INTERNATIONAL COTTON
ADVISORY COMMITTEE

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Extra-Fine Cotton Update **17 December 2020**

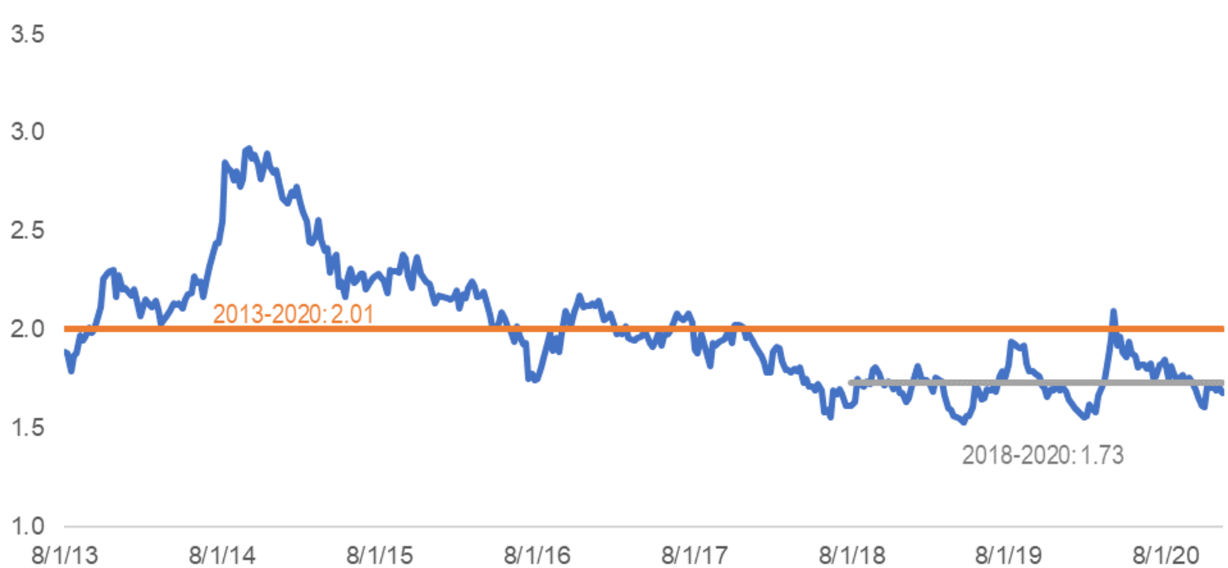
Changes in Supply and Demand Estimates from the October 2020 Report
(Producing Countries)

2020/21
World production: 331,680 tonnes (-12,000 tonnes)
United States 120,620 tonnes (+1,960 tonnes)
Egypt 57,950 tonnes (-13,970 tonnes)

World exports: 251,760 tonnes (+19,190 tonnes)
United States 152,410 tonnes (+10,890 tonnes)
Egypt 55,000 tonnes (+8,310 tonnes)

Total extra-fine cotton production continues to decrease for the second consecutive season to 331,000 tonnes. Extra-fine cotton will comprise 1.3% of total cotton production in 2020/21, a share that has steadily decreased over the last five years. The United States is projected to lead global production at 121,000 tonnes for the 2020/21 season, a 20% decrease from the previous season. China is projected to produce an estimated 24,000 tonnes this season. In 2015/16, China was the top global producer of extra-fine with 197,000. Area to extra-fine cotton, in the western Xinjiang region, has steadily decreased with production falling nearly 90% over the past four seasons. Egyptian production of extra-fine varieties has also declined over the past 10 years, with production expected to reach 58,000 tonnes this season. Extra-fine cotton remains more cost intensive with higher inputs, labour costs and diminishing returns compared to medium staple cotton.

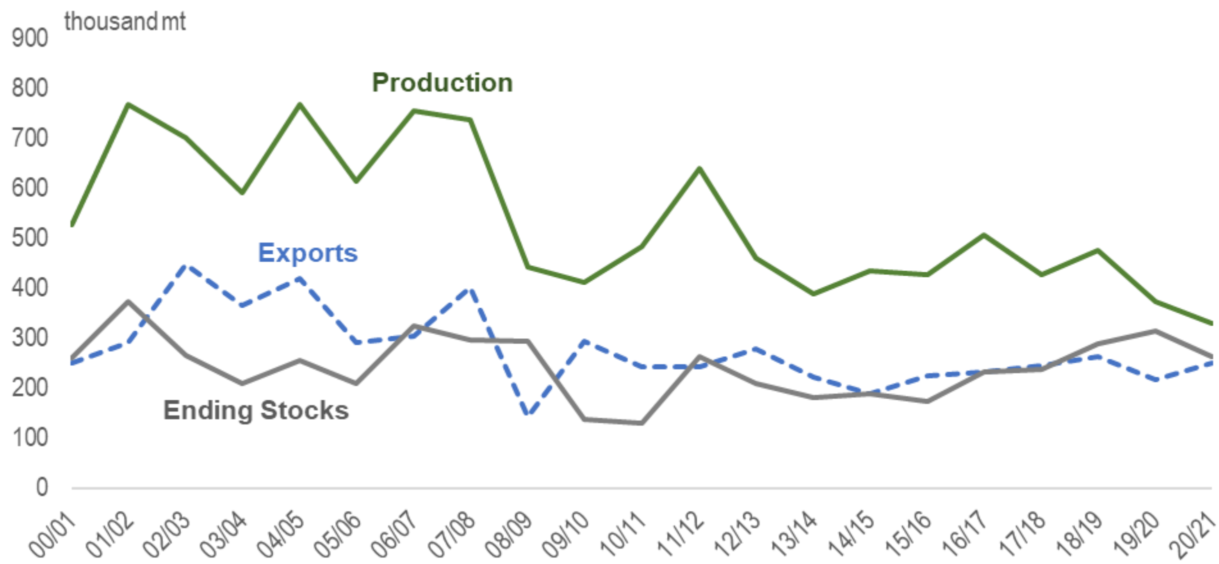
Ratio of American Pima to Cotlook A Quote, 2013-2020



The ratio of the American Pima quote to Cotlook A index has fallen over the past five years as the spinning technology and quality improvements in upland have allowed finer threads to be spun from non-extra-fine cotton. From 2013, Pima quotes were twice as much as lower staple lengths, but since 2018, the ratio has narrowed to 1.73.

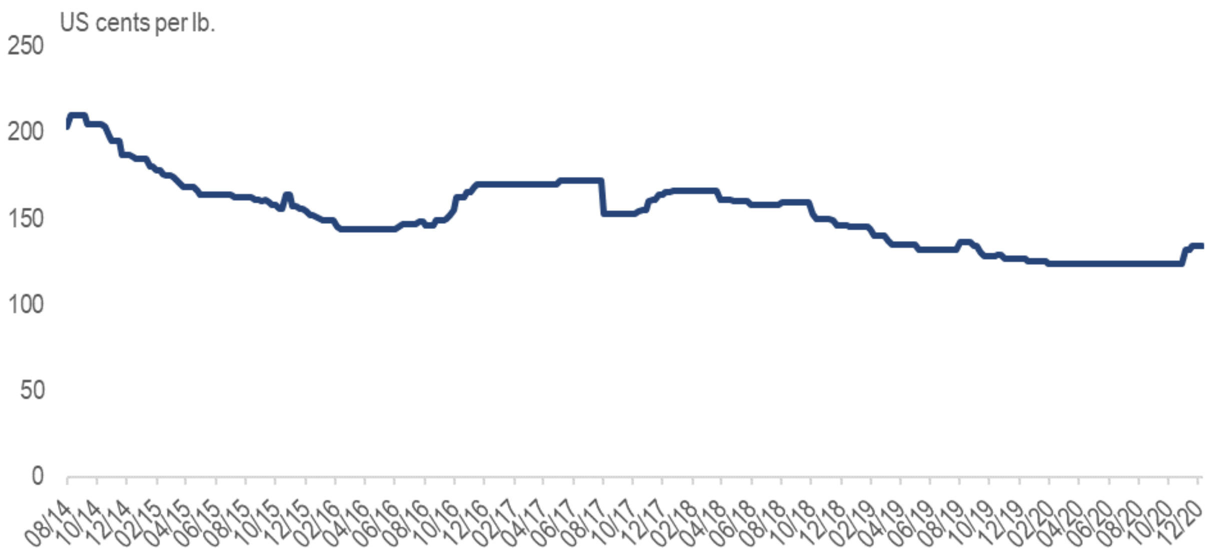
Global consumption of extra-fine continues to contract to an estimated 281,000 tonnes for the 2020/21 season, following the overall cotton consumption trend responding to the slowdown in economic growth, slowdown in income growth and pandemic induced recession. Recovery from the pandemic may be limited due to the wider factors that have depressed the extra-fine market over the long-term. The Phase One trade agreement between the US and China may provide an advantage. The United States leads not only in production but also in exports. Although global consumption continues the downward trend, trade in extra-fine is expected to increase as exports from the United States will likely rise to 252,000 tonnes with China as a top export destination. As in the wider shorter staple cotton market, the United States remains the lead producer and China, the top consumer, in the specialised extra-fine market.

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
		December		
		thousand tonnes		
China	10	5	50%	5
Egypt	55	38	69%	17
Israel	8	3	40%	5
Sudan	1			1
Turkmenistan	17	4	24%	13
United States	152	152	100%	0
Uzbekistan	1			1
Others	9	2	23%	7
World total	252	204	81%	48

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

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SUPPLY OF EXTRA-FINE COTTON*

17 December 2020

Years Beginning August 1

	2014	2015	2016	2017	2018	2019 Est.	2020 Proj.	2021 Proj.
BEGINNING STOCKS*								
CHINA	70	60	86	160	160	150	140	130
EGYPT, ELS	5	3	3	3	3	6	4	2
EGYPT, L. STPL.	16	13	11	11	1	35	34	30
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	48
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**	**289**	**314**	**263**
PRODUCTION								
CHINA	65	125	197	70	60	40	24	
EGYPT, ELS	4	2	2	3	6	3	3	
EGYPT, L. STPL.	106	52	33	65	118	69	55	
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**	**476**	**375**	**331**	
CONSUMPTION*								
CHINA	123	130	135	139	170	160	144	
EGYPT, ELS	3	2	1	1	1	2	2	
EGYPT, L. STPL.	36	34	31	25	16	10	7	
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**	**358**	**311**	**281**	
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	68	60	52	
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	152	
UZBEKISTAN	1	1	1	1	1	1	1	
OTHER PRODUCERS	7	7	7	5	6	6	6	
TOTAL	**189**	**226**	**232**	**245**	**262**	**218**	**252**	
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**	**0.46**	**0.51**	**0.50**	
ENDSTOCKS/USE, USA	**0.60**	**0.24**	**0.10**	**0.16**	**0.31**	**0.73**	**0.30**	
ENDSTOCKS/USE, TOTAL	**0.36**	**0.31**	**0.41**	**0.41**	**0.47**	**0.59**	**0.49**	
COTLOOK QUOTE, AM. PIMA	**182**	**151**	**166**	**159**	**143**	**126**	**134 ****	
COTLOOK QUOTE, GIZA 88 3/	**113**	**114**	**162**	**144**	**118**	**110**	**120 ****	
RATIO: AM. PIMA/GIZA 88	**1.61**	**1.33**	**1.03**	**1.10**	**1.21**	**1.15**	**1.12**	
RATIO: AM. PIMA/A INDEX	**2.57**	**2.14**	**2.01**	**1.81**	**1.69**	**1.68**	**1.68 ****	

* 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 10 December 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.