UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
COTTON DIVISION
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Weekly Cotton Market Review

(Week ended October 21)

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Trading activity on spot cotton markets was a little more active, according to the Cotton Division, Agricultural Marketing Service, USDA. Prices were steady to lower. Grower offerings were sufficient to meet merchant demand although most growers were not selling freely. Domestic mill buying increased. Export trading was light. Forward contracting of 1982-crop cotton by growers was limited. Harvesting made good progress.

Spot cotton prices trended lower. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets began the week on Friday, October 15, at 59.40 cents per pound. Prices fluctuated within a narrow range and ended the week on Thursday, October 21, at 58.85 cents. This compares with 59.54 cents a week earlier and 60.04 cents on the corresponding Thursday last season. The New York December 1982 futures settlement price ended the week on Thursday at 64.67 cents per pound compared with 65.66 cents a week earlier.

Spot trading was a little more active. Growers were willing to sell cotton ineligible for the CCC loan but slow to offer otherwise. Offerings were sufficient to meet demand but many growers rejected merchant bid prices. Domestic mill buying increased slightly for both nearby and forward delivery. Export trading was light. Purchases reported by cotton exchanges in the designated markets totaled 82,100 bales in the week ended Thursday, October 21. This compares with 83,800 bales a week earlier and 107,600 bales in the corresponding week last season.

Textile mill report. Mill buying increased and included some fairly sizeable forward purchases. With supplies ample to cover most needs, a number of mills continued to limit purchases to small quantities for prompt to nearby delivery. Most mills indicated they would need some cotton in the coming weeks if finished goods sales show improvement. Mills remain very selective as to quality and growth areas. Activity in mill cotton departments increased as shipments of earlier purchases arrived. Most mills credit a tight inventory policy with holding down overhead costs and lessening the recessionary impact. A slight improvement in finished goods orders was reported in some areas, notably selected bottomweights, denim, corduroy, drapery and some household fabrics. Sheeting and print cloth sales were fair while velour slowed seasonally. Although a few mills have announced plans for selective plant closings, normal workweeks were in effect at a growing number of mills.

CCC loan entries of 1982-crop cotton totaled 63,000 bales through October 13. A total of 39,300 bales were entered as Form A (producer) and 23,600 bales were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,083,000 bales. Repayments had been made on 3,064,300 bales. Loans were outstanding on 3,013,900 bales, of which 1,887,300 were Form A and 1,126,600 were Form G loans. Forfeitures totaled 4,800 through October 13. Loans remained outstanding on 112,900 bales of 1980-crop cotton.

<u>Quality of ginnings</u>. Grade 41, at 39 percent, was the predominant grade in upland ginnings prior to October 1 this season. Average staple length was 34.2 thirty-seconds inches, the longest average since records began in 1938. (Records are not available for the comparable period for the 1981 crop). Staple 35, at 42 percent, accounted for the largest percentage of ginnings. The average mike was 45. Mike 35-49 comprised 82 percent of ginnings. Average fiber strength in grams per tex was 24.1. Ginnings prior to October 1 totaled 1,531,211 running bales.

<u>Foreign crop report</u>. The <u>Cotton Outlook</u> of Liverpool reports that the Mississippi Delta is not alone in sustaining some setback to production expectations during the final stages of Northern Hemisphere crop development. Heavy rain fell as picking was just getting under way in the Izmir region of Turkey, where previous estimates averaged around 780,000 bales (of 480 lbs). Little high grade cotton now seems likely to be grown in the region. Harvesting was much further advanced in the Southern (1,150,000 bales) and Antalya (185,000 bales) regions before the rains began, and prices quoted there for high grades picked earlier are now very strong. In Russia too, rain appears to have slowed down picking, but the work there is already beyond the 50 percent stage, and deliveries of seed cotton may nonetheless still reach Western forecasts of 9,800,000 tons. Ideas of prospective ginning ratios now center upon 30 percent, suggesting a lint outturn in the region of 13,500,000 bales. In Pakistan, plants generally are still a little late and most forecasts of the commercial crop have now fallen to around 3,350,000 bales, compared with the original national target of about 3,600,000. The adjoining Indian producing areas report quite normal progress so far, whereas Gujarat and Maharashtra complain of scarcity of water, which may in consequence prevent the national outturn from exceeding 6,250,000 bales. Since there is again little news from China, the intriguing question of whether that country's northern yields have been affected by a cool summer (as Washington presumes) or somewhat reduced by it (as the trade fears) remains unanswered. It seems probable nonetheless that the total outturn will comfortably exceed 14,000,000 bales, reducing Peking's dependence upon imports.

In Latin America, Mexican forecasts remain just over the 900,000 bales level, despite the fact that yields in the important producing areas of Torreon and Mexicali were proving, as ginning got under way last week, to be rather disappointing. Seasonable rain has aided the recovery of the now well advanced Central American crops, but the high cost of insecticide may be resulting in its inadequate use in Guatemala, where excellent yields have previously seemed likely. Most African crops have so far lived up to expectations. However, Egypt will not, as was for a moment hoped, again produce record yields, and sowings in several of the 'Franc Zone' countries have been restricted by scarcity of moisture.

Planting of the major Southern Hemisphere crops will shortly be under way. Acreage seems likely to be well maintained in South Brazil, may increase a little in Argentina and exceed earlier expectations in Paraguay. Rain has come just in time to permit normal sowings in South Africa, and somewhat to the trade's surprise, the success of Zimbabwe's new Albar seed strain last year has so encouraged the country's farmers that sowings will increase quite significantly. Australia, in contrast, is experiencing a drought of unprecedented severity in the principal growing area of New South Wales. Shortage of irrigation water may in consequence depress maximum attainable output to around 440,000 bales, against the 620,000 harvested in 1981-82.

Estimated grade and staple of upland cotton ginned in the United States prior to October 1, 1982 1/

Grade Code	Staple: 26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer	All staples	
	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Bales	Pct.
White																
11	-	-	-	-	15	2	2	1	1	-	-	-	-	-	21	*
21	-	-	2	80	763	676	584	693	527	10	-	-	-	-	3,335	0.2
30	-	-	3	1	1	8	27	47	45	-	-	-	-	-	132	*
31	-	3	81	2,008	13,707	14,642	16,953	33,250	25,682	2,864	60	-	-	3	109,253	7.1
40	-	2	30	532	2,838	2,500	3,959	14,796	21,020	5,294	405	42	-	5	51,423	3.4
41	-	41	383	3,960	23,198	29,326	35,387	117,186	286,521	90,767	2,257	-	-	-	589,026	38.7
50	3	1	45	341	2,134	1,898	1,721	16,339	76,553	36,335	788	5	5	-	136,168	8.9
51	-	4	118	1,028	8,606	10,626	6,883	17,895	62,403	28,002	1,387	-	-	-	136,952	8.9
60	-	-	-	4	27	41	19	333	466	437	-	-	-	-	1,327	0.1
61	-	1	25	325	2,238	2,244	1,107	1,120	1,811	961	37	-	-	-	9,869	0.6
70	-	-	-	1	-	-	1	-	3	-	-	-	-	-	5	*
71	-	-	4	95	394	311	121	97	77	41	-	-	-	-	1,140	0.1
Lt. Spotted																
12	-	-	-	2	2	-	-	-	2	-	-	-	-	-	6	*
22	-	11	22	51	154	138	87	152	87	6	-	-	-	-	708	*
32	-	22	195	6,645	19,134	10,294	10,367	12,153	14,502	2,570	3	-	-	2	75,887	5.0
42	-	36	404	5,544	30,856	25,507	31,133	54,670	130,395	48,102	1,738	-	4	15	328,404	21.4
52	-	-	93	2,058	12,759	11,637	8,426	12,242	18,842	9,285	406	2	1	-	75,751	4.9
Spotted																
13	-	-	-	-	1	3	8	-	-	-	-	-	-	1	13	*
23	-	-	-	10	2	4	2	33	90	37	-	-	-	-	178	*
33	-	-	12	23	175	117	111	184	142	20	-	-	-	-	784	0.1
43	-	5	12	93	330	348	487	925	879	151	21	-	-	1	3,252	0.2
53	-	-	6	50	226	253	422	617	405	76	-	-	-	-	2,055	0.1
Tinged																
24	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	*
34	-	-	-	1	1	-	1	8	-	-	-	-	-	-	12	*
44	1	-	-	2	3	6	11	2	1	-	-	-	-	-	26	*
54	-	-	-	1	1	3	1	53	11	-	-	-	-	-	70	*
Stained																
25	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1	*
35	-	-	-	-	1	3	1	-	5	-	-	-	-	-	10	*
Light Gray																
16	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	*
26	-	-	-	-	5	42	72	38	1	-	-	-	-	-	158	*
36	-	-	-	-	4	43	197	167	8	5	-	-	-	-	424	*
46	-	-	-	-	16	26	56	50	2	-	-	-	-	1	151	*
Gray																
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	1	4	10	7	-	-	-	-	-	-	22	*
37	-	-	-	-	-	25	5	3	-	-	-	-	-	-	33	*
47	-	-	-	3	1	4	8	1	1	-	-	-	-	1	19	*
Below Grade 2/	-	-	18	383	1,260	1,008	846	632	297	98	52	-	-	-	4,594	0.3
All grades	4	126	1,453	23,241	118,854	111,739	119,016	283,694	640,780	225,061	7,154	49	10	30	1,531,211 3/	100.0
Percent	*	*	0.1	1.5	7.8	7.3	7.8	18.5	41.8	14.7	0.5	*	*	*		100.0

Average staple 34.2
Percent tenderable 62.1

1/ Preliminary.
2/ Lower in grade than the lowest grade of the official standards.
3/ As reported by the Bureau of the Census.
* Less than 0.05 percent.

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						Grade 31 Staple 35
	Futures Settlement					9-market	
	Dec '82	Mar '83	May '83	Jul '83	Oct '83	average	'A' Index 1/
Oct. 14	65.66	67.48	68.85	69.90	69.50	59.54	70.85
15	65.49	67.47	68.75	69.90	69.40	59.40	71.00
18	65.51	67.50	68.84	69.98	69.45	59.42	70.90
19	65.06	67.17	68.45	69.55	69.40	59.07	70.55
20	65.25	67.33	68.70	69.70	69.55	59.27	70.25
21	64.67	66.83	68.22	69.36	69.25	58.85	70.30

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					
	Futures Settlement					5-market
	Dec '82	Mar '83	May '83	Jul '83	Oct '83	average 1/
Oct. 14	59.70	61.40	62.60	63.75	-	54.07
15	59.70	61.40	62.60	63.75	-	53.96
18	59.81	61.56	62.60	63.75	-	53.98
19	59.50	61.50	62.60	63.75	-	53.81
20	59.40	61.30	62.60	63.80	-	53.92
21	59.40	61.30	62.60	63.80	-	53.57

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 October 15		Through October 14	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	3,297,500	-	2,107,600
Exports	43,600	517,900	47,100	781,700
Total export commitments	-	3,815,400	-	2,889,300
New sales	200,700	-	41,100	-
Buy-backs and cancellations	2,700	-	2,600	-
Net sales	198,000	-	38,500	-
Sales next marketing year	1,600	14,700	-	10,000

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

Upland cotton export sales activity and exports fell to their lowest level this marketing year during the week ended October 14, according to the Foreign Agricultural Service, USDA. The major buyers were South Korea 7,500 running bales, Indonesia 5,800 and Japan 5,100 bales. Asian destinations accounted for 80 percent of the week's exports and European destinations 13 percent.