



## Weekly Cotton Market Review

(Week ended August 16)

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Trading on spot cotton markets continued slow, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were lower. Merchant demand was weak. Domestic and foreign mills made limited purchases. Forward contracting of the 1984 crop was virtually inactive as most growers were unwilling to accept merchant bid prices. The crop continued to make good progress in most localities. Rains were received over much of the Texas Plains and in Oklahoma. Cotton production in the United States for 1984 was forecast at 12.6 million bales, 62 percent above last year's production. United States and world cotton stocks in 1984-85 are expected to increase sharply.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 62.68 cents per pound during the week ended Thursday, August 16. Prices ranged from a high of 63.39 cents on Friday to a low of 62.30 cents on Monday and ended the week at 62.70 cents. A week earlier, prices averaged 64.15 cents per pound, ranging from 63.21 to 65.46 cents. In the corresponding week a year ago, the average price was 72.32 cents. The New York October 1984 futures settlement price ended the week on Thursday at 65.65 cents per pound compared with 66.20 cents a week earlier. The December price was 66.62 cents against 67.04 cents the previous week.

Trading remained slow on spot cotton markets. Supplies were limited and offerings were very light. Demand was weak as most merchants had nearby needs covered. Domestic mill purchases were very light. Export trading was slow. Limited purchases were made by Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 14,300 bales in the week ended Thursday, August 16. This compares with 74,100 bales reported a week earlier and 45,800 bales in the corresponding week last season.

Textile mill report. Mill buying remained slow. Most mills have adequate to excessive supplies to cover needs well ahead and limited purchases to a light volume of fill-ins. Some mills inquired for new crop for spring and later shipment but only a limited amount was purchased. A few mills continued to extend shipments on existing orders or to switch to new crop for later delivery. Slower mill business, large textile imports, high interest rates, a large crop estimate and the expectations of less costly new-crop cotton were dampening factors in the current market. Mills continued to fill orders on the books but new business has been slower. Bill and hold requests and delays in delivery instructions increased. Although some mills have curtailed production, most remain on five-day weeks.

U. S. and world cotton stocks to be up sharply in 1984-85. The 1984-85 global cotton outlook is highlighted by prospects for a significant buildup in stocks, reflecting sharply larger production and only slightly larger consumption. Output is forecast at a record 76.1 million 480 pound net weight bales, 2.2 million above month-earlier indications and 8.5 million above 1983-84. Consumption could total about 70.4 million bales, compared with 68.5 million last season. Consequently, stocks are forecast to jump 5.5 million bales to a record 29.8 million by the end of 1984-85. Foreign cotton stocks this season are projected to increase 4 million bales to 25.2 million, with China again likely to account for most of the increase. Output abroad is placed at a record 63.5 million bales, moderately above a month earlier and 3.7 million above 1983-84. While an upward revision in the Chinese crop accounts for most of the gain over July indications, Pakistan, Brazil and Mexico primarily are responsible for the production increase over last season. Meanwhile, foreign use is expected to rise about 3.5 percent in 1984-85 to nearly 65 million bales, with China, Pakistan and the Soviet Union accounting for about half of the gain.

Foreign exports are expected to benefit from this season's larger supplies, particularly in Pakistan, China and Mexico. Exports may increase about 1.5 million bales above 1983-84's depressed level.

U. S. cotton stocks also are expected to increase sharply this season, in large part due to the prospective 62 percent larger 1984 crop of 12.6 million bales. With production well in excess of anticipated disappearance, ending stocks are expected to total about 4.6 million bales, up from the calculated beginning level of 3.1 million. (Bureau of the Census data as of the end of June indicate that August 1 stocks could be lower. An estimate of August 1 stocks is scheduled for release by the Bureau on August 22). Total use is projected at 11.2 million bales, slightly above a month earlier, but more than one-tenth below 1983-84. Both mill use and exports are expected to be down. Consumption may fall about 5 percent to 5.5 million bales as textile imports continue to penetrate the domestic market. Exports could decline about 16 percent to 5.7 million bales as sharply larger supplies abroad offer stiff competition in export markets. However, U. S. prospects have improved slightly over the past month, reflecting outstanding sales to the Soviet Union and the larger prospective U. S. 1984-85 crop.

World cotton supply and demand estimates for 1983-84 remain basically unchanged from July indications, except for the Soviet Union and United States. Soviet trade has been revised, with recent data showing both larger imports and exports. For the United States, both mill use and exports have been revised down. End-of-season sluggish mill activity prompted a 0.1 million bale reduction in consumption to 5.8 million bales. With a larger-than-anticipated carryover of unshipped sales into the new marketing year, 1983-84 exports were revised down 0.2 million bales to 6.8 million.

All cotton production in the United States was forecast at 12.6 million 480 pound net weight bales, up 62 percent from last year's production, according to the Crop Reporting Board, SRS, USDA. Upland production was forecast at 12.5 million bales and American Pima at 108,300 bales. Average production for the last ten years (1974-1983) was 11.7 million bales and the record high all cotton production of 18.9 million bales was realized in 1937.

Planted area was estimated at 11.0 million acres, up 39 percent from 1983. Plantings are above last year in all states. Growers expect to harvest 10.4 million acres, 41 per-

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Cotton supply and use: World, United States, major exporters and importers;  
projected marketing year 1984-85 <sup>1/</sup>  
August 13, 1984

Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
	Million 480 pound bales					
<u>World</u> <sup>2/</sup>						
July projection	24.7	73.9	19.2	70.5	19.2	28.0
August projection	24.3	76.1	19.3	70.4	19.4	29.8
<u>United States</u>						
July projection	2.9	11.8	<sup>3/</sup>	5.6	5.5	3.7
August projection	3.1	12.6	<sup>3/</sup>	5.5	5.7	4.6
<u>Total foreign</u>						
July projection	21.8	62.1	19.2	64.9	13.7	24.3
August projection	21.2	63.5	19.3	64.9	13.7	25.2
<u>Major exporters</u> <sup>4/</sup>						
July projection	4.7	24.4	0.5	15.9	8.2	5.3
August projection	4.2	24.5	0.6	15.9	8.4	4.9
<u>Major importers</u> <sup>5/</sup>						
July projection	4.5	1.0	15.3	16.0	0.3	4.4
August projection	4.4	1.0	15.3	16.0	0.3	4.4
<u>Others</u>						
July projection	12.6	36.7	3.4	33.0	5.1	14.6
August projection	12.6	38.0	3.4	33.0	4.9	16.0

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

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

cent more than last year. Yield per harvested acre is forecast at 583 pounds, compared with 506 pounds last year and the record high yield of 590 pounds set in 1982.

Production in the southeastern states -- Alabama, Georgia, North Carolina and South Carolina -- was forecast at 810,000 bales, more than double last year's production. Plant development was retarded by dry weather during June but July brought adequate to excessive rainfall which promoted rapid vegetative growth. Prolonged wet cloudy weather reduced fruit set in some areas.

In the Delta states -- Arkansas, Louisiana, Mississippi, Missouri and Tennessee -- production was forecast at 3.53 million bales, 79 percent above last year. Most of the acreage was planted before May 21 and has made good progress under favorable growing conditions. Fruit set is heavy and shedding has been light. About 75 percent of the crop was setting bolls by August 1 compared with less than half last year.

In Oklahoma and Texas, upland production was forecast at 3.67 million bales, up 45 percent from last year. Crop conditions were variable in Texas. The Rio Grande Valley acreage was planted on time, benefited from favorable growing conditions and early harvested fields indicate one of the best crops on record in this area. The High Plains suffered one of the driest winter and spring seasons in many years but June rains allowed planting of the dryland acreage about one to two weeks later than normal. Stands are poor in many fields that were dry planted before rains came. Timely rains during July promoted rapid plant development and yield prospects are fair to good. Prospects for the irrigated acreage are good. Planting was delayed in Oklahoma by dry weather and additional rain is needed.

Growers in western states -- Arizona, California and New Mexico -- expect to harvest 4.43 million bales of upland cotton, 60 percent more than last year. Planting was about 90 percent finished by May 1 in Arizona and California, one week earlier than last year. Except for periods of cool weather in May and June that slowed development, growing conditions have been good.

Cottonseed production for 1984, based on a three-year average lint-seed ratio, was forecast at 5.02 million tons, 63 percent above 1983 production.

The Bureau of the Census reported 162,768 running bales ginned prior to August 1 compared with 2,136 bales ginned to the same date last year and 39,800 bales ginned in 1982.

Cotton acreage harvested, yield per acre and production, by states, 1982-1984

State	Area harvested			Lint yield per harvested acre			Production 480 lb. net weight bales 1/		
	1982	1983	Indicated 1984	1982	1983	Indicated 1984	1982	1983	Indicated 1984
	1,000 acres			Pounds			1,000 bales		
<b>Upland</b>									
Alabama	285.0	215.0	298.0	775	409	580	460.0	183.0	360.0
Arizona	465.0	284.0	477.0	1,130	1,225	1,187	1,095.0	725.0	1,180.0
Arkansas	390.0	310.0	430.0	657	500	547	534.0	323.0	490.0
California	1,370.0	950.0	1,400.0	1,077	996	1,080	3,073.0	1,971.0	3,150.0
Florida	15.0	12.0	13.5	627	608	651	19.6	15.2	18.3
Georgia	158.0	115.0	195.0	714	467	554	235.0	112.0	225.0
Kansas	0.4	0.4	0.8	120	240	480	0.1	0.2	0.8
Louisiana	595.0	410.0	655.0	702	623	696	870.0	532.0	950.0
Mississippi	990.0	675.0	1,140.0	853	640	684	1,760.0	900.0	1,625.0
Missouri	151.0	93.0	140.0	648	377	497	204.0	73.0	145.0
Nevada	0.7	-	-	617	-	-	0.9	-	-
New Mexico	68.0	47.0	72.0	551	715	653	78.0	70.0	98.0
North Carolina	70.0	59.0	94.0	699	350	536	102.0	43.0	105.0
Oklahoma	450.0	300.0	345.0	254	232	237	238.0	145.0	170.0
South Carolina	95.0	69.0	105.0	783	369	549	155.0	53.0	120.0
Tennessee	255.0	215.0	310.0	638	337	500	339.0	151.0	323.0
Texas	4,300.0	3,550.0	4,600.0	301	322	365	2,700.0	2,380.0	3,500.0
Virginia	0.3	0.4	1.0	640	360	480	0.4	0.3	1.0
U. S.	9,658.4	7,304.8	10,276.3	590	504	582	11,864.0	7,676.7	12,461.1
<b>American Pima</b>									
Arizona	41.6	29.3	49.5	760	768	735	65.9	46.9	75.8
New Mexico	9.4	11.1	9.6	511	683	575	10.0	15.8	11.5
Texas	19.5	22.3	17.8	561	689	566	22.8	32.0	21.0
U. S.	70.5	62.7	76.9	672	725	676	98.7	94.7	108.3
U. S. all cotton	9,728.9	7,367.5	10,353.2	590	506	583	11,962.7	7,771.4	12,569.4

1/ Based on crop conditions about August 1.

Source: Crop Reporting Board, Statistical Reporting Service, USDA

Seven months and older certificated stock, September 1, 1984 1/

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	4,697	344	211	211	5,463
Greenville	16	3	2	-	21
Houston	-	-	-	-	-
Memphis	1,142	1,101	-	315	2,558
Mobile	-	-	-	-	-
New Orleans	-	1	-	-	1
<b>Total</b>	<b>5,855</b>	<b>1,449</b>	<b>213</b>	<b>526</b>	<b>8,043</b>

1/ Based on Cotton Division records as of August 15, 1984.

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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 '84	Dec '84	Mar '85	May '85	Jul '85		
Aug. 9	66.20	67.04	68.75	69.61	70.61	63.21	77.00
10	66.45	67.12	69.15	69.90	70.80	63.39	76.75
13	65.16	65.90	67.72	68.74	69.64	62.30	76.75
14	65.43	66.42	68.25	69.00	70.00	62.50	75.00
15	65.41	66.16	68.00	68.75	69.80	62.49	75.15
16	65.65	66.62	68.15	68.90	69.85	62.70	74.95

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 1983-84 and 1984-85

Description	Marketing Year			
	1983-84		1984-85	
	Through August 11		Through August 9	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,712,800	-	3,030,900
Exports	85,900	150,800	82,400	109,700
Total export commitments	-	2,863,600	-	3,140,600
New sales	99,600	-	141,100	-
Buy-backs and cancellations	12,900	-	7,000	-
Net sales	86,700	-	134,100	-
Sales next marketing year	15,100	30,900	700	6,600

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

Upland cotton export sales during the week ended August 9 totaled 134,100 running bales, 11 percent below the previous week, according to the Foreign Agricultural Service, USDA. Major buyers were South Korea with 41,700 bales, Japan 34,200 and Indonesia 27,900 bales. Weekly exports totaled 82,400 bales. Asian destinations accounted for 60 percent of the week's shipments, the USSR 22 percent, Western Hemisphere 9 percent and Western Europe 8 percent.