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Weekly Cotton Market Review

(Week ended June 24)

**TEXAS TECH**

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Spot cotton prices increased sharply, according to the Cotton Division, Agricultural Marketing Service, USDA. Most growers rejected merchant bids and offerings remained light. Merchant demand was weak. Domestic mill purchases increased. Export trading was more active. Forward contracting of 1982-crop cotton by growers was very limited. Crop conditions varied widely across the Cotton Belt. The first bale of the 1982 crop was ginned in the Harlingen area on Tuesday, June 22. The first planted acreage report for the 1982 cotton crop is scheduled for release June 29, by USDA. A schedule of CCC base loan rates for eligible 1982-crop cotton by warehouse locations was released.

Spot cotton prices were sharply higher. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ended the week on Thursday, June 24, at 62.58 cents per pound. This was up 3.72 cents from 58.86 cents a week earlier. On the corresponding Thursday last season, the average was 77.59 cents. The New York October futures settlement price ended the week on Thursday at 69.10 cents per pound compared with 65.03 cents a week earlier. The December settlement price was 70.65 cents against 66.25 cents last Thursday.

Trading on spot cotton markets was restricted by light offerings and weak demand. Most merchants were not actively seeking cotton unless needed to fill nearby commitments. Domestic mill buying of new-crop cotton increased. Purchases included both 1981 and 1982-crop cotton. Export trading was more active with sales made to both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 45,200 bales in the week ended Thursday, June 24. This compares with 43,300 bales a week earlier and 31,300 bales in the corresponding week last season.

Textile mill report. Mill buying of old-crop cotton was seasonally slow and consisted of a light volume for fill-ins. A few mills bought a moderate volume of California new-crop cotton. Some price fixing was done on recent market lows. Most mills have enough cotton bought to maintain current levels of production for several weeks and continued to postpone making additional purchases. Mills continued to fill orders already booked but reported a lingering slowdown in new business. A slight increase in bill and hold orders and a few cancellations were reported. Selected apparels, lightweight knits and all-cotton yarns were fair to good sellers while industrial and automotive products continued to move slowly. Schedules of operations vary widely as mills strive to hold inventories in balance with orders. Summer vacations were extended at some plants.

Crop progress. A severe hail storm moved across the High and Rolling Plains areas of Texas on June 18. Additional damage was reported on several subsequent days. Estimates indicated up to 1.5 million acres of cotton were destroyed or severely damaged. Cool, wet weather conditions caused additional damage from flooding and seedling diseases. Total losses were estimated at around two million acres. Portions of the El Paso area received heavy thunderstorms, severely damaging several thousand acres. In the Dallas area, warmer weather was beneficial to the crop but thrips and bollworms were becoming a problem in some fields. In the Harlingen area, the crop made excellent progress. Cotton was fruiting heavily and insect problems were reportedly below normal. The first bale from the 1982 crop was ginned in the Harlingen area on June 22. In Oklahoma, heavy rains caused some fields to be flooded and brought planting to a standstill. Some growers were expected to go to alternative crops. Thunderstorms moved across New Mexico causing some crop damage. Most damage was reportedly along the New Mexico-Texas border in the Las Cruces area. The Arizona crop continued to make excellent progress. Squaring was reported in many fields but flowering was limited. The crop in California was one to three weeks later than normal according to most observers. Most cotton was squaring and blooms were observed in some localities. Insect and disease problems were light. In the Little Rock, Arkansas area, over half of the crop is squaring, which is earlier than usual. Insect damage was light. Moisture was adequate and fields were clean. In the Hayti, Missouri area, cotton continued to grow and develop normally. Growers cultivated and applied herbicides. Insects were not a serious problem. Squaring increased and some older crops reached the flowering stage. Growth and development of the crop was good in the Memphis, Tennessee area. Fields were clean and insects under control. Plants were squaring heavily. Crops in the Greenwood, Mississippi area were rated good to excellent. Plants were large and squaring heavily. Insect damage was light. Crop prospects were described as good in Louisiana. Cotton plants were growing rapidly and putting on fruit. Insects were on the increase in shower areas and growers stepped up control measures. Blooms appeared in earlier fields. Near ideal weather conditions boosted crop progress in Alabama. Fields were well cultivated and growers kept a close watch for insect damage. Early cotton was squaring. Georgia growers stepped up insecticide applications to combat local outbreaks of bollworms and weevils. Crops are clean and well cultivated. Plants were fruiting heavily and blooms appeared in older fields. In North Carolina and South Carolina, excessive moisture hindered grass and insect control measures. Infestations of insects were on the increase and growers applied control measures. Plants were growing and fruiting.

CCC loan entries of 1981-crop cotton totaled 6,076,000 running bales through June 16. Repayments had been made on 1,861,300 bales. Loans were outstanding on 4,214,700 bales, of which 2,174,200 were Form A (producer) and 2,040,500 were Form G (cooperative) loans. Entries of 1980-crop cotton totaled 2,328,100 bales, repayments were 2,210,300 and loans were outstanding on 117,300 bales. Loans remained outstanding on 47,100 bales of Form A and 70,200 of Form G.

CCC schedule of base loan rates for eligible 1982-crop cotton by warehouse locations was released recently. The base loan rate for grade 41 staple 34, mike 35-49, in the designated markets averaged 57.73 cents per pound, net weight. This compares with 53.06 cents for the 1981 crop and 48.57 cents in 1980. The 1982 base loan rate ranges from a low of 56.00 cents in Arizona and California to a high of 59.60 cents in the Carolina (Group 201) mill area.

CCC base loan rates for upland cotton at specific locations, mike 35-49,  
net weight by seasons, 1976-1982

Location	Grade 41 staple 34						
	1976	1977	1978	1979	1980	1981	1982
<u>Markets</u>	<u>Cents per pound</u>						
Greenville	40.25	46.05	49.55	52.05	50.35	54.90	59.60
Augusta	40.15	45.95	49.45	51.95	50.20	54.60	59.35
Montgomery	39.50	45.30	48.75	51.20	49.25	53.55	58.25
Memphis	39.30	45.10	48.50	50.90	48.85	53.20	57.90
Greenwood	39.25	45.05	48.45	50.85	48.80	53.15	57.85
Dallas	38.90	44.65	48.15	50.45	48.40	52.70	57.40
Lubbock	38.85	44.60	48.10	50.35	48.25	52.50	57.20
Phoenix	37.90	43.60	46.90	49.00	46.50	51.45	56.00
Fresno	37.90	43.60	46.90	49.00	46.50	51.45	56.00
Average	39.11	44.88	48.31	50.64	48.57	53.06	57.73
Group 201 mill area	40.25	46.05	49.55	52.05	50.35	54.90	59.60
Average location	38.92	44.63	48.00	50.23	48.00	52.46	57.08

Source: United States Department of Agriculture, Agricultural Stabilization and Conservation Service.

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		
June 17	62.62	65.03	66.25	68.37	69.86	58.86	74.90
18	63.35	65.95	66.96	69.17	70.50	59.58	74.75
21	64.95	67.73	68.83	70.85	72.25	61.10	75.05
22	65.28	68.17	69.29	71.25	72.65	61.49	75.85
23	64.75	68.25	69.72	71.70	73.50	61.64	75.95
24	65.15	69.10	70.65	72.62	74.85	62.58	75.85

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					
	Jul '82	Oct '82	Dec '82	Mar '83	May '83	
June 17	57.30	59.15	60.00	62.50	-	52.68
18	57.50	59.75	60.35	62.50	-	53.23
21	58.45	61.20	61.65	63.25	-	54.55
22	58.65	61.55	62.60	64.00	-	54.91
23	58.25	61.65	63.00	64.75	-	54.96
24	59.00	62.32	63.85	65.75	-	55.87

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 June 18		Through June 17	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	816,500	-	1,122,000
Exports	77,900	5,272,500	94,300	5,647,300
Total export commitments	-	6,089,000	-	6,769,300
New sales	39,900	-	24,100	-
Buy-backs and cancellations	9,800	-	9,200	-
Net sales	30,100	-	14,900	-
Sales next marketing year	32,700	454,900	48,400	1,004,100

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

Upland cotton export sales activity for the 1981-82 marketing year resulted in a net increase of 14,900 running bales during the week ended June 17, according to the Foreign Agricultural Service, USDA. Sales were mainly to Japan 7,000 bales and South Korea 5,200 bales. Net sales for the 1982-83 marketing year were 48,400 bales. Major buyers were South Korea 13,900 bales; Bangladesh 10,000 and Japan 9,400 bales. Weekly exports of 94,300 bales were down from the previous three weeks with Asian destinations accounting for 84 percent and European destinations 12 percent.