

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
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Weekly Cotton Market Review
(Week ended July 7)

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Trading on spot cotton markets was restricted by limited supplies and offerings, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were fairly stable. Merchant demand was weak. Domestic and foreign mill purchases were light. Forward contracting of 1983-crop cotton by growers was slow. Through the end of June, growers had booked about 11 percent of their crop. The crop made satisfactory progress but was later than usual for this time of year in most localities. The interest rate for CCC loans disbursed in July will be 9.5 percent. USDA raised the fee for classing cotton for growers to \$1.15 per sample.

Spot cotton prices were fairly steady. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ranged from a low of 70.03 cents per pound to a high of 71.01 cents during the period. This compares with a range of 70.64 to 73.35 cents a week earlier. The average price on Thursday, July 7, was 70.27 cents compared with 70.64 cents a week earlier and 65.62 cents on the corresponding Thursday last season. The New York October futures settlement price ended the week on Thursday at 77.83 cents per pound compared with 77.48 cents a week earlier. The December settlement price was 79.19 cents against 78.66 cents last Thursday.

Trading. Supplies of uncommitted cotton were limited in many markets and most growers were reluctant to sell at prevailing prices. Trading of CCC loan equities and PIK cotton accounted for the bulk of market activity. Very few merchants were actively seeking cotton and demand was confined mainly to essential needs. Domestic mill activity was seasonally inactive because of limited needs for inventory fill-ins and annual vacation closings. Foreign mills, primarily Far Eastern, bought a light volume of cotton. Shipments were scheduled for prompt through March 1984. Purchases reported by cotton exchanges in the designated markets totaled 83,200 bales in the week ended Thursday, July 7. This compares with 130,000 bales a week earlier and 108,000 bales in the corresponding week last season.

Textile mill report. Most mills were closed for summer holidays. Some mills were closed only a few days while some others were closed for up to two weeks. Many mills had sufficient stocks to carry them into the new crop although some needed a light volume for fill-ins. Cotton departments at a number of mills were open to receive shipments or take inventory.

CCC loan entries of 1982-crop cotton totaled 5,052,400 running bales through June 29. Repayments had been made on 2,535,600 bales. Loans were outstanding on 2,516,800 bales, of which 1,457,100 were Form A (producer) and 1,059,700 were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,083,500 bales. Repayments had been made on 3,638,100 bales. Loans were outstanding on 2,313,100 bales, of which 1,503,800 were Form A and 809,300 were Form G loans. Forfeitures totaled 132,200 bales through June 29. Loans remained outstanding on 111,600 bales of 1980-crop cotton.

USDA increases user fees for cotton classing services: The U. S. Department of Agriculture issued an interim final rule on July 5 that will increase the user fee for cotton classing services for cotton producers to \$1.15 per bale for the 1983 season. The fee was 67 cents per bale last year.

According to USDA's Agricultural Marketing Service, the increase in the classing fees for growers is needed because there will be no funds appropriated this year for the services and because a smaller crop will increase the unit cost of classing each bale.

The interim final rule also provides the following fee schedules:

--An additional fee of 45 cents per bale for optional high volume instrument classing.

--A discount of 5 cents per bale where fees are centrally billed and collected through voluntary agents. Approximately 90 percent of the fees currently are collected in this manner.

User fees for cotton classing were mandated under provisions of the Omnibus Budget Reconciliation Act of 1981. In the past two seasons, costs of the service were supplemented with appropriated federal funds. Use of USDA cotton classing services by cotton producers is voluntary.

USDA also proposed about a 4 percent increase in fees it charges for cotton futures classing, cotton linters grading and related services, and the supervision of cottonseed grading. These services are used mainly by merchants, manufacturers and cottonseed breeders.

The interim final rule and other fee proposals were published in the July 6 Federal Register. Comments will be accepted by USDA through September 5, and should be sent to Loyd R. Frazier, Cotton Division, 306 Annex, AMS, USDA, Washington, D.C. 20250.

Forward contracting 1983 crop. United States upland cotton growers had forward contracted about 11 percent of their crop by the end of June. This was the largest percentage booked by the end of June since the 1980 crop and was up from 7 percent a year earlier and 6 percent two years ago. Contracting this season has been most active in south central states where about 24 percent had been booked, up from 13 percent in 1982 and 14 percent in 1981. Growers in southeastern states had contracted about 23 percent, up from 12 percent a year earlier and 6 percent two years ago. Western states growers had booked 11 percent compared with 13 percent the previous year and 5 percent in 1981. In southwestern states, about 4 percent of the crop was under contract, up from 2 percent a year earlier and 3 percent two years ago. These estimates were based on the Crop Reporting Board's June planted acreage report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Prices received by farmers for upland cotton averaged 64.40 cents per pound in mid-June, according to the Statistical Reporting Service, USDA. This compares with 61.70 cents for the entire month of May and 58.10 cents in June 1982. These prices include cotton delivered against forward contracts. The parity price for upland cotton announced June 30 was 119.00 cents per pound, the same as a month earlier and compares with 120.00 cents in June last season.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1982-1983

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1982	1983		1982	1983		1982	1983
	Cents	Cents		Cents	Cents		Cents	Cents
January	50.30	56.00	June	58.10	64.40 1/	November	59.90	
February	49.10	56.40	July	59.90		December	57.30	
March	50.40	59.90	August	52.80				
April	54.30	59.70	September	55.50		Calendar		
May	55.80	61.70	October	59.80		year avg.	55.20	

1/ Mid-month price.

Forward contracting of upland cotton by growers, through June 30, crops of 1974-1983
and planted acreage, 1983 crop

State	Cotton crops											Planted acreage 1/ 1,000 acres
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	Pct.	
Alabama	10	*	66	6	7	12	15	7	12	23	200	
Georgia	4	-	30	1	-	7	9	10	4	6	130	
North Carolina	8	-	37	14	2	10	22	2	5	24	60	
South Carolina	15	1	36	16	9	13	38	1	29	52	69	
Southeastern states	9	*	49	7	5	11	18	6	12	23	459	
Arkansas	30	2	78	17	18	14	41	13	11	21	350	
Louisiana	21	1	67	6	25	11	36	9	4	19	420	
Mississippi	36	2	66	22	31	40	59	20	19	26	720	
Missouri	35	*	84	21	13	18	73	20	14	35	100	
Tennessee	16	1	65	2	6	10	22	1	10	31	220	
South Central states	30	2	71	16	23	24	48	14	13	24	1,810	
Oklahoma	*	-	6	19	25	3	4	-	1	-	380	
Texas	6	-	14	18	7	11	14	3	2	4	4,250	
Southwestern states	6	-	13	18	9	10	13	3	2	4	4,630	
Arizona	44	3	51	49	33	17	27	7	19	11	291	
California	63	23	66	27	35	22	16	5	11	11	980	
New Mexico	13	-	13	20	10	6	3	1	*	-	57	
Western states	52	16	59	32	33	20	18	5	13	11	1,328	
United States	20	3	42	19	16	14	21	6	7	11	8,227	

1/ June 1983, Crop Reporting Board, Statistical Reporting Service, USDA.

* Less than 0.5 percent.

United States Department of Agriculture, Agricultural Marketing Service, Cotton Division

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 '83	Oct '83	Dec '83	Mar '84	May '84			
June 30	77.60	77.48	78.66	79.75	80.00	70.64	88.20	
July 1	76.65	76.75	77.72	79.23	79.55	70.03	87.20	
4	H O L I D A Y							86.80
5	78.00	77.68	78.80	80.00	80.50	70.47	86.90	
6	78.00	78.40	79.54	80.92	81.25	71.01	87.50	
7	77.83	77.83	79.19	80.50	80.85	70.27	88.70	

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 1981-82 and 1982-83

Description	Marketing Year			
	1981-82		1982-83	
	Through July 1		Through June 30	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	875,500		
Exports	101,700	5,866,200		
Total export commitments	-	6,741,700	Will be released	
New sales	20,300	-		
Buy-backs and cancellations	58,200	-	July 8, 1983	
Net sales	-37,900	-		
Sales next marketing year	36,400	1,159,700		

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