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Weekly Cotton Market Review  
(Week ended May 26)

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Trading activity on most spot cotton markets remained slow, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices weakened. Grower offerings were light but generally adequate to meet demand. Domestic and foreign mill purchases were light. Forward contracting of 1983-crop cotton by growers was slow. The crop made satisfactory progress in most western states. Rains fell in portions of the Texas Plains and Oklahoma but many localities still lacked enough surface moisture to assure germination of seed. Heavy rains interrupted final planting and replanting in most southern states. The daily rate of cotton consumption by domestic mills during April was higher than a year ago. End-of-April stocks at mills were the smallest since records began in 1913.

Spot cotton prices weakened and by Wednesday, May 25, the average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets had declined to 66.91 cents per pound. The average price on Thursday, May 26, was 67.08 cents compared with 68.00 cents a week earlier and 61.82 cents on the corresponding Thursday last season. The New York July futures settlement price ended the week on Thursday at 73.57 cents per pound compared with 74.67 cents a week earlier. The December settlement price was 76.33 cents against 76.32 cents last Thursday.

Trading. Grower-to-merchant trading was active on the Texas Plains and in Oklahoma but continued slow in most other markets. Grower offerings were light but generally adequate to meet demand. Merchant demand was mostly for cotton needed to fill nearby through summer shipping commitments. Most mills limited purchases to fill-ins, however, some forward buying occurred. Foreign mills, both Far Eastern and European, bought a light to moderate volume of cotton with shipments scheduled through March 1984. Trading of PIK entitlements was generally slow. CCC loan equities traded actively in a few markets. Purchases reported by cotton exchanges in the designated markets totaled 133,400 bales in the week ended Thursday, May 26. This compares with 106,000 bales a week earlier and 78,900 bales in the corresponding week last season.

Textile mill report. Most mills have their primary needs fairly well covered and buying was largely for fill-ins. New-crop purchases were also light with delivery dates extending into the first quarter of 1984. Limited availability and strong prices for grades 50 and higher encouraged some mills to substitute other qualities and growth areas where possible. Mills continue to operate five to six day workweeks with some mills on seven day schedules. Orders for goods continue to show gradual improvement. Most mills report that customers were adjusting to higher price quotations. Demand remains good for selected yarns, denim, lightweight knits, sportswear, sheeting and twills. A few industrial constructions were moving slowly but, overall, there was a gradual improvement in sales.

Domestic mill consumption of cotton averaged 21,600 running bales per day during the four weeks ended April 30, according to the Bureau of the Census. This was down from 22,000 bales used per day a month earlier and up from 20,500 bales in April last season. The average daily rate for the first nine months this season was 20,000 bales per day compared with 19,900 a year earlier and 22,000 bales two years ago. If this years' cumulative average daily rate is maintained for the remainder of the season, consumption would equal about 5.2 million running bales. Domestic mills consumed 431,500 bales in April, bringing August-April consumption this season to 3,906,300 bales, the second smallest consumption for the first nine months of any season since 1930-31. Through April last year, mills had used 3,874,800 bales and two years ago 4,283,800 bales.

Stocks of cotton at mills totaled 803,000 running bales on April 30, according to the Bureau of the Census. This was the smallest end-of-April stocks at mills since records began in 1913 and compares with 789,600 bales a month earlier and 910,900 bales at the end of April last year. At the April daily rate of consumption, mill stocks were equivalent to almost seven and one-half weeks' supply. Cotton in public storage totaled 8,792,300 running bales on April 30, the largest end-of-April stocks since 1967. Public storage stocks totaled 9,713,400 bales a month earlier and 7,112,300 at the end of April 1982.

The irrigation water supply for the cotton crop in the Soviet Union is alarmingly low, particularly in Uzbekistan and Kirghizia, according to the Foreign Agricultural Service, USDA. Some key reservoir levels are reportedly less than one-half of the 1982 levels. The crop, which was planted earlier than normal, may require some reseeding. However, it is still early in the growing season, and final cotton output will depend upon further weather and rainfall patterns until crop maturity.

U. S. Cotton Outlook Brighter; Still Room for Improvement. Prospects for a smaller cotton crop and favorable economic signals suggest an improvement in the market fundamentals for cotton, according to the "Cotton and Wool Outlook and Situation Summary." The 1983 crop is forecast at 8.8 million 480 pound net weight bales, a fourth smaller than last year's output. Both mill use and export prospects are brighter and disappearance next season could climb to 11.6 million bales, 0.8 million above estimated use in 1982-83. Therefore, stocks on August 1, 1984, could be reduced to 5.3 million bales, 2.7 million below the expected volume on August 1, 1983. However, even with the anticipated reduction, stocks will likely remain above "normal" carryover needs.

Cotton farmers surveyed in late April indicated planting intentions of about 8.1 million acres for 1983, down more than one-fourth from last year, and the smallest acreage in over a century. Because farmers normally devote their least productive land to conservation uses, yields should again be relatively high and abandonment low.

The seasonally adjusted annual rate of cotton consumption by U. S. mills rose from 5.0 million bales in December to 5.7 million in March. Based on this upward trend and continued economic growth, domestic mill use is estimated at 5.5 million bales for 1982-83, and is expected to grow to 5.8 million next season.

The U. S. cotton textile trade deficit continued to grow during the first quarter of 1983. Cotton textile imports totaled the equivalent of 561,000 bales while exports equalled only 117,000. This deficit accounted for 24 percent of domestic cotton consumption from January through March, up from 20 percent during all of 1982 and only about 9 percent during 1980.

Cotton exports ran at a seasonally adjusted rate of only 5.0 million bales through April. However, because of a reduced estimate of the Soviet Union's exportable supplies and improvements in the world economy, the pace of U. S. exports is expected to rise through the end of July and reach 5.3 million bales for the entire season. Exports in 1983-84 are projected at 5.8 million bales, reflecting some stock rebuilding abroad and continued large U. S. supplies at competitive prices.

While world cotton production is forecast at 67.7 million bales in 1982-83, estimated consumption of 66.5 million is still less than production, and world ending stocks are expected to hit 27.7 million bales. However, stocks in importing countries will likely decline by a half-million bales. The largest production declines have occurred in the exporting countries, especially the United States and the Soviet Union, while many importing nations have harvested larger crops. For 1983-84, world production is projected to fall to 66.8 million bales, as a smaller U. S. crop may more than offset anticipated gains in foreign crops.

U. S. production of extra long staple (ELS) cotton in 1983-84 may decline slightly from this season's 99,000 bales and total use may moderately exceed 1982-83's estimated 66,000 bales. Despite these expected developments, ending stocks of ELS are projected to top this season's 101,000 bales, continuing the upward trend of recent years. A precipitous decline in exports from 52,000 bales in 1979-80 to an estimated 13,000 this season accounts for most of the recent increase in ELS stocks.

Cotton: Domestic mill consumption, consumption per day, and stocks, running bales, by months and seasons, 1978-1982

Season beginning August 1	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	Jul.	Season
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
	Mill consumption 1/												
1978	459	569*	482	595*	435	603*	471	506	584*	484	489	503*	6,180
1979	472	482	630*	482	436	604*	507	513	622*	496	478	487*	6,209
1980	443	456	597*	458	475*	435	446	539*	435	441	531*	385	5,641
1981	429	517*	448	403	400*	378	398	493*	410	392	460*	317	5,043
1982 3/	386	474*	416	391	425*	404	430	549*	431				
	Mill consumption per day												
1978	22.9	22.8	24.1	23.8	21.7	24.1	23.6	25.3	23.4	24.2	24.5	20.1	23.3
1979	23.6	24.1	25.2	24.1	21.8	24.2	25.4	25.7	24.9	24.8	23.9	19.5	23.9
1980	22.1	22.8	23.9	22.9	19.0	21.8	22.3	21.5	21.7	22.1	21.3	19.2	21.7
1981	21.4	20.7	22.4	20.1	16.0	18.9	19.9	19.7	20.5	19.6	18.4	15.9	19.4
1982 3/	19.3	19.0	20.8	19.5	17.0	20.2	21.5	22.0	21.6				
	Stocks in consuming establishments 2/												
1978	1,065	1,032	1,015	1,003	1,051	1,050	1,070	1,099	1,095	1,066	969	927	-
1979	850	749	648	730	833	900	989	1,071	1,132	1,099	1,002	955	-
1980	891	784	743	750	831	947	1,038	1,105	1,078	1,023	937	883	-
1981	810	695	663	673	757	822	884	917	911	901	871	830	-
1982 3/	750	671	611	635	698	782	777	790	803				
	Stocks in public storage and at compresses 2/												
1978	3,462	3,434	5,314	6,232	7,863	7,690	6,884	6,035	5,062	4,174	3,278	2,605	-
1979	2,198	1,880	3,785	6,898	8,163	7,739	6,558	5,299	4,084	3,126	2,341	1,822	-
1980	1,509	1,578	3,181	5,071	5,927	5,847	5,109	4,227	3,470	2,807	2,199	1,688	-
1981	1,491	1,940	4,060	7,064	9,267	9,489	8,882	7,921	7,112	6,292	5,544	5,269	-
1982 3/	5,008	5,293	7,575	10,190	11,101	11,120	10,225	9,713	8,792				

1/ Consumption figures relate to four-week months except as noted. Daily consumption rates calculated on the basis of 20 days for four-week months and 25 days for five-week months with no allowance for holidays.

2/ Season totals not necessarily sums of monthly figures because of adjustments.

3/ Data refer to a particular day near the end of the month.

\* Preliminary.

3/ Five-week month.

Source: Bureau of the Census reports.

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					8-market average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement						
	Jul '83	Oct '83	Dec '83	Mar '84	May '84		
May 19	74.67	75.95	76.32	77.10	77.50	68.00	82.70
20	74.68	76.47	76.77	78.22	78.65	68.00	83.10
23	74.13	75.77	76.16	77.50	77.90	67.53	83.50
24	73.70	75.25	75.72	76.95	77.40	67.24	83.35
25	73.35	75.02	76.16	77.15	77.55	66.91	83.15
26	73.57	75.35	76.33	77.65	78.05	67.08	83.05

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				5-market average 1/
	Futures Settlement				
	Jul '83	Oct '83	Dec '83	Mar '84	
May 19	60.25	-	61.60	-	60.38
20	61.00	-	61.60	-	60.39
23	61.00	-	61.75	-	60.06
24	61.50	-	62.50	-	59.90
25	61.50	-	62.50	-	59.64
26	61.50	-	62.50	-	59.77

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 1981-82 and 1982-83

Description	Marketing Year			
	1981-82		1982-83	
	Through May 20		Through May 19	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,464,400	-	1,316,500
Exports	92,700	5,187,600	98,500	3,834,000
Total export commitments	-	6,652,000	-	5,150,500
New sales	28,700	-	57,800	-
Buy-backs and cancellations	67,700	-	17,600	-
Net sales	-39,000	-	40,200	-
Sales next marketing year	75,700	738,400	90,900	1,302,400

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

Upland cotton export sales for the current marketing year resulted in a net increase of 40,200 running bales in the week ended May 19, according to the Foreign Agricultural Service, USDA. Major buyers were Japan 10,600 bales; South Korea 8,100 and Italy 6,700 bales. Sales for the 1983-84 marketing year totaled 90,900 bales. Principal buyers were Hong Kong 36,100 bales; Japan 15,400 and Indonesia 13,500 bales. Weekly exports of 98,500 bales were one quarter below the previous week and the four-week average. Asian destinations accounted for 67 percent of the week's exports, USSR 16 percent and Western European countries 13 percent.