

UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL MARKETING SERVICE

COTTON DIVISION

421 SUMMER AVENUE, MEMPHIS, TENNESSEE 38122
Telephone 901-521-2934

TEXAS TECH

Dept of Ag Eco

Weekly Cotton Market Review

(Week ended September 16)



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Spot cotton prices fluctuated, according to the Cotton Division, Agricultural Marketing Service, USDA. Grower offerings were limited. Merchant needs were fairly well covered and purchases were light. Domestic and foreign mill demand was weak. Forward contracting of 1982-crop cotton by growers was very limited. Early harvesting was interrupted by rains in most southern states. Extremely dry weather conditions continued to put stress on the dryland crop in Texas and Oklahoma. United States cotton production was forecast at 11.0 million bales. The Bureau of the Census reported 453,402 running bales ginned prior to September 1.

Spot cotton prices. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets ranged from a low of 58.23 cents per pound, a new season low, to a high of 59.29 cents during the period ended Thursday, September 16. The Thursday average price was 58.86 cents compared with 58.74 cents a week earlier and 60.70 cents on the corresponding Thursday last season. The New York October futures settlement price ended the week on Thursday at 63.79 cents per pound compared with 63.75 cents a week earlier. The December settlement price was 65.69 cents against 65.73 cents last Thursday.

Trading. The volume of cotton traded on spot cotton markets was light. Growers were reluctant to sell at prevailing prices. Merchant demand was limited to cotton needed to fill nearby commitments. Domestic mill purchases were small and selective and mostly for prompt delivery. Export trading was limited to a light volume of mostly Far Western growths. Most sales were made to Far Eastern mills and included both 1981 and 1982-crop cotton. Purchases reported by cotton exchanges in the designated markets totaled 36,900 bales in the week ended Thursday, September 16. This compares with 25,500 bales a week earlier and 37,800 bales in the corresponding week last season.

Textile mill report. Domestic mills covered their limited requirements with a small quantity of fill-ins. Buying for deferred delivery was slow. Inventory control remains a dominating factor. The medium and higher grades of central and western growths constituted the bulk of purchases. Sales of yarn and finished goods remained slack. Mills continued to adjust to reduced product demand by curtailing output. A number of mills were routinely working only four days per week or less and some employees worked on an intermittent basis.

World cotton supply up, use prospects trimmed. Despite slightly smaller production prospects, the 1982-83 world cotton supply is estimated at nearly 95.0 million 480 pound net weight bales, up 0.7 million from the month-earlier assessment. Beginning stocks now are placed at 28.2 million bales, nearly 1.0 million above the August estimate reflecting revisions in Chinese data. Global production of 66.6 million bales compares with mill use of 67.7 million, also off slightly from a month earlier. This season's ending stocks are estimated at 27.0 million bales, slightly more than 1.0 million above a month earlier but still 0.8 million below the beginning level.

The major change in the 1982-83 U. S. cotton outlook centers around reduced export prospects. Shipments are forecast to total about 6.3 million bales, 0.4 million below the August assessment. The major reason is continuing sluggish demand abroad with more than adequate supplies which caused a reduction in both foreign mill use and imports, particularly by China. With exports forecast a little below the 1981-82 level and with mill use modestly higher, this season's disappearance may about match last year's 11.9

million bales. The supply also has been revised down slightly, reflecting both smaller beginning stocks and production. Ending stocks are estimated at 5.8 million bales, slightly above August indications, but 0.7 million below the beginning level.

Foreign cotton stocks are expected to be worked down slightly during the 1982-83 season. Carryover is placed at 21.2 million bales, down 0.5 million from beginning stocks. Both production and consumption were revised down with the biggest changes being adjustments in consumption in China and India. The foreign production shortfall is placed at about 6.5 million bales.

Cotton supply and use: U. S., major foreign importers and exporters, and world; marketing years 1980-81, 1981-82, and projected 1982-83 ^{1/} September 13, 1982

Item	Supply			Use		Ending stocks
	Beginning stocks	Production	Imports	Mill use	Exports	
Million 480 pound bales						
1980-81						
United States	3.0	11.1	<u>2/</u>	5.9	5.9	2.7
World less U. S.	20.3	54.4	20.2	59.6	14.0	20.3
Major importers ^{3/}	8.6	13.3	17.2	29.9	0.3	9.0
Major exporters ^{4/}	4.9	25.4	0.2	14.9	9.5	5.2
Others	6.8	15.7	2.8	14.8	4.3	6.1
World ^{5/}	23.3	65.5	20.2	65.5	19.9	22.9
1981-82						
United States	2.7	15.6	<u>2/</u>	5.3	6.6	6.5
World less U. S.	20.3	55.6	20.3	60.5	13.7	21.7
Major importers ^{3/}	9.0	14.5	17.2	30.7	0.4	9.6
Major exporters ^{4/}	5.2	24.8	0.2	15.2	9.2	5.6
Others	6.1	16.3	2.9	14.6	4.2	6.4
World ^{5/}	22.9	71.3	20.4	65.8	20.3	28.2
1982-83						
United States						
Aug. projection	6.6	11.1	<u>2/</u>	5.6	6.7	5.6
Sept. projection	6.5	11.0	<u>2/</u>	5.6	6.3	5.8
World less U. S.						
Aug. projection	20.7	55.7	19.6	62.4	13.1	20.3
Sept. projection	21.7	55.6	19.3	62.1	12.9	21.2
Major importers ^{3/}						
Aug. projection	8.4	15.4	16.5	31.7	0.4	8.3
Sept. projection	9.6	15.4	16.1	31.5	0.5	9.2
Major exporters ^{4/}						
Aug. projection	5.8	24.1	0.2	15.5	8.5	5.9
Sept. projection	5.6	24.0	0.2	15.5	8.2	5.9
Others						
Aug. projection	6.5	16.2	2.9	15.2	4.2	6.1
Sept. projection	6.4	16.1	3.0	15.1	4.2	6.1
World ^{5/}						
Aug. projection	27.3	66.8	19.7	68.0	19.8	25.9
Sept. projection	28.2	66.6	19.3	67.7	19.2	27.0

^{1/} Marketing year beginning Aug. 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.

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All cotton production in the United States is expected to total 11.0 million 480 pound net weight bales, down 30 percent from 1981 and one percent less than forecast on August 1, according to the Crop Reporting Board, SRS, USDA. Upland production is forecast at 10.9 million bales, down 30 percent from last year and American Pima, at 91,300 bales, is 15 percent above 1981 production.

Acreage for harvest is estimated at 9.30 million, down about one-third from 1981. Average yield of lint per harvested acre is forecast at 569 pounds, 26 pounds above the 1981 yield.

In the southeastern states -- Alabama, Georgia, North Carolina and South Carolina -- production is forecast at 761,000 bales, nine percent below last year and down one percent from the August forecast.

Production in the Delta states -- Arkansas, Louisiana, Mississippi, Missouri and Tennessee -- is forecast at 3.29 million bales, three percent below last year but up fractionally from last month's forecast.

The upland crop in Oklahoma and Texas is forecast at 2.65 million bales, less than half of last year's production and down five percent from August 1.

In the western states -- Arizona, California and New Mexico -- upland production is forecast at 4.23 million bales, 19 percent below 1981 but up one percent from the August forecast.

Cotton acreage harvested, yield per acre and production, by states, 1981-1982

State	Area harvested		Lint yield per harvested acre		Production 480 lb. net weight bales 1/		
	1981	Indicated 1982	1981	Indicated 1982	1981	Indicated 1982	
						August	September
<u>Upland</u>	1,000 acres		Pounds		1,000 bales		
Alabama	372.0	300.0	545	570	422.0	367.0	356.0
Arizona	599.0	489.0	1,247	1,178	1,556.0	1,260.0	1,200.0
Arkansas	560.0	425.0	518	565	604.0	500.0	500.0
California	1,530.0	1,370.0	1,109	1,034	3,535.0	2,850.0	2,950.0
Florida	17.0	15.0	601	640	21.3	20.0	20.0
Georgia	175.0	175.0	436	507	159.0	180.0	185.0
Louisiana	695.0	605.0	512	579	742.0	720.0	730.0
Mississippi	1,200.0	1,050.0	626	743	1,565.0	1,625.0	1,625.0
Missouri	183.0	165.0	441	465	168.0	170.0	160.0
Nevada	0.9	0.9	800	640	1.5	1.2	1.2
New Mexico	106.0	65.0	602	554	133.0	75.0	75.0
North Carolina	82.0	79.0	558	547	95.0	90.0	90.0
Oklahoma	640.0	440.0	330	322	440.0	295.0	295.0
South Carolina	118.0	103.0	667	606	164.0	135.0	130.0
Tennessee	305.0	250.0	496	518	315.0	260.0	270.0
Texas	7,200.0	3,700.0	376	305	5,645.0	2,500.0	2,350.0
Virginia	0.3	0.3	480	480	0.3	0.3	0.3
U. S. upland	13,783.2	9,232.2	542	569	15,566.1	11,048.5	10,937.5
<u>American Pima</u>							
Arizona	33.6	39.8	767	800	53.7	66.3	66.3
New Mexico	6.8	6.9	558	417	7.9	6.5	6.0
Texas	17.6	19.5	491	468	18.0	22.0	19.0
U. S. American Pima	58.0	66.2	659	662	79.6	94.8	91.3
U. S. all cotton	13,841.2	9,298.4	543	569	15,645.7	11,143.3	11,028.8

1/ Production ginned and to be ginned and based on crop conditions about September 1.

Compiled from reports of the Crop Reporting Board, Statistical Reporting Service, USDA.

United States Department of Agriculture, Agricultural Marketing Service, Cotton Division

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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						9-market average	Grade 31-35 'A' Index 1/
	Futures Settlement							
	Oct '82	Dec '82	Mar '83	May '83	Jul '83			
Sept. 9	63.75	65.73	68.10	69.65	71.35	58.74	73.60	
10	64.45	66.55	68.69	70.35	71.90	59.29	73.50	
13	64.10	66.21	68.63	70.00	71.50	59.07	73.45	
14	63.13	65.20	67.42	69.10	70.90	58.23	73.40	
15	63.60	65.57	67.55	69.00	70.60	58.71	73.05	
16	63.79	65.69	67.69	69.08	70.55	58.86	73.10	

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. 9	58.50	59.84	62.35	63.50	64.50	53.95	
10	58.35	60.15	62.35	63.50	64.50	54.37	
13	58.80	60.30	62.35	63.50	64.50	54.16	
14	58.75	59.34	61.60	63.00	64.00	53.43	
15	58.75	59.34	61.60	63.00	64.00	53.91	
16	58.25	59.34	61.60	63.00	64.00	54.02	

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 September 10		Through September 9	
	Week	Marketing year	Week	Marketing year
Outstanding sales	-	2,762,200	-	2,147,800
Exports	48,500	280,800	77,600	425,000
Total export commitments	-	3,043,000	-	2,572,800
New sales	199,500	-	122,800	-
Buy-backs and cancellations	5,600	-	8,000	-
Net sales	193,900	-	114,800	-
Sales next marketing year	500	7,900	-	8,400

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

Upland cotton export sales activity maintained a good pace with a net increase of 114,800 running bales during the week ended September 9, according to the Foreign Agricultural Service, USDA. The major buyers were South Korea 41,700 bales and Japan 32,300 bales. Weekly exports totaled 77,600 bales with Asian destinations accounting for 89 percent and European destinations five percent.