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AGRICULTURAL MARKETING SERVICE
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Weekly Cotton Market Review
(Week ended May 19)

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Trading was slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower-held supplies and offerings were light. Merchant demand was limited mostly to cotton needed to fill prompt or nearby commitments. Domestic mill purchases of cotton remained limited but sales of finished goods continued to show improvement. Export trading remained slow. Forward contracting of the 1983 crop by growers was generally light. Inclement weather continued to hamper planting and crop development in many localities. Record high foreign cotton production and consumption were forecast for 1983-84. United States production was expected to fall about one-fourth while domestic consumption was expected to increase about five percent and exports to increase about ten percent.

Spot cotton prices averaged 68.00 cents per pound in the designated markets on Thursday, May 19. This compares with 66.79 cents a week earlier and 62.35 cents on the corresponding Thursday last season. Prices ranged from a high of 68.00 cents per pound to a low of 66.93 cents during the week ended Thursday, May 19, compared with a range of 67.61 to 66.00 cents the previous week. The New York July 1983 futures settlement price ended the week on Thursday at 74.67 cents per pound compared with 73.10 cents a week earlier. The December settlement price was 76.32 cents against 73.97 cents last Thursday.

Trading continued slow on spot cotton markets. Grower offerings were light. Merchant demand was limited primarily to cotton needed to fill prompt or nearby commitments. Domestic mill purchases were light and included cotton for both nearby and forward delivery. Export trading was a little more active on some markets but overall remained limited. Both European and Far Eastern mills made purchases. Trading in PIK entitlements was more active on some markets as merchant offering prices strengthened. Purchases reported by cotton exchanges in the designated markets totaled 120,600 bales in the week ended Thursday, May 19. This compares with 87,000 bales a week earlier and 123,500 bales in the corresponding week last season.

Textile mill report. Mill buying remained light to moderate and consisted mostly of grades 41 and higher, central and western growths, for both prompt and deferred delivery. Some mills reported that they would need additional cotton if the textile business continues to improve. Mill sales of finished goods were increasing in a number of product areas, notably yarn and apparels. Producers of household goods reported some items selling well while others were moving slowly. Sales of industrial and automotive products were spotty but making slight gains. Mills were gradually adjusting goods prices to cover increased costs. Mill production schedules were largely five to six days per week.

Crop progress. Planting and replanting were virtually completed in the San Joaquin Valley of California. The weather was more favorable and cotton plants began to show signs of growth after a poor start. Most fields were up to stands. Planting was virtually completed in central Arizona except for limited acreages that will follow wheat. Most of the New Mexico crop had been planted and most cotton was up to stands. Below normal temperatures slowed crop development. Beneficial rains were received in many Oklahoma localities. Many areas now have sufficient surface moisture for planting. Planting on dryland acreage was expected to get underway in some localities next week. Planting on irrigated acreage neared completion in some communities. Most growers would welcome additional rainfall. In Texas, the Harlingen area crop generally made good progress but was consid-

ered about two to three weeks later than normal. Rain is needed on dryland acreages. A general rain fell over the Dallas area. Most localities now have sufficient moisture for planting. Earlier planted cotton was up to stands. Planting made good progress on the Plains and was about one-half completed on irrigated acreage. Some dryland localities received rain but not enough to assure good seed germination. Some growers were planting and hoping for rain. In Arkansas and Missouri, planting made good progress until stopped by heavy rains over the weekend. Wet fields and below normal temperatures were expected to cause some replanting. Growers in some localities reportedly gave up on cotton for this season. The Tennessee crop was past one-half planted before the heavy rains fell. Cotton land was under water in some localities. Cool temperatures retarded plant growth and replanting was expected in several localities. In Mississippi, most cotton acreage had been planted prior to the rains. Some replanting was expected. Most fields were up to a stand and some earlier planted fields had been cultivated. In Louisiana, planting made good progress prior to the heavy weekend rains. Considerable replanting was expected as a result of flooding, erosion and silting of fields. The Alabama crop was mostly planted prior to the rains. Many fields were up to stands but cool temperatures slowed seed germination and plant development. Planting neared completion in Georgia under generally favorable weather conditions. Scattered showers were beneficial. Planting was about completed in North Carolina and South Carolina. Cotton that had emerged looked healthy. Light rain showers were beneficial.

World cotton stocks likely to be reduced in 1983-84. The early-season world cotton outlook for 1983-84 points to larger consumption, smaller production, and a moderate decline in stocks. Based on expectations for improved economic and textile activity, mill use is forecast at a record 68.3 million 480 pound net weight bales, up from this season's estimated 66.4 million. Global output is forecast at 66.8 million bales, down from 1982-83's 67.7 million. These projections imply a decrease in stocks of around 2.0 million bales to 25.7 million by the end of 1983-84.

U. S. cotton stocks next season may fall nearly 3.0 million bales to a projected 5.3 million. A one-fourth smaller crop, projected at 8.8 million bales, accounts for the decline as planted area drops in response to acreage reduction programs. Both mill use and export prospects are brighter. An anticipated further recovery in mill activity could boost consumption about 5 percent to 5.8 million bales. Exports also are projected at 5.8 million bales, up nearly 10 percent from 1982-83, reflecting increasing use in foreign importing countries, some anticipated rebuilding of stocks abroad, and a large U. S. supply of competitively priced PIK cotton. So, with prospects for larger disappearance next season and smaller production, ending stocks are placed at 5.3 million bales, down from the estimated beginning level of 8.0 million.

Record foreign cotton production and consumption are forecast for 1983-84. Output could total 58.0 million bales, up 2.3 million from this season as both area and yields expand. Consumption is projected at 62.5 million bales, up 1.5 million from 1982-83 with China and other Far Eastern countries accounting for most of the gain. Increasing mill use also should result in improved trade; exports are forecast at 13.0 million bales, up 4 percent from this season. Stocks are expected to increase slightly to 20.4 million bales.

The 1982-83 global cotton outlook remains about the same as last month's assessment. The major change is an upward revision in Chinese production and consumption. Both Chinese output and mill use now are placed at a record 16.5 million bales, about 6 percent and 2 percent, respectively, above previous estimates. Soviet production and exports were revised downward. Revisions also were made in U. S. disappearance estimates, with slightly improved mill use prospects offsetting smaller exports, which were lowered to 5.3 million bales due to recent Soviet cancellations.

Global cotton supplies for 1983-84 are projected to remain near this season's level, reflecting increased carryover stocks next August but slightly smaller production. U. S. disappearance is expected to be well above the sharply reduced crop, resulting in a one-third cut in stocks. Still, stocks are expected to remain relatively large.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1981-82, 1982-83, and projected 1983-84 with probable variation 1/ May 11, 1983

Item	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
			Million	480-pound	bales	
				1981-82		
<u>United States</u>	2.7	15.6	<u>2/</u>	5.3	6.6	6.6
<u>World less U. S.</u>	19.8	55.2	19.6	60.5	13.8	20.2
Major importers <u>3/</u>	9.3	14.5	16.9	31.0	0.4	9.3
Major exporters <u>4/</u>	4.2	24.3	0.2	15.2	9.2	4.1
Others	6.3	16.4	2.6	14.3	4.2	6.8
<u>World 5/</u>	22.5	70.9	19.7	65.7	20.4	26.8
				1982-83		
<u>United States</u>	6.6	12.0	<u>2/</u>	5.5	5.3	8.0
<u>World less U. S.</u>	20.2	55.7	17.9	61.0	12.8	19.7
Major importers <u>3/</u>	9.3	17.2	14.6	31.4	0.5	9.3
Major exporters <u>4/</u>	4.1	22.5	0.6	15.1	7.4	4.4
Others	6.8	16.1	2.7	14.5	4.9	6.1
<u>World 5/</u>	26.8	67.7	18.0	66.5	18.1	27.7
				1983-84		
<u>United States</u>						
May projection	8.0	8.8	<u>2/</u>	5.8	5.8	5.3
Prob. variation		(+1.1)		(+0.7)	(+1.5)	(+1.9)
<u>World less U. S.</u>						
May projection	19.7	58.0	18.5	62.5	13.0	20.4
Prob. variation		(+2.3)	(+1.1)	(+1.3)	(+1.0)	(+2.2)
<u>World 5/</u>						
May projection	27.7	66.8	18.5	68.3	18.8	25.7
Prob. variation		(+3.4)	(+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: Total 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

Six months or older certificated stock, June 1, 1983 1/

Delivery point	7-12 Months	13-18 Months	19-24 Months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Corpus Christi	4,321	1	-	-	4,322
Galveston	7,427	8,037	42	172	15,678
Greenville	-	-	-	-	-
Houston	749	3,519	-	-	4,268
Mobile	-	-	-	-	-
Memphis	1,494	379	8	640	2,521
New Orleans	24	39	-	-	63
Total	14,015	11,975	50	812	26,852

1/ Based on Cotton Division records as of May 15, 1983.

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							
	Jul '83	Oct '83	Dec '83	Mar '84	May '84			
May 12	73.10	74.00	73.97	75.30	75.60	66.79	82.00	
13	73.29	74.05	74.18	75.45	75.75	66.93	81.90	
16	74.27	75.00	75.34	76.35	76.85	67.76	81.90	
17	74.35	75.40	75.75	76.88	77.28	67.82	82.65	
18	73.92	74.80	75.20	76.35	76.75	67.50	82.70	
19	74.67	75.95	76.32	77.10	77.50	68.00	82.70	

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					
	Jul '83	Oct '83	Dec '83	Mar '84		
May 12	59.15	-	59.30	-	-	59.44
13	59.25	-	59.30	-	-	59.55
16	59.25	-	59.30	-	-	60.04
17	59.50	-	59.50	-	-	60.09
18	60.00	-	61.00	-	-	59.83
19	60.25	-	61.60	-	-	60.38

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 May 13		Through May 12	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,596,100	-	1,374,800
Exports	118,300	5,094,900	133,900	3,735,500
Total export commitments	-	6,691,000	-	5,110,300
New sales	81,500	-	56,100	-
Buy-backs and cancellations	17,100	-	57,800	-
Net sales	64,400	-	-1,700	-
Sales next marketing year	63,200	662,700	127,900	1,211,500

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

Upland cotton export sales activity for the current marketing year resulted in a net decrease of 1,700 running bales during the week ended May 12, according to the Foreign Agricultural Service, USDA. Increases for Japan 7,700 bales; Hong Kong 3,400; Greece 2,600; France 1,900; Indonesia 1,100 and Spain 1,000 bales were more than offset by cancellations for Korea 12,200 bales and Taiwan 6,800 bales. Sales for the next marketing year totaled 127,900 bales. Major buyers were Hong Kong 47,300 bales; Japan 25,000; Spain 15,300 and Taiwan 14,000 bales. Weekly exports of 133,900 bales topped the previous week by 41 percent and the four-week average by 3 percent. Asian destinations accounted for 58 percent, USSR accounted for 27 percent and 11 percent went to European destinations.