

## UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

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**Weekly Cotton Market Review**  
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Trading on spot cotton markets was restricted by limited supplies and offerings, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices moved higher. Merchant demand was weak. Domestic and foreign mill purchases were light. Forward contracting of the 1984 crop by growers was more active in several states. Limited planting was reported in south Texas. January exports increased from a month earlier. The interest rate for CCC loans disbursed in March will be 9.875 percent.

Spot cotton prices continued to move higher. The average price for grade 41 staple 34, mike 35-49, was 71.68 cents per pound on Thursday, February 23. By Monday, February 27, the average price had advanced to 72.91 cents. Prices then declined slightly on Tuesday and Wednesday and ended the period on Thursday, March 1, at 72.96 cents. This compares with 64.32 cents on the corresponding Thursday a year ago. The New York May 1984 futures settlement price ended the week on Thursday at 78.33 cents per pound compared with 77.08 cents a week ago. The October settlement price was 75.35 cents against 74.55 cents last Thursday and the December price was 73.85 cents compared with 73.02 cents a week earlier.

Trading was light on spot cotton markets. Grower-held supplies were limited and offerings were very light. Merchant demand was restricted primarily to cotton needed to fill current needs. Domestic mills purchased a small volume of 1983 and 1984-crop cotton. Export trading slowed. Far Eastern mills bought a light volume of 1984 crop for October through December delivery. European mills made limited purchases mostly for prompt shipment. Purchases reported by cotton exchanges in the designated markets totaled 127,700 bales in the week ended Thursday, March 1. This compares with 109,900 bales a week earlier and 221,600 bales in the corresponding week last season.

Textile mill report. Domestic mills were not actively buying cotton in volume but continued to purchase to fill gaps in stocks. Reports indicate that inventories of raw cotton were being kept low but mills have most of their needs covered into early summer months. Interest remained good for central and western new crop and a light volume was purchased. Mill business continued mostly good although orders for second quarter and later have slowed in some product areas. Most apparels, sales yarn, household goods and automotive products continued to move readily. Sales of a few industrials were less active. Mills operated on five and six-day work schedules.

Cotton use-to-supply ratio tighter. The ratio of U. S. cotton use to supply could be tighter during 1984-85 than previously expected because farmers may plant only about 11 million acres of cotton, according to the "Cotton and Wool Outlook and Situation Summary." Planting intentions totaled 10.8 million acres as of February 1, compared with 8 million planted in 1983. This year's planted acreage may differ from intentions, however, depending on the weather, participation in the 25-percent acreage reduction program and price expectations. Yields could be relatively high as less productive land is idled. Still, production could range from 10-12 million bales, even if plantings are near intentions.

Economic recovery is boosting U. S. mill use of cotton this season about 5 percent to an estimated 5.8 million bales. After declining during August-December, seasonally adjusted mill use in January rebounded sharply. Continuation of this higher rate would lead to even stronger mill use. However, disappointing retail sales at apparel and accessory stores and record cotton textile imports are limiting the gain. Slower economic growth in 1985, competition with manmade fibers and a large textile trade deficit could push mill use lower in 1984-85.

Domestic consumption of cotton (mill use plus the cotton textile trade deficit) reached 7.8 million equivalent bales in 1983, the highest level since 1973 and up 1.3 million from 1982. Foreign mills use higher cotton blend levels than domestic mills, so increased textile imports have caused the retail supply of cotton to increase. Consumer demand for cotton apparel may also have increased. Cotton's share of domestic consumption was 27 percent in 1983; however, cotton's share of U. S. mill use fell to 23.1 percent.

U. S. exports of cotton are booming and may reach 6.8 million bales in 1983-84. Reduced competition from the Soviet Union, Pakistan and Brazil is the main cause. At seasonally adjusted annual rates, U. S. exports have accelerated since February 1983, averaging 7 million bales during November 1983-January 1984. Recent Soviet and Pakistani purchases, coupled with large sales to traditional markets, will probably keep seasonally adjusted exports above 6.5 million bales through July, despite the Southern Hemisphere harvest.

Exports may decline in 1984-85 as foreign supplies expand. Larger harvest, forecast for Pakistan, Mexico and other countries, plus stable output in China, could boost foreign production sharply. Foreign consumption may also grow, but probably by less than production.

U. S. ending stocks for 1983-84 are estimated at 3.3 million bales, raising the use-to-supply ratio to a tight 0.80. Farm prices, which usually move in tandem with the ratio, have risen about 7 cents a pound from the 1982-83 average. The use-to-supply ratio is expected to decline in 1984-85, but the low stocks carried over from 1983-84 will make prices more volatile.

Mill use of manmade fibers totaled 9.1 billion pounds in 1983 and accounted for about 76 percent of total fiber mill use. At seasonally adjusted rates, consumption of manmade fibers on the cotton system showed little growth during October-December 1983. The manmade fiber trade deficit exceeded 600 million pounds in 1983, compared with 260 million in 1982 and 1.3 million in 1981.

The cotton textile trade deficit accounted for 25 percent of domestic cotton consumption in 1983, up from 21 percent in 1982 and only 8 percent 4 years ago. Cotton textile imports increased 27 percent to 2.3 million bales (raw fiber equivalent) last year, and at seasonally adjusted rates imports accelerated during the fourth quarter. Cotton textile exports in 1983 fell 13 percent to 458,000 bales and were holding steady in the fourth quarter. In absolute terms and as a percentage of domestic consumption, the trade deficit could rise again in 1984.

Exports of cotton from the United States totaled 662,700 running bales during January, according to the Bureau of the Census. This was the highest monthly level this marketing year which began August 1 and the largest shipments for any month since April 1982. A month earlier, 632,200 bales were shipped and 438,300 bales were exported in January 1983. Shipments during the first six months this season totaled 2,686,100 bales, the second largest August-January volume since 1963-64. Exports totaled 2,183,400 bales through January last season and 2,567,800 bales two years ago.

Prices received by farmers for upland cotton averaged 64.20 cents per pound in mid-February, according to the Statistical Reporting Service, USDA. This compares with 62.70 cents for the entire month of January and 57.70 cents in February 1983. These prices include cotton delivered against forward contracts.

Cotton (all kinds) area, yield, and production: World and selected countries and regions. 1/

Region/country	Area		Yield		Production					
	1981/82: 1982/83: 1983/84: proj.	1981/82: 1982/83: 1983/84: proj.	1981/82: 1982/83: 1983/84: proj.	1981/82: 1982/83: 1983/84: proj.	1981/82: 1982/83: 1983/84: proj.	1981/82: 1982/83: 1983/84: proj.				
	---Million hectares---		---Kilograms per hectare---		---Million 480-pound bales---					
United States	5.6	3.9	3.0	608	662	567	15.6	12.0	7.7	7.7
USSR	3.2	3.2	3.2	912	815	888	13.3	11.9	13.0	12.7
Cen.Planned Asia:										
PRC	5.2	5.8	6.0	571	616	726	13.6	16.5	20.0	20.5
South Asia:										
India	8.0	8.0	8.1	174	173	169	6.4	6.3	6.3	6.3
Pakistan	2.2	2.3	2.3	343	356	230	3.5	3.7	2.4	2.2
M East and Africa:										
Egypt	0.5	0.5	0.4	1008	945	952	2.3	2.1	1.8	1.8
Sudan	0.4	0.4	0.5	428	524	435	0.7	0.9	1.0	1.0
Turkey	0.7	0.6	0.6	746	822	855	2.2	2.2	2.4	2.4
L America & Carib:										
Argentina	0.4	0.4	0.5	383	310	327	0.7	0.5	0.8	0.8
Brazil	2.1	2.1	2.0	312	308	272	3.0	3.0	2.5	2.5
Cent America 2/	0.2	0.2	0.2	803	865	870	0.9	0.8	0.9	0.9
Mexico	0.4	0.2	0.2	885	886	853	1.4	0.8	1.0	1.0
Total above	28.7	27.5	27.0	482	481	481	63.6	60.9	59.7	59.8
Other countries:	4.4	4.7	4.9	349	306	343	7.1	6.7	7.7	7.7
World	33.2	32.3	31.9	464	456	460	70.8	67.5	67.5	67.5
World less U.S.	27.6	28.3	29.0	435	427	449	55.1	55.6	59.7	59.8
Major foreign ex- porters 3/	7.5	7.3	7.5	708	670	656	24.3	22.6	22.5	22.0

1/ Totals and averages based on unrounded data. 1982/83 estimates are preliminary. 1983/84 is projected based on surveys, trends, and analysts' judgement.

2/ Includes Nicaragua, Guatemala, El Salvador, Honduras and Costa Rica.

3/ Includes USSR, Pakistan, Egypt, Sudan, Turkey, Central America and Mexico.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1983-1984

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1983	1984		1983	1984		1983	1984
	Cents	Cents		Cents	Cents		Cents	Cents
January	57.00	62.70	June	62.60		November	66.80	
February	57.70	64.20 <sup>1/</sup>	July	67.10		December	67.30	
March	62.20		August	67.00				
April	60.40		September	63.10		Calendar		
May	63.60		October	64.00		year avg.	63.90	

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

Source: Statistical Reporting Service, USDA.

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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					8-Market Average	Grade 31 Staple 35 'A' Index <sup>1/</sup>
	Futures Settlement						
	Mar '84	May '84	Jul '84	Oct '84	Dec '84		
Feb. 23	76.70	77.08	77.61	74.55	73.02	71.68	87.25
24	78.00	78.02	78.27	74.65	73.27	72.45	87.65
27	78.68	78.55	78.64	74.85	73.42	72.91	87.90
28	78.10	78.12	78.36	75.00	73.42	72.65	87.95
29	77.81	78.09	78.47	75.00	73.63	72.59	87.95
Mar. 1	78.37	78.33	78.74	75.35	73.85	72.96	87.90

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

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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 February 24		Through February 23	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	1,829,500	-	3,035,300
Exports	72,900	2,417,400	155,800	3,355,700
Total export commitments	-	4,246,900	-	6,391,000
New sales	304,300	-	166,600	-
Buy-backs and cancellations	13,500	-	26,000	-
Net sales	290,800	-	140,600	-
Sales next marketing year	33,100	209,600	72,000	518,300

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

Upland cotton export sales during the week ended February 23 for the current marketing year totaled 140,600 running bales, according to the Foreign Agricultural Service, USDA. The major buyers were Canada 42,000 bales, USSR 22,000, Japan 11,900 and unknown destinations 12,300 bales. Sales for 1984-85 marketing year of 72,000 bales were the largest so far and were mainly to South Korea 33,900 bales, Japan 12,100 and Taiwan 9,400 bales. Weekly exports totaled 155,800 bales. Asian destinations accounted for 77 percent of the week's shipments and European destinations 18 percent.