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Weekly Cotton Market Review
(Week ended February 17)

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Spot cotton prices reached the highest level in over six months, according to the Cotton Division, Agricultural Marketing Service, USDA. Growers and merchants continued to show a strong interest in contracting PIK entitlements. Trading on spot markets was slow. Growers were holding a limited volume of uncommitted cotton. Demand was best for higher grades but offerings were light. Domestic and foreign mill buying was a little more active. A light volume of 1983-crop cotton was forward contracted by growers. Wet fields continued to hinder the final stages of harvesting and field preparation for the next crop. World cotton stocks at the end of this season are expected to reach a seven-year high. United States cotton growers expect to plant 9.3 million acres in 1983.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets ended the week on Thursday, February 17, at 61.85 cents per pound, the highest daily average since August 6, 1982. This compares with 60.67 cents a week earlier and 57.56 cents on the corresponding Thursday last season. The New York May 1983 futures settlement price ended the week on Thursday at 67.80 cents per pound compared with 67.04 cents a week earlier. The October settlement price was 67.65 cents against 66.85 cents last Thursday and the December price was 67.91 cents compared with 67.24 cents a week earlier.

Trading on spot cotton markets was slow. Most growers had either marketed their crop or entered it into the CCC loan program. Merchant demand was highly selective and supplies left in growers hands were mostly undesired qualities. Domestic mills showed more interest in buying and purchases included cotton for both nearby and forward delivery. Export trading was a little more active in some markets. Both Far Eastern and European mills made purchases and shipment dates extended into mid-1984. Purchases reported by cotton exchanges in the designated markets totaled 168,800 bales in the week ended Thursday, February 17. This compares with 227,300 bales a week earlier and 280,500 bales in the corresponding week last season.

PIK trading. In California's San Joaquin Valley, merchants offered 52.00 to 55.00 cents per pound for PIK entitlements. On the Texas Plains and in western Oklahoma, growers booked a light volume of PIK's at 45.00 cents, basis grade 42 staple 32, mike 35-49, with 1983 CCC loan premiums and discounts. South Texas growers booked a sizeable volume of PIK entitlements at about 47.00 cents for 1980 crop, 50.00 cents for 1981 crop and 55.00 cents for 1982 crop. A considerable amount was also booked, basis grade 41 staple 34, mike 35-49, at 50.00 cents for 1980 crop PIK's, 55.00 cents for 1981 crop and 57.20 cents for 1982 crop. A small volume of 1982 crop PIK's, lower Rio Grande Valley cotton, was booked at 58.00 cents, basis grades 41 and higher, staples 34 and longer, mike 35-49. In the Hayti, Missouri area, a light volume of 1981 crop PIK's were booked for up to 50.00 cents per pound and 52.00 cents for 1982 crop. In Mississippi, merchant interest in PIK entitlements was strong but growers were reluctant to book. Merchants were generally offering 52.00 to 55.00 cents per pound for PIK entitlements. Louisiana growers booked 1982 crop PIK entitlements at 54.00 cents and 1980 and 1981 crop at about 50.00 cents. In Alabama, merchants offered 50.00 to 55.00 cents for PIK's, basis grade 41 staple 34, mike 35-49.

Textile mill report. Mill purchases increased for both prompt and deferred delivery. Interest centered on western growths, medium and higher grades. Reports indicate that prices asked by shippers and marketing cooperatives were firm to slightly higher. Most of the recent purchases were for forward delivery extending into the summer of 1984. Textile

sales for third quarter and beyond were generally light to moderate; however, a slight improvement was noted in goods for the automotive industry. Denim, athletic garment materials and underwear remained good sellers. Towels and print cloth were under price pressure, reportedly from imports. Yarn sales were mixed with increased requests for deferred delivery. Work schedules ranged from four to six days, mostly five.

CCC loan entries of 1982-crop cotton totaled 4,537,700 running bales through February 9. Repayments had been made on 399,200 bales. Loans were outstanding on 4,138,500 bales, of which 1,860,400 were Form A (producer) and 2,278,100 were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,083,400 bales. Repayments had been made on 3,296,100 bales. Loans were outstanding on 2,699,900 bales, of which 1,717,700 were Form A and 982,200 were Form G loans. Forfeitures totaled 87,400 bales through February 9. Loans remained outstanding on 112,200 bales of 1980-crop cotton.

Increasing U. S. cotton stocks boosting world stocks to seven-year high. World cotton stocks at the end of the 1982-83 season are forecast at 28.9 million 480 pound net weight bales, about the same as month-earlier indications, and 1.4 million above the beginning level. The prospective supply of 95.4 million bales remains unchanged from last month as a slight downward revision in beginning stocks offsets a modestly larger crop of 67.9 million bales. Meanwhile, global mill use is forecast at 66.5 million bales, also near January indications.

The 1982-83 U. S. cotton outlook features weak demand and increasing stocks. While mill use may only slightly exceed last season's 5.3 million bales--a 50-year low--exports are expected to total about 5.0 million bales, down one-fourth from 1981-82. This season's reduced exports primarily reflect diminished Chinese import demand due to their record production, and sluggish textile activity in other major consuming countries. U. S. exports totaled nearly 500,000 bales in January, substantially above early-season levels. So, with U. S. production of 12.0 million bales, 1982-83 ending stocks are placed at 8.4 million, unchanged from January indications and nearly 2.0 million above the carryin.

In contrast, this season's foreign cotton stocks are expected to decline nearly 0.5 million bales to 20.5 million. Smaller stocks in importing countries account for the decline, as many textile mills seek to minimize raw cotton inventories in the face of sluggish textile demand and relatively high carrying charges. Foreign use, excluding China, is showing no improvement over last year for the third consecutive season of static consumption. Total foreign mill use in 1982-83 is estimated at 61.1 million bales, with China responsible for all of the prospective 0.6-million-bale gain over last season.

With reduced cotton import needs in importing countries, particularly China, world trade is off sharply this season. Exports may total only 17.5 million bales, nearly 3.0 million below 1981-82 and the lowest level since 1968-69. The U. S. share of world trade is expected to decline about 4 percentage points to 29 percent, reflecting relatively less competitive U. S. prices in world markets.

February planting intentions. Growers in the United States intend to plant 9.28 million acres of all cotton in 1983. Intentions include 9.22 million acres of upland and 64,000 acres of American Pima. If intentions are carried out, upland acreage will be 19 percent below 1982 and American Pima will be down 12 percent. Uncertainty still exists concerning level of participation in paid diversion and payment-in-kind programs, but much interest in programs has been expressed by growers.

In southeastern states, prospective plantings point to 510,000 acres, 22 percent below last year.

In the Delta states, growers intend to plant 1.97 million acres, 22 percent less than in 1982. An unusually wet winter has delayed land preparation, but planting does not begin until around April 1.

Intended upland acreage in Texas and Oklahoma is 5.25 million acres, 16 percent below 1982. Land preparation and planting was delayed in the Rio Grande Valley by wet ground. Heavy snows in the Plains provided a good moisture base for dry land acreage.

Growers in western states intend to plant 1.48 million acres of upland, 24 percent less than last year's plantings. Persistent rains in Arizona and California delayed land preparation. Some prime cotton land is under water in the San Joaquin Valley and may not be planted to cotton this year.

U. S. cotton: Supply and use, marketing years 1980-81, 1981-82 and projected 1982-83 ^{1/}
February 11, 1983

Cotton	1980-81	1981-82	1982-83 Projections		
			January	February	Probable variation ^{2/}
Million 480 lb. bales					
Beginning stocks ^{3/}	3.0	2.7	6.6	6.6	
Production	11.1	15.6	12.0	12.0	+0.2 to -0.2
Supply, total ^{4/}	14.1	18.3	18.7	18.7	+0.2 to -0.2
Mill use	5.9	5.3	5.4	5.4	+0.2 to -0.2
Exports	5.9	6.6	5.0	5.0	+0.6 to -0.6
Use, total	11.8	11.8	10.4	10.4	+0.8 to -0.8
Dif. unactd. ^{5/}	0.4	0.1	0.1	0.1	
Ending stocks	2.7	6.6	8.4	8.4	+1.0 to -1.0

^{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.

All cotton: Planted acreage, by states, 1981, 1982 and prospective plantings February 1983

State	1981	1982	Prospective 1983	1983 as percent of 1982
	1,000 acres			Percent
<u>Upland</u>				
Alabama	377.0	302.0	225.0	75.0
Arizona	600.0	490.0	310.0	63.0
Arkansas	610.0	435.0	375.0	86.0
California	1,540.0	1,380.0	1,100.0	80.0
Florida	18.0	15.0	12.0	80.0
Georgia	180.0	180.0	145.0	81.0
Louisiana	700.0	610.0	400.0	66.0
Mississippi	1,230.0	1,050.0	800.0	76.0
Missouri	242.0	158.0	150.0	95.0
Nevada	1.1	0.6	-	-
New Mexico	136.0	79.0	70.0	89.0
North Carolina	83.0	74.0	55.0	74.0
Oklahoma	650.0	480.0	450.0	94.0
South Carolina	119.0	97.0	85.0	88.0
Tennessee	325.0	275.0	240.0	87.0
Texas	7,460.0	5,800.0	4,800.0	83.0
Virginia	0.4	0.3	0.2	67.0
U. S.	14,271.5	11,425.9	9,217.2	80.7
<u>American Pima</u>				
Arizona	33.8	44.1	31.0	70.0
New Mexico	7.1	9.5	11.0	116.0
Texas	17.7	19.5	22.0	113.0
U. S.	58.6	73.1	64.0	87.6
<u>U. S. all cotton</u>	14,330.1	11,499.0	9,281.2	80.7

Source: Crop Reporting Board, Statistical Reporting Service, USDA.

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						9-market average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Mar '83	May '83	Jul '83	Oct '83	Dec '83			
Feb. 10	65.66	67.04	68.15	66.85	67.24	60.67	73.65	
11	65.57	66.86	67.94	66.95	67.37	60.66	73.90	
14	65.95	67.39	68.55	67.40	67.72	61.20	73.90	
15	66.19	67.75	68.92	67.60	67.96	61.53	74.00	
16	66.31	67.92	69.00	67.60	67.99	61.72	74.05	
17	66.17	67.80	68.86	67.65	67.91	61.85	74.30	

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

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						
	Mar '83	May '83	Jul '83	Oct '83	Dec '83		
Feb. 10	56.00	58.50	60.01	-	57.25	54.48	
11	55.98	58.60	60.01	-	57.25	54.42	
14	55.98	58.60	60.01	-	57.25	54.86	
15	56.40	58.60	60.01	-	57.25	55.18	
16	56.40	58.60	60.01	-	57.25	55.38	
17	55.50	58.50	60.01	-	57.25	55.41	

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

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 February 11		Through February 10	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	3,117,000	-	1,659,000
Exports	217,700	2,934,300	94,200	2,258,600
Total export commitments	-	6,051,300	-	3,917,600
New sales	161,300	-	75,700	-
Buy-backs and cancellations	10,900	-	18,800	-
Net sales	150,400	-	56,900	-
Sales next marketing year	18,900	145,900	32,400	137,600

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 56,900 running bales during the week ended February 10, according to the Foreign Agricultural Service, USDA. This was 25 percent below a week earlier and 41 percent below the four-week average. South Korea was the principal buyer with 23,00 bales, followed by Italy 8,900 and Japan 8,400 bales. Sales for the 1983-84 marketing year of 32,400 bales continued strong with South Korea adding 20,300 bales and the European Community 12,100 bales. Weekly exports of 94,200 bales decreased by 10 percent from last week's marketing year high but was slightly above the four-week average. Asian destinations accounted for 78 percent and European destinations 15 percent of the week's exports.