UNITED STATES DEPARTMENT OF AGRICULTURE

USDA

Weekly Cotton Market Review
(Week ended February 23)

Spot cotton prices were higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower-held cotton was limited and offerings were light. Merchants were not actively seeking cotton. Domestic mill purchases were light. Export trading was a little more active. Forward contracting of the 1984 crop by growers was more active in several states. Planting began on a limited scale in south Texas. Wet fields hindered field preparation in most areas of the Cotton Belt. The daily rate of cotton consumption by domestic mills during January was the highest for that month in three years. End-of-January stocks of cotton at mills were the smallest since records began in 1913.

Spot cotton prices were higher. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets was 71.68 cents per pound on Thursday, February 23. This was up from 69.79 cents a week earlier and 63.77 cents on the corresponding Thursday last season. Prices strengthened sharply on Friday, February 17, to 71.48 cents then remained fairly stable the balance of the period. The New York May 1984 futures settlement price ended the week on Thursday at 77.08 cents per pound compared with 74.94 cents a week ago. The October settlement price was 74.55 cents against 72.80 cents last Thursday and the December price was 73.02 cents compared with 71.62 cents a week earlier.

Trading on spot cotton markets was slow. Growers were holding limited supplies of uncommitted cotton and were only willing to offer on market highs. Demand came principally from merchants needing cotton to fill nearby commitments. Some merchants traded among themselves to cover these needs. Most domestic mills have covered the bulk of their requirements through the second quarter; however, a light volume of cotton was purchased for nearby and forward delivery. Export trading was a little more active. Most sales were made to Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 109,900 bales in the week ended Thursday, February 23. This compares with 163,600 bales a week earlier and 146,500 bales in the corresponding week last season.

Textile mill report. Most mills have their immediate needs covered and buying was light and intermittent. Cotton departments were busy receiving shipments described as adequate to excessive. Interest remained fair to good for early summer and later shipment and a small volume of new-crop cotton was purchased. Mill business continued good despite some slow down in orders for a few products, such as velour, denim and corduroy. Although most mills continued to operate on five and six-day work schedules, inventories of unsold goods were being kept low. Household goods, athletic wear, lightweight knits, a number of automotive products and selected all-cotton yarns moved readily. Sales of most other constructions were fair to good.

USDA extends farm programs sign up and changes summer fallow rules. The U. S. Department of Agriculture extended the sign-up period for 1984 cotton, feed grain, rice and wheat programs by three weeks, through March 16, according to an announcement on February 18.

Summer fallow rules were changed so that the requirements would be the same as they were in 1983 and previous programs. Prior to this action, acreage designated for the 1984 programs could not have been land intended for summer fallow in the current year. Other provisions of the 1984 programs will remain unchanged.

These actions were taken to clear away some of the obstacles which made it difficult for farmers to make sound decisions about the program. Also, many farmers have not been able to finalize crop operating plans including financing and lease arrangements. Since producers must sign a binding contract in the 1984 acreage reduction programs, with strict penalties for failure to comply, they are reluctant to sign up until their operating plans are more complete.

Both USDA and private sector analysts say that when most farmers compare these programs with their own operating plans they will find participation is to their advantage. This extension will give the producers the time needed to weigh the benefits of participation against the risk of no price protection which they would otherwise face.

Farmers are encouraged to avoid a last-minute rush to USDA's Agricultural Stabilization and Conservation Services county offices so that they can better serve each farmer.

China is showing further signs of increasing cotton processing capacity to meet growing domestic and export demand, according to the Foreign Agricultural Service, USDA. In Nantong, officials have used a 14 million dollar loan from commercial sources in the U. S. to purchase modern textile machinery from Europe.

Domestic mill consumption of cotton averaged 23,600 running bales per day in the four weeks ended January 28, according to the Bureau of the Census. This was the largest January daily rate since 1980 and the largest daily rate for any month since October 1980. Mills used 18,700 bales per day a month earlier and 20,200 bales in January last season. The average daily rate for the first six months this season was 22,000 bales per day compared with 19,200 a year earlier and 19,800 two years ago. If this season's cumulative daily rate is maintained for the remainder of the year, consumption would equal about 5.7 million running bales. Domestic mills consumed 471,800 bales during January bringing usage for the first six months this marketing year (August-January) to 2,857,300 bales. Through January last year, mills had used 2,495,600 bales and two years ago 2,574,600 bales.

Consumption of manmade fibers by domestic mills with cotton system spindles totaled 151.4 million pounds (about 315,500 bales of 480 pounds) during the four weeks ended January 28, according to the Bureau of the Census. This brought consumption for the August-January period this season (26 weeks) to 941.8 million pounds (about 1,962,000 bales). August-January consumption last season (26 weeks) totaled 801.4 million pounds (about 1,669,600 bales).

Stocks of cotton at mills totaled 643,000 running bales on January 28, according to the Bureau of the Census. This was the smallest end-of-January stocks at mills since records began in 1913 and compares with 611,400 bales a month earlier and 782,200 bales at the end of January last year. At the January daily rate of consumption, mill stocks were equivalent to about five and one-half weeks' supply. Cotton in public storage totaled 7,689,500 running bales on January 28, the smallest end-of-January stocks since 1980. Public storage stocks totaled 8,789,700 bales a month earlier and 11,119,700 bales at the end of January last season.

All cotton: Domestic mill consumption and stocks, running bales, by months and seasons, 1979-1983

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Season
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Mill consumption 1/													
1979	472	482	630*	482	436	604*	507	513	622*	496	478	487*	6,209
1980	443	456	597*	458	475*	435	446	539*	435	441	531*	385	5,641
1981	429	517*	448	403	400*	378	398	493*	410	392	460*	317	5,043
1982	386	474*	416	391	425*	404	430	549*	431	392	460*	369	5,259
1983 3/	453	560*	459	446	468*	472					543*		
Mill consumption per day													
1979	23.6	24.1	25.2	24.1	21.8	24.2	25.4	25.7	24.9	24.8	23.9	19.5	23.9
1980	22.1	22.8	23.9	22.9	19.0	21.8	22.3	21.5	21.7	22.1	21.3	19.2	21.7
1981	21.4	20.7	22.4	20.1	16.0	18.9	19.9	19.7	20.5	19.6	18.4	15.9	19.4
1982	19.3	19.0	20.8	19.5	17.0	20.2	21.5	22.0	21.5	22.0	21.7	18.4	20.2
1983 3/	22.6	22.4	22.9	22.3	18.7	23.6	21.5	22.0					
Stocks in consuming establishments 2/													
1979	850	749	648	730	833	900	989	1,071	1,132	1,099	1,002	955	—
1980	891	784	743	750	831	947	1,038	1,105	1,078	1,023	937	883	—
1981	810	695	663	673	757	822	884	917	911	901	871	830	—
1982	750	671	611	635	698	782	777	790	795	777	757	756	—
1983 3/	712	639	556	554	611	643							
Stocks in public storage 2/													
1979	2,198	1,880	3,785	6,898	8,163	7,739	6,558	5,299	4,084	3,126	2,341	1,822	—
1980	1,509	1,578	3,181	5,071	5,927	5,847	5,109	4,227	3,470	2,807	2,199	1,688	—
1981	1,491	1,940	4,060	7,064	9,267	9,489	8,882	7,921	7,112	6,292	5,544	5,269	—
1982	5,008	5,293	7,575	10,190	11,101	11,120	10,225	9,713	8,796	7,930	7,419	6,656	—
1983 3/	6,168	5,870	7,192	8,665	8,790	7,689							

1/ Consumption figures relate to four-week months except as noted. Daily consumption rates calculated on the basis of 20 days for four-week months and 25 days for five-week months with no allowance for holidays. Season totals not necessarily sums of monthly figures because of adjustments.

2/ Data refer to a particular day near the end of the month.

3/ Preliminary.

* Five-week month.

Source: Bureau of the Census.

Cotton ginned in the United States prior to February 1, running bales,
by states, crops of 1982 and 1983

State	1983	1982	State	1983	1982
United States	7,478,070	11,299,629	Missouri	71,045	194,824
Upland	7,387,952	11,205,857	New Mexico	69,958	69,890
American Pima	90,118	93,772	Upland	63,354	65,984
Alabama	172,059	438,056	American Pima	6,604	3,906
Arizona	727,487	1,064,998	North Carolina	42,009	99,723
Upland	682,103	1,002,498	Oklahoma	138,836	215,958
American Pima	45,384	62,500	South Carolina	50,363	139,963
Arkansas	315,247	525,269	Tennessee	144,499	323,314
California	1,910,530	2,936,766	Texas	2,333,185	2,533,071
Georgia	108,116	221,481	Upland	2,295,055	2,505,705
Louisiana	520,969	840,748	American Pima	38,130	27,366
Mississippi	861,925	1,681,150	All other states	11,842	14,418

Source: Bureau of the Census.

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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						Grade 31 Staple 35 'A' Index 1/
	Futures Settlement					8-Market Average	
	Mar '84	May '84	Jul '84	Oct '84	Dec '84		
Feb. 16	74.29	74.94	74.95	72.80	71.62	69.79	86.55
17	75.82	76.94	76.95	74.70	73.52	71.48	86.65
20	Holiday						87.00
21	75.28	76.41	76.70	74.80	73.45	71.02	87.00
22	75.76	76.64	77.00	75.00	73.27	71.26	87.00
23	76.70	77.08	77.61	74.55	73.02	71.68	87.25

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

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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 February 17		Through February 16	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,611,600		
Exports	86,200	2,344,800		
Total export commitments	-	3,956,400	Will be released	
New sales	61,500	-		
Buy-backs and cancellations	22,700	-	February 24	
Net sales	38,800	-		
Sales next marketing year	38,900	176,400		

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