

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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Weekly Cotton Market Review

(Week ended April 14)

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Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were lower. Merchant demand was fairly good but growers were not willing to sell their limited supplies at prevailing prices. Domestic and foreign mill purchases were light. Trading of CCC loan equities and PIK entitlements were light. Forward contracting of 1983-crop cotton by growers was less active. Inclement weather delayed land preparation and planting across most of the Cotton Belt. Below normal temperatures slowed crop development in south Texas. U. S. cotton stocks are expected to be reduced during the 1983-84 season.

Spot cotton prices declined sharply. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ranged from a low of 64.55 cents per pound to a high of 65.43 cents during the period. The average price ended the week on Thursday, April 14, at 64.62 cents. This compares with 66.26 a week earlier and 61.77 cents on the corresponding Thursday last season. The New York May futures settlement price ended the week on Thursday at 70.67 cents per pound compared with 73.02 cents a week earlier. The October settlement price was 71.80 cents against 72.20 cents last Thursday and the December settlement price was 72.15 cents compared with 71.80 cents a week earlier.

Trading on spot cotton markets slowed. Grower-held supplies were limited in most markets and growers were reluctant to sell at lower prices. Merchant demand was fairly good and remained best for higher grades. Most domestic mills limited purchases to fill-ins, however, a small quantity of new-crop cotton was bought. Export trading slowed. Far Eastern mills made the bulk of purchases for prompt through March 1984. European mills made limited purchases. Cotton exchanges in the designated markets reported purchases of 91,800 bales in the week ended Thursday, March 14. This compares with 128,700 bales a week earlier and 75,200 bales in the corresponding week last season.

Textile mill report. Domestic mill purchases were light to moderate and included a small quantity of new-crop cotton. Most mills were out of the market. Buying consisted mainly of small lots of "fill-in" cotton for prompt to nearby delivery. Demand remained best for central and western growths, medium and higher grades. A few mills fixed prices on earlier purchases. Mill business continued to improve. Many plants were operating on five to six days per week with some denim plants on seven days. Sales of denim, print cloth, sheeting, towels, underwear and materials for sportswear were good to strong. Yarn sales were also improving. Industrial and automotive products and household goods were making modest gains in sales.

The Foreign Agricultural Service, USDA, reports: Western European cotton textile industries indicate mixed success during the first half of the 1982-83 marketing year. Italy and France reported textile activity and raw cotton consumption continued to decline. The Austrian situation was somewhat brighter while West Germany and Spain indicate cotton demand appears to be recovering. Italy and France project a continued slowdown in consumer textile demand during the coming months with any recovery tied to a general economic improvement in industrialized countries during the fall. Austria

anticipates domestic mills will pick up additional business generated by their restrictive textile import agreements with major foreign textile suppliers. West Germany reports improved textile movement in recent months and indicates a positive outlook during the remainder of the marketing year. Spain indicates the improving output in some sectors of the cotton textile industry points to recovery.

In India, exports of raw cotton have been running at record levels and could exceed the current estimate of 500,000 bales for the 1982-83 season. A world scarcity of high quality cotton has in part prompted the interest in Indian cotton. An additional factor has been the year long Bombay strike which has reduced domestic demand for cotton. However, with the return to work of nearly 65 percent of the labor force in the last two months, continued strong export demand and recent increases in the local price of cotton have generated concern in the Indian textile industry that supplies will not be adequate to satisfy domestic needs. Consequently, the Indian Cotton Mills Federation has asked the government to halt further export sales. The situation is currently under review by the Cotton Advisory Board and a decision by the government is expected soon.

U. S. cotton stocks expected to be worked down during 1983-84 season: The early season U. S. cotton outlook for 1983-84 continued to point to total use sharply in excess of production, resulting in smaller stocks. An expected worldwide pickup in economic and textile activity could boost U. S. disappearance nearly one-tenth to 11.7 million 480 pound net weight bales, reflecting larger consumption and exports. Production, on the other hand, may drop about one-fourth to around 9.2 million bales as heavy participation in the acreage reduction and PIK programs limits plantings. Consequently, next season's ending stocks are forecast at 5.6 million bales, down nearly 2.5 million from the indicated beginning level. The 1982-83 U. S. cotton outlook is unchanged from the March 23 assessment. This summer's ending stocks are placed at 8 million bales, up 1.4 million from a year earlier.

There is also little change in the global cotton outlook. Production still is pegged at 67.6 million bales, down sharply from 1981-82. On the demand side, consumption was trimmed 300,000 bales to 66.2 million, primarily reflecting a downward revision for China. With this reduction, Chinese imports also were cut 200,000 bales to 500,000, sharply below the 1981-82 level. However, larger import needs in other countries, including the Soviet Union, have strengthened world trade prospects. Global exports are forecast at 18.3 million bales, 0.2 million above the last estimate. Ending stocks this season may total about 28.1 million bales, the same as the March estimate and nearly a million above last summer's level.

Six months or older certificated stock, May 1, 1983 1/

Delivery point	7-12 Months	13-18 Months	19-24 Months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Corpus Christi	3,542	-	-	-	3,542
Galveston	9,223	7,504	136	78	16,941
Greenville	-	-	-	-	-
Houston	1,199	108	-	-	1,307
Mobile	-	-	-	-	-
Memphis	715	576	28	640	1,959
New Orleans	25	38	-	-	63
Total	14,704	8,226	164	718	23,812

1/ Based on Cotton Division records as of April 15, 1983.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1980-81, 1981-82 and projected 1982-83 ^{1/}
April 12, 1983

Item	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
<u>Million 480-pound bales</u>						
<u>1980-81</u>						
<u>United States</u>	3.0	11.1	<u>2/</u>	5.9	5.9	2.7
<u>World less U. S.</u>	20.0	54.2	20.8	60.0	13.8	20.3
Major importers ^{3/}	8.7	13.3	17.9	30.3	0.2	9.3
Major exporters ^{4/}	4.7	25.2	0.2	14.9	9.5	4.7
Others	6.7	15.7	2.7	14.8	4.0	6.3
<u>World ^{5/}</u>	23.0	65.3	20.8	65.8	19.7	23.0
<u>1981-82</u>						
<u>United States</u>	2.7	15.6	<u>2/</u>	5.3	6.6	6.6
<u>World less U. S.</u>	20.3	55.2	19.6	60.5	13.9	20.5
Major importers ^{3/}	9.3	14.5	16.9	31.0	0.4	9.3
Major exporters ^{4/}	4.7	24.3	0.2	15.1	9.2	4.6
Others	6.3	16.4	2.6	14.3	4.3	6.7
<u>World ^{5/}</u>	23.0	70.9	19.7	65.7	20.5	27.2
<u>1982-83</u>						
<u>United States</u>						
Mar. projection	6.6	12.0	<u>2/</u>	5.4	5.4	8.0
Apr. projection	6.6	12.0	<u>2/</u>	5.4	5.4	8.0
<u>World less U. S.</u>						
Mar. projection	20.7	55.5	18.1	61.1	12.8	20.0
Apr. projection	20.5	55.6	18.0	60.8	12.9	20.1
<u>Major importers ^{3/}</u>						
Mar. projection	9.3	16.4	14.9	31.3	0.4	8.7
Apr. projection	9.3	16.4	14.6	30.9	0.4	8.9
<u>Major exporters ^{4/}</u>						
Mar. projection	4.6	22.8	0.6	15.3	7.6	4.9
Apr. projection	4.6	23.0	0.7	15.3	7.6	5.1
<u>Others</u>						
Mar. projection	6.8	16.4	2.6	14.5	4.8	6.4
Apr. projection	6.7	16.2	2.7	14.6	4.9	6.1
<u>World ^{5/}</u>						
Mar. projection	27.3	67.6	18.1	66.5	18.1	28.1
Apr. projection	27.2	67.6	18.1	66.2	18.3	28.1

^{1/} Marketing year beginning Aug. 1. ^{2/} Less than 50,000 bales. ^{3/} Includes Western Europe, Eastern Europe, Japan, PRC, Korea, Taiwan and Hong Kong. ^{4/} Includes the USSR, Pakistan, Egypt, Sudan, Turkey, Central America and Mexico. ^{5/} Total trade of individual countries, including intra-regional trade. World imports and exports may not balance due to cotton in transit and reporting discrepancies in some countries.

Note: Totals may not add and stocks may not balance due to rounding, a small quantity of cotton destroyed and differences unaccounted.

Source: United States Department of Agriculture.

New York futures contract settlement, designated spot market average for grade 41 staple 34 and 'A' index cotton prices in cents per pound

Date	Grade 41 Staple 34						8-market average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	May '83	Jul '83	Oct '83	Dec '83	Mar '84			
Apr. 7	73.02	73.37	72.20	71.80	73.10	66.26	80.10	
8	72.00	72.31	72.11	72.02	73.20	65.43	80.30	
11	71.40	71.74	72.05	71.98	73.30	64.98	80.15	
12	70.82	71.69	71.70	71.95	73.25	64.55	80.10	
13	71.20	72.17	72.05	72.39	73.55	64.83	79.90	
14	70.67	71.70	71.80	72.15	73.42	64.62	79.80	

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

New Orleans futures contract settlement and designated spot market average for grade 41 staple 32 in cents per pound

Date	Grade 41 Staple 32						5-market average 1/
	Futures Settlement						
	May '83	Jul '83	Oct '83	Dec '83	Mar '84		
Apr. 7			C L O S E D				58.04
8	59.85	61.25	-	59.30	-	-	57.43
11	59.30	61.25	-	59.30	-	-	57.07
12	58.90	60.40	-	59.30	-	-	56.72
13	57.70	59.50	-	59.30	-	-	56.95
14	58.10	59.50	-	59.30	-	-	56.93

1/ Greenville, Montgomery, Memphis, Dallas and Lubbock.

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1981-82 and 1982-83

Description	Marketing Year			
	1981-82		1982-83	
	Through April 8		Through April 7	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,980,800	-	1,918,600
Exports	174,600	4,414,200	129,500	3,081,400
Total export commitments	-	6,395,000	-	5,000,000
New sales	70,800	-	86,900	-
Buy-backs and cancellations	34,900	-	47,900	-
Net sales	35,900	-	39,000	-
Sales next marketing year	31,100	367,000	102,000	778,800

Source: Export Sales Reporting Division, Foreign Agricultural Service, USDA.

Upland cotton export sales activity for the current marketing year resulted in a net increase of 39,000 running bales, during the week ended April 7, according to the Foreign Agricultural Service, USDA. This was down 42 percent from a week earlier and 70 percent below the four-week average. Major increases included sales to Japan 31,800 bales; South Korea 20,800 and West Germany 13,500 bales. These sales were offset by cancellations of 44,000 bales to the USSR. Sales for the 1983-84 marketing year of 102,000 bales continued strong. The major purchasers were South Korea 36,200 bales; Japan 23,200 and France 13,300 bales. Weekly exports of 129,500 bales were 27 percent above a week earlier and included the first shipment to the USSR of 12,900 bales. Asian destinations accounted for 73 percent of the week's exports, European 13 percent and the USSR 10 percent.