Cotton: Outlook 2015-20

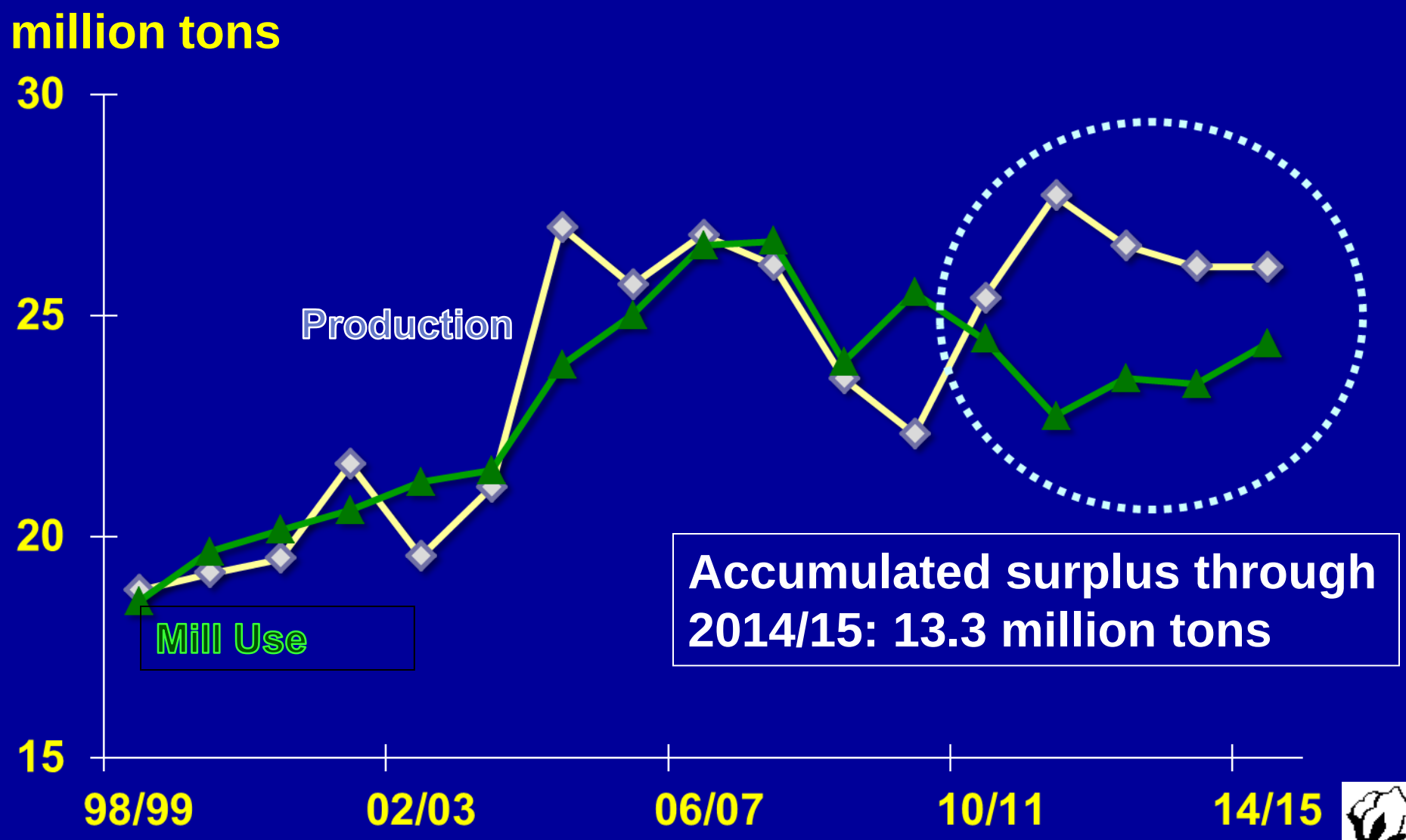
DG's Consultative Framework Mechanism on Cotton

Geneva

28 November 2014

José Sette
Executive Director
ICAC

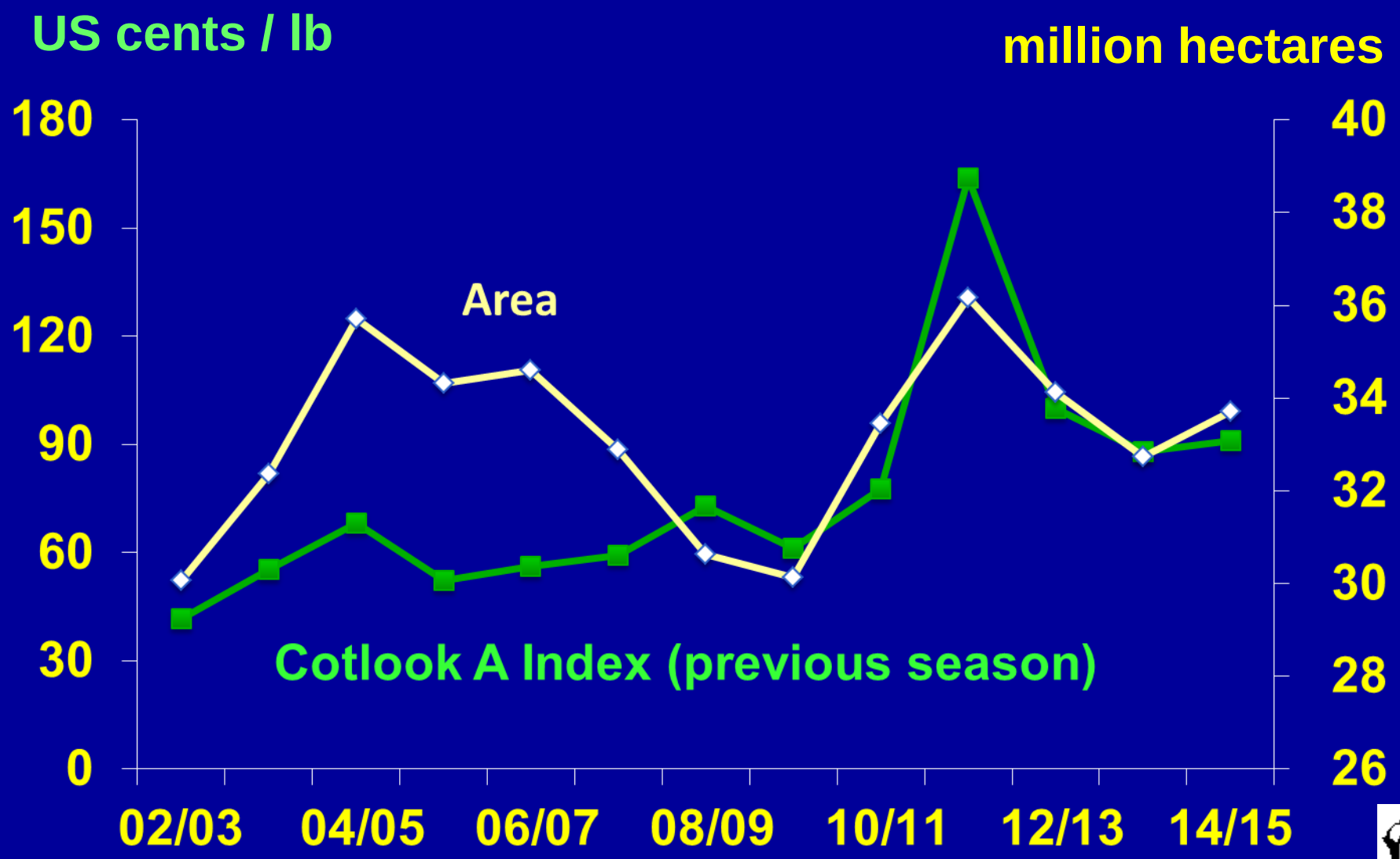
World Production & Mill Use



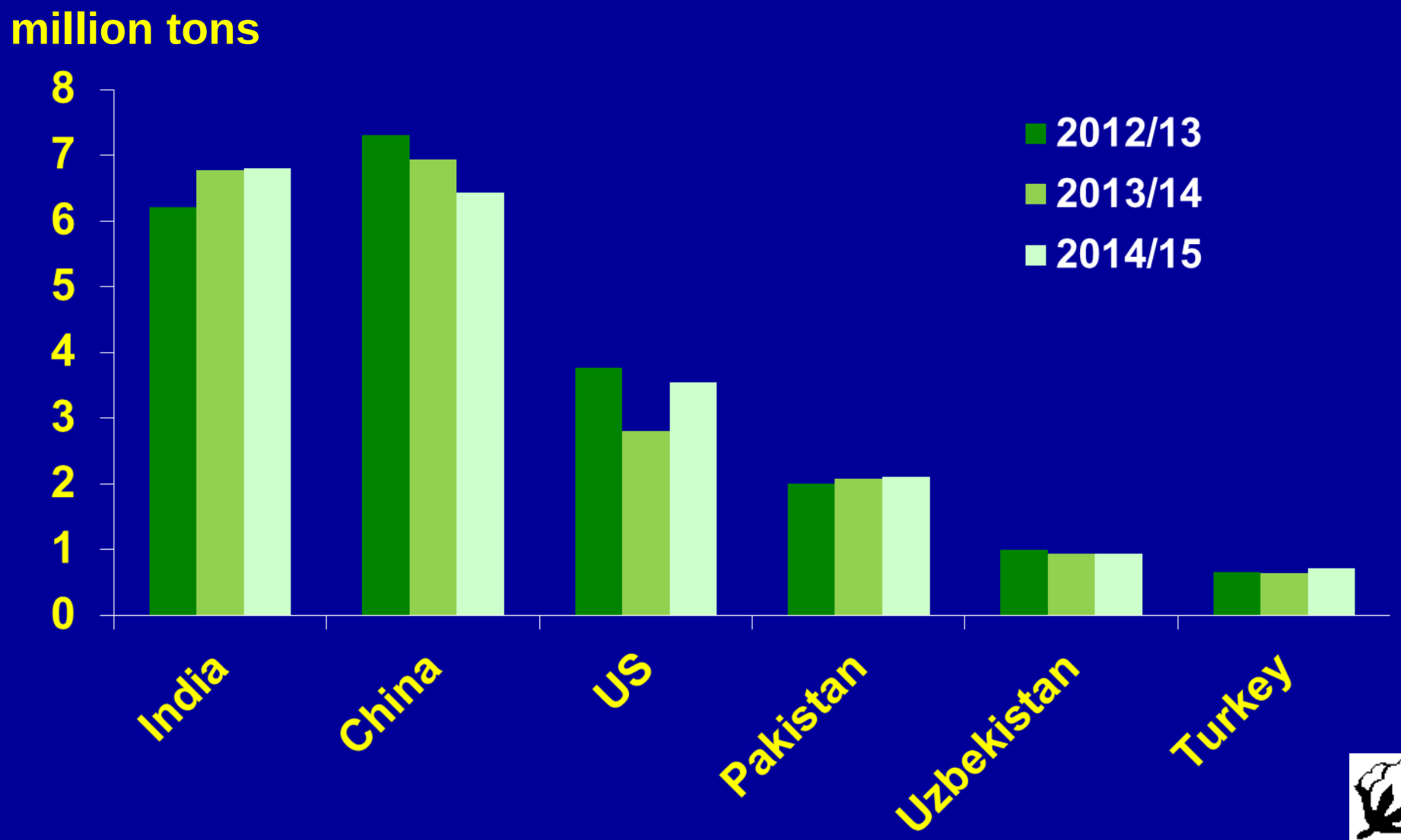
SUMMARY

1. Supply
   a. Production
   b. Stocks
   c. Government assistance
2. Trade
3. Mill Use
4. Prices

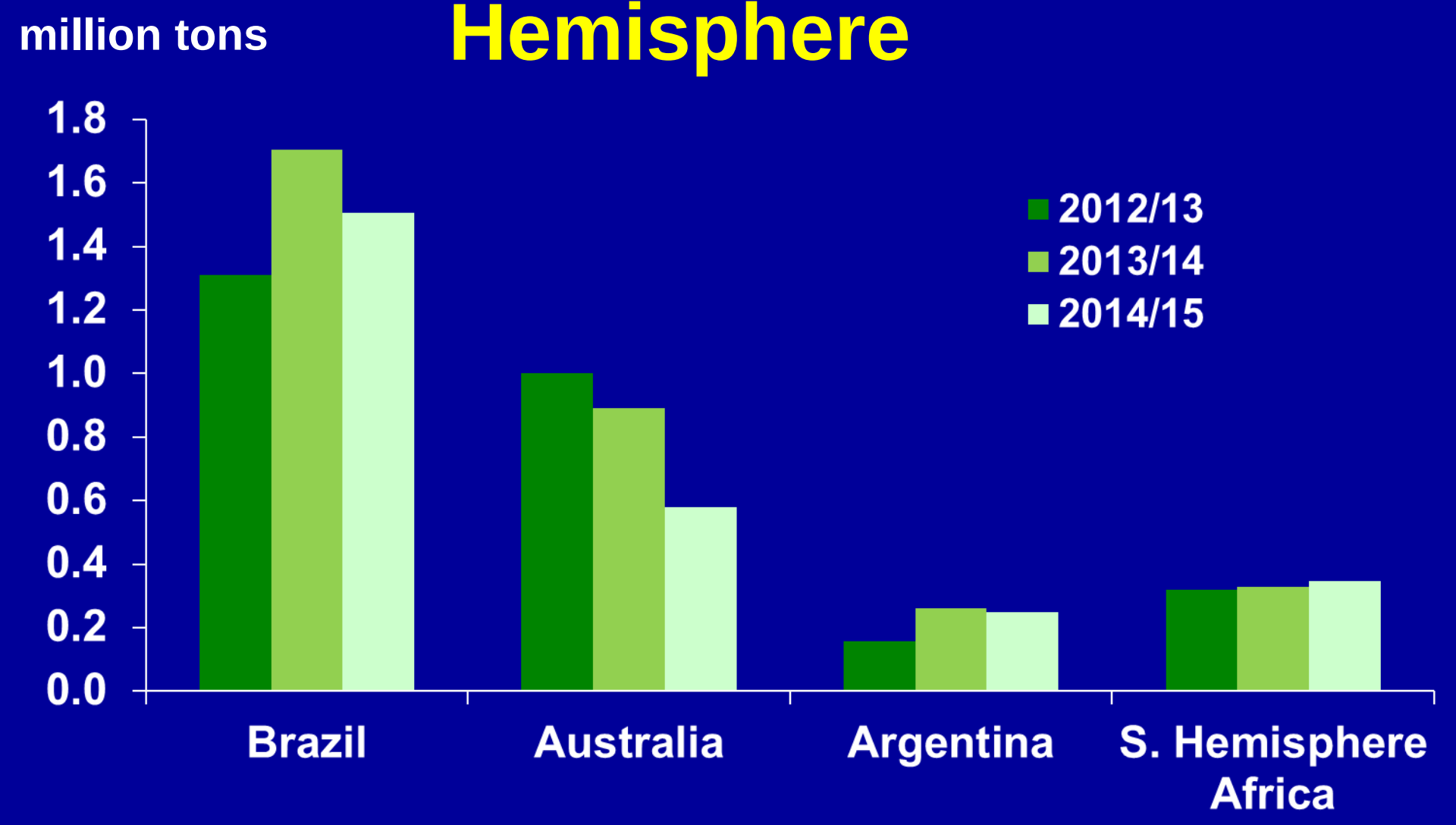
World Cotton Area and Prices



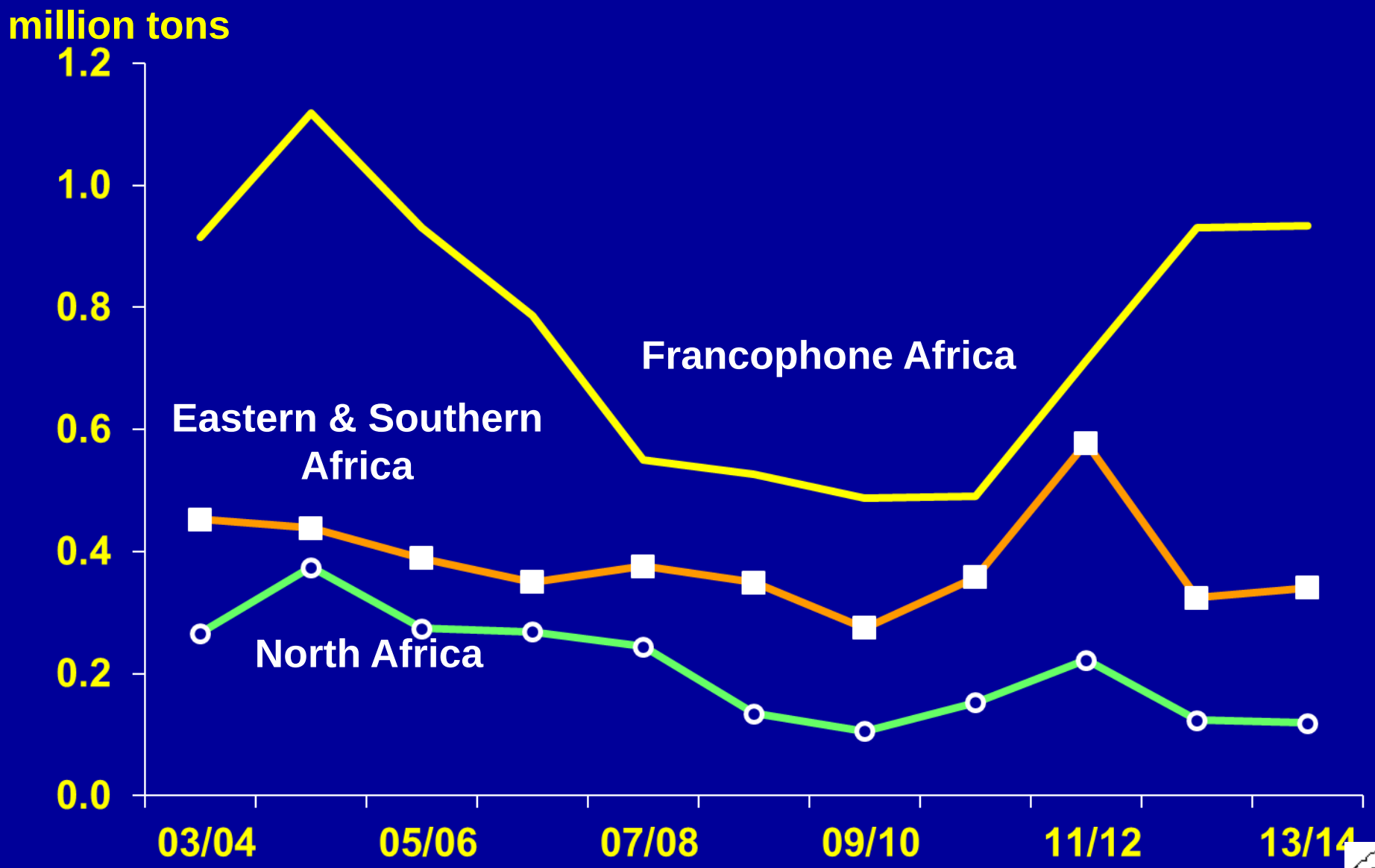
Top Northern Hemisphere Producing Countries



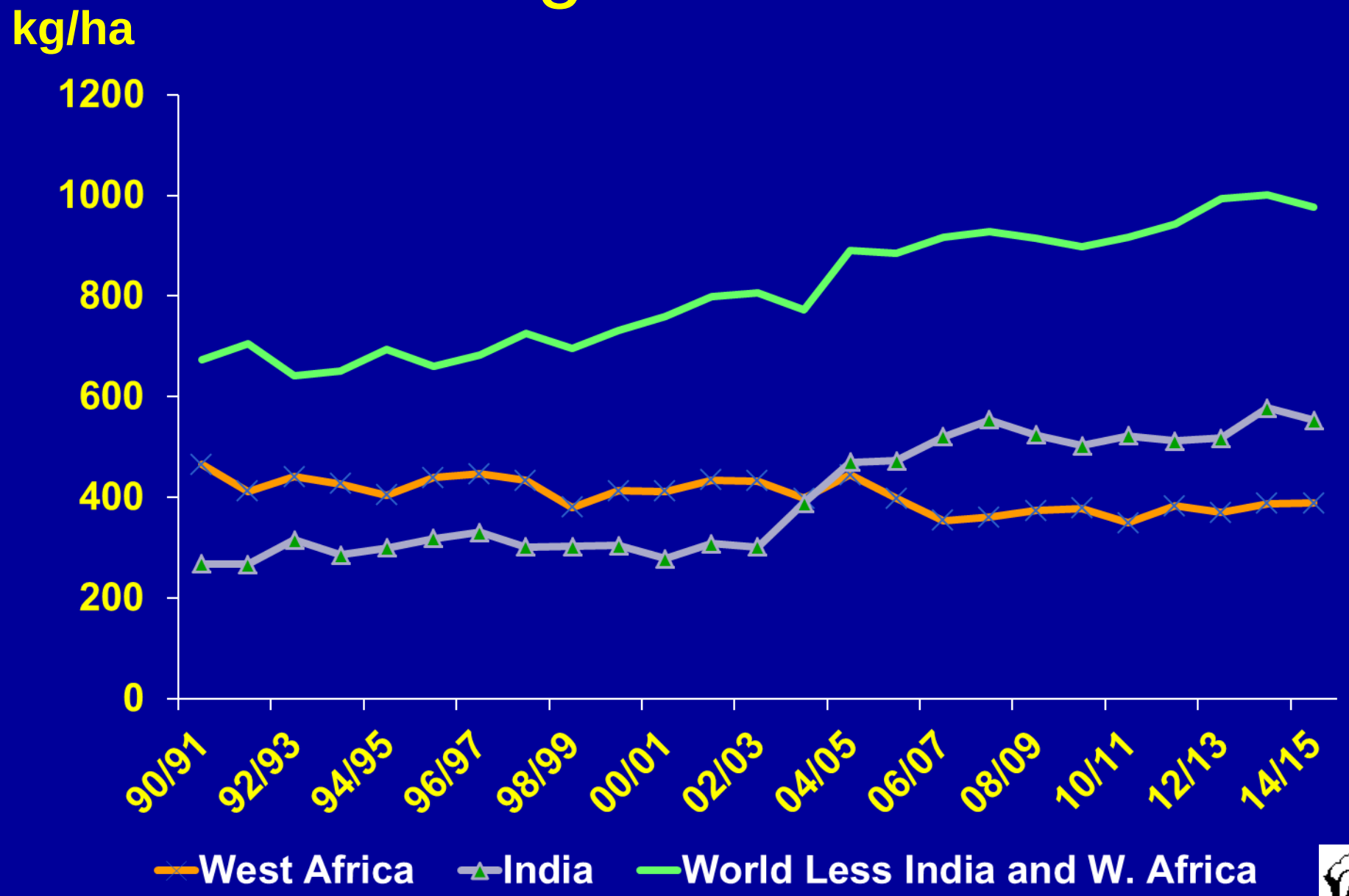
Cotton Production in Southern Hemisphere



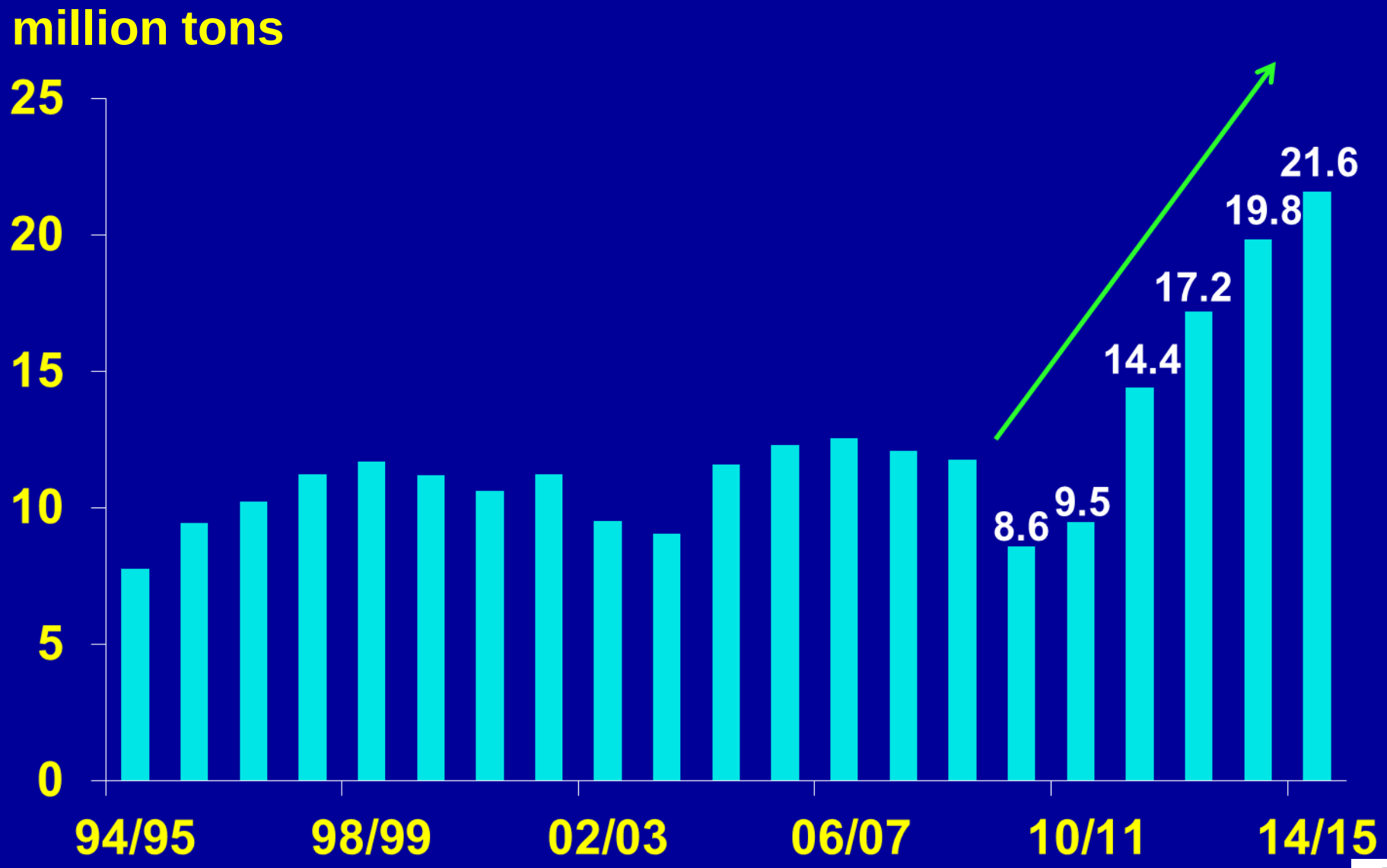
Cotton Production in Africa



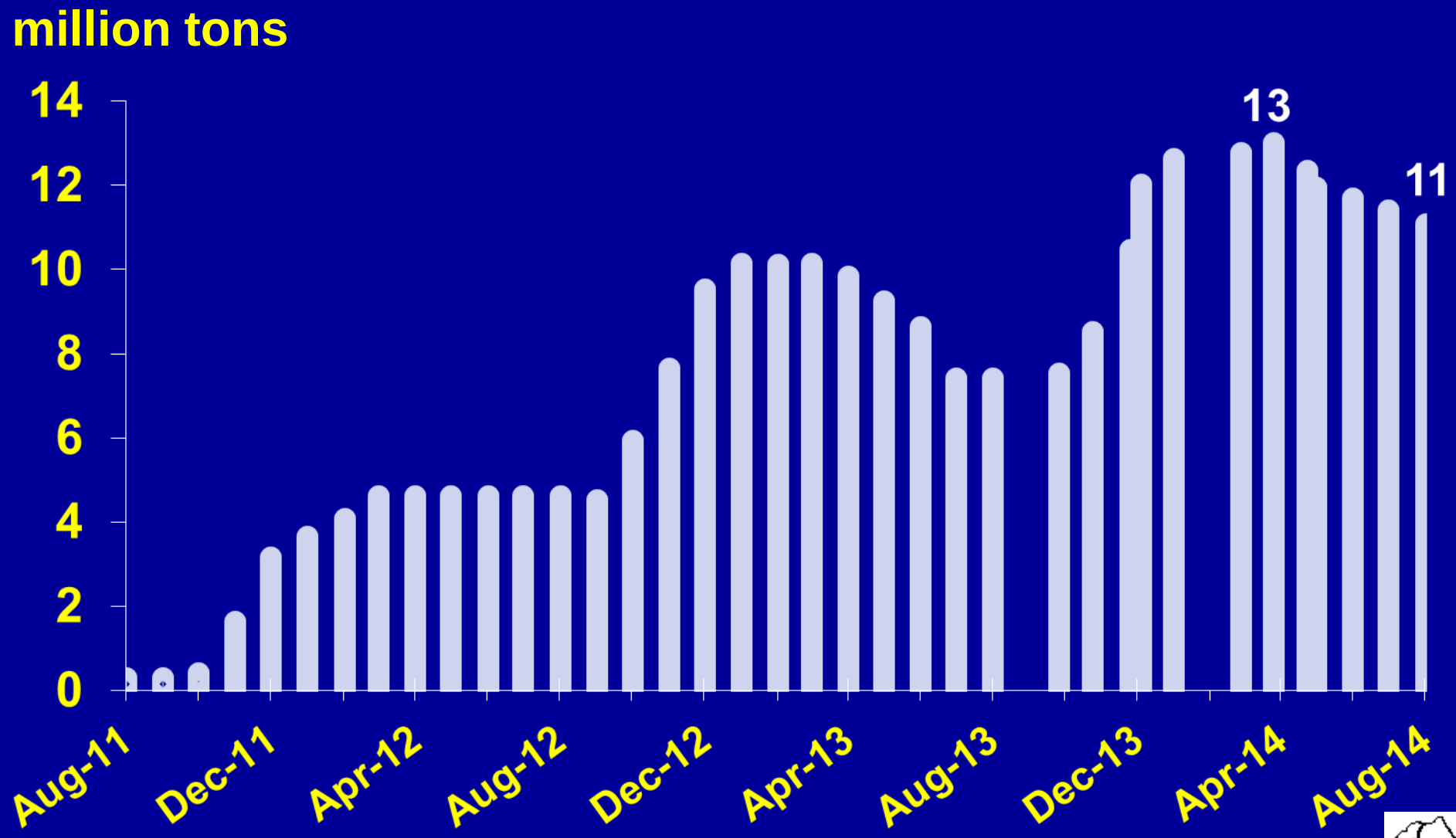
Average Lint Yields



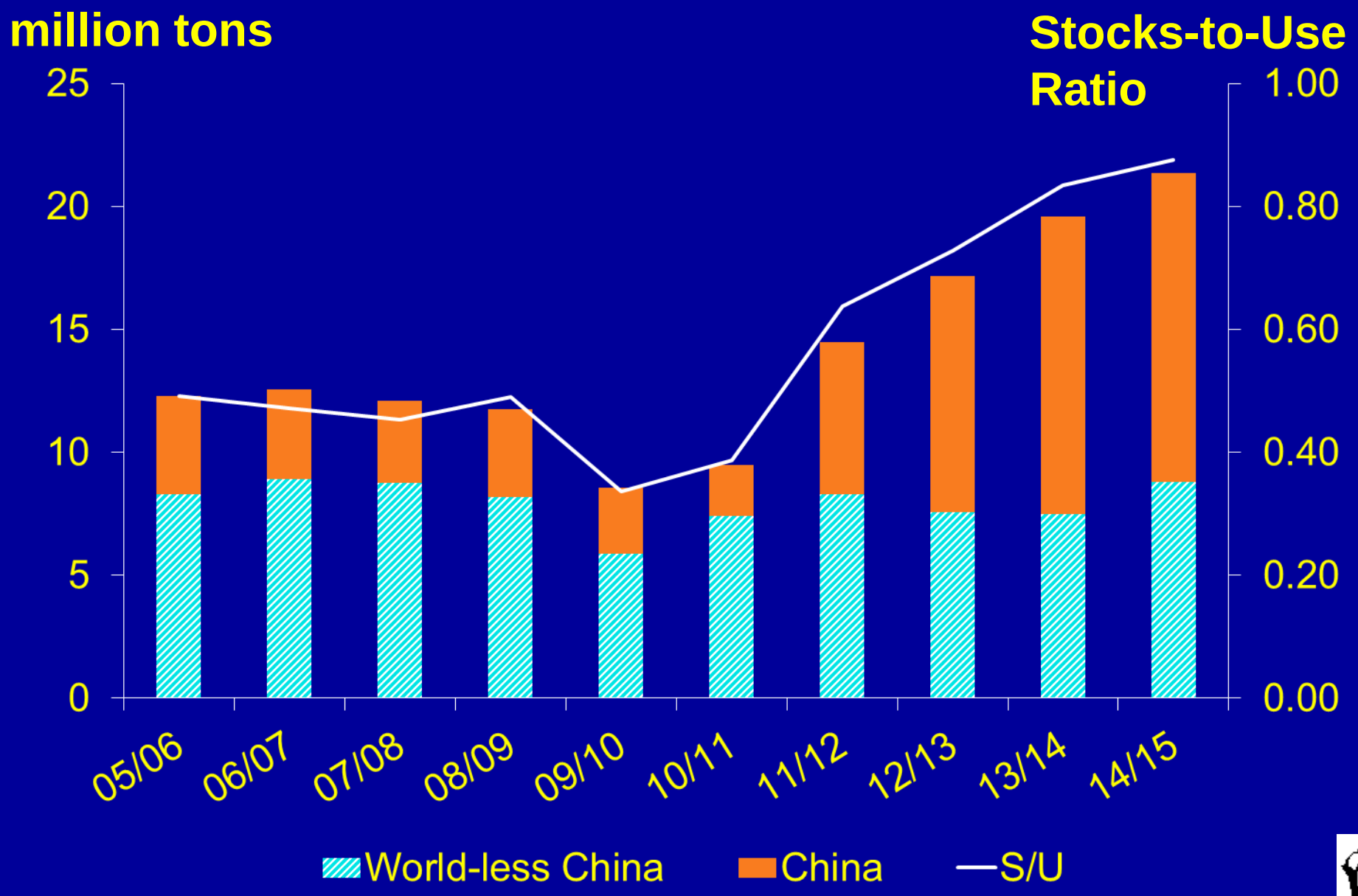
World Ending Stocks



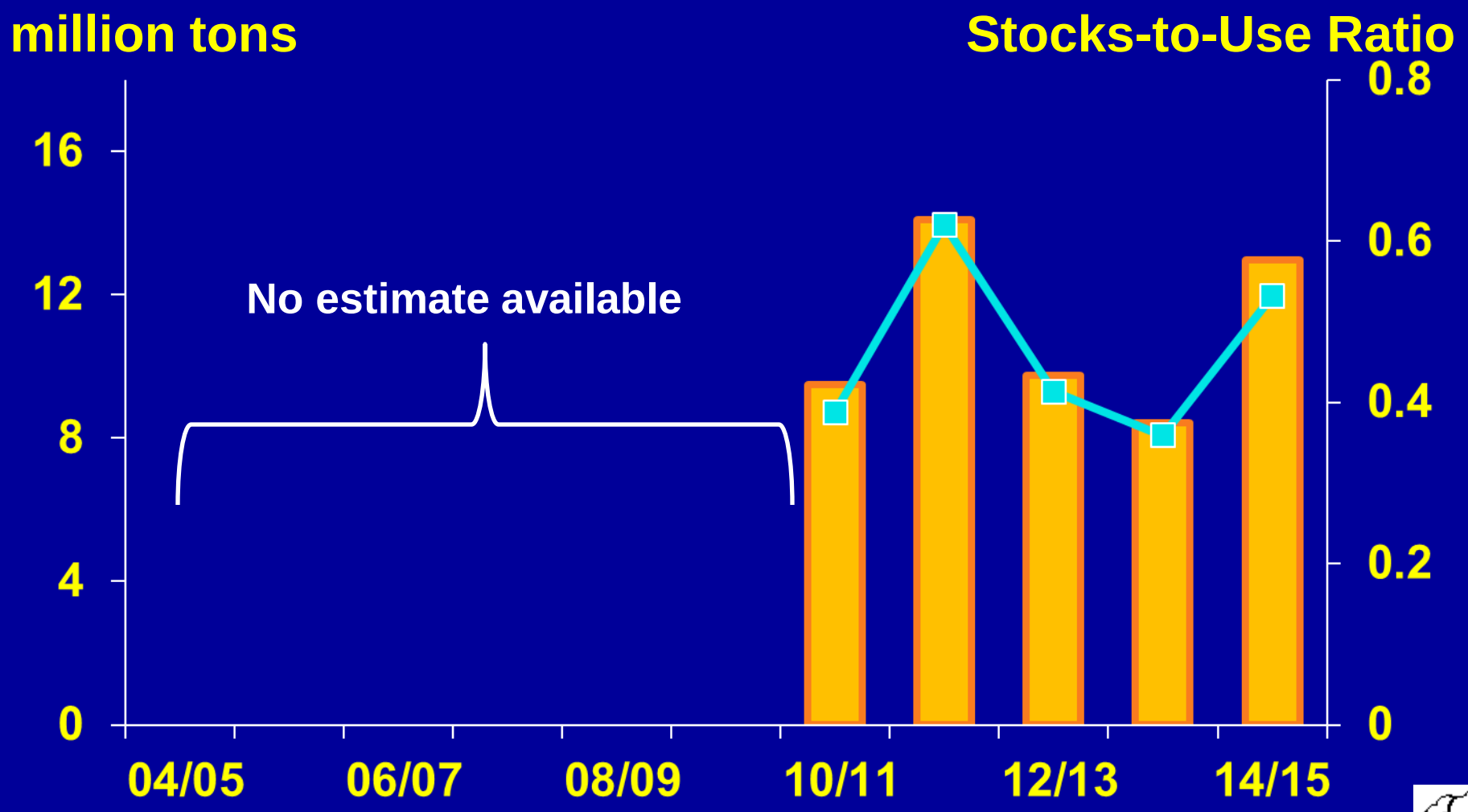
Estimated Size of China National Reserve



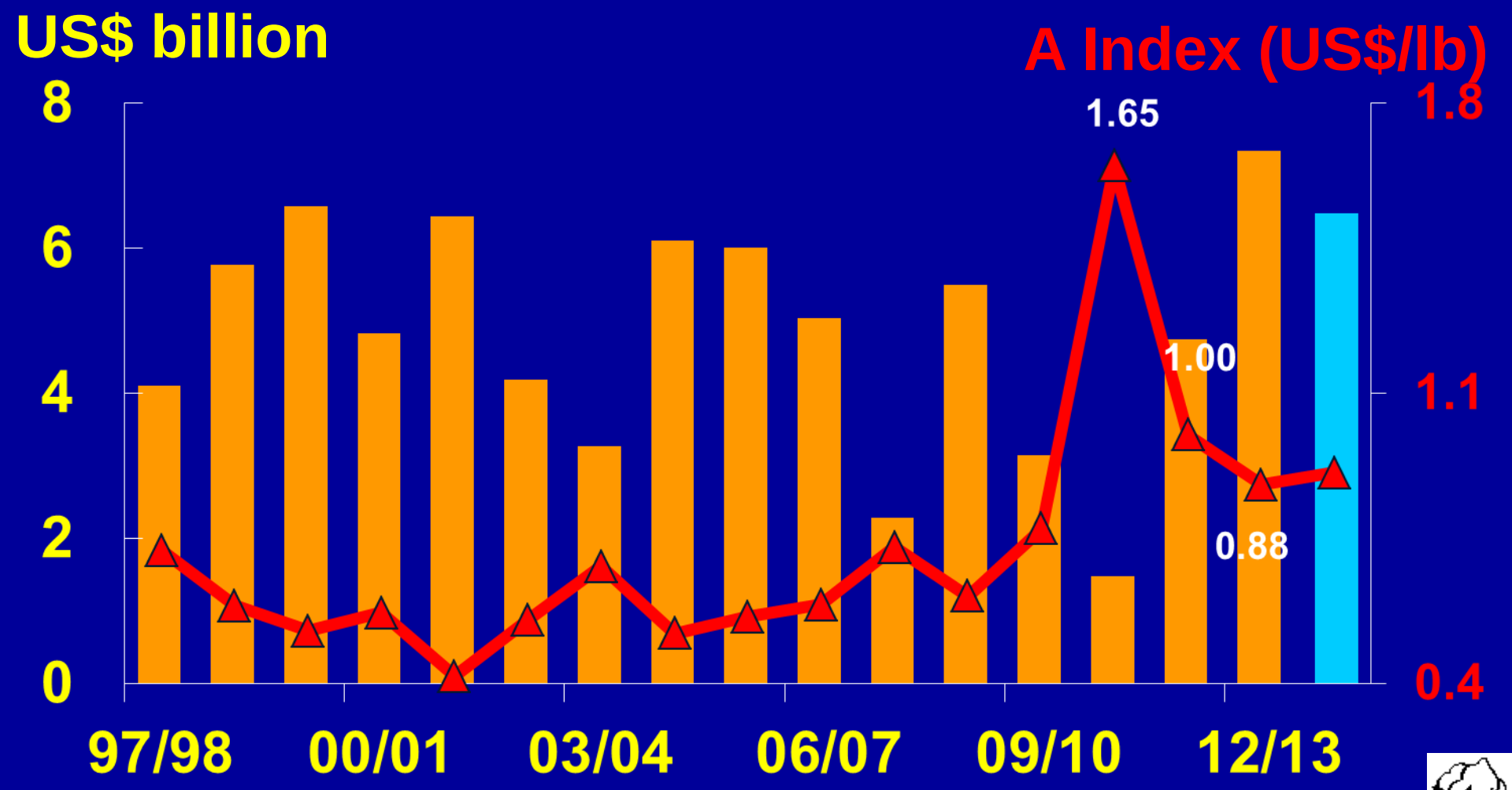
World Ending Stocks



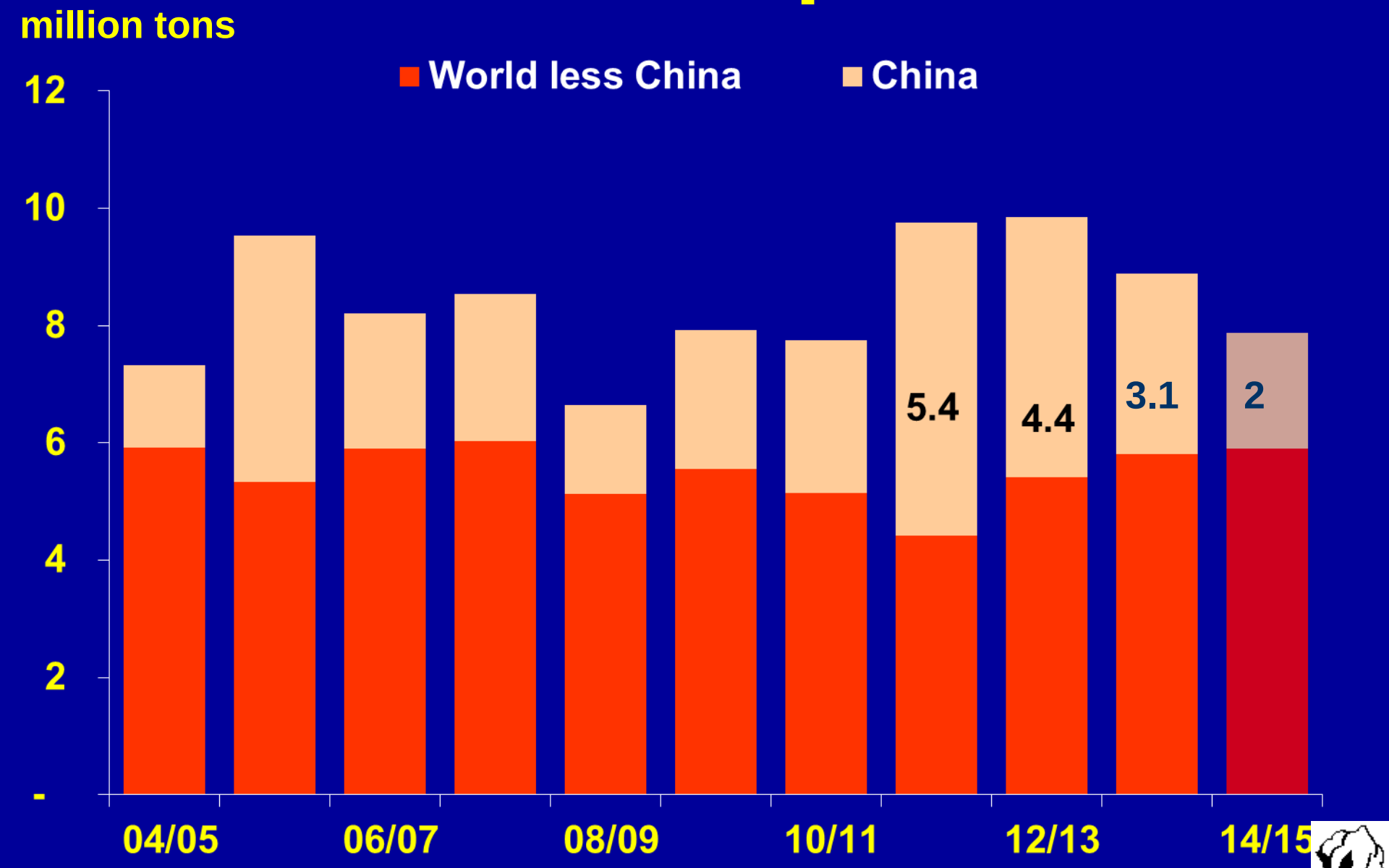
World Ending Stocks Minus China National Reserve



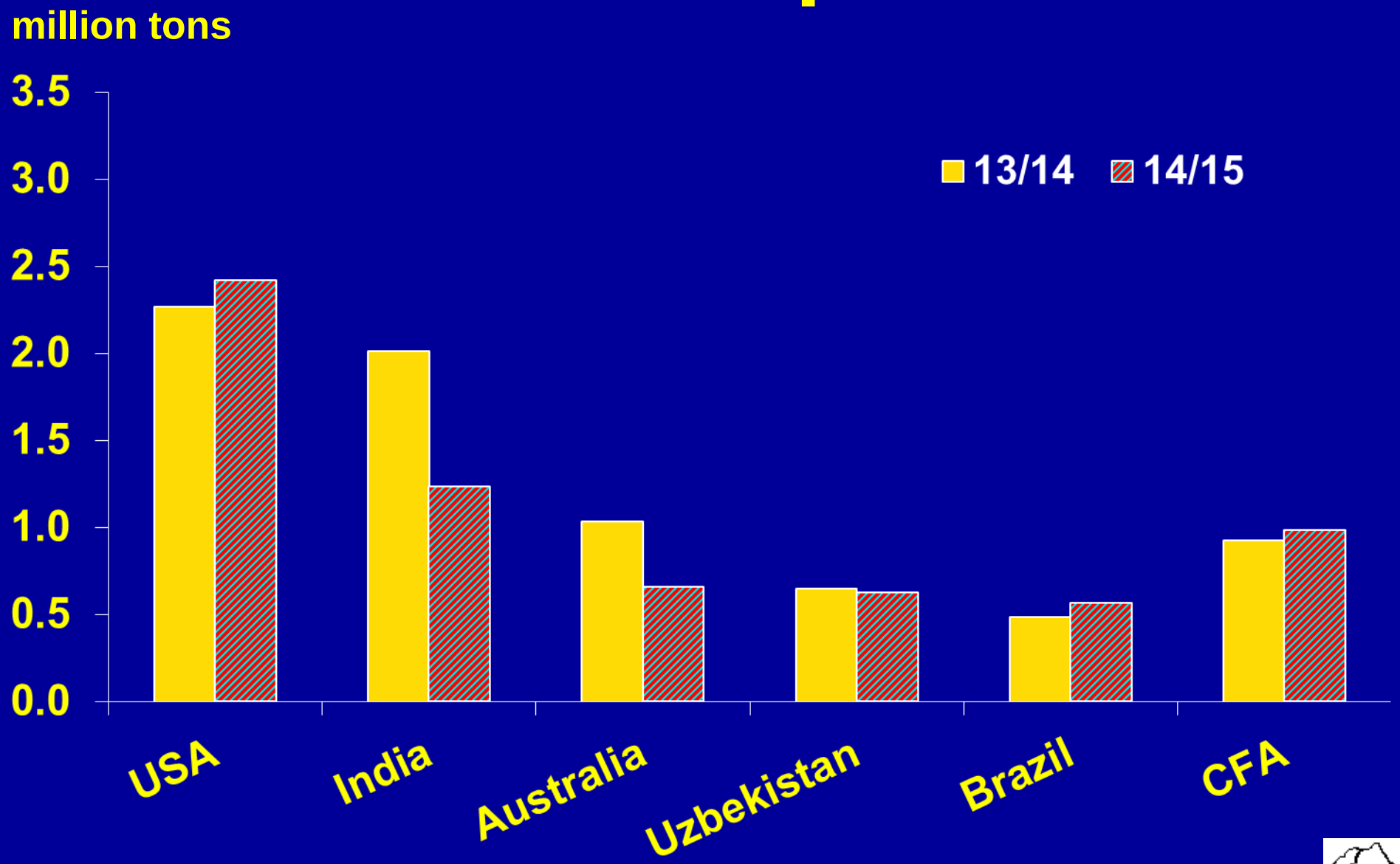
Direct Assistance to Cotton and Prices



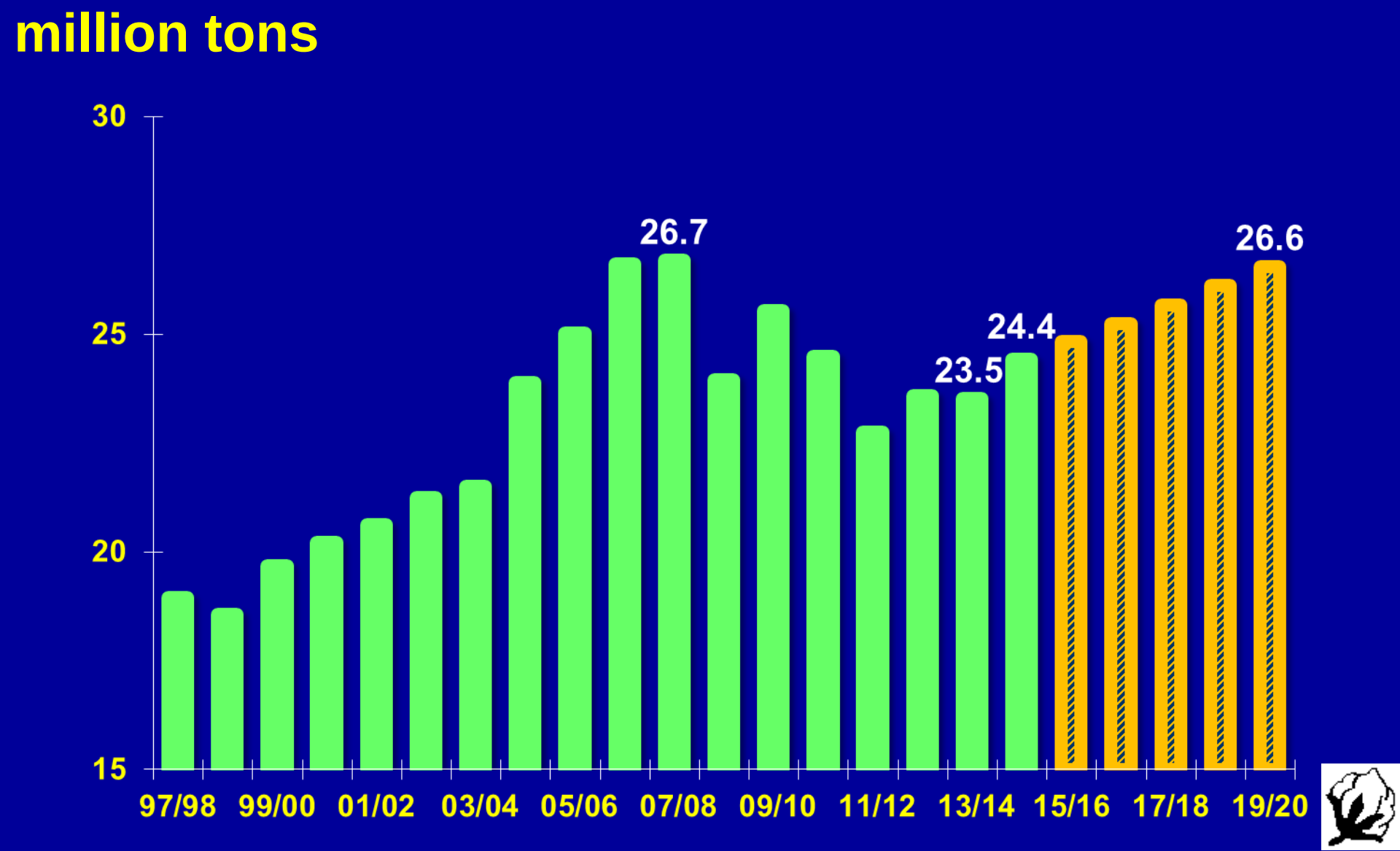
Cotton Imports



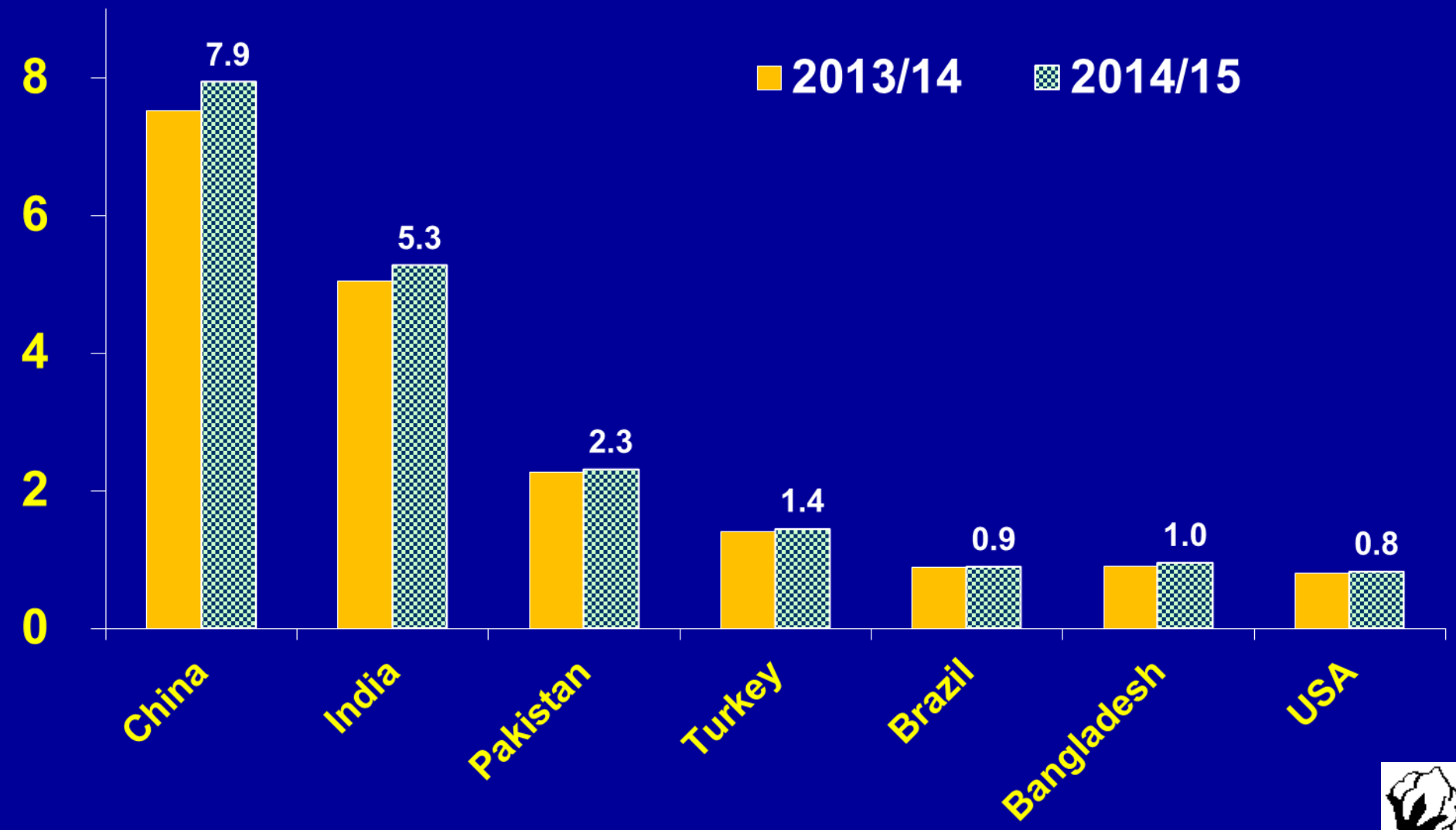
Cotton Exports



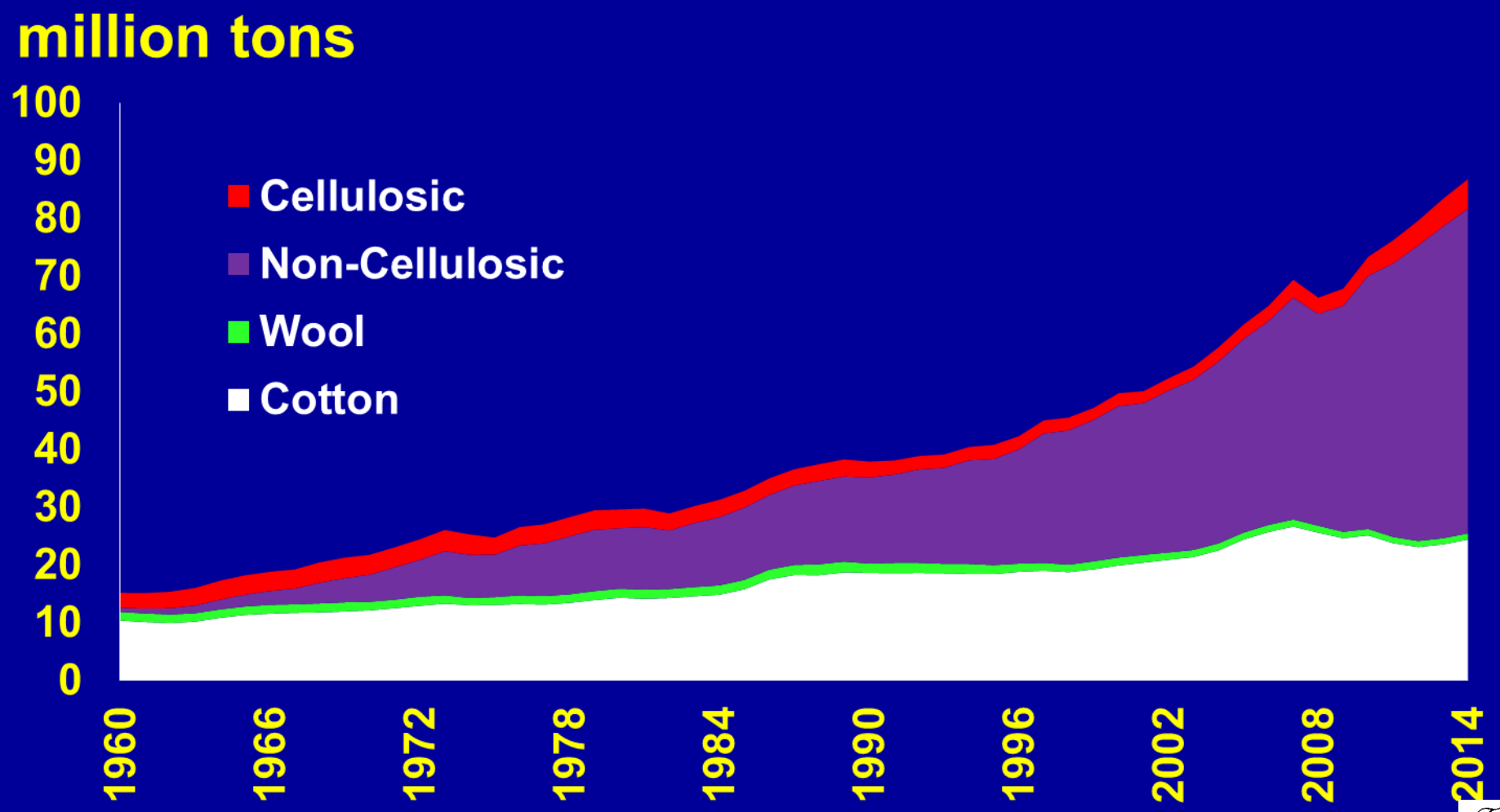
World Cotton Mill Use



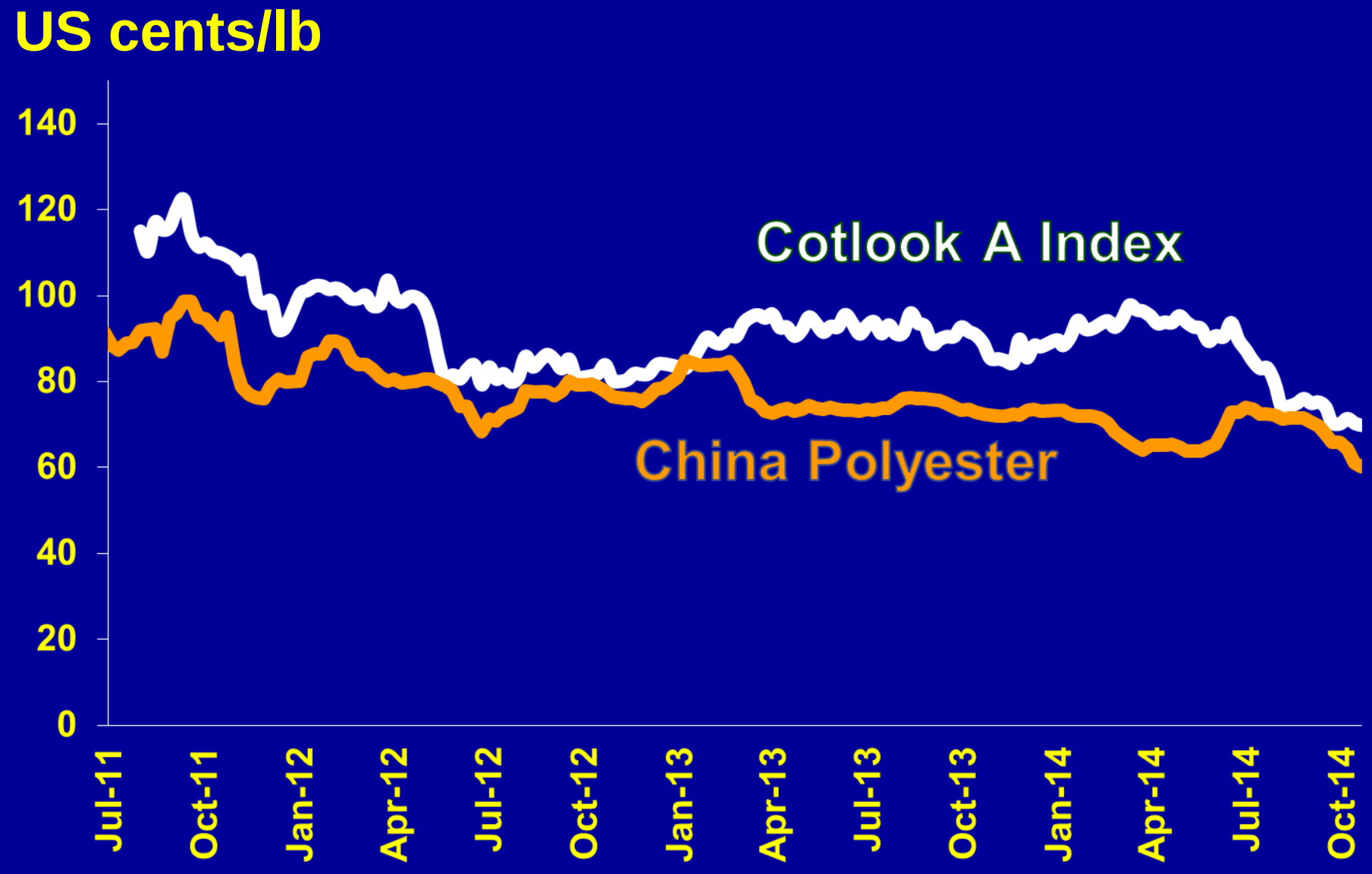
Cotton Mill Use



World Consumption of Textile Fibers



Cotton and Polyester Prices

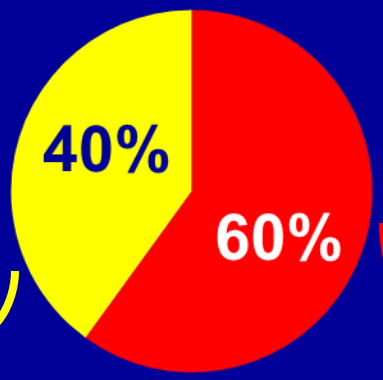


*Weekly quotes (Source: Cotton Outlook Ltd.)

Developed and Developing Countries

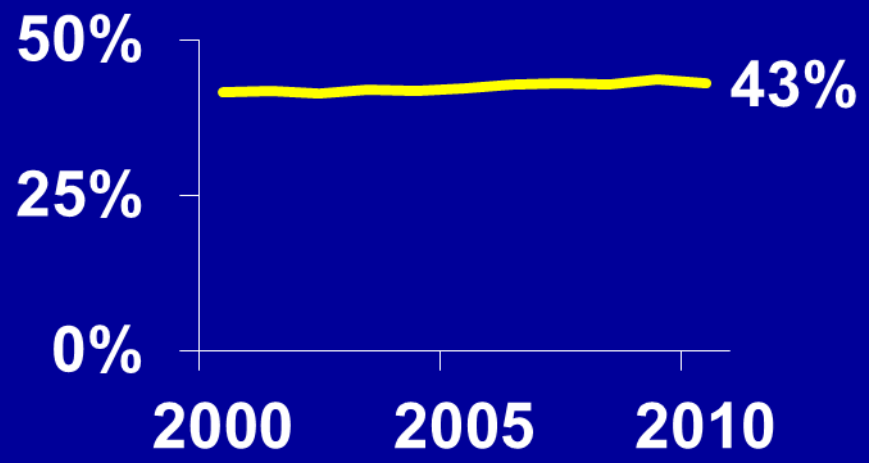
Share of World Apparel Fiber Consumption (2010)

Developed Countries

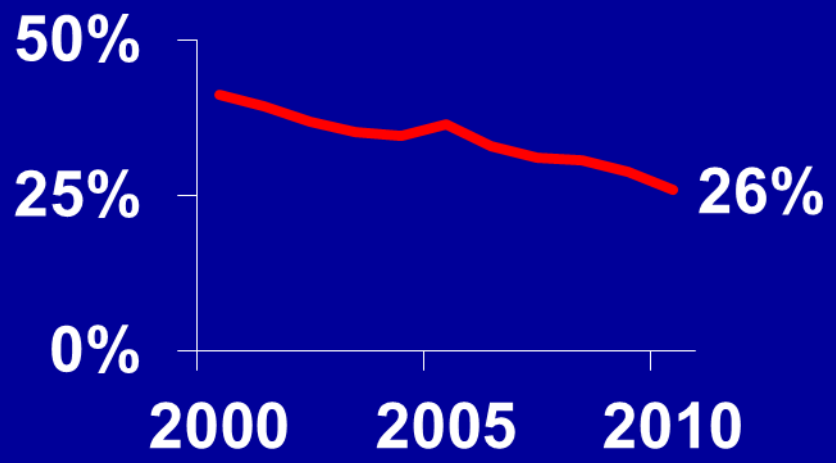


Developing Countries

Market Share of Cotton

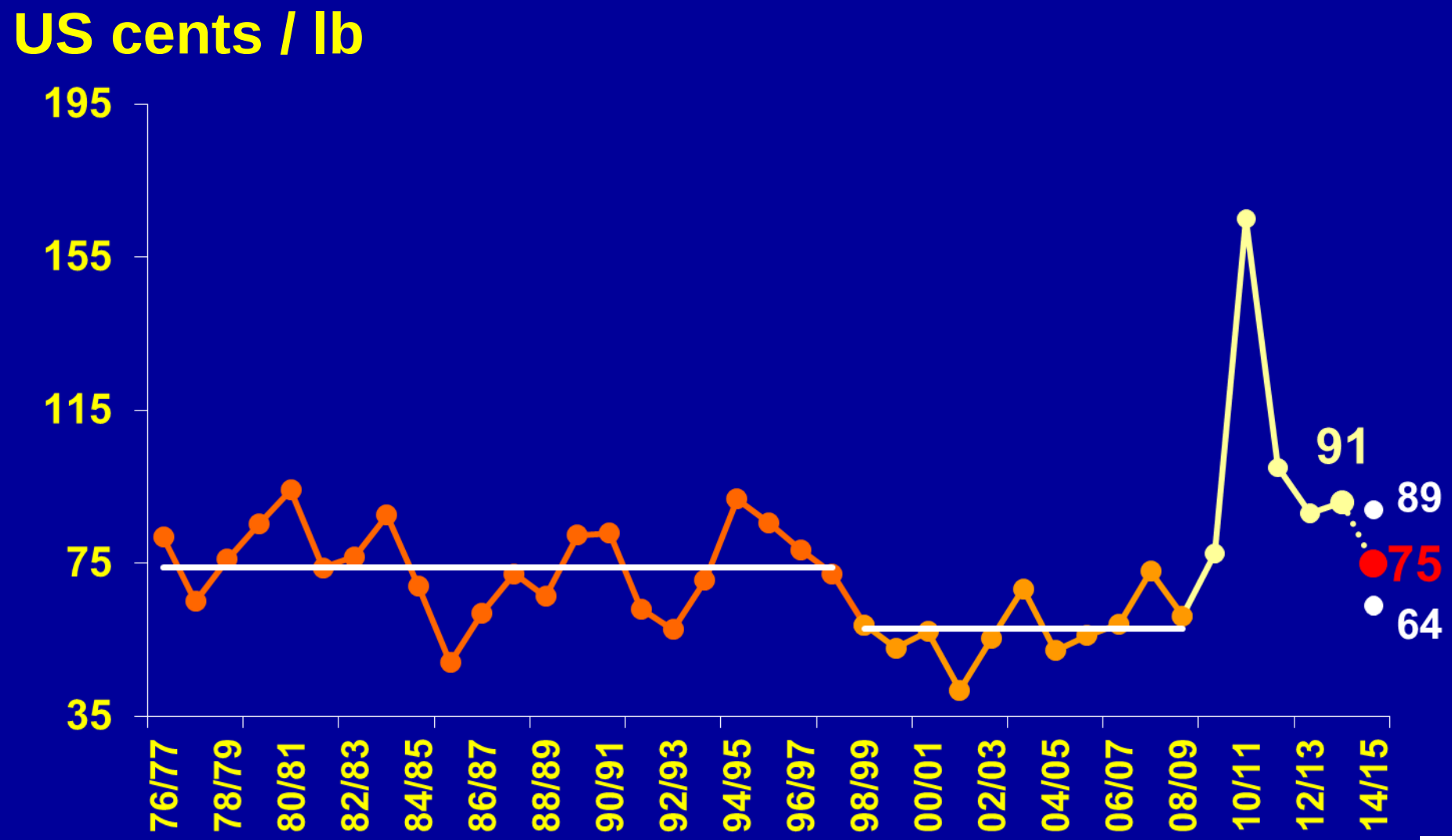


Market Share of Cotton

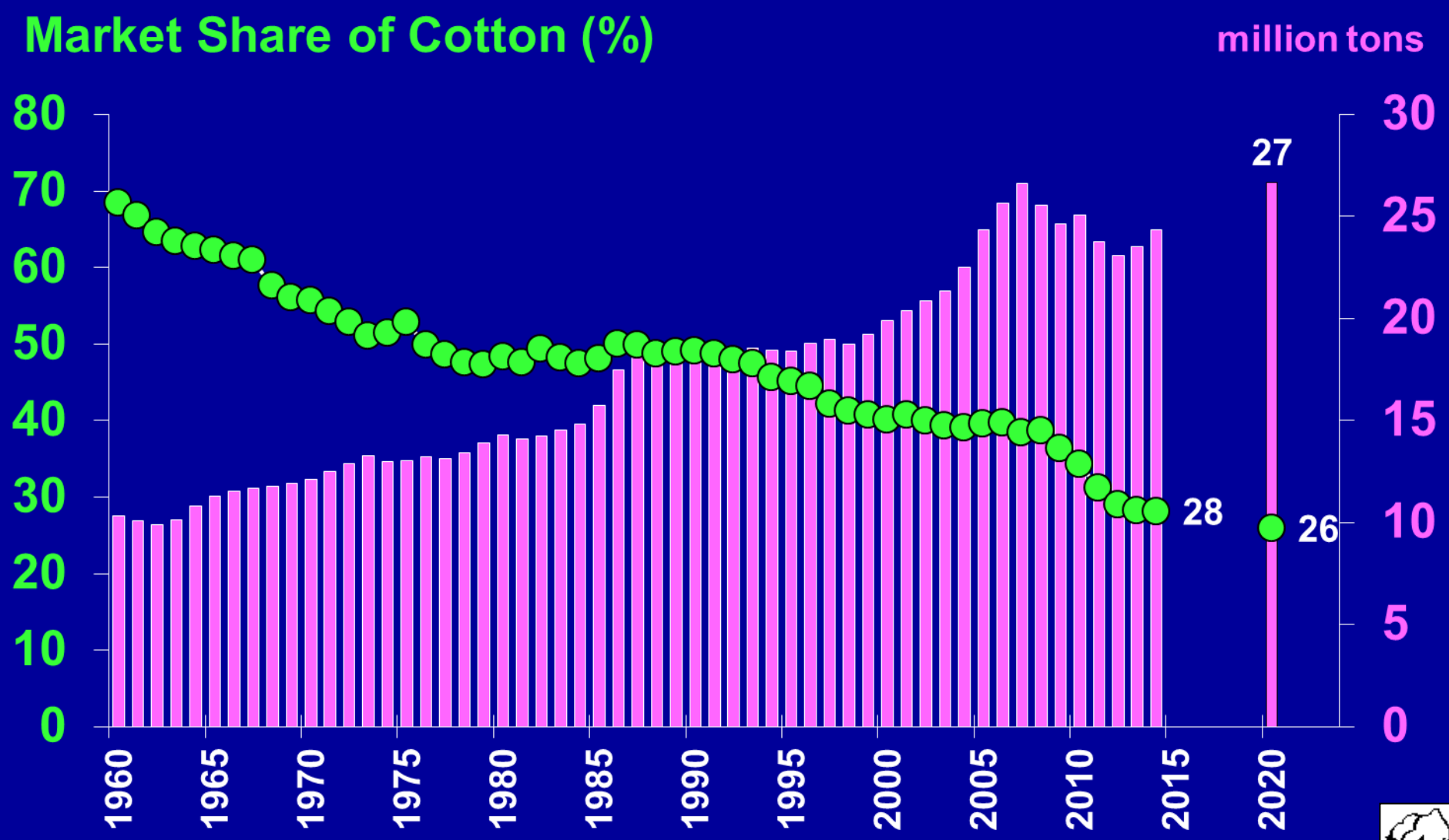


Season-Average A Index

(source: Cotlook Ltd.)



World Cotton Consumption and Market Share of Cotton



Conclusions

1) SUPPLY 1: Production capable of meeting expected demand
2) SUPPLY 2: Stocks likely to fall only modestly and will continue to overhang market
3) TRADE: reduced demand from China means exports fall to range between 7 and 8 mtons

Conclusions

4) CONSUMPTION: recovery as cotton prices become more competitive with man-made fibers

5) CONSUMPTION: even with more competitive prices, cotton's share of market will continue to erode

6) PRICES: Returning to long-term average of 70 cts/lb with limited upside potential

7) PRICES: Downside potential reduced because of gov't assistance, but adjustment postponed

73rd Plenary Meeting OF THE ICAC

THESSALONIKI 2014

73rd Plenary – Final Statement

ICAC members reiterated that cotton is an integral part of the Doha Development Agenda and that there can be no successful conclusion of that agenda without an agreement on cotton. The ICAC restated the importance of trade policy as a key factor in promoting world economic growth and development, and voiced support for the WTO's role in promoting free trade."

Thank you

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