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Weekly Cotton Market Review
(Week ended February 2)

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Spot cotton prices strengthened, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading slowed. Merchant demand slackened. Domestic mill purchases were light. Export trading slackened. Forward contracting of the 1984 crop by growers was slow during the week. Through the end of January, growers in the U. S. had booked about 946,700 acres of their crop. The volume of cotton exported in December was the largest for any month in almost two years. Deficiency payments for 1983-upland cotton will be 12.10 cents per pound. The interest rate for CCC loans disbursed in February will be 10.0 percent.

Spot cotton prices were higher. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ended the week on Thursday, February 2, at 72.67 cents per pound. This was up 131 points from 71.36 cents a week earlier and 1226 points from 60.41 cents on the corresponding Thursday last season. The New York March 1984 futures settlement price ended the week on Thursday at 77.48 cents per pound compared with 75.82 cents a week earlier. The December settlement price was 71.72 cents against 71.25 cents last Thursday.

Trading volume was light on most spot cotton markets. Grower-held supplies and offerings were limited. Although prices were firm to higher, many growers were reluctant to sell cotton remaining in their possession. Merchant demand slackened as nearby commitments were filled. Domestic mill purchases were light and mostly for prompt or nearby shipment. Export trading was most active for San Joaquin Valley and California growths. Purchases were made by both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 351,300 bales in the week ended Thursday, February 2. This compares with 403,400 bales a week earlier and 236,900 bales in the corresponding week last season.

Textile mill report. A few mills were in the market but overall buying was slow. Demand included a fairly wide range of qualities with recent purchases largely for prompt to nearby shipment. Mills made numerous inquiries for cotton to be delivered in third quarter and later months but little business resulted. Sales of textiles remained mostly good but demand for a few products slackened. Sheeting and some other household products were fairly active sellers and workweeks were six days at some plants. On the other hand, sales of some popular apparels slowed. Most yarns continue to move readily. Goods for the automotive market and other industrial applications were fairly active sellers. Workweeks were largely five and six days.

Exports of cotton from the United States totaled 632,200 running bales during December, according to the Bureau of the Census. This was the highest monthly level this marketing year which began August 1 and the largest shipments for any month since April 1982. A month earlier, 440,900 bales were shipped and 377,100 bales were exported in December 1982. Shipments during the first five months this season totaled 2,023,400 bales, the second largest August-December volume since 1966-67. Exports totaled 1,745,100 bales through December a year earlier and 1,915,200 bales two years ago.

The national weighted average price received by farmers for upland cotton during the 1983 calendar year was 63.90 cents per pound, according to the Statistical Reporting Service, USDA. Since this price was below the 1983 target price of 76.00 cents, the deficiency payment rate for the 1983 crop will be 12.10 cents per pound.

Prices received by farmers for upland cotton averaged 63.90 cents per pound in mid-January, according to the Statistical Reporting Service, USDA. This compares with 67.30 cents for the entire month of December and 56.00 cents in January 1983. These prices include cotton delivered against forward contracts.

The value of the 1983 cotton crop (lint and seed) was 3.0 billion dollars, according to a preliminary estimate by the Crop Reporting Board, SRS, USDA. This compares with 3.8 billion dollars for the 1982 crop and 4.6 billion for 1981. The 1983 estimate does not include an allowance for unredeemed loans. The calculated average value of the 1983 cotton crop was \$409.00 per harvested acre compared with \$388.00 in 1982 and \$334.00 in 1981.

Contracting 1984 crop. United States upland cotton growers had forward contracted about 946,700 acres of the 1984 crop by January 31. This compares with 66,700 acres booked at the end of January 1983. Southeastern states growers had contracted 71,800 acres: 53,000 in Alabama, 1,700 in Georgia, 600 in North Carolina and 16,500 in South Carolina. In south central states, growers had booked 304,700 acres: 43,400 in Arkansas, 27,500 in Louisiana, 151,400 in Mississippi, 40,900 in Missouri and 41,500 in Tennessee. Southwestern states growers had contracted 260,300 acres: 11,000 in Oklahoma and 249,300 in Texas. Growers in western states had booked 309,900 acres: 6,500 in Arizona, 302,900 in California and 500 in New Mexico. These estimates were based on informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Foreign crop report. The Cotton Outlook of Liverpool reports that with the notable exception of China, the Northern Hemisphere producing countries have not fared well in the final stages of the 1983-84 harvests. Russia has probably just attained her seed cotton production target, of around 9,300,000 metric tons, but still has insufficient cotton surplus to her minimum domestic needs, to offer competitively in the export markets. This fact has tended to add credence to recent rumours (so far still unconfirmed) that Moscow is now a substantial buyer of cotton from other countries, including the U. S. Statistically more significant has been the further reduction in crop forecasts on the Indian subcontinent. Whereas India herself earlier foresaw a lint output of at least 8,200,000 running bales (6,400,000 of 480 lbs.), current indications have fallen to below 7,800,000 following reports of extensive rain and insect damage in such major producing states as the Punjab and Maharashtra. In Pakistan, a national target output of over 5,000,000 running bales has proved well out of reach. There too, a late crop has been beset by difficulties caused by excessive moisture and the growers' inability to control insects. On present indications, output is unlikely to exceed 3,100,000 running bales (2,420,000 of 480 lbs). The country's export sales agency has been obliged to reschedule its nearby shipment commitments for export, while the domestic mills have been actively purchasing such cottons as African (upland styles) and available Texas descriptions.

There is meanwhile very little selling pressure from South America. Argentina admittedly looks for a more normal crop, of around 850,000 bales (of 480 lbs.) in the current season but is offering cautiously after last season's disappointments. Normal yields are also foreseen in Paraguay, and the receipt of good rains in North Brazil augurs well for both annual and perennial cotton in that frequently drought-stricken region. In Peru, estimates of the Tanguis 1984 crop have fallen to around 45,000 tons, all of which will be needed to meet domestic requirements and the export commitments carried forward after last year's crop disaster. Planting of extra-long staple Peruvian styles has so far been negligible, owing to the threat of pink bollworm infestation.

It is surprising against this background of complaint, to learn that China can justifiably lay claim to yet another record output. Official spokesmen in Peking have recently asserted that lint output will reach at least 4,400,000 metric tons, a figure equivalent to no less than 20,210,000 statistical bales. Little of this cotton yet finds its way to the export markets, owing, presumably, to the inadequacy of the country's pressing and transport facilities. However, the successful harvesting of so colossal a production inevitably raises fears of fiercer competition in the seasons to come.

All Cotton: Season average price received by farmers
and value of production, by states, 1981-1983

| State | Price per pound | | | Value of production ^{1/} | | |
|----------------------|--------------------|--------------------|--------------------|-----------------------------------|--------------------|--------------------|
| | 1981 ^{2/} | 1982 ^{2/} | 1983 ^{3/} | 1981 ^{2/} | 1982 ^{2/} | 1983 ^{3/} |
| <u>Upland</u> | <u>Cents</u> | | | <u>1,000 dollars</u> | | |
| Alabama | 55.9 | 58.5 | 65.4 | 113,231 | 129,168 | 56,506 |
| Arizona | 56.0 | 60.5 | 70.6 | 418,253 | 317,988 | 242,299 |
| Arkansas | 56.8 | 58.0 | 66.8 | 164,675 | 148,666 | 102,605 |
| California | 63.6 | 66.9 | 72.9 | 1,079,165 | 986,802 | 685,843 |
| Florida | 55.8 | 57.5 | 66.7 | 5,705 | 5,410 | 5,443 |
| Georgia | 54.3 | 56.6 | 67.6 | 41,442 | 63,845 | 37,315 |
| Louisiana | 54.5 | 56.5 | 65.9 | 194,107 | 235,944 | 170,813 |
| Mississippi | 58.4 | 59.8 | 65.9 | 438,701 | 505,190 | 284,688 |
| Missouri | 56.0 | 59.2 | 69.0 | 45,158 | 57,969 | 24,840 |
| Nevada | 60.0 | 72.1 | - | 432 | 311 | - |
| New Mexico | 60.0 | 59.7 | 79.1 | 38,304 | 22,352 | 23,920 |
| North Carolina | 58.4 | 61.4 | 69.0 | 26,630 | 30,061 | 14,573 |
| Oklahoma | 41.1 | 49.5 | 55.7 | 86,803 | 56,549 | 37,430 |
| South Carolina | 57.7 | 59.7 | 72.5 | 45,421 | 44,417 | 19,140 |
| Tennessee | 53.1 | 57.7 | 69.0 | 80,287 | 93,889 | 49,680 |
| Texas | 46.5 | 51.3 | 59.7 | 1,259,964 | 664,848 | 676,282 |
| Virginia | 63.2 | 59.3 | 69.0 | 91 | 114 | 99 |
| U. S. | 54.0 | 59.1 | 66.4 | 4,038,369 | 3,363,523 | 2,431,476 |
| <u>American Pima</u> | | | | | | |
| Arizona | 94.0 | 96.8 | 112.0 | 24,229 | 30,620 | 24,730 |
| New Mexico | 103.0 | 102.0 | 115.0 | 3,906 | 4,896 | 7,176 |
| Texas | 103.0 | 102.0 | 117.0 | 8,899 | 11,163 | 17,690 |
| U. S. | 96.9 | 98.5 | 114.0 | 37,034 | 46,679 | 49,596 |
| U. S. all cotton | 54.3 | 59.4 | 66.9 | 4,075,403 | 3,410,202 | 2,481,072 |

^{1/} Value based on a 480-pound net weight bale. ^{2/} Includes allowance for unredeemed loans. ^{3/} Average to January 1, 1984 with no allowance for unredeemed loans.

Cottonseed: Season average price received by farmers
and value of production, by states, 1981-1983

| State | Price per ton | | | Value of production | | |
|----------------|---------------|-------|--------|----------------------|---------|---------|
| | 1981 | 1982 | 1983 | 1981 | 1982 | 1983 |
| <u>Upland</u> | <u>Cents</u> | | | <u>1,000 dollars</u> | | |
| Alabama | 83.00 | 67.00 | 161.00 | 12,284 | 10,720 | 10,143 |
| Arizona | 83.00 | 80.00 | 165.00 | 52,373 | 39,600 | 51,315 |
| Arkansas | 87.50 | 64.50 | 158.00 | 20,563 | 12,900 | 19,750 |
| California | 91.00 | 90.50 | 167.00 | 131,495 | 114,121 | 133,767 |
| Florida | 80.00 | 60.00 | 140.00 | 656 | 444 | 910 |
| Georgia | 97.00 | 66.50 | 190.00 | 6,014 | 5,653 | 7,980 |
| Louisiana | 75.50 | 63.50 | 172.00 | 21,669 | 20,765 | 35,432 |
| Mississippi | 86.00 | 64.00 | 165.00 | 51,772 | 41,600 | 56,430 |
| Missouri | 79.00 | 62.00 | 162.00 | 5,372 | 4,836 | 4,698 |
| Nevada | 95.00 | 90.00 | - | 57 | 36 | - |
| New Mexico | 87.00 | 82.00 | 166.00 | 5,742 | 3,198 | 5,478 |
| North Carolina | 83.00 | 58.00 | 163.00 | 2,822 | 1,972 | 2,445 |
| Oklahoma | 84.50 | 71.00 | 181.00 | 15,464 | 6,745 | 10,317 |
| South Carolina | 88.50 | 63.00 | 176.00 | 5,487 | 3,654 | 3,696 |
| Tennessee | 79.00 | 69.00 | 161.00 | 10,033 | 9,108 | 9,660 |
| Texas | 85.00 | 81.00 | 165.00 | 207,230 | 90,882 | 164,010 |
| Virginia | 83.00 | 55.50 | 163.00 | 8 | 6 | 16 |
| U. S. | 86.00 | 77.00 | 166.00 | 549,041 | 366,240 | 516,047 |

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

Average prices received by farmers for upland cotton, in cents per pound, net weight,
United States, calendar years, 1983-1984

| Month | Year beginning January 1 | | Month | Year beginning January 1 | | Month | Year beginning January 1 | |
|----------|-----------------------------|---------------------|-----------|-----------------------------|-------|-----------|-----------------------------|-------|
| | 1983 | 1984 | | 1983 | 1984 | | 1983 | 1984 |
| | Cents | Cents | | Cents | Cents | | Cents | Cents |
| January | 56.00 | 63.90 ^{1/} | June | 61.10 | | November | 67.60 | |
| February | 56.40 | | July | 64.60 | | December | 67.30 | |
| March | 59.90 | | August | 66.30 | | | | |
| April | 59.70 | | September | 63.10 | | Calendar | | |
| May | 61.70 | | October | 64.10 | | year avg. | 63.90 | |

^{1/} Mid-month price.

Source: Statistical Reporting Service, USDA.

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 | | | | | | | |
| | Mar '84 | May '84 | Jul '84 | Oct '84 | Dec '84 | | | |
| Jan. 26 | 75.82 | 76.05 | 75.85 | 72.60 | 71.25 | 71.36 | 87.45 | |
| 27 | 76.62 | 76.79 | 76.33 | 72.86 | 71.39 | 72.02 | 87.60 | |
| 30 | 76.30 | 76.35 | 76.02 | 72.75 | 71.41 | 71.78 | 88.00 | |
| 31 | 77.44 | 77.13 | 76.54 | 73.20 | 71.71 | 72.76 | 87.80 | |
| Feb. 1 | 77.32 | 77.21 | 76.65 | 73.40 | 71.75 | 72.55 | 88.35 | |
| 2 | 77.48 | 77.35 | 76.64 | 73.50 | 71.72 | 72.67 | 88.40 | |

^{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 January 27 | | Through January 26 | |
| | Week | Marketing Year | Week | Marketing Year |
| Outstanding sales | - | 1,724,600 | - | 3,246,300 |
| Exports | 98,400 | 2,060,100 | 167,700 | 2,644,100 |
| Total export commitments | - | 3,784,700 | - | 5,890,400 |
| New sales | 92,200 | - | 292,500 | - |
| Buy-backs and cancellations | 4,400 | - | 17,900 | - |
| Net sales | 87,800 | - | 274,600 | - |
| Sales next marketing year | 27,900 | 78,100 | 34,200 | 321,600 |

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

Upland cotton export sales during the week ended January 26 resulted in a net increase of sales totaling 274,600 running bales, according to the Foreign Agricultural Service, USDA. This was a record for the marketing year and more than doubled sales a week earlier and the four-week average. The major sales were to USSR of 132,000 bales, followed by Pakistan 26,500, South Korea 4,100, Italy 16,000 and unknown destinations 14,600 bales. Weekly shipments of 167,700 bales were 4 percent above a week earlier and 12 percent above the four-week average. Asian destinations accounted for 68 percent of the week's exports, European destinations 23 percent and Western Hemisphere 7 percent.