

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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TEXAS TECH

Weekly Cotton Market Review  
(Week ended July 22)

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Trading was generally slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were fairly steady. Grower offerings were adequate to meet the limited merchant demand. Domestic mill buying was generally light for delivery in the nearby months but some mills bought for fall and later delivery. Export trading was slow and mostly with Far Eastern mills. Forward contracting of the 1982 crop by growers was slow. The crop continued to make good progress in most localities. USDA raised the fee for classing cotton for growers to 67 cents per sample effective July 16.

Spot cotton prices were fairly stable. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ranged from 65.17 to 66.00 cents per pound during the period. This compares with a range of 65.05 to 65.97 cents per pound a week earlier. The average price on Thursday, July 22, was 66.00 cents per pound compared with 65.41 cents a week earlier and 74.54 cents on the corresponding Thursday last season. In the futures market, the New York October settlement price ended the week on Thursday at 71.64 cents compared with 71.14 cents a week earlier. The New York December settlement price was 73.67 cents against 73.28 cents last Thursday.

Trading was generally slow. Most grower-to-merchant trading involved CCC loan equities. Merchant demand was restricted mostly to cotton needed to fill commitments. Grower-held supplies were adequate to meet demand. Domestic mills limited purchases of 1981-crop cotton to cotton needed for fill-ins but a few mills bought a light to moderate volume of 1982-crop cotton for fall and later delivery. The bulk of 1982-crop purchases was central and far western growths. Export trading was steady. Most purchases were by Far Eastern mills and primarily 1982-crop cotton. Purchases reported by cotton exchanges in the designated markets totaled 88,500 bales in the week ended Thursday, July 22. This compares with 91,600 bales a week earlier and 27,300 bales in the corresponding week last season.

Textile mill report. Some mills bought a moderate volume of new-crop cotton, mostly western and central growths. Prompt to nearby buying was light. Restricted movement of many textiles has extended inventories and decreased needs for cotton. Textile sales were intermittent and spotty. Lightweight knits, athletic goods and materials for sportswear represented the more active movers in an otherwise sluggish market. Industrial, household and automotive markets remain quiet. The anticipated upturn for fourth quarter and later months has been slow developing. Mills remain on varying work schedules, carefully matching output to market requirements. Some mills further restricted operations. Workweeks range from three to five days, mostly five.

USDA increases cotton classification fees. The U. S. Department of Agriculture increased the fee it charges producers for cotton classing services from 60 to 67 cents per sample on July 15, 1982. A five percent fee increase for review classifications and rewriting classification memoranda was announced.

At the same time, USDA proposed an increase to cover cotton futures classing, cotton linters grading and related services, and the supervision of cottonseed grading to be effective October 1.

According to USDA's Agricultural Marketing Service, the user fees -- initiated last October -- have been inadequate to cover the cost of providing these services.

The fees were based on limited information and projections such as the size of the potential 1982 crop, the volume and value of loose samples and the level of producer participation. An additional increase could be necessary later in the year.



Both the interim final rule for classing services to producers and the proposal for fee increases appears in the July 16 Federal Register. Comments on either should be sent before September 16 to Loyd R. Frazier, Marketing Services Branch, Room 306 Cotton Annex, AMS, USDA, Washington, D.C. 20250.

USDA request comments on 1983 upland cotton program. The U. S. Department of Agriculture has asked for public comment on provisions of the 1983 upland cotton program and has set a deadline of September 14 to receive those comments. USDA plans to announce its 1983 upland cotton program on or before November 1 and is asking for comments on the following:

-- the base loan rate for the basic grade of upland cotton, Strict Low Middling 1-1/16 inches, micronaire 3.5 through 4.9, (grade 41 staple 34, mike 35-49), at average U. S. location. This base loan rate -- which by law cannot be less than 55.00 cents per pound -- will be determined according to a statutory formula using domestic and world price data.

-- the 1983 target price, which by law cannot be less than 76.00 cents per pound.

-- whether USDA should establish an acreage reduction program and, if so, the level of such a reduction.

-- the appropriate national program acreage and voluntary reduction percentage if no acreage reduction program is announced.

-- whether USDA should establish a paid land diversion program and, if so, the percentage of the diversion and the level of payment.

-- the loan rate for seed cotton.

Due to a 1981-crop cotton surplus, USDA is considering both acreage reduction and paid diversion programs, but the actual need for acreage adjustment programs will depend on supply and demand conditions affecting the 1982 crop. Recent crop losses from hail and rains on the Texas High Plains could mean large acreage reduction programs are unnecessary. If no acreage reduction program is established, USDA will announce a national program acreage and a voluntary reduction percentage.

The deadline for receiving comments is September 14. Comments should be sent to the Director, Analysis Division, USDA-ASCS, Room 3741-S, P. O. Box 2415, Washington, D.C. 20013. Comments will be available for public inspection in that room during regular business hours.

USDA announces weather related disaster aid. An agricultural region covering 76 counties -- involving parts of Texas, New Mexico and Oklahoma -- ravaged by spring and summer storms, will be eligible for various types of disaster assistance. Special disaster payments and other farm program benefits for cotton, wheat and feed grain will be provided to those farmers who qualify in this region centered on the High Plains of Texas.

This unusual action was taken to meet the needs created by a unique and widespread natural disaster caused by severe weather. Over the last several weeks a combination of hail, heavy rainfall, wind and cold weather has devastated crops. Drought conditions prevailed in this area until about the first of May.

Rainfall in the affected region normally averages about 19 inches per year. A series of severe storms moving through the region in recent weeks dropped 30 inches of rain in a six-week period. Excess moisture stunted plant growth, washed out crops and damaged young plants with hail.

Emergency conservation funds provided through the programs of USDA's Agricultural Stabilization and Conservation Service will be included in the disaster assistance to meet erosion and soil deterioration caused by the disaster.

The disaster assistance will be in addition to the insured benefits available to the farmers covered by USDA's Federal Crop Insurance Corporation.

Quality of the 1981 upland cotton crop. The average staple length of the 1981-upland cotton crop was 33.6 thirty-seconds inches, the shortest since the 1977 crop. Staples 34 and 35 comprised 47 percent of the crop, about the same proportion as a year earlier, but staples 36 and longer, at 15 percent, was the smallest proportion since 1978. White grades 41 and higher, at about 42 percent of the crop, made up the smallest proportion of any crop since records began in 1938. Grades 41 and 42 were the predominant grades, accounting for 21 percent of ginnings each. This was the first time since records began that a Light Spotted grade was predominant. Cotton with mike 35-49 made up 74 percent of the 1981 crop and the average mike was 41. Average fiber strength was 24.1 grams per tex.



Grade and staple of upland cotton ginned in the United States, 1981-82

Grade Code	Staple													All staples		
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer	Bales	Percent
<b>White:</b>																
11	1	3	16	22	22	221	131	542	48	2	-	-	-	-	1,008	*
21	4	2	36	148	237	199	1,952	85,311	37,210	348	5	1	4	142,430	0.9	
30	-	-	28	45	10	42	136	709	12,984	9,300	96	5	-	23,359	0.2	
31	1	50	836	7,107	20,101	15,388	48,902	391,095	1,285,600	759,429	16,187	1,562	104	2,546,264	16.9	
40	1	-	10	243	619	1,429	10,153	50,597	179,019	162,355	5,401	737	55	22	410,641	2.7
41	13	56	804	10,424	55,555	87,085	210,038	905,255	1,254,008	559,749	36,312	8,001	665	283	3,128,248	20.8
50	-	1	16	284	1,330	3,153	16,886	96,056	151,559	67,689	4,970	1,455	284	51	343,734	2.3
51	6	25	249	3,448	20,837	44,198	82,603	300,338	469,760	172,186	11,684	4,097	879	138	1,110,448	7.4
60	-	-	-	19	165	476	1,412	5,846	10,434	4,384	377	17	12	3	23,145	0.2
61	5	11	78	1,063	6,765	17,081	31,519	51,223	58,766	19,505	1,692	357	54	16	188,135	1.2
70	-	4	23	250	1,372	4,587	9,324	10,900	7,804	2,031	177	36	3	3	36,516	0.2
71	2	4	23	250	1,372	4,587	9,324	10,900	7,804	2,031	177	36	3	3	36,516	0.2
<b>Total</b>	33	149	2,083	23,047	107,024	173,678	413,200	1,829,349	3,515,854	1,794,003	77,246	16,272	2,057	626	7,954,621	52.8
<b>Light Spotted:</b>																
12	-	-	-	3	4	56	50	52	12	1	-	-	-	-	178	*
22	1	88	613	1,270	878	261	150	437	831	224	7	-	-	-	4,760	*
32	197	3,202	22,186	124,241	219,821	119,125	40,918	73,487	87,192	26,727	2,932	391	73	19	720,511	4.8
42	380	5,767	44,329	287,526	818,269	652,262	277,943	461,225	492,242	150,207	14,083	4,122	618	90	3,209,066	21.3
52	185	2,880	26,190	174,026	502,815	536,069	266,846	251,396	233,042	69,635	8,307	2,057	501	114	2,074,063	13.8
<b>Total</b>	763	11,937	93,318	587,066	1,541,787	1,307,776	585,907	786,597	813,319	246,794	25,329	6,570	1,192	223	6,008,578	39.9
<b>Spotted:</b>																
13	-	-	1	3	6	2	20	9	8	6	3	2	-	3	63	*
23	9	196	188	442	365	145	86	83	217	63	4	-	-	19	1,817	*
33	219	2,353	7,722	21,201	21,244	9,239	3,032	3,299	7,918	2,443	30	3	1	5	78,709	0.5
43	364	4,512	23,149	71,210	92,178	55,060	21,976	26,359	28,395	7,512	309	44	5	17	331,090	2.2
53	145	3,079	20,448	73,114	104,488	75,992	34,052	35,148	24,819	4,493	475	90	23	13	376,379	2.5
<b>Total</b>	737	10,140	51,508	165,970	218,281	140,438	59,166	64,898	61,357	14,517	821	139	29	57	788,058	5.2
<b>Tinged:</b>																
24	1	1	1	1	5	2	2	4	8	3	-	-	-	-	28	*
34	16	147	308	403	284	124	90	197	269	95	-	-	-	6	1,939	*
44	186	933	1,861	2,352	1,810	824	760	2,115	1,339	262	5	-	1	5	12,453	0.1
54	146	746	1,689	2,834	2,182	1,239	942	1,954	1,247	115	20	-	-	-	13,114	0.1
<b>Total</b>	349	1,827	3,859	5,590	4,281	2,189	1,794	4,270	2,863	475	25	-	1	11	27,534	0.2
<b>Stained:</b>																
25	-	4	3	1	2	2	3	-	1	2	-	-	-	1	19	*
35	-	2	10	21	12	24	3	18	22	10	-	-	-	6	129	*
<b>Total</b>	-	6	13	22	14	26	6	18	23	12	-	-	-	7	148	*
<b>Light Gray:</b>																
16	-	-	-	-	-	-	1	-	-	5	-	-	-	-	6	*
26	-	-	-	3	8	19	24	95	277	81	-	-	-	-	507	*
36	-	-	8	96	310	100	378	1,110	3,302	1,276	1	-	-	7	6,588	*
46	-	-	1	36	176	77	150	557	1,467	654	1	-	-	8	3,127	*
<b>Total</b>	-	-	9	135	494	196	553	1,762	5,046	2,016	2	-	-	15	10,228	*
<b>Gray:</b>																
17	-	-	-	-	1	-	-	1	-	-	-	-	-	-	2	*
27	-	-	-	1	2	-	-	1	-	3	-	-	-	-	7	*
37	-	-	-	7	13	3	18	22	193	85	2	-	-	1	344	*
47	-	-	-	7	15	3	23	80	260	121	4	1	-	3	517	*
<b>Total</b>	-	-	-	15	31	6	41	104	453	209	6	1	-	4	870	*
<b>Below Grade</b>	296	984	4,335	23,186	51,636	75,405	63,417	37,633	20,163	4,873	611	245	28	5	282,817	1.9
<b>All grades</b>	2,178	25,043	155,125	805,031	1,923,548	1,699,714	1,124,084	2,724,631	4,419,078	2,062,899	104,040	23,228	3,307	948	15,072,854	100.0
<b>All grades</b>	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
<b>All grades</b>	0.2	1.0	5.3	12.8	11.3	7.5	18.1	29.2	13.7	0.7	0.2	0.2	0.2	0.2	100.0	
1/ As reported by the Bureau of the Census, running bales.																
* Less than 0.05 percent.																
Average staple..... 33.6																



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							
	Oct '82	Dec '82	Mar '83	May '83	Jul '83			
July 15	71.14	73.28	75.30	76.45	77.60	65.41	79.00	
16	71.20	73.40	75.47	76.75	77.80	65.52	78.70	
19	70.75	72.93	75.00	76.10	77.35	65.17	78.70	
20	71.47	73.67	75.75	76.75	77.95	65.73	78.80	
21	71.42	73.40	75.40	76.70	77.90	65.69	79.10	
22	71.64	73.67	75.70	76.95	77.95	66.00	79.10	

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

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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						
	Oct '82	Dec '82	Mar '83	May '83	Jul '83		
July 15	65.55	67.60	69.25	70.00	71.20	58.74	
16	65.55	67.50	69.25	70.00	71.20	58.88	
19	65.20	67.25	69.05	70.00	71.20	58.61	
20	65.65	67.65	69.10	70.00	71.20	59.04	
21	65.60	67.60	69.10	70.00	71.20	59.01	
22	65.75	67.80	69.10	70.00	71.20	59.39	

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

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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 July 16		Through July 15	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	454,800	-	666,900
Exports	49,600	5,509,600	115,900	6,064,000
Total export commitments	-	5,964,400	-	6,730,900
New sales	28,000	-	12,800	-
Buy-backs and cancellations	4,800	-	15,600	-
Net sales	23,200	-	-2,800	-
Sales next marketing year	59,300	775,700	59,600	1,265,100

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

Upland cotton export sales. Activity for the current marketing year during the week ended July 15 resulted in a net decrease of 2,800 running bales, according to the Foreign Agricultural Service, USDA. Sales for the next marketing year increased by 59,600 bales with the major increase to Japan of 37,700 bales. The weekly export pace recovered to 115,900 bales. Asian destinations accounted for 95 percent of the week's exports and European destinations three percent.