

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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Weekly Cotton Market Review

(Week ended April 7)

Vol. 64, No. 35

April 8, 1983

Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were lower and growers with cotton on hand were reluctant to offer. Merchant demand remained fairly good for most qualities. Domestic mill purchases were light. Export trading was a little more active in the western states. Trading of CCC loan equities slowed. PIK trading remained fairly active in the south central states. Forward contracting of the 1983 crop remained fairly active in the Mississippi Delta. Inclement weather continued to hamper land preparation and early planting. Limited planting was underway in Arizona and California. The south Texas crop was up in most fields but was reportedly about two weeks later than normal. About eight percent of the 1982 crop remained in grower hands at the end of March. Through the end of March, growers had forward contracted around five percent of their expected 1983 crop. The interest rate for CCC loans disbursed in April will be 8.875 percent.

Spot cotton prices were lower. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets was 66.26 cents on Thursday, April 7. This compares with 68.02 cents per pound a week earlier and 61.45 cents on the corresponding Thursday last season. The New York May futures settlement price ended the week on Thursday at 73.02 cents per pound compared with 75.32 cents a week earlier. The October settlement price was 72.20 cents against 72.67 cents last Thursday and the December settlement price was 71.80 cents compared with 72.00 cents a week earlier.

Trading continued to slow on spot cotton markets. Merchant demand remained fairly good for a wide range of qualities but grower offerings were limited. Domestic mill buying was generally slow but steady. Export trading was more active in the western states. Trading of PIK entitlements remained fairly active in the south central states. Forward contracting of the 1983 crop slowed. Purchases reported by cotton exchanges in the designated markets totaled 128,700 bales in the week ended Thursday, April 7. This compares with 138,900 bales a week earlier and 98,800 bales in the corresponding week last season.

Textile mill report. Mills maintained the conservative buying rate of recent weeks. Purchases were largely small lots to cover ongoing product sales. New-crop buying was light and included cotton for delivery into the first quarter of 1984. The bases for grades 41 and higher were firm. Better quality California cotton remained in strong demand. Mill business continued to show modest improvement. Sales of knitting yarn were fair to good. Denim remained in strong demand with orders booked well ahead. Materials for sportswear, sheets, towels and bottomweights moved readily. Goods for industrial and automotive application remained generally slow sellers; but, demand for a few products was improving. A number of plants closed one day during the workweek for Easter.

Foreign crop report. The "Cotton Outlook of Liverpool" reports that not for many decades has the international production outlook been so obscure as it is at present. The emergence of the PRC and Russia as challengers to the United States as the principal growing nation, has for some time posed grave problems for crop estimators. However, the fact that Russia has clearly suffered a major crop disaster, but of unknown magnitude, creates an entirely new situation. Just a few weeks ago, it was confidently assumed in statistical circles, that the world 1982-83 crop was about 68.0 million bales (of 480 lbs.), with China contributing a little over 15.0 million, Russia 12.6 million and the U. S. 12.0 million. Russia has since suspended all export offers, purchased about 400,000 bales from the United States, and taken up at least that quantity from other exporting countries. She has admitted that the quality of her crop is disappointingly low, and that although her seed cotton output was indeed 9.3 million metric tons (the target level), her ginning ratio (normally in the region of 30 percent) is abnormally low. Moscow is unlikely to specify how low the ratio has fall-

er. Some reports suggest a level so low as to reduce the total lint output to only 9.0 million bales, whereas most international agencies are suggesting a figure closer to 11.0 million. The magnitude of the discrepancy amply illustrates the exposure of world prices to inadequate national statistics. In most other major Northern Hemisphere producing countries, the 1982-83 harvests proceeded along the expected lines, with Pakistan ginning rather more cotton than had been foreseen, and Mexico a trifle less.

The Southern Hemisphere harvests are now in full swing, and have not been favoured with ideal weather. Rain and insect damage has taken toll of cotton in Argentina, where output will in consequence probably be no larger than 574,000 bales, whereas a figure of well over 700,000 had earlier been expected. This disappointment has added to pressure upon supplies in South Brazil, where output, at around 2.5 million bales, is merely living up to expectations. Drought conditions, occasionally relieved by intense and injurious rain, have characterized the final growing period in Southern Africa, where the Republic may grow no more than 160,000 bales (well below her needs) and Zimbabwe no more than 260,000. In Australia, the disastrously prolonged drought has now broken, but not in time to prevent depression of the national output to below 500,000 bales.

The inevitable upturn in world prices which has followed the success of the PIK program in the U. S. and the failure of the harvest in Russia is serving to sustain interest in the production of cotton in most countries for the 1983-84 season. Tentative indications suggest that should the weather prove favorable, output elsewhere may therefore well rise sufficiently to offset the fall in the U. S., sustaining world production at close to the 68.0 million bale level.

Growers were holding about 8 percent of upland ginnings from the 1982 crop at the end of March, according to informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA. The remainder of the ginnings had entered marketing channels or was in the CCC loan. The informal survey indicated that about 15 percent of ginnings in the southeastern states, 2 percent in the south central states, 16 percent in the southwestern states and 8 percent in the western states remained in grower hands, outside of the CCC loan. Upland ginnings from the 1982 crop totaled 11,429,000 bales.

Forward contracting 1983 crop. Upland cotton growers in the United States had forward contracted around 5 percent of their expected plantings by the end of March. This was the largest percentage booked by the end of March since the 1980 crop and was up from 2 percent a year earlier and 4 percent two years ago. Contracting of the 1983 crop has been most active this year in the south central states where about 14 percent has been booked. A year earlier, about 4 percent and two years ago 12 percent had been booked. Western states growers had contracted about 6 percent by the end of March compared with 5 percent a year earlier and 3 percent two years ago. In the southeastern states, about 5 percent of the crop was under contract compared with 2 percent and 5 percent through the end of March 1982 and 1981, respectively. Southwestern states growers had contracted about 2 percent of their expected crop by the end of March, the same as two years ago and up from less than 1 percent a year earlier. These estimates were based on the Crop Reporting Board's February planting intentions report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1982-83

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1982	1983		1982	1983		1982	1983
	Cents	Cents		Cents	Cents		Cents	Cents
January	50.30	56.00	June	58.10		November	59.90	
February	49.10	56.40	July	59.90		December	57.30	
March	50.40	58.20 ^{1/}	August	52.80				
April	54.30		September	55.50		Calendar		
May	55.80		October	59.80		year avg.	55.20	

^{1/} Mid-month price.

Forward contracting of upland cotton by growers, through March 31, crops of 1973-1983
and prospective plantings, 1983 crop 1/

State	Cotton crops											Prospective plantings 2/	
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983		
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	1,000 acres
Alabama	60	10	*	16	5	3	8	14	7	3	2	2	225
Georgia	8	4	-	10	*	-	5	11	6	*	-	-	145
North Carolina	20	8	-	6	14	1	5	24	2	-	-	5	55
South Carolina	33	13	-	24	16	*	4	39	1	-	-	21	85
Southeastern states	34	9	*	15	6	2	6	18	5	2	5	5	510
Arkansas	85	30	1	30	15	3	9	44	8	2	12	12	375
Louisiana	72	20	-	37	5	4	8	34	9	1	9	9	400
Mississippi	82	36	2	27	18	22	26	61	19	7	16	16	800
Missouri	68	35	*	49	15	9	13	83	4	1	17	17	150
Tennessee	58	15	-	23	2	5	4	18	1	2	16	16	240
South Central states	78	29	1	30	13	11	16	49	12	4	14	14	1,965
Oklahoma	17	-	-	*	21	20	2	4	-	-	-	-	450
Texas	16	5	*	4	15	4	8	11	2	*	2	2	4,800
Southwestern states	16	5	*	4	15	6	7	11	2	*	2	2	5,250
Arizona	55	44	1	26	50	22	13	27	5	4	4	4	310
California	40	64	18	26	26	31	17	12	3	6	8	8	1,100
New Mexico	9	13	-	4	12	3/	3/	3/	-	-	-	-	70
Western states	40	55	13	25	30	29	16	16	3	5	6	6	1,480
United States	42	19	2	16	16	10	11	20	4	2	5	5	9,205

1/ Contracting estimates for 1973 through 1980 based on January prospective plantings report; 1981 based on March; 1982 and 1983 based on February.

2/ February 1983, Crop Reporting Board, Statistical Reporting Service, USDA.

3/ Not included in planting intentions report.

* Less than 0.5 percent.

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			
Mar. 31	75.32	74.57	72.67	72.00	73.30	68.02	79.95	
Apr. 1	FUTURES EXCHANGE CLOSED							Holiday
4	74.65	73.95	72.30	71.77	73.10	67.42	Holiday	
5	74.20	73.70	72.30	71.80	72.95	66.96	79.90	
6	72.80	72.55	71.60	71.11	72.45	65.84	80.05	
7	73.02	73.37	72.20	71.80	73.10	66.26	80.10	

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		
Mar. 31	59.85	61.25	-	59.25	-	-	59.92
Apr. 1	FUTURES EXCHANGE CLOSED						
4	59.85	61.25	-	59.30	-	-	59.37
5	59.85	61.25	-	59.30	-	-	59.00
6	59.85	61.25	-	59.30	-	-	57.66
7	NOT AVAILABLE						58.04

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 1		Through March 31	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	2,119,500	-	2,009,000
Exports	144,900	4,241,000	102,300	2,952,900
Total export commitments	-	6,360,500	-	4,961,900
New sales	56,000	-	103,300	-
Buy-backs and cancellations	19,000	-	35,600	-
Net sales	37,000	-	67,700	-
Sales next marketing year	16,700	335,900	156,300	676,800

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 67,700 running bales during the week ended March 31, according to the Foreign Agricultural Service, USDA. This was down 33 percent from a week earlier and was 58 percent below the four-week average. Major increases included additional sales to Yugoslavia 21,600 running bales; Japan 21,000 running bales and South Korea 16,500 running bales. Sales for the 1983-84 marketing year totaled 156,300 running bales. The major sales increases were France 37,700 running bales; South Korea 35,700 running bales; Japan 33,300 running bales and Taiwan 28,500 running bales. Weekly exports of 102,300 running bales were 22 percent above a week earlier with 73 percent to Asian destinations and 17 percent to European destinations.