

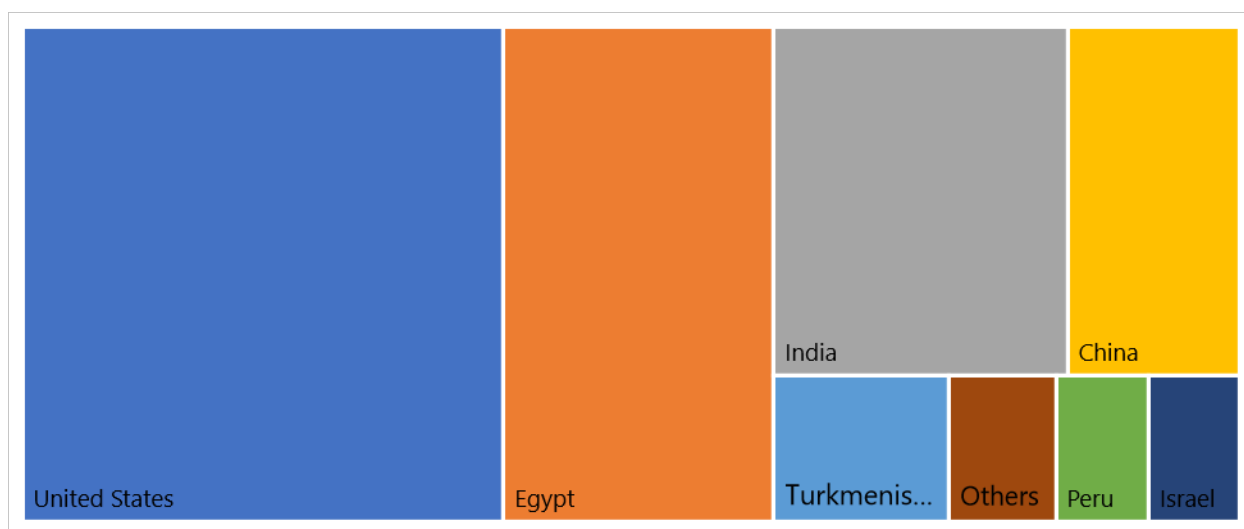


Extra-Fine Cotton Update

19 December 2019

Extra-fine cotton represents 1.5% of total cotton production in the world. Current estimates for the 2019/20 extra-fine crop are for a global production of 400,000 tonnes with the United States, Egypt and India leading production of the high-quality cotton fibre. These top three producers account for 72% of global production. Total extra-fine production is expected to decrease by 14% from the previous season. The United States is estimated to produce 158,000 tonnes of extra-fine cotton in 2019/20, a 9% decrease from the previous season, following field damage in California, reducing both harvest area and yields. Production in Egypt is expected to be reduced by 20% to 89,000 tonnes. Production in India is expected to be reduced by 6% to 68,000 tonnes. Outside of the top three extra-fine producers, China is also expected to produce less extra-fine cotton, with a 33% reduction to 40,000 tonnes due to the higher production costs incurred.

Extra-fine cotton production, 2019/20



Trade in extra-fine cotton represents 3% of total cotton trade, with total exports projected for 2019/20 at 260,000 tonnes. The United States is expected to lead all exporters at 147,000 tonnes representing a fifth consecutive year of growth as domestic consumption of extra-fine is expected to decline for the second consecutive year to 4,000 tonnes. Extra-fine cotton from the US is expected to be exported to China, India, Pakistan and Turkey amongst other countries. Egypt is expected to export 67,000 tonnes in 2019/20 with exports expected to go to Turkey, India and China. China is expected to consume 160,000 tonnes of extra-fine in 2019/20, a 6% decrease from the previous season, while India is expected to consume 147,000 tonnes with imports filling the supply gap. In a move towards being able to supply domestic mills with domestic production of extra-fine cotton, initiatives in India are underway to encourage contract farming, improve production practices and increase technology in order to incentivise increased planting of extra-fine cotton amongst farmers.

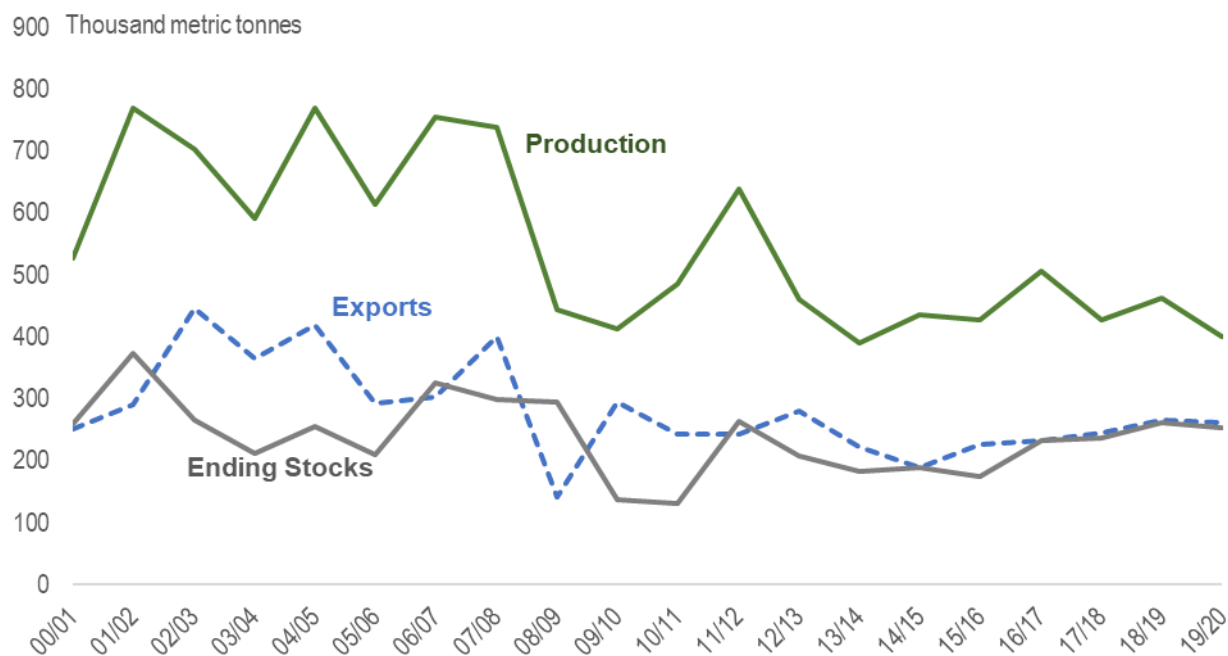
Changes in Supply and Demand Estimates from the August 2019 Report (Producing Countries)

2019/20

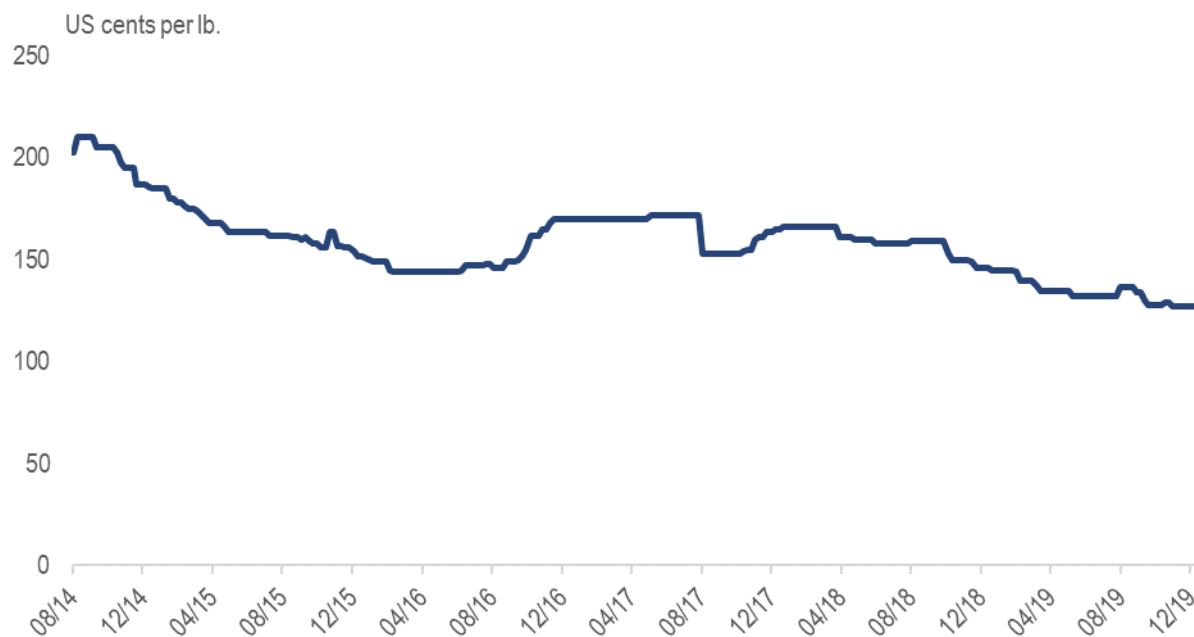
World production: 400,000 tonnes (+ 440 tonnes)

United States 158,000 tonnes (+ 440 tonnes)

Extra-Fine Cotton Global Production, Exports and Ending Stocks 2000/01 – 2019/20



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



Extra-Fine Export Commitments for 2019/20

	Total exports	Commitments		Sales remaining
	August			
	thousand tonnes			
China	10	5	50%	5
Egypt	68	18	26%	50
Israel	9	8	90%	1
Sudan	1	1	100%	
Turkmenistan	17	12	71%	5
United States	147	50	34%	97
Uzbekistan	1			1
Others	9	5	57%	4
World total	261	99	38%	163

Commitments include sales for shipment between August 1, 2019 and July 31, 2020.

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SUPPLY OF EXTRA-FINE COTTON*

19 December 2019

Years Beginning August 1

	2013	2014	2015	2016 Est.	2017 Est.	2018 Proj.	2019 Proj.	2020 Proj.
	*thousand metric tonnes							
BEGINNING STOCKS*								
CHINA	77	70	60	86	160	160	150	140
EGYPT, ELS	7	5	3	3	3	3	5	6
EGYPT, L. STPL.	24	16	13	11	11	1	9	2
INDIA	11	27	27	27	27	27	27	27
ISRAEL	1	1	1	2	2	2	2	2
PERU	5	4	2	6	6	6	6	6
SUDAN	15	8	1	0	0	0	0	0
TAJIKISTAN	0	1	0	0	0	1	2	2
TURKMENISTAN	25	21	21	6	8	13	12	10
UNITED STATES	41	27	56	30	14	22	47	53
UZBEKISTAN	0	1	1	0	0	0	0	0
OTHER PRODUCERS	3	2	2	2	3	3	4	5
TOTAL	209	183	189	174	233	238	263	254
PRODUCTION								
CHINA	38	65	125	197	70	60	40	
EGYPT, ELS	5	4	2	2	3	6	5	
EGYPT, L. STPL.	89	106	52	33	65	105	84	
INDIA	76	88	94	91	78	72	68	
ISRAEL	11	14	17	14	13	9	9	
PERU	8	6	11	9	9	9	9	
SUDAN	1	0	0	1	1	1	1	
TAJIKISTAN	2	0	1	1	1	1	1	
TURKMENISTAN	17	20	23	26	28	17	17	
UNITED STATES	138	123	94	124	152	174	158	
UZBEKISTAN	2	2	1	1	1	1	1	
OTHERS	5	9	8	8	7	8	8	
TOTAL	390	436	427	507	427	463	400	
CONSUMPTION*								
CHINA	120	123	130	135	139	170	160	
EGYPT, ELS	1	3	2	1	1	1	1	
EGYPT, L. STPL.	58	36	34	31	25	25	25	
INDIA	145	146	146	147	147	147	147	
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	1	0	0	0	0	0	
TURKMENISTAN	3	1	1	2	2	2	2	
UNITED STATES	5	5	5	6	6	5	4	
UZBEKISTAN	1	1	1	0	0	0	0	
OTHER PRODUCERS	7	6	6	6	5	4	3	
TOTAL	352	334	338	342	338	367	355	
EXPORTS								
CHINA	5	10	18	20	10	10	10	
EGYPT, ELS	4	3	1	0.6	2	3	3	
EGYPT, L. STPL.	21	36	25	30	50	72	65	
INDIA	2	3	3	3	3	3	3	
ISRAEL	11	14	17	14	13	8	9	
PERU	0	0	0	0	0	0	0	
SUDAN	8	6	1	1	1	1	1	
TAJIKISTAN	1	0	0	0	0	0	0	
TURKMENISTAN	18	19	37	23	22	17	17	
UNITED STATES	148	89	116	134	138	146	147	
UZBEKISTAN	1	1	1	1	1	1	1	
OTHER PRODUCERS	4	7	7	7	5	6	6	
TOTAL	223	189	226	232	245	267	261	
IMPORTS*								
TOTAL IMPORTS 1/	179	131	116	100	160	196	208	
STOCKS ADJUSTMENT 2/	-20	-37	6	27	0	0	0	
ENDSTOCKS/USE, EGYPT	0.25	0.21	0.23	0.22	0.05	0.14	0.09	
ENDSTOCKS/USE, USA	0.18	0.60	0.24	0.10	0.16	0.31	0.35	
ENDSTOCKS/USE, TOTAL	0.32	0.36	0.31	0.41	0.41	0.41	0.41	
COTLOOK QUOTE, AM. PIMA	194	182	151	166	160	146 **		
COTLOOK QUOTE, GIZA 88 3/	178	161	114	162	144	118 **		
RATIO: AM. PIMA/GIZA 88	1.09	1.63	1.33	1.03	1.11	1.23		
RATIO: AM. PIMA/A INDEX	2.14	2.57	2.19	2.01	1.82	1.71 **		

* 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 August 15, 2019.

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.