



Weekly Cotton Market Review
(Week ended November 24)

Vol. 64, No. 17

November 26, 1982

Trading remained limited on spot cotton markets, according to the Cotton Division, Agricultural Marketing Service, USDA. Spot prices were lower. Growers offered increasing supplies reluctantly at prevailing prices. Merchant demand was weak. Domestic mill demand improved slightly. Foreign mill purchases were light. A few growers in south Texas made inquiries about contracting 1983-crop cotton but found little merchant interest. Harvesting expanded rapidly on the Texas Plains and in Oklahoma. Rains brought harvesting to a standstill in many areas of the Cotton Belt.

Spot cotton prices. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets declined from 59.06 cents per pound on Friday, November 19, to 57.98 cents on Tuesday. Prices ended the period on Wednesday, November 24, at 57.95 cents compared with 58.75 cents a week earlier and 54.67 cents on the corresponding date last season. The New York March 1983 futures settlement price ended the period on Wednesday at 64.52 cents per pound compared with 65.62 cents a week ago.

Trading generally remained slow on spot cotton markets. Grower-held supplies were large but offerings were light. Most growers continued to resist current bid prices. The light offerings easily met the limited merchant demand. Merchant demand was restricted primarily to qualities needed to fill existing commitments. Domestic mill purchases increased. Export trading was slow. Purchases reported by cotton exchanges in the designated markets totaled 168,100 bales in the period ended Wednesday, November 24. This compares with 166,400 bales a week earlier and 194,500 bales in the corresponding week last season.

Textile mill report. Only a few domestic mills were active in the market. Purchases consisted mostly of a light to moderate volume of grades 50 and higher, staples 34 and longer. Mill cotton departments were busy receiving purchases made earlier. Reports indicate that some mills have adjusted mix ratios to accommodate the qualities more readily available and to take advantage of lower prices. Although the textile market remained generally sluggish, sales improved in some apparels, notably denim. A number of mills producing denim report new business with sales booked late into the first quarter of 1983. Household products and most industrials remained slow sellers. A number of mills have announced plans to close about a week at Thanksgiving and one to two weeks for Christmas.

CCC loan entries of 1982-crop cotton totaled 372,500 running bales through November 10. Repayments had been made on 28,200 bales. Loans were outstanding on 344,300 bales, of which 278,600 were Form A (producer) and 65,700 were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,083,300 bales. Repayments had been made on 3,130,500 bales. Loans were outstanding on 2,935,500 bales, of which 1,855,300 were Form A and 1,080,200 were Form G loans. Loans remained outstanding on 112,400 bales of 1980-crop cotton.

Cotton outlook worsens as supply builds, demand declines. The U. S. cotton outlook is being shaped by rising supplies and falling demand, according to the "Cotton and Wool Outlook and Situation Summary" released by USDA's Economic Research Service. Large beginning stocks and record yields per harvested acre are boosting supplies in 1982-83 to the highest since 1967-68. At the same time, weak demand has pushed prospects for total use to the lowest since 1975. This combination of supply and demand changes is expected to raise stocks on August 1, 1983, to a 16-year high.

Conditions as of November 1 indicate a 1982 U. S. crop of 11.9 million 480 pound net weight bales, 24 percent below last year but well above earlier expectations. Because of the Texas crop disaster in early summer, the estimated 9.5 million U. S. acres being harvested account for only 82 percent of planted area; harvested acreage usually averages about 94 percent of planted area. However, record yields are offsetting the drop in harvested acreage. This season's average U. S. yield is forecast at 605 pounds per harvested acre, 58 pounds above the record set in 1979. This jump is due primarily to big crops in the Delta and the Southeast and the smaller area harvested in the lower-yielding Southwest. In the Southwest, yield is forecast to fall 10 percent from the average of the preceding five years. In the West, it is expected to rise 10 percent, and in the Delta and Southeast it is forecast to increase dramatically--39 and 56 percent, respectively.

U. S. cotton exports are forecast at 5.8 (+ 0.9) million bales in 1982-83, compared with 6.6 million last season. Excluding China, the gap between foreign supplies and use will likely change little from last season. However, China's production is expected to surge to 15.0 million bales, from 13.6 million in 1981, and greatly reduce import needs. The reduced U. S. export prospects to China and some other countries are reflected in export commitments (exports plus outstanding sales), which stood at 3.3 million bales on November 11, about 1.4 million below a year earlier.

Domestic mill use continues to reflect the weak economy and a large deficit in cotton textile trade. During August and September, U. S. mills used cotton at an annual rate of 5.2 million bales, compared with 5.7 million a year earlier. The annual rate of net imports of cotton textiles was the equivalent of 1.2 million bales during the first half of 1982, about the same as in 1981 but double the 1980 rate. Lower and more stable cotton prices and higher retail sales of textile products during first-half 1983 are expected to strengthen mill use slightly. For the season, mill use is forecast at 5.4 (+0.3) million bales, up 2 percent from 1981-82.

Total U. S. use for 1982-83 is expected to fall to 11.2 million bales, 0.7 million below the production forecast. Thus, this season's ending stocks are expected to rise to 7.5 million bales. This prospect has kept farm prices near the national average loan rate of 57.08 cents a pound for SLM 1-1/16-inch cotton. Prices in early October averaged 59.50 cents, several cents below a year earlier. Participants in the 1982 cotton program will probably receive the maximum deficiency payment on eligible production--13.92 cents a pound. The weak demand, larger-than-expected production, and low prices have reduced the rate at which 1980 and 1981 cotton is being redeemed from loan. The same factors have greatly increased the likelihood of large forfeitures of this cotton to the Commodity Credit Corporation during 1982-83.

Foreign cotton production in 1982-83 is forecast at 55.3 million bales, about the same as last season. Foreign use is likely to register a slight increase, rising about 1 percent to 61.1 million bales, but most of the gain will occur in China. With a projected drop in imports by Far Eastern countries, world cotton exports could fall to 18.2 million bales, down 1.8 million from 1981-82. The U. S. share will probably decline slightly but still remain about one-third. World carryover stocks are expected to total 28.6 million bales, up from the 28.1 million carried in.

The outlook for another increase in U. S. carryover stocks suggest a large supply-side adjustment will be necessary in 1983. For the 1983 upland cotton crop, USDA announced a 20 percent acreage reduction program, with a 5 percent paid land diversion option available to participants. Although the 1983 program requires that more land go into conservation use than in 1982, increased incentives, such as the target price of 76.00 cents a pound, will likely keep participation high. However, yields will once again play the dominant role in determining whether production will be low enough to reduce stocks materially.

Production of American Pima cotton is forecast at 106,000 bales this season--33 percent above 1981-82. Although total use may rise to 70,000 bales, it will fall far short of production, causing a sharp rise in ending stocks. In reaction to this season's excessive supplies, USDA set a national marketing quota of 102,000 bales and an acreage allotment of 80,131 acres for the 1983 crop. A referendum will be held December 6-10 for growers to decide whether this program will take effect.

Cotton (all kinds) area, yield and production: World and selected countries and regions 1/

Region and country	Area			Yield			Production			
	Million hectares			Kilograms per hectare			Million 480-pound bales			
	1980-81	1981-82	1982-83 proj.	1980-81	1981-82	1982-83 proj.	1980-81	1981-82	1982-83 proj.	
United States	5.3	5.6	3.8	453	608	658	678	11.1	15.6	11.4
USSR	3.1	3.2	3.2	965	928	948	913	14.0	13.5	13.8
Centrally Planned Asia										
PRC	4.9	5.1	5.6	551	581	585	578	12.4	13.6	14.5
South Asia										
India	7.9	8.2	8.0	168	169	169	169	6.1	6.3	6.2
Pakistan	2.1	2.2	2.2	341	351	373	373	3.3	3.5	3.7
Middle East and Africa										
Egypt	0.5	0.5	0.4	1,011	1,009	1,021	1,021	2.4	2.3	2.1
Sudan	0.4	0.4	0.4	230	413	372	396	0.5	0.7	0.8
Turkey	0.7	0.7	0.6	743	745	762	762	2.3	2.2	2.1
Latin America & Caribbean										
Argentina	0.3	0.4	0.4	283	380	314	314	0.4	0.7	0.6
Brazil	2.0	2.0	2.0	315	314	316	316	2.9	2.9	2.9
Central America 2/	0.3	0.2	0.2	942	812	821	821	1.1	0.9	0.7
Mexico	0.4	0.4	0.2	965	885	959	959	1.6	1.4	0.9
Total above	27.9	28.7	27.1	452	483	485	484	58.0	63.7	60.3
Other countries	4.5	4.6	4.4	352	349	344	337	7.2	7.3	7.2
World	32.4	33.3	31.6	438	465	464	463	65.3	71.0	67.2
World less United States	27.1	27.7	27.8	436	436	438	434	54.1	55.4	55.3
Major foreign exporters 3/	7:5	7:4	7:2	730	718	727	713	25.2	24.5	24.1

1/ Totals and averages based on unrounded data. 1981-82 estimates are preliminary. 1982-83 is projected based on surveys, trends and analysts' judgment.

2/ Includes Nicaragua, Guatemala, El Salvador, Honduras and Costa Rica.

3/ Includes USSR, Pakistan, Egypt, Sudan, Turkey, Central America and Mexico.

Reprint of table prepared by Foreign Agricultural Service and Economic Research Service, USDA, November 10, 1982.

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						9-market average	Grade 31- Staple 35 'A' Index 1/
	Futures Settlement							
	Dec '82	Mar '83	May '83	Jul '83	Oct '83			
Nov. 18	63.17	65.62	66.88	67.75	66.10	58.75	69.05	
19	63.30	65.90	67.02	68.13	66.30	59.06	69.05	
22	61.78	65.05	66.50	67.39	66.01	58.34	69.10	
23	61.30	64.48	65.85	67.00	65.80	57.98	68.90	
24	61.71	64.52	65.84	66.65	65.65	57.95	68.65	
25	H O L I D A Y							

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					
	Dec '82	Mar '83	May '83	Jul '83		
Nov. 18	57.70	60.33	62.00	63.20	-	53.94
19	57.57	60.32	62.00	63.20	-	54.11
22	57.10	59.90	62.00	63.20	-	53.50
23	56.70	59.35	61.00	62.00	-	53.06
24	56.70	59.35	61.00	62.00	-	52.98
25	H O L I D A Y					

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 November 19		Through November 18	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	3,742,200		
Exports	100,800	908,900		
Total export commitments	-	4,651,100		Will be released
New sales	205,700	-		
Buy-backs and cancellations	18,100	-		November 26, 1982
Net sales	187,600	-		
Sales next marketing year	11,200	41,800		

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