

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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Weekly Cotton Market Review
(Week ended July 8)

Vol. 63, No. 48

July 9, 1982

Spot cotton prices were unsettled, according to the Cotton Division, Agricultural Marketing Service, USDA. The volume of grower offerings was limited. Merchant demand was generally weak except for cotton needed to meet nearby commitments. Domestic and foreign mill purchases were light. Forward contracting of 1982-crop cotton by growers increased in several states. Through the end of June, growers had booked about seven percent of their crop. The crop made good to excellent progress. Hot, dry weather in Oklahoma and on the Texas Plains was beneficial. The Commodity Credit Corporation will pay accrued charges on cotton under extended loan.

Prices for grade 41 staple 34 cotton in the designated markets averaged 65.62 cents per pound on Thursday, July 8. This compares with 64.92 cents a week earlier and 75.84 cents on the corresponding Thursday last season. Spot prices advanced to 66.04 cents on Friday, July 2, but by Wednesday had declined to 64.67 cents per pound. The New York October futures settlement price ended the week on Thursday at 71.80 cents per pound compared with 71.07 cents a week earlier. The December settlement price was 73.95 cents against 72.94 cents last Thursday.

Trading. The volume of cotton traded on spot cotton markets was light. Some growers were holding limited supplies of qualities in best demand. Offerings and sales increased in markets where bid prices were higher. Inter-merchant trading continued. Some merchants withdrew from the market after covering outstanding orders. Domestic mill activity was seasonally inactive, influenced by limited needs for inventory fill-ins and annual vacation closings. Foreign mill purchases consisted mostly of 1982-crop cotton by European mills. Purchases reported by cotton exchanges in the designated markets totaled 108,000 bales in the week ended Thursday, July 8. This compares with 145,000 bales a week earlier and 27,200 bales in the corresponding week last season.

Textile mill report. Most mills were closed during the week of July 4th. A few mills were closed only a short period, while numerous others closed longer than usual due to a continuing slowdown in finished goods sales. Many mills had sufficient stocks to carry them into new crop. Reports indicate, however, that purchases for fill-in and some additional buying may be necessary, depending on business conditions.

CCC to pay accrued charges on cotton under extended loan. The U. S. Department of Agriculture will pay accrued storage and handling charges to warehouse operators on cotton under extended loan, according to the Commodity Credit Corporation, USDA, July 1. This should result in fewer reconcentrations (movements of cotton between warehouses) and thus reduce CCC outlays and forfeitures of loan cotton. Costs incurred through reconcentrations increases the probability of loan forfeitures to CCC since reconcentration costs are added to the loan redemption value and must be repaid by the producer if the cotton is redeemed. Producers and buyers as well as CCC should benefit. CCC will pay warehouse operators accrued charges for cotton under loan at the end of the original 10-month loan period if the loan is extended and at the end of each extended loan period if the loan is extended for an additional period. The paid warehouse charges will be added to the producer's loan amount, if he redeems the cotton, but the producer will not be required to pay interest on the warehouse charges. The CCC is expected to put the procedure into effect within 60 days. At that time CCC will bring all existing extended loans up to date. At

Foreign crop report. The Cotton Outlook of Liverpool reports that although Northern Hemisphere new crops outside the United States have received no setback comparable to that recently sustained by Texas, and no forecast for the major producing countries has yet been scaled down, comments on 1982-83 production prospects are now slightly less optimistic than they were a month ago.

Doubt centers in particular upon Russia, where farmers were earlier hopeful of achieving a record output. Very high temperatures have recently prevailed in Uzbekistan, by far the largest producing republic, and whereas plants have so far thrived in the heat, the first suggestions of a need to conserve water introduces a note of concern. There has been severe storm damage to at least one sector of Azerbaïdzhân. However, this is a relatively minor producer, and such occurrences are by no means abnormal. In China, the northern provinces, which should now contribute over half the crop, still speak confidently of the appearance of their cotton. But average temperatures for the region as a whole have remained low enough to sustain western fears that growth may be falling behind, and Chinese comment (on what evidence is uncertain) upon the probability of exceptionally large typhoons this fall in the Yangtze delta adds to the uncertainty. Elsewhere in Asia, cotton in Pakistan, a major competitor for Texas, appears off to a very good start, whereas the Indian monsoon (which should develop fully in July) has not yet reached the important state of Gujarat. The consequences of a fitful monsoon may in fact be less disadvantageous than is usual, since pre-monsoon rain was exceptionally good in several parts of the country. Turkey has experienced good weather this month, which has clearly aroused hopes that outputs in the Izmir region will be less unsatisfactory than one had feared after a cold, wet spring.

No significant change has occurred in Africa, where the Egyptian crop still promises high yields and the more southerly countries still await the rains. The Central American countries are now planting actively, it is already clear that except in Nicaragua, acreages will show the expected decline, curtailed by unfavorable political and economic conditions and the scarcity of finance. Nicaragua was earlier greatly alarmed by torrential rain in the principal growing districts, but fields have since dried out well and the government is trying hard to encourage farmers to plant. Colombia now seems certain to be a substantial net importer of cotton in 1982-83, principally from the U. S. No satisfactory agreement as to price supports and finance has been reached with farmers in the coastal region, whose sowings are in consequence expected to fall dramatically. Mexico has been favored by good weather so far, and may witness some revival of sowings in 1983-84, after the recent devaluations.

It is still a little early to predict plantings in the Southern Hemisphere, but good acreages in south Brazil and Australia, and some decline in Argentina, Paraguay, Zimbabwe and South Africa still seem probable.

Prices received by farmers for upland cotton averaged 47.90 cents per pound in mid-June, according to the Statistical Reporting Service, USDA. This compares with 54.20 cents for the entire month of May and 71.20 cents in June 1981. These prices include cotton delivered against forward contracts. The parity price for upland cotton announced June 30 was 120.00 cents per pound against 119.00 cents a month earlier and 117.00 cents in June last season.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1981-1982

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1981	1982		1981	1982		1981	1982
	Cents	Cents		Cents	Cents		Cents	Cents
Jan.	76.60	49.90	June	71.20	47.90 ^{1/}	Nov.	60.10	
Feb.	70.80	48.40	July	70.40		Dec.	51.20	
Mar.	71.90	50.10	Aug.	65.00				
Apr.	72.70	53.50	Sept.	58.00		Calendar		
May	72.50	54.20	Oct.	62.30		year avg.	63.20	

^{1/} Mid-month price.

Contracting 1982 crop. United States upland cotton growers had forward contracted about seven percent of their crop by the end of June, up from six percent a year earlier. Contracting this season has been most active in south central and western states where 13 percent of the crop has been booked. A year earlier, around 14 percent of the crop was under contract in south central states and five percent in western states. Growers in southeastern states had contracted about 12 percent, up from six percent last season. In southwestern states, growers had forward contracted around two percent, down from three percent last year. 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.

Forward contracting of upland cotton by growers, through June 30,
crops of 1974-1982 and planted acreage, 1982 crop

State	Cotton crops									Planted acreage ^{1/} 1,000 acres
	1974	1975	1976	1977	1978	1979	1980	1981	1982	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
Alabama	10	*	66	6	7	12	15	7	12	270
Georgia	4	-	30	1	-	7	9	10	4	170
North Carolina	8	-	37	14	2	10	22	2	5	80
South Carolina	15	1	36	16	9	13	38	1	29	105

Southeastern states	9	*	49	7	5	11	18	6	12	625

Arkansas	30	2	78	17	18	14	41	13	11	450
Louisiana	21	1	67	6	25	11	36	9	4	620
Mississippi	36	2	66	22	31	40	59	20	19	1,100
Missouri	35	*	84	21	13	18	73	20	14	200
Tennessee	16	1	65	2	6	10	22	1	10	260

South Central states	30	2	71	16	23	24	48	14	13	2,630

Oklahoma	*	-	6	19	25	3	4	-	1	560
Texas	6	-	14	18	7	11	14	3	2	5,700

Southwestern states	6	-	13	18	9	10	13	3	2	6,260

Arizona	44	3	51	49	33	17	27	7	19	490
California	63	23	66	27	35	22	16	5	11	1,380
New Mexico	13	-	13	20	10	6	3	1	*	95

Western states	52	16	59	32	33	20	18	5	13	1,965

United States	20	3	42	19	16	14	21	6	7	11,480

^{1/} June 1982, 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					9-market average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement						
	Jul '82	Oct '82	Dec '82	Mar '83	May '83		
July 1	67.55	71.07	72.94	74.85	75.95	64.92	77.90
2	69.20	72.44	74.46	76.15	77.20	66.04	77.60
5	H O L I D A Y						78.25
6	68.10	71.64	73.66	75.42	76.50	65.41	78.25
7	66.75	70.65	72.74	74.60	75.65	64.67	77.95
8	68.30	71.80	73.95	75.80	76.85	65.62	77.95

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					
	Jul '82	Oct '82	Dec '82	Mar '83	May '83	
July 1	60.90	65.10	66.80	68.00	69.00	58.00
2	63.30	67.00	68.50	70.00	70.50	58.82
5	H O L I D A Y					
6	63.30	66.40	67.50	69.50	70.50	58.34
7	62.60	65.70	66.70	69.00	70.00	57.80
8	62.60	66.25	67.90	69.50	70.50	58.59

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 July 2		Through July 1	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	532,900		
Exports	87,900	5,428,300		
Total export commitments	-	5,961,200		WILL BE RELEASED
New sales	24,400	-		
Buy-backs and cancellations	155,800	-		JULY 9
Net sales	-131,400	-		
Sales next marketing year	124,100	657,600		

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