International Cotton Advisory Committee

Attachment 3 to SC 556
25 September 2018

World Cotton Situation
556th Meeting of the Standing Committee

27 September 2018
The ICAC Secretariat's Office
1629 K Street, NW, Suite 702, Washigton DC 20006

INTERNATIONAL COTTON
ADVISORY COMMITTEE

1629 K Street NW, Suite 702,
Washington, DC 20006, USA

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For Information

World Cotton Situation

The Standing Committee SC 556

Purpose

To provide the members of the Standing Committee with an overview of the current cotton industry.

Action Required

For information

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World Cotton Situation

In 2018/19, global cotton area is currently expected to decrease 2% to 33.4 million hectares. Global yield is projected to decrease slightly by 1% to 777 kilogrammes per hectare. Yields continue to remain near the 10-year average of 770 kilogrammes per hectare with no expected improvement in productivity. Based on lower area estimates, global production is projected to decrease 4% to 26 million tonnes.

India remains the leader in area under cotton with a projected 11.9 million hectares, representing more than a third of all global cotton area. For India, this would represent a 2% decrease in area from the previous season (2017/18) where yields and production were down due to pink bollworm infestation. With yields expected to remain at the same level, production in India is expected to decrease by 5% to just over 6 million metric tonnes. Production in the United States is expected to decrease by 6% to 4.3 million tonnes with area decreasing by 5% to 4.3 million tonnes. Lower yields from the West Texas region are expected to be offset by higher yields from irrigated areas. China is expected to harvest from 3.3 million hectares. With area decreasing 2%, production is currently expected to decrease slightly to 5.8 million tonnes. In West Africa, while yields remain low, the region is currently expected to see a 3% increase in area to 3.1 million hectares and a 7% increase in production to 1.3 million tonnes. While area in Pakistan is expected to remain stable at 2.6 million hectares, production is expected to decrease 3% to 1.75 million tonnes due to water availability. For major Southern hemisphere producers, Brazil is expected to increase area to 1.2 million hectares, while Australia is expected to decrease area to 250,000 hectares.

The current estimate for global consumption, based on economic growth, per capita income growth, import demand and spinning capacity, is expected to increase to 27.6 million tonnes, exceeding production by 600,000 tonnes. While global stocks are estimated to have remained unchanged in 2017/18, levels are expected to decrease in 2018/19 to 17.2 million tonnes. This level and the stocks to use ratio, projected to fall to 0.62 by the end of the season, would represent the lowest levels of inventory since the 2010/11 season. Stocks held outside of China are expected to remain at 10.2 million tonnes. Stocks in China are estimated at their lowest levels since 2011/12 at 7.1 million tonnes. While government reserve auctions have continued through September, current projections are that China will import 2 million tonnes for mill use and reserve needs in 2018/19.

Global imports are expected to be driven by Asian and Southeast Asian economies. In addition to Chinese imports, Bangladesh is expected to import 1.8 million tonnes. Vietnam is expected to import 1.7 million tonnes while Indonesian imports are expected at 825,000 tonnes as mill use and spinning capacity are expected to increase. Global exports are projected to be led by the United States with 3.5 million tonnes followed by Brazil with 1.3 million tonnes and the West Africa region with 1.3 million tonnes. India is currently expected to export just over 1 million tonnes; however, the Indian rupee continues to weaken against the US dollar. Australia exports, which would not be available to the market until later in the season, are expected to fall to 813,000 tonnes.

World Cotton Situation

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September 27, 2018

Lihan Wei
Statistician

INTERNATIONAL COTTON
ADVISORY COMMITTEE

Overview/Outlook

- Area and Yields
- Production and Consumption
- Trade

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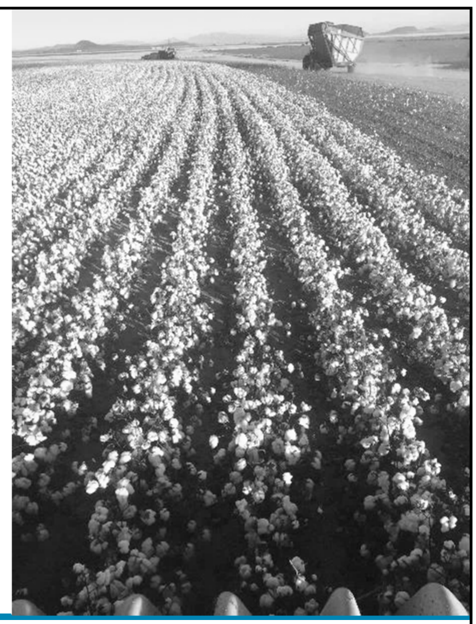
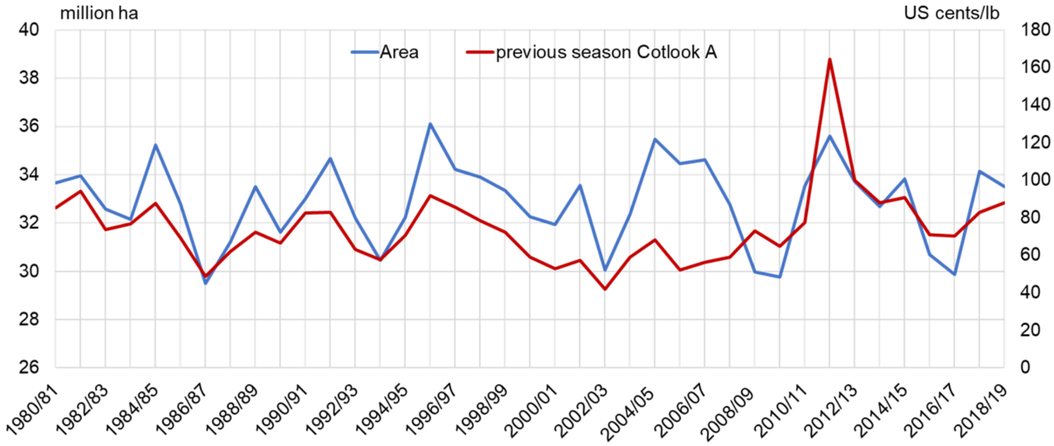


Prices



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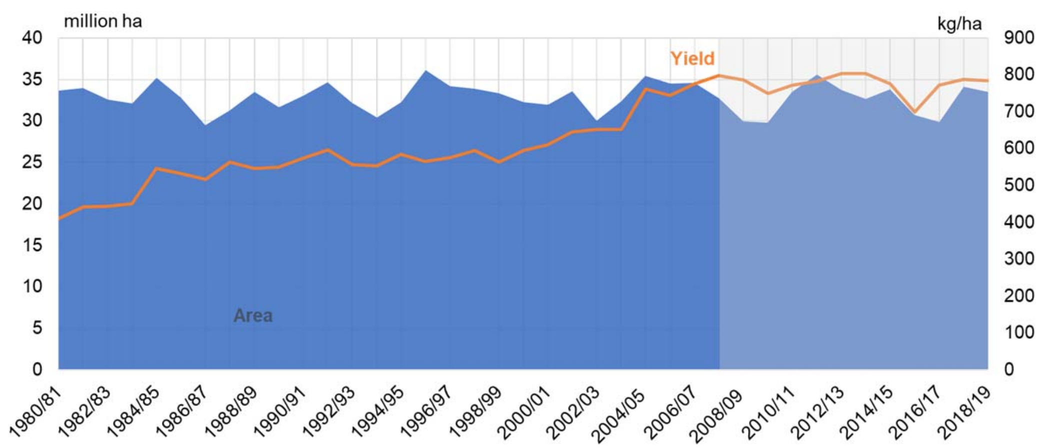
Area and Yield



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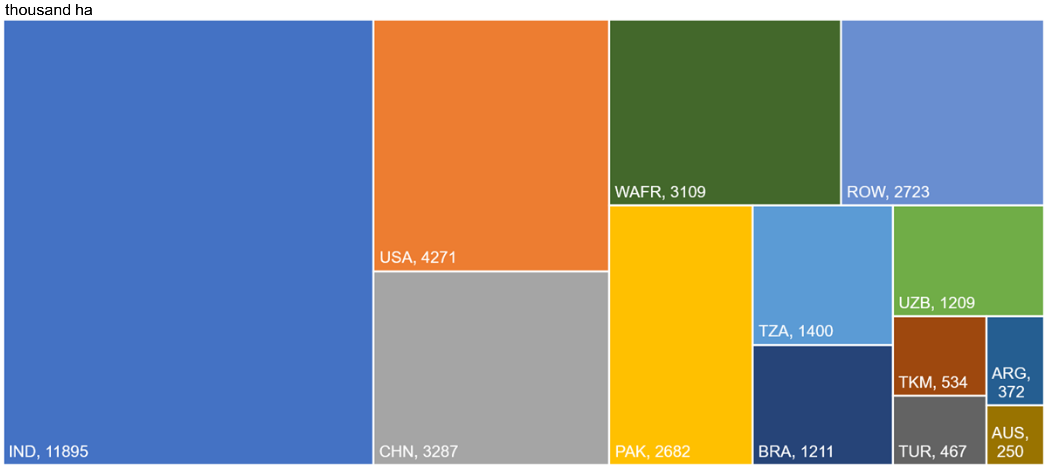
Area 2018/19



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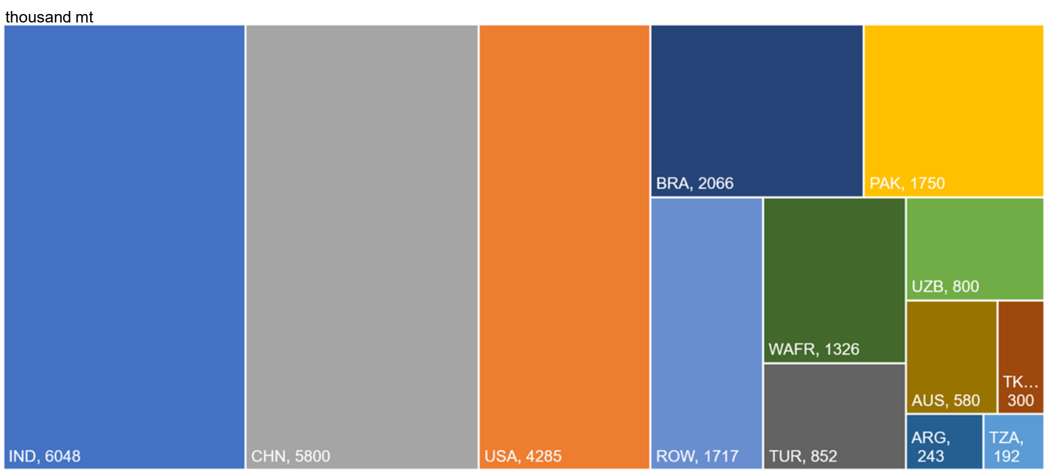
Production 2018/19



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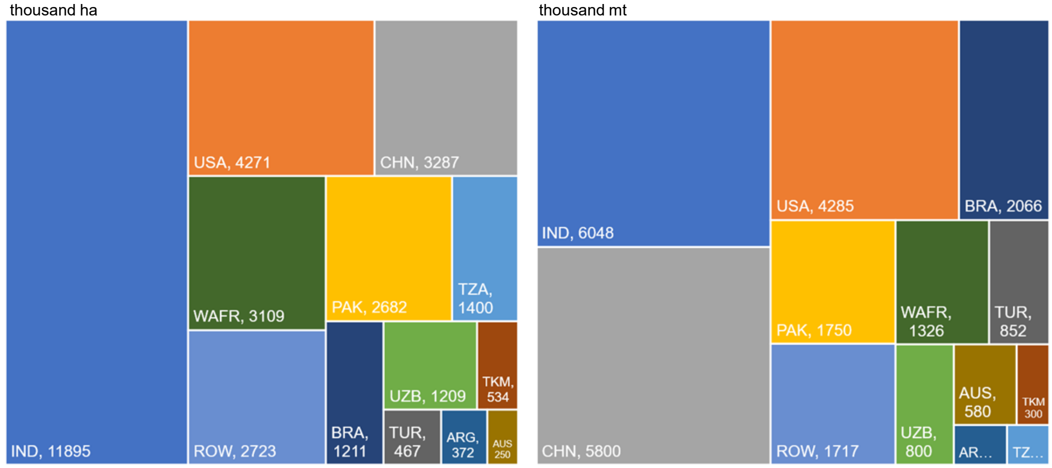
Area and Production 2018/19



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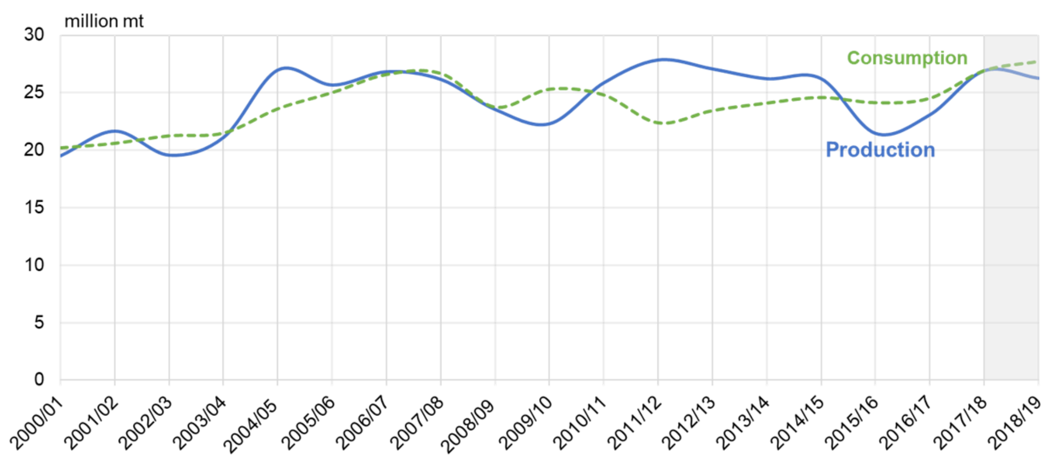
Production and Consumption



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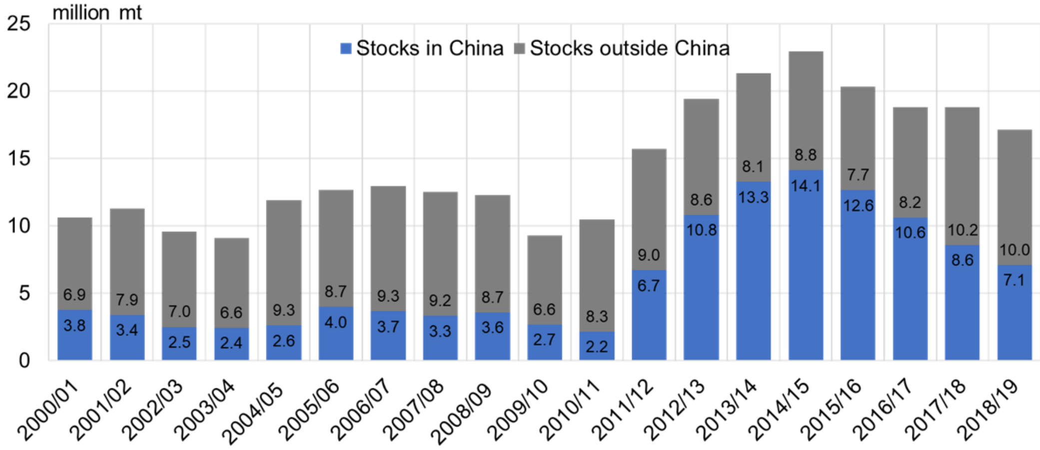
Stocks



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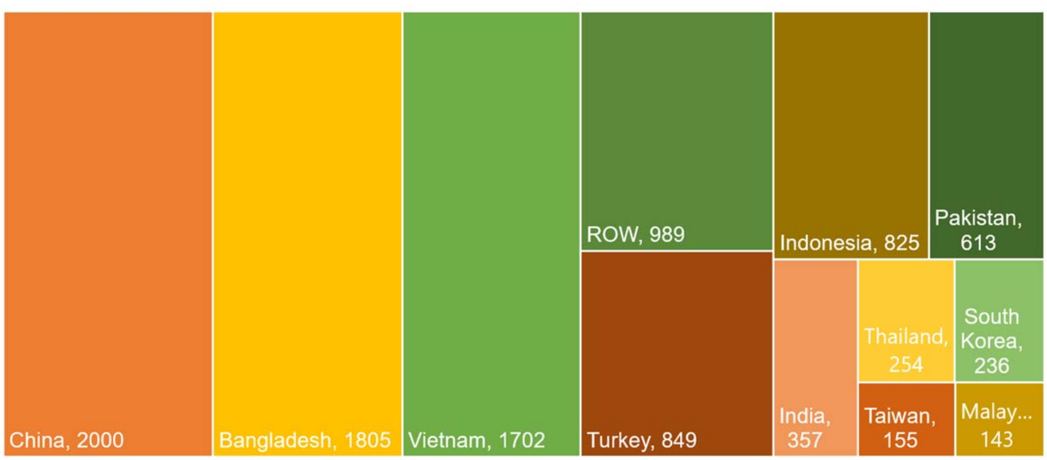
Imports 2018/19



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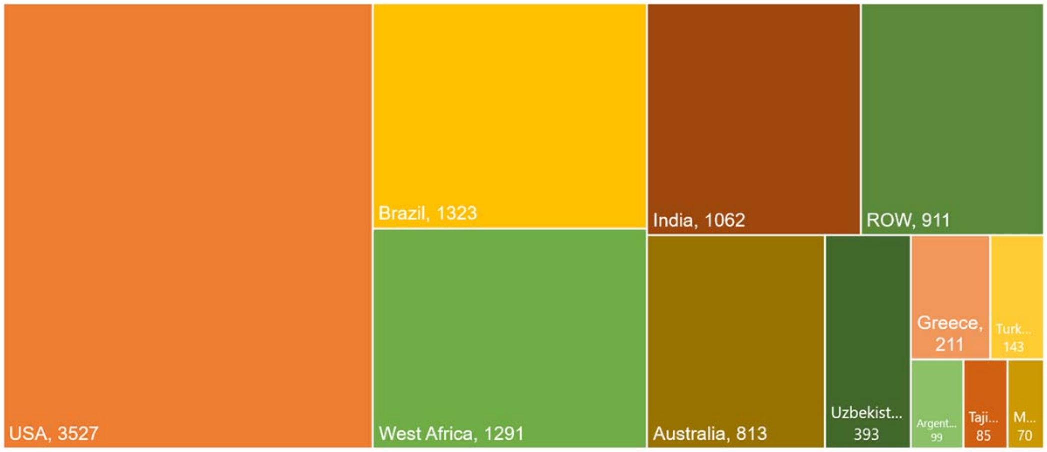
Exports 2018/19



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- Area and production are expected to be lower in 2018/19 than the previous season
- Current forecast for consumption is higher than the previous season and current output estimates
- Global stocks estimates are lower with Chinese stocks nearing a level last seen in 2011/12

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Improving data collection and the provision of information

- Strengthen the cooperation of the Secretariat with officials in the ministries of agriculture, trade, etc.
- Identify country contacts who will provide regular updates of data and information on forecasts and estimates of area, production, consumption and trade as well as other policies and issues impacting the sector

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