

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
4841 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-521-2934



Weekly Cotton Market Review
(Week ended June 9)

Vol. 64, No. 44

June 10, 1983

Spot cotton prices set new season highs during the period, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading was a little more active and was restricted primarily to CCC loan equities. Merchant demand was fairly good. Domestic mill buying was light. Export trading was a little more active in some markets. Growers had forward contracted about 10 percent of their prospective 1983-crop acreage through the end of May. The crop made more favorable progress in far western states, good progress in southeastern states, but was hampered by unfavorable weather in southwestern and south central states.

Spot cotton prices for grade 41 staple 34, mike 35-49, in the designated markets reached new season highs for the current marketing year which began August 1. The average price advanced on Friday, June 3, to 70.47 cents per pound, then trended slightly higher on Monday, June 6, to 70.52 cents. Prices were fairly stable Tuesday and Wednesday and ended the week on Thursday, June 9, at 71.37 cents, the highest price since July 31, 1981, when the average was 72.65 cents. This compares with 68.91 cents a week earlier and 60.93 cents on the corresponding Thursday last season. The New York July futures settlement price ended the week on Thursday at 78.37 cents per pound compared with 75.55 cents a week earlier. The December settlement price was 80.43 cents against 77.77 cents last Thursday.

Trading. Supplies of uncommitted cotton were limited in many markets but offerings increased as prices reached higher levels. Unfavorable weather and crop conditions in many parts of the Belt contributed to increased demand from merchants for cotton to fill commitments. Domestic mill purchases were light and primarily for fill-ins. Foreign mills, both Far Eastern and European, bought a light to moderate volume of cotton. Shipments were scheduled prompt through March 1984. Purchases reported by cotton exchanges in the designated markets totaled 115,300 bales in the week ended Thursday, June 9. This compares with 78,700 bales a week earlier and 45,300 bales in the corresponding week last season.

Textile mill report. Mill buying continued to be limited primarily to fill-in needs for prompt and nearby shipment. Higher New York futures prices discouraged forward buying by most mills. Demand for goods continued to build, encouraging a generally optimistic outlook for sales of most products. Best selling items were denims, selected knits and athletic apparel. Work schedules were mostly steady at five to six day work weeks.

CCC loan entries of 1982-crop cotton totaled 5,040,000 running bales through May 31. Repayments had been made on 2,192,400 bales. Loans were outstanding on 2,847,600 bales of which 1,641,400 were Form A (producer) and 1,206,200 were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,083,400 bales. Repayments had been made on 3,448,600 bales. Loans were outstanding on 2,518,100 bales, of which 1,620,700 were Form A and 897,400 were Form G loans. A total of 112,100 bales of 1980-crop cotton remained outstanding in the loan.

Forward contracting 1983 crop. United States upland cotton growers had forward contracted about 10 percent of their expected plantings by the end of May. This was the largest percentage booked by the end of May since the 1980 crop and was up from 5 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 11 percent in 1982 and 15 percent in 1981. Growers in southeastern states had contracted about 17 percent, up from 10 percent a year earlier and 6 percent two years ago. Western states growers had booked about 10 percent compared with 9 percent the previous year and 5 percent in 1981. In the southwestern states, about 3 percent of the crop was under contract against 1 percent a year earlier and 2 percent two years ago. These estimates were based on the Crop Reporting Board's May planting intentions report and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Foreign crop report. The "Cotton Outlook of Liverpool" reports that although no further substantial purchasing of upland cotton on the part of Russia has been evident during the past few months, Moscow has been unable to offer any further cotton for sale on the international markets since the extent of the Soviet 1982-83 crop disaster became known. The generally unfavorable weather that has since been experienced in the Southern Hemisphere has in consequence tightened the supply situation for the foreign growths significantly further. Weather conditions have been most conspicuously adverse in South America, where unprecedented flooding from the Parana-Paraguay river system has taken grave toll of cotton crops in adjoining producing districts. Whereas South Brazil, Argentina and Paraguay were expected two months ago to produce about 550,000, 125,000 and 90,000 tons of lint respectively, few estimates of their outturns are now above 500,000, 95,000 and 75,000. Moreover, Peru, whose prospective output of extra-long staple cotton (earlier assessed at about 15,000 tons) has been virtually eliminated by torrential rain in the Piura region, now fears that the current crop Tanguis output (at one time expected to be at least 70,000 tons) may be reduced to below 50,000 owing to cold, damp weather in which insect activity has increased alarmingly. The South American continent as a whole may now be in deficit as to domestic raw cotton requirements over the next few months, and will in consequence contribute virtually no cotton to world trade. In Southern Africa, prolonged drought has reduced the official South African forecast to around 29,000 tons whereas over 35,000 were earlier expected, while Zimbabwe has abandoned hope that her estimate could be raised above the 56,000 tons level. Ironically, the heavy rains which ended Australia's record drought has severely damaged the maturing crop, which cannot now in consequence be expected to yield much more than 90,000 tons, many classing well below original expectations.

Outside the United States, planting of the Northern Hemisphere 1983-84 crops has in general made satisfactory progress. Most of the Russian acreage was planted well on time, and although periods of heavy rain are known to have created difficult field conditions in perhaps as much as one-fifth of the land sown in Uzbekistan, which alone accounts for over 60 percent of the Soviet crop, the initial impression is that plants are off to a fair start. It is clear, however, that scarcity of irrigation water may become an increasingly important factor as plants reach the blooming stage. China, it will be recalled, has set a production target of 3,370,000 tons of lint for the 1983-84 season. Few western observers would be surprised were this figure to be quite handsomely exceeded, since an official report during April revealed that output in 1982-83 reached no less than 3,598,000 tons, hugely above target. Elsewhere in Asia, Turkey, Syria and Pakistan all still intend to raise output by dint of increased yields rather than sowings. India awaits development of the monsoon. In Latin America, shortage of pre-planting irrigation water has surprisingly curtailed sowings in Mexico's Mexicali and Tlaxcala regions, depressing the national production forecast to only about 235,000 tons, whereas 275,000 originally seemed in prospect. Central America, which will not plant until July, has received beneficial rains, just in time to assist land preparation. The African countries, many of whom also plant later, in general report normal conditions so far.

The superabundance of water in Australia bodes well for her 1983-84 plantings. It will clearly be some time yet before South American producers decide upon sowing policy after their recent grave setback. South African production already seems prejudiced by scarcity of moisture.

Forward contracting of upland cotton by growers, through May 31, crops of 1974-1983 and prospective plantings, 1983 crop 1/

State	Cotton crops										Prospective plantings 2/ 1,000 acres
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
Alabama	10	*	55	5	7	10	14	7	9	16	200
Georgia	4	-	18	1	-	5	9	9	2	1	140
North Carolina	8	-	17	14	2	6	22	2	4	22	55
South Carolina	15	1	31	15	8	10	38	1	28	45	75
Southeastern states	9	*	40	7	5	9	18	6	10	17	470
Arkansas	30	2	73	14	17	11	41	13	9	22	300
Louisiana	21	-	51	6	25	8	34	9	4	18	400
Mississippi	36	2	61	19	27	32	56	22	17	27	660
Missouri	35	*	83	21	15	14	78	20	12	30	110
Tennessee	16	1	61	2	6	10	17	2	6	27	220
South Central states	30	1	65	14	21	19	46	15	11	24	1,690
Oklahoma	-	-	1	19	26	3	4	-	1	-	380
Texas	6	-	9	15	7	9	11	3	1	4	4,300
Southwestern states	5	-	9	16	8	8	11	2	1	3	4,680
Arizona	44	1	37	47	32	14	26	6	15	8	300
California	65	19	55	28	35	18	15	5	8	11	850
New Mexico	13	-	4	12	9	6	1	-	*	-	57
Western states	53	13	48	31	33	16	17	5	9	10	1,207
United States	20	2	36	17	16	12	19	6	5	10	8,047

1/ Contracting estimates for 1974 through 1980 based on April prospective plantings report; 1981 based on March; 1982 based on February; 1983 based on May.

2/ May 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 2	75.55	76.90	77.77	79.18	79.50	68.91	84.15
3	77.30	78.40	79.30	80.36	80.80	70.47	84.25
6	77.16	78.78	79.60	80.95	81.05	70.52	85.05
7	76.92	78.38	79.34	80.42	80.70	70.34	85.05
8	76.93	78.25	79.20	80.15	80.42	70.35	84.90
9	78.37	79.42	80.43	81.10	81.51	71.37	85.05

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 '83	Oct '83	Dec '83	Mar '84	
June 2	62.00	-	63.00	-	61.06
3	62.50	-	63.25	-	62.36
6	63.05	-	64.00	-	62.48
7	63.50	-	64.50	-	62.43
8	64.00	-	64.50	-	62.44
9	65.00	-	65.25	-	63.20

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

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 June 3		Through June 2	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,266,100	-	1,268,500
Exports	115,100	5,421,800	91,000	4,017,800
Total export commitments	-	6,687,900	-	5,286,300
New sales	35,400	-	49,600	-
Buy-backs and cancellations	20,100	-	11,100	-
Net sales	15,300	-	38,500	-
Sales next marketing year	55,800	820,800	60,500	1,444,300

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

Upland cotton export sales activity for the current marketing year resulted in a net increase of 38,500 running bales in the week ended June 2, according to the Foreign Agricultural Service, USDA. Japan was the major buyer for both marketing years with 25,000 bales for the 1982-83 marketing year. Sales for the 1983-84 marketing year totaled 60,500 bales. Japan accounted for 29,200 bales; South Korea 7,600 and Indonesia 6,300 bales. Weekly exports of 91,000 bales were 2 percent below the previous week's level and 13 percent below the four-week average. Asian destinations accounted for 63 percent of the week's exports, USSR 23 percent and Western Hemisphere 7 percent.