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Weekly Cotton Market Review

August 30, 1984

Trading on spot cotton markets remained slow, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices weakened. Merchant demand was weak for the limited supplies of uncommitted cotton held by growers. Domestic and foreign mills made limited purchases. The crop made good to excellent progress except in portions of Oklahoma where it remained critically dry. Exports during the 1983-84 marketing year were the largest in four years.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 62.29 cents per pound during the week ended Thursday, August 30. Prices ranged from a high of 62.66 cents on Friday to a new season low of 61.98 cents on Thursday. A week earlier, prices averaged 62.79 cents per pound, ranging from 62.27 to 63.04 cents. In the corresponding week a year ago, the average price was 74.01 cents. The New York October 1984 futures settlement price ended the week on Thursday at 64.85 cents per pound compared with 66.15 cents a week earlier. The December price was 65.85 cents against 66.90 cents the previous week.

Trading on spot cotton markets was restricted to those portions of Texas where harvesting was under way. Activity was limited mostly to taking delivery of and shipping cotton that had been forward contracted. Stocks of uncommitted cotton were limited and very little was offered at prevailing prices. Merchant demand was restricted mostly to cotton needed to fill current commitments. Domestic and foreign mill buying was slow. Purchases reported by cotton exchanges in the designated markets totaled 125,800 bales in the week ended Thursday, August 30. This compares with 23,700 bales reported a week earlier and 47,300 bales in the corresponding week last season.

Textile mill report. Mill demand for both new and old-crop cotton remained weak. Buying was light and consisted of a small amount for fill-ins and a limited quantity for shipment into the first quarter of next year. Purchases included a fairly wide range of grades and staples. Prices were firm on qualities in short supply for immediate shipment. New crop prices trended weaker. Most mills, that made purchases earlier based on their projected needs, now have ample to excessive cotton and are delaying shipments or selling overstocked qualities. A small amount of Texas new crop was reaching some mills. Sales of textiles were spotty but the softening trend of recent weeks remains evident. Mills continued to fill existing orders but reported some weaker product demand and slower sales into early next year. Numerous apparels, underwear and sportswear remained fairly good sellers while denim, some industrial and a few household products, moved less readily. Most mills remain on five-day schedules.

Cotton stocks revised down, but still expected to increase sharply in 1984-85. The 1983-84 U. S. cotton carryover totaled 2.7 million 480 pound net weight bales, adjusted from preliminary Bureau of the Census survey data released August 23, according to the "Cotton and Wool Outlook and Situation Summary." This stock level is 0.4 million bales below the previous estimate, reflecting a slight upward revision in last season's mill use to 5.9 million bales and a "difference unaccounted" of about 0.3 million. With a forecast 1984 crop well in excess of anticipated use, 1984-85 ending stocks are expected to increase more than 50 percent to 4.2 million bales.

The U. S. textile industry is losing in competition with foreign mills for market share in the United States, and cotton textile imports may account for over one-third of all domestic cotton consumption in 1984. Consequently, mill use is projected to decline about 6 percent to 5.5 million bales during 1984-85.

U. S. 1984-85 cotton exports are forecast at 5.7 million bales, down from 6.8 million during 1983-84. The forecast difference between foreign production and consumption in 1984-85 is only 1.4 million bales. However, China's stocks are expected to rise nearly 3 million bales, and stocks in other foreign countries will probably rise from very low 1983-84 levels.

The 1984 U. S. cotton crop is forecast at 12.6 million bales, based on August 1 conditions. Chances are two out of three that production will range from 11.5 to 13.7 million bales, up from 7.8 million in 1983. Planted acreage is estimated at 11 million, only 3.1 million more than in 1983 when 4.1 million more acres were idled under government programs.

Because the average spot market price declined from 82.00 cents per pound in late May to 63.00 cents in mid-August, the 55.00 cent loan rate is again influencing the cotton industry. Farmers must pay storage and interest cost when redeeming cotton from loan, and those charges on cotton harvested in 1983 could render current market prices unattractive.

Foreign production and consumption are forecast at record levels of 63.5 and 64.9 million bales during 1984-85. World exports could reach 19.4 million bales, an average level. World ending stocks could rise 5.5 million bales to 29.4 million; most of the stock increase is forecast to occur in the United States and China.

Stocks of extra long staple (ELS) cotton are forecast to decline during 1984-85 because more competitive prices could boost exports to 45,000 bales. Textile imports will force ELS mill use lower, possibly to 63,000 bales in 1984-85. ELS production in 1984 is forecast at 108,000 bales.

Exports of cotton from the United States totaled 365,500 running bales in July, according to the Bureau of the Census. This was down from 409,200 bales shipped in July a year earlier and 395,800 bales two years ago. Exports during the 1983-84 marketing year (August-July) totaled 6,418,700 bales, the largest volume since the 1979-80 season. Exports totaled 4,959,500 bales in the 1982-83 season and 6,248,900 bales in 1981-82.

Exports of cotton from the United States, running bales, by months and seasons, 1970-1983

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Total 1/
	1,000 bales												
1970	84	89	180	251	362	439	455	562	467	327	307	213	3,737
1971	162	310	195	272	417	337	402	437	275	163	147	110	3,229
1972	58	82	191	352	534	654	528	677	607	437	500	381	5,000
1973	329	266	259	257	592	545	598	778	638	561	496	426	5,746
1974	261	125	120	272	350	409	380	346	371	364	392	356	3,746
1975	325	258	226	176	237	214	141	381	302	327	315	276	3,178
1976	274	342	217	265	376	354	509	536	548	400	462	282	4,565
1977	181	200	149	333	496	521	502	704	640	510	528	456	5,219
1978	524	388	283	355	464	517	577	574	602	542	614	410	5,850
1979	463	428	390	630	902	737	1,025	1,150	916	911	686	540	8,779
1980	402	393	237	436	541	669	688	733	498	458	320	264	5,639
1981	233	211	262	478	732	653	754	873	676	484	498	396	6,249
1982	342	351	293	382	377	438	368	487	612	464	435	409	4,959
1983 2/	367	322	261	441	632	663	719	896	723	607	422	365	6,419

1/ The sum of monthly figures may not equal the season total because of rounding.

2/ Preliminary.

Source: Bureau of the Census

Farm prices, average prices in designated spot markets and landed Group 201 Mill Points (Group B), in cents per pound, net weight, United States, crops of 1979-1983

Year beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Avg.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
<u>Average prices received by farmers for upland cotton 1/</u>													
1979	59.20	57.30	61.20	61.00	59.80	60.90	64.90	62.90	61.00	63.60	62.20	71.50	62.30
1980	73.70	73.90	75.30	77.60	80.90	76.60	70.80	71.90	72.70	72.50	71.20	70.40	74.40
1981	65.00	58.10	63.20	61.10	51.50	50.30	49.10	50.40	54.30	55.80	58.10	59.90	54.00
1982	52.70	56.00	60.90	61.00	57.70	57.00	57.70	62.20	60.40	63.60	62.60	67.10	59.10
1983	67.00	63.10	64.00	66.80	67.30	62.70	65.70	70.50	68.10	73.60	69.50	67.70	<u>2/66.10</u> <u>3/</u>
<u>Grade 41 staple 34 cotton in designated spot markets</u>													
1979	62.08	62.15	62.88	63.40	66.20	72.40	80.66	79.24	79.05	78.27	72.41	79.01	71.48
1980	85.60	87.51	85.78	87.05	87.23	85.11	83.30	81.52	81.15	78.46	78.12	75.08	82.99
1981	66.44	60.81	60.63	57.47	55.11	57.82	57.26	59.73	62.03	62.44	61.10	64.96	60.48
1982	60.38	58.98	58.58	58.20	59.65	60.16	61.72	66.05	65.33	66.88	70.74	70.27	63.08
1983	72.93	71.68	72.01	73.41	73.04	70.55	71.38	74.89	75.64	79.44	75.00	67.35	73.11
<u>Grade 31 staple 34 cotton in designated spot markets</u>													
1979	63.69	63.64	64.19	64.51	67.30	73.52	81.79	80.37	80.18	79.40	73.54	80.14	72.69
1980	86.76	88.68	87.06	88.19	88.32	86.23	84.41	82.66	82.25	79.56	79.20	76.16	84.12
1981	67.52	61.91	61.80	58.86	56.52	59.15	58.73	61.31	63.56	63.95	62.61	66.47	61.87
1982	61.90	60.47	60.01	59.53	61.36	62.36	63.89	68.09	67.50	68.95	72.66	72.18	64.91
1983	74.69	73.50	74.01	75.71	75.44	72.46	73.08	76.33	76.96	80.66	76.22	68.57	74.80
<u>Grade 41 staple 34 cotton, landed Group 201 Mill Points (Group B) 4/</u>													
1979	68.73	68.67	69.44	70.96	72.52	79.45	87.44	86.96	87.39	84.93	78.41	83.58	78.21
1980	90.79	95.30	92.48	93.97	95.06	94.65	92.33	90.54	89.71	87.31	86.48	83.20	90.99
1981	74.83	68.61	68.06	65.67	63.57	65.96	65.50	67.31	69.07	70.74	68.31	73.68	68.44
1982	68.91	66.92	66.32	65.32	67.90	68.52	69.24	74.90	75.14	75.74	80.27	80.51	71.64
1983	82.39	81.33	80.78	82.20	81.62	79.08	79.45	82.88	83.25	86.27	83.73	75.05	81.50
<u>Grade 31 staple 34 cotton, landed Group 201 Mill Points (Group B) 4/</u>													
1979	72.35	71.83	72.36	72.90	75.00	82.35	90.87	90.70	91.16	88.49	80.39	86.47	81.24
1980	95.12	98.90	95.28	96.85	97.41	96.93	95.15	92.85	91.78	89.46	88.55	84.76	93.59
1981	76.59	70.42	70.15	67.62	65.28	68.92	68.09	70.03	72.09	73.95	70.97	76.56	70.89
1982	71.05	69.21	68.88	67.65	70.75	71.77	73.04	78.96	78.63	79.23	84.10	84.44	74.81
1983	86.11	84.30	84.15	85.71	85.16	82.53	82.49	86.05	85.65	89.03	85.67	76.96	84.48

1/ Annual averages are crop year average prices, by states, weighted by sales, including an allowance for unredeemed loans at estimated average loan value, as reported by the Statistical Reporting Service, USDA.

2/ Mid-month price.

3/ Average to April 1, 1984 with no allowance for unredeemed loans.

4/ Monthly average prices of cotton for Southeastern, Memphis, Texas-Oklahoma and California (San Joaquin) growths. Average landed prices for grade 31 staple 34 excludes Texas-Oklahoma growths.

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. 23	66.15	66.90	68.70	69.85	70.45	63.04	74.85	
24	65.55	66.57	68.36	69.60	70.45	62.66	75.20	
27	65.12	66.19	68.10	69.20	70.20	62.18	Holiday	
28	65.35	66.46	68.35	69.45	70.35	62.38	74.50	
29	65.20	66.26	68.17	69.45	70.35	62.27	74.65	
30	64.85	65.85	67.82	69.11	70.10	61.98	74.50	

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

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 25		Through August 23	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,684,800	-	3,057,900
Exports	60,200	298,800	121,000	334,200
Total export commitments	-	2,983,600	-	3,392,100
New sales	71,400	-	183,700	-
Buy-backs and cancellations	3,800	-	10,700	-
Net sales	67,600	-	173,000	-
Sales next marketing year	-	31,900	-	6,600

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

Upland cotton export sales. Activity increased during the week ended August 23 and resulted in net sales of 173,000 running bales, according to the Foreign Agricultural Service, USDA. The leading buyers were Japan with 46,600 bales, South Korea 44,800, Taiwan 14,300, Portugal 10,500, Romania 10,000 and Equador 9,500 bales. This was the first purchase by Romania since marketing year 1982-83. Weekly exports of 121,000 bales exceeded the previous week by 17 percent. Asian destinations accounted for 41 percent of the week's shipments, the USSR 36 percent, Western Europe 10 percent, Eastern Europe 8 percent and Western Hemisphere 5 percent.