Cotton: Outlook 2015-20

DG’s Consultative Framework Mechanism on Cotton

Geneva

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World Production & Mill Use

Accumulated surplus through 2014/15: 13.3 million tons
SUMMARY

1. Supply
   a. Production
   b. Stocks
   c. Government assistance

2. Trade

3. Mill Use

4. Prices
World Cotton Area and Prices

US cents / lb

million hectares

Area

Cotlook A Index (previous season)

02/03  04/05  06/07  08/09  10/11  12/13  14/15
Top Northern Hemisphere Producing Countries

- India
- China
- US
- Pakistan
- Uzbekistan
- Turkey

(million tons)

- 2012/13
- 2013/14
- 2014/15
Cotton Production in Southern Hemisphere

million tons

- Brazil
- Australia
- Argentina
- S. Hemisphere Africa

- 2012/13
- 2013/14
- 2014/15
Cotton Production in Africa

- Francophone Africa
- Eastern & Southern Africa
- North Africa

million tons

0.0 0.2 0.4 0.6 0.8 1.0 1.2

03/04 05/06 07/08 09/10 11/12 13/14
World Ending Stocks

million tons

25
20
15
10
5
0
94/95 98/99 02/03 06/07 10/11 14/15

9.5 14.4 17.2 19.8 21.6

8.6 9.5
Estimated Size of China National Reserve

million tons

- Aug-11
- Dec-11
- Apr-12
- Aug-12
- Dec-12
- Apr-13
- Aug-13
- Dec-13
- Apr-14
- Aug-14

- 13
- 11
World Ending Stocks

million tons

Stocks-to-Use Ratio

05/06 06/07 07/08 08/09 09/10 10/11 11/12 12/13 13/14 14/15

World-less China  China  S/U

0 0.00 0.20 0.40 0.60 0.80 1.00

20 25
World Ending Stocks
Minus China National Reserve

No estimate available
Direct Assistance to Cotton and Prices

US$ billion

A Index (US$/lb)

97/98 00/01 03/04 06/07 09/10 12/13

0.4 0.88 1.00 1.65 1.8 1.1

0 2 4 6 8
Cotton Imports

million tons

World less China  China

04/05  06/07  08/09  10/11  12/13  14/15

5.4  4.4  3.1  2.0  5.4  4.4  3.1  2.0
Cotton Exports

million tons

USA  | India  | Australia | Uzbekistan | Brazil  | CFA

13/14 | 13/14  | 14/15     | 14/15      | 14/15   | 14/15
World Cotton Mill Use

million tons
Cotton Mill Use

million tons

- China: 7.9
- India: 5.3
- Pakistan: 2.3
- Turkey: 1.4
- Brazil: 0.9
- Bangladesh: 1.0
- USA: 0.8

2013/14
2014/15
World Consumption of Textile Fibers

million tons

- Cellulosic
- Non-Cellulosic
- Wool
- Cotton

Cotton and Polyester Prices

US cents/lb

*Cotlook A Index

*China Polyester

*Weekly quotes (Source: Cotton Outlook Ltd.)
Developed and Developing Countries

Share of World Apparel Fiber Consumption (2010)

- **Developed Countries**: 40%
- **Developing Countries**: 60%

**Market Share of Cotton**

- **Developed Countries**
  - 2000: 50%
  - 2005: 43%
  - 2010: 43%

- **Developing Countries**
  - 2000: 50%
  - 2005: 25%
  - 2010: 26%
Season-Average A Index
(source: Cotlook Ltd.)

US cents / lb

[Graph showing the season-average A Index from 76/77 to 14/15 with specific values for 89, 75, and 64 marked.]
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
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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