

## UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

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## Weekly Cotton Market Review

(Week ended March 29)

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Spot cotton prices were unsettled, according to the Cotton Division, Agricultural Marketing Service, USDA. Growers were reluctant to offer their limited supplies. Merchant demand was light. Domestic and foreign mill buying was slow. Forward contracting of 1984-crop cotton by growers continued fairly active. Planting was virtually completed in south Texas and was expanding in central Texas, Arizona and California. Wet fields continued to delay land preparation in most southern states. The daily rate of cotton consumption by domestic mills during February was the highest for that month since 1980. CCC loan premiums and discounts for the 1984 crop were released. Base acreage signed up in the 1984 acreage reduction program represents 71 percent of upland and 50 percent of extra long staple cotton acreage.

Spot cotton prices moved erratically. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ended the week on Thursday, March 29, at 76.01 cents per pound, the highest price this marketing year. This was up from 76.00 cents a week earlier and 68.02 cents on the corresponding Thursday last season. Prices declined 103 points through Monday, March 26, then advanced 104 points by the end of the period. The New York May 1984 futures settlement price ended the week on Thursday at 81.27 cents per pound compared with 81.18 cents a week ago. The October settlement price was 77.50 cents against 77.65 cents last Thursday and the December price was 75.25 cents compared with 75.22 cents a week earlier.

Trading remained slow on spot cotton markets. Some merchants raised their buying basis for selected qualities in an effort to attract offerings but many growers continued to hold their limited supplies. Domestic mills purchased a small volume of 1983 and 1984-crop cotton. Export trading was slow and mostly with Far Eastern mills for shipment through early summer. Purchases reported by cotton exchanges in the designated markets totaled 73,200 bales in the week ended Thursday, March 29. This compares with 58,800 bales a week earlier and 138,900 bales in the corresponding week last season.

Textile mill report. Domestic mill buying was generally light. Purchases included a small volume of 1984-crop cotton and a few truckloads of cotton needed to fill gaps in stocks or to cover ongoing business. Most mills were operating five to six-day work schedules and a few were operating seven days per week. Product orders through the third quarter were reported by most mills. A few products, notably athletic wear, were booked into the fourth quarter and later months. Some mills producing sheeting and denim that had been on four days were returning to five day schedules. Yarn mills and those producing underwear continued to report good business.

Chinese officials are stepping up their efforts to export cotton, according to the Foreign Agricultural Service, USDA. Reports indicate efforts are being made to prepare and bale cotton to meet international specifications. China may already be providing as much as one-third of Hong Kong's cotton needs, or about 300,000 bales. Modest purchases of Chinese cotton have also been made by several other Asian countries including Japan, South Korea and Thailand. In addition, China has included cotton in the annual trade agreements with Eastern European countries.



USDA releases program differentials for 1984-crop cotton. Schedules of differentials to be applied to the 1984 crops of upland and extra long staple cotton for issuing price support loans to farmers were released by the Commodity Credit Corporation, USDA, March 27. CCC followed the recommendations of a special committee in developing the schedule of premiums and discounts for upland cotton. For the first time the upland loan program will carry two schedules of micronaire differentials. One micronaire schedule for the 1984 upland loan program applies to all cotton stapling 32 (1-inch) and shorter; the other schedule applies to all cotton stapling 33 (1-1/32 inches) and longer. The two micronaire schedules and the schedule of premiums and discounts for grade and staple, with minor adjustments in some lower grades, should result in loan values that will more accurately represent market values. Loan rates for the base grade of upland cotton at each approved warehouse location will be unchanged from last year. A schedule for 1984-crop cotton will be issued later.

1984-Cotton farm program enrollment. U. S. farmers have signed contracts to place 11.1 million acres of upland cotton base acreage and 33,000 acres of extra long staple cotton in the 1984 acreage reduction program, according to figures released March 23 by the U. S. Department of Agriculture. The enrolled acreage represents 71 percent of the 15.5 million acres of upland total base acreage and 50 percent of the 66,788 acres of extra long staple total base acreage. Participating producers will be eligible for program benefits such as Commodity Credit Corporation loans and purchases and target price protection. Farmers who signed up to participate in the acreage reduction program agreed to reduce their base acreage plantings by at least 25 percent for upland cotton and 10 percent for extra long staple cotton. The cropland taken out of production must be devoted to an acreage conservation reserve. The 1984-crop national average loan rate for upland cotton is 55.00 cents per pound and extra long staple cotton 82.50 cents. The target price for 1984 upland cotton is 81.00 cents per pound and extra long staple cotton 99.00 cents.

ALL COTTON: 1984-crop farm program enrollment

State	Farms with base acreages			Acreage bases		
	Total number	Number enrolled	Percent enrolled	Total acres	Total enrolled	Percent enrolled
<u>Upland</u>						
Alabama	7,891	4,033	51.11	427,848	324,183	75.77
Arizona	1,943	1,095	56.36	595,908	408,109	68.49
Arkansas	8,316	3,810	45.82	686,766	458,008	66.69
California	5,413	1,396	25.79	1,550,656	512,219	33.03
Florida	411	173	42.09	21,949	12,334	56.20
Georgia	3,403	1,324	38.91	235,605	144,474	61.32
Kansas	26	2	7.69	461	68	14.64
Kentucky	2	-	-	35	-	-
Louisiana	7,874	4,843	61.51	765,894	549,747	71.78
Mississippi	13,318	7,468	56.07	1,363,616	1,038,251	76.14
Missouri	4,255	3,591	84.39	260,738	174,166	66.80
Nevada	6	-	-	1,004	-	-
New Mexico	2,199	1,007	45.79	169,572	117,096	69.05
North Carolina	2,748	1,303	47.42	99,562	70,048	70.36
Oklahoma	9,648	4,267	44.23	755,820	446,766	59.11
South Carolina	1,997	1,061	53.13	139,454	106,287	76.22
Tennessee	8,569	4,038	47.12	364,223	232,154	63.74
Texas	61,728	38,058	61.65	8,109,633	6,461,930	79.68
Virginia	22	11	50.00	563	385	68.35
Total	139,769	77,480	55.43	15,549,306	11,056,224	71.10
<u>American Pima</u>						
Arizona	577	182	31.54	38,913	17,943	46.11
California	2	1	50.00	85	61	72.15
New Mexico	464	121	26.08	8,051	2,888	35.87
Texas	437	150	34.32	19,739	12,267	62.14
Total	1,480	454	30.68	66,788	33,159	49.65

CCC loan premiums and discounts for grade and staple length of 1984-crop American upland cotton basis grade 41 staple 34 (SLM 1-1/16"), net weight

Grade	Code	Staple length (inches)								
		13/16 (26) through 29/32 (29)	15/16 (30)	31/32 (31)	1 (32)	1-1/32 (33)	1-1/16 (34)	1-3/32 (35)	1-1/8 (36)	1-5/32 (37) & longer
<u>Points per pound</u>										
<b>WHITE:</b>										
SM & better (11 & 21)		-1045	-870	-625	-430	-20	+215	+255	+275	+310
MID Plus (30)		-1065	-895	-650	-460	-40	+190	+230	+255	+285
MID (31)		-1075	-905	-655	-480	-60	+175	+220	+240	+270
SLM PLUS (40)		-1125	-955	-710	-530	-175	+55	+100	+120	+155
SLM (41)		-1155	-980	-740	-585	-230	BASE	+40	+60	+95
LM PLUS (50)		-1230	-1075	-830	-700	-515	-320	-290	-280	-255
LM (51)		-1310	-1150	-915	-810	-670	-485	-465	-445	-425
SGO PLUS (60)		-1560	-1485	-1415	-1375	-1245	-1145	-1130	-1120	-1115
SGO (61)		-1615	-1540	-1475	-1430	-1340	-1240	-1225	-1205	-1205
GO PLUS (70)		-1875	-1830	-1770	-1760	-1670	-1615	-1600	-1590	-1585
GO (71)		-1935	-1890	-1840	-1835	-1745	-1700	-1685	-1675	-1675
<b>LIGHT SPOTTED:</b>										
SM & better (12 & 22)		-1105	-935	-690	-520	-145	+65	+105	+125	+145
MID (32)		-1150	-980	-740	-585	-240	-20	+25	+40	+65
SLM (42)		-1235	-1100	-860	-750	-585	-410	-380	-365	-345
LM (52)		-1465	-1345	-1225	-1205	-1115	-1100	-1085	-1080	-1075
<b>SPOTTED:</b>										
SM & better (13 & 23)		-1295	-1195	-1115	-1045	-785	-645	-625	-610	-610
MID (33)		-1360	-1265	-1180	-1130	-1015	-880	-870	-855	-850
SLM (43)		-1515	-1435	-1395	-1395	-1305	-1280	-1265	-1255	-1255
LM (53)		-1735	-1695	-1690	-1690	-1600	-1590	-1580	-1570	-1565
<b>TINGED: 1/</b>										
SM (24)		-1660	-1595	-1585	-1585	-1495	-1495	-1495	-1495	-1495
MID (34)		-1695	-1620	-1620	-1620	-1530	-1530	-1530	-1530	-1530
SLM (44)		-1770	-1710	-1710	-1710	-1620	-1620	-1620	-1620	-1620
LM (54)		-1885	-1820	-1820	-1820	-1730	-1730	-1730	-1730	-1730
<b>LIGHT GRAY:</b>										
SM & better (16 & 26)		-1250	-1080	-840	-685	-260	+20	+80	+95	+120
MID (36)		-1435	-1265	-1055	-975	-740	-475	-435	-405	-385
SLM (46)		-1780	-1700	-1625	-1580	-1430	-1285	-1255	-1225	-1220
<b>GRAY:</b>										
SM & better (17 & 27)		-1435	-1265	-1100	-1025	-870	-625	-590	-560	-540
MID (37)		-1780	-1700	-1640	-1610	-1520	-1360	-1310	-1280	-1275
SLM (47)		-2130	-2095	-2060	-2050	-1960	-1845	-1805	-1780	-1775

1/ Cotton classed as "Yellow Stained" ( Middling and better grades) will be eligible for loan, if otherwise eligible, at a discount 200 points greater than the discount applicable to the comparable quality in the color group "Tinged."

CCC schedule of micronaire differences for 1984-crop upland cotton

Micronaire reading	Points per pound		Micronaire reading	Points per pound	
	Staples 32 (1") & shorter	Staples 33 (1-1/32") & longer		Staples 32 (1") & shorter	Staples 33 (1-1/32") & longer
5.3 and above	-230	-220	3.0 through 3.2	-400	-460
5.0 through 5.2	-120	-115	2.7 through 2.9	-630	-720
3.5 through 4.9	0	0	2.6 and below	-900	-990
3.3 through 3.4	-185	-195			



Domestic mill consumption of cotton averaged 23,200 running bales per day in the four weeks ended February 25, according to the Bureau of the Census. This was the largest February daily rate since 1980. Mills used 23,500 bales per day a month earlier and 21,500 bales in February last season. Domestic mills consumed 464,000 bales during February, bringing consumption for the first seven months (30 weeks) this season to 3,318,900 bales. This compares with 2,925,700 bales used through the same period last season and 2,972,300 bales two years ago. The average daily rate for the first seven months this season was 22,100 bales per day, up from 19,500 bales a year earlier and 19,800 bales two years ago.

Stocks of cotton at mills totaled 641,400 running bales on February 25, according to the Bureau of the Census. This was the smallest end-of-February stocks at mills since records began in 1913 and compares with 647,400 bales a month earlier and 776,600 bales at the end of February last year. At the February daily rate of consumption, mill stocks were equivalent to about five and one-half weeks' supply. Cotton in public storage totaled 6,470,000 running bales on February 25, the smallest end-of-February stocks since 1981. Public storage stocks totaled 7,642,500 bales a month earlier and 10,224,700 bales at the end of February last season.

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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 1/
	Futures Settlement							
	May '84	Jul '84	Oct '84	Dec '84	Mar '84			
Mar. 22	81.18	81.60	77.65	75.22	76.40	76.00	88.90	
23	80.74	81.22	77.65	75.33	76.30	75.67	88.90	
26	79.88	80.17	77.00	74.75	76.05	74.97	88.85	
27	80.02	80.17	76.95	74.85	75.85	75.10	88.45	
28	81.14	80.77	77.45	75.15	76.25	75.88	88.45	
29	81.27	81.01	77.50	75.25	76.15	76.01	88.70	

1/ 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 March 24		Through March 22	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,043,600	-	2,479,600
Exports	79,300	2,851,100	199,500	4,121,900
Total export commitments	-	4,894,700	-	6,601,500
New sales	114,200	-	71,200	-
Buy-backs and cancellations	13,900	-	47,200	-
Net sales	100,300	-	24,000	-
Sales next marketing year	103,900	520,500	118,700	763,200

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

Upland cotton export sales for the current marketing year resulted in a net increase of 24,000 running bales during the week ended March 22, according to the Foreign Agricultural Service, USDA. Major new purchases were by South Korea with 19,000 bales, Japan 13,400 and Ireland 7,300 bales. These sales were partially offset by net cancellations of 20,400 bales by Pakistan. Sales for 1984-85 delivery of 118,700 bales were a marketing year high. Major buyers were Japan with 43,100 bales and South Korea 35,300 bales. Weekly shipments totaled 199,500 bales, the largest volume so far this marketing year. Asian destinations accounted for 57 percent of the week's shipments, European 24 percent, USSR 12 percent and Africa 5 percent.