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Weekly Cotton Market Review
(Week ended January 19)

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Spot cotton prices strengthened, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower-to-merchant trading increased sharply on Texas Plains markets. Merchant demand was good. Trading was less active on southern cotton markets. Domestic mill purchases were light to moderate. Export trading increased. Forward contracting of 1984-crop cotton by growers was slow. Inclement weather continued to hamper field preparation for the next crop. Harvesting was virtually completed. For the second consecutive month, the 1983-84 global cotton outlook is highlighted by a record Chinese crop and improved United States export prospects.

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, January 19, at 70.93 cents per pound. This was up from 69.83 cents a week earlier and 60.55 cents on the corresponding Thursday last season. The New York March 1984 futures settlement price ended the week on Thursday at 75.79 cents per pound compared with 75.15 cents a week earlier. The December settlement price was 71.55 cents against 72.15 cents last Thursday.

Trading. Grower-to-merchant trading increased sharply on Texas Plains markets. Growers offered and sold a sizeable volume of cotton. Merchants were buying to fill orders and activity on the Lubbock market reached record levels. Trading was fairly steady on most other western markets. In the southern states, grower-held supplies and offerings were very light and trading was less active. Domestic mill purchases were light to moderate. Export trading was more active, increasing sharply for Texas growths. Far Eastern and European mills made purchases and some sources indicated Russia bought heavily. Purchases reported by cotton exchanges in the designated markets totaled 400,500 bales in the week ended Thursday, January 19. This compares with 480,800 bales a week earlier and 259,100 bales in the corresponding week last season.

Textile mill report. Domestic mill purchases were light to moderate and mostly for prompt through third quarter delivery. Demand was best for the medium and higher grades as some mills anticipated shortages of these qualities later in the year. Most mills report that business remains good. Most of the second quarter has been booked except for those products that traditionally do not sell that far ahead. Some items are now selling in the third quarter. Sales of apparels were reported as best, followed by yarns, household goods, automotive goods and industrials. Most mills were on five or six-day work schedules.

U. S. cotton export prospects continue to improve; record Chinese production boosts foreign stocks. For the second consecutive month, the most dramatic change in the 1983-84 global cotton outlook centers on China. Production by the world's leading cotton producer has been revised up a significant 1.5 million 480 pound net weight bales to a record 20 million. As a result, world output now is forecast at 67.5 million bales, 1 million above a month earlier. Boosted by this season's anticipated 1.3 million-bale increase in Chinese mill use, world consumption is placed at 69.6 million bales, slightly above the December forecast and nearly 2 million above 1982-83. So, with a production shortfall of about 2 million bales--reflecting the 35 percent cut in the U. S. crop--this season's global ending stocks may total about 26.7 million bales, down from 28.7 million last summer.

This season's U. S. stock drawdown accounts for the decline in world cotton stocks. With the sharply smaller U. S. crop and improved disappearance, ending stocks of 3.6 million bales will be less than half the beginning level. While the mill use forecast remains at 5.9 million bales, up 7 percent from 1982-83, the export estimate has been raised 0.4 million bales to 6.3 million. The export outlook continues to improve in response to firm demand and extremely limited export supplies abroad.

With a major cotton stock buildup now likely in China as a result of the huge 1983 crop, foreign stocks this season are expected to increase about 2.3 million bales to 23.1 million. Foreign output is placed at 59.7 million bales, up nearly 1 million from a month earlier and 4 million above 1982-83. China accounts for nearly 90 percent of this gain. Foreign consumption is forecast at 63.7 million bales, up 1.6 million from last season, primarily reflecting a continued upswing in textile activity in China.

World cotton exports during 1983-84 are forecast at 18.5 million bales, near last season's level. U. S. export prospects are benefiting from the smallest projected foreign exports since 1963-64. Export supplies are tight in several major competing countries, particularly Pakistan, the Soviet Union, Mexico and Central America. Chinese exports, estimated at 0.5 million bales, are limited by a lack of export infrastructure. The U. S. share of world trade is estimated at 34 percent, up from 28 percent last season and the largest share since 1979-80.

All cotton: Acreage, abandonment, yield and ginnings, United States, crops of 1960 to 1983

Year beginning August 1	Acreage		Abandoned	Yield per acre		Ginnings	
	Planted	Harvested		Planted	Harvested	Running	Equiv. 480 lb. net weight
	1,000 acres	1,000 acres	Percent	Pounds	Pounds	1,000 bales	1,000 bales
1960	16,080	15,309	4.79	425	446	14,265	14,237
1961	16,588	15,634	5.75	413	438	14,325	14,283
1962	16,293	15,569	4.44	437	457	14,864	14,828
1963	14,843	14,212	4.25	497	517	15,290	15,294
1964	14,836	14,057	5.25	490	517	15,149	15,144
1965	14,152	13,615	3.79	507	527	14,933	14,941
1966	10,349	9,553	7.70	443	480	9,562	9,556
1967	9,450	7,997	15.36	378	447	7,439	7,444
1968	10,913	10,159	6.89	481	516	10,917	10,925
1969	11,883	11,051	6.96	404	434	9,937	9,990
1970	11,945	11,155	6.61	410	438	10,112	10,192
1971	12,355	11,471	7.15	407	438	10,229	10,477
1972	14,001	12,984	7.26	470	507	13,269	13,704
1973	12,480	11,970	4.09	499	520	12,611	12,974
1974	13,679	12,547	8.28	405	442	11,328	11,537
1975	9,448	8,796	6.90	422	453	8,151	8,296
1976	11,636	10,914	6.21	436	465	10,347	10,577
1977	13,680	13,275	2.95	505	520	14,018	14,388
1978	13,375	12,400	7.29	389	420	10,549	10,851
1979	13,978	12,831	8.20	502	547	14,262	14,620
1980	14,534	13,215	9.08	367	404	10,826	11,117
1981	14,330	13,841	3.41	523	543	15,150	15,627
1982	11,340	9,729	14.21	505	590	11,526	11,940
1983 ^{1/}	7,961	7,331	7.91	466	506	7,493	7,725

^{1/} Based on data from annual "Crop Production," Crop Reporting Board, SRS, USDA, January 13, 1984.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1981-82, 1982-83, and projected 1983-84 1/ January 16, 1984

Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
<u>Million 480 pound bales</u>						
<u>1981-82</u>						
<u>United States</u>	2.7	15.6	<u>2/</u> 5.3	6.6		6.6
<u>World less U. S.</u>	21.4	55.1	19.7	60.3	13.7	22.0
Major importers <u>3/</u>	9.2	14.5	16.9	30.9	0.4	9.4
Major exporters <u>4/</u>	4.8	24.3	0.1	14.9	9.3	4.9
Others	7.3	16.2	2.7	14.5	4.0	7.8
<u>World 5/</u>	24.1	70.8	19.8	65.5	20.2	28.7
<u>1982-83</u>						
<u>United States</u>	6.6	12.0	<u>2/</u> 5.5	5.2		7.9
<u>World less U. S.</u>	22.0	55.7	18.8	62.1	13.3	20.8
Major importers <u>3/</u>	9.4	17.2	15.5	31.6	0.4	10.1
Major exporters <u>4/</u>	4.9	22.6	0.4	15.5	7.9	4.4
Others	7.8	15.8	2.9	15.1	5.0	6.3
<u>World 5/</u>	28.7	67.6	18.9	67.7	18.5	28.7
<u>1983-84</u>						
<u>United States</u>						
December projection	7.9	7.6	<u>2/</u> 5.9	5.9	5.9	3.8
January projection	7.9	7.7	<u>2/</u> 5.9	5.9	6.3	3.6
<u>World less U. S.</u>						
December projection	21.2	58.8	18.5	63.2	12.6	22.6
January projection	20.8	59.7	18.6	63.7	12.2	23.1
Major importers <u>3/</u>						
December projection	10.1	19.3	15.2	32.6	0.7	11.3
January projection	10.1	20.8	15.0	32.9	0.8	12.3
Major exporters <u>4/</u>						
December projection	4.6	23.1	0.3	15.2	7.7	5.0
January projection	4.4	22.5	0.4	15.4	7.3	4.5
Others						
December projection	6.5	16.4	3.1	15.4	4.3	6.3
January projection	6.3	16.4	3.1	15.4	4.3	6.2
<u>World 5/</u>						
December projection	29.2	66.5	18.6	69.2	18.6	26.4
January projection	28.7	67.5	18.6	69.6	18.5	26.7

1/ Marketing year beginning August 1. 2/ Less than 50,000 bales. 3/ Includes Western Europe, Eastern Europe, Japan, PRC, Korea, Taiwan and Hong Kong. 4/ Includes the USSR, Pakistan, Egypt, Sudan, Turkey, Central America and Mexico. 5/ Total trade of individual countries, including intra-regional trade. World imports and exports may not balance due to cotton in transit and reporting discrepancies in some countries.

NOTE: Totals may not add and stocks may not balance due to rounding, a small quantity of cotton destroyed, and differences unaccounted.

Source: United States Department of Agriculture.

Seven months and older certificated stock, February 1, 1984 ^{1/}

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	15,926	1,828	208	66	18,028
Greenville	1,446	193	-	-	1,639
Houston	10	-	28	1	39
Memphis	20,654	1,071	97	329	22,151
Mobile	-	-	-	-	-
New Orleans	468	23	6	-	497
Total	38,504	3,115	339	396	42,354

^{1/} Based on Cotton Division records as of January 15, 1984.

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. 12	75.15	76.07	76.70	73.15	72.15	69.83	87.00
13	75.38	76.27	76.99	73.25	72.14	70.00	87.55
16	74.91	75.82	76.40	72.95	71.67	69.71	87.55
17	76.10	77.02	77.37	73.30	71.85	71.07	87.55
18	75.84	76.60	76.95	72.85	71.50	70.97	88.05
19	75.79	76.61	76.85	72.82	71.55	70.93	87.90

^{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 13		Through January 12	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,745,500	-	3,177,400
Exports	80,100	1,871,400	171,600	2,315,600
Total export commitments	-	3,616,900	-	5,493,000
New sales	152,800	-	225,900	-
Buy-backs and cancellations	12,600	-	10,600	-
Net sales	140,200	-	215,300	-
Sales next marketing year	3,200	49,300	6,700	273,500

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

Upland cotton export sales. Activity during the week ended January 12 resulted in a net increase of sales totaling 215,300 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 was 70 percent above the four-week average. The leading purchasers were Pakistan with 47,200 bales, South Korea 41,300, Japan 21,800 and Canada 17,000 bales. Weekly shipments of 171,600 bales also established a marketing year high and were almost a quarter above both a week earlier and the four-week average. Asian destinations accounted for 66 percent of the week's exports, Western Europe 19 percent and Eastern Europe 7 percent.