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Dept of Ag Eco

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**Weekly Cotton Market Review**  
(Week ended July 12)

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Limited supplies and very light offerings continued to restrict trading on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices averaged slightly higher. Domestic mill purchases were light. Export trading was more active in the San Joaquin Valley but remained slow in other markets. Forward contracting of 1984-crop cotton by growers was inactive. The crop continued to make favorable progress in most areas of the Cotton Belt. The world cotton outlook for 1984-85 continues to indicate sharply larger production, moderately larger consumption and increasing stocks.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets averaged 70.69 cents per pound during the week ended Thursday, July 12. Prices ranged from a high of 71.47 cents on Friday to a low of 70.04 cents on Wednesday and ended the week at 70.19 cents. A week earlier, prices averaged 70.56 cents per pound, ranging from 70.12 to 71.02 cents. In the corresponding week a year ago, the average price was 69.84 cents. The New York October 1984 futures settlement price ended the week on Thursday at 72.56 cents per pound compared with 73.07 cents a week earlier. The December price was 71.64 cents against 72.71 cents the previous week.

Trading on spot cotton markets remained slow. Grower-held supplies were at low levels and very little cotton was offered. Merchant demand was limited. Some merchants traded a light volume among themselves as they matched stocks with outstanding orders. Most domestic mills limited purchases to fill-ins; however, a small volume was bought for January 1985 and later delivery. Export trading was more active in the San Joaquin Valley but remained slow in other markets. Far Eastern and European mills made purchases that were mostly of 1983-crop cotton for prompt shipment. Purchases reported by cotton exchanges in the designated markets totaled 32,600 bales in the week ended Thursday, July 12. This compares with 13,400 bales a week earlier and 39,100 bales in the corresponding week last season.

Textile mill report. Mill buying remained light and intermittent. Purchases consisted of a small volume, mostly California cotton, for prompt through second quarter 1985 shipment. With sales of numerous textile products continuing to show weakness, most mills have adopted a "wait and see" attitude. Product sales remained mixed. Some goods, such as athletic wear, lightweight knits, selected yarns and a few industrials, continued to move at a fair to good rate. Weakness in sales was reported in some household products and in denim. Most mills returned to regular work schedules following the July holidays. Some mills remained closed a few days longer than usual to reduce goods inventories.

USDA issues final rule for cotton staple length standards. Beginning July 1985, U. S. Department of Agriculture staple length standards for American upland cotton will be based on precise measurements by an instrument specifically designed to measure cotton fiber, according to an announcement July 10.

The new physical standards for staple length will be based on measurements by the Suter-Webb Fiber Sorter. The present official staple length standards were established in 1918 when the only measurement aid was the common ruler.

The final rule will be effective July 12, 1985. The staple length standards are established and maintained under the authority of the U. S. Cotton Standards Act.

Copies of the final rule may be obtained from the Cotton Division, AMS, USDA, 302 Annex, Washington, D. C. 20250. Phone: (202) 447-2145.



Crop progress. The cotton crop in the San Joaquin Valley of California made good progress. Plants were blooming heavily and putting on fruit. Late planted fields were growing rapidly. Insect problems were minimal. The central Arizona crop made generally good progress. The weather was hot and humid. Scattered showers were received in several localities. In New Mexico, crop progress was good. Plants were growing and putting on fruit at a satisfactory rate. Insect infestations increased in some fields and control measures were initiated. Rain is badly needed over most of Oklahoma. Some acreages were not planted due to dry conditions. The crop made good progress in areas where moisture was available. In Texas, the crop made good to excellent progress in the Lubbock area. Insect infestations increased in some areas and control measures were being taken. The central Texas crop made good progress in most localities and was maturing rapidly in southern counties. Some ginning was expected before the end of July. Rain was needed in a few localities as cotton was showing signs of stress. Cotton was opening rapidly and defoliation was under way in dryland areas of south Texas. Harvesting of early planted fields has begun. Cotton made good progress in Arkansas and Missouri. Plants were squaring and blooming. Some areas received beneficial rains. Insecticide applications were being used to control pests. In Tennessee, plants were growing and putting down a good root system. Older crops were fruiting. Hot, mostly dry weather prevailed. Some localities received beneficial rains. The crop in Mississippi was in mostly good to very good condition. Blooms could be found in most fields. Scattered showers were beneficial. Spray schedules continued in many localities to control insects. In Louisiana, plants were growing and blooming with some setting bolls. The weather was hot and humid. Scattered showers were received daily with heavy rains falling in some areas. Control measures were being used to hold down insect damage. The crop made good progress in Alabama and Georgia. Early planted cotton was blooming profusely. Rains were received in most cotton producing areas and moisture was generally adequate in most fields. Insecticide applications gave satisfactory control. In North Carolina and South Carolina, weather conditions were good for cotton growth. Moisture was generally adequate and plants were growing vigorously. Insect problems were light and control measures were being taken as needed.

World cotton output, use up; U. S. crop prospects improve. Prospects for sharply larger global cotton production, moderately larger consumption and increasing stocks continue to highlight the outlook for 1984-85. World output may expand more than 6 million 480 pound net weight bales to a record 73.9 million, reflecting a 50 percent recovery in U. S. production and about 4 percent larger output abroad. Based on expectations for continued improvement in economic and textile activity in major foreign consuming countries, world mill use is projected at a record 70.5 million bales, up 2 million from this season. Ending stocks are placed at 28 million bales, 3.3 million above estimated August 1, 1984 stocks which have been revised down somewhat from month-earlier indications. This season's estimated ending stocks of 24.7 million bales -- down about 0.7 million from the previous estimate -- primarily reflect a sharp downward revision in 1981-82 Egyptian stocks.

Foreign cotton stocks in 1984-85 are projected to increase 2.5 million bales to 24.3 million, with China again likely to account for most of the increase. Output abroad could total about 62.1 million bales, up 2.3 million from this season as both area and yields increase. Foreign use is projected at nearly 65 million bales, up 2.2 million from 1983-84. Exports are expected to benefit from larger supplies, rising about 1.8 million bales above this season's depressed level.

Improved U. S. cotton crop prospects, coupled with relatively weak demand, point to a moderate rebuilding in U. S. cotton stocks next season. Boosted by larger area, production is projected to increase about 4 million bales to 11.8 million. At the same time, total use is placed at 11.1 million bales, slightly below a month earlier and nearly 2 million below 1983-84. With expected sharply larger competitive supplies abroad next season and little improvement in world trade levels, U. S. exports may drop more than one-fifth to around 5.5 million bales. Mill use also could slip if the economy cools and textile imports continue to penetrate domestic markets; consumption may fall about 5 percent to 5.6 million bales. These prospective developments indicate that stocks will increase about one-fourth to around 3.7 million bales.

World cotton supply and demand estimates for 1983-84 remain near month-earlier estimates, except for lower stocks stemming from the revision in Egyptian stocks.



Cotton supply and use: World, United States, major exporters and importers; marketing years 1982-83, 1983-84, and 1984-85 1/  
July 11, 1984

Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
<u>Million 480 pound bales</u>						
<u>1982-83</u>						
World <u>2/</u>	25.6	67.5	19.3	67.8	18.7	25.6
United States	6.6	12.0	<u>3/</u>	5.5	5.2	7.9
Total foreign	19.0	55.5	19.3	62.2	13.5	17.7
Major exporters <u>4/</u>	4.8	23.1	0.4	15.4	8.5	4.3
Major importers <u>5/</u>	5.1	0.8	14.8	15.5	0.3	4.8
Others	9.1	31.6	4.0	31.3	4.7	8.7
<u>1983-84 (Estimated)</u>						
World <u>2/</u>	25.6	67.6	19.1	68.6	18.9	24.7
United States	7.9	7.8	<u>3/</u>	5.9	7.0	2.9
Total foreign	17.7	59.8	19.1	62.7	11.9	21.8
Major exporters <u>4/</u>	4.3	22.4	0.6	15.2	7.3	4.7
Major importers <u>5/</u>	4.8	0.8	15.0	15.7	0.3	4.5
Others	8.7	36.6	3.5	31.8	4.2	12.6
<u>1984-85 (Projections)</u>						
World <u>2/</u>						
June	25.4	73.3	19.0	70.5	19.0	28.0
July	24.7	73.9	19.2	70.5	19.2	28.0
United States						
June	2.9	11.5	<u>3/</u>	5.7	5.5	3.2
July	2.9	11.8	<u>3/</u>	5.6	5.5	3.7
Total foreign						
June	22.5	61.8	19.0	64.8	13.5	24.8
July	21.8	62.1	19.2	64.9	13.7	24.3
Major exporters <u>4/</u>						
June	-	-	-	-	-	-
July	4.7	24.4	0.5	15.9	8.2	5.3
Major importers <u>5/</u>						
June	-	-	-	-	-	-
July	4.5	1.0	15.3	16.0	0.3	4.4
Others						
June	-	-	-	-	-	-
July	12.6	36.7	3.4	33.0	5.1	14.6

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

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

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						
	Jul '84	Oct '84	Dec '84	Mar '85	May '85		
July 5	77.00	73.07	72.71	74.25	75.00	71.02	81.20
6	78.90	73.67	73.02	74.58	75.20	71.47	81.30
9	76.73	73.43	72.44	74.15	74.90	71.29	81.40
10	-	72.51	71.77	73.50	74.30	70.44	81.00
11	-	72.20	71.37	73.03	73.80	70.04	80.45
12	-	72.56	71.64	73.20	74.00	70.19	80.25

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 July 7		Through July 5	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	926,300	-	976,200
Exports	100,000	4,498,500	68,300	6,152,400
Total export commitments	-	5,424,800	-	7,128,600
New sales	28,000	-	137,100	-
Buy-backs and cancellations	21,100	-	5,500	-
Net sales	6,900	-	131,600	-
Sales next marketing year	77,900	1,791,500	77,700	1,803,000

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

Upland cotton export sales for the current marketing year resulted in a net increase of 131,600 running bales during the week ended July 5, according to the Foreign Agricultural Service, USDA. Major purchases were by the USSR of 120,600 bales. Sales for the 1984-85 marketing year totaled 77,700 bales and were primarily to Japan with 31,100 bales and Hungary 14,200 bales. Weekly exports of 68,300 bales were 26 percent below the previous week. Asian destinations accounted for 88 percent of the week's shipments and Europe 7 percent.