



COTTON MARKET REPORT

NOVEMBER 2020

LOWERED PRODUCTION EXPECTED TO EASE PRESSURE ON PRICES IN 2020/21

International

The global production estimate in 2020/21 has been reduced this month to 24.7 million tons. Production continues to outpace consumption for the season. Production in some of the major cotton producing countries has been reduced as farmers turned to food crops with Pakistan being affected the most by expecting the smallest crop in 30 years. India remains the world's number one producer based on an expected crop of 6.2 million tons for the 2020/21 season.

Consumption is expected to remain at 24.3 million tons. However, consumption remains subject to ongoing pandemic mitigation responses as many countries enter new lockdown phases. Consumption in China has been increased to 8 million tons based on an anticipated recovery in demand followed by India and Pakistan as the world's major consumers of cotton.

Whilst consumption recovery is expected to be slow, global trade is expected to increase to 9.4 million tons and to exceed pre-pandemic levels. Exports from the US are projected at more than 3 million tons for the season. Although the US-China trade relations remain tensed, China has imported 65% more cotton from the US over the same period the preceding year.

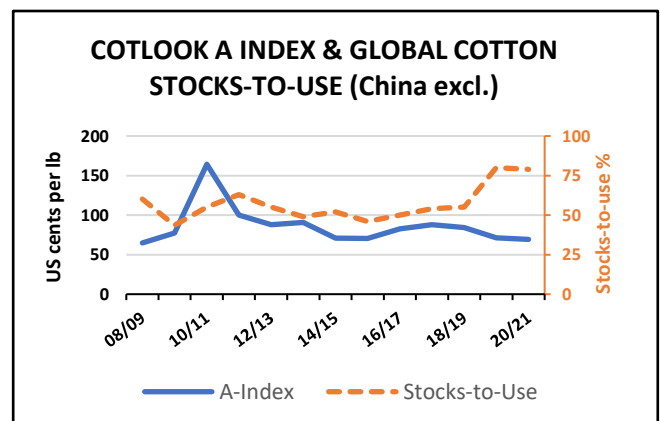
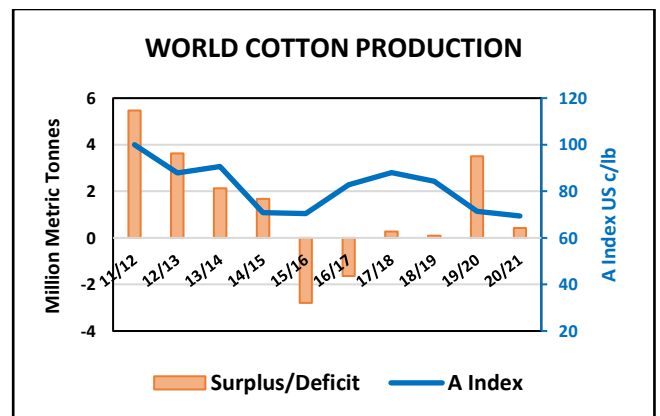
The IMF has projected negative growth for the world and advanced economies with only the Chinese economy expected to expand. Domestic cotton textile industry orders in China have improved along with the wider economy.

Ending stocks for the 2020/21 season are estimated at 21.7 million tons, causing some relief of pressure on prices.

Source: ICAC

World Cotton Balance Sheet

	Aug-Jul	2020/21	
	2019/20	October	November
	Million Metric Tonnes Lint		
Beginning Stocks	18.51	21.70	21.24
Production	26.05	25.01	24.68
Consumption	22.54	24.35	24.26
Ending Stocks	21.24	22.40	21.65
Stocks/ Use (excl. China)	80%	81%	79%



International Cotton Prices

The price projection for the 2020/21 year-end average of the Cotlook A Index is 69,4 cents per pound this month.

<i>(Quotes in US cents per pound)</i>	Today	Season Low	Season High	1 Year ago	2 Years ago
Current Cotlook A Index	78.85	68.20	80.15	74.55	86.80
NY Futures Nearby Contract ^a	70.59	61.84	72.15	64.40	77.16
Basis ^b	8.26	5.43	8.58	10.15	9.64
2020/21 average to date	73.42				
2019/20 average	71.33				

^a Previous day's close

^b Current A-Index minus Nearby NY (previous close)

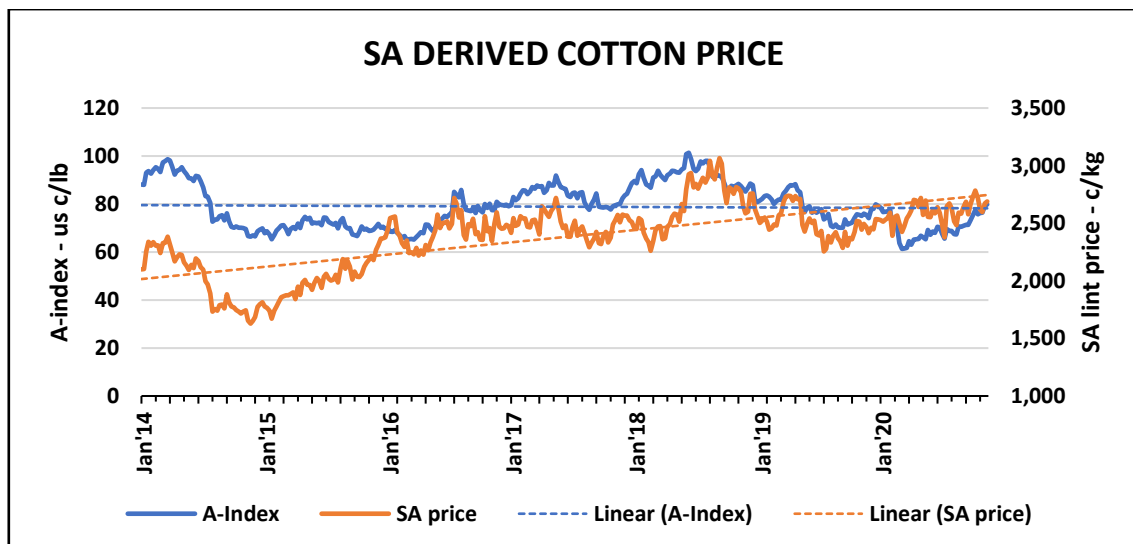
Local

The final estimate for the 2019/20 production year indicates a local cotton crop of 134 270 lint bales, unchanged from the previous month.

Consumption of local cotton from April to October 2020 is approximately 49% lower than the same period the previous year while consumption of imported cotton is 80% less than the corresponding period the preceding year due to the forced closure of spinning mills and allied industries during the lockdown period.

Early indications are that the 2020/21 plantings will be lower than for the current year as many farmers turned to food crops because of more encouraging prices.

RSA CROP 200 Kg Lint bales	2019/20 11th Estimate	2019/20 10th Estimate	2018/19 Final Estimate
Ha Irrigation	11 543	11 543	22 765
Ha Dryland	16 132	16 132	16 020
Total Ha	27 675	27 675	38 785
Yield: kg seed cotton per ha			
Irrigation	4 393	4 393	4 506
Dry land	1 206	1 206	967
TOTAL BALES	134 230	134 230	218 430



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