

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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Weekly Cotton Market Review

(Week ended March 24)

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Spot cotton prices reached new seasonal highs again this week, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading centered around CCC loan equities, PIK cotton and forward contracting of the 1983 crop. Grower cotton outside the CCC loan was limited in most localities and offerings were light. Merchant demand was fairly good for most qualities. Growers booked a sizeable volume of PIK cotton during the week and forward contracting of the 1983 crop was more active. Domestic mill purchases were limited. Export trading was more active in the far western states. Rains and wet fields continued to hamper land preparation in most localities. Most of the south Texas crop had been planted but below normal temperatures slowed germination and seedling growth. United States growers will devote 82 million acres to conservation use under the 1983 farm program, of which 6.78 million will be upland cotton acres.

Spot cotton prices reached the highest level in over 19 months. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets reached 67.65 cents per pound on Monday, March 21. This was the highest price since August 12, 1981, when the average price was 68.33 cents. Prices ended the week on Thursday, March 24, at 67.30 cents per pound compared with 67.14 cents a week earlier and 60.85 cents on the corresponding Thursday last season. The New York May futures settlement price ended the week on Thursday at 74.50 cents per pound compared with 74.22 cents a week earlier. The October settlement price was 72.52 cents against 71.97 cents last Thursday and the December price was 72.47 cents compared with 71.35 cents a week earlier.

Trading was more active on cotton markets. Much of the activity centered around forward contracting of the 1983 crop and booking of PIK entitlements. Merchant demand was good for spot cotton but grower offerings were limited. Many growers had either marketed their crop or had entered it into the CCC loan. Merchants actively sought CCC loan equities in some markets. Forward contracting of the 1983 crop was fairly active in south Texas and in the Delta states. Booking of PIK entitlements increased. Domestic mill purchases were light. Export trading increased in some markets. Both European and Far Eastern mills made purchases, primarily far western growths. Purchases reported by cotton exchanges in the designated markets totaled 149,400 bales in the week ended Thursday, March 24. This compares with 216,500 bales a week earlier and 166,900 bales in the corresponding week last season.

Textile mill report. Mill purchases slackened and consisted of a light volume, mostly for prompt or nearby delivery. Prices strengthened and shippers were less willing to sell the medium and higher grades for deferred delivery. At current levels of production, most mills were generally well covered into the summer. If mill business continues to improve, however, a number of mills report that more cotton will be needed. Mill sales of goods were more active with some product sales extending into fourth quarter months. All-cotton knitting yarns, denims, material for sports apparel and underwear continued to move readily. A slight improvement was noted in some household items and selected automotive goods. A number of mills producing for the industrial market continued to report sluggish business. Overall, mill operations were steady to slightly improved with numerous plants on five or six day work schedules.

CCC loan entries of 1982-crop cotton totaled 4,933,300 running bales through March 16. Repayments had been made on 709,300 bales. Loans were outstanding on 4,224,000 bales, of which 1,967,300 were Form A (producer) and 2,256,700 were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,083,600 bales. Repayments had been made on 3,355,800

bales. Loans were outstanding on 2,624,800 bales, of which 1,670,600 were Form A and 954,200 were Form G loans. Forfeitures totaled 103,000 bales through March 16. Loans remained outstanding on 112,200 bales of 1980-crop cotton.

The 1982-83 Australian cotton crop estimate has been revised to 550,000 bales, according to the Foreign Agricultural Service, USDA. Timely rains during January and early February revived the drought-stressed crop. Nearly 80 percent of the anticipated increase is now expected to occur in the largest producing state of New South Wales, which was hit harder by drought than Queensland. Despite current low prices, farmers still find planting cotton attractive because of low land costs. It appears likely that the area under cotton will continue to expand during the next several years.

1983 Farm program enrollment. Farmers have signed up 187 million acres of feed grain, rice, wheat and upland cotton base acreage in the 1983 acreage reduction and PIK programs, according to the figures released March 22 by the U. S. Department of Agriculture. The enrolled acreage represents 81.2 percent of the 230 million acres of total base acreage. The signup was necessary to determine producer eligibility for program benefits such as Commodity Credit Corporation loans and purchases, PIK and target price protection. Farmers who signed up to participate in the acreage reduction programs, announced prior to PIK, agreed to reduce the plantings of their base acreage of these commodities by at least 20 percent. With PIK, farmers agreed to reduce plantings by an additional 10 to 30 percent of their base and had the option to offer a bid to take their entire base out of production. The acreage taken out of production will be devoted to conservation use. Base acreage enrolled included 14.6 million under the upland cotton program. The 1983-crop national average loan rate for upland cotton is 55.00 cents per pound. The target price for the 1983 upland cotton crop is 76.00 cents per pound.

1983 Upland cotton farm program, acres enrolled

State	Farms with base acreages			Acreage bases			Required conservation use acreage *
	Total number	Number enrolled	Percent enrolled	Total acres	Total enrolled	Percent enrolled	
AL	7,509	6,212	82.7	412,147	389,232	94.4	189,164
AZ	2,017	1,613	80.0	603,798	579,642	96.0	284,280
AR	8,213	7,020	85.5	687,967	655,315	95.3	306,217
CA	5,748	4,042	70.3	1,560,137	1,260,784	80.8	620,081
FL	346	301	87.0	18,913	17,832	94.3	8,792
GA	3,240	2,667	82.3	223,508	208,025	93.1	100,301
KS	22	8	36.4	300	-	-	-
LA	7,560	6,890	91.1	733,631	712,336	97.1	339,202
MS	12,725	11,170	87.8	1,326,623	1,292,546	97.4	632,775
MO	4,295	3,863	89.9	260,148	245,482	94.4	104,304
NV	6	6	100.0	1,004	1,004	100.0	502
NM	2,196	1,652	75.2	167,206	151,287	90.5	72,807
NC	2,229	1,846	82.8	90,427	84,744	93.7	38,006
OK	9,634	8,369	86.9	749,794	711,566	94.9	339,262
SC	1,848	1,589	86.0	134,370	131,374	97.8	62,616
TN	7,839	6,754	86.2	339,341	320,816	94.5	149,677
TX	61,913	53,125	85.8	8,136,940	7,844,852	96.4	3,534,768
VA	15	12	80.0	437	412	94.3	178
U. S.	137,355	117,139	85.3	15,446,691	14,607,249	94.6	6,782,934

* Calculated based on total permitted acreage.

1983 Upland cotton, enrollment by program

State	Acreage reduction and paid diversion only		PIK (10-30%)		Whole base		Total	
	Base	Required conservation use	Base	Required conservation use 1/	Base	Required conservation use 1/	Base	Required conservation use
Alabama	40,475	8,095	330,617	162,929	18,140	18,140	389,232	189,164
Arizona	12,641	2,528	567,001	281,752	0	0	579,642	284,280
Arkansas	145,011	29,002	445,890	212,801	64,414	64,414	655,315	306,217
California	162,056	32,411	973,264	462,206	125,464	125,464	1,260,784	620,081
Florida	59	12	17,673	8,681	100	100	17,832	8,792
Georgia	16,107	3,221	187,997	93,158	3,921	3,921	208,025	100,301
Louisiana	70,486	14,097	629,250	312,505	12,600	12,600	712,336	339,202
Mississippi	49,567	9,913	1,233,035	612,918	9,944	9,944	1,292,546	632,775
Missouri	121,293	24,259	83,636	39,492	40,553	40,553	245,482	104,304
Nevada	0	0	1,004	502	0	0	1,004	502
New Mexico	18,702	3,740	124,660	61,142	7,925	7,925	151,287	72,807
N. Carolina	20,486	4,097	59,835	29,486	4,423	4,423	84,744	38,006
Oklahoma	138,114	27,623	507,330	245,517	66,122	66,122	711,566	339,262
S. Carolina	4,083	817	126,767	61,275	524	524	131,374	62,616
Tennessee	119,081	23,816	150,290	74,416	51,445	51,445	320,816	149,677
Texas	1,943,439	388,688	5,355,333	2,600,001	546,080	546,080	7,844,852	3,534,768
Virginia	91	18	307	145	14	14	412	178
U. S. total	2,861,691	572,338	10,793,889	5,258,927	951,669	951,669	14,607,249	6,782,934

1/ Includes applicable acreage reduction and paid (cash) diversion acres.

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						
	May '83	Jul '83	Oct '83	Dec '83	Mar '84		
Mar. 17	74.22	73.18	71.97	71.35	72.48	67.14	78.60
18	73.92	73.05	72.00	71.58	72.70	66.90	79.30
21	74.77	73.72	72.45	72.20	73.25	67.65	79.30
22	73.90	73.37	72.05	71.65	72.70	66.86	79.30
23	73.52	73.55	72.50	72.24	73.25	66.48	79.30
24	74.50	73.92	72.52	72.47	73.50	67.30	80.10

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

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					
	May '83	Jul '83	Oct '83	Dec '83	Mar '84	
Mar. 17	60.00	61.25	-	58.40	-	59.41
18	59.65	61.25	-	58.40	-	59.23
21	59.85	61.25	-	59.00	-	59.89
22	59.85	61.25	-	59.00	-	59.07
23	59.85	61.25	-	59.00	-	58.69
24	59.85	61.25	-	59.00	-	59.18

^{1/} Greenville, Montgomery, Memphis, Dallas and Lubbock.

U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1981-82 and 1982-83

Description	MARKETING YEAR			
	1981-82		1982-83	
	Through March 18		Through March 17	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	2,330,100	-	2,022,600
Exports	209,600	3,945,600	127,500	2,771,800
Total export commitments	-	6,275,700	-	4,794,400
New sales	68,200	-	170,700	-
Buy-backs and cancellations	18,800	-	12,400	-
Net sales	49,400	-	158,300	-
Sales next marketing year	26,700	309,800	104,500	416,600

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

Upland cotton export sales activity for the current marketing year during the week ended March 17 resulted in an 18 percent decrease from a week earlier and was 12 percent below the four week average, according to the Foreign Agricultural Service, USDA. The most significant activity was a declaration of the USSR as the destination for 220,000 running bales of staples 34 and longer, previously an unknown destination, followed by an increase of 73,800 bales to Japan. Sales for the 1983-84 marketing year of 104,500 running bales was strong with Asian destinations accounting for 73,600 bales and European destinations 24,800 bales. Asian destinations accounted for 82 percent of the week's exports of 127,500 bales and European destinations 13 percent.