



Global Stocks Expected to Decrease; China's Reserves at Lowest Levels in Years

For Immediate Release

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Executive Summary

Highlights from the December edition regarding the 2018/19 season:

- *Global cotton area projected to hold steady at 33 million hectares*
- *Global production expected to decrease 2% to 26.1 million tonnes*
- *By the end of the season, stocks in China could be at their lowest level since 2011/12*
- *Consumption, which increased to 26.8 million tonnes in 2017/18, is forecast to drop slightly*

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For the first time since 2015/16, global cotton production is expected to decrease in 2018/19, after consecutive increases of 7% and 16% in the two prior seasons. A number of producers are expected to show increases — including China, Brazil, West Africa, Turkey and Uzbekistan — but it likely won't be enough to offset decreases in the United States, India, Australia and Pakistan.

Consumption, which managed to post a 9% increase to 26.8 million tonnes in 2017/18, is forecast to drop slightly to 26.7 million tonnes in the coming year. The tariffs imposed in the much-publicised trade war between the USA and China are not expected to influence consumption directly, although they could affect textile demand if they have a slowing effect on economic growth.

With consumption projected to exceed production in 2018/19, the drawdown of stocks continues. Globally, stocks are expected to decrease from 18.8 million tonnes to 18.2 million tonnes, due almost exclusively to big decreases in China's warehouses. The world outside of China actually will see a minor gain in stocks, but not enough to offset the declines in China, where the projected total of 7.6 million tonnes would represent the country's lowest levels since 2011/12.

World Cotton Supply and Distribution						
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
	Million Tonnes			Changes from previous month Million Tonnes		
Production	23.08	26.75	26.12	0.00	-0.12	-0.19
Consumption	24.50	26.81	26.72	0.00	0.00	-0.81
Imports	8.09	9.00	9.42	0.00	0.00	-0.36
Exports	8.18	9.00	9.42	0.00	0.00	-0.36
Ending Stocks	18.81	18.76	18.16	0.01	-0.14	0.49
Cotlook A Index	83	88	89*			

*The price projection for 2018/19 is based on the ending stocks-to-mill use ratio in the world-less-China in 2016/17 (estimate), in 2017/18 (estimate) and in 2018/19 (projection), on the ratio of Chinese net imports to world imports in 2017/18 (estimate) and 2018/19 (projection), and the average price of 2017/18. Projection reflects 95% confidence interval.

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