Trends in Global Cotton Supply, Demand, and Trade

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How did we get to where we are?
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Where do we go from here?
The History of Production
• China declining back to 1990s levels
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• Central Asia at historic lows
The History of Production

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- United States production is down
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- Central Asia at historic lows
- United States production is down
- India at or near historic records
The Future of Production

Forecast Change in Production
2015/2016 to 2016/2017
thousands of 480-lb Bales
The Future of Production

• China - continued decline
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- Pakistan - Significant recovery
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• **United States** - production not forecast to fully recover
The Future of Production

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- **India** - Growth and recovery from temporarily lower yields
Australia - higher production on greater water availability
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• **Central Asia**- about steady
The Future of Production

- **Australia** - higher production on greater water availability

- **Central Asia** - about steady

- **Africa** - about steady
The Future of Production

- **Australia** - higher production on greater water availability
- **Central Asia** - about steady
- **Africa** - about steady
- **Brazil** - about steady
The Future of Production

Forecast Change in Exports
2014-2016 Average Versus 2023-2025 Average
thousands of 480-lb bales
The Future of Production

- China - Wholly dependent on policy
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- **Pakistan** - Production will return to higher levels
- **United States** - Slight rise, not as high as in the past
- **India** - Continued expansion of cotton
The Future of Production

- **Australia**: higher production as SE Asia continues to be a strong market
The Future of Production

• **Australia** - higher production as SE Asia continues to be a strong market

• **Central Asia** - gradual decline in exports
  – Steady production, growing use
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- **Africa** - Strong growth on cost factors
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- **Brazil** - Strong growth on yield and price
U.S. Cotton Program Changes

MSP Lint Equivalent

Direct Payment
Counter Cyclical Payment
Marketing Loan

Old
New
Forecasts for U.S. Cotton Production

- Historic Cotton Production Estimates
- Short-Run Cotton Production Forecasts
- Long-Run Cotton Production Forecasts

China Policy Changes

480-lb Statistical Bales

East China Estimate

Xinjiang Estimate

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Consumption
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Emerging new players
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Future market challenges
China spinning boom seems to be slowing
The History of Consumption

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- India, Southeast Asia growing very rapidly
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- India, Southeast Asia growing very rapidly
- Dramatic decline in US, FSU, EU, non-China east Asian spinning
- Developing decline in Latin American spinning
Forecast Change in Imports
2014-2016 Average Versus 2023-2025 Average
thousands of 480-lb bales
The Future of Consumption

- China - continuing to be a large player
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- **Latin America** - unlikely to gain in share terms, may shrink in absolute terms
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• **Vietnam**- major prospect for future growth
  – Depends on TPP, China policy choices
The Future of Consumption

- **Bangladesh** - has already risen to be world’s largest importer
  - Growth going forward may depend on duty-free access agreements
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- **Africa** - limited prospects for Franc Zone, North African spinning
  - May see growth in East Africa
Future Challenges

*Data Source: PCI*
Future Challenges
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- Fiber Share of U.S. Textile Imports
- China Cotton:Poly Ratio

Graph showing trends in cotton and poly share of U.S. textile imports over time from January 2011 to October 2015.

- Jan-11 to Apr-11: Rising trend in Cotton's percent share.
- Apr-11 to July-11: High point in Cotton's percent share.
- July-11 to Oct-11: Decline in Cotton's percent share.
- Oct-11 to Jan-12: Stabilization in Cotton's percent share.
- Jan-12 to April-12: Increase in China Cotton:Poly Ratio.
- April-12 to July-12: Peak in China Cotton:Poly Ratio.
- Jan-13 to April-13: Moderate increase in China Cotton:Poly Ratio.
- Jan-14 to April-14: Stability in China Cotton:Poly Ratio.
- April-14 to July-14: Rise in China Cotton:Poly Ratio.
- Jan-15 to April-15: Moderate increase in China Cotton:Poly Ratio.

Overall, the graph indicates fluctuating trends in both Cotton's percent share and China Cotton:Poly Ratio with periods of stabilization and increase.
Thank You!

Any Questions?