



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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Stocks Shrinking Due to Production Loss in 2015/16

World ending stocks are projected to decrease by 8% to 20.4 million tons, which represents about 86% of world cotton consumption in 2015/16. This is the first reduction in world ending stocks since 2009/10. China's ending stocks are forecast to decrease by 7% to 12 million tons, while ending stocks for the rest of the world are expected to decline by 9% to 8.4 million tons. However, this reduction in stocks is due to a 15% decline in world cotton production, estimated at 22.2 million tons, and not to growth in consumption. In fact, world cotton consumption is projected to decrease by 2% to 23.9 million tons. As discussed last month, low prices for polyester, the main competing fiber, has hurt world cotton consumption in 2015/16. Cotton consumption in China, the world's largest consumer, has declined continuously since 2009/10 when it reached just over 10 million tons. In 2015/16, cotton consumption in China is forecast at 7.1 million tons, down 5% from last season. India's cotton consumption is expected to decline by 2% to 5.3 million tons. Cotton consumption in Pakistan is projected to decrease by 12% to 2.2 million tons due to weakened demand from China and the low volume of cotton production this season keeping domestic cotton prices firm. In contrast, consumption in Vietnam may increase by 22% to 1.1 million tons in 2015/16 as China continues to invest in spinning mills there. Bangladesh's mill use is forecast to expand by 13% to 1.1 million tons. In 2016/17, world cotton consumption is projected to remain stable as modest growth in the top consumers outside of China offsets the decline in China's cotton consumption.

Aside from Australia where production is forecast to increase by 6% to 546,000 tons, cotton production in the top 10 cotton producing countries all declined in 2015/16. World cotton area contracted by 8% to 31.2 million hectares as low cotton prices in 2014/15 and higher prices for competing crops discouraged farmers from planting cotton. Adverse weather in many countries led to the world average yield decreasing by 7% to 711 kg/ha. India's cotton production fell by 7% to just under 6 million tons. Production in China decreased for the fourth consecutive season by 20% to 5.2 million tons. A large contraction in cotton area and reduced yields led production in the United States to decrease by 21% to 2.8 million tons. Pakistan's production is estimated down 34% to 1.5 million tons due to pest pressure and inferior inputs lowering yields. In 2016/17, poor returns for competing crops and relatively stable cotton prices may encourage farmers to plant more cotton, and cotton area may expand by 1% to 31.9 million hectares. Modest increases in cotton area in India, Pakistan and the United States are expected to offset losses in China, Brazil and Uzbekistan. World cotton production is projected to increase by 3% to 23 million tons in 2016/17.

In 2015/16, world cotton imports are likely to decrease by 3% to 7.4 million tons with imports by Vietnam, Bangladesh and China all projected at 1.1 million tons each. This represents 44% of world imports. The United States will lead in cotton exports despite reducing export volume by 12% to 2.1 million tons. India's exports are expected to recover by 22% to 1.1 million tons. In 2016/17, world trade may increase 3% to 7.6 million tons.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
	Million Tons			Changes from previous month		
	Million Tons			Million Tons		
Production	26.11	22.19	23.00	-0.02	-0.27	-0.08
Consumption	24.31	23.85	23.95	0.00	-0.23	-0.18
Imports	7.60	7.40	7.59	0.00	0.03	-0.09
Exports	7.70	7.40	7.59	0.00	0.03	-0.09
Ending Stocks	22.12	20.45	19.50	-0.04	-0.08	0.02
Cotlook A Index	71	70*				

* The price projection for 2015/16 is based on the ending stocks/consumption ratio in the world-less-China in 2013/14 (estimate), in 2014/15 (estimate) and in 2015/16 (projection), on the ratio of Chinese net imports to world imports in 2014/15 (estimate) and 2015/16 (projection). The price projection is the mid-point of the 95% confidence interval: 64 cts/lb to 81 cts/lb.

(Press releases are available via e-mail. For further information, please contact us at Publications@icac.org)

The International Cotton Advisory Committee is an association of governments of cotton producing and consuming countries. The Secretariat of the Committee publishes information related to world cotton production, supply, demand and prices, and provides technical information on cotton production technology. Detailed statistics are found bimonthly in COTTON: Review of the World Situation, \$150 per year. A monthly outlook is available on the Internet for \$300 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$460 per year.