

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 3)

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Spot cotton prices dropped to the lowest level in over two months, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Growers were reluctant to offer at prevailing prices. Merchant demand was light. Domestic and foreign mill buying was limited. Growers had forward contracted about five percent of the 1982 crop through the end of May. Contracting was slow during the period. Planting and replanting were underway on the Texas Plains and in Oklahoma as fields dried. Prolonged wet field conditions caused some concern by growers in central and south Texas. The crop made good to excellent progress in most other areas of the Cotton Belt.

Spot cotton prices declined. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets declined to 59.89 cents per pound on Thursday, June 3. This was the lowest price since March 17. A week earlier the average was 61.82 cents and 79.65 cents on the corresponding Thursday last season. The New York July futures settlement price ended the week on Thursday at 64.11 cents per pound compared with 66.62 cents a week earlier. The December settlement price was 68.45 cents against 71.02 cents last Thursday.

Trading remained slow on spot cotton markets. Merchants continued to restrict purchases to a light volume to fill nearby commitments. Supplies were limited in some markets and declining prices caused most growers to offer cotton reluctantly. Domestic mills purchased a small volume of cotton for forward delivery but most buying was for current needs. Foreign mill purchases consisted mostly of a light volume for nearby through September shipment. Most purchases were by Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 72,400 bales in the week ended Thursday, June 3. This compares with 78,900 bales a week earlier and 42,100 bales in the corresponding week last season.

Textile mill report. Mill demand for cotton remained weak and buying continued slow. Current purchases were primarily small quantities of mostly grades 51 and higher for prompt to nearby delivery. Mills inquired for 1982-crop cotton and purchased a light volume for first quarter and later shipment. Mills continued to purchase needed qualities very selectively and only in limited quantities. Demand for goods remained sporadic in many areas of the textile market. Blended and all-cotton yarn, lightweight apparels and knits for underwear and sports clothing represented the better selling items. Bookings continued slow in industrial and household products. A number of mills remain on reduced work schedules and some mills have announced plans to extend normal summer holidays.

Cotton outlook for 1982-83 points to smaller production, larger use. Given more normal production conditions and improved textile activity, the U. S. cotton supply-demand situation may tighten some in 1982-83, according to the "Cotton and Wool Outlook and Situation Summary," released by USDA's Economic Research Service. Supplies, however, will likely remain large relative to demand. Growers are expected to plant 12.0 to 13.0 million acres this spring, down from 14.3 million last year, reflecting participation in the acreage reduction program. If yields are nearer average this season, production may total 12.5 (+ 1.5) million 480 pound net weight bales. Assuming a recovery in the U. S. economy in 1982-83, mill use is projected at 5.8 (+ 0.7) million bales while exports are expected to increase to 7.5 (+ 1.5) million. If these projections hold, carryover stocks will be reduced to 5.8 million bales on August 1, 1983, still well above recent levels.

World cotton production in 1982-83 is projected to decline to 67.5 (+ 3.5) million bales, down almost five percent from this season, with the United States accounting for almost all of the reduction. Foreign production is projected to decline slightly to 55.0 (+ 2.4) million bales. Global cotton use is forecast to increase about three percent to 68.0 (+ 1.8) million bales, assuming some recovery from the present worldwide recession. Mill use in foreign countries is projected to increase to 62.2 (+ 1.3) million bales, up 1.6 million, with China and other Far Eastern countries accounting for most of the gain. With abundant supplies here and a larger consumption-production gap anticipated in foreign countries, the United States may increase its share of world exports to 35-40 percent.

World cotton production in 1981-82 is estimated at 70.9 million bales, up 5.3 million from last season. However, the U. S. accounted for most of this increase as output in foreign countries rose only 0.8 million bales. China's 13.6 million-bale crop set a record for the second year in a row, while the USSR's 13.8 million bales were only 3.5 percent below the record 1980 level. Foreign mill use is expected to total 65.8 million bales, up only 0.2 million from last year. Thus, stocks on August 1, 1982, may total about 27.5 million bales, about 5.0 million above a year earlier.

With sluggish demand and low prices, the 1981-82 crop year continues to be a disappointment to much of the U. S. cotton industry. Large acreage, coupled with a near-record yield, resulted in a 15.6 million-bale crop, the largest in 28 years. With beginning stocks of 2.7 million, the United States had the second largest total supply since 1968.

While total supply jumped 30 percent from the previous crop year, total use may rise only 2.0 percent. As a result, ending stocks on August 1, 1982, are expected to be about 6.4 million bales, more than double beginning stocks. Mill use is expected to drop to about 5.25 million bales, a tenth below a year ago and the smallest in half a century. Fortunately, export prospects are improved, and shipments are estimated to total 6.8 million bales for the crop year, 15 percent above 1980-81.

Extra long staple cotton prospects remain bleak, with projected disappearance this season revised downward to 67,000 bales, only 4,000 bales higher than U. S. mill use last year. Mill use this crop year is estimated to total 52,000 bales, while exports are expected to be 15,000 bales, down from 33,000 last year.

Prices received by farmers for upland cotton averaged 53.60 cents per pound in mid-May, according to the Statistical Reporting Service, USDA. The revised April average price was 53.50 cents. In May 1981, the average farm price was 72.50 cents. These prices include cotton delivered against forward contracts. The parity price for upland cotton announced May 28 was 119.00 cents per pound compared with 118.00 cents a month earlier and 117.00 cents in May 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.	76.69	49.90	June	71.20		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	53.60 <sup>1/</sup>	Oct.	62.30		year avg.	63.20	

<sup>1/</sup> Mid-month price.

Contracting 1982 crop. United States upland cotton growers had forward contracted about five percent of their crop by the end of May, up from four percent a month earlier. At the end of May last year, growers had booked about six percent. The largest percentage of any crop forward contracted through May since records began in 1974 was the 1976 crop when 36 percent was booked. Contracting this season has been the most active in south central states where 11 percent had been booked, compared with 15 percent a year earlier. Growers in southeastern states had contracted about 10 percent, up from six percent last season. In the western states, growers had forward contracted about nine percent this season against five percent a year earlier. Only one percent of the 1982 crop was contracted by southwestern states growers, down from two percent a year ago. These estimates were based on the Crop Reporting Board's planting intentions reports and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Forward contracting of upland cotton by growers, thru May 31, crops of 1974-1982 and prospective plantings, 1982 crop 1/

State and area	1974	1975	1976	1977	1978	1979	1980	1981	1982	Prospective plantings <u>2/</u>
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	1,000 acres
North Carolina	8	-	17	14	2	6	22	2	4	80
South Carolina	15	1	31	15	8	10	38	1	28	100
Georgia	4	-	18	1	-	5	9	9	2	145
Alabama	10	*	55	5	7	10	14	7	9	350
Southeastern states	9	*	40	7	5	9	18	6	10	675
Missouri	35	*	83	21	15	14	78	20	12	210
Mississippi	36	2	61	19	27	32	56	22	17	1,180
Arkansas	30	2	73	14	17	11	41	13	9	450
Louisiana	21	-	51	6	25	8	34	9	4	620
Tennessee	16	1	61	2	6	10	17	2	6	305
South Central states	30	1	65	14	21	19	46	15	11	2,765
Oklahoma	-	-	1	19	26	3	4	-	1	650
Texas	6	-	9	15	7	9	11	3	1	6,300
Southwestern states	5	-	9	16	8	8	11	2	1	6,950
New Mexico	13	-	4	12	9	6	1	-	*	125
Arizona	44	1	37	47	32	14	26	6	15	550
California	65	19	55	28	35	18	15	5	8	1,440
Far Western states	53	13	48	31	33	16	17	5	9	2,115
United States	20	2	36	17	16	12	19	6	5	12,505

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

2/ February 1982, Crop Reporting Board, Statistical Reporting Service, USDA.

\* Less than 0.5 percent.

Number of bales in certificated stock under certification more than six months  
on April 15 and June 15, 1982 <sup>1/</sup>

Delivery point	Number of bales held for stated periods									
	7 thru 12 Months		13 thru 18 Months		19 thru 24 Months		25 Months or more		Total	
	Apr. 15	June 15	Apr. 15	June 15	Apr. 15	June 15	Apr. 15	June 15	Apr. 15	June 15
Galveston	5,131	5,135	260	549	95	-	15	15	5,501	5,699
Greenville	639	395	-	-	-	-	-	-	639	395
Houston	403	403	-	-	-	-	-	-	403	403
Memphis	2,381	5,615	1,919	671	717	975	38	147	5,055	7,408
<b>Total</b>	<b>8,554</b>	<b>11,548</b>	<b>2,179</b>	<b>1,220</b>	<b>812</b>	<b>975</b>	<b>53</b>	<b>162</b>	<b>11,598</b>	<b>13,905</b>

<sup>1/</sup> Based on Marketing Services Office records as of April 1 and June 1, 1982, for NY Futures Contract 2.

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

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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 <sup>1/</sup>
	Futures Settlement							
	Jul '82	Oct '82	Dec '82	Mar '83	May '83			
May 27	66.62	69.70	71.02	72.91	74.10	61.82	76.55	
28	65.27	68.50	69.93	72.02	73.30	60.65	76.55	
31	H O L I D A Y							Holiday
June 1	64.46	67.70	69.02	71.16	72.65	60.05	75.80	
2	64.37	67.52	68.79	71.00	72.35	60.09	75.65	
3	64.11	67.07	68.45	70.71	72.20	59.89	75.65	

<sup>1/</sup> 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 <sup>1/</sup>
	Futures Settlement						
	Jul '82	Oct '82	Dec '82	Mar '83	May '83		
May 27	59.35	61.75	62.77	65.00	-	54.08	
28	59.05	61.20	62.05	65.00	-	53.07	
31	H O L I D A Y						
June 1	58.80	60.20	61.40	65.00	-	52.54	
2	58.80	60.60	61.80	65.00	-	52.98	
3	58.80	60.40	61.60	64.00	-	52.98	

<sup>1/</sup> 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 May 28		Through May 27	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	976,000		
Exports	98,100	5,028,300		
Total export commitments	-	6,004,300		
New sales	28,700	-	NOT AVAILABLE <sup>1/</sup>	
Buy-backs and cancellations	22,500	-		
Net sales	6,200	-		
Sales next marketing year	35,900	341,400		

<sup>1/</sup> Will be released June 4.

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