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Weekly Cotton Market Review
(Week ended September 1)

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Spot cotton prices reached the highest level in over two years, according to the Cotton Division, Agricultural Marketing Service, USDA. Trading remained slow. Grower-held supplies and offerings were light. Merchant demand was restricted mostly to cotton needed to cover nearby commitments. Domestic and foreign mill purchases were light. The non-irrigated crop continued to deteriorate because of a lack of moisture in most areas of the Cotton Belt. U. S. cotton supplies are expected to tighten, due to lower production and rising mill use. Exports during the 1982-83 marketing year were the smallest in six years. A forty percent harvest for PIK was announced August 31.

Spot cotton prices reached the highest level since July 24, 1981. The average price for grade 41 staple 34, mike 35-49 cotton, in the designated markets advanced most days during the week ended Thursday, September 1. The Thursday average price was 73.58 cents per pound, up from 73.42 cents a week earlier and 60.69 cents on the corresponding Thursday last season. The New York October futures settlement price ended the week on Thursday at 79.65 cents per pound compared with 79.65 cents a week earlier. The December settlement price was 80.91 cents against 80.92 cents last Thursday.

Trading continued slow on spot cotton markets. Grower-held supplies were limited and offerings were very light. Merchant demand remained fairly good but the lack of grower offerings caused merchants to trade with one another to fill commitments. Domestic mill purchases were light. Export trading remained slow and was mostly with Far Eastern mills. Purchases reported by cotton exchanges in the designated markets totaled 47,300 bales in the week ended Thursday, September 1. This compares with 42,600 bales a week earlier and 22,500 bales in the corresponding week last season.

Textile mill report. Mill purchases were largely to augment stocks or cover ongoing product sales. Inquiries for 1983-crop cotton increased and a light to moderate volume was purchased for October through March delivery. Most mills have enough cotton to support current production levels until the main crop movement. A small volume of Texas new crop was beginning to reach mills. With orders booked through fourth quarter months, most mills continued to run five to six days per week. Sales into first and second quarters of 1984 were light but fairly steady. Sales of most apparels remain good along with yarn and sewing thread. Automotive and household goods sales were steady to slightly improved.

Lower U. S. production, rising mill use point to tighter supplies. U. S. cotton supplies will tighten relative to domestic and world markets in the season that began August 1, according to the "Cotton and Wool Outlook and Situation Summary." An expected 7 percent gain in U. S. mill use, a slight rise in exports and a forecast 4.2 million bale drop in production are expected to lower U. S. ending stocks to 4.6 million 480 pound net weight bales. Ending stocks may fall to 41 percent of use in 1983-84, sharply below last season's 74 percent, but still above the 33 percent average recorded during the 1977-1982 marketing years.

U. S. consumer demand for textiles is strengthening as real disposable incomes and population grow. Cotton's share of total fiber mill use averaged about 24.5 percent during January-June 1983, compared with 25.5 percent in 1982. Mill use is expected to climb to about 5.9 million bales this season, marking the first time since 1965 that consumption will rise significantly two years in a row.

Expanding production in almost every major foreign exporting nation in 1983-84 is expected to moderate the increased demand for U. S. cotton exports. Even so, U. S. shipments are expected to advance slightly to 5.3 million bales on the strength of economic recovery in Western Europe and Japan.

The August Crop Production report placed the 1983 U. S. harvest at 7.8 million bales, 4.2 million less than in 1982. Since crop conditions were surveyed in early August, moisture levels have continued to decline in the Delta and in the Texas and Oklahoma High Plains.

Even with carryin stocks on August 1 of about 7.9 million bales, the total supply in 1983-84 will be around 2.9 million less than last year. Supplies of longer staple cotton from California and Mississippi probably will be more abundant than previously thought. However, because abandonment in Texas is expected to be high for the second straight year, supplies of medium-to-short staples (1 to 1-1/32 inches) are likely to be less than desired. There also may be shortages of white cotton in grades Strict Low Middling or better.

The 1983-84 world outlook points to expanded foreign production, consumption and trade. World beginning stocks are estimated at 28 million bales, nearly identical to a year ago. Production is expected to fall to 66.3 million bales, down from 67.6 million in 1982. However, total output excluding the United States--the only major producer cutting back--is expected to rise 2.8 million bales to 58.5 million.

World mill use is expected to rise to 69.4 million bales from 67.3 million last year. The largest foreign increase is expected in China, where consumption could grow by 700,000 bales. World trade may expand to 18.5 million bales from 18 million in 1982-83 as foreign countries try to accommodate increased consumption without reducing ending stocks. The 1983-84 world carryover is forecast at 24.5 million bales, down 3.5 million from the previous year.

USDA fails to get enough cotton for PIK; asks farmers to "Harvest for PIK". A special U. S. Department of Agriculture purchase program for cotton did not return enough cotton to USDA's Commodity Credit Corporation to meet payment-in-kind obligations, according to an announcement August 31. All producers who are eligible to receive PIK cotton from CCC inventory must "Harvest for PIK" -- obtain loans on their 1983 production to satisfy 40 percent of their PIK needs. The other 60 percent will come from cotton already in CCC's inventory. Under the special purchase program, CCC acquired an estimated 780,000 bales of cotton, which when added to CCC's present inventory, is not enough to meet CCC's needs for the PIK program. During the August 8-24 purchase program, CCC accepted bids on 1980, 1981 and 1982-crop cotton from farmers who had cotton pledged as collateral for outstanding price support loans. Farmers received in-kind compensation for selling cotton to CCC. Bids were offered on 1,177,901 bales. The bids ranged from zero to 100 percent. Farmers offered bids on 1,011,109 bales of 1982-crop cotton, 151,377 bales of 1981-crop cotton and 15,415 bales of 1980-crop cotton.

CCC accepted these bid offers:

<u>Cotton</u>	<u>Bids accepted</u>	<u>Bids offered</u>	<u>In-kind compensation to farmers in bales</u>	<u>Net bales to CCC</u>
1982-crop	0 thru 20 percent	907,701	166,164	741,537
1981-crop	0 thru 14 percent	39,597	3,933	35,664
1980-crop	0 thru 7 percent	2,662	168	2,494
Total			170,265	779,695

USDA permitted farmers to re-offer 1982-crop cotton accepted under the bid program held in May and June. The 417,300 net bales of cotton acquired under that program are included in the 741,537 net bales of 1982-crop acquired under the special purchase program. The maximum bid offers accepted under the previous purchase program was 7 percent.

Quality of the 1982 upland cotton crop. The average staple length of the 1982-upland cotton crop was 34.5 thirty-seconds inches, the longest since records began in 1940. Staples 36 and longer made up about 38 percent of the crop, the largest on record. Staples 34 and 35, at 39 percent, comprised the smallest proportion since the crop of 1957. White grades 41 and higher, at 44 percent, made up a larger proportion of the 1982 crop than a year earlier. Grade 41 was the predominant quality accounting for about 27 percent of the crop. Average mike this season was 42. Cotton with mike 35-49 comprised 88 percent of the 1982 crop, the largest on record. Average fiber strength was 25.7 grams per tex.

Grade and staple of upland cotton ginned in the United States, 1982-83

Grade Code	Staple														All staples	
	26 and shorter	28	29	30	31	32	33	34	35	36	37	38	39	40 and longer		Bales
White:																
11	-	4	3	19	5	5,032	1,582	7,150	23,417	16	21	16	3	-	94	*
22	70	209	3,231	15,669	48	5,032	1,582	7,150	23,417	19,416	835	37	-	76,770	0.7	
30	-	1	74	85	48	48	92	173	593	1,466	11	11	-	2,726	*	
31	50	2,095	18,073	74,163	43,443	28,691	116,354	482,602	718,828	17,583	2,562	83	20	1,504,848	13.2	
40	2	31	1,501	5,471	4,291	5,470	22,353	96,724	21,986	6,769	872	58	14	385,737	3.4	
41	14	257	11,756	46,999	48,940	56,383	252,614	1,087,498	1,483,961	55,069	2,829	228	30	3,048,169	26.8	
50	1	3	522	2,660	2,513	3,093	35,315	227,861	298,760	13,973	658	61	3	585,495	5.1	
51	6	33	2,289	12,924	17,521	20,571	101,638	520,427	646,869	25,641	791	64	11	1,349,092	11.8	
60	-	-	15	72	83	165	2,402	12,373	10,646	712	19	-	1	26,488	0.2	
61	1	8	45	640	4,501	6,045	20,544	69,997	71,389	1,784	67	15	3	178,407	1.6	
70	1	1	2	34	179	322	80	-	-	-	-	-	-	24,829	*	
71	1	27	159	662	1,003	1,760	5,238	9,376	6,487	112	2	1	1	24,829	0.2	
Total	97	705	4,670	38,265	162,093	127,384	123,893	563,976	2,531,211	3,499,904	122,639	7,848	510	83	7,183,278	63.0
Light Spotted:																
12	-	1	6	3	1	1	1	-	2	2	-	-	-	16	*	
22	59	458	1,584	4,001	5,545	2,148	887	834	1,105	589	100	2	-	17,312	0.2	
32	711	5,705	26,575	130,619	219,521	100,332	41,648	48,631	76,116	47,198	2,519	535	37	9	700,156	6.1
42	551	5,433	26,066	135,776	301,568	203,215	124,284	182,742	544,509	398,398	14,803	1,260	147	55	1,938,807	17.0
52	175	1,437	6,440	39,331	105,160	100,816	74,032	110,757	270,118	197,116	8,170	350	46	22	913,970	8.0
Total	1,496	13,033	60,666	309,733	631,797	406,512	240,852	342,964	891,850	643,303	25,592	2,147	230	86	3,570,261	31.3
Spotted:																
13	-	-	3	8	4	4	8	4	13	7	6	-	-	6	59	*
23	29	39	181	672	724	240	135	138	242	101	1	1	-	8	2,511	*
33	80	659	4,010	17,101	27,777	15,076	6,108	4,641	4,985	3,794	60	5	-	2	84,298	0.7
43	70	680	4,039	23,916	54,085	44,419	22,891	17,274	17,871	294	14	4	16	207,369	1.8	
53	56	374	1,825	10,885	28,164	29,702	21,763	21,727	22,513	14,222	522	48	1	1	151,803	1.3
Total	235	1,752	10,055	52,577	110,758	89,441	50,905	43,806	49,527	35,995	883	68	5	33	446,040	3.8
Tinged:																
24	-	1	2	5	-	-	1	1	4	3	-	-	-	1	18	*
34	1	28	208	833	2,154	1,453	518	233	172	49	3	-	1	2	5,655	*
44	42	39	234	1,881	4,939	4,286	1,702	1,301	1,267	506	22	1	-	1	16,221	0.1
54	9	44	147	722	2,055	2,325	1,508	1,358	1,162	582	38	9	1	2	9,962	0.1
Total	52	111	590	3,438	9,153	8,064	3,729	2,893	2,605	1,140	63	10	2	6	31,856	0.2
Stained:																
25	-	6	29	73	115	64	31	21	13	5	1	-	-	-	6	*
35	-	6	29	73	119	64	31	21	14	6	1	-	-	3	361	*
Total	-	6	29	73	119	64	31	21	14	6	1	-	-	3	367	*
Light Gray:																
16	-	-	-	-	-	-	1	-	-	-	-	-	-	-	1	*
26	-	4	6	3	30	30	77	60	513	506	-	-	-	-	1,199	*
36	-	-	3	13	59	59	325	529	1,376	4,197	2	-	-	4	6,508	0.1
46	-	-	5	18	81	81	280	842	623	1,394	1	-	-	4	3,248	*
Total	-	4	14	34	170	170	683	1,431	2,512	6,097	3	-	-	8	10,956	0.1
Gray:																
17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	*
27	-	1	2	1	4	4	10	7	2	2	-	-	-	-	29	*
37	-	1	2	4	29	7	7	7	22	119	4	-	-	4	199	*
47	-	-	1	1	11	11	41	74	52	94	-	-	-	6	280	*
Total	-	2	5	6	44	44	58	88	76	215	4	-	-	10	508	*
Below Grade	125	658	1,893	8,109	21,108	44,495	34,101	29,598	31,384	14,525	369	9	4	2	186,382	1.6
All grades	2,005	16,265	77,911	412,214	935,068	676,174	454,252	984,777	3,509,179	4,201,185	149,554	10,082	751	231	11,429,648	100.0
All grades	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1/	0.1	0.7	3.6	8.2	5.9	4.0	8.6	30.7	36.8	0.1	0.1	0.1	0.1	0.1	100.0	34.5
* As reported by the Bureau of the Census, running bales.																
* Less than 0.05 percent.																
Average staple.....																
Percentage average rule used.....																

Exports of cotton from the United States totaled 409,200 running bales in July, according to the Bureau of the Census. This was the largest volume of July shipments in two years, up from 395,800 bales in July last season and 264,400 two years ago. Exports during the 1982-83 marketing year (August-July) totaled 4,959,400 bales, the smallest volume since the 1976-77 season. Exports totaled 6,248,900 bales in the 1981-82 season and 5,639,300 in 1980-81.

USDA establishes trial standards for American upland cotton. The U. S. Department of Agriculture has established trial standards for American upland cotton that provide a "Strict Good Ordinary Spotted" physical standard and a "Strict Good Ordinary Light Spotted" descriptive standard, according to an announcement on August 12. The standards will provide a more accurate description of certain cotton that is now classified as "Below Grade." While the annual amount of "Below Grade" cotton adds up to less than one percent of the crop most years, some cotton producing areas have significant amounts from time to time. USDA also will adopt a six-sample box as the standard size instead of the 12-sample box now in use. The trial standards and the sample boxes will become effective August 16, 1984. The trial standards were published in the August 16 Federal Register.

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						
	Oct '83	Dec '83	Mar '84	May '84	Jul '84		
Aug. 25	79.65	80.92	81.82	82.30	82.45	73.42	91.40
26	80.25	81.75	82.60	82.85	82.98	73.93	91.40
29	80.50	82.06	82.90	83.06	83.15	74.18	Holiday
30	80.25	82.51	83.32	83.50	83.50	74.54	91.80
31	80.00	81.61	82.52	82.80	83.00	73.84	92.15
Sept. 1	79.65	80.91	81.92	82.63	82.80	73.58	92.15

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

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 August 26		Through August 25	
	Week	Marketing Year	Week	Marketing Year
Outstanding sales	-	2,039,800	-	2,684,800
Exports	73,400	282,800	60,200	298,800
Total export commitments	-	2,322,600	-	2,983,600
New sales	90,500	-	71,400	-
Buy-backs and cancellations	5,900	-	3,800	-
Net sales	84,600	-	67,600	-
Sales next marketing year	-	8,400	-	31,900

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

Upland cotton export sales increased to 67,600 running bales during the week ended August 25, according to the Foreign Agricultural Service, USDA. The major buyers were Japan 30,900 bales, South Korea 10,000 and Indonesia 9,600 bales. Weekly exports totaled 60,200 bales of which 80 percent went to Asian destinations, 11 percent to European and 9 percent to Western Hemisphere destinations.