estimated at 13,986,000 bales which is 464,000 bales or 3.4 percent higher than the revised estimate of foreign production in 1933-34 which was itself the highest in history and is 2,435,000 bales or 21.1 percent higher than the average for the 5 years 1928-29 to 1932-33.

China 1/

The 1935 cotton crop in China is expected to be somewhat smaller than that of 1934 due to unfavorable weather conditions in North China.

The new crop in North China is expected to be not more than 80 percent of the 1934 harvest. Producers there originally intended to increase the acreage by about 10 percent according to the best indications and information available but the area actually planted was below that of last year. Germination has been poor in some areas due to insufficient rainfall this spring.

Long staple cotton which competes more directly with American cotton will show the greatest reduction. The North China cotton-producing region which includes the provinces of Hopei, Shantung, Shansi, Honan and Shensi had in 1934 a total cotton area of 3,477,000 acres and a harvest of 1,894,000 bales.

1/ Based largely on a Radiogram from Agricultural Commissioner O. L. Dawson at Shanghai.

The acreage planted to cotton in the Yangtze Valley region is reported fully equal to the 3,350,000 acres planted in 1934. Weather conditions have been favorable and a somewhat larger crop than the 1,231,000 bales harvested last year is indicated. The Yangtze Valley region includes the cotton-producing provinces of Kiangsu, Chekiang, Anhwei, Kiangsi, Hupeh and Hunan.

Soviet Russia 1/

Practically all of the 1935 Russian cotton acreage was planted during the optimum period under favorable weather conditions. Total planting on May 15 amounted to 4,420,000 acres or 92 percent of this year's cotton acreage plan of about 4,800,000 acres, and apparently somewhat more than was in at the same time last year. The latest estimate of the acreage harvested in 1934-35 is 4,764,000 acres. Sowings in Usbekistan, the most important cotton producing region of the Union, are reported to have been completed earlier than during any of the past several years. By April 25 about 85 percent of the total cotton acreage of this section was planted this year, and by May 10, 98 percent was in.

The favorable weather conditions and early planting are regarded as very propitious for favorable crop outturns, and the press and local authorities are stressing the necessity of preserving this outlook by proper and thorough cultivation. Some collectives are reported as relaxing their efforts because of the feeling that the favorable weather and early plantings in themselves are sufficient to ensure high yields. Delay in cotton cultivation, therefore, is complained of in some cases, although Middle Asia as a whole shows rather favorable progress in this respect.

Irrigation difficulties ensuing from the low level of water in the irrigation systems are expected this season, and this somewhat mars the otherwise favorable outlook. Meagre precipitation and a short winter this year have resulted in below average water supplies in the rivers depending upon melting snow for their supplies. Shortage of water is, therefore, feared for several irrigation systems of Middle Asia, and the necessity of strict regulation and economizing of the available water supplies is emphasized. As yet little has actually been done to insure economical utilization of the available water, and the situation, it appears, is one which may easily become serious if economy measures are not carried out.

Brazil

According to a cable received from Consul General S. T. Lee, at Rio de Janerio July 5, the Brazilian Government in its first estimate of cotton production in northeastern Brazil placed the 1935-36 crop in those states at 1,086,000 bales of 478 pounds. This is 348,000 bales or 47.2 percent larger than the new record production of these states in 1934-35 and is 152.0 percent larger than the average in this region during the 10 years ended 1932-33. The first estimate of the 1935-36

1/ Based on a report from Agricultural Attaché L. V. Steere, at Berlin, dated June 6, 1935.

crop in Southern Brazil will not be available for several months as the crop in those states is not planted until September, October, and November.

The second estimate of the 1934-35 production in Southern Brazil, was lower than the first estimate by 230,000 bales. This estimate which places the crop in the Southern States at 623,000 bales is still 24.4 percent larger than the previous year which was itself the highest in history and is 419.2 percent larger than the 10-year average.

The revised estimate of the 1934-35 crop in the Southern States reduces the estimate of the entire 1934-35 Brazilian crop from 1,591,000 bales to 1,361,000 bales. This compares with an estimate of 969,000 bales for the 1933-34 crop which up to that time was the largest ever produced in Brazil. The revised estimate of the total 1934-35 Brazilian crop is 809,000 bales or 146.6 percent larger than the 1923-24 to 1932-33 average.

- - - - 0 - - - -

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-118 & 119 August 29,1935

WORLD COTTON PROSPECTS

(July and August Issues)

Summary

The world supply of all cotton will probably not be very materially different from that of 1934-35 since the probable increase in production may be offset by the reduction in carry-over. Present indications are that world cotton production in the current (1935-36) season will be substantially larger than in 1934-35. Despite unfavorable weather in a number of foreign producing countries it now appears that total foreign acreage and production will be larger than last season and in the United States the crop is forecast at a figure 2,162,000 bales larger than last year. Although the 1935-36 domestic crop will be larger than last season it will still be about one-fourth smaller than average. Foreign production will reach a new high level and be much larger than average if weather conditions are approximately normal for the remainder of the season. The world's carry-over of cotton, however, has been reduced by about 2,900,000 bales.

World consumption of all cotton in the season just ended was about the same as in the previous season and slightly larger than the 10-year average. Consumption of American cotton, however, decreased about 2,350,000 bales from the previous season and was about 2,275,000 bales below average. Mill consumption of foreign growths increased approximately 2,350,000 bales over 1933-34 and exceeded world consumption

of American by 2,800,000 bales. During the 10 years ended 1932-33 world mill consumption of American exceeded that of foreig growths by approximately 3,000,000 bales.

Exports of American cotton for the season just ended amounted to about 4,800,000 running bales which was about 2,700,000 bales less than a year earlier and 3,100,000 bales less than the 10-year average. Foreign consumption of American cotton, however, amounted to almost 6,100,000 bales, stocks of American having been reduced more than 1,200,000 bales.

The cotton textile situation on the Continent of Europe as a whole remained about unchanged during June but in July both sales and mill activity for the Continent as a whole apparently declined. The increased sales and activity in Italy, France, and Belgium which began in April continued in June and remained favorable in Italy and Belgium in July. In Germany and Czechoslovakia mill activity slackened somewhat in June and July. In Japan cotton yarn production in July was about 12 percent lower than the peak of last November and December and cloth exports in June were 26 percent below the peak of last March. Cotton mill activity and yarn prices in China declined to very low levels in June and early July; yarn prices reached the lowest level on record for the past 15 years and Chinese mills in Shanghai were operating at only 50 percent of capacity and Japanese mills in that area at 85 percent of capacity. Activity in Shanghai remained low in July and early August. In the Shantung area, however, both the Chinese and the Japanese mills were operating at about full capacity.

Prices

On May 31, the price of Middling 7/8" cotton in the 10 designated markets dropped about one half cent per pound to 11-1/2 cents, but by June 6 had recovered to 12 cents. Throughout the remainder of June domestic prices fluctuated within a range of about one-fourth of a cent per pound but in early July advanced to almost 12-1/2 cents and in the third and fourth weeks of July weakened somewhat but remained above 12 cents, and averaged 12.22 cents for the month. In July 1934 the average price in the 10 designated markets was 12.58 cents, but, with this exception, the price in July this year was the highest for this month since 1930. In the first part of August cotton prices declined to about 11-1/4 cents but by August 17 had recovered to 11.62 cents. Following the announcement on August 22 that the Government would loan only 9 cents on the 1935 crop but guarantee the farmers a price of at least 12 cents for cotton, Middling 7/8 inch and better, the average price in the 10 markets declined to 10.59 cents on August 24.

The price of American cotton in Liverpool during July weakened somewhat relative to Indian. The price of three types of Indian cotton during the month of July averaged 77.8 percent of the price of American Middling and Low Middling, compared with 76.4 percent in June and 76.5 percent in May.

Stocks and Movement

Exports

Exports of American cotton in June and July continued below the like period a year earlier. Total shipments to all countries in June and July amounted to about 622,000 bales compared with 765,000 bales in these 2 months last year. For the season as a whole, exports totaled 4,795,000 bales compared with 7,534,000 bales in 1933-34 and an average for the 10 years ended 1932-33 of 7,900,000 bales.

Carry-over of American cotton

On the basis of the world supply of American cotton for the 1934-35 season and its estimate of world consumption, the New York Cotton Exchange Service estimates that the world carry-over of American cotton on August 1 this year amounted to approximately 9,000,000 running bales. This figure, which is subject to revision, represents a decline of approximately 1,750,000 bales from the Cotton Exchange Service estimate of the carry-over on August 1 last year, but is about 2,000,000 bales larger than the average for the 10 years ended 1932.

The Bureau of the Census in a preliminary report released August 16, placed the carry-over of American cotton in the United States at 7,138,000 running bales. This, together with the above estimate of the world total, indicates that the carry-over of American cotton in foreign countries on August 1 this year was approximately 1,800,000 bales, a decline of about 1,200,000 bales from August 1, 1934.

Carry-over of foreign cotton

The New York Cotton Exchange Service estimates that the world carry-over of foreign-grown cotton on August 1 this year amounted to about 4,400,000 equivalent bales of approximately 478 pounds, compared with 5,600,000 bales a year earlier and 4,500,000 bales in 1933. A large part of the decline in the carry-over of foreign cotton from 1934 to 1935 was due to the decline in the stocks of Indian cotton although there was some decline in Egyptian. Stocks of Sundries growths were slightly larger than on August 1, 1934.

Textile Situation

World consumption, 1934-35

World consumption of American cotton in the season just ended amounted to about 11,300,000 running bales, according to a preliminary estimate of the New York Cotton Exchange Service. This represents a decline of about 2,366,000 bales from the 1933-34 season and with the exception of 1930-31 was the smallest since 1923-24. The 1934-35 world consumption of American cotton was about 2,275,000 bales or 17 percent less than the average for the 10 years ended 1932-33.

The marked decline in the consumption of American cotton during the past season was almost entirely offset by an increase in mill consumption of foreign-grown cotton, the total mill consumption of all cotton remaining practically unchanged. Total mill consumption of foreign cotton for the season amounted to 14,150,000 bales (of 478 pounds), according to the New York Cotton Exchange Service, compared with 11,792,000 bales in 1933-34 and an average for the 10 years, 1923-24 to 1932-33 of 10,300,000 bales. The past season and the 1930-31 season are perhaps the only 2 years for many decades in which mill consumption of foreign cotton exceeded that of American. During the above 10 years, world mill consumption of American averaged approximately 3,000,000 bales larger than that of foreign growths.

United States

Domestic cotton consumption in June amounted to 386,000 running bales, and in July to 392,000 bales, according to the Bureau of the Census. Consumption in these 2 months represented an increase of about 55,000 bales or 8 percent over consumption in June and July last year, but is considerably smaller than average consumption for these months and averaged 17 percent less than consumption in May. Despite the decline in consumption, trade reports indicate that manufacturers' sales for the 2 months as a whole were probably below production. Total consumption for the 12 months ended July 31, amounted to 5,360,000 bales compared with 5,700,000 bales during the previous season and 6,137,000 bales in 1932-33. It now appears that consumption during August will not be materially different from consumption during August last year, as indicated by trade comments on mill activity.

Continental Europe 1/

Abnormally small imports of raw cotton and a great reduction in takings of American staple continued to be the outstanding features of the continental cotton textile situation during June and July as well as throughout the season just ended. From August 1, 1934 to June 28, 1935, deliveries of American cotton to continental spinners amounted to only 2,262,000 bales, as compared with 3,909,000 bales in the same period last season, and 3,871,000 in the previous season.

This great decline, moreover, continues to stand out as a matter of reduced imports by the major importing countries. Smaller continental users of cotton maintaining their cotton imports during the season at a favorable level compared with 1933-34. Thus narrowed down, it develops that Germany, France, Italy and Czechoslovakia combined, from August 1, 1934 up to the date of the latest official import figures, imported 1,400,000 bales less cotton than in the same period in 1933-34, out of a reduction of 1,414,000 in the total imports of the thirteen chief continental countries, Spain only, excluded.

Developments in June on the Continent as a whole do not seem to have brought any significant change in the position of the cotton textile industry. The more satisfactory development of sales and activity which began to be reported from Italy, France and Belgium in April continued, but in other countries there was either little or no change or a further slackening, the latter, for example, in Germany and Czechoslovakia. For the Continent as a whole both sales of cotton textiles and mill activity in July apparently declined as compared with June.

Germany has been taking a minimum of raw cotton and is tending to increase imports, where possible, in the face of declining mill activity. As for most other countries, there is no pressing reason to expect further curtailment in imports; if anything, some increase is more likely. The price situation, however, will have an important bearing on buying policies in all these countries, despite the many artificial hindrances to trade.

As to the situation in individual countries, cotton trade reports indicate a fair improvement in sales of both cotton yarn and cloth in France during the latter half of June. Belgian mills continued to profit from the generally better business which has developed since the Belga devaluation. In Italy, the cotton and other branches of the textile industry are benefiting from military orders as well as from better export sales incident to the recent weakness of the lira and the export subsidies. The position in Czechoslovakia continues to be aggravated by the breakdown of the spinners' cartel, and it is likewise expected that restoration of the cartel will mean severe curtailment of production for some time. The Austrian industry fully maintained previous operations during June, but the outlook was regarded as unsatisfactory because of export difficulties, and in July the situation showed an unfavorable turn due to the decline in export sales to Rumania and a decline in domestic demand. In Germany, declining textile retail sales and the

1/ Based largely on reports from Agricultural Attache Lloyd V. Steere at Berlin, dated July 8, and August 15.

rationing of raw cotton supplies brought about further adjustment of mill activity to current levels of retail sales and export possibilities. The raw material stocks situation seems to be slightly less pressing at the end of the season, but the future outlook for replacements is uncertain, and even discouraging. In other countries, there appeared to be no significant change, with the industries depending primarily upon domestic outlets, and the level of production being substantially maintained.

Price relationships between the different competitive cottons on European markets showed some movement in favor of non-American growths during the month of June taken as a whole, and showed no significant change during July. The lower grades of Indian cotton advanced slightly in relation to American, in June; but the higher and more competitive staples declined somewhat during that month and there was a rather significant drop in Egyptian Uppers. The Indian staples, as a group, are now not far from an average relationship with American cotton, but Egyptian Uppers must be regarded as attractive at the prices recently prevailing. Exotic cottons continue to command large premiums in clearing sales to Germany.

Germany

General situation in June. A slowly but steadily declining tendency of mill sales and mill activity has been evident in the German cotton industry since early this year. June reports indicate its persistence, as well as the probability of further slow recession in July, in both the spinning and weaving sections. It is now clear that retail consumer demand, following last fall's hoarding purchases, is not supporting the level of production hitherto prevailing, and that the industry, with textile export business dragging along at bottom figures, is still finding it advisable to slacken operations.

The spread between present levels of production and of sales does not appear to be a wide one, the volume of textile retail trade for January to April 1935 is indicated to be only 5 percent below the same period in 1934, but the uncertainty as to raw material supplies is such as to necessitate careful husbanding of raw material and the adjustment of production with an eye to the future.

In conjunction with the slackening tendencies evident in the cotton textile industry in Germany, there appears to have been a certain lessening of tension in recent weeks in respect to the raw material supply situation, a view which is substantiated by a recent analysis of the German Institut für Konjunkturforschung. The development is traceable both to some increase in the average monthly imports of cotton and to the lower rate of cotton consumption. It likewise appears that there has been some relaxation of the vigor with which the artificial fibre program is being pushed, despite the recent announcement of the starting of a number of new fibre plants.

Trading in raw cotton on the Bremen market in June has continued very quiet, with some revival during the last half of the month. Some transactions in both American and Turkish cotton were reported at unchanged prices.

The cotton supply situation. The recent low point in German inland stocks of raw cotton (at mills and elsewhere in customs boundaries) was apparently first reached about February 1. At that time inland stocks dropped to around 310,000 bales, as compared with 445,000 bales in February 1934, and 318,000 bales in February 1933. Since February 1935, it appears that German inland stocks of cotton have experienced no further decline, in fact, have even risen slightly, due very largely to the pick-up in imports of raw cotton and other spinning materials as compared with the latter part of 1934. If these estimates of inland supplies accurately picture the present stocks situation in Germany, they are based on the January 31 mill and port stock figures and take into consideration the official statistics of imports and the apparent consumption of cotton as estimated from certain indices, it would appear that German raw cotton supplies are moderately low, but by no means so low as actually to cripple the industry in the near future. There are frequent, general indications of supply shortage, and occasional reports that some plants are virtually unable to obtain supplies and are working literally on a day-to-day basis, but this would appear to be exceptional and due, in part, to the strict rationing and control of supplies by the Supervisory Office for Cotton. The figures on which these conclusions are based are as follows:

Germany: Stocks, net imports and consumption of raw cotton, linters, cotton waste and artificial cotton, specified periods.

Period	Estimated inland stocks at Bremen and in mills beginning of period	Monthly average: Net imports of raw cotton, linters, cotton waste, and artificial cotton	Monthly average: Estimated consumption of raw cotton, linters, cotton waste and artificial cotton
	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/
Aug. - Jan. 1932-33 ..	194	142	121
Feb. - July 1932-33 ..	318	154	132
Aug. - Jan. 1933-34 ..	453	148	149
Feb. - July 1933-34 ..	444	155	151
Aug. - Jan. 1934-35 ..	470	100	130
Feb. - Mar. 1935	311	123	125
Apr. - May 1935	307	138	123
June - July 1935	338		

Stocks and consumption estimated by Berlin Office, United States Department of Agriculture, net imports as per official foreign trade statistics.
1/ Equivalent bales of 478 pounds, net.

The principal recent development in the cotton supply situation in Germany has been the rising tendency of imports in recent months. April - May 1935 net imports of raw cotton, linters, waste and artificial cotton, in fact, averaged 38 percent above imports in the 6 months August 1934 - January 1935. Largely increased importation from Brazil has played an important part in this development, the imports from that country having jumped from the relatively large figure of 26,275 equivalent bales of 478 pounds in February and 22,212 bales in March to the unusual height of 50,291 bales in April. Imports of American cotton, on the other hand, have remained persistently at exceedingly low levels up to the latest date for which figures are available. The whole trend of German imports of raw cotton, to date, away from the United States to other sources of supply is clearly shown in the following table.

German imports of raw cotton, August - May, 1932-33 to 1934-35

Imports	Aug. - May		
	1932-33	1933-34	1934-35
	Bales of 478 pounds	Bales of 478 pounds	Bales of 478 pounds
From the United States.	1,136,379	1,150,308	308,455
From other countries...	299,364	493,807	635,068
Total...........	1,435,743	1,644,115	943,523

German imports of raw cotton, January - May, 1934 and 1935

Date	From the United States	From Brazil	From other countries	Total
	Bales of 478 pounds	Bales of 478 pounds	Bales of 478 pounds	Bales of 478 pounds
1934-				
Jan.........	157,813	1/	2/ 46,020	203,833
Feb.........	96,066	1/	2/ 37,755	133,821
Mar.........	124,924	1/	2/ 32,908	157,831
Apr.........	79,236	1/	2/ 37,317	116,553
May.........	96,887	1/	2/ 77,645	174,532
1935 -				
Jan.........	16,922	25,823	51,504	94,249
Feb.........	20,732	26,275	58,007	105,014
Mar.........	24,929	22,212	59,169	106,310
Apr.........	29,389	50,291	53,791	133,471
May....... .	22,493	29,794	57,020	109,308

1/ January - May 1934, not separately reported in monthly German statistics, but included under "other countries". In the total calendar year 1934, German imports from Brazil were only 38,244 bales of 478 pounds.

2/ Including Brazil.

Despite the recent pick-up in German cotton imports it is none the less obvious from public discussion of the raw material situation and from the keen trade interest in effectuating transactions for cotton that the German authorities and the cotton trade are much concerned about the future outlook and, judging from certain rather intangible changes in attitude, are showing a disposition to regard the cotton supply situation as approaching a critical phase. The recent pick-up in imports has been due to Germany's ability to exploit current possibilities of obtaining abnormal supplies of cotton from such countries as Brazil and Turkey which have, in the past, played only minor roles. There is now apparently considerable concern as to the assurance of being able in the future to rely upon these countries to replace American cotton or even supply as much as in the past year especially on as favorable a basis. Brazil's early May prohibition on the export of important raw materials, including cotton, on a compensation or clearing basis has aroused great uneasiness. Future prospects of trading with Turkey have also been dimmed by the unsatisfactory functioning of the clearing agreement between the two countries, a development directly due to the abnormally large importations from Turkey without a corresponding increase in Turkish importations from Germany.

The outlook is considered unfavorable, moreover, for obtaining increased supplies of cotton from Egypt and India on a compensation basis. Other minor cotton producing countries may be able to supply some additional cotton, but it is being more clearly recognized that, in the last analysis, the United States will have to be looked to, to a larger degree, when other sources of supply fail.

Reichsmark cotton, i.e., cotton obtained on a clearing or compensation basis, has constituted between 50 and 60 percent of Germany's greatly restricted cotton imports during the season 1934-35.

German purchases of American cotton during the past season have been to a very large extent on a dollar basis, involving the direct allocation of foreign exchange from the Reichsbank. The Reichsmark cotton for the most part has been bought at a premium in terms of marks under both clearing and compensation trades; the premium under the clearing agreements going to the benefit of the foreign exporter, but under compensation deals being used to finance exports into the country from which the cotton was obtained. If a breach develops in this system of obtaining cotton supplies, it is clear that the supply situation in Germany will at once become considerably more difficult and that more cotton would have to be bought upon a clearing or compensation basis or efforts redoubled to increase trade both ways with the United States. (See following table).

In the efforts to secure raw material, serious attention has been given to the extent to which the cotton industry could create, through textile exports, the foreign exchange needed for cotton imports. German exports of cotton yarns and cotton goods in 1931, the year of German deflation and the great effort to improve her foreign balance, yielded 20 percent more foreign currency than the entire German cotton industry required for the importation of raw materials. In 1932, net imports of raw cotton, etc., were covered by exports of yarn and goods only to the extent of 66 percent, in 1933 by 49 percent and in 1934 to only

Germany: Imports of raw cotton, by groups of countries, August - May 1933-34 and 1934-35

Item	United States, India	Brazil, Argentina, Turkey, Soviet Russia, as well as Belgian and French Colonies 1/	Egypt, Peru, and Iran 2/	Unclassified	Total
	Bales of 478 pounds	Bales of 478 pounds	Bales of 478 pounds	Bales of 478 pounds	Bales of 478 pounds
Aug-May -					
1933-34	1,321,506	3/ 46,121	3/244,443	32,045	1,644,115
1934-35	388,729	3/336,685	195,093	23,015	943,523
Decrease	932,777	---	3/ 49,350	9,030	700,588
Increase	---	3/4/290,564	---	---	---

1/ Countries with which, in 1934-35, Germany has clearing or payment agreements.
2/ Countries which, in 1934-35, had a fairly active compensation trade with Germany.
3/ Partly estimated.
4/ This increase from 1933-34 to 1934-35 falls largely to Brazilian cotton.

approximately 44 percent. Comparing the value of net exports of cotton yarn and goods with net imports of raw cotton, etc., it appears that German net exports of the cotton industry covered only about 12 percent of the value of raw material requirements in 1934, whereas in 1933 the percentage was still 25 percent, in 1932, 33 percent, and in 1931 even 61 percent. If German exports of cotton goods could be improved in one way or another, an appreciable share of the industry's raw material requirements could be taken care of, but this offers an unpromising outlook with competitive conditions as they are now.

Czechoslovakia

Negotiations looking to the reconstruction of the Czechoslovakian spinners' cartel are continuing, and it is hoped that, following success in this effort, the cotton cloth manufacturers will also come to an agreement. The aim is reported to be to establish the spinner cartel on the basis of a domestic production quota of about 34,000,000 kilograms (74,956,000 pounds) of cotton yarn, which is equivalent to approximately 38,000,000 to 40,000,000 kilograms (83,775,000 to 88,184,000 pounds) of raw cotton. It is not yet clear whether this quota is for total yarn production or only for yarn consumed in domestic mills, and excluding an export quota, but whichever the case, the indicated quota figure, implies a drastic curtailment of raw cotton consumption. During the past several years, Czechoslovakian spinning mill consumption of raw cotton has ranged from 300,000 to 500,000 bales a year.

Domestic business in cotton yarn and cotton cloth remained unfavorable during the month of June and exports have not shown the least sign of recovery. Recently the erection of Czechoslovakian textile plants in Austria and even the transfer of textile machinery to that country has assumed larger proportions. It is reported that not only cloth mills but cotton spinning mills as well are involved in this redistribution.

Austria

Austrian cotton mill occupation during the month of June is reported to have increased somewhat as compared with May, both in the spinning and in the weaving section. Spinning mills have operated during the last several months at somewhat above single shift capacity, and weaving mills have likewise increased their operations to considerably above the comparable months of last year. Unfilled orders in cotton spinning mills have also increased appreciably during the first several months of 1935, with cotton yarn stocks rising only slightly and not more than 10 percent above the corresponding months of 1934.

Somewhat revived export business is not judged optimistically since a considerable share of these orders will never be executed because of the import and payment restrictions in the countries concerned. The new currency regulations in Rumania, which mean a further devaluation of the Rumanian currency, are of considerable hindrance to Austrian exports of cotton yarns to that country. Similarly, Austrian yarn exports to Germany, Bulgaria, and Lithuania have come to a standstill, and trading with Hungary suffers greatly from payment difficulties. Business to Yugoslavia is hampered by subsidized competition from Italy. These losses in business have been compensated only partially by a recent revival in sales of cotton yarns to Turkey, due to a reduction in Turkish takings of British supplies.

The new establishments transferring from Czechoslovakia or being erected by Czechoslovakian interests are chiefly weaving plants for which there is still room in the Austrian textile industry.

France

June reports from French cotton textile centers indicate rather hesitant conditions in cotton mill business incident to the political difficulties that prevailed in the first half of the month. In the second half, however, an important pick-up occurred in sales of yarn, and a notable improvement was recorded in the cloth mill situation during most of June. Spinning and weaving mill activity during June apparently changed but little from May levels, but maintained the gains made in that month. The situation in early July was more hopeful since the improvement in the political and currency situation.

Belgium

Continued improvement in the position of both cotton spinning and weaving mills was reported during the month of June from Belgian textile quarters as a result of the gradual improvement in the industrial situation of the country following the Belga's devaluation.

Italy

Uncertain conditions have continued in the Italian cotton industry throughout June, and it is difficult to judge to what extent the reported improvement in mill operations and general textile business is of a sound and basic character. Exports of cotton yarns and cotton goods have been stimulated in recent months by the slight depreciation of the Lira and the application of export subsidies. On the other hand, the restrictions imposed upon raw material imports have tended to increase artificially the home demand for all textile products. Orders for military purposes and the like have also increased bookings by the industry. It remains to be seen how far the basically weak economic situation of the country will sustain what has the earmarks of an artificial or temporary movement toward improvement.

Japan 1/

Cotton yarn production in Japan during June amounted to 305,000 bales of approximately 400 pounds, which was not materially different from production in each of the two previous months but was about 15,000 bales or 5 percent less than the peak production of last November and December, yet nearly 20,000 bales larger than in June last year. Production in July declined to 283,000 bales, which was about the same as in July 1934.

During May sales of cotton yarn were reported to have equaled output but sales of piece goods were only about 75 percent of output. In June sales of yarn amounted to something like 60 to 65 percent of output and sales of piece goods to only 40 percent of output. Exports of piece goods in May amounted to 235,000,000 square yards and in June to 201,000,000 compared with 266,000,000 and 223,300,000 square yards respectively in May and June last year, and 239,000,000 square yards in April. June cloth exports were 26 percent less than the peak of last March. In the first part of July, Japanese spinners were reported as buying raw cotton rather cautiously because of poor yarn prices and general feeling that piece goods business may continue low. Small mills were buying on a hand-to-mount basis and large mills were drawing on stocks. There were practically no new forward sales of American cotton during June due to uncertainty regarding the loan policy on the new crop.

China 2/

The significant features of the Chinese cotton situation in early July and early August included the further decline of mill production and the lower yarn prices. In June and July the Chinese mills located in Shanghai were operating at about 50 percent capacity, the lowest level of production registered in the past few years. The Japanese mills in Shanghai which operated at 80 to 85 percent capacity maintained about the level of May. In the Shantung area both the Chinese and Japanese mills were operating near capacity.

1/ Based largely on reports received from Consul Donovan at Kobe.

2/ Based largely on radiograms from the Agricultural Commissioner's office at Shanghai dated July 13 and August 13.

The quotation on July 12 for September delivery was 15.21 cents per pound of yarn, the lowest price on record during the past 15 years, and in view of the fact that the prices of raw cotton had not declined, the losses in connection with spinning increased considerably. Although yarn prices advanced some between early July and early August the advance was not in proportion to the advance in raw cotton; consequently spinning losses increased still further. Japanese mills have within the last several weeks reduced their yarn prices below those of Chinese, with the result that they have slightly increased their share in the total yarn sales. On the whole, yarn sales have not been large; the demand is poor and merchants are buying only small quantities. Yarn stocks increased slightly during June, but they are smaller than those on hand during the same month of 1934.

Acreage, Production and Crop Conditions

United States

The acreage of cotton in cultivation in the United States on July 1 was estimated by the Crop Reporting Board at 29,166,000 acres. This is 4.6 percent more than the acreage on July 1, 1934 but 28.6 percent less than the average acreage for the 5-year period 1929-1933. With the exception of last year's very small acreage, the area in cultivation on July 1 this year was the smallest since 1905.

All of the major States except Oklahoma showed an increase in acreage in cultivation ranging from 4 percent in North Carolina to 10 percent in Louisiana. In Oklahoma the estimated acreage was 7 percent less than in 1934, due partly to unfavorable weather conditions and partly to a relatively high percentage of acreage under contract with the Agricultural Adjustment Administration for the first time, according to the Crop Reporting Board. In all States, increases permitting producers to sign 2-year acreage reduction contracts in 1934 were partly offset by reductions made by producers signing contracts this year for the first time.

On the basis of the 10-year average abandonment and the acreage in cultivation July 1 the indicated area to be harvested is 28,480,000 acres. This together with an average yield, which on the basis of August 1 conditions was forecast at 198.3 pounds per acre, resulted in a forecast by the Crop Reporting Board of 11,798,000 bales. If realized this will be 2,162,000 bales more than the 1934 crop, but about 2,868,000 bales or 20 percent less than the average for the 5 years 1928-1932 and approximately 20 percent smaller than the average for the 10 years 1923-1932.

The Crop Reporting Board's forecast of production was not greatly different from the average expectations of the members of the cotton trade.

India

The area planted in cotton in all of India up to August 1 has been estimated by the Indian Government at 14,494,000 acres, according to a cable from Calcutta dated August 17. This represented an increase of 11.6 percent over the revised estimate of the area planted to the same date last year of 12,991,000 acres, and is 158,000 acres, or 1 percent less than the average for the 5 years ended 1932.

On the average, about 60 percent of the total cotton acreage is planted up to August 1, but this varies from year to year depending upon weather conditions and the proportion of the crop planted through the various producing regions. It is not known how planting is running this year, early or late. However, statistical analyses of the relation of cotton acreage to the price of cotton and other commodities in India indicated that the total 1935-36 acreage might, with normal weather conditions, be 5 to 10 percent larger than the latest estimate of the total area planted in 1934-35.

In the important cotton producing area, Punjab, the area planted in cotton up to August 1 was estimated at 2,808,000 acres. This was 15 percent larger than a year earlier and 29 percent larger than the average for the 5 years ended 1932. The condition of the crop in this area on August 1 was reported at 98 percent of normal.

Egypt

The Egyptian Government estimates the 1935-36 Egyptian cotton acreage at 1,733,000 acres. This represents a decrease of 65,000 acres, or 4 percent compared with 1934 and is slightly smaller than in 1933. Statistical analyses of the relation of cotton acreage in Egypt to cotton prices and grain prices indicated that in view of the marked increase in the prices received for grains in 1934-35 the acreage planted to cotton in 1935 would be lower than in 1934. Unofficial reports indicate that the acreage in Sakellaridis was reduced considerably more than the total and that the acreage in some of the newer varieties increased. In addition to the smaller acreage there has been an unusually heavy invasion of the cotton leaf worm, although recent reports indicate that the damage has not been very great.

Brazil

No official information has been received from Brazil pertaining to the 1935-36 crop except that which was carried in the last issue of World Cotton Prospects, which was that the Brazilian Government had preliminarily estimated that the crop which is now being harvested in North Brazil (the 1935-36 crop) is expected to total 1,036,000 bales of 478 pounds. This is 348,000 bales or 47 percent larger than the record production of these States in 1934-35 and is 152 percent larger than the average for this region during the 10 years ended 1932-33.

Russia 1/

The cotton-sowing plan in Russia was reported fully executed early in June, with the bulk of the cotton area sown earlier than last year. The plan called for an acreage of about 4,800,000 acres which is slightly larger than the 1934-35 acreage, reported as 4,764,000 acres. Weather conditions during the Spring were more favorable than a year earlier. Toward the latter part of May, a considerable drop in temperatures was experienced throughout the cotton-growing regions of the Union, but, aside from local damage, cotton is not reported to have been affected adversely by these conditions. Some backwardness in growth, however, is evident.

1/ Based largely on a report from Agricultural Attache L. V. Steere at Berlin, dated July 8.

The main problem as indicated in June was that of timely cultivation and irrigation of the cotton fields. Conditions in this respect are not particularly favorable although better than a year earlier. On June 5, 87 percent of the total acreage under cotton in Middle Asia had received a first cultivation and 26 percent a second working. The situation continued unfavorable with respect to irrigation, with only 27 percent of the acreage watered by June 1 for the first time and 6.7 percent for the second time. This is in part due, it appears, to low water levels in some of the irrigation channels, but also to poor organization and planning of the campaign.

Despite these drawbacks, the condition of the cotton plant is reported favorable and better than a year ago.

Manchuria

Due to unfavorable weather conditions, the 1935 Manchurian cotton acreage has been estimated at about 30 percent below last year's estimate of 228,000 acres, according to information received through the Agricultural Commissioner at Shanghai from American Consul General Ballantine at Mukden. According to this report, winter weather was unusually dry and practically no rain fell during the planting season. A large percentage of the cotton planted either failed to germinate or failed to grow and farmers replanted to other crops. Since the end of May, rains in the cotton-growing regions of Manchuria have been heavy and were excessive for young cotton plants. A large percentage of this year's cotton acreage was reported to be in improved upland varieties.

China

The Chinese Cotton Statistics Association recently made its first estimate of the 1935-36 cotton crop in China in which it placed the crop at 2,676,000 bales of 478 pounds and the acreage at 5,498,000 acres. The final estimate of the 1934-35 crop was 3,125,000 bales produced from 6,827,000 acres. These preliminary estimates of the 1935-36 crop, therefore, indicate a 14 percent reduction in production and a 19 percent reduction in acreage. The indicated reductions in acreage and production are apparently due to unfavorable weather. According to radiograms from the Agricultural Commissioner's Office at Shanghai received just prior to the issuance of the Chinese Cotton Statistics Association's estimate of acreage and production, the acreage in the Yangtze Valley is thought to be slightly larger than in 1934, while in northern China the acreage and production are thought to be well below last season due to dry weather in the early part of the season and to rather severe floods more recently.

Mexico

The Mexican Government released its first official estimate of the 1935 cotton crop in Mexico in late July, which placed the probable production at 198,000 bales of 478 pounds net, according to a report received from P. K. Norris of this Bureau, who was in Mexico studying production and marketing of cotton. The crop in 1934 was estimated at 223,000 bales and the 1933-34 crop at 260,000 bales. While no estimate has been received of the 1935 acreage, all of the information available indicates that unfavorable weather is responsible for the smaller prospective crop.

Several months ago it was reported that plowing and other preparations had been made for increasing the 1935 acreage planted to cotton by more than 50 percent in the Matamoras Consular District which usually occupies third place among the cotton growing regions of Mexico. A severe drought which extended to the end of March, freezes and frosts in January and February, and heavy damage from the floods of the Rio Grande around the middle of June apparently reduced the crop in this district by as much as 50 to 80 percent from what it might have been with average weather conditions. The present estimate of production in this region is less than half as large as last year and the reduction there represents more than the estimated reduction in the entire Mexican crop.

Chosen

The 1935 cotton acreage in Chosen is now estimated at 539,000 acres compared with 474,000 acres in 1934-35 or an increase of 14 percent, despite unusually dry weather at planting time, according to American Consul Langdon, at Seoul. Heavy rains since planting time have fallen throughout the cotton-growing area and have relieved drought conditions according to the report. With average summer weather, cotton production is expected to be much above last season.

Cotton: Exports from United States, India and Egypt to specified countries, for specified periods

Country of origin and destination	June: 10-yr. av. 1923-24 to 1932-33	June: 1933	June: 1934	June: 1935	June: 1935 as a percentage of 1934	Aug. 1 to June 30: 10-yr. av. 1923-24 to 1932-33	Aug. 1 to June 30: 1932-33	Aug. 1 to June 30: 1933-34	Aug. 1 to June 30: 1934-35	Aug. 1 to June 30: 1934-35 as a percentage of 1933-34
From United States:	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Percent	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	Percent
United Kingdom ..	56	142	56	48	85.7	1,693	1,367	1,223	708	57.7
France	24	52	12	20	166.7	801	820	704	353	50.1
Italy	36	59	27	42	155.6	645	750	629	455	72.3
Germany ...	68	134	46	32	69.6	1,748	1,730	1,274	319	25.0
Japan	52	95	135	93	68.9	1,211	1,549	1,772	1,468	82.8
China	20	37	103	2	1.9	270	279	328	108	32.9
Other countries	86	96	80	108	135.0	1,215	1,232	1,296	1,108	85.5
Total	342	615	459	345	75.2	7,553	7,727	7,229	4,519	62.5
From British India:	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	Percent	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	1,000 bales of 478 lbs.	Percent
United Kingdom ..	15	30	20	34	170.0	164	177	283	294	103.9
Germany ...	16	21	9	9	100.0	180	140	189	108	57.1
France	15	14	6	11	183.3	134	120	113	108	95.6
Belgium ...	16	9	8	14	175.0	173	107	119	138	116.0
Japan	106	129	211	119	56.4	1,206	1,131	1,044	1,323	126.7
China	34	15	21	5	23.8	288	122	273	86	31.5
Italy	22	26	14	14	100.0	277	156	193	224	116.1
Other countries	14	14	12	16	133.3	149	89	192	187	97.4
Total	238	258	301	222	73.8	2,571	2,042	2,406	2,468	102.6
From Egypt:										
United Kingdom ..	35	40	28	24	85.7	542	422	667	430	64.5
British India	3	[illegible]	4	6	150.0	24	26	49	109	222.4
United States	7	5	2	2	100.0	150	54	94	52	55.3
France	13	21	12	15	125.0	130	181	202	188	93.1
Germany ...	7	11	14	10	71.4	100	159	212	126	59.4
Italy	7	10	9	5	55.6	93	71	138	137	99.3
Japan	4	6	8	6	75.0	[illegible]	75	113	178	157.5
Other countries	15	20	21	25	119.0	221	200	293	351	119.8
Total .	90	117	98	[illegible]	[illegible]	1,3[illegible]2	1,[illegible]08	1,768	1,571	88.9

Division of Statistical and Historical Research, Bureau of Agricultural Economics. Compiled from official sources; current data for exports from India and Egypt from cables.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-120 & 121 November 5, 1935

WORLD COTTON PROSPECTS

(September and October Issues)

Summary

Conditions in late October point toward a total world supply of all cotton for the 1935-36 season a little larger than that of 1934-35 and approximately 12 percent larger than the average for the 10 years ended 1932-33. The supply of American cotton is expected to be slightly larger than a year earlier and about the same as average, while the supply of foreign growths is expected to be about the same as the record supply of last season but about 27 percent larger than the 10-year average.

The world production of all growths in 1935-36 is tentatively estimated at about 26,300,000 bales. Such a crop would be about 2,700,000 bales or 11 percent larger than the previous season and about 3 percent larger than the average for the 10 years ended 1932-33. Most of the expected increase in world production is due to the larger domestic crop, although the total production in foreign countries is expected to be about 850,000 bales, or 6 percent larger than the record crop of the previous season and 33 percent larger than the 10-year average. Increased production in India, Russia, Brazil, Egypt, and a few minor countries is expected to be only partially offset by declines in China, Mexico, and a few of the small producing countries where unfavorable weather has resulted in smaller crops.

In September exports of American cotton exceeded those of a year earlier by about 7 percent. This represented the first month for about a year and a half in which exports exceeded those of the corresponding month a year earlier. During most of the past 12 months exports of American cotton have been 20 to 40 percent less than in the preceding year. According to trade reports, exports during the first 24 days of October were also considerably larger than the unusually small exports of the corresponding period last season and in the week ended October 24 were 52 percent higher than a year earlier.

Domestic cotton consumption in September increased somewhat over the consumption in August and was 52 percent larger than the unusually small consumption in September 1934. In August and September combined domestic consumption showed an increase of 20 percent over the first 2 months of last season. During the first 3 weeks of October domestic mill activity apparently increased still further on the strength of comparatively heavy sales of cotton textiles during the past several weeks. Trade comments indicate that manufacturers' sales of cotton goods so far this season have materially exceeded output and unfilled orders have increased considerably.

On the whole, cotton textile mill activity in foreign countries appears to have increased slightly during the past several weeks and has been considerably higher than in the first part of last season. In Great Britain manufacturers' sales of cotton textiles have improved materially in September and the first half of October, and as a result cotton textile mill activity has increased materially. A similar development apparently also occurred in France in late September and the first 3 weeks of October. In Germany and Italy sales of cotton textiles have increased materially in the last several weeks but restrictions on cotton imports tend to prevent mill activity and cotton consumption from increasing. Mill activity in Japan has shown comparatively little change in recent weeks but in China a substantial increase has occurred since August.

Prices

Domestic cotton prices declined more than 1-1/2 cents during the first month of the current season. The average price of Middling 7/8 in the 10 markets declined from 12.06 cents on August 1 to 10.42 cents on August 31. In September prices in these markets fluctuated within a comparatively narrow range above and below the 10-1/2 cent level. The September 10-market average of 10.48 cents was 2.37 cents per pound or 18 percent less than the year earlier, whereas the supply of American cotton is expected to be only about 1 percent larger than last season and the supply of all cotton practically the same as last season, and despite the fact that business conditions in the United States and foreign countries were on the whole considerably better than a year ago. From October 2 to October 24 prices of Middling 7/8 inch cotton in the 10 markets averaged considerably higher than during September. The daily average in these markets ranged from 10.83 cents to 11.10 cents.

Prices of American cotton in Liverpool during the first 2-1/2 months of the current season averaged considerably lower relative to foreign growths than during the corresponding period last season. In August and September this year the price of three types of Indian cotton averaged about 76 percent of the price of American Middling and Low Middling compared with an average of about 67 percent during August and September last year. During the first 2 months of the current season the price of Egyptian Uppers at Liverpool averaged 114 percent of the price of American Middling 7/8 compared with 104 during these 2 months last season and an average of 109 for the entire 1934-35 season.

Stocks and Movement

Exports of American Cotton

Total exports of American cotton in September this year amounted to 487,000 running bales, according to data released by the Bureau of the Census. This represented an increase of 33,000 bales or 7 percent over exports in September last year but a decline of 33 percent as compared with the average for the 10 years ended 1932. The increase in September over September last year was due largely to the fact that exports to the United Kingdom, which amounted to 121,000 bales, were more than twice as large as in September 1934 and only a little less than the 10-year average. Exports to Germany were considerably larger than in September 1934 but less than one third as large as the 10-year average. Total exports in August and September combined, according to official figures, amounted to 728,000 running bales, compared with 706,000 bales a year earlier and the 10-year average of 1,035,000 bales. During these 2 months Great

Britain took 163,000 bales compared with 94,000 a year earlier and a 10-year average of 186,000 bales. Exports to France, Italy, and Belgium also were larger than in the first 2 months of 1934-35. Exports to Germany in August and September were about the same as in those 2 months last season, while exports to Japan and a number of other countries were smaller than a year earlier.

According to trade reports, exports during the first 24 days of October were considerably larger than during the corresponding period last season. Exports during the week ended October 24 were particularly high relative to the year earlier, exceeding those in the corresponding week of 1934 by 52 percent.

Exports of Indian, Egyptian and Brazilian Cotton

Total exports of Indian cotton in September amounted to 105,000 bales compared with 122,000 bales of 478 pounds in September last year; 58,000 bales in September 1933 and an average of 130,000 bales during the 10 years ended 1932. For the first 2 months of the season exports totalled 208,000 bales compared with 273,000 bales in August and September last year and a 10-year average of 286,000. Total exports of Indian cotton during the 1934-35 season amounted to 2,625,000 bales. This was only 48,000 bales less than in the previous season and only 5 percent less than average exports in the 10 years ended 1932-33.

Exports of Egyptian cotton in September this year were equivalent to 88,000 bales of 478 pounds. This represented an increase of only 4,400 bales over September last year but 27,000 or 44 percent over the 10-year average September exports. During the first 2 months of the season exports of Egyptian totalled 147,000 bales, which was 12 percent less than a year earlier but 9 percent larger than the 10-year average. Total exports of Egyptian cotton in the 1934-35 season amounted to 1,656,000 bales compared with 1,867,000 in 1933-34 and with an average of 1,463,000 bales for the 10 years 1923-24 to 1932-33.

Exports of Brazilian cotton in July, the last month for which comparable data are available, amounted to 59,000 bales of 478 pounds. This compared with 38,000 bales in July 1934 and the 10-year July average of 3,000 bales. Total exports from Brazil for the year ended July 31, 1935 amounted to 746,000 bales, which was more than two and one half times as large as 1933-34 and 9 times as large as the average for the 10 years ended 1932-33.

Textile Situation

United States

Domestic cotton consumption in September was 10 percent larger than the 408,000 bales consumed in August and 52 percent larger than the unusually small consumption in September 1934. Consumption in August and September combined amounted to 858,000 bales, which represented an increase of 144,000 bales or 20 percent over the first 2 months of last season, but was 21 percent smaller than the comparatively large consumption the first 2 months of 1933-34. Sales of cotton textiles by manufacturers in September and the first 3 weeks of October were apparently well above production and unfilled orders considerably higher than at the beginning of the season. As a result of increased sales of cotton textiles, mill activity continued to increase during the first half of October. Factors contributing to the increase in sales include the improvement in the demand of industrial users and ultimate consumers resulting from increased industrial production, pay rolls and farm incomes. Conditions in late October indicate that the domestic cotton textile situation for the current season as a whole is likely to be somewhat better than in 1934-35, and that domestic cotton consumption will exceed that of last season.

Great Britain

Trade reports indicate that during the month of September cotton textile sales by British manufacturers improved materially over those of the preceding month and probably exceeded output by a substantial margin. This situation apparently continued through the first 3 weeks of October and as a result the cotton textile mill activity has increased materially. It has been estimated in some quarters that by the middle of October activity was nearly 85 percent of normal compared with 70 to 75 percent in August.

Exports of cotton textiles from Great Britain in September amounted to only 150,000,000 square yards compared with 178,000,000 square yards in September last year, and were the lowest for the month since 1931. In August and September combined exports of cotton piece goods totaled 310,900,000 square yards compared with 346,400,000 square yards a year earlier and were also the lowest for the period since 1931. It is expected, however, that increased sales during September and October would be reflected in a substantial increase in exports of piece goods in October and possibly November.

Forwardings of raw cotton from Liverpool and Manchester to British spinners during the first $2\frac{1}{2}$ months of the current season amounted to 448,000 bales, which represented a decrease of 2 percent under forwardings during the like period last season. During this period forwardings of American cotton, which totaled 187,000 bales, were 7 percent smaller than in a like period last season. Forwardings of foreign growths amounted to 261,000 bales and were 2 percent larger than a year earlier.

Continental Europe

Cotton mill activities on the Continent apparently showed a slight increase during September and the first part of October, according to trade comments. In France there seems to have been considerable improvement in sales of yarn and cloth in late September and in the first 3 weeks of October, and were apparently materially larger than the low levels of the summer.

In Germany and Italy sales of cotton textiles have increased materially during the last several weeks, particularly in Italy where the increase is attributed to war developments. In both of these countries, however, restrictions on cotton imports tend to prevent mill activity and cotton consumption from increasing. Activity in other European countries as a group apparently remained about unchanged with possibly a slight tendency to increase.

Japan

Cotton consumption in Japan in September, as indicated by yarn production, showed comparatively little change from consumption in August. Total yarn production amounted to 289,000 bales of approximately 400 pounds, compared with 282,000 bales in August and 288,000 bales in September last year. While yarn production in September was considerably smaller than the peak of 322,000 bales in November last year, it was the largest for the month of September on record. For the 2 months August and September, yarn production amounted to 571,000 bales, which was slightly smaller than in the like period last season, but with this exception the largest for these 2 months in history.

Exports of cotton piece goods from Japan declined slightly in August and were 6 percent less than in August 1934. With the exception of August last year, however, exports in the first month of the current season were the largest for the month of August in history. Demand for cotton textiles within Japan improved during August, which about offset the slight decline in foreign demand and manufacturers sold about all of their cloth output. Japanese spinners are reported to have sold only about 65 percent of their yarn production during August, however, and as a result, yarn stocks increased considerably. It is expected that exports of cotton textiles from Japan during the current cotton marketing season will be somewhat less than the record exports of 1934-35. This, however, is expected to be about offset by some improvement in demand within Japan. British India, Netherlands, East India, and Africa are at present Japan's best customers.

China

Cotton textile mill activity in Shanghai in early October was somewhat higher than a month earlier, but below the same date last year. Chinese mills were operating at about 65 percent of capacity and Japanese mills nearly 100 percent capacity. Some Chinese mills in the interior were reported to have reopened in September or early October.

The price of Chinese cotton and yarn advanced about 5 percent during September, due in part, to active buying of raw cotton by Japanese mills and to speculative buying of cotton yarn. Some improvement in yarn demand was reported from South China. Yarn stocks in Shanghai at the end of September were low compared with those of a year earlier. Shanghai mill and wharf stocks of American and Indian cotton continued to decline during September, and at the end of the month stocks of American cotton were the lowest for about 5 years. Stocks of American and Indian cotton at Shanghai are expected to show some further decline and consumption of these growths is expected to be low for the next several months. In the last half of the season, however, consumption of American, and possibly Indian, is expected to increase materially, due to shortage of the longer staples of Chinese cotton. For the season as a whole it is expected that consumption of American cotton in China will not be materially different than that of last season.

Acreage, Production and Crop Conditions

United States

The October 1 forecast of the domestic crop, which was 11,464,000 bales, was only 25,000 bales less than that of September 1. The indicated crop was 1,828,000 bales larger than the 1934 crop but 3,200,000 bales less than the average production in the period 1928 to 1932.

Total ginnings of cotton from the 1935 crop to October 18 amounted to 6,590,000 bales compared with 6,744,000 bales a year earlier. The ginnings up to October 18 this year amounted to roughly 57 percent of the estimated crop, no allowance being made for differences in bale weights, compared with 70 percent a year earlier. The comparatively small percentage of the crop ginned up to this date is due to the fact that the crop is late in all of the more Northern States of the Belt.

India

According to official estimates of the Indian Government, the area planted to cotton in India up to October 1 amounted to 22,118,000 acres, which was 8 percent larger than that planted to the same date last year and 7 percent larger than the average for the 10 years ended 1932. The average area planted in India up to October 1 usually represents about 80 percent of the total acreage. From past relations of the acreage planted to cotton in India and prices received for cotton and other commodities during the preceding marketing season, it was expected that a substantial increase in Indian cotton will occur this year. With average conditions and average yields the 1935-36 Indian crop would be expected to amount to something like 4,500,000 bales. This would be about 12 percent larger than that in 1934-35 and about the same as the average for the 10 years ended 1932-33. Since the Indian crop is planted and harvested considerably later than the crop in the United States, conditions during the remainder of the season might very materially affect the final acreage and yields resulting in the final estimate being greatly different from that which might be expected from about average yields and the acreage now expected.

Egypt

The Egyptian Government has recently estimated the 1935-36 Egyptian crop at the equivalent of approximately 1,700,000 bales of 478 pounds. This is about 9 percent larger than the previous crop and is due to very high indicated yields as the acreage has been estimated to be about 4 percent less than the 1934 acreage. The decline in the Egyptian acreage is attributed to the marked increase in grain prices in Egypt last season.

China

Due to unfavorable weather conditions, the 1935-36 Chinese cotton crop, which is estimated at a little less than 2,700,000 bales, is about 14 percent less than the record crop of last season. The decline in this season's Chinese crop is largely due to reduced acreage in North China as a result of dry weather at planting time. Production of longer staple types of cotton in China is expected to be only about 50 percent of last year's crop.

Russia

The 1935-36 crop in Russia is now expected to be about 2,000,000 bales, which is about 20 percent larger than the revised estimate of the previous crop and the largest in history. This estimate of the new crop, however, is only about 100,000 bales larger than the 1933-34 crop.

Uganda

Up to the end of August the total area planted to cotton in Uganda has been estimated by the Uganda Department of Agriculture at about 982,000 acres. This was approximately the same as the area planted to the end of August 1934, but larger than the acreage planted to the end of August 1933 or 1932.

Brazil

The 1935-36 cotton crop in northeastern Brazil which is now being harvested, has recently been estimated by the Brazilian Government at about 940,000 bales. This is nearly 150,000 bales, or 13 percent smaller than the earlier estimate released by the Brazilian Government, but still 30 percent larger than the estimated production in this section of Brazil in 1934-35, 118 percent larger than the 10-year average, and the largest in history. Little is definitely known as to crop prospects in southern Brazil where the crop is not planted until September, October and November, but with favorable weather conditions, it is expected that production in this section would also increase to a new high level.