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Weekly Cotton Market Review

(Week ended May 13)

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Trading activity on spot cotton markets continued at a slow pace, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices continued to fluctuate. The volume of grower offerings was limited. Demand was best from merchants needing cotton to fill commitments. Domestic and foreign mill purchases were light. Forward contracting of 1982-crop cotton by growers was light. Planting neared completion in most localities except the Texas Plains-Oklahoma region. Beneficial rains were received over most of the Plains. All cotton production in the United States in 1981 totaled 15.6 million bales, the largest crop since 1953.

Spot cotton prices fluctuated. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ended the week on Thursday, May 13, at 62.54 cents per pound. This compares with 63.60 cents a week earlier and 78.51 cents on the corresponding Thursday last season. The New York July futures settlement price ended the week on Thursday at 67.77 cents per pound compared with 69.48 cents a week earlier. The December settlement price was 72.03 cents against 73.26 cents last Thursday.

Trading on spot cotton markets remained slow. Grower offerings were adequate to meet demand in most markets. Merchants were not actively seeking cotton and interest rarely extended beyond cotton needed to fill commitments. Domestic mill buying continued at a low level, confined mostly to prompt needs but with some business in new-crop cotton. Export trading continued slow. European mills were the principal buyers with shipments scheduled through December. Purchases reported by cotton exchanges in the designated markets totaled 122,800 bales in the week ended Thursday, May 13. This compares with 113,500 bales a week earlier and 71,600 bales in the corresponding week last season.

Textile mill report. Mill buying remained light and consisted mostly of grades 41 and higher. Recent purchases were primarily for prompt to nearby delivery, although, a small volume of new crop was also purchased. Most mills have their primary needs covered but report they could need some cotton if business conditions improve. New orders for finished goods remained spotty and most mills have adjusted work schedules to keep inventories at acceptable levels. Underwear and selected lightweight apparels remain the best sellers. Occasional corduroy and yarn sales were reported although at reduced levels. Household goods, industrials, blended yarn and sewing thread remained in poor demand. A number of mills continue to operate on shortened workweeks.

Close balance between world cotton production and consumption likely. The early season outlook for 1982-83 points to larger world cotton consumption, smaller production and perhaps a slight decline in stocks. Assuming some recovery in textile activity, mill use is forecast at a record 68.0 (±1.8) million 480 pound net weight bales, up from this season's estimated 65.8 million. Global output is forecast at 67.5 (± 3.5) million bales, down from 1981-82's record 70.9 million primarily due to a smaller U. S. crop. These projections imply a decrease in stocks of around 0.6 million bales to 26.9 (± 3.2) million by the end of 1982-83.

Outside the United States, the cotton supply-demand balance is expected to be relatively tight in 1982-83 with little change in stocks. Production is forecast at 55.0 (± 2.4) million bales, down slightly from this season, primarily reflecting reduced prospects for Mexico. On the other hand, mill use may increase about 1.5 million bales to 62.2 (± 1.3) million with China and other Far Eastern countries accounting for most of the gain. Larger use in these importing countries should boost trade next season. Imports are forecast at 20.5 (± 1.1) million bales, up slightly from 1981-82.

With prospects for larger foreign imports, reduced production in major foreign exporting countries, and the largest U. S. supply in 15 years, the U. S. cotton export outlook is relatively bright for 1982-83. U. S. shipments are projected at 7.5 (± 1.5) million bales, up from this season's estimated 6.8 million, and would account for about 37 percent of world exports. U. S. mill use prospects also are better, reflecting some anticipated recovery in textile activity later in the season. So, with disappearance forecast above anticipated production of 12.5 (± 1.5) million bales, stocks are expected to be worked down a little in 1982-83. The carryover may total about 5.8 (± 2.0) million bales, compared with beginning stocks of 6.4 million.

The 1981-82 global cotton outlook remains about the same as last month's assessment. The major change is an upward revision in Chinese production and consumption. Chinese output and mill use now are placed at 13.6 and 16.0 million bales, respectively, both records, and about 0.1 million above previous estimates.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1980-81, 1981-82, and projected 1982-83 with probable variation 1/
May 11, 1982

Item	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
	Million 480-pound bales					
	1980-81					
United States	3.0	11.1	2/	5.9	5.9	2.7
World less U. S.	19.2	54.5	20.4	59.7	14.2	19.9
Major importers 3/	7.7	13.3	17.4	30.3	0.3	7.9
Major exporters 4/	4.8	25.4	0.3	14.7	9.7	5.9
Others	6.7	15.7	2.7	14.8	4.2	6.1
World 5/	22.2	65.6	20.5	65.6	20.1	22.6
	1981-82					
United States	2.7	15.6	2/	5.3	6.8	6.4
World less U. S.	19.9	55.3	20.2	60.6	13.2	21.1
Major importers 3/	7.9	14.5	17.1	31.0	0.3	8.2
Major exporters 4/	5.9	24.7	0.3	15.0	9.0	6.6
Others	6.1	16.0	2.8	14.6	3.9	6.4
World 5/	22.6	70.9	20.2	65.8	20.0	27.5
	1982-83					
United States						
May projection	6.4	12.5	2/	5.8	7.5	5.8
Prob. variation		(±1.5)		(±0.7)	(±1.5)	(±2.0)
World less U. S.						
May projection	21.1	55.0	20.5	62.2	13.0	21.1
Prob. variation		(±2.4)	(±1.1)	(±1.3)	(±1.0)	(±2.2)
World 5/						
May projection	27.5	67.5	20.5	68.0	20.5	26.9
Prob. variation		(±3.5)	(±1.1)	(±1.8)	(±1.1)	(±3.2)

1/ Marketing year beginning Aug. 1. The "probable variation" reflects the root mean square error and/or standard error of estimate from trend and judgment. Chances are about two out of three that the outcome will fall within the implied ranges. 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.

United States cotton production totaled 15.6 million 480 pound net weight bales in 1981, 41 percent more than in 1980 and seven percent above 1979 production, according to the Crop Reporting Board, SRS, USDA. Upland cotton accounted for slightly less than 15.6 million bales and American Pima 79,600 bales of the 1981 production. The increase from 1980 in all cotton production resulted from five percent more harvested acreage and an average yield per acre of 543 pounds, just four pounds less than the record high yield set in 1979. Growing conditions were generally favorable throughout the producing belt with the exception of the northern part of the Delta where excessive rainfall resulted in planting delays and high acreage abandonment. The abnormally low abandonment -- 3.4 percent for the U. S. -- reflects both favorable growing conditions and excellent harvesting weather.

The 1981 planted acreage was 14.3 million acres, one percent below 1980 plantings. Harvested acreage totaled 13.8 million acres, five percent more than the previous year. Average yield per harvested acre for upland cotton was 542 pounds, 140 pounds above 1980 but five pounds below the record high yield established in 1979. American Pima average yield per acre, at 659 pounds, was down 39 pounds from the previous year.

The preliminary 1981 season average price for lint is 54.70 cents per pound, down 20.00 cents from 1980. Value of lint and seed for the 1981 crop totaled $4.67 billion, two percent above the previous year.

The 1981 cottonseed production at 6.40 million tons exceeded 1980 production by 43 percent. The preliminary season average price is $87.50 per ton compared with $128.00 in 1980.

All Cotton: Acreage planted and harvested, yield, production in 480 pound net weight bales and value of production, 1981 crop

State	Planted	Harvested	Yield	Production 1/	Value of Production 2/
Upland	1,000 acres	1,000 acres	Pounds	1,000 bales	1,000 dollars
Alabama	377.0	372.0	545	422.0	115,459
Arizona	600.0	599.0	1,247	1,556.0	416,012
Arkansas	610.0	560.0	518	604.0	165,254
California	1,540.0	1,530.0	1,109	3,535.0	1,075,771
Florida	18.0	17.0	601	21.3	5,828
Georgia	180.0	175.0	436	159.0	42,510
Louisiana	700.0	695.0	512	742.0	197,313
Mississippi	1,230.0	1,200.0	626	1,565.0	428,184
Missouri	242.0	183.0	441	168.0	45,158
Nevada	1.1	0.9	800	1.5	454
New Mexico	136.0	106.0	602	133.0	37,027
North Carolina	83.0	82.0	558	95.0	26,448
Oklahoma	650.0	640.0	330	440.0	88,493
South Carolina	119.0	118.0	667	164.0	45,579
Tennessee	325.0	305.0	496	315.0	82,102
Texas	7,460.0	7,200.0	376	5,645.0	1,300,608
Virginia	0.4	0.3	480	0.3	84
U. S.	14,271.5	13,783.2	542	15,566.1	4,072,284
American Pima					
Arizona	33.8	33.6	767	53.7	24,229
New Mexico	7.1	6.8	558	7.9	3,830
Texas	17.7	17.6	491	18.0	8,726
U. S.	58.6	58.0	659	79.6	36,785
U. S. all cotton	14,330.1	13,841.2	543	15,645.7	4,109,069

1/ Production ginned and to be ginned, 480 pound net weight bales.
2/ Average to April 1, 1982, with no allowance for unredeemed loans.

Compiled from reports of the Crop Reporting Board, SRS, 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						Grade 31
	Futures Settlement					9-market	Staple 35
	Jul '82	Oct '82	Dec '82	Mar '83	May '83	average	'A' Index 1/
May 6	69.48	72.00	73.26	75.00	76.05	63.60	76.55
7	69.72	72.29	73.67	75.36	76.50	63.87	76.85
10	69.13	71.70	73.00	74.71	75.86	63.35	77.05
11	69.35	71.80	73.13	74.90	76.02	63.58	77.15
12	68.53	71.29	72.49	74.40	75.40	62.97	77.30
13	67.77	70.62	72.03	73.86	74.90	62.54	77.05

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					
	Futures Settlement					5-market
	Jul '82	Oct '82	Dec '82	Mar '83	May '83	average 1/
May 6	60.88	63.60	64.50	66.50	-	54.95
7	60.90	63.70	64.50	66.50	-	55.24
10	60.90	63.70	64.50	66.50	-	54.79
11	60.91	63.46	64.50	66.50	-	55.02
12	60.60	63.10	64.20	66.20	-	54.48
13	60.40	62.75	64.00	66.00	-	54.12

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 May 7		Through May 6	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,154,900	-	1,649,900
Exports	105,700	4,735,100	118,900	4,977,400
Total export commitments	-	5,890,000	-	6,627,300
New sales	56,800	-	35,700	-
Buy-backs and cancellations	23,100	-	15,600	-
Net sales	33,700	-	20,100	-
Sales next marketing year	16,300	260,200	36,500	599,500

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

Upland cotton export sales activity during the week ended May 6 declined from the previous week, according to the Foreign Agricultural Service, USDA. Major buyers in the 1981-82 marketing year were Hong Kong 5,500 running bales and South Korea 4,700 bales. Sales to China decreased by 4,400 bales. Sales for the 1982-83 marketing year were mainly to Hong Kong with purchases of 17,300 and Japan 13,000 bales. Weekly exports of 118,900 bales were 10 percent below the previous week with Asian destinations accounting for 85 percent and European destinations 12 percent.