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AGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review
(Week ended January 21)

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Trading was limited on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were slightly lower. Grower offerings easily met the limited demand. Merchant demand was confined mainly to qualities needed to fill nearby commitments. Domestic mill purchases were light. Export trading was slow. A few growers continued to show some interest in forward contracting 1982-crop cotton but merchant offers were unacceptable. Harvesting was in final stages but sizeable backlogs of seed cotton remained to be ginned in some localities. The record world cotton production is expected to be well in excess of consumption.

Spot cotton prices moved lower. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets was 57.35 cents per pound on Thursday, January 21. This compares with 58.16 cents a week earlier and 84.23 cents on the corresponding Thursday last year. Growers in many localities continued to place cotton into the CCC loan rather than sell at current price levels. In California, San Joaquin Valley growers received around 61.25 to 62.75 cents per pound for grade 31 staple 35, mike 35-49, and about 59.75 to 60.00 cents for grade 41. In the El Centro area and in central Arizona, mixed lots of mostly grade 31 staple 34 traded at around 59.25 to 60.00 cents and grade 41 at about 56.50 to 57.75 cents. In Texas and Oklahoma, grade 42 staple 32, mike 35-49, traded up to 650 points over CCC loan. Most other qualities traded around 100 to 300 points above CCC loan. In Tennessee, prices for grade 41 staple 34, mike 35-49, were around 500 to 600 points off NY March futures. In Alabama and Georgia, prices for grade 41 staple 34, mike 35-49, ranged from 500 to 750 points off NY March futures. The NY March futures settlement price ended the week on Thursday, January 21, at 64.45 cents per pound compared with 65.70 cents a week earlier. The December settlement price was 71.50 cents against 72.15 cents last Thursday.

Trading on spot cotton markets was slow. Growers offered a sufficient volume to meet demand in most markets but some continued to reject bid prices. Merchant demand was strongest for qualities needed to fill nearby commitments. A few merchants made purchases to build stocks. Domestic mills continued to buy a light volume mostly for prompt to nearby delivery. Sales for export were light. Purchases reported by cotton exchanges in the designated markets totaled 500,500 bales in the week ended Thursday, January 21. This compares with 546,600 bales a week earlier and 280,900 bales in the corresponding week last season.

Textile mill report. Mill purchases consisted of a light volume for prompt to nearby shipment. With availability not a problem and emphasis strongly focused on balancing stocks of cotton with product inventories, most mills continued to buy only as needed. Mill business remained slow with some product orders recently rescheduled for deferred delivery. Most mills have adjusted production schedules to conform with reduced sales. A few mills reported finished product inventories have grown larger than is economical.

Quality of ginnings. Grade 41 was the predominant grade in upland ginnings prior to January 1 this season. This grade accounted for almost 23 percent of ginnings and was up from 22 percent a year earlier. The Light Spotted grade 42 was the second most predominant grade so far this season at 21 percent of ginnings. This was only the second time since comparable records began with the 1972 crop that a Light Spotted grade was one of the two prominent qualities. A year earlier, grade 42 accounted for 17 percent of ginnings. The average staple length of upland ginnings prior to January 1 this season was 33.9 thirty-seconds inches, the shortest average for this period since 1978 and down from

34.1 thirty-seconds inches a year earlier. Staple 35, the predominant length in recent years, at 31 percent of ginnings, remained the predominant length this season but was down from 32 percent a year earlier. The average mike of cotton ginned through December 31 this season was 42, down from 43 a year earlier and average fiber strength was 24.2 grams/tex, up from 24.0 a year ago. Upland ginnings prior to January 1 this season totaled 13.4 million bales and American Pima ginnings totaled 76,000 bales.

World cotton production well in excess of use. With a record world cotton crop in prospect this season and only a modest gain expected in mill use, stocks are projected to increase about 4.0 million 480 pound net weight bales in 1981-82 to 27.0 million, according to USDA. Production is forecast at 70.8 million bales, up 5.2 million from last season. In comparison, mill use may total about 66.5 million bales, up 1.5 million.

The United States is accounting for nearly 90 percent of the increase in this year's world cotton output. The U. S. crop totaled 15.7 million bales, 4.6 million above the drought-reduced 1980 crop. Recessionary pressures and large textile imports continue to plague U. S. mill use, and consumption now is expected to total only around 5.8 million bales, slightly below both December indications and last season's poor level. The export estimate remains at 7.0 million bales, despite prospects for reduced shipments to China in view of their large crop. This season's ending stocks are estimated at 5.8 million bales, 0.3 million above last month's projection and more than double the beginning level. These large supplies, coupled with relatively weak demand, have caused prices to fall sharply in recent months. The December farm price averaged over 20.00 cents per pound below the 1980-81 average of 74.70 cents.

Although less dramatic, the 1981-82 foreign cotton situation also features large supplies, weak demand, and increasing stocks. Production is estimated at a record 55.1 million bales, slightly below the month-earlier forecast, but nearly a million above the 1980-81 crop. Although consumption prospects are up about 1.6 million bales to 60.7 million, much of the gain is expected in China. Elsewhere, use may increase only about two percent. As a result, foreign stocks are projected to increase about a million bales to 21.2 million.

All cotton: Acreage, abandonment, yield and ginnings, United States, crops of 1965 to 1981

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
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 1/	14,319	13,821	3.48	527	546	15,261	15,733

1/ Based on data from annual "Crop Production," Crop Reporting Board, SRS, USDA, January 14, 1982.

Compiled from reports of the Crop Reporting Board, SRS, USDA and Bureau of the Census.
United States Department of Agriculture, Agricultural Marketing Service, Cotton Division

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1979-80, 1980-81 and projected 1981-82 1/
January 15, 1982

Item	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
Million 480-pound bales						
<u>1979-80</u>						
United States	4.0	14.6	<u>2/</u>	6.5	9.2	3.0
World less U. S.	18.2	50.9	22.7	58.8	13.5	19.4
Major importers <u>3/</u>	7.2	10.9	19.7	29.8	0.4	7.7
Major exporters <u>4/</u>	4.1	24.1	0.3	14.6	8.8	4.9
Others	6.9	15.9	2.7	14.4	4.3	6.8
World <u>5/</u>	22.2	65.6	22.8	65.3	22.7	22.4
<u>1980-81</u>						
United States	3.0	11.1	<u>2/</u>	5.9	5.9	2.7
World less U. S.	19.4	54.4	20.0	59.1	14.0	20.3
Major importers <u>3/</u>	7.7	13.3	17.1	30.1	0.3	7.7
Major exporters <u>4/</u>	4.9	25.4	0.3	14.6	9.8	5.9
Others	6.8	15.7	2.6	14.4	4.0	6.7
World <u>5/</u>	22.4	65.6	20.0	65.0	19.9	23.0
<u>1981-82</u>						
<u>United States</u>						
Dec. projection	2.7	15.6	<u>2/</u>	5.9	7.0	5.5
Jan. projection	2.7	15.7	<u>2/</u>	5.8	7.0	5.8
<u>World less U. S.</u>						
Dec. projection	20.0	55.4	20.3	60.6	13.3	21.4
Jan. projection	20.3	55.1	20.5	60.7	13.6	21.2
<u>Major importers <u>3/</u></u>						
Dec. projection	7.7	14.2	17.4	30.9	0.3	8.0
Jan. projection	7.7	14.2	17.3	30.9	0.3	7.9
<u>Major exporters <u>4/</u></u>						
Dec. projection	5.8	25.1	0.3	15.0	9.2	6.6
Jan. projection	5.9	24.9	0.3	15.0	9.4	6.3
<u>Others</u>						
Dec. projection	6.5	16.1	2.7	14.7	3.9	6.8
Jan. projection	6.7	16.0	2.9	14.8	3.9	6.9
<u>World <u>5/</u></u>						
Dec. projection	22.7	71.0	20.4	66.5	20.4	26.8
Jan. projection	23.0	70.8	20.5	66.5	20.6	27.0

1/ Marketing year beginning Aug. 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.

Japan. The U. S. market share of Japanese cotton imports should improve during the current market year as the textile industry there regains full health, according to the Foreign Agricultural Service, USDA. Lower cotton prices and favorable exchange rates have allowed Japanese spinners to return to a profit-making position, after a long and difficult time. A drawdown in cotton goods stocks, achieved under the production cartel formed last spring, has also helped the spinner's position by reducing carrying costs. U. S. exports of raw cotton to this market should improve because of price competitiveness, although the competition from some Central American growths could be strong. Although cotton consumption is still running below last year's level, there is now cause for some cautious optimism, especially as prices and fashions favor use of high count cotton yarns over synthetics.

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 '82	May '82	Jul '82	Oct '82	Dec '82			
Jan. 14	65.70	67.55	69.20	71.10	72.15	58.16	69.60	
15	65.12	66.79	68.38	70.65	71.80	57.68	69.70	
18	65.19	66.85	68.47	70.60	71.80	57.73	70.15	
19	64.76	66.52	68.10	70.50	71.50	57.51	70.25	
20	64.64	66.40	68.00	70.50	71.45	57.41	70.20	
21	64.45	66.27	68.05	70.50	71.50	57.35	70.15	

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 '82	May '82	Jul '82	Oct '82	Dec '82		
Jan. 14	58.60	59.58	60.65	61.65	62.90	52.06	
15	58.20	59.15	60.30	61.35	62.75	51.66	
18	58.18	59.01	60.30	61.35	62.75	51.95	
19	57.93	58.93	60.15	61.45	62.75	51.90	
20	57.60	58.70	60.12	61.45	62.75	51.82	
21	57.75	58.85	60.15	61.60	62.90	51.71	

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

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1980-81 and 1981-82

Description	MARKETING YEAR			
	1980-81		1981-82	
	Through January 15		Through January 14	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	2,170,400	-	3,453,100
Exports	202,200	2,465,400	126,700	2,164,500
Total export commitments	-	4,635,800	-	5,617,600
New sales	76,000	-	189,800	-
Buy-backs and cancellations	8,200	-	16,700	-
Net sales	67,800	-	173,100	-
Sales next marketing year	3,000	39,100	9,100	102,600

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

Upland cotton export sales activity. Good buyer interest during the week ended January 14 resulted in a net increase in sales of 173,100 running bales, according to the Foreign Agricultural Service, USDA. The major buyers were Japan 97,400 bales; South Korea 30,300 and Taiwan 26,900 bales. Asian destinations received 80 percent of the week's shipments and 17 percent went to Europe.