

UNITED STATES DEPARTMENT OF AGRICULTURE

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Weekly Cotton Market Review  
(Week ended March 11)

Vol. 63, No. 31

March 12, 1982

Trading remained slow on most spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were steady to slightly higher. Merchant demand continued good for selected qualities. Domestic and foreign mill purchases were light. Forward contracting of 1982-crop cotton by growers was limited. Favorable weather allowed growers to make good progress with preparations for the next crop in most western localities but wet fields slowed field work across most southern states. Excessive stocks and low prices continue to dominate the U. S. cotton outlook.

Spot cotton prices continued to fluctuate within fairly narrow limits. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets advanced to 59.23 cents per pound on Wednesday, March 10. This was the highest price since November 5, 1981. Prices ended the period on Thursday, March 11, at 59.10 cents, compared with 58.69 cents a week earlier and 81.32 cents on the corresponding Thursday last season. San Joaquin Valley, California, prices for grade 31 staple 35, mike 35-49 cotton, in mixed lots, were around 61.75 to 63.00 cents per pound. In central Arizona, mixed lots of mostly grade 31 staple 34, mike 35-49, traded around 61.25 to 61.75 cents per pound. Grade 41 brought about 57.25 to 57.75 cents. In Texas, Lubbock area growers sold mixed lots of mostly grades 42 and 52, staples 31 and 32, mike 35-49, at about 46.00 cents per pound, up about 50 points from a week earlier. Growers received about \$15.00 per bale for a few hundred equities in cotton pledged to the CCC loan. On the Dallas market, mixed lots of Plains area cotton, mostly grades 52 and higher, staples 30 through 33, mike 30-49, brought about 200 to 400 points above CCC loan. In Arkansas and Missouri, a few small mixed lots of mostly grades 31 and 41 traded for around 60.00 to 61.00 cents per pound. Loan equities traded in a light volume with grades 41 and higher netting growers around \$25.00 per bale. In Tennessee, even running lots of grades 41 and higher, staples 34 and longer, mike 35-49, traded around 225 to 350 points off New York May futures. Equity sales of these qualities netted growers about \$25.00 per bale. In Mississippi, grade 41 staple 34, mike 35-49, brought 350 to 450 points off New York May futures. CCC loan equities netted growers \$12.50 to \$22.50 per bale. In Alabama and Georgia, mixed lots of mostly grades 41 and higher, staples 34 and longer, traded around 300 to 500 points off May futures. North Carolina and South Carolina buyers offered around 60.00 cents per pound for better quality mixed lots but volume trading was light. The New York May futures settlement price ended the week on Thursday, March 11, at 64.84 cents per pound compared with 64.96 cents a week earlier. The December settlement price was 70.70 cents against 71.29 cents last Thursday.

Trading between growers and merchants continued to slow. Grower offerings were generally adequate to meet the limited demand but many growers continued to utilize the CCC loan as an alternative to selling their crop at current prices. Merchant demand remained limited mostly to cotton needed to fill commitments. Domestic mill purchases were light. Export trading was slow, with most sales made to Far Eastern mills for prompt or nearby shipment. A limited volume sold for late 1982 shipment. Purchases reported by cotton exchanges in the designated markets totaled 234,400 bales in the week ended Thursday, March 11. This compares with 284,100 bales a week earlier and 151,100 bales in the corresponding week last season.

Textile mill report. Mill purchases consisted of a light volume of fill-ins largely for prompt to nearby shipment. Most mills have ample stocks on hand and delayed buying until cotton is actually needed. Western and central growths of the medium and higher grades

accounted for the bulk of purchases. No improvement was reported in textile mill sales. Widely differing conditions exist between textile products but overall business remains depressed. Industrials, many household goods and a number of popular apparels continued to experience market softness. The only bright spot in an otherwise sluggish market seems to be blended and all cotton knitted goods for underwear, sports and sleepwear. A number of mills continued to run shortened weeks with some plants closed until business conditions improve.

Excess supplies dominate cotton outlook. Excessive supplies and low prices dominate the U. S. cotton outlook, according to the "Cotton and Wool Outlook and Situation Summary," released by USDA's Economic Research Service. A 28-year high in production, coupled with disappointing U. S. mill use, points to extremely large ending stocks this crop year. This season's larger exports are not enough to counteract the bearish influences. So, ending stocks on August 1, 1982, should reach 6.0 million 480 pound net weight bales, more than double the starting level. Reflecting this prospect, farm prices this winter are averaging about a third below a year earlier.

To bring supply into better balance with demand, farmers in early February indicated plans to reduce planting to 12.6 million acres this spring, 12 percent below last year's planted acreage. However, intentions may be revised as weather and economic conditions change between now and planting time. Also, farmer response to the 15 percent acreage reduction program for upland cotton is probably not fully reflected in February intentions. Widespread participation in the program is likely, because cotton prices are well under the 1982 target price.

The 1981 crop is estimated at 15.7 million 480 pound net weight bales, up 41 percent from a year earlier. The increase resulted from a five percent rise in acreage and near-record yields--35 percent above 1980's abnormally poor yields.

Reflecting the dismal performance of the economy and increased cotton textile imports, U. S. mill use continues to drop and, for the season, is projected at 5.6 million bales. Exports are forecast at 7.0 million bales, up 18 percent from last year. For the crop year through February 18, U. S. exports totaled 3.2 million bales, four percent below a year ago. However, outstanding sales for delivery this season are 3.2 million bales, 43 percent above a year ago.

World cotton production is forecast at a record 70.8 million bales in 1981-82--up 5.2 million bales from a year earlier. Foreign production is estimated at 55.0 million bales, only a half million bales above 1980-81. Output in the USSR may decline slightly to 13.8 million bales, reflecting lower yields, while China's production is projected to be 13.5 million.

World cotton consumption is estimated at 66.3 million bales this season, a modest gain of 1.1 million bales over 1980-81. All the increase is forecast to occur in foreign countries. China will likely account for half the gain, with consumption forecast at 15.9 million bales, up a half million bales from last year. Small gains are expected in Egypt, Turkey, the USSR, and most Far Eastern countries, except Japan. Cotton consumption in Europe is projected to show little improvement from a year earlier.

World cotton stocks on August 1, 1982, are forecast at 27.2 million bales--a seven-year high and an increase of 4.1 million from the beginning of the season. A U. S. stock increase of 3.3 million bales accounts for most of the rise.

Japan has added another program to its long running efforts to restructure, modernize, and revitalize the Japanese textile industry, according to the Foreign Agricultural Service, USDA. Sponsored by the Ministry of International Trade and Industry, (MITI), the new program will consist of a joint government-private enterprise research and development effort directed at developing a fully automated, computer aided, apparel production system. Although this program is still in the planning stage, some money (\$136,000) has been appropriated for 1982. The MITI sponsored research and development program is an additional effort to encourage consolidation and vertical integration in the textile industry, movement to higher value-added production and elimination of excess textile capacity. It might be noted that the newest program is sponsored by MITI, a significant development since this ministry is primarily concerned with trade flows, both imports and exports. It is possible that the Japanese perceive their best opportunity in textile manufacturing as the efficient production of high-quality goods, especially in the face of imports of cheaper textile products.

U.S. COTTON: EXPORTS BY COUNTRY OF DESTINATION  
(In thousands of running bales)

Destination	Year beginning August 1						
	Average 1974-78	Marketing Year		Aug. - Dec.		December	
	1979	1980	1980	1981	1980	1981	
<b>Asia &amp; Oceania:</b>							
Bangladesh.....	89	63	31	7	(1/)	0	0
China, Mainland.....	264	2,156	1,309	534	371	191	172
China, Taiwan.....	450	693	334	121	115	24	43
Hong Kong.....	288	601	195	39	49	11	25
Indonesia.....	252	283	227	90	84	25	33
Japan.....	976	1,513	1,088	355	494	94	191
Korea, Republic of.....	963	1,412	1,233	419	431	82	126
Malaysia.....	37	48	25	9	15	3	5
Pakistan.....	1	1	1	(1/)	1	0	0
Philippines.....	104	138	81	37	18	4	5
Singapore.....	21	31	10	7	3	2	2
Thailand.....	146	246	196	51	48	7	11
Other Asia & Oceania.....	8	9	1	0	2	1	0
<b>Total.....</b>	<b>3,599</b>	<b>7,195</b>	<b>4,731</b>	<b>1,669</b>	<b>1571</b>	<b>444</b>	<b>613</b>
<b>Europe:</b>							
Belgium.....	18	25	7	1	20	(1/)	11
France.....	55	88	40	27	23	9	8
Germany, Federal Republic of.....	51	195	107	47	45	16	22
Greece.....	28	117	66	22	30	7	14
Italy.....	90	176	52	20	24	9	11
Netherlands.....	14	11	1	(1/)	(1/)	0	(1/)
United Kingdom.....	48	68	36	13	13	5	6
Other EC.....	5	48	61	21	22	6	4
<b>Subtotal.....</b>	<b>309</b>	<b>728</b>	<b>370</b>	<b>151</b>	<b>177</b>	<b>52</b>	<b>76</b>
Finland.....	11	13	3	1	1	1	(1/)
Norway.....	5	7	6	1	2	0	(1/)
Poland.....	33	25	35	8	1	0	0
Portugal.....	45	63	32	14	11	3	5
Romania.....	29	120	0	0	0	0	0
Spain.....	57	124	57	26	16	8	7
Sweden.....	23	20	10	5	4	1	2
Switzerland.....	71	111	45	25	27	10	14
Other Europe.....	2	11	4	1	10	0	1
<b>Total Europe.....</b>	<b>585</b>	<b>1,222</b>	<b>562</b>	<b>232</b>	<b>249</b>	<b>75</b>	<b>105</b>
<b>Western Hemisphere:</b>							
Canada.....	186	263	238	87	73	15	6
Chile.....	3	(1/)	3	(1/)	1	0	(1/)
Colombia.....	5	22	0	0	0	0	0
Other Western Hemisphere.....	18	8	26	3	1	2	1
<b>Total.....</b>	<b>212</b>	<b>293</b>	<b>267</b>	<b>90</b>	<b>75</b>	<b>17</b>	<b>7</b>
<b>Africa &amp; Middle East:</b>							
Egypt.....	57	0	(1/)	0	0	0	0
Ghana.....	20	12	8	3	0	0	0
Morocco.....	17	26	11	6	5	3	2
Other Africa & Middle East.....	22	31	60	9	15	2	5
<b>Total.....</b>	<b>116</b>	<b>69</b>	<b>79</b>	<b>18</b>	<b>20</b>	<b>5</b>	<b>7</b>
<b>Grand total.....</b>	<b>4,512</b>	<b>8,779</b>	<b>5,639</b>	<b>2,009</b>	<b>1,915</b>	<b>541</b>	<b>732</b>
<b>Grand total (480-lb net bales).....</b>	<b>4,737</b>	<b>9,229</b>	<b>5,926</b>	<b>2,105</b>	<b>2,007</b>	<b>566</b>	<b>768</b>
<b>Total value (Mil of dol).....</b>	<b>1,378</b>	<b>2,995</b>	<b>2,360</b>	<b>808</b>	<b>708</b>	<b>225</b>	<b>260</b>

1/ Less than 500 bales.

Reprint of table prepared by Foreign Agricultural Service, USDA.

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						
	Mar '82	May '82	Jul '82	Oct '82	Dec '82		
Mar. 4	63.39	64.96	67.12	70.00	71.29	58.69	69.95
5	63.05	64.77	66.85	69.90	71.10	58.60	70.05
8	62.51	64.06	65.97	68.90	70.20	58.07	70.05
9	63.76	64.76	66.77	69.45	70.75	58.65	70.05
10	-	65.15	67.02	69.85	70.96	59.23	70.35
11	-	64.84	66.75	69.51	70.70	59.10	70.40

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					
	Mar '82	May '82	Jul '82	Oct '82	Dec '82	
Mar. 4	58.40	59.09	60.07	62.00	62.75	51.34
5	58.25	59.05	60.05	62.00	62.75	51.22
8	57.70	58.85	59.83	61.25	62.15	50.75
9	57.25	59.20	60.22	61.70	62.70	51.36
10	-	59.25	60.45	62.00	63.05	51.84
11	-	58.95	60.15	61.90	62.90	51.65

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 March 5		Through March 4	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,880,300	-	2,657,400
Exports	154,200	3,561,600	230,900	3,534,700
Total export commitments	-	5,441,900	-	6,192,100
New sales	104,300	-	81,900	-
Buy-backs and cancellations	15,700	-	61,700	-
Net sales	88,600	-	20,200	-
Sales next marketing year	29,700	131,000	56,500	240,800

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

Upland cotton export sales. The net change in sales for marketing year 1981-82 totaled 20,200 running bales in the week ended March 4, according to the Foreign Agricultural Service, USDA. This low net change was primarily because of industry concern about proper reporting of sales by marketing year and resulted in adjustments from the 1981-82 marketing year to the 1982-83 marketing year of 49,700 bales. New sales for delivery before July 31, 1982, totaled 81,900 bales with Japan accounting for 27,400 bales, South Korea 16,400 and Taiwan 15,600 bales. Exports for the week totaled 230,900 bales, the highest weekly activity since the spring of 1980. Asian destinations represented 88 percent of exports and European destinations nine percent.