



COTTON MARKET REPORT

SEPTEMBER 2020

INDIA IS CURRENTLY THE LEADER IN GLOBAL PRODUCTION AS TRADE PATTERNS SHIFT

International

Global production of cotton for the 2020/21 season has decreased from the previous month to 24.6 million tonnes.

All major producers have lowered their production estimates except India where production is expected to increase to 6.2 million tonnes due to an increase in plantings. China's production is expected to remain the same. The recent hurricanes in the Gulf region hampered USA production, which is expected to decrease to 3.7 million tonnes or 14% lower than the previous season while Pakistan's farmers show a preference to plant rice, maize and sugarcane. Australia is expected to increase cotton production as water availability has increased.

Low prices and difficulties in exporting in the light of Covid-19 have reduced plantings in almost all the West African regions by 20% except for Cote d'Ivoire. Due to instability, low prices and the impact of the Covid pandemic the planted area in Mali decreased by 75%.

Global consumption is estimated to remain at 24.3 million tonnes. Business activities have increased since the near total shutdown during March and April 2020. However, economic recovery and the subsequent impact on consumer demand remains uncertain. Consumption is expected to be led by China at 7.8 million tonnes and India at 5.1 million tonnes, which, combined, represent half of global cotton consumption.

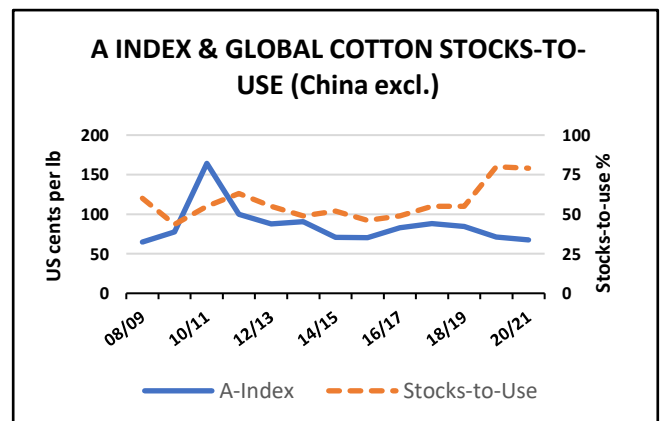
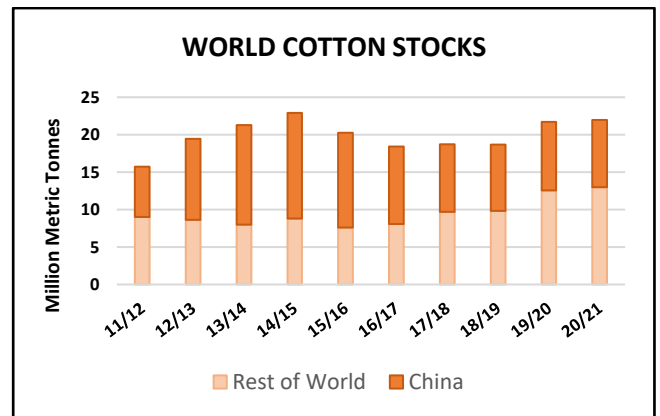
Global trade is currently estimated at 9.19 million tonnes with the USA being the leader in exports. China's imports shifted with Brazil gaining market share. USA imports into China had decreased in the 2018/19 season because of the escalating tariffs between the two countries.

As production falls in West Africa and due to the US cotton ban supply chains could shift which could

result in opportunities for increased market share for other cotton producing countries.

World Cotton Balance Sheet

	Aug-Jul	2020/21	
	2019/20	August	September
	Million Metric Tonnes Lint		
Beginning Stocks	18.69	21.99	21.69
Production	26.02	25.05	24.61
Mill-Use	22.87	24.34	24.34
Ending Stocks	21.69	22.71	21.97
Stocks/ Use (excl. China)	80%	83%	79%



International Cotton Prices

The price projection for the 2020/21 year-end average of the A Index is US67.4 cents per pound this month.

(Quotes in US cents per pound)	Today (01/10/20)	Season Low	Season High	1 Year ago	2 Years ago
Current Cotlook A Index	71.30	68.20	72.10	71.70	86.00
NY Futures Nearby Contract ^a	64.49	61.84	65.46	59.90	76.70
Basis ^b	6.81	6.26	7.01	11.80	9.15
2020/21 average to date	70.42				
2019/20 average	71.33				

^a Previous day's close

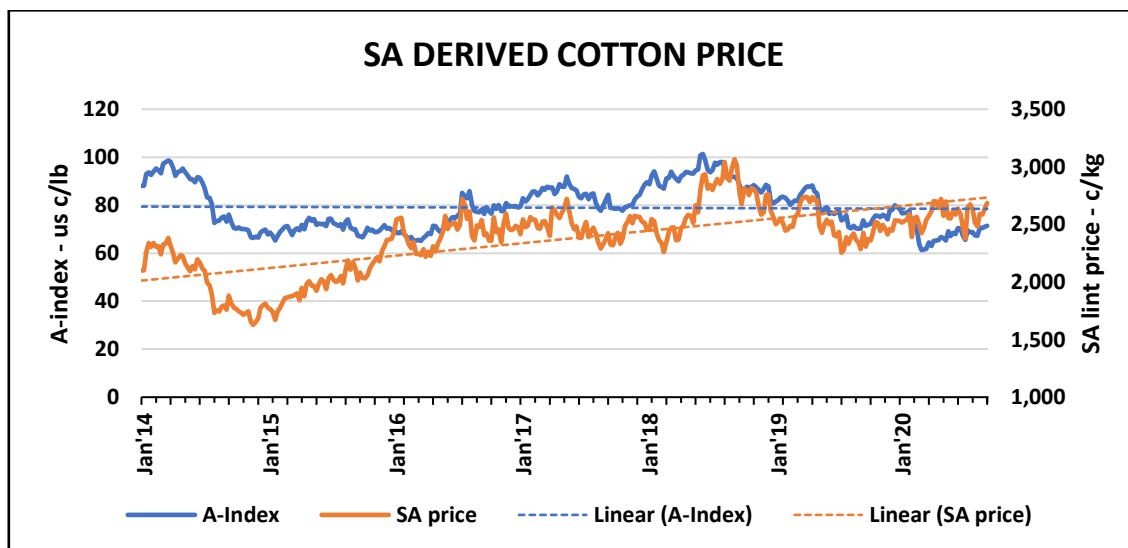
^b Current A-Index minus Nearby NY (previous close)

Local

The 9th estimate for the 2019/20 production year indicates a local cotton crop of 134 077 lint bales, 3.6% down from last month's estimate due to abandoned hectares and crop losses.

Domestic consumption of locally produced cotton from April to August 2020 is 40% lower than the same period the previous year, while consumption of imported cotton is 80% less than the corresponding period the previous year. Exports of lint bales from April to August 2020 is 8% less than the same period the previous year due to the contraction of the global economy.

RSA CROP 200 Kg Lint bales	2019/20 9th Estimate	2019/20 8th Estimate	2018/19 Final Estimate
Ha Irrigation	11 543	11 750	22 765
Ha Dryland	16 132	17 221	16 020
Total Ha	27 675	28 971	38 785
Yield: kg seed cotton per ha			
Irrigation	4 407	4 473	4 506
Dry land	1 190	1 171	967
TOTAL BALES	134 077	139 047	218 430



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