

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE  
COTTON DIVISION

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Weekly Cotton Market Review  
(Week ended May 6)

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Trading remained generally slow on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were steady to slightly lower. Grower offerings were light. Merchant demand remained limited. Domestic and foreign mill purchases were light. Forward contracting of 1982-crop cotton continued with growers in several states booking a light to moderate volume. Growers had booked about four percent of their crop through the end of April. Planting neared completion in Arizona and California and moved ahead rapidly in most other areas of the Cotton Belt. The final crop report for the 1981 cotton crop will be released on May 10. The interest rate for CCC loans disbursed in May will be 14.125 percent.

Spot cotton prices trended slightly lower. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets began the week on Friday, April 30, at 63.35 cents per pound. Prices fluctuated within a narrow range and ended the week on Thursday, May 6, at 63.60 cents. This compares with 63.68 cents a week earlier and 78.58 cents on the corresponding Thursday last season. The New York July futures settlement price ended the week on Thursday, at 69.48 cents per pound compared with 69.91 cents a week earlier. The December settlement price was 73.26 cents against 73.86 cents last Thursday.

Trading activity was light. Some growers accepted higher merchant bid prices and sold a limited volume of their remaining supplies. Merchant demand was strongest for the higher grades and lower qualities received few bids in some markets. The light volume of purchases by domestic mills was mostly small lots needed for fill-ins. Export trading slowed. Small purchases were made by both Far Eastern and European mills. Purchases reported by cotton exchanges in the designated markets totaled 113,500 bales in the week ended Thursday, May 6. This compares with 111,100 bales a week earlier and 43,600 bales in the corresponding week last season.

Textile mill report. Mill purchases remained light. Reduced work schedules at many mills continued to delay the need for additional purchases. A few mills were inquiring for new-crop cotton. Mill sales of finished goods varied widely. Velour, lightweight dress fabric, knits for underwear and sportswear sold fairly readily. Sales of corduroys and denims were sporadic. Some mills reported short flurries of yarn sales. Sales in most other market areas remained slow.

Foreign crop report. The Cotton Outlook of Liverpool reports that prospects for the 1982-83 crops outside the United States have changed very little during the past few weeks. Good rains appear to have relieved the drought in China's northern producing region, where several provinces are thought likely to increase acreage appreciably further after the highly successful 1981-82 harvest. Given normal fortune with the weather, one would expect the country to produce yet more cotton, since the recently introduced varieties are raising yields significantly. Russia is also concentrating upon raising yields: the commencement of planting was delayed by cold weather during late March, but the work quickly caught up during April and appears to have been successfully concluded in all the main republics. Little news can yet be expected of prospects on the Indian sub-continent, where planting has just begun, but Pakistan has disposed of the bumper 1981-82 crop with remarkable rapidity, and the strength of interior prices may well encourage farmers to cooperate fully in the government's program to increase output still further.

In Latin America, indications still point to a sharp fall of acreage in Mexico and Colombia. The latter's coastal farmers threaten to reduce sowings even to below the level sufficient to provide domestic needs, unless government reassurances as to financial support at a realistic level relative to the cost of production are quickly forthcoming. Brazil already foresees a quite satisfactory outturn from the developing northern crop but has difficulty in commenting further upon the outlook in the south, until government policy (particularly on the matter of exports) has been more clearly explained. Most other southern hemisphere producing countries await price developments.

The concluding 1981-82 crop harvests in Zimbabwe and South Africa have both been a disappointment. The former will nonetheless have a significant volume for export, whereas the latter already foresees supplementary imports - probably of as much as 120,000 bales. Australia, in contrast, suffered only modestly from untimely rains, and still expects an output of about 130,000 bales in Queensland and 400,000 in New South Wales. These figures should be sufficient to maintain interest in the expansion of acreage for next season provided irrigation water is available in sufficient quantity.

CCC loans on 1981-crop cotton may be requested by producers through May 31, 1982. CCC loan entries of 1981-crop cotton totaled 6,017,900 running bales through April 28. Repayments had been made on 1,170,300 bales. Loans were outstanding on 4,847,700 bales, of which 2,382,200 were Form A (producer) and 2,465,500 were Form G (cooperative) loans. Entries of 1980-crop cotton totaled 2,328,100 bales, repayments were 2,208,700 and loans were outstanding on 119,000 bales. Loans remained outstanding on 47,300 bales of Form A and 71,700 of Form G.

Contracting 1982 crop. United States upland cotton growers had forward contracted about four percent of their crop by the end of April. This was the second smallest percentage for this period since records began in 1974 and compares with five percent through April last year and 19 percent two years ago. Contracting this season has been the most active in south central and western states where about eight percent of the crop has been booked. A year earlier, around 13 percent of the crop was under contract in south central states and four percent in western states. In southeastern states, growers had forward contracted about six percent, down from five percent a year earlier. Growers in southwestern states had booked around one percent, against two percent the previous year. These estimates were based on the Crop Reporting Board's planting intentions reports and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

Prices received by farmers for upland cotton averaged 50.30 cents per pound in mid-April, according to the Statistical Reporting Service, USDA. This compares with 50.10 cents for the entire month of March and 72.70 cents in April 1981. These prices include cotton delivered against forward contracts. The parity price for upland cotton announced April 30 was 118.00 cents per pound, the same as a month earlier and compares with 117.00 cents in April last season.

Average prices received by farmers for upland cotton, in cents per pound, net weight, United States, calendar years, 1981-1982

Month	Year beginning January 1		Month	Year beginning January 1		Month	Year beginning January 1	
	1981	1982		1981	1982		1981	1982
	Cents	Cents		Cents	Cents		Cents	Cents
Jan.	76.69	49.90	June	71.20		Nov.	60.10	
Feb.	70.80	48.40	July	70.40		Dec.	51.20	
Mar.	71.90	50.10	Aug.	65.00				
Apr.	72.70	50.30 <sup>1/</sup>	Sept.	58.00		Calendar		
May	72.50		Oct.	62.30		year avg.	63.20	

<sup>1/</sup> Mid-month price.

Forward contracting of upland cotton by growers, thru April 30, crops of 1974-1982  
and prospective plantings, 1982 crop 1/

State and area	1974	1975	1976	1977	1978	1979	1980	1981	1982	Prospective plantings 2/ 1,000 acres
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	
North Carolina	8	-	6	14	1	6	22	2	3	80
South Carolina	13	-	24	15	*	8	36	1	9	100
Georgia	4	-	17	1	-	5	9	6	1	145
Alabama	10	*	35	5	5	9	13	7	7	350
Southeastern states	9	*	27	7	3	8	17	5	6	675
Missouri	35	*	80	21	14	14	76	5	9	210
Mississippi	36	2	49	19	22	29	56	22	13	1,180
Arkansas	30	1	62	14	5	9	40	10	6	450
Louisiana	21	-	41	6	12	8	34	9	4	620
Tennessee	16	-	40	2	6	4	17	1	4	305
South Central states	30	1	54	14	14	17	46	13	8	2,765
Oklahoma	-	-	*	19	20	3	4	-	*	650
Texas	5	*	8	15	5	8	11	2	1	6,300
Southwestern states	4	*	7	15	6	8	10	2	1	6,950
New Mexico	13	-	3	12	7	6	1	-	-	125
Arizona	44	1	34	47	29	13	25	6	14	550
California	65	18	45	28	30	17	14	4	7	1,440
Far Western states	53	13	40	31	28	16	16	4	8	2,115
United States	20	2	29	16	12	11	19	5	4	12,505

1/ Contracting estimates for 1974 through 1980 based on April prospective plantings report; 1981 based on March; 1982 based on February.

2/ February 1982, Crop Reporting Board, Economics and Statistics Service, USDA.

\* Less than 0.5 percent.

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 '82	Jul '82	Oct '82	Dec '82	Mar '83		
Apr. 29	68.75	69.91	72.72	73.86	75.56	63.68	73.10
30	68.30	69.52	72.42	73.59	75.35	63.35	73.25
May 3	67.50	69.11	71.85	72.87	74.61	63.06	Holiday
4	68.00	69.14	71.85	72.97	74.85	63.08	76.45
5	67.85	68.94	71.47	72.78	74.50	63.09	76.55
6	68.43	69.48	72.00	73.26	75.00	63.60	76.55

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					
	May '82	Jul '82	Oct '82	Dec '82	Mar '83	
Apr. 29	59.80	61.56	64.10	65.15	66.70	54.96
30	59.80	61.50	64.02	64.95	66.70	54.67
May 3	59.55	61.15	63.65	64.70	66.70	54.48
4	59.20	60.95	63.65	64.42	66.70	54.49
5	58.95	60.60	63.20	63.90	66.50	54.47
6	59.05	60.88	63.60	64.50	66.50	54.95

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 April 30		Through April 29	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	1,226,900	-	1,748,800
Exports	84,100	4,629,800	132,700	4,858,600
Total export commitments	-	5,856,700	-	6,607,400
New sales	47,800	-	61,800	-
Buy-backs and cancellations	8,600	-	21,300	-
Net sales	39,200	-	40,500	-
Sales next marketing year	14,900	243,900	60,100	563,000

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

Upland cotton export sales during the week ended April 29 decreased slightly from the previous week, according to the Foreign Agricultural Service, USDA. Major buyers in the 1981-82 marketing year were Hong Kong 15,100 running bales and Japan 11,900 bales. Sales to China decreased by 8,800 bales. Sales for the 1982-83 marketing year were dominated by Japan with purchases of 40,600 bales. Weekly exports totaled 132,700 bales with Asian destinations accounting for 87 percent and European destinations nine percent.