

UNITED STATES DEPARTMENT OF AGRICULTURE

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AGRICULTURAL MARKETING SERVICE

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Weekly Cotton Market Review

(Week ended December 8)

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Spot cotton prices trended slightly higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading continued active. Grower offerings and sales increased. Merchant demand was very good. Domestic and foreign mills continued to buy a moderate volume of cotton. Through the end of November, about 20 percent of the 1983 crop had been forward contracted and a sizeable acreage of 1984 crop. Harvesting was finished or neared completion in most areas. The interest rate for CCC loans disbursed in December will be 9.875 percent.

Spot cotton prices were firm. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets was 73.41 cents per pound on Friday, December 2. Prices moved within a fairly narrow range and ended the week on Thursday, December 8, at 73.92 cents. This compares with 73.12 cents a week earlier and 61.05 cents on the corresponding Thursday last season. The New York March 1984 futures settlement price ended the week on Thursday at 80.15 cents per pound against 79.79 cents a week ago.

Trading on spot cotton markets continued active. Growers offered and sold a larger volume of cotton. Merchant demand was particularly strong for qualities needed to fill prompt or nearby commitments. Domestic mill buying was moderately active and included cotton for both prompt and forward delivery. Export trading was more active. Sales were made to Far Eastern and European mills and included both 1983 and 1984-crop cotton. Purchases reported by cotton exchanges in the designated markets totaled 376,500 bales in the week ended Thursday, December 8. This compares with 243,500 bales a week earlier and 261,100 bales in the corresponding week last season.

Textile mill report. Mill buying was moderately active and included cotton for prompt and deferred delivery. Demand remained good for central and western growths and continued to strengthen for lower-grade Texas cotton. Delivery dates extended into the early summer of 1984. Shipments were arriving at most mills at a steady rate. Occasional spot shortages were being covered with fill-ins for prompt delivery. Shippers and mills were working together on delivery of late PIK cotton and on substitute qualities where shortages have developed. Mill business remains good. Mills continued to fill orders booked into second quarter months. Work schedules were five to seven days per week. Mills have announced plans to close for various lengths of time during the years' end holidays.

Foreign crop report. The Cotton Outlook of Liverpool reports that rarely, so late in the Northern Hemisphere harvest, has the outlook for world production been so obscure. The uncertainty is particularly disturbing following the 1982-83 crop disaster in Russia, and the unexpectedly sharp reduction of current crop acreage in the U. S. Once again, the principal uncertainty arises over the situation in Asia. The Russian harvest has for some time been officially acknowledged to be exceptionally late, but most assessments so far have presumed that weather conditions have been favorable enough to ensure the attainment of a normal lint outturn. However, the urgency of recent government exhortations to farmers in Uzbekistan, who grow over 60 percent of the Soviet crop, suggests that renewed doubts have now set in. Moscow is certainly still offering virtually no cotton to any

Western market, whereas substantial sales would normally have been concluded by this time with both Japan and Western Europe. In Pakistan, hopes of a record output have been dashed by severe pest and disease attacks. Exports of cotton, normally a key element in the country's foreign exchange earnings, have been suspended, and the domestic industry which expects to use over 2,300,000 bales (of 480 pounds) is no longer assured that the outturn will even be sufficient to meet its own needs. Until very recently, India had appeared relatively fortunate: her producing areas contiguous with Pakistan's, had reported little damage, and her more southerly regions were highly optimistic. However, there too production forecasts have recently fallen sharply, on reports that the northern areas may be sharing Pakistan's misfortune, and that disappointing yields are being recorded further south. China, in sharp contrast, seems destined to break her production record for yet another straight season. The general increase of acreage in her northern province has continued, and the adoption of personal production incentives and of better agricultural practices continues to increase yields. However, her capacity to export cotton (if not textiles) appears gravely limited by her baling and transport arrangements, a situation which suggests that even the present world shortage of exportable supplies will do little to increase her share of world markets. Most South American countries can also contribute virtually nothing at present to world supplies, since the bulk of the 1983-84 crops now in the ground will be needed to make good the domestic shortfall from last season. The severity of the world scarcity has been particularly well illustrated during the past few days in the long staple sector, where Egypt appears to have committed her entire crop within the course of one week. Yields were a little disappointing, and her exportable surplus (normally in the region of 825,000 bales) proves to comprise only about 340,000 bales of extra-long staple varieties, and 375,000 of long staples. Despite the establishment of very high prices, Alexandria has been overwhelmed by bids and has been obliged to allocate supplies among regular customers.

It seems almost inevitable under the circumstances, that foreign demand for U. S. cottons, almost throughout the quality range, will be well maintained for some months to come, at least until the size of the world 1984-85 crop can be judged with some accuracy. It is doubtless inevitable too, that all producing countries will be encouraged by current prices to raise acreage for that crop.

Cotton harvesting of the 1983 crop was 87 percent complete in the 14 major producing states, according to USDA's National Agricultural Summary. This compares with 78 percent in 1982 and the average of 79 percent. Progress was behind normal in California, Georgia and New Mexico. California picking was 90 percent finished and many fields had been picked twice. Growers continued shredding and disking harvested fields. Rain interrupted harvesting in most areas of Arizona late in the week. Growers shredded stalks and prepared the land for another crop. Cold temperatures accelerated harvesting in Oklahoma where producers had picked 55 percent of their acreages. In Texas, cotton harvesting advanced on the High Plains. Harvesting was virtually complete in the Delta states and 96 percent finished in the southeast.

All cotton: Percent harvested through December 4,
1982-1983 crops and 5-year average

State	1983	1982	Average	State	1983	1982	Average
AL	97	97	92	NM	64	85	80
AZ	96	70	85	NC	100	84	96
AR	99	95	96	OK	55	25	50
CA	90	93	94	SC	100	100	98
GA	89	93	95	TN	99	100	90
LA	99	94	98	TX	80	68	64
MS	98	94	97				
MO	100	100	100	All states	87	78	79

Source: National Agricultural Summary, USDA.

Contracting 1983 crop. United States upland cotton growers had forward contracted about 20 percent of the 1983 crop by the end of November. This was up from 12 percent booked for this period last year and 10 percent in 1981. Growers in western states had contracted about 44 percent of their crop, the largest percentage booked for this period since records began in 1980. A year ago, 17 percent was under contract and two years ago, 10 percent. Growers in southeastern states had forward contracted about 28 percent compared with 16 percent a year earlier and 10 percent two years ago. In south central states, growers had booked 26 percent compared with 22 percent the previous year and 19 percent in 1981. Growers in southwestern states had contracted about 7 percent against 4 percent a year earlier and 7 percent two years ago. American Pima cotton growers had forward contracted about 5 percent of their acreage by the end of November. Booking of this year's crop has been mostly in Arizona where 11 percent was under contract. These estimates were based on the Crop Reporting Board's November indicated acreage for harvest and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Forward contracting of upland cotton by growers, through November 30, crops of 1980-1983, and acres for harvest, 1983 crop

State	Cotton crops				Acres for harvest ^{1/} 1,000 acres
	1980	1981	1982	1983	
	Percent	Percent	Percent	Percent	
Alabama	32	6	13	22	215
Georgia	14	10	7	18	115
North Carolina	43	8	17	28	59
South Carolina	55	24	39	62	69

Southeastern states	33	10	16	28	458

Arkansas	55	16	18	24	310
Louisiana	41	8	18	21	410
Mississippi	80	28	24	28	675
Missouri	78	26	24	38	93
Tennessee	46	9	28	33	215

South Central states	63	19	22	26	1,703

Oklahoma	4	2	1	-	300
Texas	22	8	5	7	3,300

Southwestern states	20	7	4	7	3,600

Arizona	46	7	21	19	288
California	44	12	17	53	965
New Mexico	7	1	*	-	49

Western states	43	10	17	44	1,302

United States	34	10	12	20	7,063

^{1/} November 1983, Crop Reporting Board, Statistical Reporting Service, USDA.

* Less than 0.5 percent.

DAILY COTTON MARKET NEWS

MARKET

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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							
	Dec '83	Mar '84	May '84	Jul '84	Oct '84			
Dec. 1	76.50	79.79	81.02	81.75	76.20	73.12	89.20	
2	76.65	80.18	81.32	82.00	76.40	73.41	89.25	
5	77.50	80.04	81.16	81.90	76.20	73.37	89.30	
6	76.80	80.30	81.40	82.17	76.25	73.63	89.30	
7	77.38	80.78	81.97	82.47	76.75	74.14	89.45	
8	OUT	80.15	81.25	82.00	76.40	73.92	89.80	

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 1982-83 and 1983-84

Description	Marketing Year			
	1982-83		1983-84	
	Through December 2		Through December 1	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,918,300	-	3,186,100
Exports	101,800	1,339,400	135,100	1,441,400
Total export commitments	-	3,257,700	-	4,627,500
New sales	48,000	-	150,100	-
Buy-backs and cancellations	4,600	-	6,400	-
Net sales	43,400	-	143,700	-
Sales next marketing year	-	30,200	17,700	198,700

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

Upland cotton export sales during the week ended December 1 resulted in a net increase of 143,700 running bales, according to the Foreign Agricultural Service, USDA. This was down 4 percent from a week earlier but 6 percent above the four-week average. The principal buyers were Japan 48,500 bales, South Korea 20,400, Italy 12,000 and Canada 10,000 bales. Weekly exports of 135,100 bales were the largest of the marketing year and about 40 percent greater than both the four-week average and a week earlier. Asian destinations accounted for 83 percent and European destinations 11 percent of the week's shipments.