

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE  
COTTON DIVISION

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Dept of Ag Eco  
TECH

Weekly Cotton Market Review

(Week ended October 20)

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Spot cotton prices were higher, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading activity was limited mostly to southern markets. Growers offered new-crop cotton more freely. Merchant demand was good for current ginnings. Domestic mills bought a light to moderate volume of cotton. Export trading was slow. Rains and hail stopped harvesting across much of the Texas Plains and in Oklahoma. Rains delayed harvesting in most southern states. World cotton consumption prospects in 1983-84 are still considerably in excess of production.

Spot cotton prices reached the highest level in five weeks. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ended the week on Thursday, October 20, at 73.32 cents per pound. This was up 272 points from 70.60 cents a week earlier and 1447 points higher than the average price of 58.85 cents on the corresponding Thursday last season. The New York December futures settlement price ended the week on Thursday at 79.47 cents per pound compared with 76.73 cents a week earlier.

Trading on spot cotton markets continued to slowly increase and remained most active in the southern states. Growers offered more cotton. Some merchants were actively seeking cotton and demand was good for current ginnings. Domestic mills bought mostly for fill-ins but a light to moderate volume of cotton was purchased for forward delivery. Export trading was slow. Limited sales were made to European mills for November-March shipment. Far Eastern mills bought a very light volume for November-June delivery. Purchases reported by cotton exchanges in the designated markets totaled 152,100 bales in the week ended Thursday, October 20. This compares with 149,600 bales a week earlier and 82,100 bales in the corresponding week last season.

Textile mill report. Domestic mill inquiries increased. Mills bought some fill-ins for prompt shipment and a light to moderate quantity for November and later delivery. Interest in new-crop cotton remained good, especially for grades 31 and higher. Mills were purchasing new crop and working it into their mixes to smooth the transition into 1983-crop cotton. Buying included a fairly wide range of qualities but the heaviest volume was in grades 41 and higher. Textile business remains good to very good. Sales extended into the second quarter of 1984 but only a few mills were solidly booked in either the first or second quarters. Wide width all-cotton denim, most cotton yarns, lightweight knits, bottomweights and numerous household products traded readily. Mill schedules of operation were five to six days with a few plants on seven days.

In Japan, imports of raw cotton totaled slightly over 3.1 million bales in 1982-83, a decrease of 364,000 bales from 1981-82, according to the Foreign Agricultural Service, USDA. Japanese imports in 1983-84 are now estimated at 3.2 million bales. The United States remained the largest supplier to the Japanese market in 1982-83, exporting 1.3 million bales or 42 percent of total Japanese imports. Other major suppliers included Australia, the Soviet Union and Pakistan. Shortfalls in Mexican and Soviet production permitted Australia to increase exports to Japan to 400,000 bales, up 107,000 from 1981-82. With the Soviet Union halting exports to Japan during the second half of 1982-83, Soviet exports dropped 83,000 bales to 308,000. Pakistan exports to Japan increased by 28,000 bales to 171,000. The Pakistan government strongly promotes exports of raw cotton and yarn to Japan as a means to improve its serious trade imbalance.

Record world demand for cotton, lower U. S. output pulling down stocks. The 1983-84 world cotton outlook has changed little in the past month as consumption prospects considerably in excess of production still indicate about a 3-million-bale drawdown in stocks. Global output is forecast at 66.7 million 480 pound net weight bales, slightly above a month earlier, and only 0.8 million below the 1982 crop. However, improved prospects for textile activity, particularly in the United States and China, point to record mill use of 69.6 million bales. This estimate is also up slightly from September and is 2 million bales above last season. As a result, stocks are expected to fall to 24.8 million bales by next August, down from the beginning level of about 28 million.

The United States accounts for the prospective decline in world stocks this season. The 1983 U. S. crop is placed at 7.5 million bales, 3 percent below a month earlier and 37 percent below 1982. Sharply smaller output reflects both reduced acreage and lower yields. At the same time, disappearance is expected to increase about 5 percent to 11.25 million bales as both mill use and export prospects have improved slightly over the past month. Consumption now is placed at 6 million bales, up nearly a tenth from last season. Exports are estimated at 5.3 million bales, only slightly above last season. Increased competitive supplies abroad are limiting the potential for further U. S. export increases. So, with total use in excess of the small 1983 crop, stocks are expected to fall to 4.4 million bales next summer, down from 7.9 million on August 1.

In contrast to the U. S. situation, foreign cotton production is estimated at a record 59.1 million bales, slightly above the month-earlier assessment and 3.6 million above 1982-83. Foreign textile mills may consume about 63.6 million bales, 1.5 million more than last season. Stocks abroad are expected to increase slightly during the 1983-84 season, rising to 20.4 million bales by next August.

Little improvement is forecast for world cotton trade this season. Reduced import needs by China, reflecting another bumper crop there, are a major factor in sluggish global trade prospects. Exports are estimated at 18.4 million bales, only marginally above last season's low level. Forecast U. S. exports of 5.3 million bales--0.1 million above the September assessment--would account for 29 percent of world trade, the same as last season.

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Seven months and older certificated stock, November 1, 1983 <sup>1/</sup>

Delivery point	7-12 months	13-18 months	19-24 months	Over 24 months	Total
	Bales	Bales	Bales	Bales	Bales
Charleston	-	-	-	-	-
Galveston	16,889	433	222	67	17,611
Greenville	508	-	-	-	508
Houston	10	-	29	-	39
Memphis	17,814	568	471	55	18,908
Mobile	-	-	-	-	-
New Orleans	251	-	6	-	257
<b>Total</b>	<b>35,472</b>	<b>1,001</b>	<b>728</b>	<b>122</b>	<b>37,323</b>

<sup>1/</sup> Based on Cotton Division records as of October 15, 1983.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1981-82, 1982-83, and projected 1983-84 1/ October 13, 1983

Region	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>	20.9	55.1	19.8	60.4	13.5	21.6
Major importers <u>3/</u>	9.3	14.5	16.9	30.9	0.4	9.3
Major exporters <u>4/</u>	4.3	24.3	0.1	15.0	9.2	4.3
Others	7.4	16.3	2.7	14.5	3.8	8.0
<u>World 5/</u>	23.5	70.7	19.8	65.7	20.0	28.2

	1982-83					
<u>United States</u>	6.6	12.0	<u>2/</u>	5.5	5.2	7.9
<u>World less U. S.</u>	21.6	55.5	18.4	62.1	13.0	20.1
Major importers <u>3/</u>	9.3	17.2	15.1	31.8	0.4	9.3
Major exporters <u>4/</u>	4.3	22.5	0.5	15.2	7.8	4.2
Others	8.0	15.8	2.8	15.0	4.8	6.7
<u>World 5/</u>	28.2	67.5	18.4	67.6	18.2	28.1

	1983-84					
<u>United States</u>						
September projection	7.9	7.8	<u>2/</u>	5.9	5.2	4.7
October projection	7.9	7.5	<u>2/</u>	6.0	5.3	4.4
<u>World less U. S.</u>						
September projection	20.1	58.7	18.2	63.4	13.2	20.1
October projection	20.1	59.1	18.2	63.6	13.2	20.4
Major importers <u>3/</u>						
September projection	9.2	17.8	15.0	32.5	0.5	9.0
October projection	9.3	17.8	15.0	32.5	0.5	9.0
Major exporters <u>4/</u>						
September projection	4.2	24.3	0.3	15.5	8.4	4.6
October projection	4.2	24.7	0.2	15.5	8.4	4.8
Others						
September projection	6.7	16.6	2.8	15.4	4.3	6.5
October projection	6.6	16.6	3.0	15.5	4.2	6.6
<u>World 5/</u>						
September projection	28.0	66.5	18.2	69.3	18.4	24.8
October projection	28.1	66.7	18.2	69.6	18.4	24.8

1/ Marketing year beginning August 1. 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.

DAILY COTTON MARKET NEWS

MARKET

TELEPHONE NUMBER

Bakersfield, California - - - - -	805-834-2121
Birmingham, Alabama	
In state WATS line-toll free- - - - -	1-800-292-4924
Fresno, California- - - - -	209-251-9264
Greenwood, Mississippi- - - - -	601-455-3285
Lubbock, Texas- - - - -	806-763-7870

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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						
	Dec '83	Mar '84	May '84	Jul '84	Oct '84		
Oct. 13	76.73	78.11	79.00	79.50	74.75	70.60	87.15
14	76.88	78.26	79.00	79.55	74.80	70.72	87.25
17	78.20	79.30	80.10	80.40	75.35	71.93	87.25
18	78.27	79.43	80.12	80.55	75.65	71.98	87.65
19	79.95	80.87	81.45	81.50	76.40	73.58	87.65
20	79.47	80.42	80.95	81.22	76.15	73.32	88.85

1/ C.I.F. Northern Europe price furnished by Cotton Outlook of Liverpool.

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U. S. upland cotton export sales and exports, in running bales, for week and year, marketing years 1982-83 and 1983-84

Description	Marketing Year			
	1982-83		1983-84	
	Through October 14		Through October 13	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,107,600	-	2,937,800
Exports	47,100	781,700	50,400	814,100
Total export commitments	-	2,889,300	-	3,751,900
New sales	41,100	-	80,600	-
Buy-backs and cancellations	2,600	-	4,800	-
Net sales	38,500	-	75,800	-
Sales next marketing year	-	10,000	700	46,400

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

Upland cotton export sales during the week ended October 13 resulted in a net increase of 75,800 running bales, according to the Foreign Agricultural Service, USDA. This was 26 percent below a week earlier. The major buyers were Japan with 19,900 bales and South Korea 18,400 bales. Weekly exports of 50,400 bales were 24 percent below a week earlier and 35 percent below the four-week average. Asian destinations received 62 percent, Western Hemisphere 20 percent and European 17 percent of the week's shipments.