

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

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Weekly Cotton Market Review
(Week ended October 7)

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Spot cotton prices dropped to the lowest level in over seven months, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower offerings were very limited. Merchant demand was weak. Domestic mill buying was light. Export trading was a little more active. Forward contracting was light during the period. Growers had contracted about 12 percent of the 1982 crop through the end of September. Harvesting reached peak levels in many southern states and gins were backlogged with a fairly large volume of seed cotton. Widespread rain late in the period slowed harvesting in southern states. The harvest expanded slowly in most western localities. The interest rate for CCC loans disbursed in October will be 11.0 percent. The October crop forecast will be released Tuesday, October 12.

Spot cotton prices. The average price for grade 41 staple 34, mike 35-49, in the designated markets declined to 57.71 cents per pound on Monday, October 4. This was the lowest price since February 26. Prices moved slightly higher on Tuesday and Wednesday and ended the week on Thursday, October 7, at 58.82 cents. This compares with 58.61 cents a week earlier and 61.06 cents on the corresponding Thursday last season. The New York December 1982 futures settlement price ended the week on Thursday at 64.71 cents per pound compared with 64.25 cents a week earlier.

Trading on spot cotton markets continued slow. Most growers with uncommitted cotton would not sell at offered prices. Most merchants had needs fairly well covered and were not actively seeking cotton. Domestic mills continued to purchase very selectively and only in limited quantities. Export trading consisted of a light to moderate volume of mostly western growths. Most sales were to European mills for prompt through September 1983 shipment. Purchases reported by cotton exchanges in the designated markets totaled 72,600 bales in the week ended Thursday, October 7. This compares with 45,000 bales a week earlier and 67,300 bales in the corresponding week last season.

Textile mill report. Mill buying consisted of a light volume for both prompt and nearby delivery. Textile sales remained sluggish and cotton prices trended lower. Few mills were in any hurry to buy. Shipper offerings of current crop cotton increased but sales volume remained limited. Cotton departments were beginning to receive and process shipments from the new crop. Goods sales into the first and second quarter continued slow with print cloth, velour, athletic garment materials and underwear among the few good sellers. Work schedules varied widely depending on product lines and ranged from three to five days per week.

Contracting 1982 crop. United States upland cotton growers had forward contracted about 12 percent of the 1982 crop by the end of September. This compares with 10 percent through September a year ago and 33 percent in 1980. Contracting this season has been most active in south central states where 21 per-

cent had been booked against 18 percent in 1981 and 62 percent in 1980. Growers in western states had forward contracted about 16 percent, up from nine percent a year earlier but down from 40 percent two years ago. In southeastern states, growers had booked 15 percent compared with 10 percent the previous year and 32 percent in 1980. Growers in southwestern states had contracted about four percent, down from seven percent a year earlier and 20 percent two years ago. These estimates were based on the Crop Reporting Board's September indicated acreage for harvest and informal surveys made by the Cotton Division, Agricultural Marketing Service, USDA.

CCC loan entries of 1982-crop cotton totaled 39,100 bales through September 29. A total of 21,000 bales were entered as Form A (producer) and 18,100 bales were Form G (cooperative) loans. Entries of 1981-crop cotton totaled 6,082,900 bales. Repayments had been made on 3,014,900 bales. Loans were outstanding on 3,064,900 bales, of which 1,897,500 were Form A and 1,167,400 were Form G loans. Forfeitures totaled 3,000 bales through September 29. Loans remained outstanding on 113,000 bales of 1980-crop cotton.

The Foreign Agricultural Service, USDA, reports: In an effort to stimulate Columbian exports of cotton and textiles, the government will increase the export tax rebate from nine to 15 percent of the FOB export value. The Japanese Government, sensitive to further criticism over trade issues, has continued to maintain its open market for cotton and products, and has thus far shown no signs of interest in the textile industry's requests to negotiate bilateral agreements within the Multifiber Arrangement or otherwise regulate cotton goods imports. In an effort to reduce India's surplus stocks of extra long staple cotton, particularly varalaxmi, the Maharashtra States Cooperative Marketing Federation (MSCMF) sponsored the visit of a two member official delegation to visit China, Japan, Korea and Hong Kong during the first week in September. The MSCMF is currently carrying about 100,000 bales in excess stocks of varalaxmi.

Prices received by farmers for upland cotton during calendar year 1982 continued to fall below the target price of 71.00 cents per pound. The monthly average farm price was 52.10 cents in mid-September and 55.30 cents for the entire month of August, according to the Statistical Reporting Service, USDA. If the weighted average price received by farmers during the calendar year falls below the target price, deficiency payments will be made to growers participating in the cotton program. In September 1981, the average farm price was 58.00 cents per pound. These prices include cotton delivered against forward contracts. The parity price for upland cotton announced September 30 was 119.00 cents per pound, the same as a month earlier and compares with 118.00 cents in September 1981.

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.	76.60	49.90	June	71.20	54.90	Nov.	60.10	
Feb.	70.80	48.40	July	70.40	57.60	Dec.	51.20	
Mar.	71.90	50.10	Aug.	65.00	55.30			
Apr.	72.70	53.50	Sept.	58.00	52.10 ^{1/}	Calendar		
May	72.50	54.20	Oct.	62.30		year avg.	63.20	

^{1/} Mid-month price.

Forward contracting of upland cotton by growers, through September 30, crops of 1974-1982
and acres for harvest, 1982 crop

State	Cotton crops										Acres for harvest 1/ 1,000 acres
	1974	1975	1976	1977	1978	1979	1980	1981	1982		
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.		
Alabama	11	3	68	9	15	13	31	7	13	300	
Georgia	4	1	33	1	*	9	12	11	4	175	
North Carolina	8	-	38	16	23	12	42	5	15	79	
South Carolina	17	15	42	18	29	22	55	22	36	103	
Southeastern states	10	4	52	9	15	14	32	10	15	657	
Arkansas	30	16	82	17	34	23	53	15	18	425	
Louisiana	21	2	72	7	27	17	41	8	18	605	
Mississippi	37	15	67	27	45	50	80	27	23	1,050	
Missouri	36	10	84	24	41	34	78	25	23	165	
Tennessee	17	1	65	2	9	13	41	8	22	250	
South Central states	31	12	73	19	35	33	62	18	21	2,495	
Oklahoma	*	-	19	19	26	18	4	2	1	440	
Texas	7	*	24	19	10	13	21	7	4	3,700	
Southwestern states	6	*	23	19	11	14	20	7	4	4,140	
Arizona	40	23	62	49	34	30	45	7	20	489	
California	55	33	73	30	38	26	40	10	15	1,370	
New Mexico	12	-	45	18	12	10	7	1	*	65	
Western states	46	28	69	34	35	26	40	9	16	1,924	
United States	20	8	49	21	21	20	33	10	12	9,216	

1/ September 1982, Crop Reporting Board, Statistical Reporting Service, USDA.

* Less than 0.5 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						9-market average	Grade 31 Staple 35 'A' Index 1/
	Futures Settlement							
	Oct '82	Dec '82	Mar '83	May '83	Jul '83			
Sept. 30	62.50	64.25	65.95	67.25	68.55	58.61	70.65	
Oct. 1	61.70	63.72	65.38	66.65	67.70	58.17	70.60	
4	61.00	63.20	64.85	65.86	66.92	57.71	70.35	
5	61.60	63.34	64.84	65.92	66.85	57.88	70.25	
6	61.80	63.77	65.32	66.30	67.20	58.16	70.25	
7	62.81	64.71	66.20	67.15	68.10	58.82	70.30	

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						
	Oct '82	Dec '82	Mar '83	May '83	Jul '83		
Sept. 30	56.40	58.51	61.10	63.00	63.75	53.45	
Oct. 1	56.40	58.65	60.95	63.00	63.75	53.08	
4	56.40	58.51	60.45	63.00	63.75	52.72	
5	56.25	58.45	60.40	63.00	63.75	52.89	
6	56.25	58.83	60.75	63.00	63.75	53.06	
7	56.70	59.15	61.10	63.00	63.75	53.55	

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 October 1		Through September 30	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	3,082,100	-	2,143,000
Exports	54,200	430,200	58,900	650,900
Total export commitments	-	3,512,300	-	2,793,900
New sales	190,900	-	102,500	-
Buy-backs and cancellations	12,000	-	6,800	-
Net sales	178,900	-	95,700	-
Sales next marketing year	1,300	12,600	700	10,000

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

Upland cotton export sales increased to 95,700 running bales during the week ended September 30, according to the Foreign Agricultural Service, USDA. The major buyers were Canada 30,200 bales; South Korea 18,000 and Spain 11,900 bales. Weekly exports totaled 58,900 bales, the lowest level for the marketing year. Asian destinations accounted for 78 percent of the week's exports and European destinations 16 percent.