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Weekly Cotton Market Review
(Week ended March 15)

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Spot cotton prices reached the highest level in over 2-1/2 years, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Grower-held cotton was limited and offerings were light. Merchant demand was light. Domestic mill buying was a little more active. Export trading was slow. Forward contracting of the 1984 crop by growers was active. Planting made rapid progress in south Texas. A few growers began planting in southern counties of the Waco, Texas area. The 1983-84 U. S. cotton outlook is highlighted by slightly improved export prospects and cotton mill use.

Prices for grade 41 staple 34, mike 35-49 cotton, in the designated markets averaged 75.20 cents per pound on Thursday, March 15. This was up from 73.91 cents a week earlier and 67.14 cents on the corresponding Thursday last season. Spot prices continued an upward trend, advancing for the fourth consecutive week. On Tuesday, March 13, the average price reached 75.39 cents per pound, the highest level since July 13, 1981. The New York May 1984 futures settlement price ended the week on Thursday at 80.82 cents per pound compared with 79.39 cents a week ago. The October settlement price was 76.75 cents against 76.00 cents last Thursday and the December price was 74.77 cents compared with 74.42 cents a week earlier.

Trading on spot cotton markets was restricted by limited grower-held supplies and offerings. Demand came primarily from merchants needing cotton to fill nearby commitments. Some merchants traded among themselves to cover these needs. Domestic mills bought a limited volume of cotton for both nearby and forward delivery. Export trading was slow. Far Eastern mills made the bulk of purchases, mostly prompt through June delivery. Purchases reported by cotton exchanges in the designated markets totaled 97,800 bales in the week ended Thursday, March 15. This compares with 163,900 bales a week earlier and 216,500 bales in the corresponding week last season.

Textile mill report. Mill buying was more active and included purchases for both prompt and forward delivery. Shipper asking prices were steady to slightly higher on the medium grades and continued to strengthen for lower qualities. Inquiries were more numerous for deferred delivery and a light to moderate amount of new crop was purchased. Mills continued to fill orders booked into second and third quarter months. Most apparel fabrics, sales yarn and a variety of products for the household remained good sellers. The industrial market remained spotty but sales to the automotive trade were fairly steady. Mill operations were mostly five and six days with a few plants on seven.

Forward contracting of 1984 crop cotton was active during the period. In Oklahoma and the Plains area of Texas, growers contracted a light to moderate volume at about 61.00 cents per pound, basis grade 42 staple 32, mike 35-49, and a limited volume at 1200 to 1300 points over 1983 CCC loan, basis grades 41 and higher, staples 33 and longer, mike 35-49. In the Waco area, growers booked a fairly heavy volume at around

68.00 to 71.50 cents per pound, basis grade 41 staple 34, mike 35-49, for medium staple contracts and around 1200 to 1450 points over CCC loan for shorter staple contracts. In the Harlingen area, growers contracted a light to moderate volume, mostly at around 400 points off New York October futures, basis grade 41 staple 34, mike 35-49, with a few contracts signed at around 600 off October, basis grades 51 and higher, staples 33 and longer, mike 35-49. Growers in Arkansas and Missouri contracted a fairly sizeable volume at 530 to 600 points off NY December futures, basis grade 41 staple 34, mike 35-49. In Tennessee, several hundred acres were booked at around 500 to 550 points off NY December futures, basis grade 41 staple 34, mike 35-49. Growers in Mississippi contracted a heavy volume at around 500 to 550 points off NY December futures, basis grade 41 staple 34, mike 35-49. In Louisiana, growers contracted a heavy volume at around 600 points off NY December futures, basis grade 41 staple 34, mike 35-49. In Alabama and Georgia, a considerable volume was booked at 400 to 600 points off NY December futures, basis grade 41 staple 34, mike 35-49. Growers in North Carolina and South Carolina booked a light volume at 300 to 600 points off NY December futures, basis grade 41 staple 34, mike 35-49, with various delivery provisions.

The Foreign Agricultural Service, USDA, reports: U. S. cotton exports increased sharply during the first half of the 1983-84 season to \$968.1 million, 36 percent above comparable 1982-83 and the highest level in 3 years. Both average price and quantity recorded gains. Volume exported during August-January 1983-84 rose by 24 percent to 2.8 million bales. Average declared value increased by 10 percent to \$341.00 per bale. Japan and South Korea are the leading markets for the U. S. cotton exports.

The Argentine government announced the reduction in the cotton export tax from 10 to 5 percent. The measure was seen as a compromise between officials wanting to increase exports for foreign exchange earnings and those wishing to reduce budget deficits. This reduction is expected to boost cotton exports during 1984.

U. S. cotton mill use; export prospects slightly improved. This month's assessment of the 1983-84 world cotton outlook features little change from February indications in production, consumption and stocks. However, downward revisions in output in some major exporting countries, coupled with continuing strong U. S. export activity, are further enhancing the outlook for U. S. exports. This season's world crop is placed at 67.3 million 480 pound net weight bales, slightly below a month earlier. Smaller Brazilian, Pakistani and South African production is more than offsetting improved prospects in Argentina. Mill use also is down slightly to 69.4 million bales. Thus, stocks this season may drop 2.3 million bales to about 26.6 million.

With a sharply smaller 1983-84 crop and brighter disappearance prospects, estimated U. S. cotton stocks are dropping nearly 5 million bales to 3.1 million, modestly below a month earlier. Exports may total nearly 6.9 million bales, slightly above February indications. Sales to both traditional markets, such as Japan and Korea, and non-traditional markets, such as the Soviet Union and Pakistan, are boosting this season's exports one-third above 1982-83. The U. S. mill consumption estimates also has been increased slightly to 5.9 million bales, reflecting stronger mill use for December and January as reported by the Census Bureau.

In marked contrast to the U. S. cotton stock drawdown, foreign stocks are expected to increase more than 2.5 million bales this season with China accounting for virtually all of the change. Foreign production is estimated at a record 59.6 million bales, up more than 4 million from 1982-83. Use abroad is placed at a record 63.6 million bales, up 2.4 percent, primarily reflecting increased Chinese consumption.

World cotton trade prospects for 1983-84 remain near month-earlier indications. Exports are expected to total 19 million bales, slightly above 1982-83. However, tight supplies in major foreign exporting countries are resulting in the smallest foreign exports since 1961-62. U. S. exports are increasing, with shipments estimated near 6.9 million bales, up from 5.2 million last season. As a share of world trade, U. S. exports may account for around 36 percent, up from 28 percent in 1982-83.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1981-82, 1982-83, and projected 1983-84 1/ March 12, 1984

Region	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
<u>Million 480 pound bales</u>						
<u>1981-82</u>						
United States	2.7	15.6	<u>2/</u>	5.3	6.6	6.6
World less U. S.	21.4	55.1	19.7	60.3	13.7	22.1
Major importers <u>3/</u>	9.2	14.5	16.9	30.9	0.4	9.4
Major exporters <u>4/</u>	4.8	24.3	0.1	14.9	9.3	4.9
Others	7.4	16.3	2.7	14.5	4.0	7.8
World <u>5/</u>	24.1	70.8	19.8	65.5	20.2	28.7
<u>1982-83</u>						
United States	6.6	12.0	<u>2/</u>	5.5	5.2	7.9
World less U. S.	22.1	55.5	19.0	62.1	13.4	21.0
Major importers <u>3/</u>	9.4	17.2	15.7	31.6	0.4	10.3
Major exporters <u>4/</u>	4.9	22.5	0.4	15.4	7.9	4.4
Others	7.8	15.8	2.9	15.1	5.1	6.3
World <u>5/</u>	28.7	67.5	19.1	67.6	18.6	28.9
<u>1983-84</u>						
United States						
February projection	7.9	7.7	<u>2/</u>	5.8	6.8	3.3
March projection	7.9	7.7	<u>2/</u>	5.9	6.9	3.1
World less U. S.						
February projection	20.9	59.8	18.9	63.7	12.1	23.6
March projection	21.0	59.6	18.8	63.6	12.1	23.6
Major importers <u>3/</u>						
February projection	10.3	21.4	15.0	32.9	0.8	13.0
March projection	10.3	21.4	15.0	32.9	0.8	13.0
Major exporters <u>4/</u>						
February projection	4.4	22.0	0.8	15.5	7.1	4.6
March projection	4.4	21.9	0.6	15.3	6.9	4.5
Others						
February projection	6.2	16.4	3.1	15.4	4.3	6.0
March projection	6.3	16.3	3.1	15.3	4.4	6.0
World <u>5/</u>						
February projection	28.9	67.5	18.9	69.5	18.9	26.9
March projection	28.9	67.3	18.8	69.4	19.0	26.6

1/ Marketing year beginning August 1. 2/ Less than 50,000 bales. 3/ Includes Western Europe, Eastern Europe, Japan, PRC, Korea, Taiwan and Hong Kong. 4/ Includes the USSR, Pakistan, Egypt, Sudan, Turkey, Central America and Mexico. 5/ Total trade of individual countries, including intra-regional trade. World imports and exports may not balance due to cotton in transit and reporting discrepancies in some countries.

NOTE: Totals may not add and stocks may not balance due to rounding, a small quantity of cotton destroyed, and differences unaccounted.

Source: United States Department of Agriculture.

Seven months and older certificated stock, April 1, 1984 1/

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	4,572	5,327	116	231	10,246
Greenville	1,887	193	-	-	2,080
Houston	96	1	-	27	124
Memphis	8,601	841	-	423	9,865
Mobile	-	-	-	-	-
New Orleans	269	227	-	3	499
Total	15,425	6,589	116	684	22,814

1/ Based on Cotton Division records as of March 15, 1984.

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						
	May '84	Jul '84	Oct '84	Dec '84	Mar '84		
Mar. 8	79.39	79.67	76.00	74.42	75.35	73.91	88.00
9	79.99	80.47	76.67	74.85	75.70	74.42	88.05
12	80.89	81.30	76.85	74.90	75.85	75.32	88.15
13	80.90	80.97	76.70	74.71	75.60	75.39	88.65
14	80.90	81.07	76.75	74.87	75.80	75.33	88.65
15	80.82	80.95	76.75	74.77	75.70	75.20	88.65

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1982-83 and 1983-84

Description	Marketing Year			
	1982-83		1983-84	
	Through March 10		Through March 8	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,991,900	-	2,811,400
Exports	126,000	2,644,300	192,300	3,743,400
Total export commitments	-	4,636,200	-	6,554,800
New sales	199,600	-	83,500	-
Buy-backs and cancellations	6,000	-	17,800	-
Net sales	193,600	-	65,700	-
Sales next marketing year	85,000	312,000	41,000	588,700

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

Upland cotton export sales during the week ended March 8 resulted in a net increase of 65,700 running bales for the 1983-84 marketing year, according to the Foreign Agricultural Service, USDA. This was below last week's level and the four-week average. Major buyers were the USSR with 26,400 bales and Japan 24,500 bales. Sales for the 1984-85 marketing year of 41,000 bales were mainly to Italy 17,200, Japan 7,900 and Spain 5,000 bales. Weekly exports of 192,300 bales dropped below a week earlier but were more than the four-week average. Asian destinations accounted for 73 percent of the week's shipments, European 15 percent and the USSR 9 percent.