UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
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Weekly Cotton Market Review

(Week ended December 16)

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Trading of spot cotton increased, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices declined after the sudden jump last Thursday. Merchant demand was fairly good. Growers offered and sold a larger volume of cotton on days when the New York futures market strengthened. Domestic and foreign mills continued to limit purchases. Rains and wet fields continued to interrupt harvesting in most areas. All cotton production in the United States was forecast at 12.1 million bales, 1 percent above last month's estimate. World cotton stocks continued to build.

Spot prices for grade 41 staple 34, mike 35-49 cotton, in the designated markets averaged 59.66 cents per pound on Thursday, December 16. This compares with 61.05 cents a week earlier and 55.18 cents on the corresponding Thursday last season. The average price declined 152 points to 59.53 cents by Monday, December 13, but remained fairly stable the balance of the period. The New York March 1983 futures settlement price ended the week on Thursday at 65.86 cents per pound compared with 67.53 cents a week earlier.

Trading. The volume of cotton traded on spot cotton markets increased. Purchases reported by cotton exchanges in the designated markets totaled 371,700 bales in the week ended Thursday, December 16. This was the largest weekly volume for this marketing year. A week earlier 261,100 bales were reported and 423,100 bales in the corresponding week last season. Prices strengthened early in the period and growers offered and sold a larger volume of cotton. Merchant demand was fairly good and most purchases were to cover nearby commitments. Domestic mills continued to limit purchases mostly to cotton for prompt or nearby needs. Export trading remained slow.

Textile mill report. Mill buying slowed, reflecting continued sluggish textile sales and the upcoming holidays. Stocks of cotton at mills were mostly adequate and purchases were limited to a light volume for prompt to nearby shipment. A few mills indicated that they could need some cotton for both fill-ins and forward delivery should finished goods sales improve. The availability of some imported goods offered at cut rate prices remained a negative factor in the textile market. Some mills producing all-cotton denim remained on full production with only a few days scheduled off for the holidays. Sales extending into the second quarter were reported by some denim mills. Numerous other textiles continue to experience market weakness and mills producing these goods plan to close for up to two weeks during the holidays.

Cotton production in the United States was forecast at 12.1 million 480 pound net weight bales, 1 percent above last month's forecast and 23 percent below production in 1981, according to the Crop Reporting Board, SRS, USDA. Upland production was expected to total 12.0 million bales and American Pima 110,700 bales. Growers expect to harvest 9.4 million acres of upland cotton and 72,700 acres of American Pima. Upland yield was forecast at a record 612 pounds per acre and American Pima at 731 pounds.

Production in the southeastern states--Alabama, Georgia, North Carolina and South Carolina--was forecast at 925,000 bales, up 1 percent from last month and 10 percent above last year. Harvest completion was delayed by rains after mid-November.

In the Delta states--Arkansas, Louisiana, Missouri, Mississippi and Tennessee--growers expect to harvest 3.79 million bales, up 1 percent from last month and 12 percent above 1981. Harvest was delayed by rains and wet fields. Mostly second picking remained to be harvested. Rains caused some yield loss but the greatest effect was lowering of grade.

Upland production in Texas and Oklahoma was forecast at 2.88 million bales, up 4 percent from last month and down 53 percent from last year. Harvesting was about two-thirds finished. Progress was about average in Texas and about one to two weeks behind normal in Oklahoma.

In the western states--Arizona, California and New Mexico--upland production expected to total 4.38 million bales, unchanged from last month and down 16 percent from last year. Harvesting was delayed by rains that caused some yield loss but mostly lower quality. Heavy rains in Arizona may reduce the acreage gleaned after harvest.

The Bureau of the Census reports 8,825,792 running bales ginned prior to December 1. The comparable 1981 and 1980 totals were 10,156,076 bales and 7,840,476 bales, respectively.

World cotton stocks continue to build. This month's assessment of the world cotton outlook for 1982-83 points to production moderately in excess of mill use with stocks continuing to build. Record yields may boost output to an estimated 68.2 million bales, one million above the November indication. Global consumption is forecast at 66.6 million bales, near month-earlier prospects. Consequently, this season's ending stocks now are placed at 29.5 million bales, about one million above a month ago and 1.5 million above the beginning level.

The United States is burdened with most of this season's prospective surplus in world cotton stocks. By the end of 1982-83, the U. S. carryover may total 8.0 million bales, 0.5 million above the month-earlier indication and sharply above the carryin. The increase reflects weak demand in the face of surprisingly large production of 12.1 million bales. While mill use may only slightly top last season's 50-year low of 5.3 million bales, exports are expected to total about 5.4 million, sharply below 1982-83's 6.6 million. Relatively poor export prospects are the result of diminished import demand by China because of record production there as well as sluggish textile activity in major importing countries in the Far East and Western Europe.

A close balance between supply and demand continues to highlight the foreign cotton outlook for 1982-83. Production is estimated at a record 56.1 million bales, 0.8 million above month-earlier prospects, primarily reflecting larger production in China and Brazil. Prospective consumption remains unchanged from last month at 61.1 million bales. This season's ending stocks are placed at 21.5 million bales, near the year-earlier level.

Cotton trade prospects for 1982-83 continue to slip. With smaller import needs by China, world imports are estimated at 17.6 million bales, 0.5 million below the November indication, and the smallest since 1974-75. So, with reduced import demand, global exports are off over a tenth at 17.6 million bales. U. S. exports may drop nearly one-fifth from last seasoon. The U. S. share of world trade is expected to decline slightly, reflecting generally less competitive prices in international markets.

U. S. cotton: Supply and use, marketing years 1980-81, 1981-82 and projected 1982-83 1/
December 13, 1982

Cotton	1980-81	1981-82	1982-83 Projections		
			November	December	Probable variation 2/
			Million 480 lb. bales		
Beginning stocks 3/	3.0	2.7	6.6	6.6	
Production	11.1	15.6	11.9	12.1	+0.2 to -0.2
Supply, total 4/	14.1	18.3	18.6	18.8	+0.2 to -0.2
Mill use	5.9	5.3	5.4	5.4	+0.3 to -0.3
Exports	5.9	6.6	5.8	5.4	+0.7 to -0.7
Use, total	11.8	11.8	11.2	10.8	+1.0 to -1.0
Dif. unactd. 5/	0.4	0.1	0.1	0.1	
Ending stocks	2.7	6.6	7.5	8.0	+1.2 to -1.2

1/ Marketing year beginning August 1. 2/ The "probable variation" reflects the root mean square error and/or standard error of estimate from trend and judgment. Chances are about two out of three that the outcome will fall within the implied ranges. 3/ Based on Bureau of the Census data. 4/ Includes imports. 5/ Difference between ending stocks based on Bureau of Census data and preceding season's supply less distribution. NOTE: Totals may not add due to rounding.

Source: United States Department of Agriculture.

Cotton acreage harvested, yield per acre, production and ginnings, by states, 1981-1982

State	Area harvested		Lint yield per harvested acre		Production 480-lb. net weight bales 1/			Ginnings prior to December 1	
	1981	Indicated 1982	1981	Indicated 1982	1981	Indicated 1982 November	Indicated 1982 December	1981	1982
Upland	1,000 acres		Pounds		1,000 bales			Running bales	
Alabama	372.0	300.0	545	720	422.0	450.0	450.0	373,426	407,362
Arizona	599.0	489.0	1,247	1,178	1,556.0	1,200.0	1,200.0	875,988	558,508
Arkansas	560.0	425.0	518	610	604.0	540.0	540.0	582,109	510,703
California	1,530.0	1,370.0	1,109	1,086	3,535.0	3,100.0	3,100.0	2,529,038	2,117,009
Florida 2/	17.0	15.0	601	640	21.3	20.0	20.0	-	-
Georgia	175.0	175.0	436	603	159.0	220.0	220.0	121,591	183,278
Louisiana	695.0	605.0	512	698	742.0	880.0	880.0	701,012	814,412
Mississippi	1,200.0	1,050.0	626	823	1,565.0	1,800.0	1,800.0	1,490,715	1,618,666
Missouri	183.0	155.0	441	650	168.0	205.0	210.0	152,601	194,709
Nevada 2/	0.9	0.9	800	640	1.5	1.2	1.2	-	-
New Mexico	106.0	65.0	602	591	133.0	80.0	80.0	92,020	53,312
North Carolina	82.0	72.0	558	667	95.0	100.0	100.0	85,942	95,140
Oklahoma	640.0	440.0	330	305	440.0	260.0	280.0	154,243	80,370
South Carolina	118.0	95.0	667	783	164.0	145.0	155.0	142,406	133,768
Tennessee	305.0	250.0	496	682	315.0	340.0	355.0	287,898	318,098
Texas	7,200.0	3,900.0	376	320	5,645.0	2,500.0	2,600.0	2,507,002	1,677,031
Virginia 2/	0.3	0.3	480	480	0.3	0.3	0.3	-	-
All other	-	-	-	-	-	-	-	13,750	11,668
U. S. upland	13,783.2	9,407.2	542	612	15,566.1	11,841.5	11,991.5	10,109,741	8,774,034
American Pima									
Arizona	33.6	43.9	767	875	53.7	75.9	80.0	27,574	26,919
New Mexico	6.8	9.3	558	501	7.9	8.0	9.7	1,963	3,257
Texas	17.6	19.5	491	517	18.0	22.0	21.0	16,798	21,582
U. S. American Pima	58.0	72.7	659	731	79.6	105.9	110.7	46,335	51,758
U. S. all cotton	13,841.2	9,479.9	543	613	15,645.7	11,947.4	12,102.2	10,156,076	8,825,792

1/ Production ginned and to be ginned and based on crop conditions about December 1.
2/ Estimates for current year carried forward from earlier forecast.

Compiled from reports of the Crop Reporting Board, Statistical Reporting Service, USDA and Bureau of the Census.

United States Department of Agriculture, Agricultural Marketing Service, Cotton Division

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						Grade 31 Staple 35
	Futures Settlement					9-market average	'A' Index 1/
	Mar '83	May '83	Jul '83	Oct '83	Dec '83		
Dec. 9	67.53	68.90	69.50	68.25	68.65	61.05	69.15
10	66.82	68.40	68.95	68.90	69.45	60.49	69.75
13	65.62	67.26	68.55	68.15	68.65	59.53	70.00
14	65.67	67.22	68.47	67.70	68.17	59.63	69.70
15	65.47	67.07	68.14	67.15	67.22	59.42	69.70
16	65.86	67.31	68.29	67.20	67.47	59.66	69.75

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					
	Futures Settlement					5-market average 1/
	Mar '83	May '83	Jul '83	Oct '83	Dec '83	
Dec. 9	61.40	63.00	64.00	-	-	55.34
10	60.83	62.35	63.75	-	-	54.91
13	60.30	61.80	63.00	-	-	54.19
14	59.95	61.45	62.70	-	-	54.27
15	59.60	61.20	62.60	-	-	54.15
16	60.00	61.35	62.60	-	-	54.39

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 December 10		Through December 9	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	3,746,200	-	1,868,500
Exports	123,300	1,308,400	87,200	1,426,600
Total export commitments	-	5,054,600	-	3,295,100
New sales	181,100	-	45,100	-
Buy-backs and cancellations	10,200	-	7,600	-
Net sales	170,900	-	37,500	-
Sales next marketing year	18,300	72,200	-	30,200

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

Upland cotton export sales activity was slow during the week ended December 9, according to the Foreign Agricultural Service, USDA. The net increase of sales totaled 37,500 running bales, 16 percent below the average of the past four weeks. The major buyers were Japan 17,900 bales and South Korea 11,700 bales. Asian destinations accounted for 74 percent of the week's exports of 87,200 bales and European destinations 16 percent.