



Weekly Cotton Market Review

Vol. 64, No. 3

(Week ended August 19)

August 20, 1982

Spot cotton prices recovered slightly after reaching the lowest level in two months, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower offerings were light. Merchant demand was weak. Domestic mill new-crop buying increased. A moderate volume of new-crop cotton was purchased by foreign mills. Forward contracting of 1982-crop cotton by growers was very limited. Heavy rains were received in most of the southern states interrupting insect control measures and contributed to rank growth. The crop continues to make generally good progress. Dry weather is needed in many areas. Harvesting advanced at a rapid pace in the Harlingen area and in some localities neared completion. World cotton production and stocks during the 1982-83 season are projected to increase. Stoneville was the predominant variety of cotton planted in the United States in 1982.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets declined on Monday, August 16, to 59.13 cents per pound. This was the lowest price since June 17. Prices then strengthened to 59.76 on Wednesday and ended the week on Thursday, August 19, at 59.34 cents. This compares with 59.71 cents a week earlier and 64.84 cents on the corresponding Thursday a year ago. The New York October futures settlement price ended the week on Thursday at 64.65 cents per pound compared with 64.95 cents a week earlier. The December settlement price was 66.65 cents against 67.14 cents last Thursday.

Spot trading was limited mostly to south Texas markets. Supplies were increasing as harvesting expanded but many growers were reluctant to sell at current prices. Merchant demand was highly selective and limited mostly to cotton needed to fill nearby commitments. Domestic mills continued to purchase small lots for fill-ins. New-crop buying increased. Export trading consisted of a moderate volume of mostly western growths. Most sales were to Far Eastern mills, mostly 1982-crop cotton. Purchases reported by cotton exchanges in the designated markets totaled 31,000 bales in the week ended Thursday, August 19. This compares with 20,800 bales a week earlier and 30,600 bales in the corresponding week last season.

Textile mill report. Domestic mill buying for prompt to nearby shipment was very light, reflecting reduced production and tight raw cotton inventory control. With sufficient mill stocks of cotton to sustain current output for the next several weeks, few mills purchased beyond an occasional fill-in lot. A number of mills reportedly fixed earlier purchase prices on market lows. Shipper offering prices for new-crop cotton attracted more mill interest and a light to moderate volume was purchased for January and later shipment. Western growths of medium and higher qualities received the most attention. Sales of textiles remain in the doldrums. A few additional mills adjusted to the lethargic market by closing less efficient mills or, where possible, shifting production to newer plants. Occasional new orders for finished goods were reported. Purchase volume was light and delivery dates scattered, making operation scheduling difficult. Blended and all-cotton yarn, underwear, velour, twills, drills, oxford cloth and sheetings were the better sellers in a generally dull market.

Global cotton production, stock estimates revised up. The 1982-83 world cotton outlook now features larger production and stocks than projected a month ago. With a larger U. S. crop forecast, world production is estimated at 66.8 million 480 pound net weight bales, 1.0 million above July indications, but still 4.4 million below last season. The mill use estimate remains unchanged at a record 68.0 million bales, 3.5 percent above 1981-82. Thus, stocks at the end of this season are placed at 25.9 million bales, nearly 1.0 million above July indications, but modestly below the year-earlier level.



U. S. cotton stocks this season may not be worked down as much as previously expected. The carryover is projected at 5.6 million bales, a million below the beginning level but sharply above last month's assessment. An 11 percent larger crop forecast of 11.1 million bales is responsible. Although estimated production dropped 4.5 million bales below 1981 output, disappearance prospects remain sluggish. Mill use and export estimates are unchanged at 5.6 million and 6.7 million bales, respectively.

The foreign cotton outlook for 1982-83 remains basically unchanged from a month ago with prospective supply and demand in fairly close balance. Production is estimated at 55.7 million bales, close to both the July projection and 1981-82 output. The mill use estimate is unchanged at 62.4 million bales, about 2.0 million above last season, reflecting some anticipated improvement in textile activity. If these estimates materialize, 20.3 million bales will be carried over at the end of the season, slightly below the August 1 carryover.

World cotton trade prospects for 1982-83 are not bright. Although global consumption is forecast to increase about 2.3 million bales, most of the increase is expected to originate in major producing countries. Thus, import requirements are estimated to be down 2.5 percent to 19.7 million bales. Exports at this level would be the smallest since 1978-79. Estimated U. S. exports of 6.7 million bales would account for 34 percent of world trade, slightly above the 1981-82 share.

Varieties planted, 1982 crop. Stoneville was the leading variety of upland cotton planted in the United States and accounted for 21 percent of the national acreage. Growers favored Stoneville in Alabama, Arkansas, Mississippi, Missouri and Tennessee. The most popular strain was Stoneville 825 which accounted for 16 percent of the U. S. acreage. Deltapine, the second most popular variety, was planted primarily in Arizona and Louisiana and represented 16 percent of the national acreage. Deltapine 41 and 61 were the two strains most often planted. Acala was the third most popular variety, accounting for 14 percent of the U. S. acreage. This was the leading variety planted in California and New Mexico. Acala SJ-2 was the leading strain planted in California and Acala 1517-75 was the preferred strain in New Mexico. Tamcot was the fourth most popular variety planted and made up ten percent of the national acreage. This was the leading variety planted in Texas. Tamcot SP-21 was the preferred strain. Lankart, the fifth most popular variety in the U. S., was planted primarily in Oklahoma and represented eight percent of the national acreage. Lankart 611 was the favored strain. Paymaster was the sixth preferred variety planted in 1982, accounting for five percent of the U. S. acreage. Paymaster 303 and 792 were the most popular strains. Pima S-5 was the leading strain of American Pima cotton planted this season at 91 percent, followed by P-34 at nine percent of the U. S. acreage.

Estimated percentage of cotton acreage planted to specified varieties, United States, 1978-1982

| Year | Acala | Delta-pine | Lankart | Paymaster | Stoneville | Tamcot | Other | Total |
|------|-------|------------|---------|-----------|------------|--------|-------|-------|
|      | Pct.  | Pct.       | Pct.    | Pct.      | Pct.       | Pct.   | Pct.  | Pct.  |
| 1978 | 13    | 18         | 14      | 7         | 18         | 5      | 25    | 100   |
| 1979 | 13    | 15         | 13      | 8         | 15         | 7      | 29    | 100   |
| 1980 | 10    | 15         | 10      | 7         | 15         | 7      | 36    | 100   |
| 1981 | 13    | 16         | 10      | 9         | 16         | 9      | 27    | 100   |
| 1982 | 14    | 16         | 8       | 5         | 21         | 10     | 26    | 100   |



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

| Item                             | Supply           |            |               | Use      |         | Ending stocks |
|----------------------------------|------------------|------------|---------------|----------|---------|---------------|
|                                  | Beginning stocks | Production | Imports       | Mill use | Exports |               |
| <u>Million 480 pound bales</u>   |                  |            |               |          |         |               |
| <u>1980-81</u>                   |                  |            |               |          |         |               |
| United States                    | 3.0              | 11.1       | <u>2/</u> 5.9 | 5.9      |         | 2.7           |
| World less U. S.                 | 19.4             | 54.4       | 20.4          | 60.0     | 14.0    | 19.3          |
| Major importers <u>3/</u>        | 7.7              | 13.3       | 17.5          | 30.3     | 0.3     | 8.0           |
| Major exporters <u>4/</u>        | 4.9              | 25.4       | 0.2           | 14.9     | 9.5     | 5.2           |
| Others                           | 6.8              | 15.7       | 2.7           | 14.8     | 4.3     | 6.1           |
| World <u>5/</u>                  | 22.4             | 65.6       | 20.5          | 65.9     | 19.9    | 22.0          |
| <u>1981-82</u>                   |                  |            |               |          |         |               |
| United States                    | 2.7              | 15.6       | <u>2/</u> 5.3 | 6.6      |         | 6.6           |
| World less U. S.                 | 19.3             | 55.6       | 20.2          | 60.5     | 13.8    | 20.7          |
| Major importers <u>3/</u>        | 8.0              | 14.5       | 17.2          | 30.9     | 0.4     | 8.4           |
| Major exporters <u>4/</u>        | 5.2              | 24.8       | 0.2           | 15.1     | 9.2     | 5.8           |
| Others                           | 6.1              | 16.2       | 2.8           | 14.5     | 4.1     | 6.5           |
| World <u>5/</u>                  | 22.0             | 71.2       | 20.2          | 65.7     | 20.4    | 27.3          |
| <u>1982-83</u>                   |                  |            |               |          |         |               |
| <u>United States</u>             |                  |            |               |          |         |               |
| July projection                  | 6.6              | 10.0       | <u>2/</u> 5.6 | 6.7      |         | 4.5           |
| Aug. projection                  | 6.6              | 11.1       | <u>2/</u> 5.6 | 6.7      |         | 5.6           |
| <u>World less U. S.</u>          |                  |            |               |          |         |               |
| July projection                  | 20.8             | 55.8       | 19.7          | 62.4     | 13.1    | 20.6          |
| Aug. projection                  | 20.7             | 55.7       | 19.6          | 62.4     | 13.1    | 20.3          |
| <u>Major importers <u>3/</u></u> |                  |            |               |          |         |               |
| July projection                  | 8.4              | 15.4       | 16.5          | 31.7     | 0.4     | 8.3           |
| Aug. projection                  | 8.4              | 15.4       | 16.5          | 31.7     | 0.4     | 8.3           |
| <u>Major exporters <u>4/</u></u> |                  |            |               |          |         |               |
| July projection                  | 5.8              | 24.1       | 0.3           | 15.5     | 8.5     | 6.1           |
| Aug. projection                  | 5.8              | 24.1       | 0.2           | 15.5     | 8.5     | 5.9           |
| <u>Others</u>                    |                  |            |               |          |         |               |
| July projection                  | 6.5              | 16.3       | 2.9           | 15.2     | 4.2     | 6.2           |
| Aug. projection                  | 6.5              | 16.2       | 2.9           | 15.2     | 4.2     | 6.1           |
| <u>World <u>5/</u></u>           |                  |            |               |          |         |               |
| July projection                  | 27.4             | 65.8       | 19.7          | 68.0     | 19.8    | 25.0          |
| Aug. projection                  | 27.3             | 66.8       | 19.7          | 68.0     | 19.8    | 25.9          |

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 |         |         |         |         |       | 9-market average | Grade 31 Staple 35 'A' Index 1/ |
|---------|--------------------|---------|---------|---------|---------|-------|------------------|---------------------------------|
|         | Futures Settlement |         |         |         |         |       |                  |                                 |
|         | Oct '82            | Dec '82 | Mar '83 | May '83 | Jul '83 |       |                  |                                 |
| Aug. 12 | 64.95              | 67.14   | 69.80   | 71.45   | 73.10   | 59.71 | 76.90            |                                 |
| 13      | 65.35              | 67.37   | 69.90   | 71.70   | 73.25   | 60.02 | 76.35            |                                 |
| 16      | 64.42              | 66.42   | 69.17   | 70.75   | 72.25   | 59.13 | 75.90            |                                 |
| 17      | 64.74              | 66.79   | 69.52   | 71.20   | 72.60   | 59.41 | 75.65            |                                 |
| 18      | 65.15              | 67.32   | 69.90   | 71.60   | 73.10   | 59.76 | 75.40            |                                 |
| 19      | 64.65              | 66.65   | 69.10   | 70.87   | 72.50   | 59.34 | 75.70            |                                 |

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

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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 |         |         |         |         |       |                     |
|         | Oct '82            | Dec '82 | Mar '83 | May '83 | Jul '83 |       |                     |
| Aug. 12 | 59.50              | 61.20   | 63.60   | 65.50   | 66.65   | 54.47 |                     |
| 13      | 59.70              | 61.50   | 63.60   | 65.50   | 66.65   | 54.71 |                     |
| 16      | 59.25              | 60.76   | 63.60   | 65.50   | 66.65   | 53.95 |                     |
| 17      | 59.25              | 61.00   | 63.60   | 65.50   | 66.65   | 54.14 |                     |
| 18      | 59.90              | 61.50   | 63.80   | 65.50   | 66.65   | 54.39 |                     |
| 19      | 59.40              | 60.80   | 63.25   | 65.00   | 66.00   | 54.04 |                     |

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

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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    |                |                   |                |
|-----------------------------|-------------------|----------------|-------------------|----------------|
|                             | 1981-82           |                | 1982-83           |                |
|                             | Through August 13 |                | Through August 12 |                |
|                             | Week              | Marketing year | Week              | Marketing year |
| Outstanding sales           | -                 | 2,043,400      | -                 | 1,812,000      |
| Exports                     | 45,400            | 97,100         | 69,500            | 124,500        |
| Total export commitments    | -                 | 2,140,500      | -                 | 1,936,500      |
| New sales                   | 173,000           | -              | 72,400            | -              |
| Buy-backs and cancellations | 1,500             | -              | 6,200             | -              |
| Net sales                   | 171,500           | -              | 66,200            | -              |
| Sales next marketing year   | -                 | 5,700          | 6,000             | 8,400          |

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 66,200 running bales during the week ended August 12, according to the Foreign Agricultural Service, USDA. The major buyers were South Korea 48,000 bales followed by Japan 7,700 bales. Weekly exports totaled 69,500 bales with 86 percent going to Asian destinations and seven percent to European destinations.