INTERNATIONAL COTTON ADVISORY COMMITTEE

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Extra-Fine Cotton Update **21 August 2020**

Changes in Supply and Demand Estimates from the June 2020 Report (Producing Countries)

2020/21

World production: 345,640 tonnes (- 17,440 tonnes)

China 24,120 tonnes (-11,880 tonnes)
India 85,000 tonnes (+ 18,390 tonnes)
United States 120,840 tonnes (-23,950 tonnes)

World exports: 232,870 tonnes (- 5,440 tonnes)

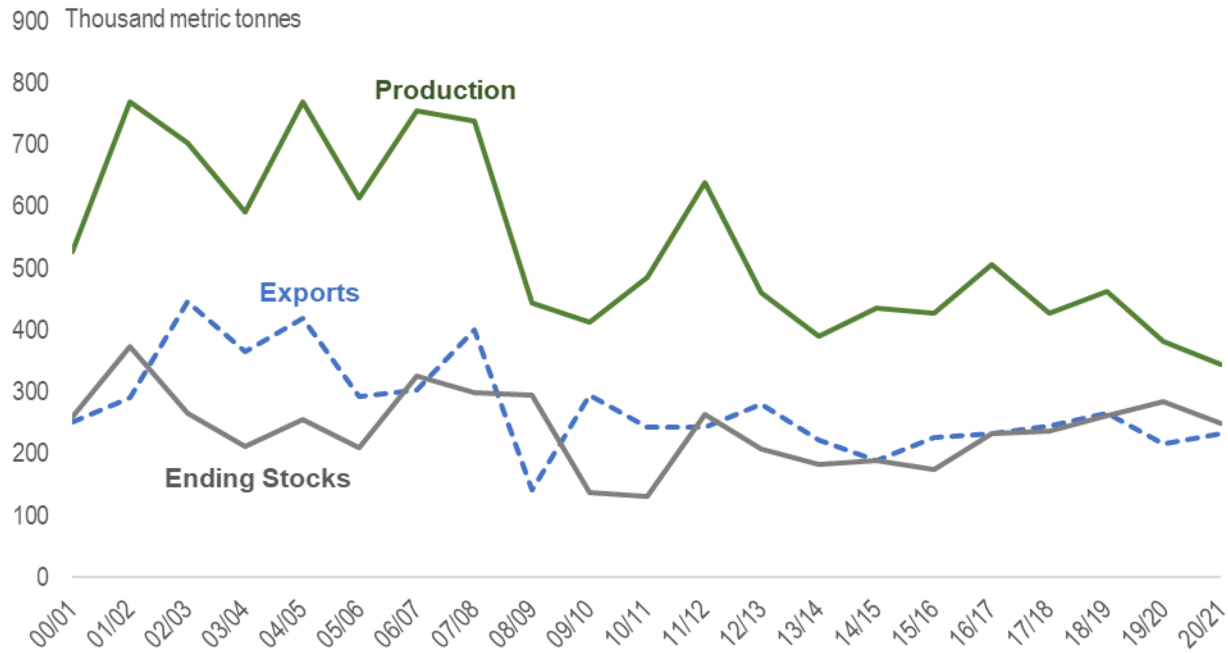
United States 141,520 tonnes (- 5,440 tonnes)

Extra-fine cotton supply and demand continue to decrease for the 2020/21 season. Even before the global pandemic and subsequent containment measures that slowed economic growth, the market for extra-fine cotton has continued to contract over the last 3 seasons. Consumption for the 2020/21 season is expected to decrease to 297,000 tonnes globally. Improved textile technology has also contributed to decreased demand as high count yarn production is able to be produced by blending extra-fine cotton species with high grade upland fibres. As high-quality upland quantities become available as suitable substitutes, a continued contraction of the extra-fine market may be expected. On the supply side, production of extra-fine cotton continues to be associated with high production costs. Long-staple cotton requires longer growing periods, higher input costs and increased risk for the producer. The crop tends to be more sensitive to weather and water availability. As in the upland market, the United States and China are key players in the extra-fine market, with the United States as the world leading exporter and China as the world's leading importer. Trade tensions from 2018 that have reached a first phase of negotiations in 2020 may provide improve trade conditions, however this may be moderated by the economic impacts of the global pandemic.

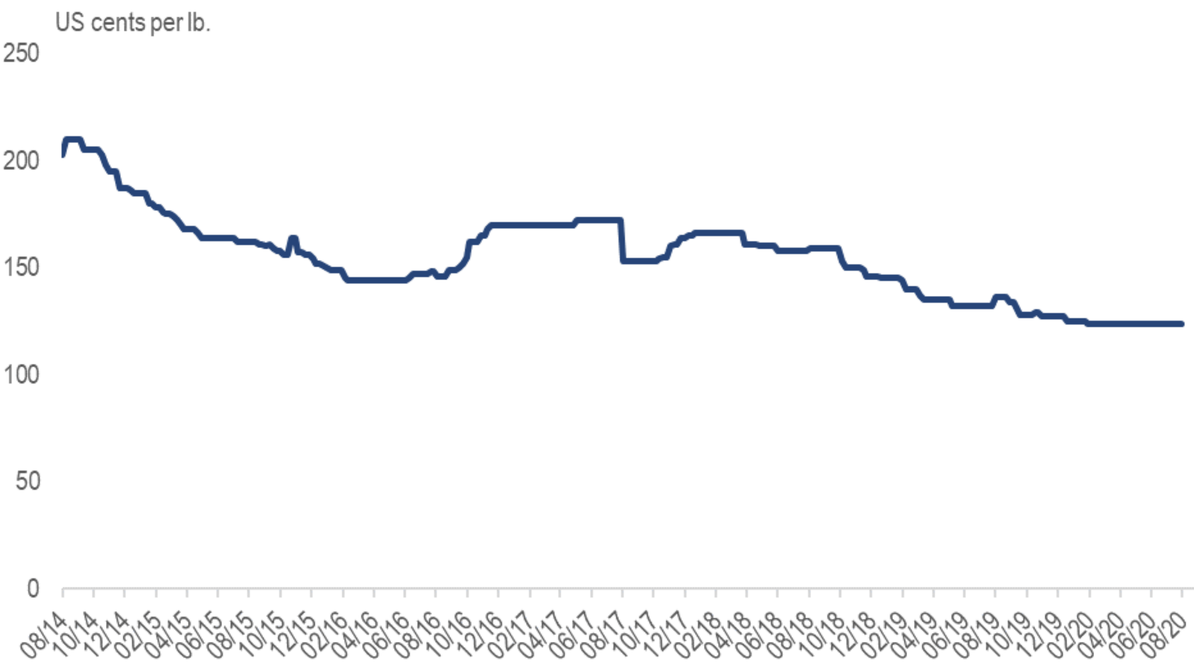
Production in the United States is expected to decrease to 120,000 tonnes based on reduced area and intemperate conditions during planting. Prices continue to fall below production costs and as the domestic price continues to fall below foreign prices, the ELS competitiveness payment program remains in effect. Area in China continues to decrease with production estimated at 24,120 tonnes for the 2020/21 season. Lower yields are expected in China due to the intemperate condition during planting in the Xinjiang region where the majority of Chinese extra-fine is grown. Production in India is expected to increase under government targets to increase production of the higher quality fibre and thus reduce imports that have filled the supply gap for the needs of the textile industry.

Global exports of extra-fine are expected to increase in 2020/21 to 232,870 tonnes. Following the demand loss associated with the long-term decrease for extra-fine and the pandemic-related demand loss for textiles and apparel in 2019/20, exports are expected to increase by 8%. Exports from the United States are expected to rebound to 142,000 tonnes in 2020/21.

Extra-Fine Cotton Global Production, Exports and Ending Stocks
2000/01 – 2020/21



Cotlook Quote for American Pima
2014/15 – 2019/20



Extra-Fine Export Commitments for 2020/21

	Total exports	Commitments		Sales remaining
		August		
		thousand tonnes		
China	10	2	20%	8
Egypt	47	12	26%	35
Israel	8			8
Sudan	1			1
Turkmenistan	17	4	24%	13
United States	142	44	31%	98
Uzbekistan	1			1
Others	9	2	23%	7
World total	233	64	28%	169

Commitments include sales for shipment between August 1, 2020 and July 31, 2021.

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SUPPLY OF EXTRA-FINE COTTON*

21 August 2020

Years Beginning August 1

	2014	2015	2016 Est.	2017 Est.	2018 Est.	2019 Est.	2020 Proj.	2021 Proj.
BEGINNING STOCKS*								
CHINA	70	60	86	160	160	150	140	130
EGYPT, ELS	5	3	3	3	3	5	6	7
EGYPT, L. STPL.	16	13	11	11	1	9	1	1
INDIA	27	27	27	27	27	27	27	27
ISRAEL	1	1	2	2	2	2	2	2
PERU	4	2	6	6	6	6	6	6
SUDAN	8	1	0	0	0	0	0	0
TAJIKISTAN	1	0	0	0	1	2	2	3
TURKMENISTAN	21	21	6	8	13	12	10	9
UNITED STATES	27	56	30	14	22	47	83	59
UZBEKISTAN	1	1	0	0	0	0	0	1
OTHER PRODUCERS	2	2	2	3	3	4	5	6
TOTAL	**183**	**189**	**174**	**233**	**238**	**263**	**284**	**249**
PRODUCTION								
CHINA	65	125	197	70	60	40	24	
EGYPT, ELS	4	2	2	3	6	4	4	
EGYPT, L. STPL.	106	52	33	65	105	76	68	
INDIA	88	94	91	78	72	68	85	
ISRAEL	14	17	14	13	9	8	8	
PERU	6	11	9	9	9	9	9	
SUDAN	0	0	1	1	1	1	1	
TAJIKISTAN	0	1	1	1	1	1	1	
TURKMENISTAN	20	23	26	28	17	17	17	
UNITED STATES	123	94	124	152	174	149	121	
UZBEKISTAN	2	1	1	1	1	1	1	
OTHERS	9	8	8	7	8	8	8	
TOTAL	**436**	**427**	**507**	**427**	**463**	**382**	**346**	
CONSUMPTION*								
CHINA	123	130	135	139	170	160	144	
EGYPT, ELS	3	2	1	1	1	1	0	
EGYPT, L. STPL.	36	34	31	25	25	25	25	
INDIA	146	146	147	147	147	118	106	
ISRAEL	0	0	0	0	0	0	0	
PERU	13	13	13	13	13	13	13	
SUDAN	0	0	0	0	0	0	0	
TAJIKISTAN	1	0	0	0	0	0	0	
TURKMENISTAN	1	1	2	2	2	2	2	
UNITED STATES	5	5	6	6	5	3	4	
UZBEKISTAN	1	1	0	0	0	0	0	
OTHER PRODUCERS	6	6	6	5	4	3	2	
TOTAL	**334**	**338**	**342**	**338**	**367**	**325**	**297**	
EXPORTS								
CHINA	10	18	20	10	10	10	10	
EGYPT, ELS	3	1	0.6	2	3	3	3	
EGYPT, L. STPL.	36	25	30	50	72	58	44	
INDIA	3	3	3	3	3	3	3	
ISRAEL	14	17	14	13	8	8	8	
PERU	0	0	0	0	0	0	0	
SUDAN	6	1	1	1	1	1	1	
TAJIKISTAN	0	0	0	0	0	0	0	
TURKMENISTAN	19	37	23	22	17	17	17	
UNITED STATES	89	116	134	138	146	110	142	
UZBEKISTAN	1	1	1	1	1	1	1	
OTHER PRODUCERS	7	7	7	5	6	6	6	
TOTAL	**189**	**226**	**232**	**245**	**267**	**216**	**233**	
IMPORTS*								
TOTAL IMPORTS 1/	131	116	100	160	196	179	150	
STOCKS ADJUSTMENT 2/	-37	6	27	0	0	0	0	
ENDSTOCKS/USE, EGYPT	**0.21**	**0.23**	**0.22**	**0.05**	**0.14**	**0.09**	**0.10**	
ENDSTOCKS/USE, USA	**0.60**	**0.24**	**0.10**	**0.16**	**0.31**	**0.73**	**0.40**	
ENDSTOCKS/USE, TOTAL	**0.36**	**0.31**	**0.41**	**0.41**	**0.41**	**0.52**	**0.47**	
COTLOOK QUOTE, AM. PIMA	**182**	**151**	**166**	**159**	**143**	**127 ****		
COTLOOK QUOTE, GIZA 88 3/	**111**	**114**	**162**	**153**	**118**	**110 ****		
RATIO: AM. PIMA/GIZA 88	**1.63**	**1.33**	**1.03**	**1.04**	**1.21**	**1.15**		
RATIO: AM. PIMA/A INDEX	**2.57**	**2.19**	**2.01**	**1.97**	**1.69**	**1.50 ****		

* Producing countries only. Stocks include all cotton physically present in the country, either committed or uncommitted.
** Am. Pima, Giza 88 and Cotlook A Index through 21 August 2020.
1/ Imports of extra-fine cotton by producing countries.
2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.
3/ For 2013/14, 2014/15 and 2015/16 the quote is for Giza 86 as there were no quotes available for Giza 88.