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Weekly Cotton Market Review  
(Week ended August 11)

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Spot cotton prices ended the period about steady, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading activity remained limited. Most merchants were not actively seeking cotton. Domestic and foreign mill purchases were light. Forward contracting of 1983-crop cotton by growers was slow. The crop made favorable progress in most localities. United States 1983 cotton production was forecast at 7.8 million bales.

Spot cotton prices. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ranged from 72.44 to 73.40 cents per pound during the period. This compares with a range of 71.48 to 72.80 cents a week earlier. The average price on Thursday, August 11, was 72.44 cents compared with 72.63 cents a week ago and 59.71 cents on the corresponding Thursday last season. The New York October futures settlement price ended the week on Thursday at 79.35 cents per pound compared with 79.81 cents a week earlier. The December settlement price was 79.70 cents against 79.92 cents last Thursday.

Trading remained slow on spot cotton markets. Grower-held supplies were limited and offerings were very light. Supplies of 1983-crop cotton in south Texas were slowly increasing but most growers were not willing to sell. Some growers submitted PIK bids to USDA for cotton presently in the CCC loan. Merchant demand was limited. Most merchants had current needs fairly well covered and were reluctant to make forward commitments until available supplies were ascertained. Domestic mill purchases were light. Export trading was slow. Far Eastern mills made a few small purchases, mostly for prompt shipment. Purchases reported by cotton exchanges in the designated markets totaled 41,000 bales in the week ended Thursday, August 11. This compares with 87,300 bales a week earlier and 20,800 bales in the corresponding week last season.

Textile mill report. Mills purchased a light volume for fill-ins or to cover product sales. Purchases consisted of both old and new-crop cotton and were largely the medium and lower grades. Cotton consumption continued to increase at a number of mills. To hold down replacement costs, some mills have switched growth areas or altered mix ratios. Booking of new-crop cotton remains limited with the overall volume reportedly below recent years. Demand for manufactured products remains fairly strong. Sales were booked into the fourth quarter on numerous product lines but business in the first and second quarters of 1984 was slow. All-cotton yarns, denims, lightweight knits and a number of household products sold readily. Industrial sales were spotty. Mills continued to operate five to six days per week.

Crop progress. Weather conditions were generally favorable in California and the crop made good progress. Growers were becoming more optimistic about crop prospects. Minor problems with lygus, mites and worms were reported. In Arizona, the crop made very good progress and was setting bolls at a rapid rate. Some growers were spraying for pink bollworms but not on a large scale. The crop made good progress in New Mexico under favorable weather conditions. The crop remained later than normal but plants were blooming and setting a good crop of bolls. No major insect problems were reported. In Oklahoma, dryland crops looked fair to good but many fields were beginning to show signs of moisture stress. Irrigated fields looked good and plants were setting a good crop of bolls. Insect populations were being kept in check with spray programs. In Texas, the Plains area crop was blooming and fruiting heavily. Moisture stress appeared in widely scattered localities. Beneficial rains were received in some areas late in the period. The crop remained later than normal and growers were hoping for a late frost. In central portions of the state,

the crop made good progress and some growers considered yield potential as "above average". Scattered showers and rains continued to hamper crop maturity and harvesting in southern portions of the state. Harvesting increased as fields dried. Some gins began around-the-clock operations. The Arkansas crop continued to be rated mostly fair to good. Scattered showers helped relieve dry conditions in some areas, however, more rain is needed. In general, plants were fruiting well and fields were clean and well tended. Insect problems continued in some fields and sprays were being applied. Scattered showers brought relief to some fields in Missouri but general rains are needed to prevent reductions in yield in most areas. Plants have quit growing in many fields. In Tennessee, cotton plants were small in many fields and were blooming in the tops. Rain is badly needed according to many growers. Moisture stress became evident in many Mississippi cotton fields. Growers with irrigation systems were applying water. Non-irrigated cotton was smaller than normal but reports indicated plants have set heavy loads of fruit. Some growers continued regular spray schedules for bollworm and boll weevil control. Spider mites were a problem in some fields. Beneficial rains fell in most Louisiana localities during the week. The crop was growing satisfactorily in most fields and setting fruit. Some growers reported a poor bottom crop. Growers continued spray operations to control boll weevils. Bollworms were becoming a problem in some fields. In Georgia, crop conditions improved as some localities received enough moisture to relieve drought conditions. Observers became more optimistic as to the potential of the crop. Many growers planned to continue controls for insects until around the first of September. Additional rains would be welcomed. The Alabama crop remained in fair condition and was making slow progress. Some localities received thunderstorms but a general rain would be welcome. Most of the crop was setting bolls but was still two to three weeks later than normal. Insect infestations were heavy in some fields but growers reported that control measures have been effective. The weather in North Carolina and South Carolina was mostly hot and dry although a few localities received widely scattered showers. Some fields were showing signs of moisture stress but overall the crop was still in fair to good condition. Rain would be welcomed. Insects and worms were under control.

All cotton production in the United States was forecast at 7.81 million 480 pound net weight bales, 35 percent below last year's production, according to the Crop Reporting Board, SRS, USDA. Upland production was forecast at 7.73 million bales and American Pima at 78,000 bales. If realized, this will be the second smallest crop since 1895. Record high production was 18.9 million bales in 1937.

Planted acreage of all cotton was estimated at 8.30 million acres, 27 percent below 1982 planted acreage. Plantings are below last year in all major states. Declines ranged from 37 percent in Arizona to 15 percent in Arkansas, North Carolina and Tennessee. Growers expect to harvest 7.45 million acres. This will be the lowest acreage harvested since 1868 and is down 23 percent from last year. Yield per harvested acre was forecast at 503 pounds, 87 pounds below last year's record high of 590 pounds.

In the southeastern states, production was forecast at 521,000 bales, down 45 percent from last year. Cool, wet weather delayed planting and continued to retard plant growth until mid-July. Recent hot weather improved growing conditions.

The Delta states' crop was forecast at 2.09 million bales, 44 percent below 1982. Crop development was two to three weeks behind last year.

In Oklahoma and Texas, upland production was forecast at 2.39 million bales, down 19 percent from last year's weather damaged crop. Cool, wet weather delayed planting on the High Plains of Texas and in Oklahoma. Dry weather during July slowed development of the dryland crop.

Growers in the western states expect to harvest 2.72 million bales of upland cotton, 36 percent less than last year. Wet fields delayed planting in the San Joaquin Valley of California and caused widespread replanting. The crop developed rapidly under favorable growing conditions and by August 1 was about one week behind last year's progress.

Cottonseed production for 1983, based on a three year average lint-seed ratio, is forecast at 3.13 million tons, 34 percent below 1982 production.

Cotton acreage harvested, yield per acre and production by states, 1981-1983

State	Area harvested			Lint yield per harvested acre			Production 480 lb. net weight bales 1/		
	1981	1982	Indicated 1983	1981	1982	Indicated 1983	1981	1982	Indicated 1983
	1,000 acres			Pounds			1,000 bales		
<u>Upland</u>									
Alabama	372.0	285.0	195.0	545	775	554	422.0	460.0	225.0
Arizona	599.0	465.0	290.0	1,247	1,130	1,092	1,556.0	1,095.0	660.0
Arkansas	560.0	390.0	310.0	518	657	495	604.0	534.0	320.0
California	1,530.0	1,370.0	965.0	1,109	1,077	995	3,535.0	3,073.0	2,000.0
Florida	17.0	15.0	9.5	601	627	621	21.3	19.6	12.3
Georgia	175.0	158.0	125.0	436	714	538	159.0	235.0	140.0
Louisiana	695.0	595.0	410.0	512	702	562	742.0	870.0	480.0
Mississippi	1,200.0	990.0	750.0	626	853	640	1,565.0	1,760.0	1,000.0
Missouri	183.0	151.0	93.0	441	648	387	168.0	204.0	75.0
Nevada	0.9	0.7	-	800	617	-	1.5	0.9	-
New Mexico	106.0	68.0	49.0	602	551	598	133.0	78.0	61.0
North Carolina	82.0	70.0	59.0	558	699	496	95.0	102.0	61.0
Oklahoma	640.0	450.0	350.0	330	254	325	440.0	238.0	237.0
South Carolina	118.0	95.0	69.0	667	783	661	164.0	155.0	95.0
Tennessee	305.0	255.0	215.0	496	638	480	315.0	339.0	215.0
Texas	7,200.0	4,300.0	3,500.0	376	301	295	5,645.0	2,700.0	2,150.0
Virginia	0.3	0.3	0.3	480	640	320	0.3	0.4	0.2
U. S. upland	13,783.2	9,658.0	7,389.8	542	590	502	15,566.1	11,863.9	7,731.5
<u>American Pima</u>									
Arizona	33.6	41.6	30.8	767	760	764	53.7	65.9	49.0
New Mexico	6.8	9.4	11.0	558	511	480	7.9	10.0	11.0
Texas	17.6	19.5	19.8	491	561	436	18.0	22.8	18.0
U. S. American Pima	58.0	70.5	61.6	659	672	608	79.6	98.7	78.0
U. S. all cotton	13,841.2	9,728.5	7,451.4	543	590	503	15,645.7	11,962.6	7,809.5

1/ Based on crop conditions about August 1.

Source: Crop Reporting Board, Statistical Reporting Service, USDA.

United States Department of Agriculture, Agricultural Marketing Service, USDA

United States-China textile agreement. On July 30, in Geneva, the United States and China agreed to a new five year bilateral textile trade agreement, according to the Foreign Agricultural Service, USDA. This second textile agreement follows seven rounds of talks which began in August, 1982. The new agreement, effective for five years, is retroactive to January 1, 1983 and will expire at the end of 1987. The first U. S.-China textile agreement, signed in September 1980, expired on December 31, 1982. The two countries are expected to exchange notes and officially sign the new agreement in the near future. The agreement is in all respects considered an improvement on the previously negotiated agreement. Full details will be announced following the official diplomatic notes exchange.

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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							
	Oct '83	Dec '83	Mar '84	May '84	Jul '84			
Aug. 4	79.81	79.92	80.82	81.10	81.35	72.63	90.15	
5	80.80	81.17	82.21	82.40	82.20	73.38	90.05	
8	80.00	80.35	81.35	81.60	81.55	73.40	91.00	
9	79.25	79.62	80.50	80.97	81.15	72.84	90.45	
10	79.13	79.89	81.00	81.20	81.50	72.81	90.15	
11	79.35	70.70	80.78	81.08	81.13	72.44	90.80	

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

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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			
	1982-83		1983-84	
	Through August 5		Through August 4	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,815,300 1/	-	2,712,100 2/
Exports	55,000	55,000	65,000	65,000
Total export commitments	-	1,870,300	-	2,777,100
New sales	105,800	-	91,900	-
Buy-backs and cancellations	21,900	-	12,600	-
Net sales	83,900	-	79,300	-
Sales next marketing year	2,400	2,400	11,000	15,800

1/ Includes 448,800 bales carryover from marketing year 1981-82.

2/ Includes 620,500 bales carryover from marketing year 1982-83.

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

Upland cotton export sales. During the marketing year ended July 31, 1983 a total of 4,864,600 running bales were exported, 22 percent less than a year earlier and 620,500 bales were carried over from marketing year 1982-83, according to the Foreign Agricultural Service, USDA. Net new sales for the 1983-84 marketing year totaled 79,300 bales during the week ended August 4. Major buyers were Japan 27,100 bales and Taiwan 13,500 bales. Exports for the 1983-84 marketing year (August 1-4) totaled 65,000 bales with 60 percent for Asian destinations and 32 percent for European destinations.