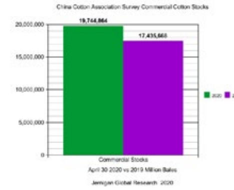
LA FASHION INDUSTRY AT RISK

AUSTRALIAN COTTON TRADE COULD BE IMPACTED BY CHINA BULLYING

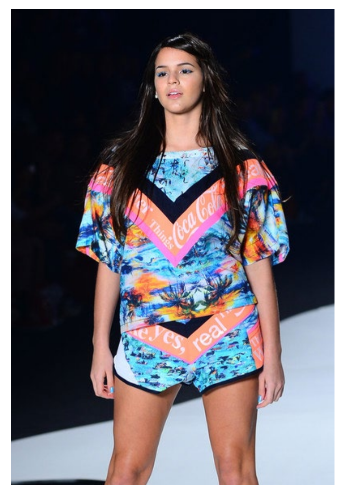
INDIAN EXPORT OFFERS REMAIN CHEAPEST IN THE WORLD



CHINA COMMERCIAL STOCKS REMAIN A BURDEN

JERNIGAN GLOBAL
KNOWLEDGE IS THE NEW CAPITAL

BRAZIL'S DOMESTIC CONSUMPTION PLUNGES TO LOWEST LEVEL IN DECADES



The CCP Wuhan Virus has hit Brazil extremely hard resulting in conflicts between the states and the federal government. This has taken a major economic toll on retail and shut down much of the country's textile and apparel sector while bringing to a halt a brief expansion in apparel exports. The Brazilian Real has collapsed to a new low against the USD, falling to 5.8344 per USD on Monday followed by another new low on Thursday when the exchange rate declined to 5.8614, reflecting more than a 48% loss for the year. The lack of stability in the Real put a stop to investment and has caused a collapse in consumer buying power, thus creating a great deal anxiety. The World Bank forecasts that the Brazilian economy will shrink 5% in 2020. The individual state governments have attempted to go their own way in addressing the Wuhan Virus outbreak by completely shutting down much of the economy, despite the central government's directives ordering them to stay open. This has, of course, created a lot of stress on supply chains. A battle has also broken out with the Supreme Court and administration, with many of the judges having been appointed by the corrupt governments of the past. All this has placed the economy in free-fall, with a currency that is collapsing.

One of the casualties of the downturn is a plunge in domestic textile and apparel output. The Brazilian Textile/Apparel/Fashion has such potential, a consumer base that spends on fashion and focuses on being well dressed. It has a culture of Fashion, with several designers who have gone global and an active designer base. It has the most advanced complete supply chain in the Americas. However, the industry has been devastated by extreme taxes even on electricity, excessive labor regulation, and governments that cannot end the socialist policies of the past. Against this backdrop, China has flooded the domestic market with cheap apparel that has undermined all domestic producers, despite attempts to provide tariff protection. A poor infrastructure has also added to the woes. International brands have reported that after all the taxes and transportation cost a product in Brazil will cost 50% or more than in Miami. In the first quarter, before the US retail markets froze and stores closed, textile and apparel exports to the US increased 17%, and there was hope that the switch from China would benefit Brazil. Brazil has well known designers in Jeans and Swimwear. US importers have canceled orders, and exporters have been forced to discount products by 30% or more to try and keep businesses open. Many mills have stopped all production of apparel and are making masks and PPE for the domestic market. Brazil is still experiencing increased virus cases and death. Brazilian retailers and brands have also canceled orders, and the fear is that the domestic market will be weak for some time.

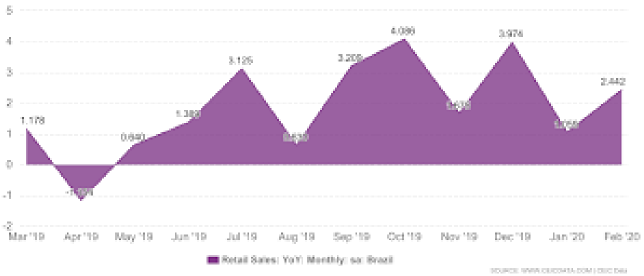
Brazil Fashion Forum

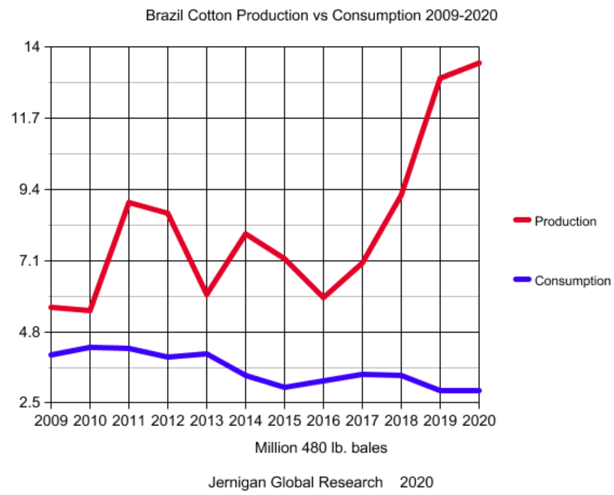
Brazil's textile and apparel imports declined 9.63% during the first quarter of 2020 led by a 10.76% decline in imports from China, which remains the top exporter. China accounted for 62.7% of total first quarter imports, which reached 1.370 billion USD. India, Bangladesh, Vietnam, Indonesia, and Paraguay were the other major suppliers. Exports in January-March expanded 17.33% to 239 million USD. Trade with Paraguay has turned very weak with Brazilian retailers canceling orders. Paraguay is an important out-sourcing option for cut/sew. CONAB lowered its estimate for 2019/2020 domestic consumption to only 650,000 tons or 2.986 million bales, a reduction of 40,000 tons.

Brazil Vogue

Brazil Vogue

In its May estimate, CONAB lowered 2020/2021 cotton acreage 6,100 hectares to 1,671,000 hectares, and production was lowered slightly to 2,879,000 tons or 13,227,565 bales. Exports were lowered 300,000 tons to 1,700,000 tons or 7.810 bales, while ending stocks were placed at 1,961,900 tons or 9,013,950 bales. In April, Brazil shipped 90,564 tons or 416,096 bales, and Vietnam was the top destination of 19,326 tons, followed by Turkey 16,776, China 13,582, and Indonesia 10,503 tons. July-April exports reached a record 1,789,167 tons or 8,220,328 bales. China was the top market with shipments of 553,758 tons or 2,544,241 bales, up 47% from a year ago. Vietnam, Bangladesh, Pakistan, Indonesia, and Turkey were the other main markets.





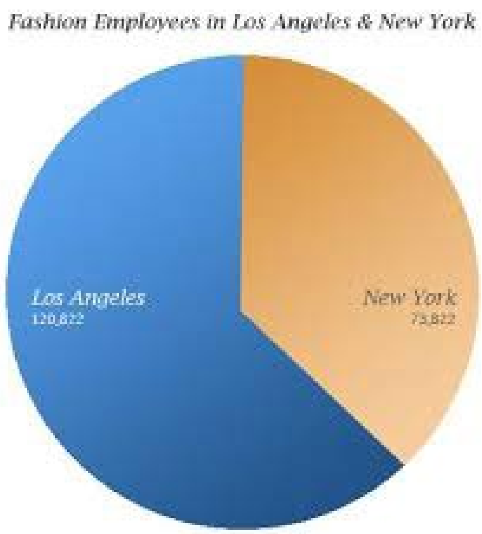
Brazil faces a high hurdle meeting the 2020/2021 export targets for the 2020 crop. It has now earned a significant role in world trade with almost every consuming market using US and Brazilian styles. The collapse in the domestic demand and the weakness in the Real/USD exchange rate pressured the ESALQ Index of a 41-4-35 landed Sao Paulo to tumble last week to 43.87 US cents a lb. This reflected a basis of 13.65 cents off July ICE futures, which illustrates the new reality that the ICE July contract does not represent non-US cotton values.

The rest of the Latin American apparel industry is suffering as well. In Mexico, the Wuhan Virus has hit hard with the number of new cases exceeding 2,000 a day last week for the first time. The main retailers have all canceled orders , banks have tightened credit, and the government has provided no stimulus. The Apparel sector is reported to be working at only 20-30% capacity as estimated by CANAIVE. CAFTA exporters have also been left with major losses. Some brands have left containers at the port un-paid for, while others have canceled orders, not paid for orders, agreed to pay for fabric only, or are extending payment to 90 days from the normal 30 days. Some operations have switched to making PPE. These conditions have cut US domestic cotton consumption dramatically, as yarn and fabric exports has slowed or stopped.

LOS ANGELES FASHION AND APPAREL INDUSTRY AT RISK

Fears are growing that California is headed for a serious economic crash following the mismanagement of the CCP Wuhan Virus shutdown and the excessive spending of the state's governor. He caused a major scandal when he privately arranged a sizeable purchase of Chinese PPE equipment at excessive prices outside the required competitive bidding process. There are concerns regarding the economy of Los Angeles County, an economy with a GDP, which may shock you to know, of 710.9 billion USD in 2019, making it larger than Saudi Arabia. The state of California has a GDP of 2.9 trillion USD. Both economies are shrinking, and the behavior if its current government is endangering its future. The Los Angeles fashion industry is the second largest source of creative jobs, second only to the film industry. The future of the fashion and textile and apparel industry is now in doubt. The LA County government stated that it's likely it will continue the lockdown for another 90 days. The nearly insane statement sent shockwaves throughout the economy, as businesses have already been forced to deal with some of the most expensive cost structure, excessive regulation, and environmental restrictions in the world. Being forced to continue the shutdown will cause many businesses to close permanently or relocate. The state of California has already started opening but has given each county authority to manage their reopening. Global media headlines erupted last week when the local county government refused to allow the Tesla plant to reopen. This caused Elon Musk to respond by first, suing the county, and second, threatening to move the plant to Texas. He then went ahead and opened the plant in a challenge to the local government. His actions drew support from President Trump and much of the nation. If LA County does attempt to remain closed, it is expected to be legally challenged and will face an open revolt.

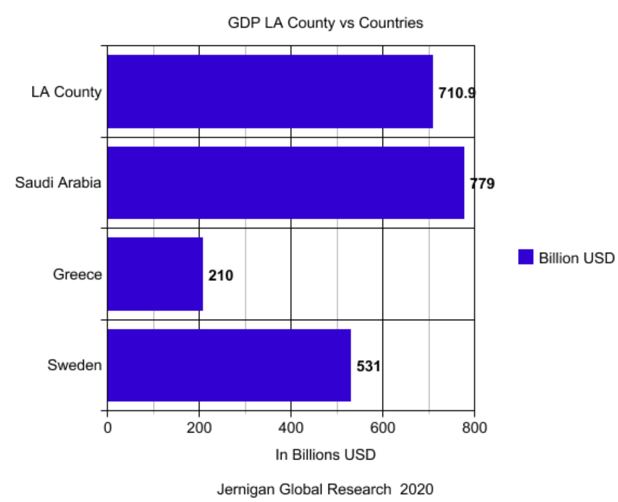
Los Angeles County is home to the designers and fashion houses and is a major apparel wholesale business center due to its proximity to the LA Port and Long Beach Port. It is estimated that the wholesaling industry produces 13 billion USD in income. This business is set to shrink from two developments. First, there is the reduction in imports and the diversification away from China, as re-shoring becomes more of an option. Second, in order to reduce congestion, the Customs and Border Control agency is expanding inspection but moving the inspections to inland ports, which will reduce the role of Los Angeles as a distribution point.



The fashion and apparel and textile industry faces new pressure due to added taxes as the California deficit increases. This will include LA County. The cost of a 90-day extension in the shutdown could cost the county 75 to 100 billion USD is losses. Such losses on top of the current budget deficit will create an economic calamity that is expected to result in a large exodus from the county. LA County has already experienced a massive problem with an expanding homeless population and all the problems associated with its role as a sanctuary city and lack of border control. Over 4,000 designers are located in the city, and many of them will be forced to relocate. Some are attempting to use the current crisis as opportunity, designing fashion facemasks and other virus-inspired fashion items. The mayor announced the L.A. Protects Program with the city of Los Angeles partnering with Kaiser Permanente and Reformation. These groups provided patterns for companies to make nonmedical facemasks for workers that require dealing with the public. 433 companies and designers joined the program to make masks.

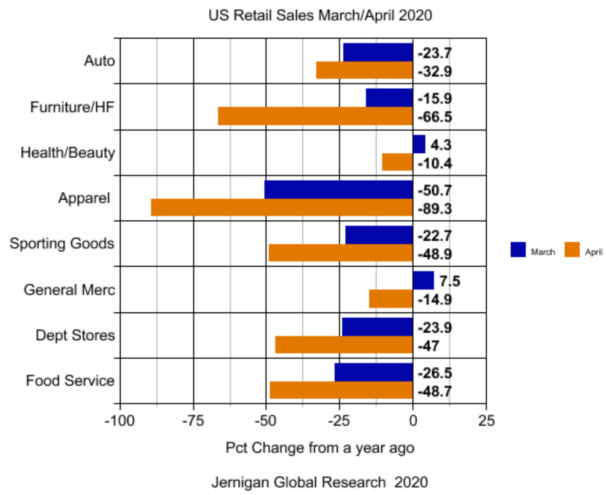
Los Angeles cut/sew operations

It will be much more difficult for the county's fabric houses to relocate and for the cut/sew operations that depend on the local immigrant population. This group is likely to attempt to work through the problem. However, an additional 90-day closure might force some operations out of business. Some cut/sew locations have already converted to making PPE equipment, such as masks, which has allowed them to be deemed essential and remain open. The availability of local Made In USA products was one of the reasons behind the controversy of the governor's very questionable purchase deal with a Chinese supplier. Many of the cut/sew operation face hurdles surviving, and the additional 90 days of forced closure would cause some to just give up. Safety of the workers in many of the operations is also an issue. California industries are confronting a major exodus. A famous Silicon Valley angel investor told CNBC that a mass exodus was underway. Tesla also announced it was opening a plant in Texas.



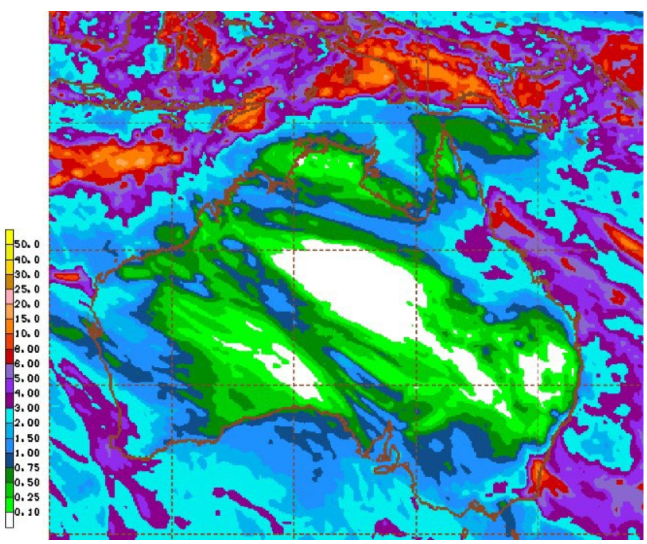
The LA County and southern California textile and apparel industry has been an important part of the US industry up to this point. It has had some innovative fabric house for use in apparel and also offered competitive cut/sew locations. These industries have also benefited from the booming California economy and its retail offtake of apparel. It remains to be seen how apparel sales will perform in the new weaker economy and how it ranks in the priority of consumer spending. Los Angeles department stores began to allow curbside pickup for the first time last week.

US RETAIL SALES OF APPAREL PLUNGES 89.3% IN APRIL

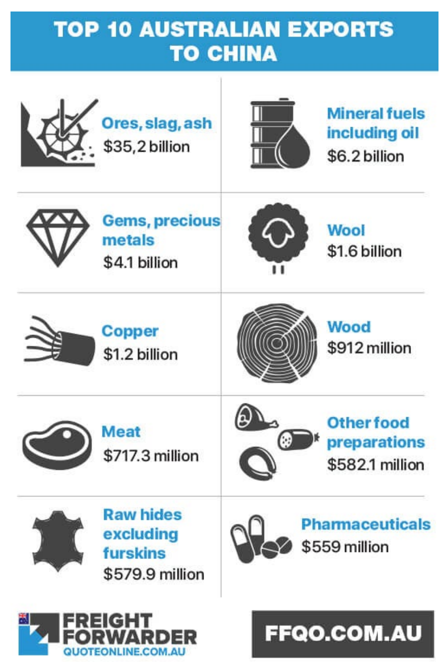


With most states in lockdown, April US retail sales fell 21.6% from a year ago, as Building Material and Garden +.40%, Food & Beverage +12.0% and Non-Store Retailers +21.6% were the only segments to post growth. The greatest weakness was in apparel sales, which plunged 89.3% from a year ago, followed by a 66.5% decline in Furniture & Home Furnishing, a 48.9% decline in Sporting Goods, and 48.7% in Food Service. The fallout continued last week, with JC Penny announcing it has moved into bankruptcy. VF Corporation, a well known apparel group, announced its First Quarter revenue declined by 50%, while Stage, a US apparel retailer with 700 stores, filed for bankruptcy.

WILL AUSTRALIAN COTTON SALES TO CHINA BE MAINTAINED AS RELATIONS BECOME TENSE?



China has turned to trade retaliation in an attempt to bend Australia to its will. Australia has called for an investigation into the CCP Wuhan Virus and how it originated. China has tried to silence any country besides the US who joins the international call for an investigation. The first move was an 80% duty on imports of Australian barley, which China based on an anti-dumping clause that was totally without merit. The next move was to ban beef imports from four major Australian beef packing plants that handled over 35% of all Australian beef exports to China. Both moves were without merit and highlighted the over dependence of Australia on China for exports. In 2019, Australia's exports to China totaled 101 billion USD. Last week, Beijing took its bullying to a new level by threating to switch imports of iron ore, coking coal, and other products to Brazil. Beijing clearly views both Australia and Brazil as resource colonies. Australian cotton is a favorite of Chinese mills, and the majority of the crop has moved to China in recent years. It remains to be seen how 2021 cotton exports will be impacted. Chinese mill demand is very weak at the moment, and a record volume of imported cotton is now being held in bonded warehouses. 2021 SM 1 5/32 CFR offers are at 2000-2100 points on May 2021 ICE futures. The ability to maintain these basis levels will depend heavily on Chinese demand.



The weather outlook is dry for the next several days, but some models have a major rain event possible in New South Wales during the latter part of the May 19th through 27th time period. The Southern Valleys need hot, dry weather to complete harvest of the 2020 crop, and these rains will be ill timed. The cotton belt needs a good rain event to boost dam and reservoir levels that have fallen slightly over the past 30 days. The recent rains have not benefited the water levels in storage, which are fairly dismal.

FOB basis levels have firmed, with the 2020 crop now bid at 925-950 points on July, and the 2021 crop at 1000 points on May 2021. These basis levels are keeping prices at 520-540 Australian dollars a bale, which is still attractive for growers.

Australia total exports to China

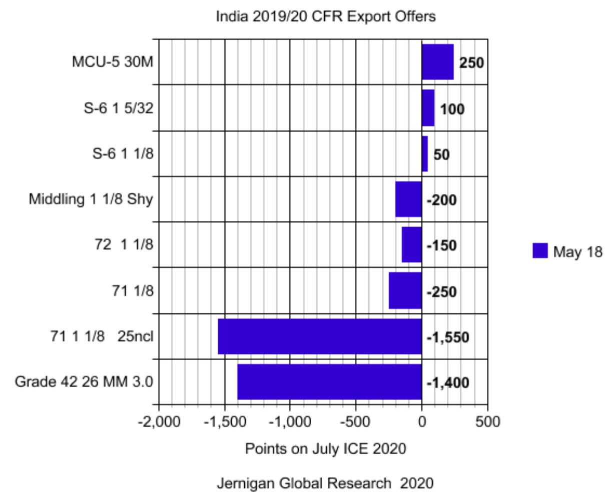
US EXPORT SALES TO CHINESE TRADE HOUSE AGAIN CONFIRMED

US export sales for 2019/2020 reached 238,100 running bales of upland, with a net reduction of 400 bales of Pima and 93,300 running bales of upland for 2020/2021 and 1,400 bales of Pima. Once again, the majority of the upland sales were to China, with 198,000 running bales for 2019/2020 and 68,200 running bales for 2020/2021. The combined volume of the recent Chinese purchases suggests the Chinese trade houses are acting for the Reserve or are using the sales to influence futures and the July/Dec spread. The sale simply cannot be related to any domestic mill demand given the current weakness in consumption and the record unsold domestic stocks, consisting of both of Xinjiang and imported cotton. Mill demand outside the China trade house remains very limited with only a small volume of sales noted to Taiwan, Pakistan, Turkey, and Vietnam.

The US has now sold 16,459,000 running bales for 2019/2020 shipment totaling 10,714,000 running bales. Only 12 weeks remain in the season, which means that exports may not meet the USDA's 15-million bale target. In the latest week, the US shipped only 241,700 running bales of upland and 7,900 of Pima. Shipments will have to average 330,249 running bales for the next 12 weeks if the export target is to be met. It also raises the question of why the large volume of Chinese sales was made for 2019/2020 when there was little chance of them being shipped. Was it to influence the July/Dec spread? A total of 1,673,200 running bales of US sales to China are now outstanding. Now, political relations between the US and China continue to worsen, which raises more questions about the sales and the likelihood they will be shipped.

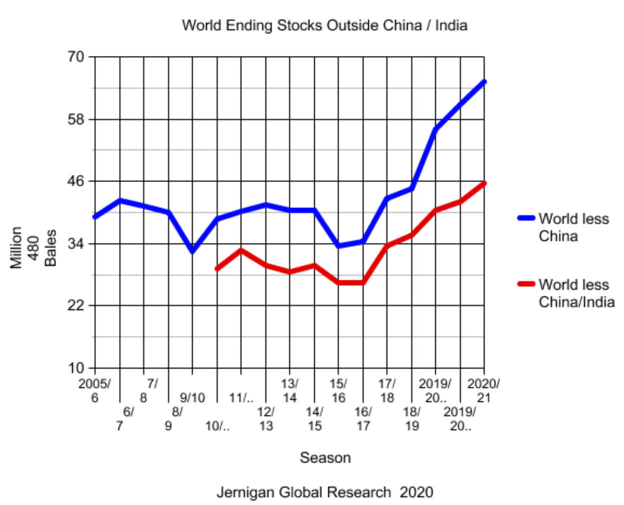
INDIAN EXPORT OFFERS REMAIN AT RECORD DISCOUNTS

Indian cotton remains the cheapest cotton in the world. The games being played in the ICE July contract reflected in the Indian export basis as last week ended. Indian S-6 1 5/32 export offers were in circulation at 100 points on July, which was a 1400 point premium to US GC 31-3-37 offers. S-6 1 1/8 offers are at 50 points on July, CFR Asia, while Indian roller ginned 72 1 1/8 is offered at 150 points off July. Indian low grades are offered at very aggressive levels, which should make any US low grade extremely uncompetitive. Grade 42-27 mm, 3.0 mike is offered at 1100-1150 point off July. The 26 staple of the same grade are at 1400 points off July. Some export offtake was stimulated, but most buyers are approaching new offtake cautiously.



The CCI has extended its volume discounts through May 31. The government has announced a 26.5 billion USD stimulus, which is equal to 10% of the Indian GDP. It remains to be seen how effective it will be in aiding the textile/apparel industries.

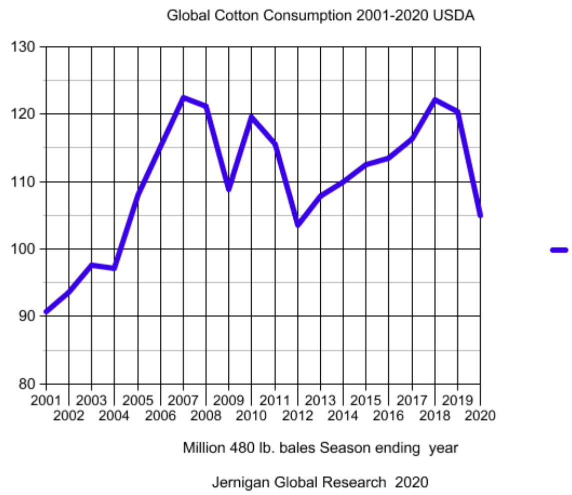
USDA WASDE FORECAST DRAWS NO REACTION AS ICE GAMES CONTINUE



The USDA lowered world consumption for 2019/2020 by 5.585 million bales to 104.998 million bales. The declines were spread across several countries led by a 1.5 million-bale reduction in China to 34 million bales, which is in line with the BCO (Cotlook) estimate of 34.485 million bales. This was followed by a million-bale reduction in China and a 400,000- bale reduction in Bangladesh and Turkey. The USDA also added 87,000 bales into the loss category, which raised the consumption reduction to 5.672 million bales. Production was increased 960,000 bales, thanks to a million-bale increase in India. The USDA Indian estimates continue to show great volatility on a monthly basis. 2019/2020 world ending stocks were increased 5.895 million bales to 97.16 million bales. World ending stocks outside of China grew to another record at 60.92 million bales.

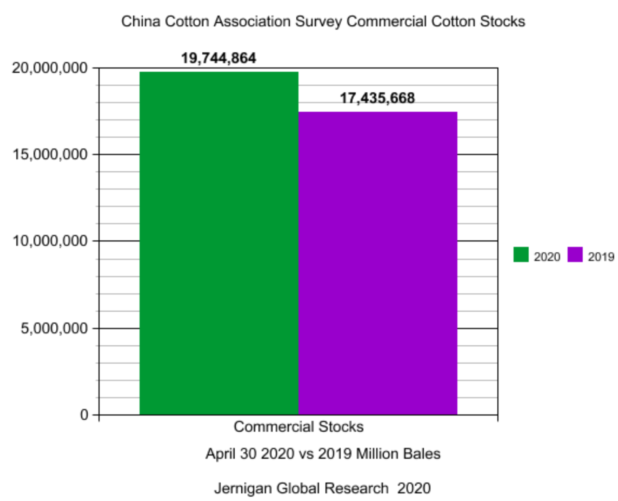
The USDA outlined a very rosy outlook for 2020/2021, which seems to be assuming a V-shaped global economic recovery. Global consumption was forecast to recover to a brisk 116.46 million bales (105 million bales in 2019/2020). The recovery was forecast to be led by China, with Chinese consumption forecast to increase four million bales to 38 million bales. Indian cotton use is forecast to increase by three million bales to 23.5 million bales, and Pakistan mill use is forecast to increase 1.5 million bales. Overall, the projected increase appears be quite optimistic and will be difficult to achieve. Global production was forecast to drop to 118.95 million bales, which will still increase world ending stocks. World ending stocks are forecast to increase to 99.43 million bales. World ending stocks outside of China are forecast to increase to 65.31 million bales, which is a burden the world has never had to endure.

US 2020/2021 production was projected at 19.5 million bales, domestic use at 2.9 million, and exports of 16.0 million bales, leaving ending stocks at 7.7 million bales. The US estimates are very much a moving target with planted acreage still an unknown.



CHINESE COTTON PRICES SHOW LITTLE REACTION TO ICE AS DOMESTIC STOCKS REMAIN BURDENSOME

China's ZCE cotton futures and the average cash cotton price have shown little reaction to the rally in ICE and the tightening of the July/Dec futures spread, as the domestic market remains under the influence of weak demand and a record volume of unsold commercial stocks. The September ZCE futures ended the week at 11,570 RMB, 74.02 cents a lb., for a 45 RMB loss. The China Cotton Index increased 52 RMB during the week, closing the week at 11,518 RMB a ton or 73.69 cents a lb. The Cotlook A Index, after adjusting for VAT and 1% import tax, stood at 75.12 cents, illustrating a lack of import incentive. Imported cotton is experiencing poor demand, and unsold stocks at the bonded warehouses continue to build. The China Cotton Association monthly survey showed commercial stocks at the end of April at 4,297,500 tons or 19.745 million bales indicating an increase of 502,600 tons or 2.309 million bales from a year ago. Mill inventories continue to fall as noted in the CCA survey that showed end-of-April mill stocks at 673,400 tons or 3.094 million bales, a sharp drop from year-ago levels.



Some cities in China are attempting to create consumption through the issuance of vouchers that can only be redeemed at retail stores. Shanghai, one of the best managed cities in China, launched a Double S Festival from May 5th to June 30th and issued an online coupon worth 15.7 billion RMB, 2.2 billion USD, which has stimulated retail offtake. Shanghai is also home to the fastest recovering retail sector where the Plaza 66 Mall has returned to 70.4% pre-virus traffic levels. The retail sector still faces a significant problem with bloated inventories. Alibaba launched a luxury outlet platform to assist as luxury brands shift inventories.

PAKISTAN SPINNING MILLS INCREASE OPERATIONS

Pakistan spinners were back in the market last week on a selective basis taking up a limited volume of Argentine, US, and Brazilian recaps, Brazilian 2020 crop, and Tanzanian new crops. This follows the reopening of many spinners that are operating far below their pre-virus levels. New Pakistan cotton yarn export offers have been reduced in an effort to stimulate offtake. Offers of 16s, 20s, 30s, 32s, and 40s are now aggressive. Many cut/sew operations have moved to manufacture cotton-based personal protective equipment, with many reporting large orders from European companies that want to switch from China. Even a contract with the French military has been reported.

April export data has just been released, and the extent to which the CCP Wuhan Virus has affected the Pakistan textile and apparel industry was made clear. April textile and apparel exports fell by 64.52% to 403.834 million USD. Ready wear exports reached only 61.4 million USD, a 73% decline, knitwear exports fell 61.75% to 92.375 million USD, and cotton yarn exports dropped 63% to 38.774 million USD.

ICE JULY/DEC END WEEK IN AN INVERT DESPITE RECORD WORLD STOCKS OUTSIDE CHINA

The ICE July/Dec spread captured global attention on May 12th, when the USDA released its WASDE outlook that raised world ending stocks outside China to a new record of 60.92 million bales for 2019/2020 and even further to 65.31 million bales for 2020/2021. The spread reversed itself and moved to an invert. The spread moved from a 116-point discount of July to Dec to a premium of 75 points July. The move occurred following the release of the WASDE report, adding further insult to any fundamental trader. The spread remained at even to an invert for the remainder of the week. The spread traded in a range of 136 points July discount to a 75-point premium. The strength in July provided strength to nearby US- and Brazilian-export offers. The US FOB basis did strengthen as the spread inverted, gaining 25 points in the Delta and 75 points in Texas. Some merchants have already moved to offering only on Dec to avoid the erratic behavior of July. The July/Dec spread traded 31,449 times, representing 3.144 million bales of cotton, but despite this volume the Open Interest only declined 4,035 contracts, suggesting heavy HFT/Algo trade in the spread and day trading by others. The question is how an invert can be maintained if 2019/2020 carryover is at 7.1 million bales in the US and more than 60 million bales outside China. For US carryover to fall below this level, US export shipments will have to surge or time will run out.

The US has 1,673,200 running bales of 2019/2020 sales outstanding to China, and only 12 weeks are left in the season, which means China shipments alone will have to reach 139,433 running bales a week. Such volume is not impossible but somewhat unlikely, to say the least. If the recent sales are carried forward into 2020/2021, then why were they registered for 2019/2020? To influence the spread perhaps? The ability to get these sales shipped before some incident occurs in US/China relations, which would make China flex its buying power as it did last week, in Australia is in doubt. President Trump called into question the US's entire relationship with China, as it continues to voice very hostile rhetoric through low-level spokesmen. Posts featuring President Trump and Secretary Pompeo appeared in Chinese social media with very disparaging language. It would seem China's CCP is attempting to whip up anti-US sentiment. On Friday, the US further blocked shipments of chips to Huawei, which triggered new threats from China regarding retaliation against any US-based company operating in China. The US is moving to force Chinese companies listed on US exchanges into having to follow the same accounting standards and reporting guidelines as US companies. This insane exemption was agreed to under the Obama administration, with 172 firms listed on US equity exchanges with a combined value of more than one trillion USD. The FBI has accused China of attempting to hack US virus vaccine research.

Against such conditions China appears to be trying to show it is attempting to fulfill the US/China agreement, with soybean purchases continuing in small volume. During the past week, in addition to the cotton sales, small sales were made of corn, sorghum, soybeans, and pork. In an attempt to damage the US/Australia alliance, it also announced it would allow US barley imports. With each passing week the chances of China fulfilling the agreement look much more suspect. Moreover, the efforts in the US to hold China accountable for the release of the Wuhan Virus are building, along with other different legislation aimed at reining in China's human rights violations.

The Global textile supply chain is slowly reemerging, with more and more mills reopening. Also, companies are closing operations and rethinking their supply chains. Export trade is extremely slow, with most merchants and shippers focusing on the completion of current sales. The real challenge will come when the pressure builds to move the 2020 Brazilian, 2021 US crop, and the African Franc Zone inventory. So far, there is no pressure. The African Franc Zone basis remains at excessive premiums, with a record 1000-1400-point premium to Indian and even at a premium to US and Brazil. The Brazilian domestic price has fallen to a historical discount to ICE due to a collapse in domestic demand. The Indian discount is being made much worse by the Pakistan/India blockage in trade, which is making Indian low grades extremely discounted to any open-end spinner able to manage Indian bales.

Retail is opening in the US and Europe. Italy's textile and apparel output in March fell by 51.2%, which was better than expected given the lockdown. Paris reopened some stores last week. In the US, many retailers appear to be considering closing stores that were already in trouble before the shutdown. This has been evident in Florida and other areas that have led the reopening effort. In California, the extension of the lockdown will mean the end for many stores that will not be able to manage an additional 90 days of closure. The supply chain is talking more and more about an end to seasonality as brands and retailer attempt to adjust to what may be the new normal. Cross-seasonal products are in development to protect shifts in demand and to avoid a buildup in inventories. A much shorter supply chain is going to be required.

Amid these conditions we expect export trade to be slow to return to brisk levels and mills very reluctant to build inventories. It also remains to be seen the extent of the shakeout in the main supply chains. July ICE is in its own world as the play with the Chinese trade house is completed. We continue to find it surprising that July could maintain an invert given the volume the Trade has to carry forward into new crop. The entire management of the contract by ICE is in question. ICE has provided an estimate of Deliverable Supply to the CFTC that is out of touch with reality and is using the estimate to support its push for a 600% increase in the speculative position limit from 300 contracts in the spot month to 1800. The move has been opposed by the trade and illustrates that ICE has spent no money or time on understanding the cotton market and only is interested in increasing volume and creating a casino as it currently operates in its crude oil contracts. The July/Dec spread is at an invert, when the US has an inventory on hand of 8.7 million unshipped bales. This tells you there is already a problem with delivery space, etc. The fact that some game can be played with China sales and an invert, when the world supply is at record outside of China, illustrates that they are a major problem in the delivery process. This can be illustrated by the various inverts or the lack of carry in recent years. The Trade has appealed to the CFTC to not grant the new excessive speculative limits as requested by ICE. It remains to be seen if this will be honored.

The entire supply chain is likely to remain in a state of flux for some time yet. Futures remain in a no mans land as we have stated several times. Much of the play over the next several months could come in the basis, as Merchants attempt manage inventories. This will be made much more difficult by the lack of an effective hedging tool in ICE, which we hope can regain its effectiveness. The problem with the ICE contract is part of a larger issue of the poor management of the trade interest across all products by the For-Profit Exchanges. For cotton, market share is increasing and will expand. A new supply chain is forming that will favor it over the Man-Made Fiber. The issue in the near term will be balancing supply and demand, as the overall volume of fiber consumption shrinks as the fashion supply chain moves to more high quality products with more durability. If the Brazil, US, and African Franc Zone 2021 production outlooks are maintained, this will create a burden on prices.

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