



**Cotton Outlook**



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# Access to this presentation and the current issue of Cotton Outlook



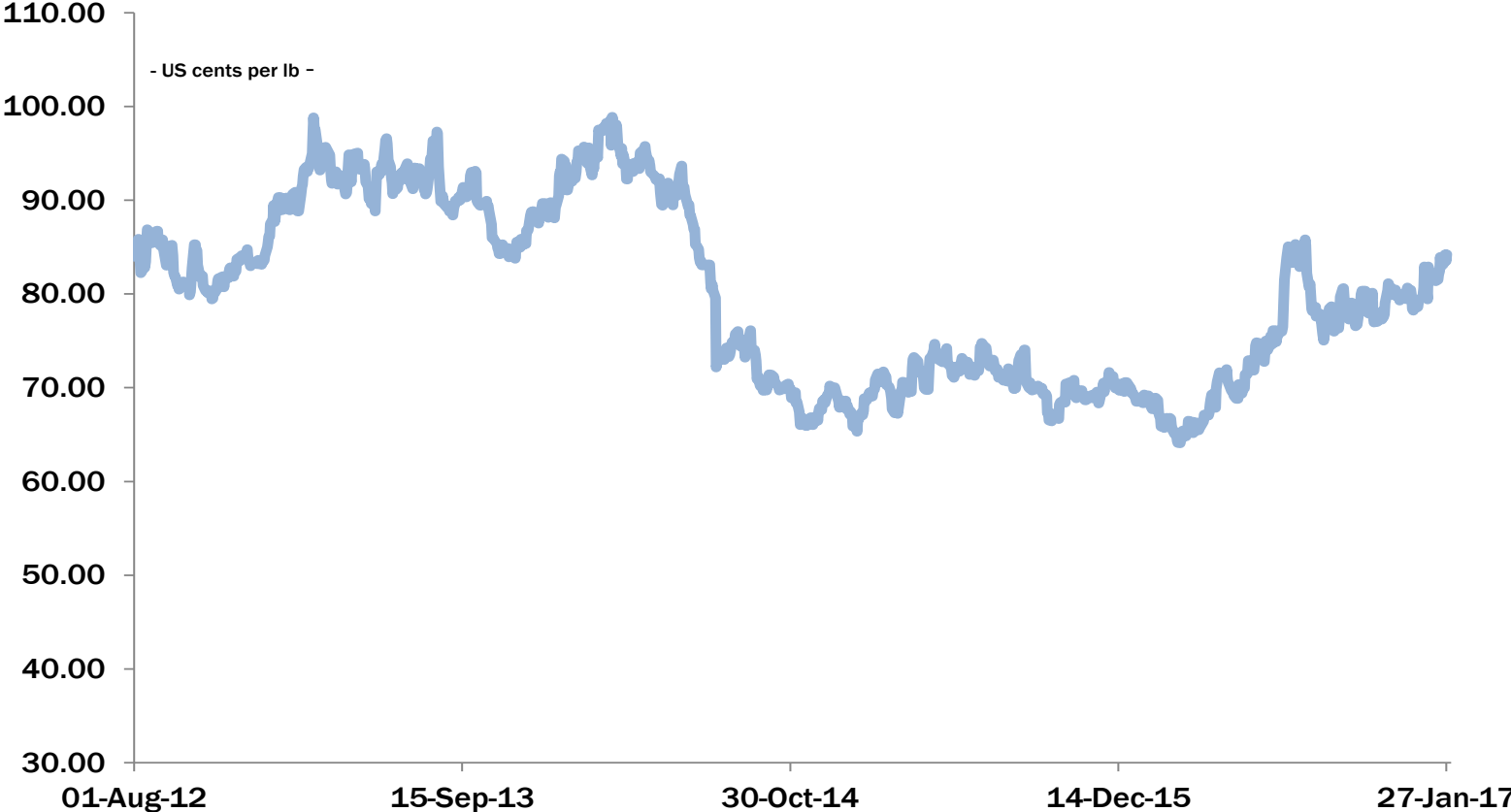
# Accès à cette présentation et au dernier numéro de Cotton Outlook



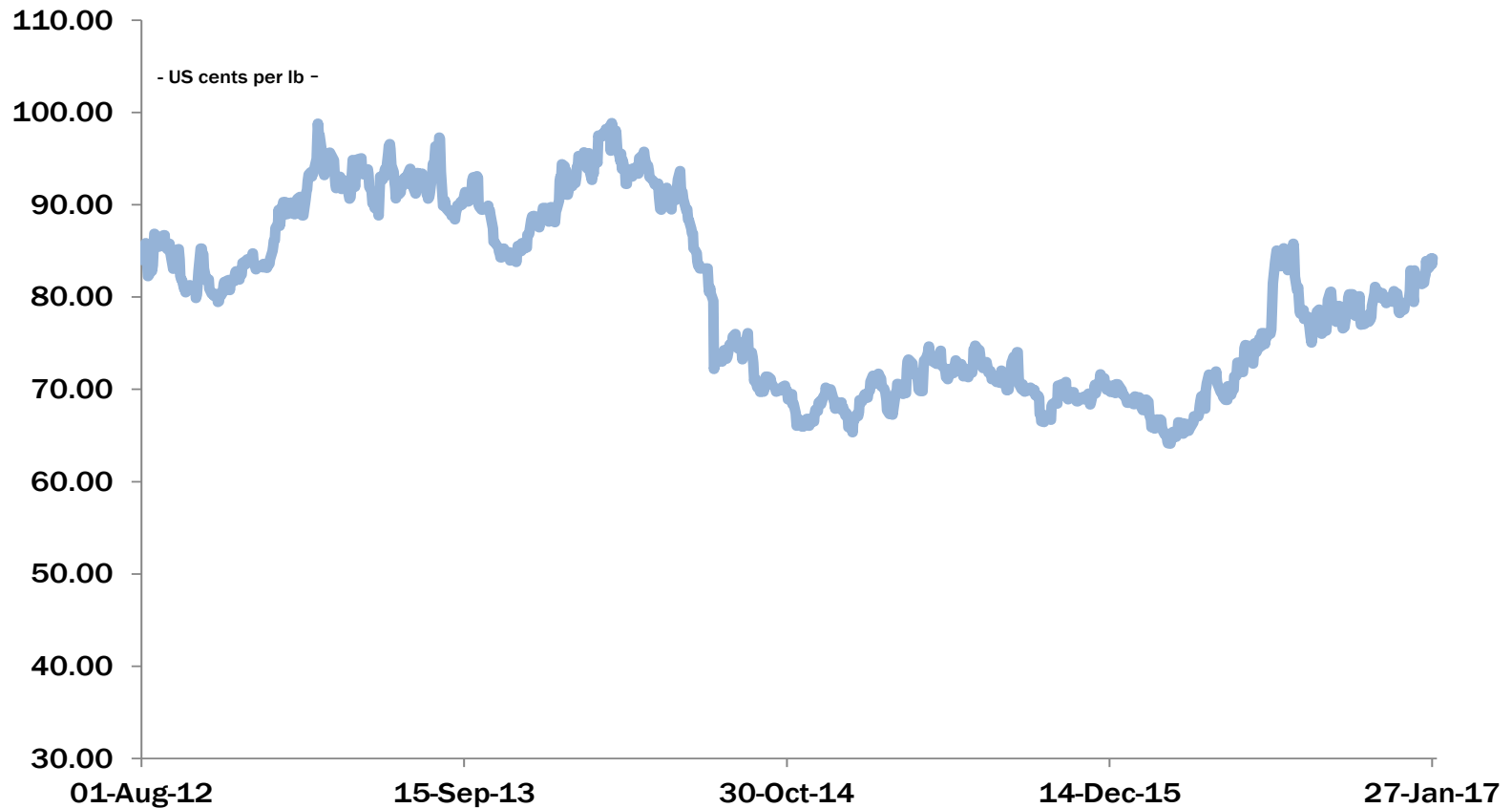
- **World price movements over the past five seasons**
- **Global supply and demand**
- **Shifts in China's policy**
- **Africa's position in a changing market**
- **Outlook for 2017/18**

- **Evolution des cours mondiaux pendant les cinq dernières campagnes**
- **Offre et demande dans le marché mondial**
- **Evolution de la politique chinoise**
- **Place de l'Afrique dans un marché en évolution**
- **Perspectives pour 2017/18**

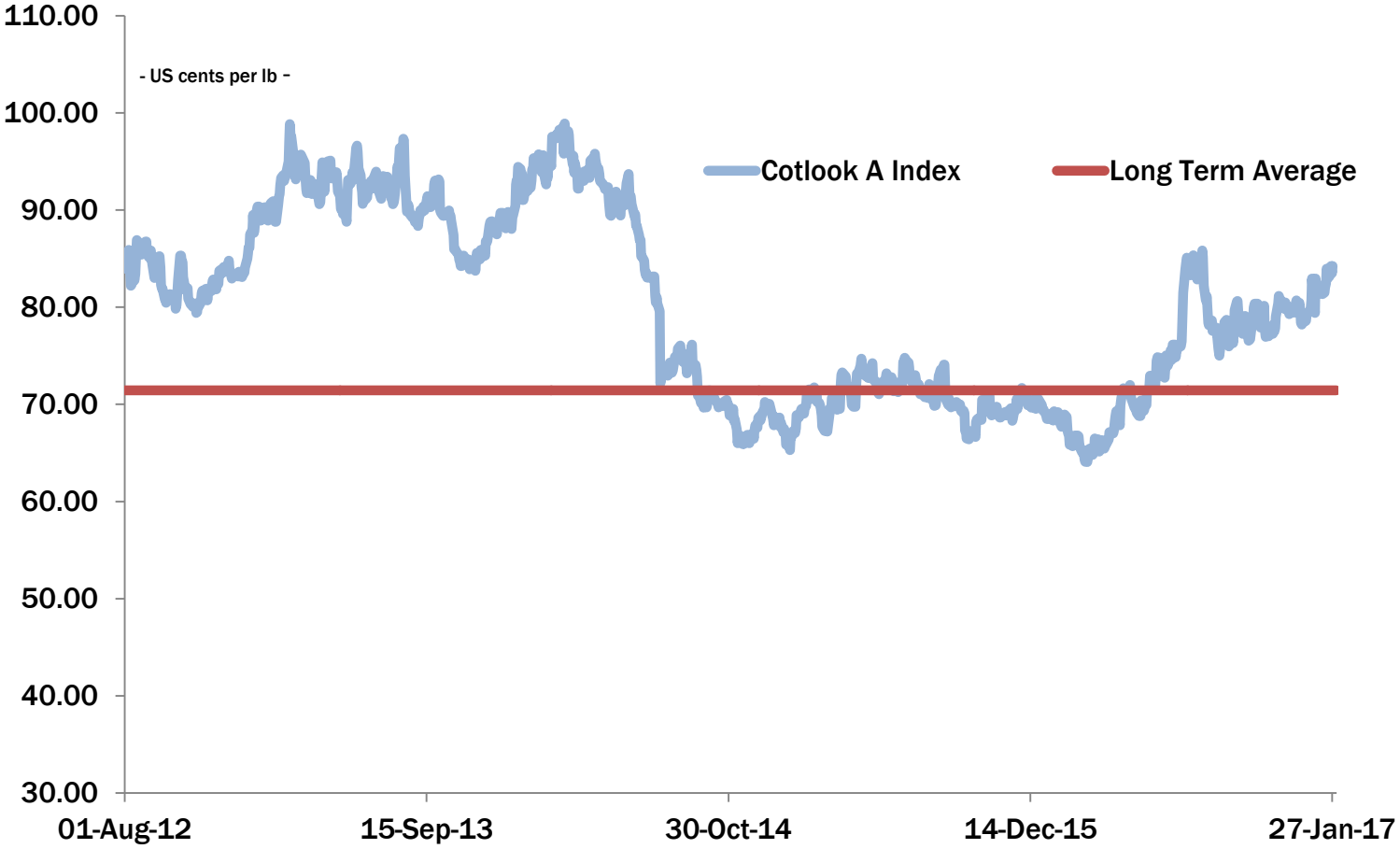
# Cotlook A Index (2012/13 season to date)



# Indice A de Cotlook (Campagne 2012/13 jusqu'à présent)

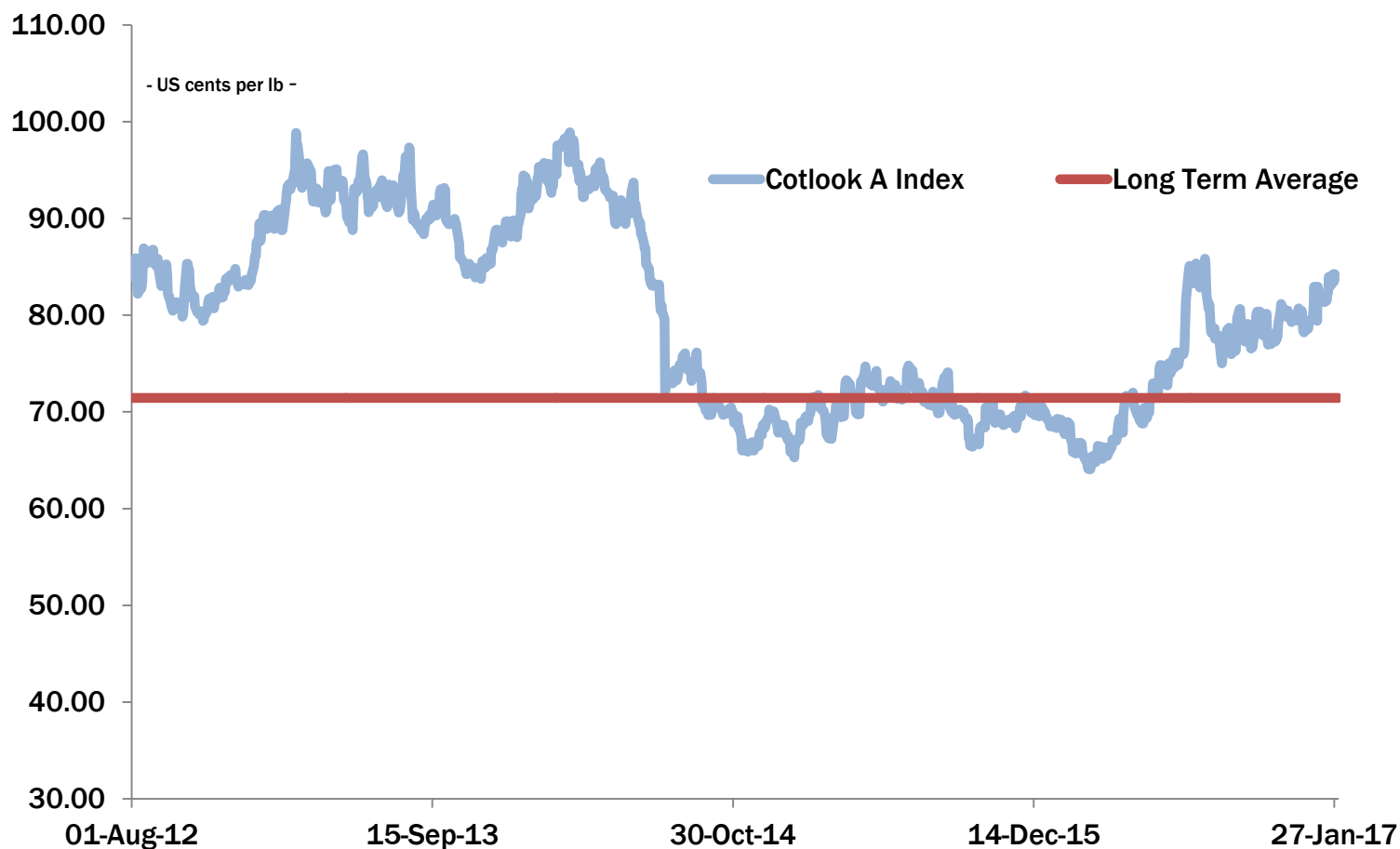


# Cotlook A Index with Long Term Average (2012/13 season to date)

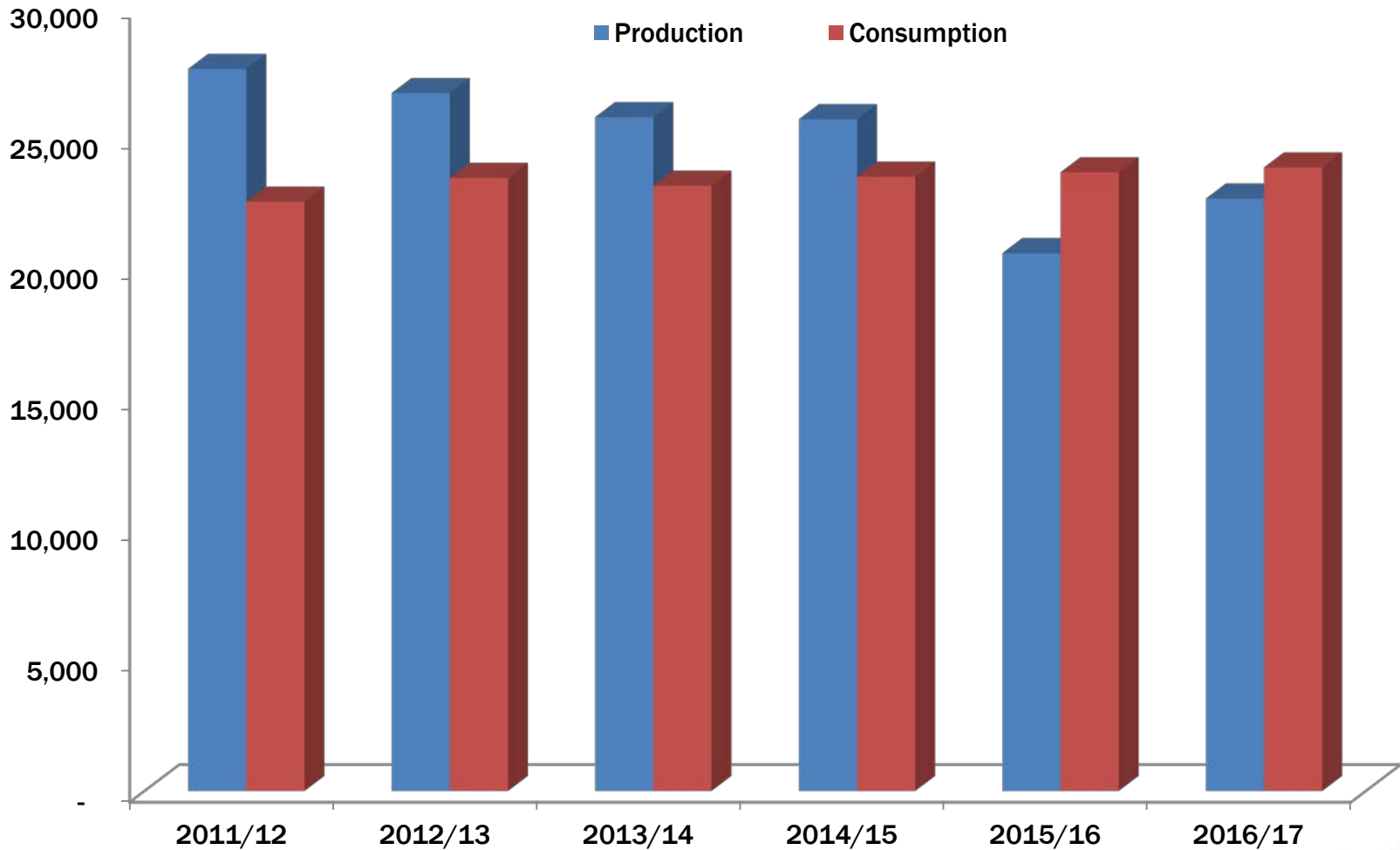




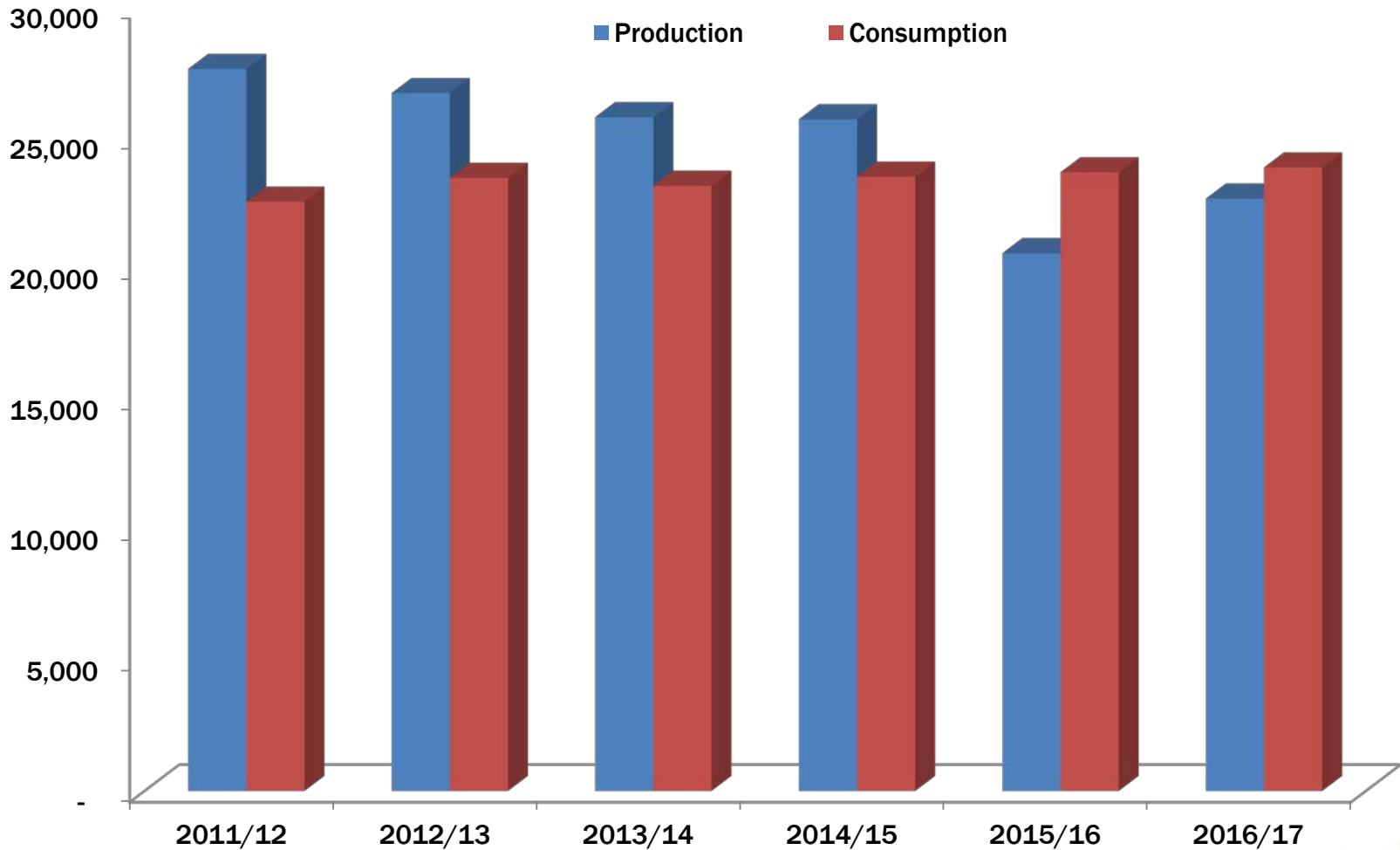
# Indice A de Cotlook avec moyenne à long terme (campagne 2012/13 jusqu'à présent)



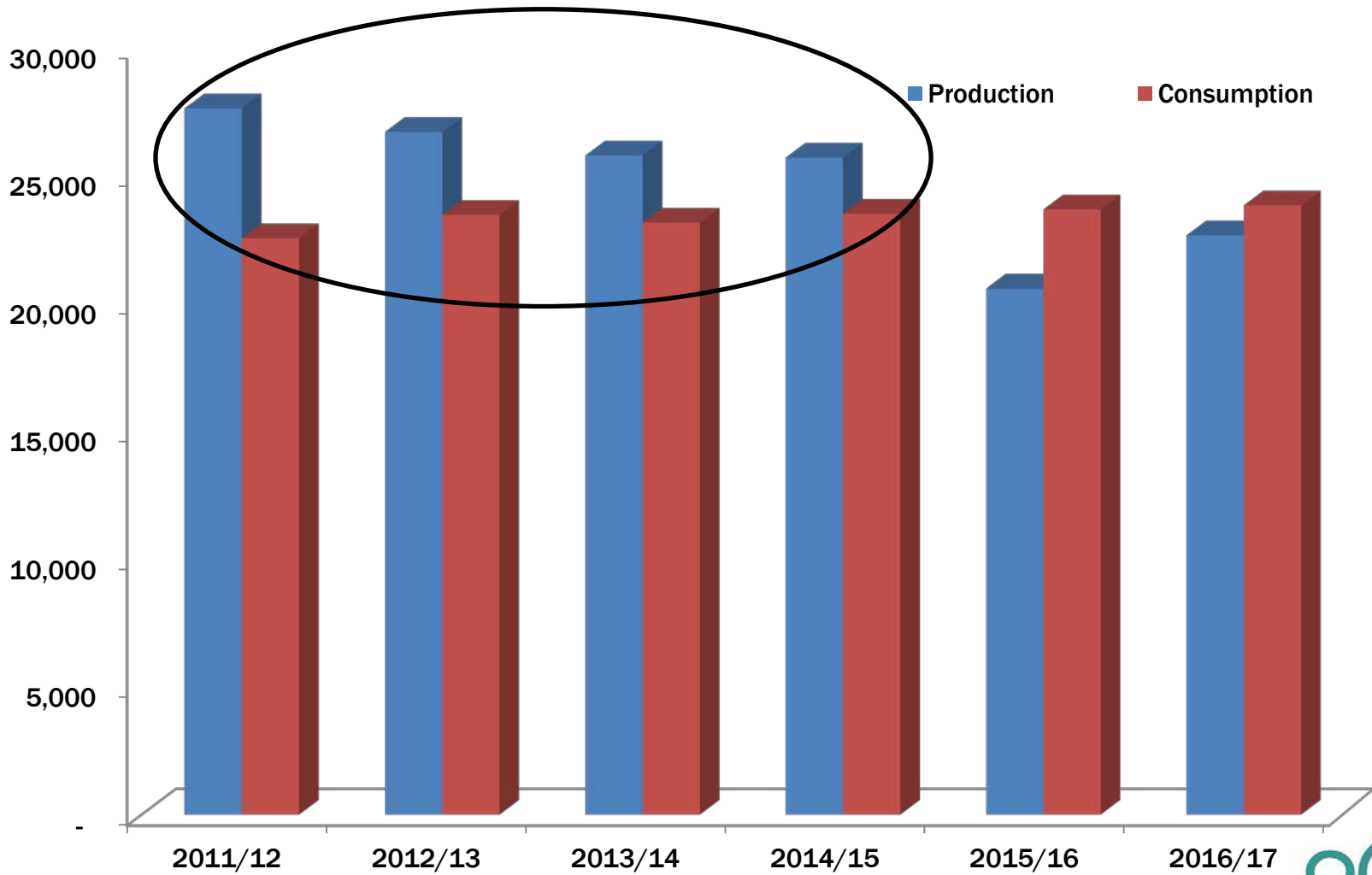
# World Production and Consumption



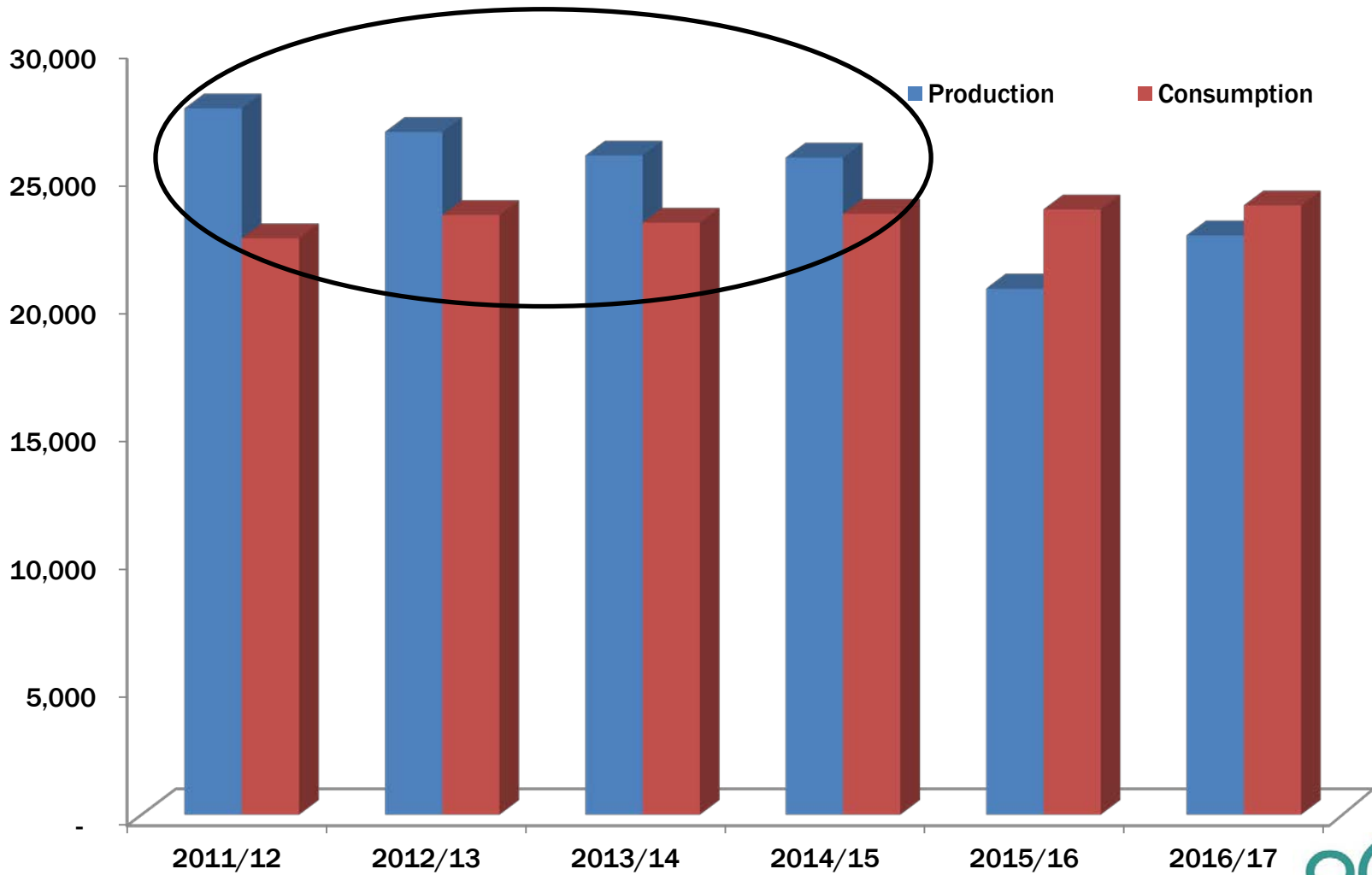
# Production et Consommation Mondiales



# World Production and Consumption

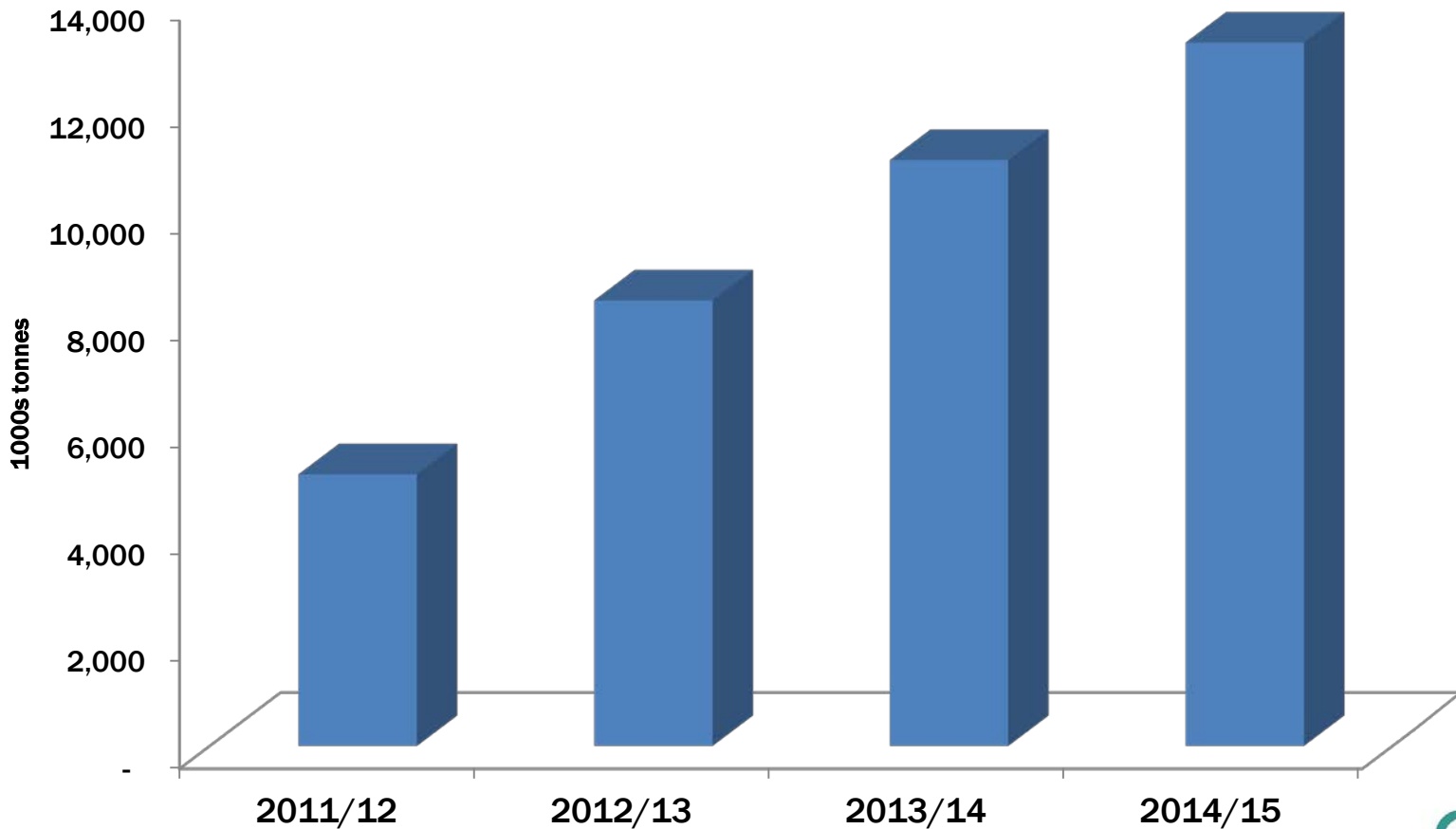


# Production et Consommation Mondiales



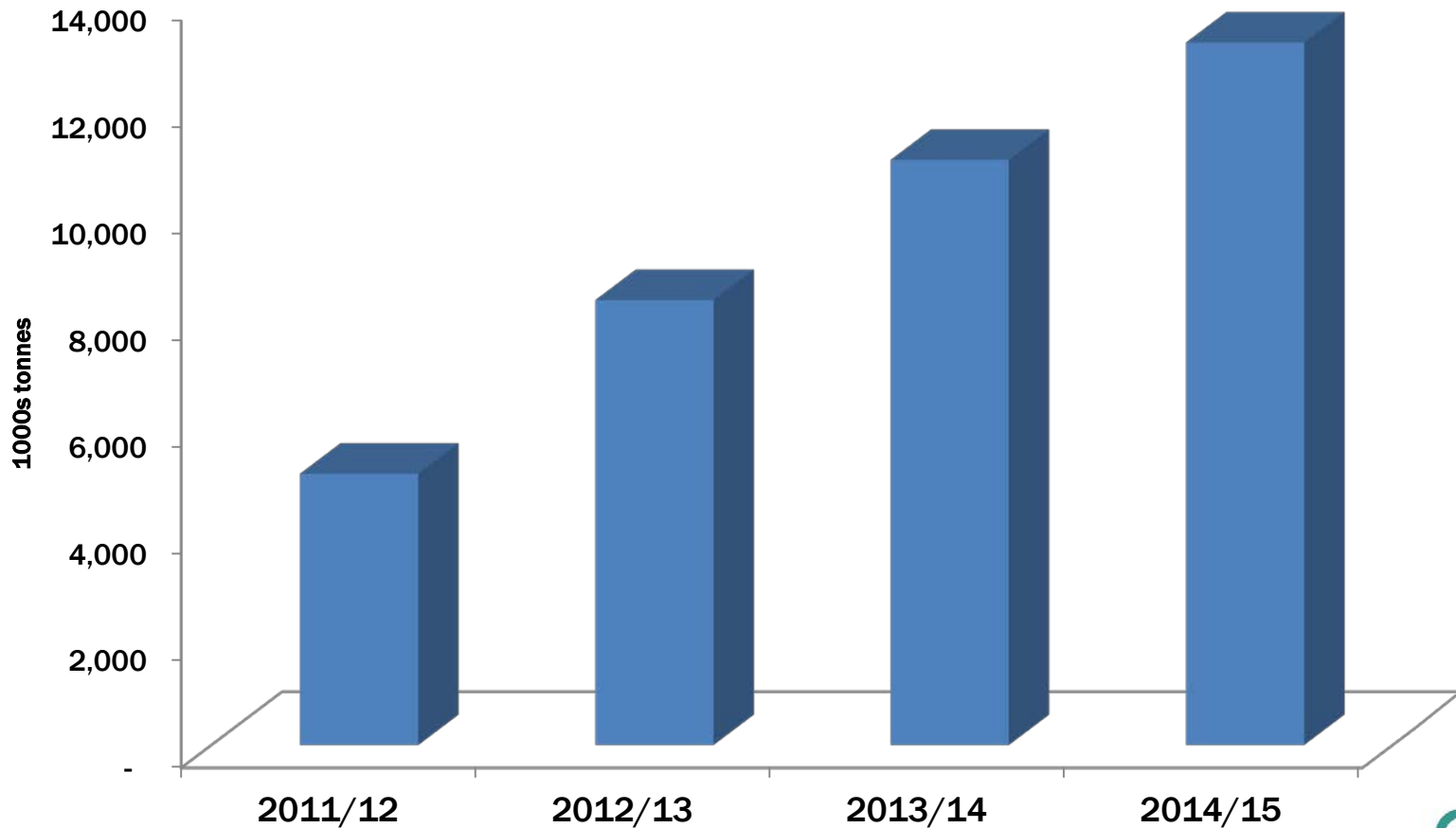
# 2011/12 to 2014/15

## World stocks rise by over 13 million tonnes

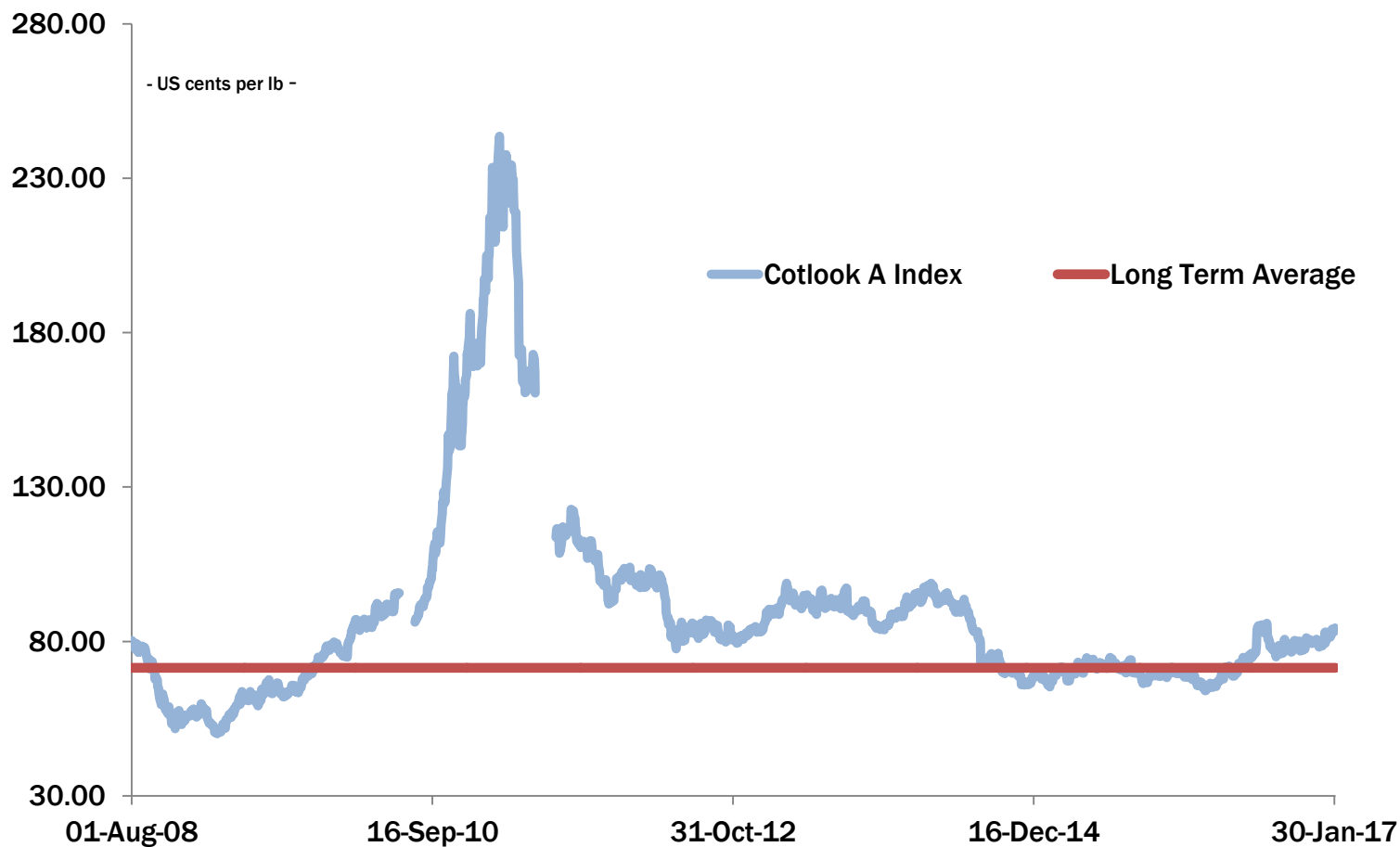


# 2011/12 to 2014/15

## Stocks mondiaux augmentent de plus de 13 millions de tonnes



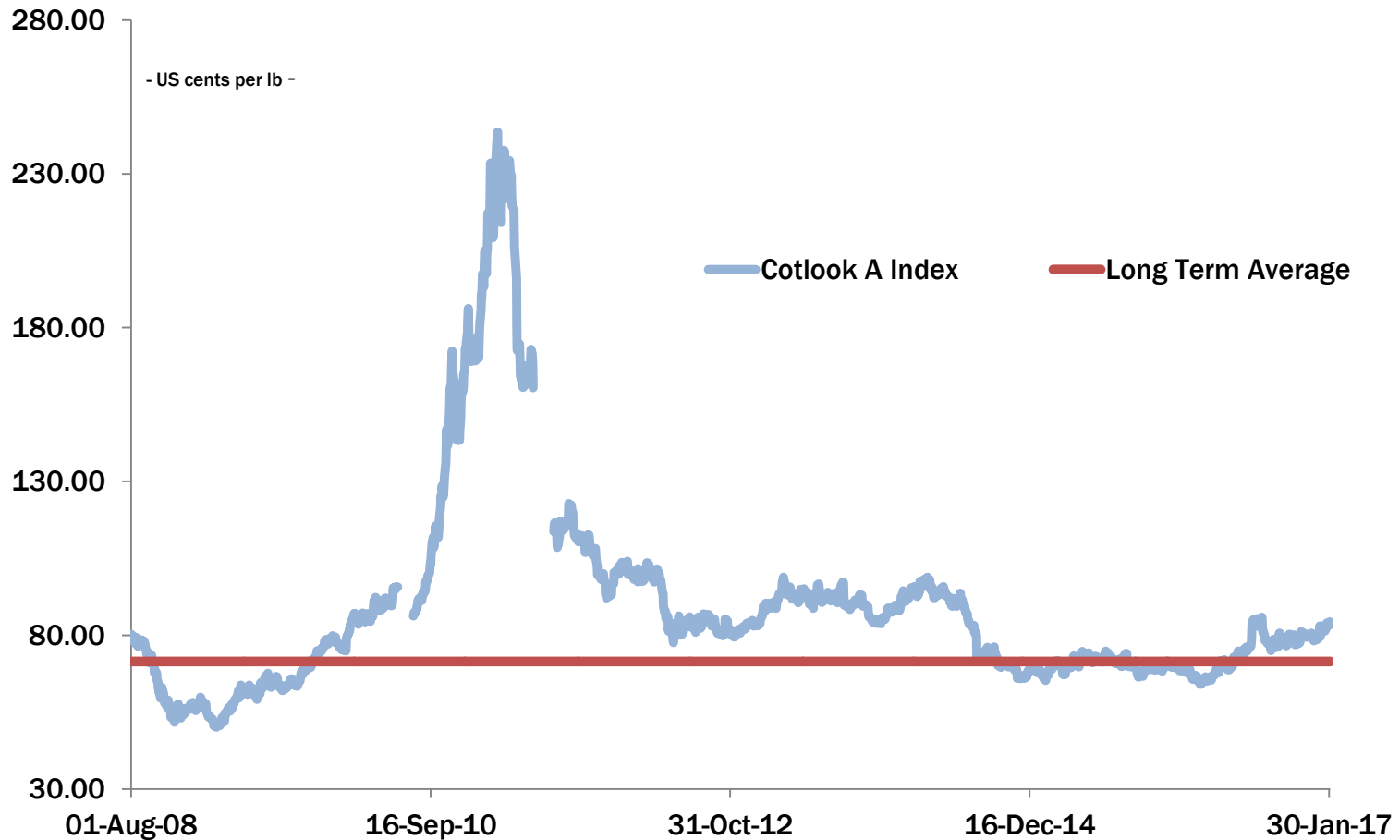
# Cotlook A Index with Long Term Average (2008/09 season to date)





# Indice A de Cotlook A Index avec moyenne à long terme

## (Campagne 2008/09 jusqu'à présent)



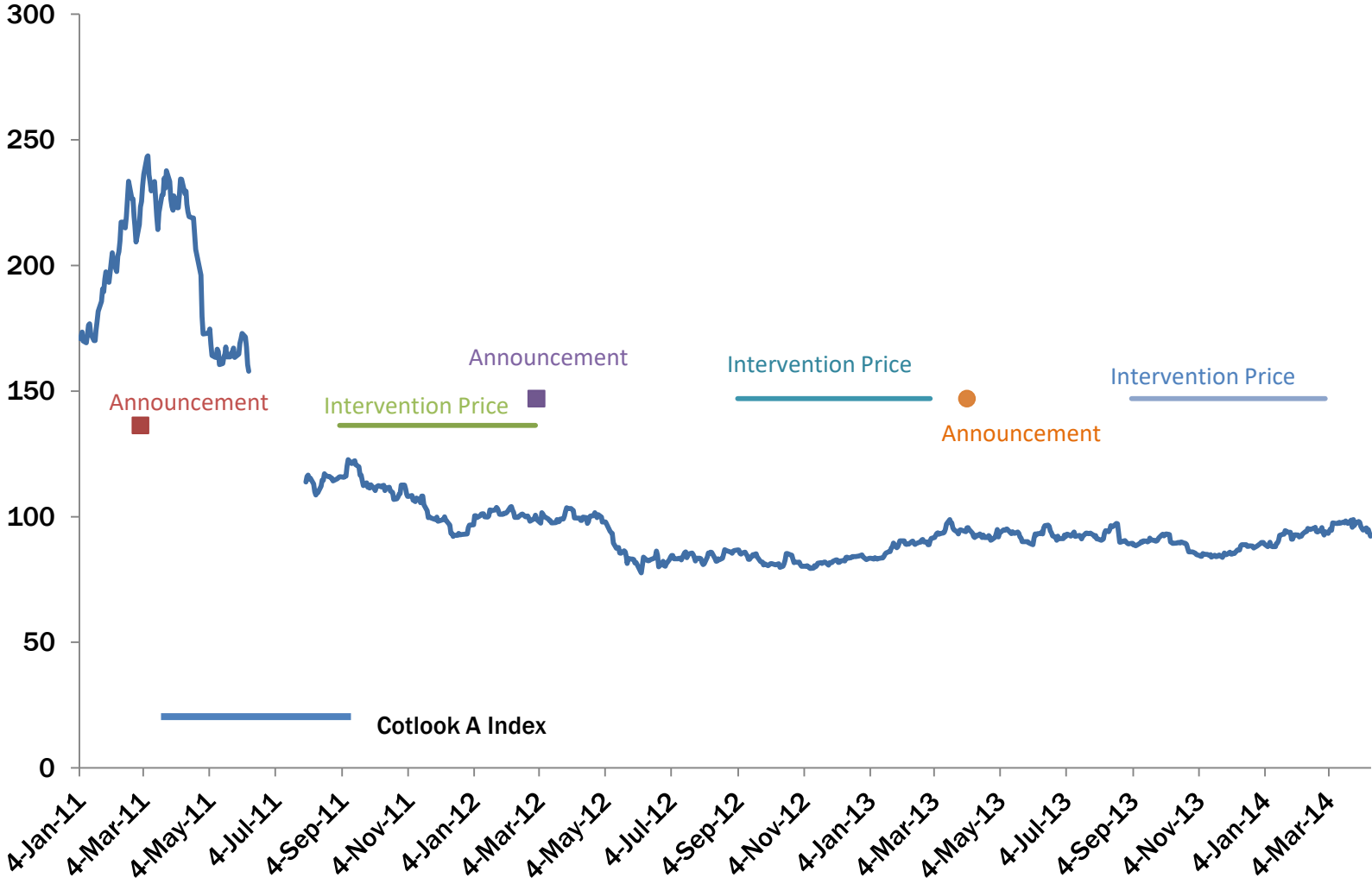
# **Volatility in 2010/11: two major consequences**

- **Global demand destruction**
- **China's policy response**

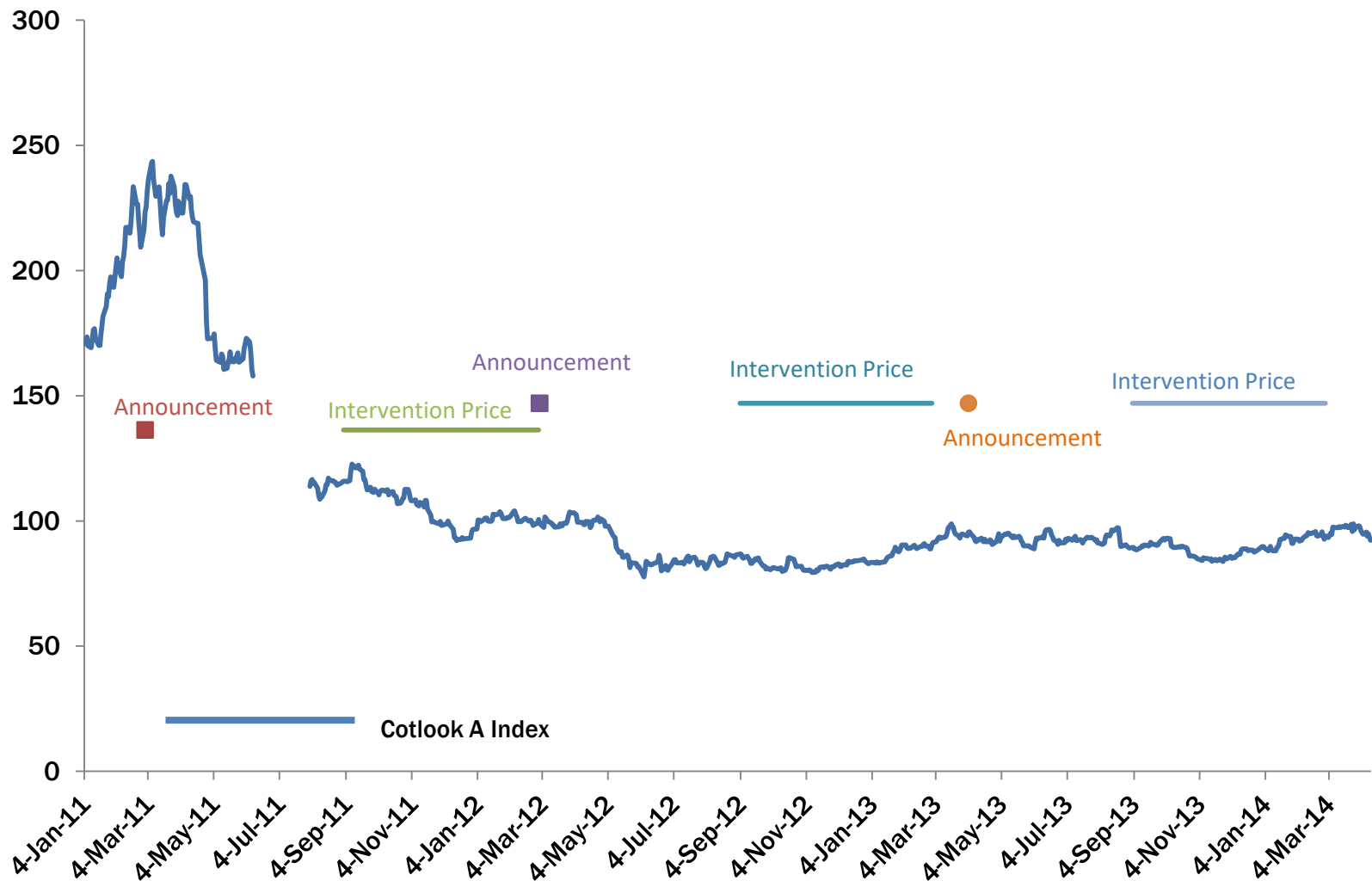
# **Volatilité en 2010/11: deux conséquences majeures**

- **Destruction de la demande globale**
  
- **Réaction de la politique chinoise**

# China Intervention Price



# Prix d'Intervention en Chine



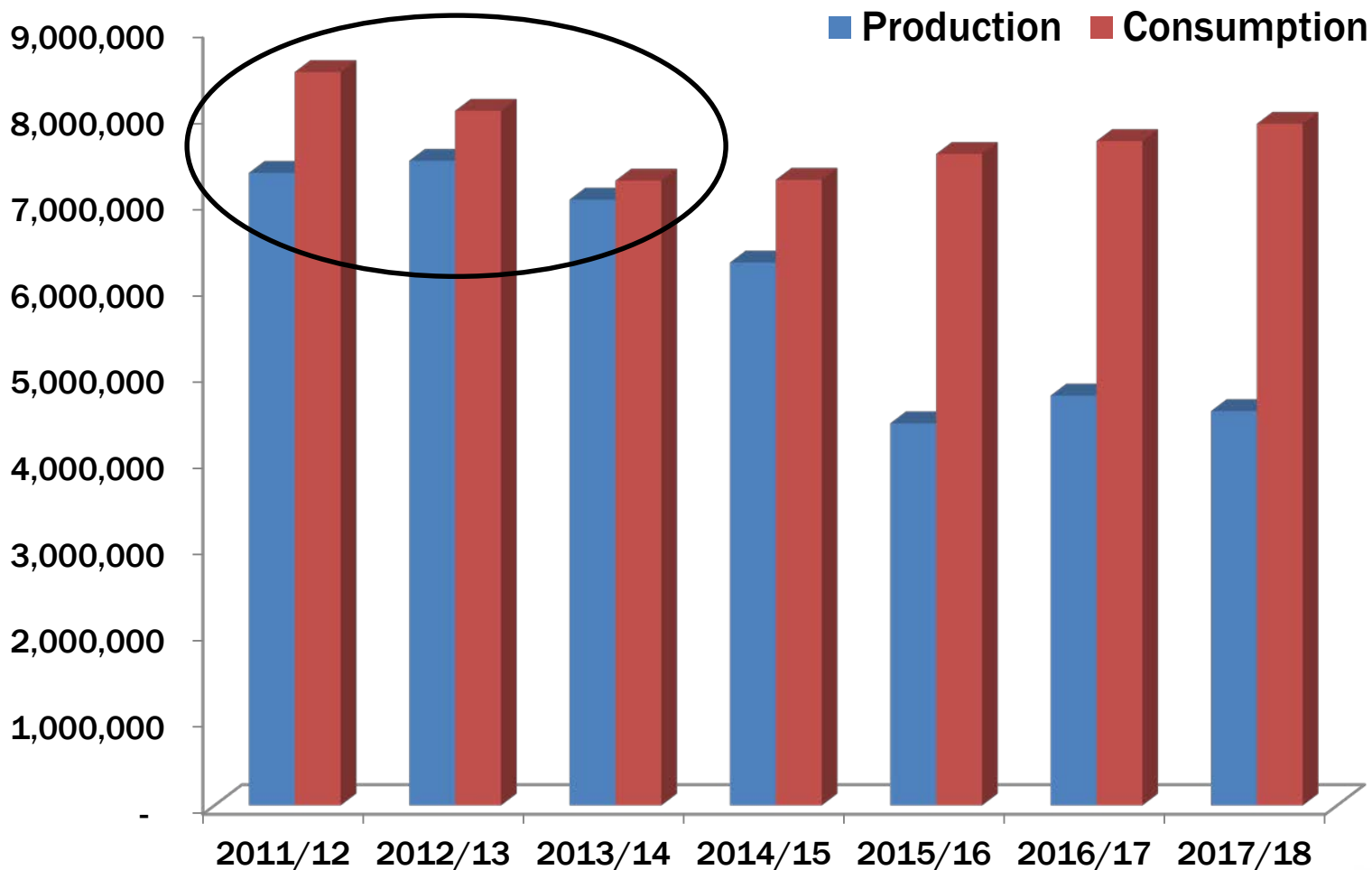
## **Chinese policy 2011/12 to 2013/14**

- **State undertaking to buy the entire crop**
- **Intervention price well above the world market**
- **Imports beyond apparent needs**
- **Rise in state reserve stocks**
- **Massive cotton yarn imports**
- **Absorption of world surpluses**

## **Politique chinoise 2011/12 à 2013/14**

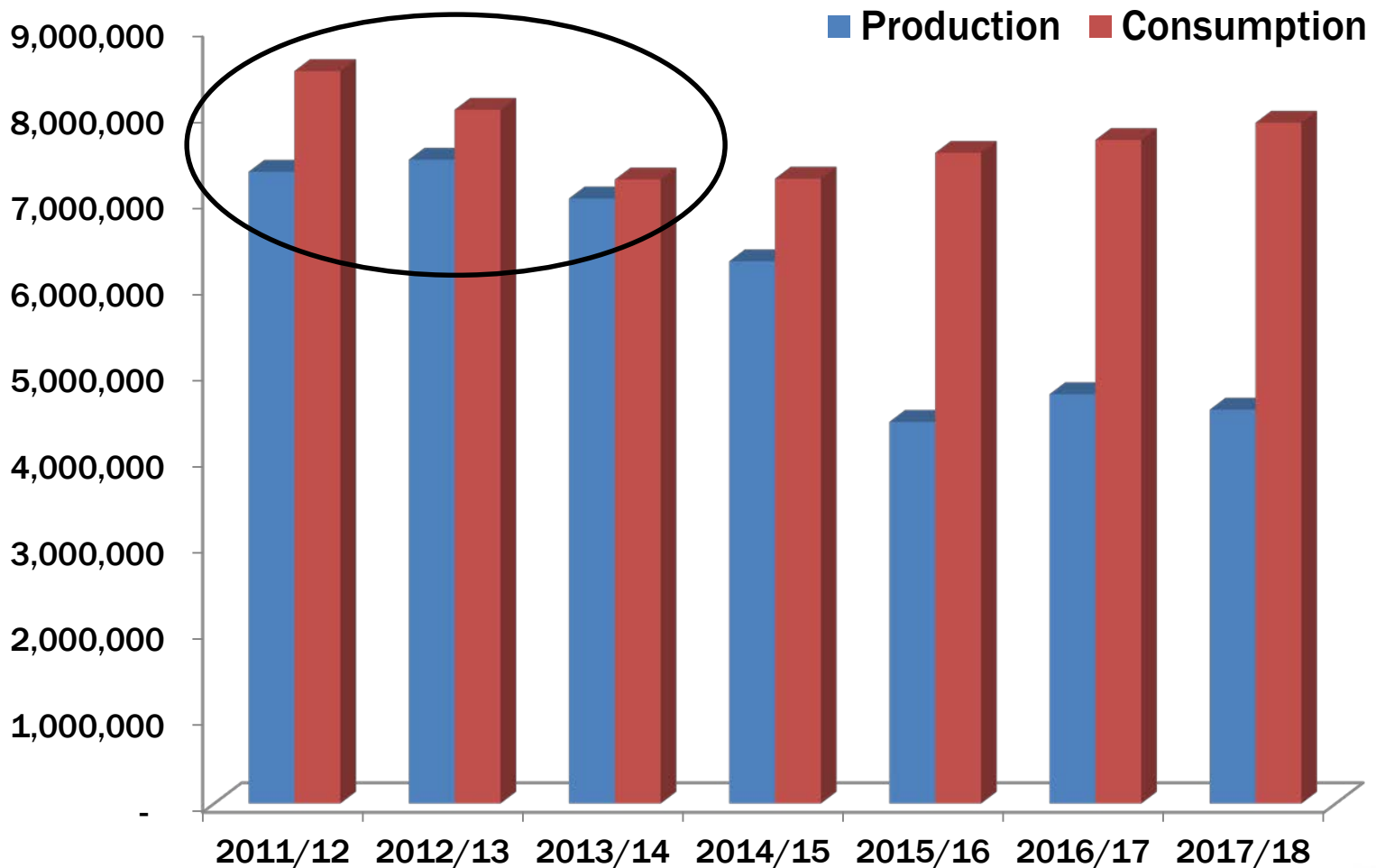
- Engagement de l'Etat d'acheter toute la récolte
- Prix d'achat bien au-dessus du marché mondial
- Importations au-delà des besoins apparents
- Augmentation des stocks de réserve de l'état
- Importations énormes des filés de coton
- **Absorption des excédents mondiaux**

# Chinese production and consumption

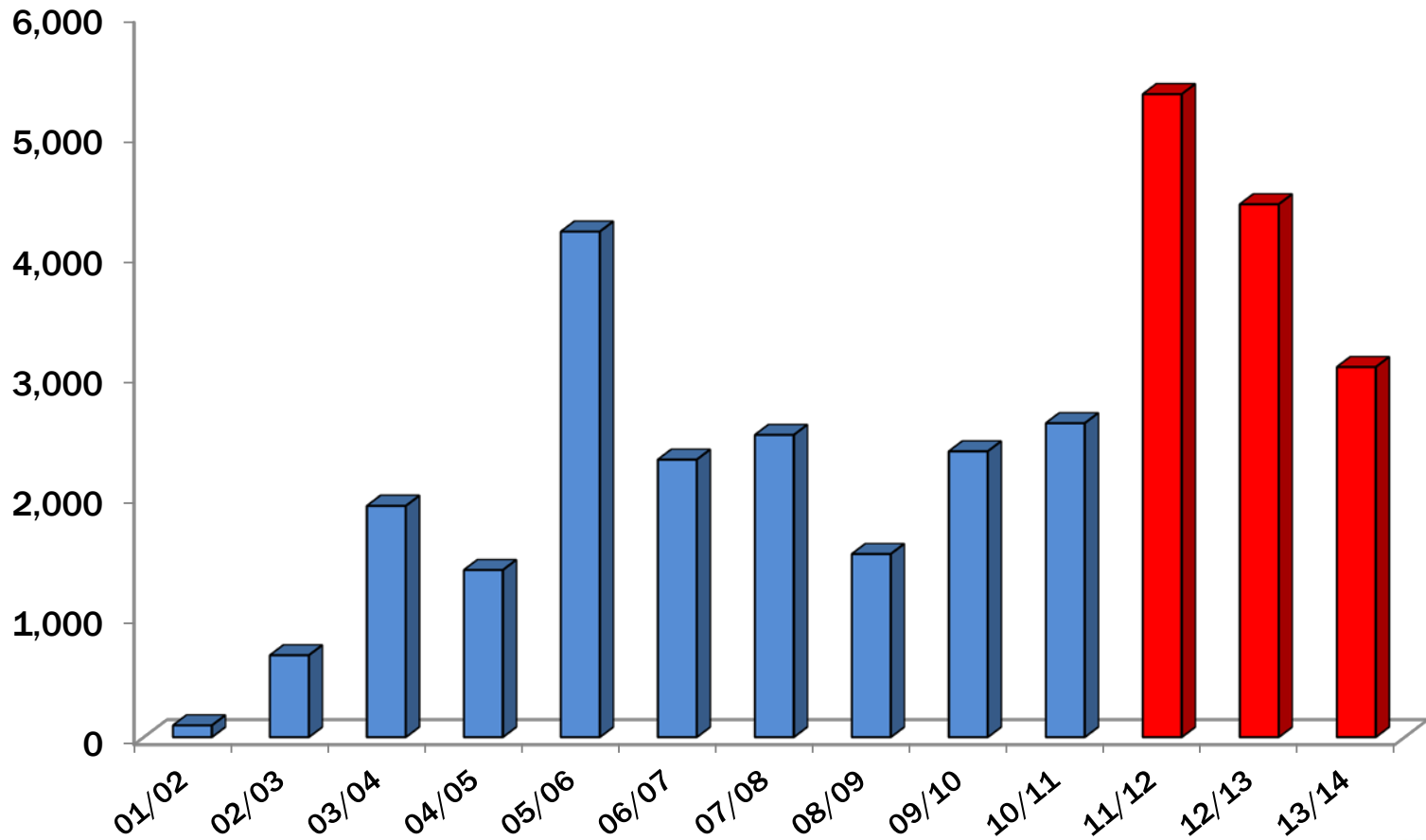




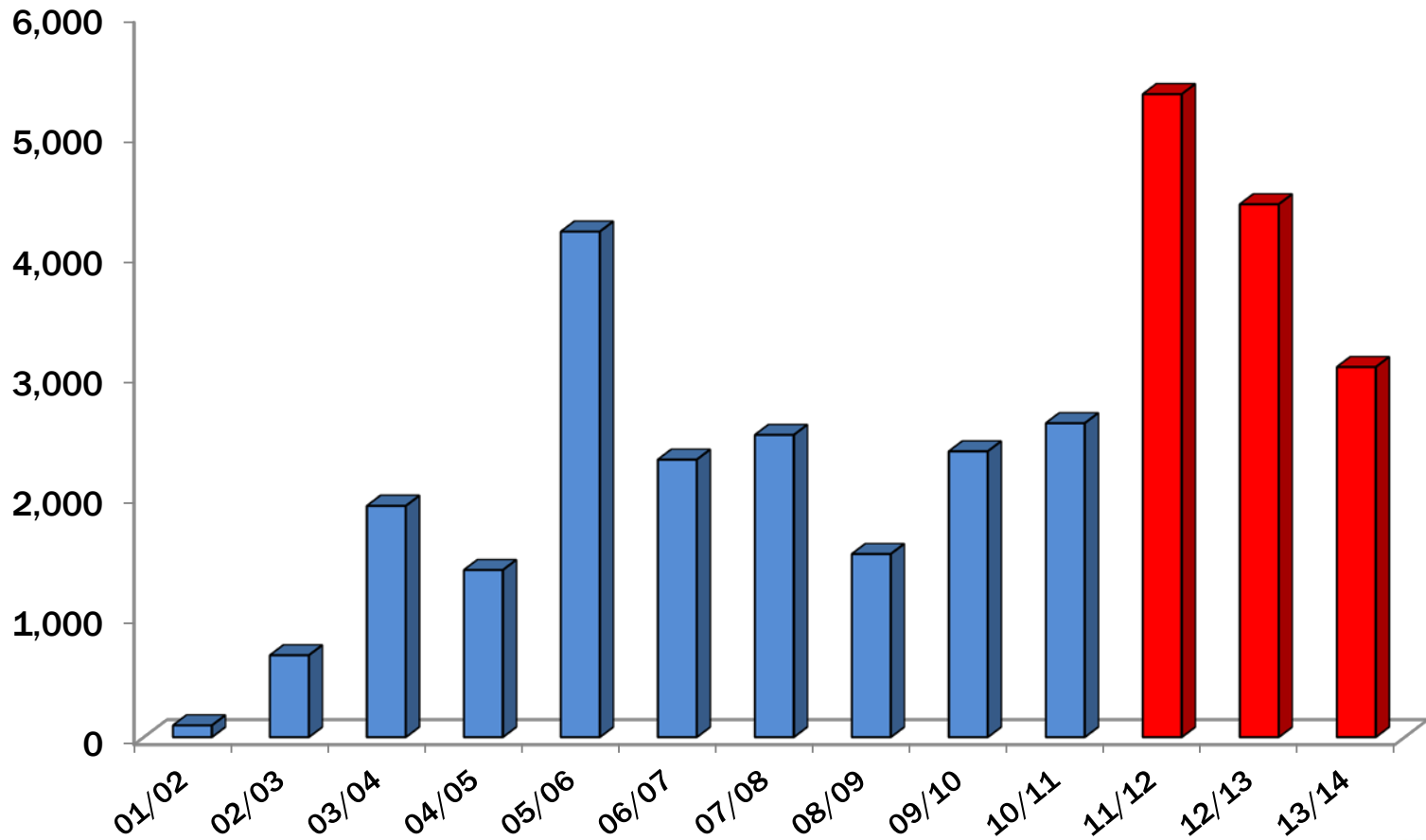
# Production et consommation chinoises



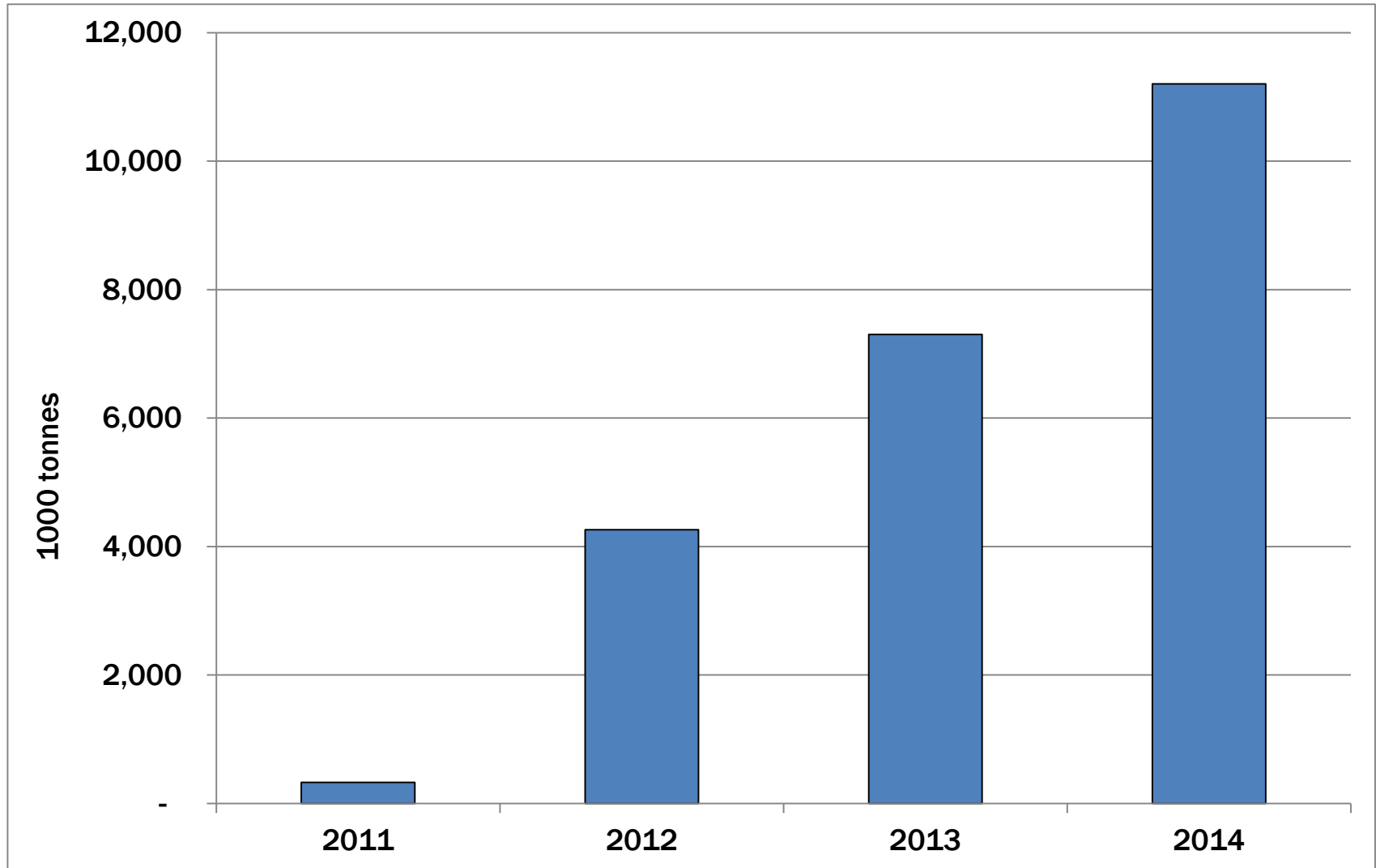
# Chinese Imports



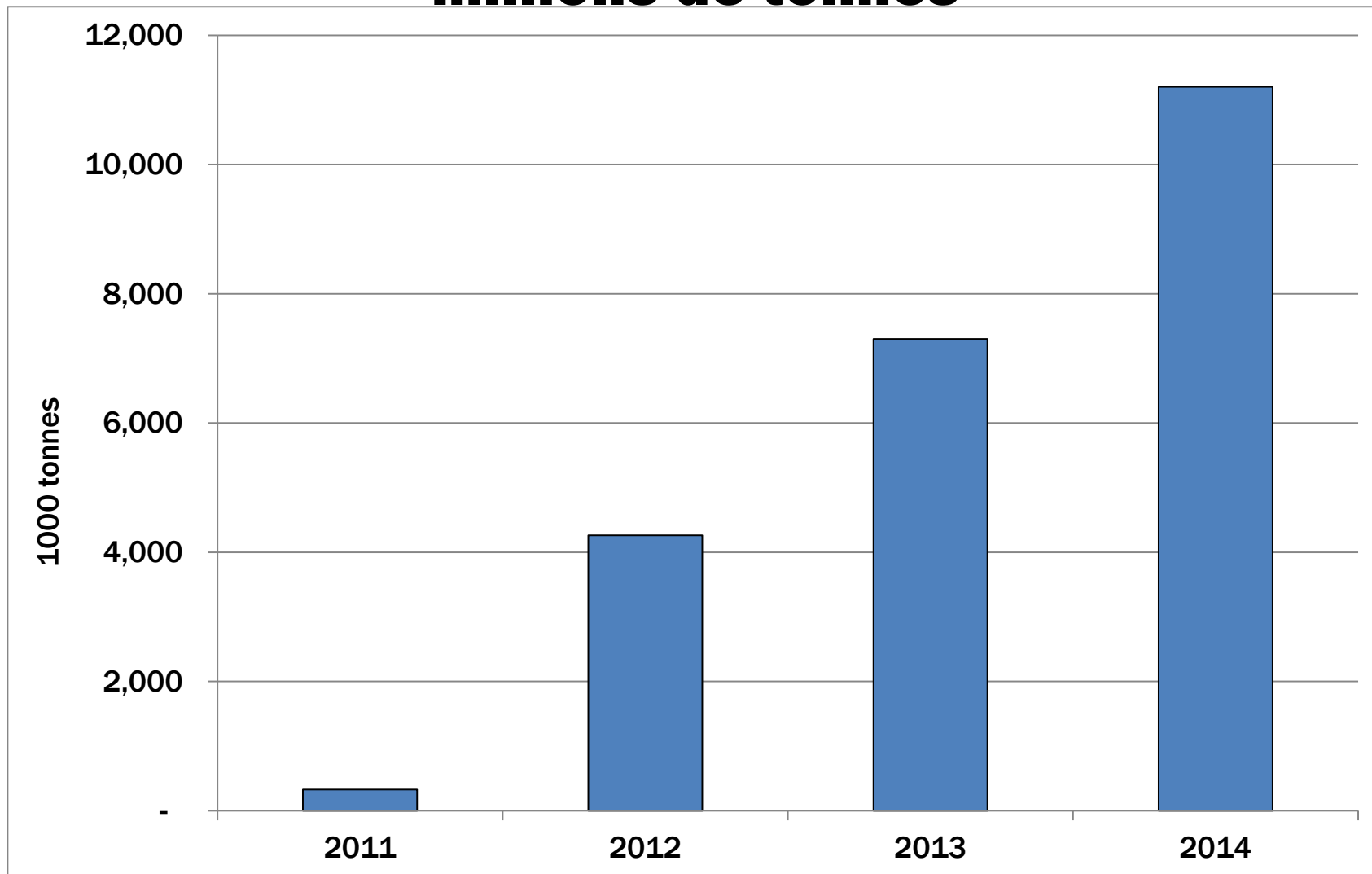
# Importations chinoises



# China's state reserves surpass 11 million tonnes



# Réerves d'état chinoises dépassent 11 millions de tonnes



## China's new policy 2014/15 - ???

- Open-ended support (2011/12 to 2013/14) at an end
- Target price system on trial in Xinjiang
- Much less support in other provinces
- Restrictive import quota regime
- **Disposal of accumulated stocks...**

# Nouvelle politique chinoise 2014/15 à ???

- Fin de l'appui inconditionnel (2011/12 to 2013/14)
- Prix d'objectif dans la région de Xinjiang (projet pilote)
- Beaucoup moins d'appui dans les autres provinces
- Restrictions des importations
- **Ecoulement des stocks accumulés...**

# Chinese production

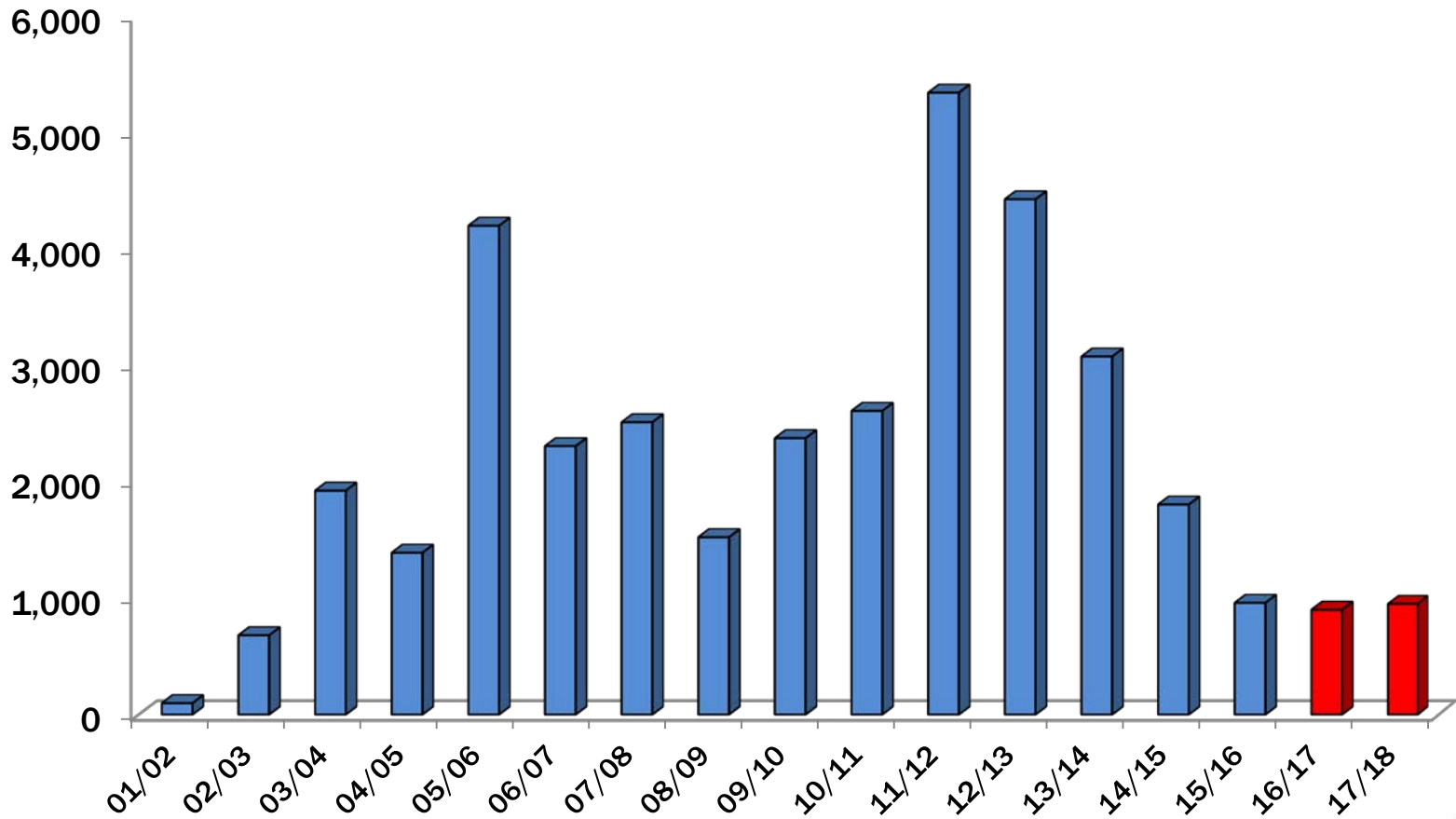




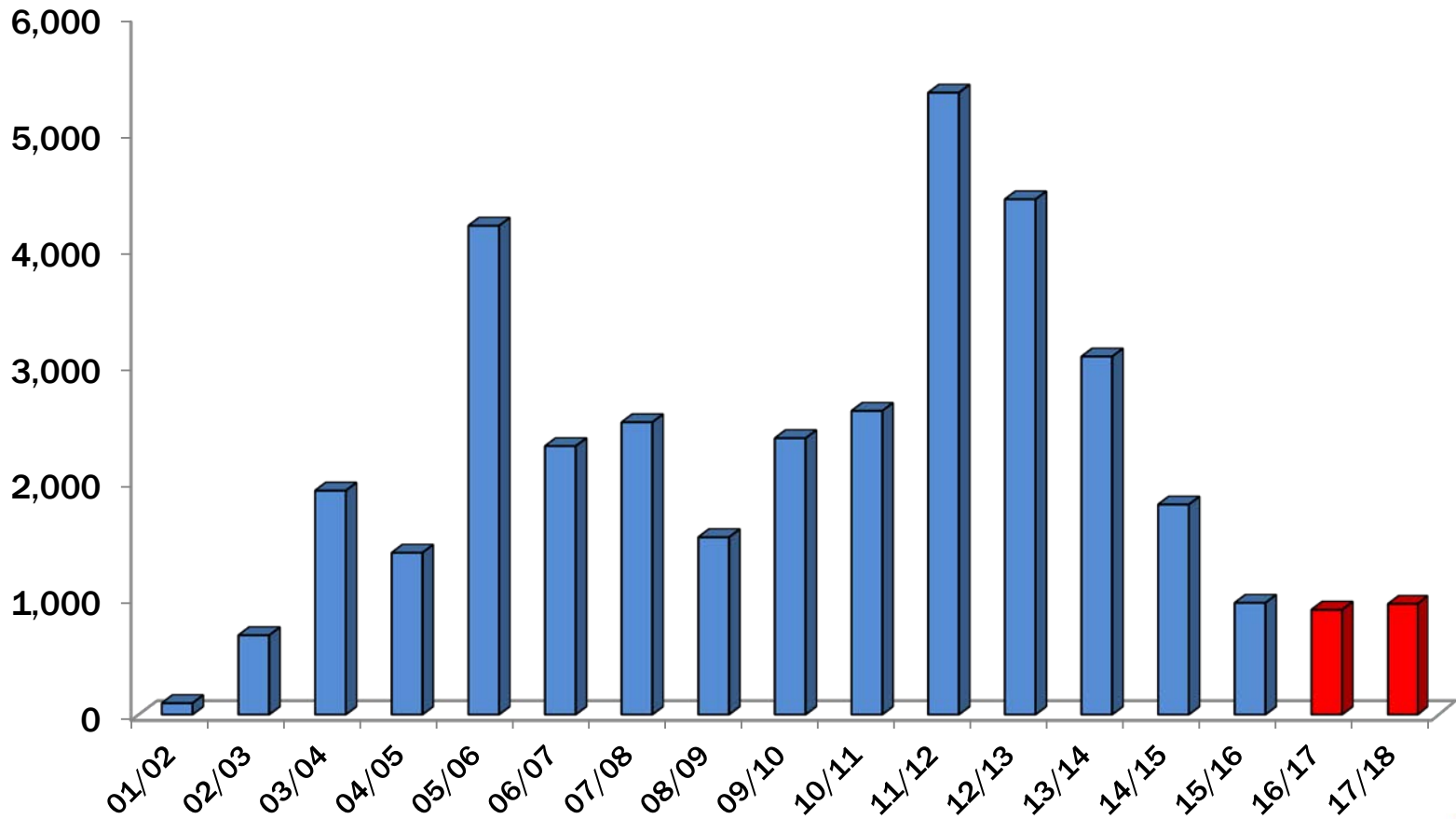
# Production chinoise



# Chinese imports (1000s tonnes)

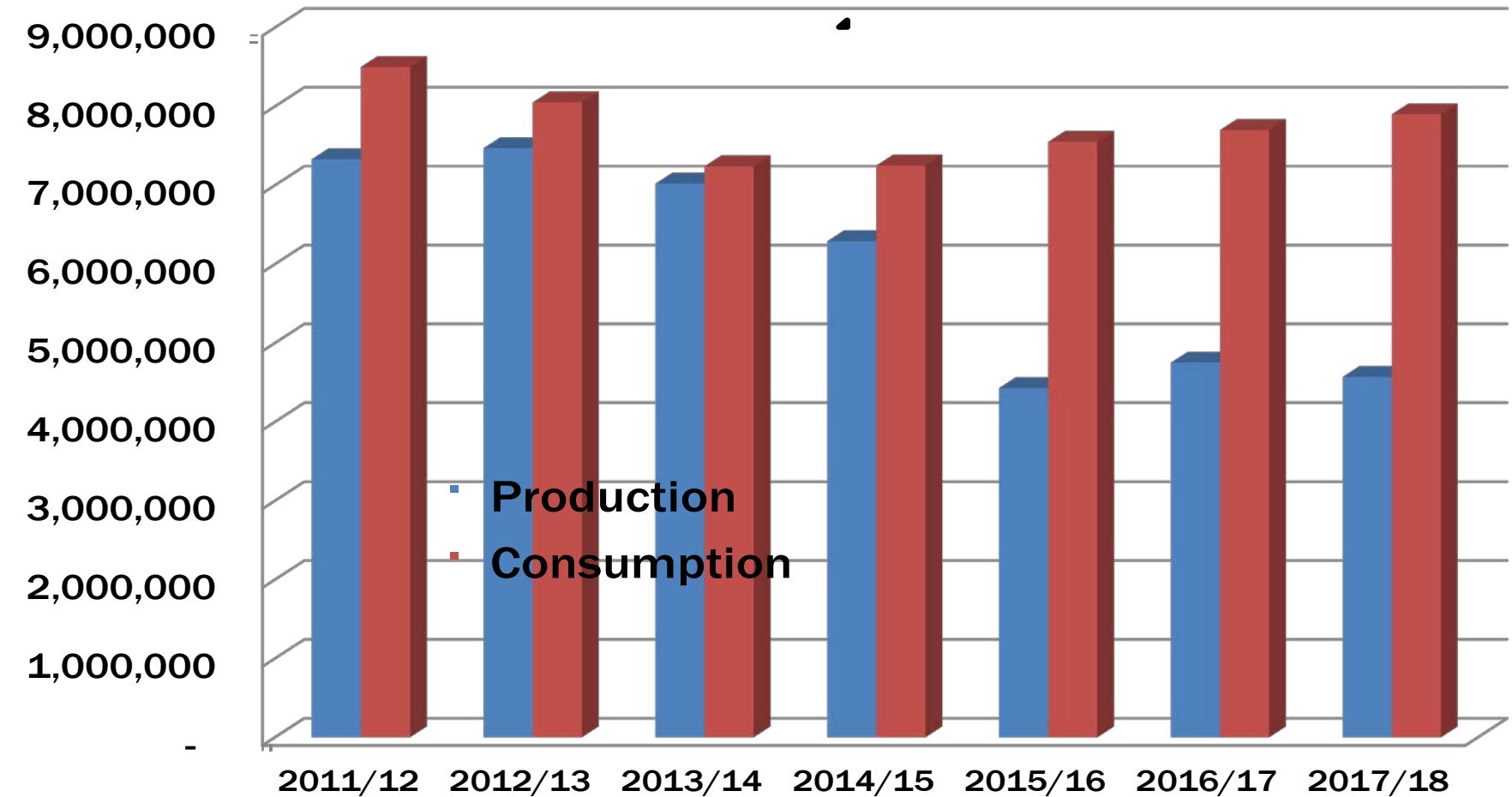


# Importations chinoises (1000s tonnes)



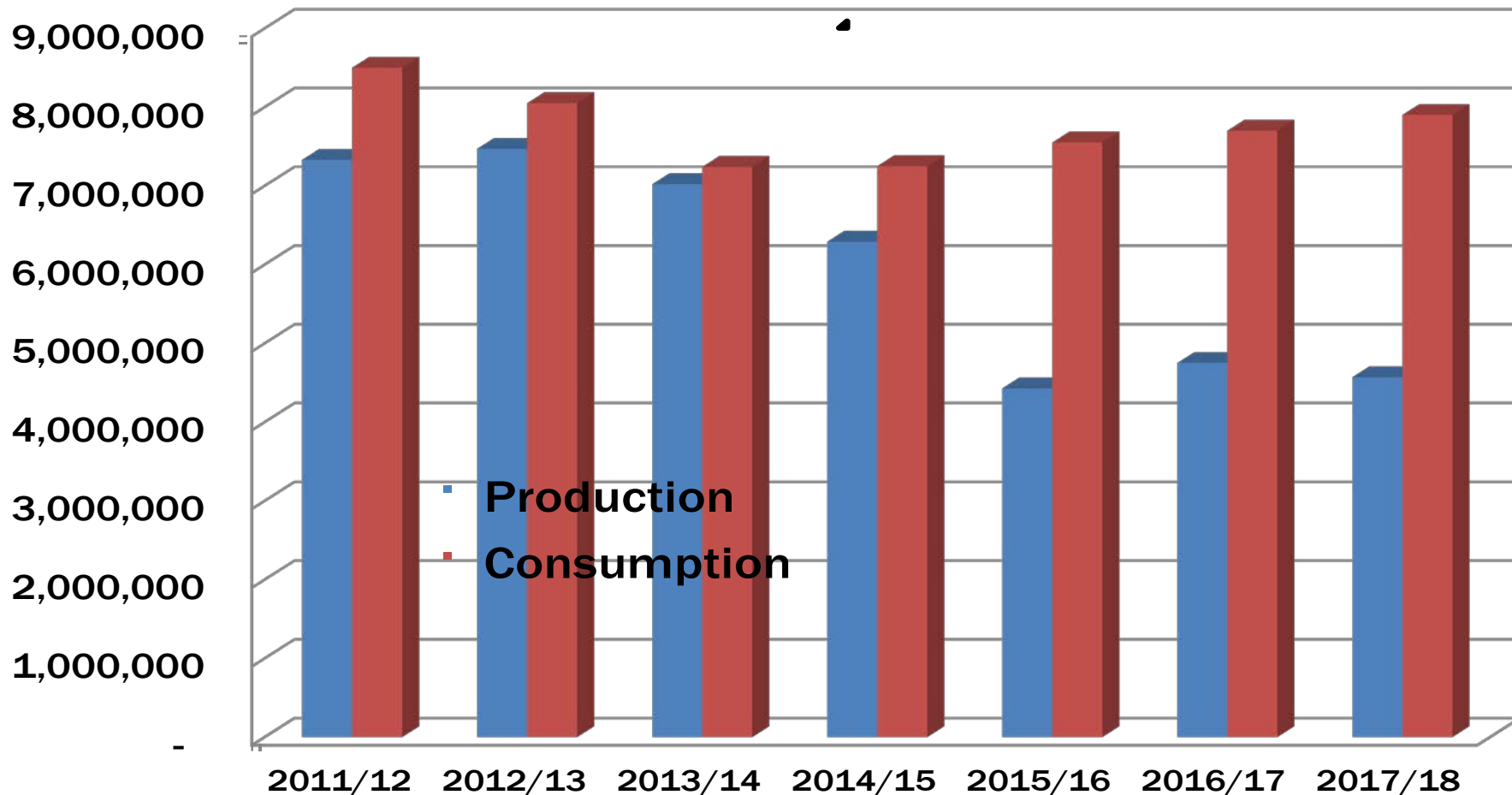
# China: structural deficit emerges

□

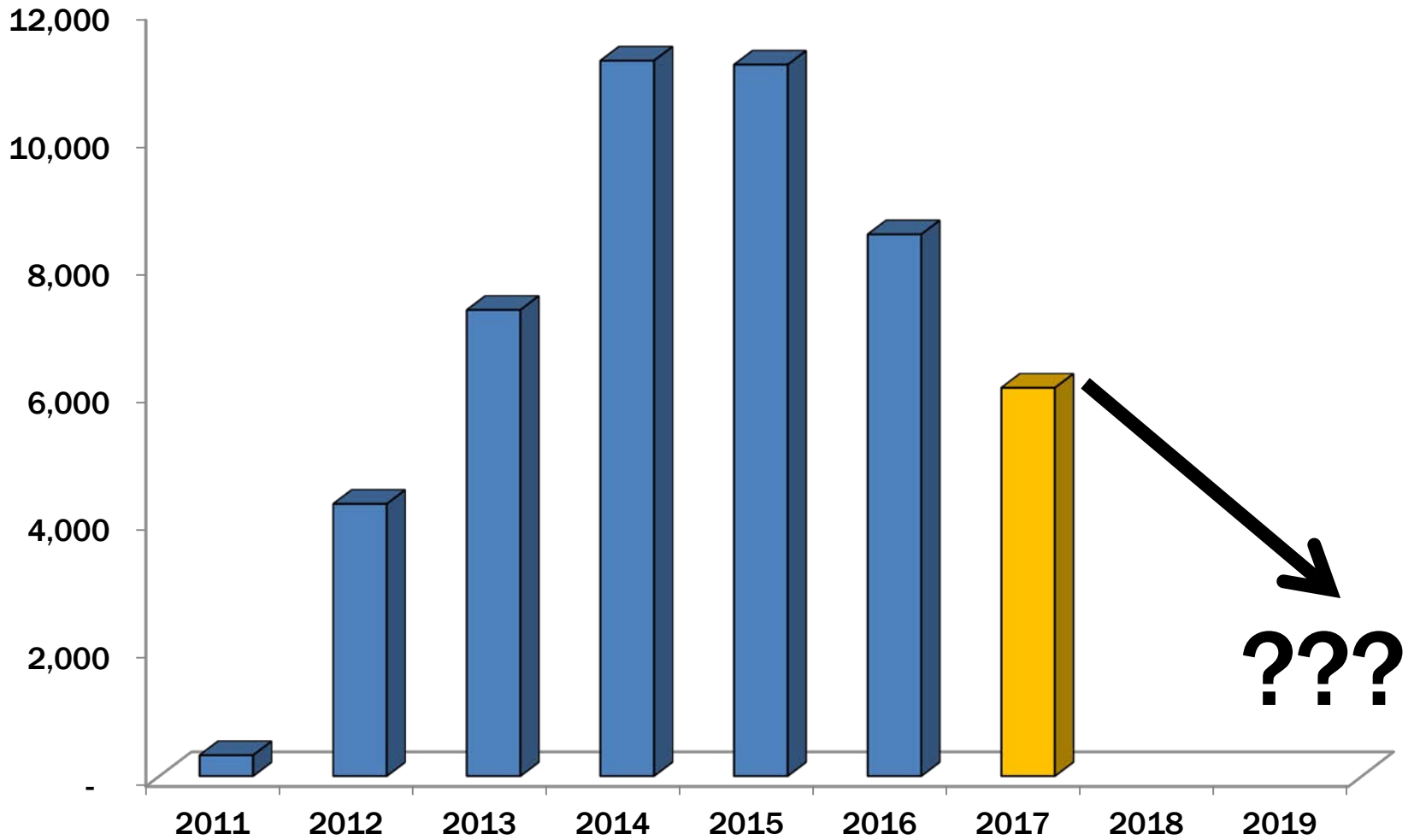


# Chine: création d'un déficit structurel

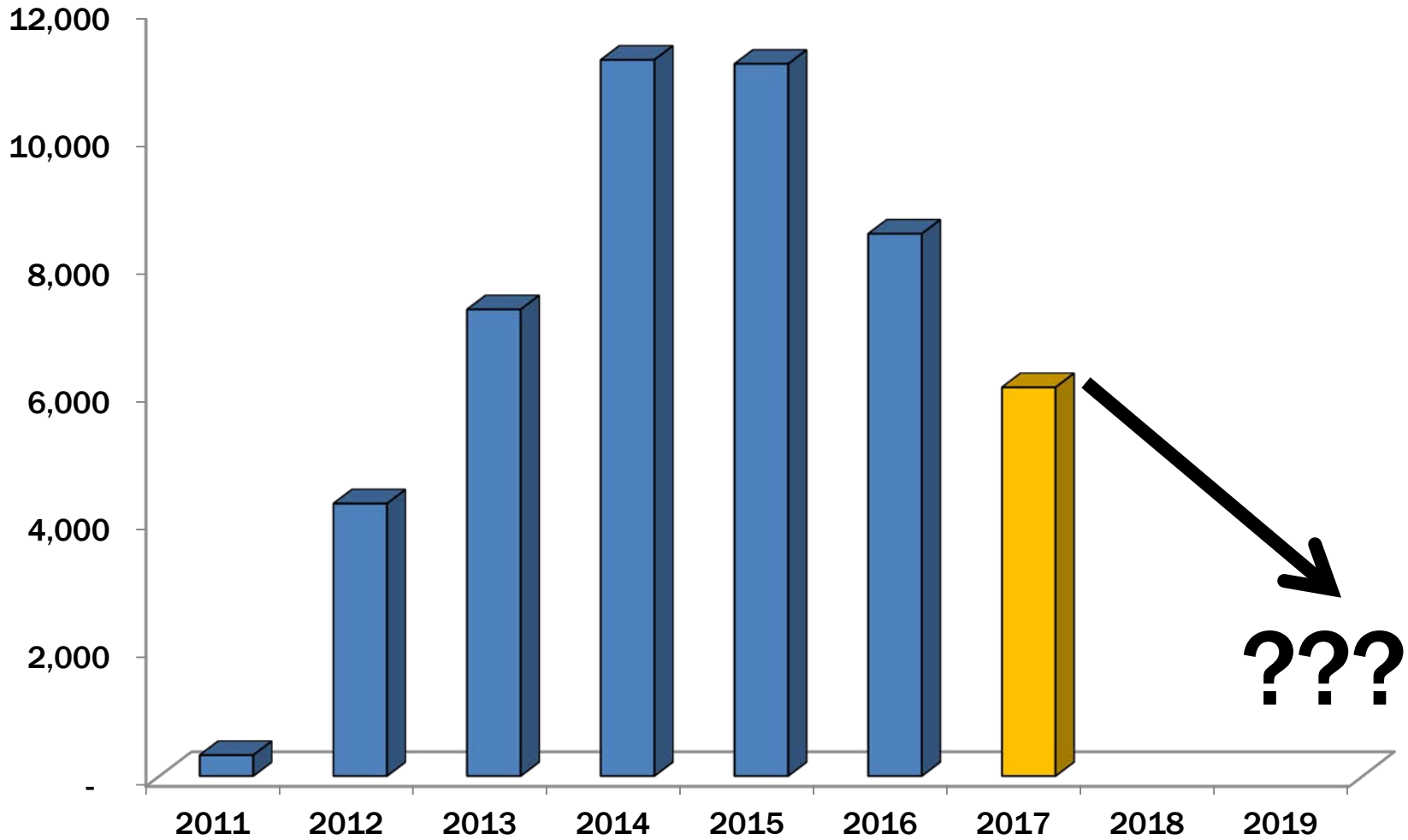
□



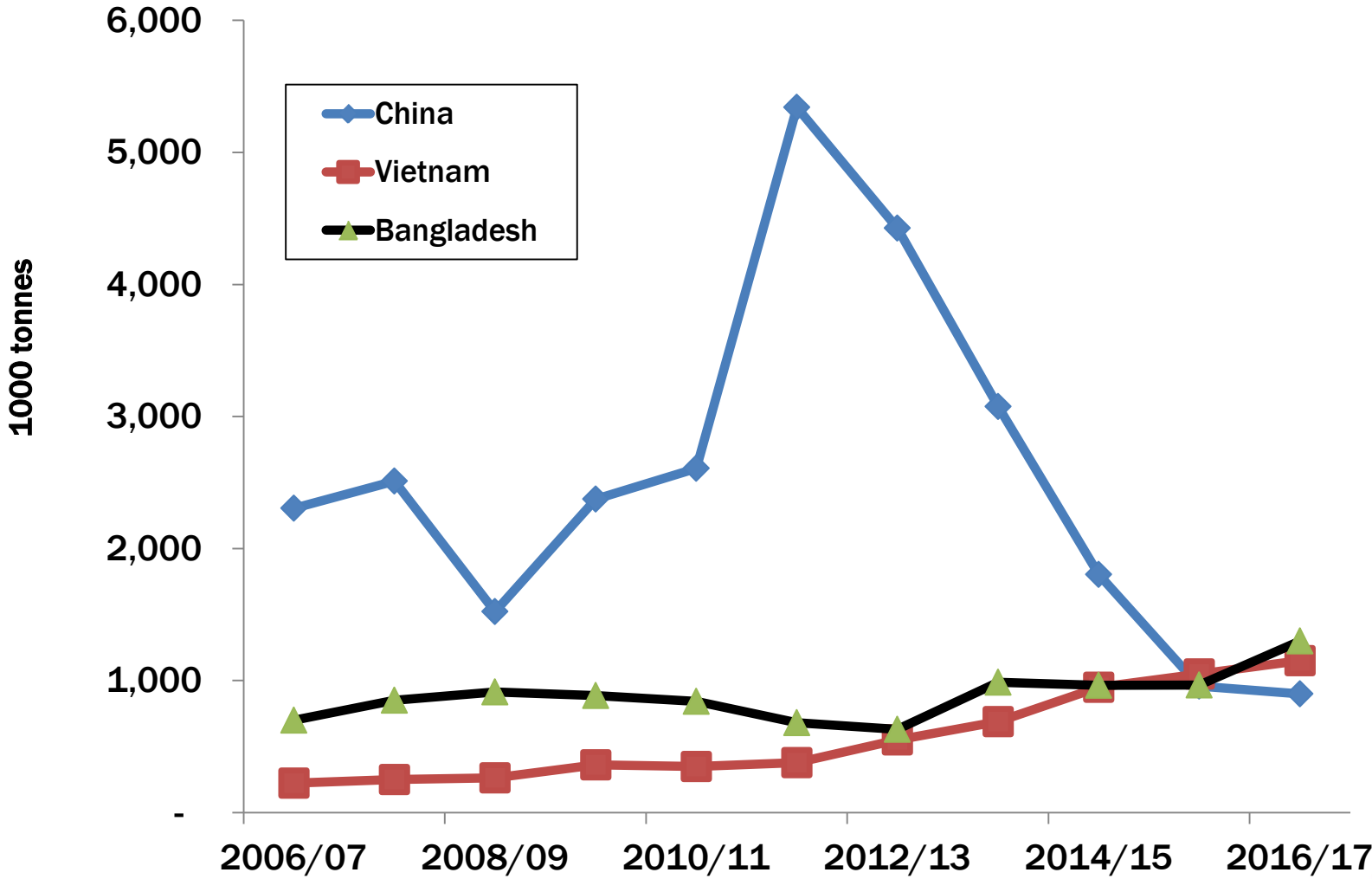
# Chinese destocking is under way



# Déstockage chinois en cours

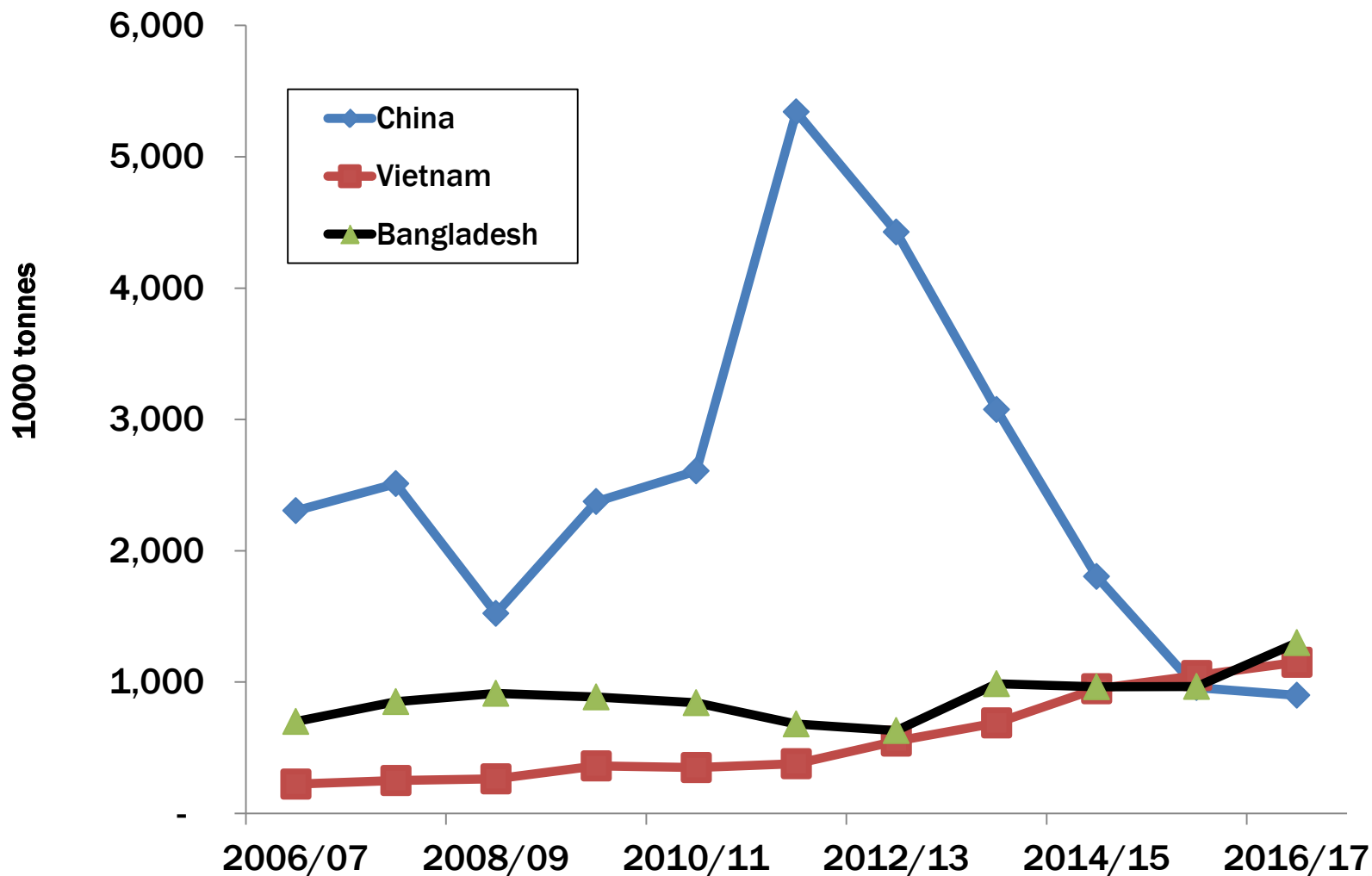


# Three major import markets





# Trois marchés d'importation majeurs



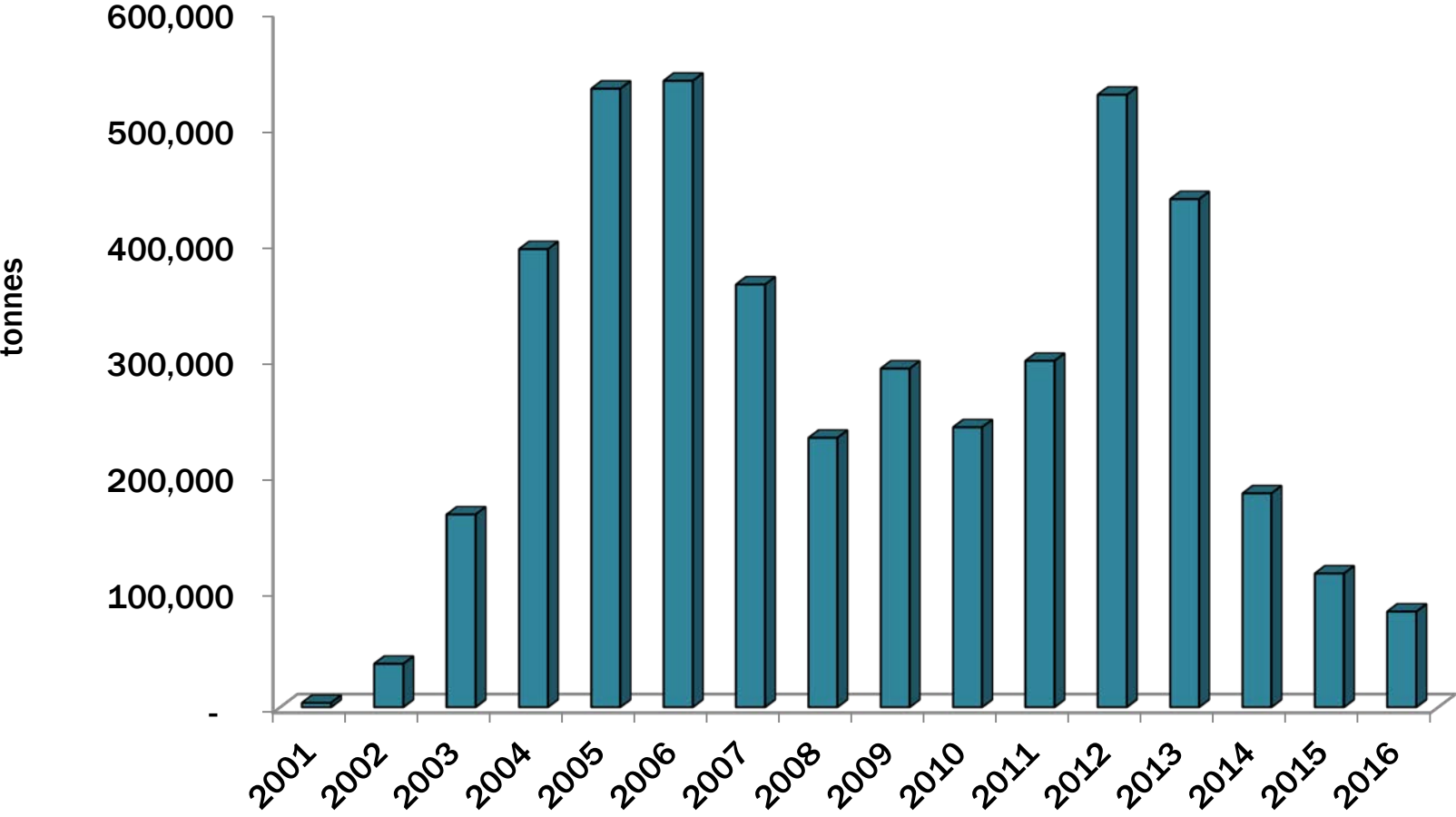
# Africa's place in a changing market



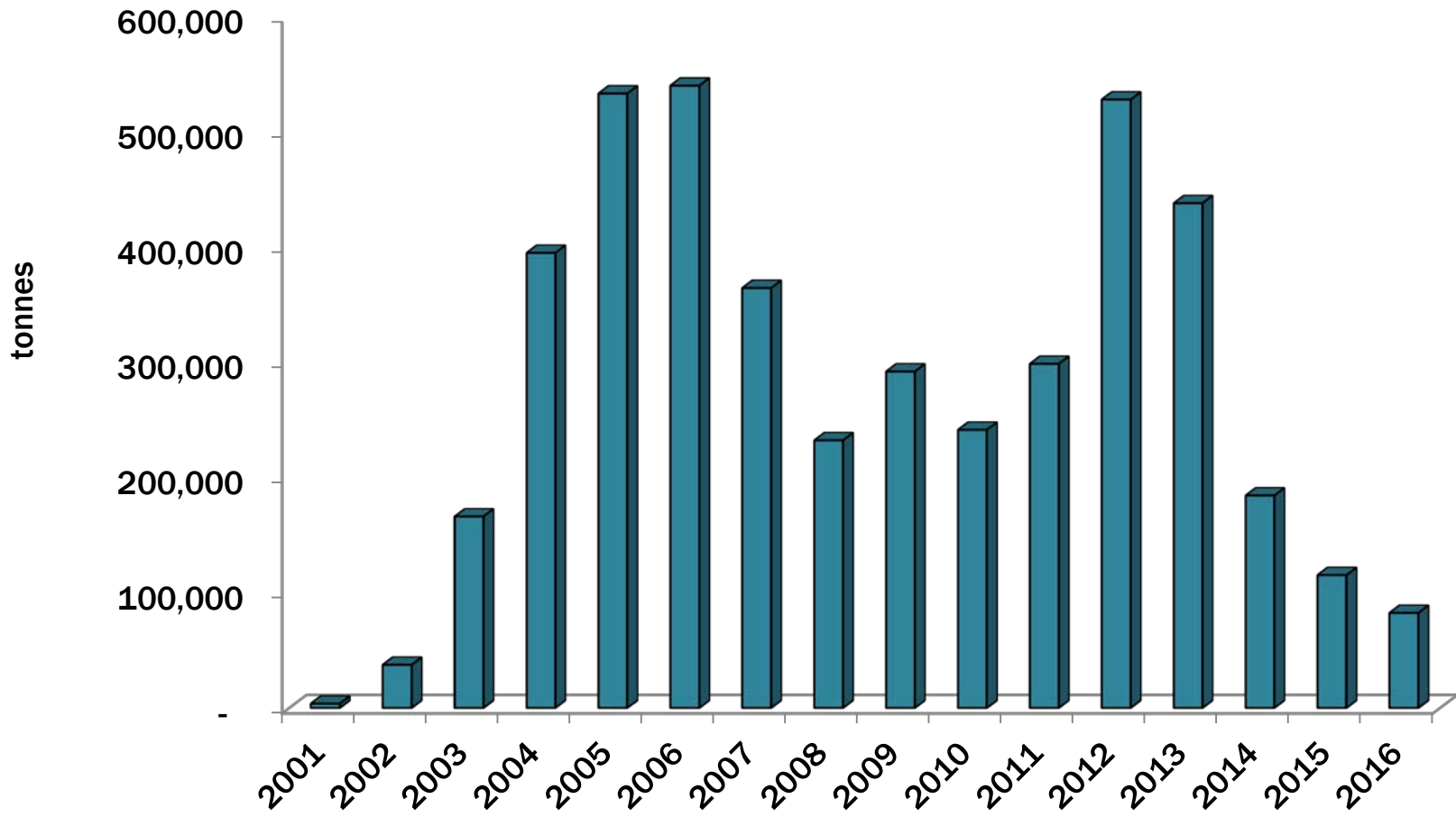
# Place de l'Afrique dans un marché en évolution



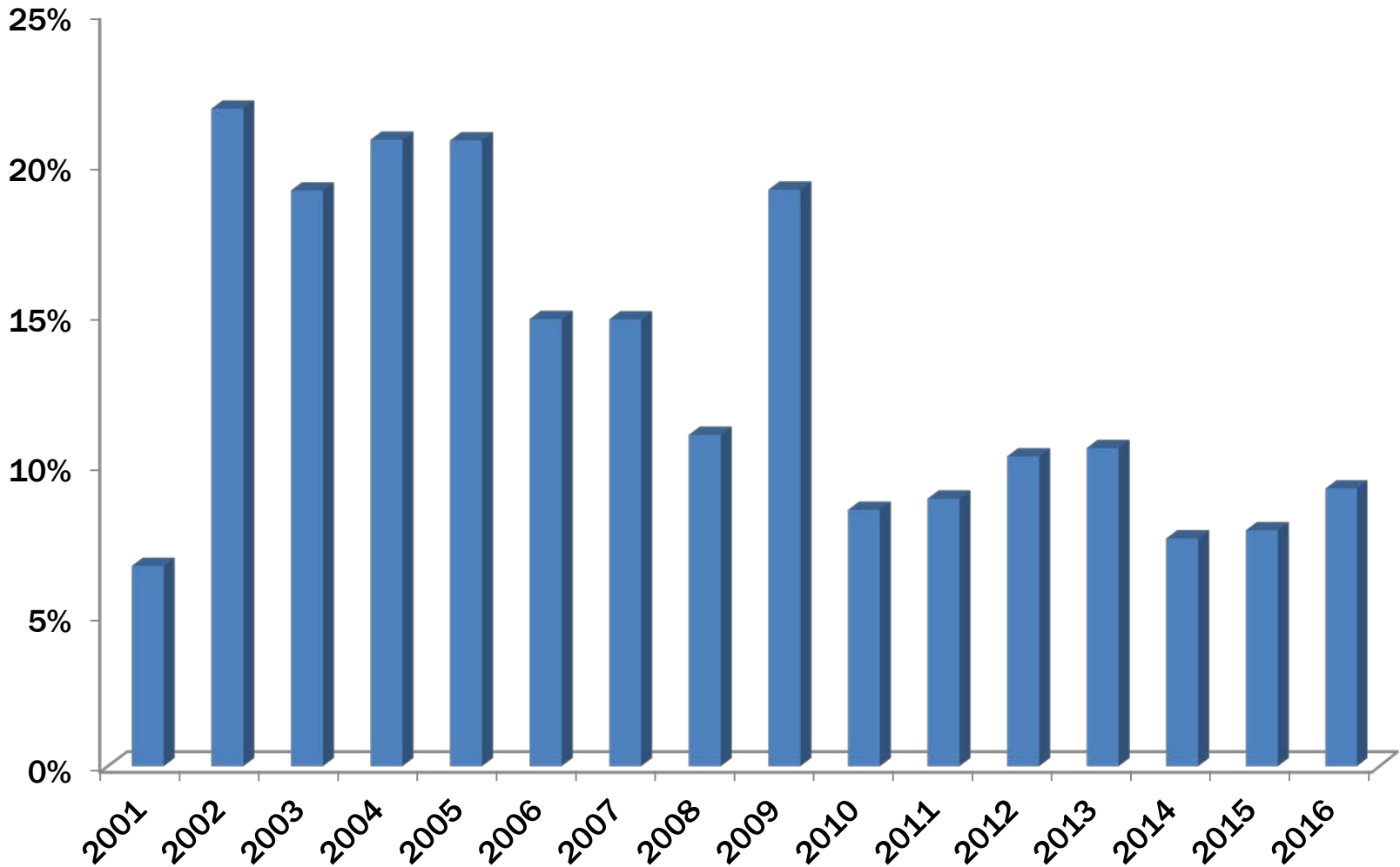
# China's imports from Africa



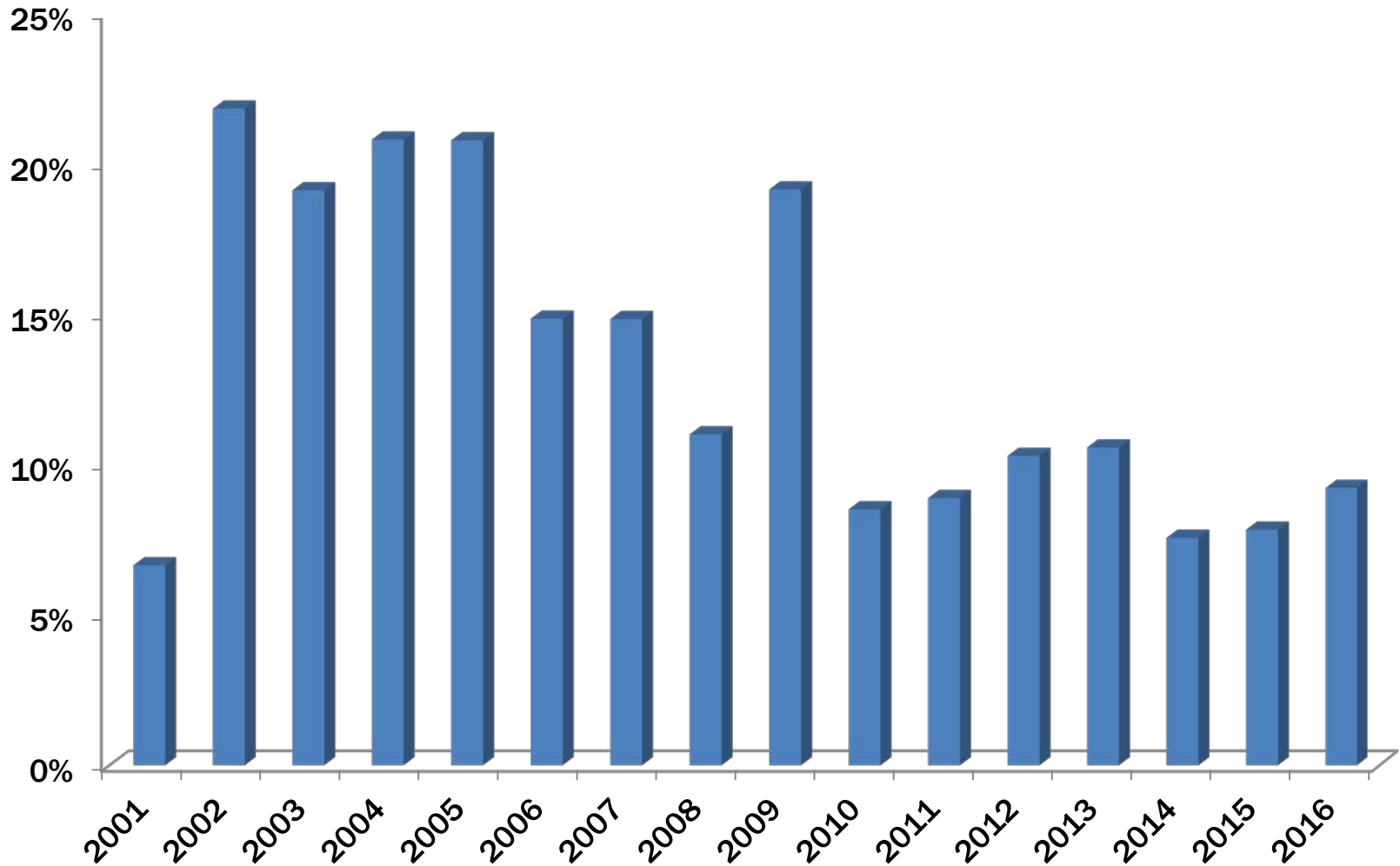
# Importations chinoises de l'Afrique



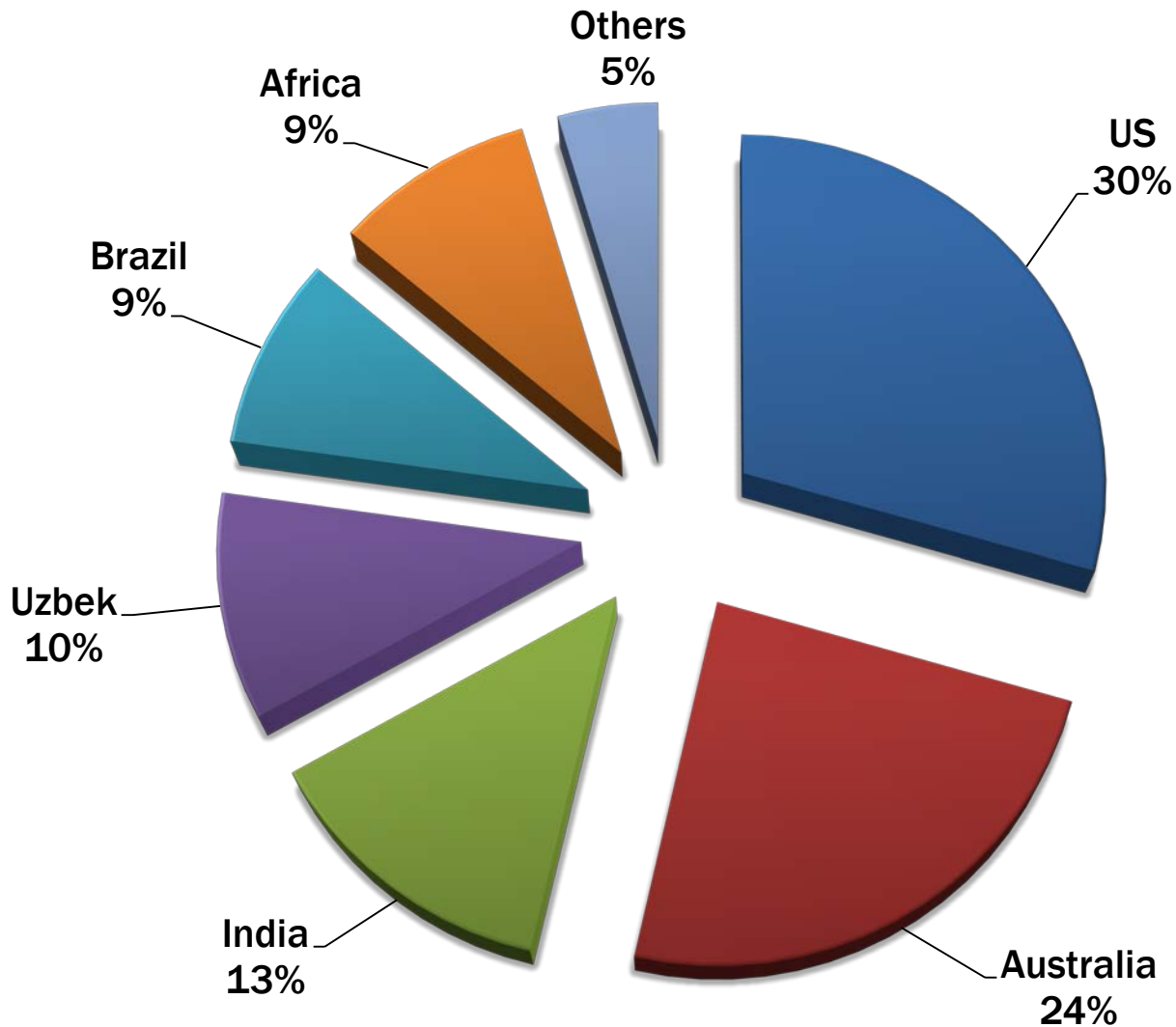
# Africa's share of China's imports



# Part de l'Afrique des importations chinoises

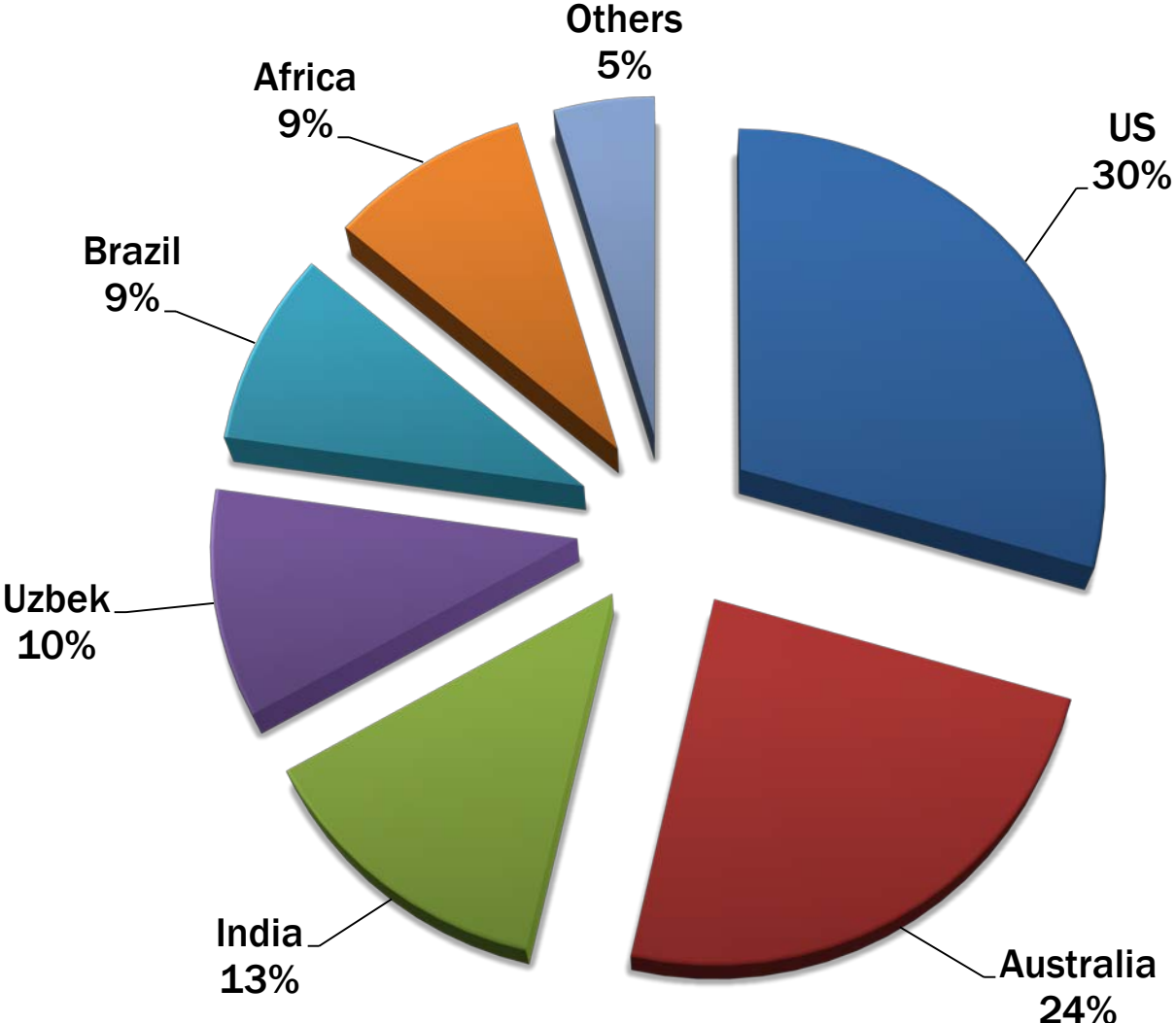


# Share of China's imports (2016)

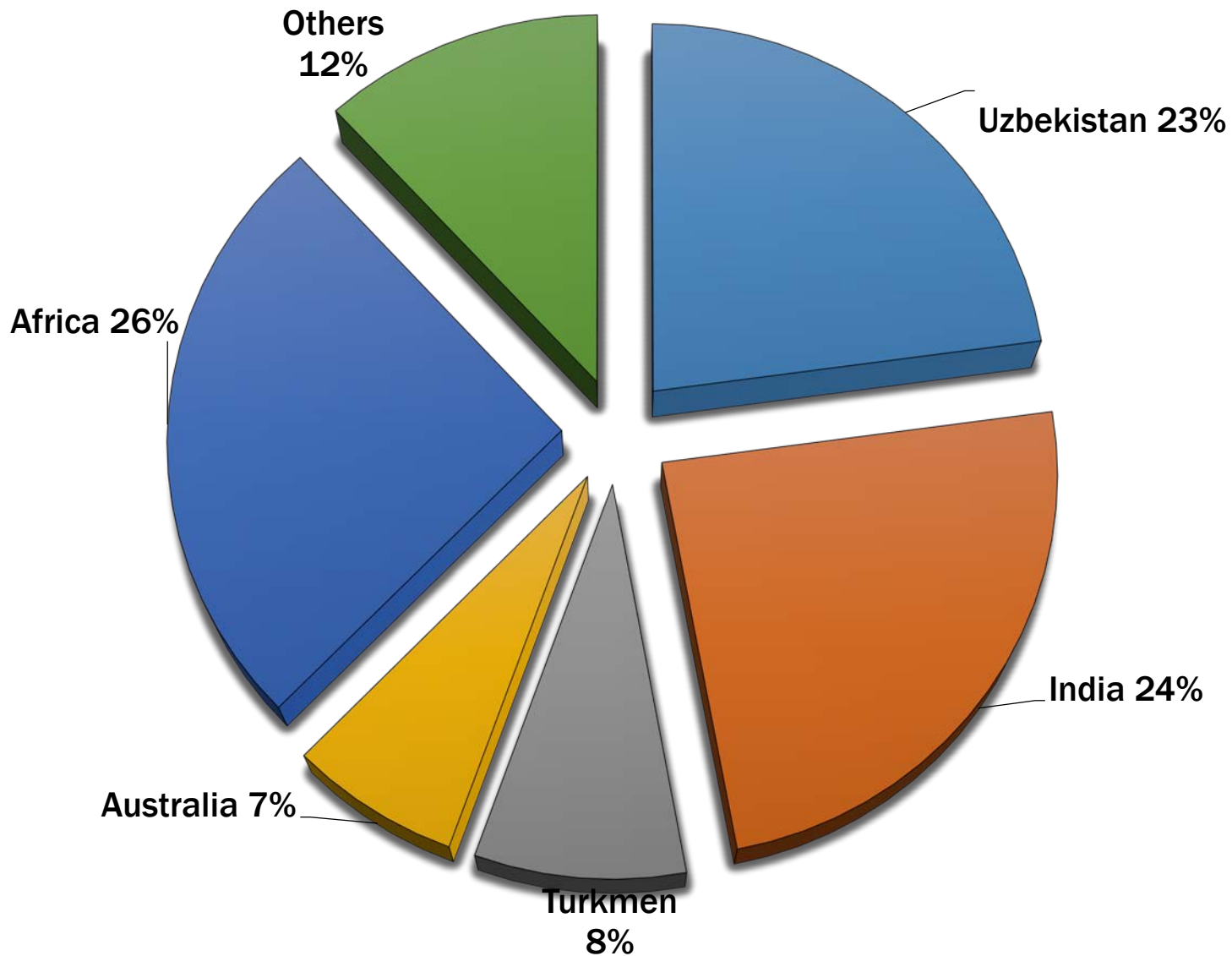




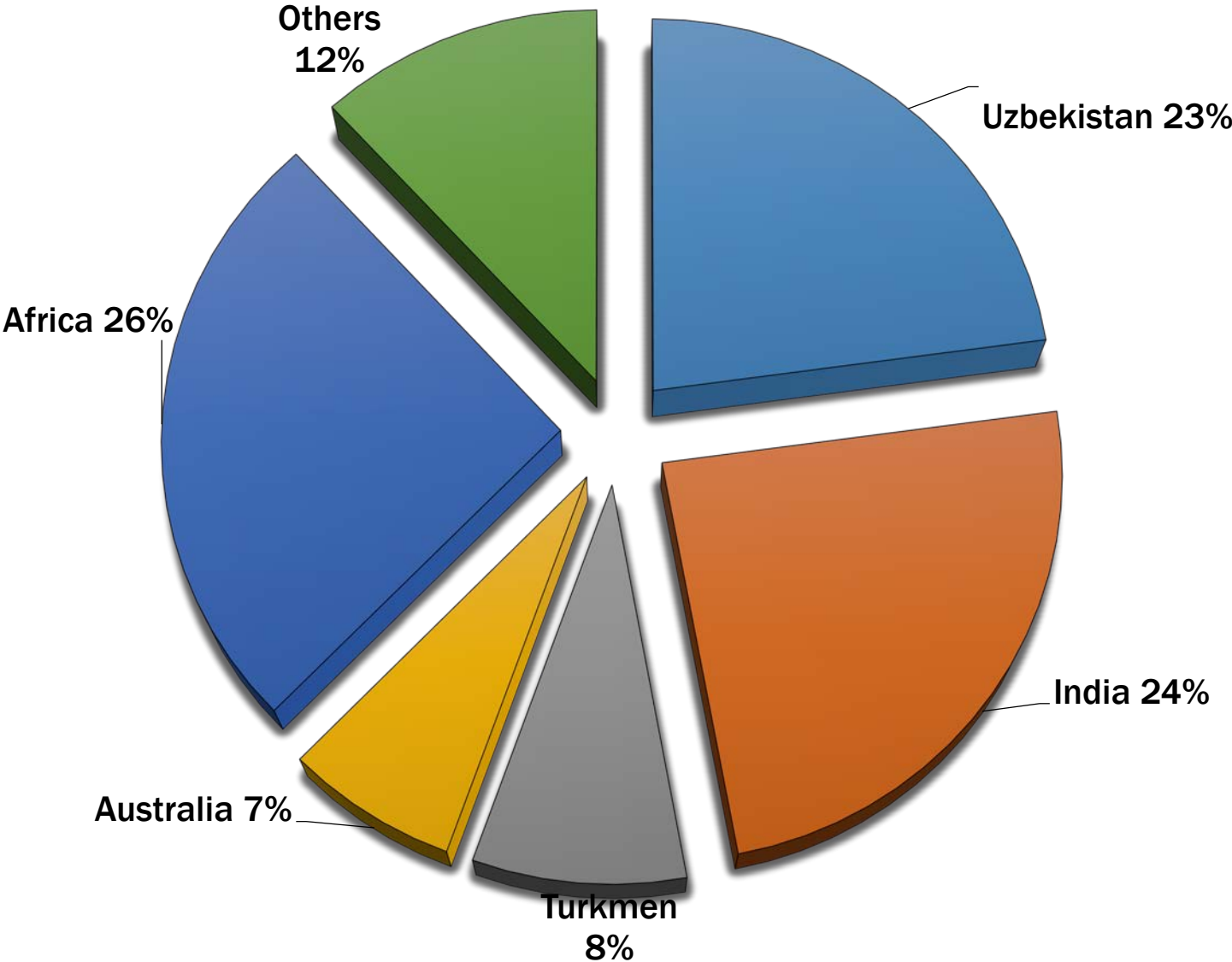
# Part des importations chinoises (2016)



# Share of Bangladesh imports (2016)



# Part des importations du Bangladesh (2016)



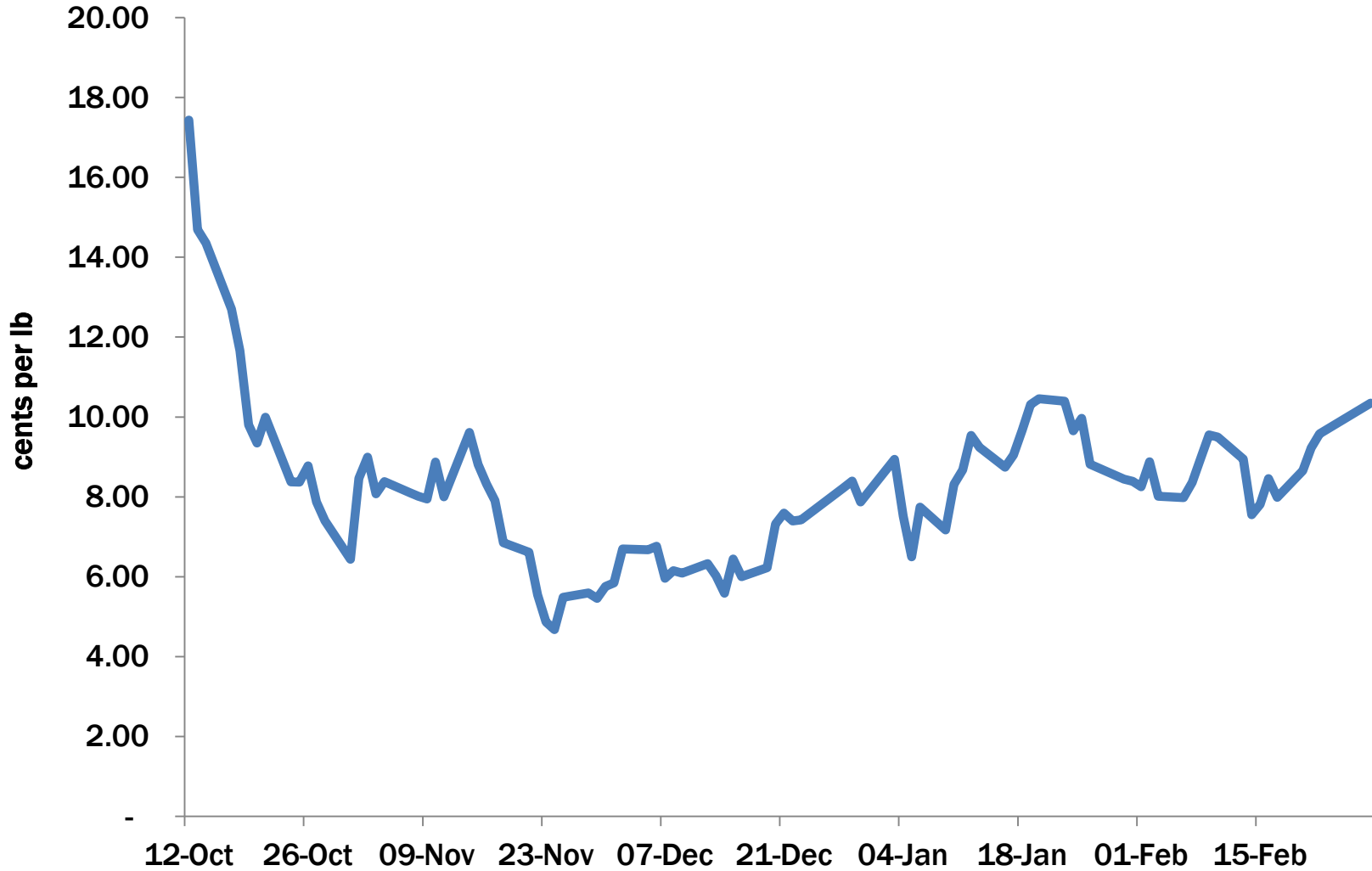
# **Subdued competition from India**

- **2015/16 crop reduced by erratic monsoon, pest attacks**
- **Surpluses absorbed by Pakistan**
- **Supply and prices in 2016/17 affected by demonetisation**
- **Recovery of Indian production in 2017/18?**

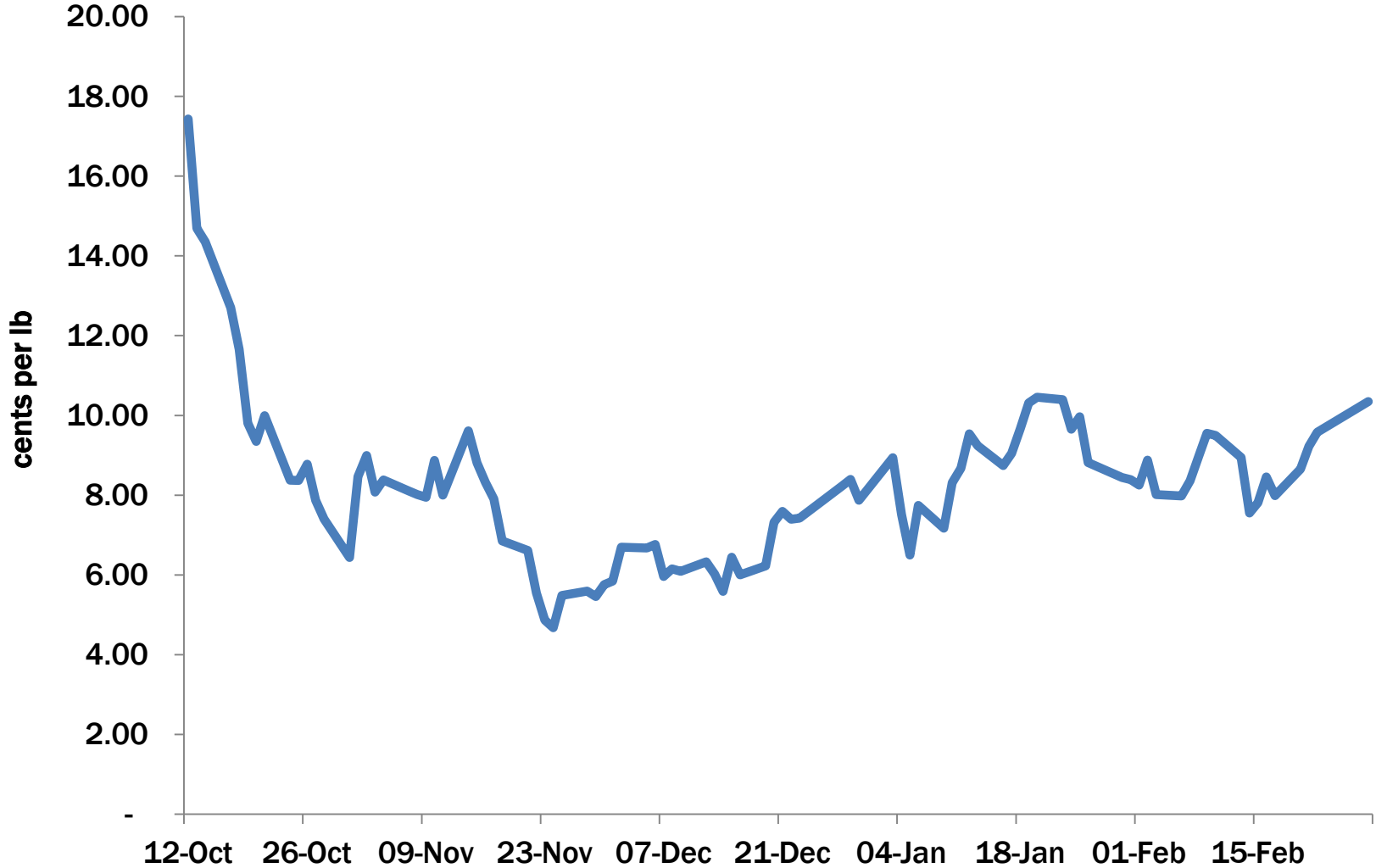
# Diminution de la concurrence indienne

- Production en 2015/16 réduite par une pluviométrie irrégulière,
- pressions parasitaires
- Surplus absorbé par le Pakistan
- Offre et prix en 2016/17 affectés par ‘demonetisation’
- Reprise de la production indienne en production in 2017/18?

# Indian Shankar-6 CFR 'break-even basis' vs. New York



# Inde: Shankar-6 CFR 'break-even basis' vs. New York



# **But other competitors have increased production...**

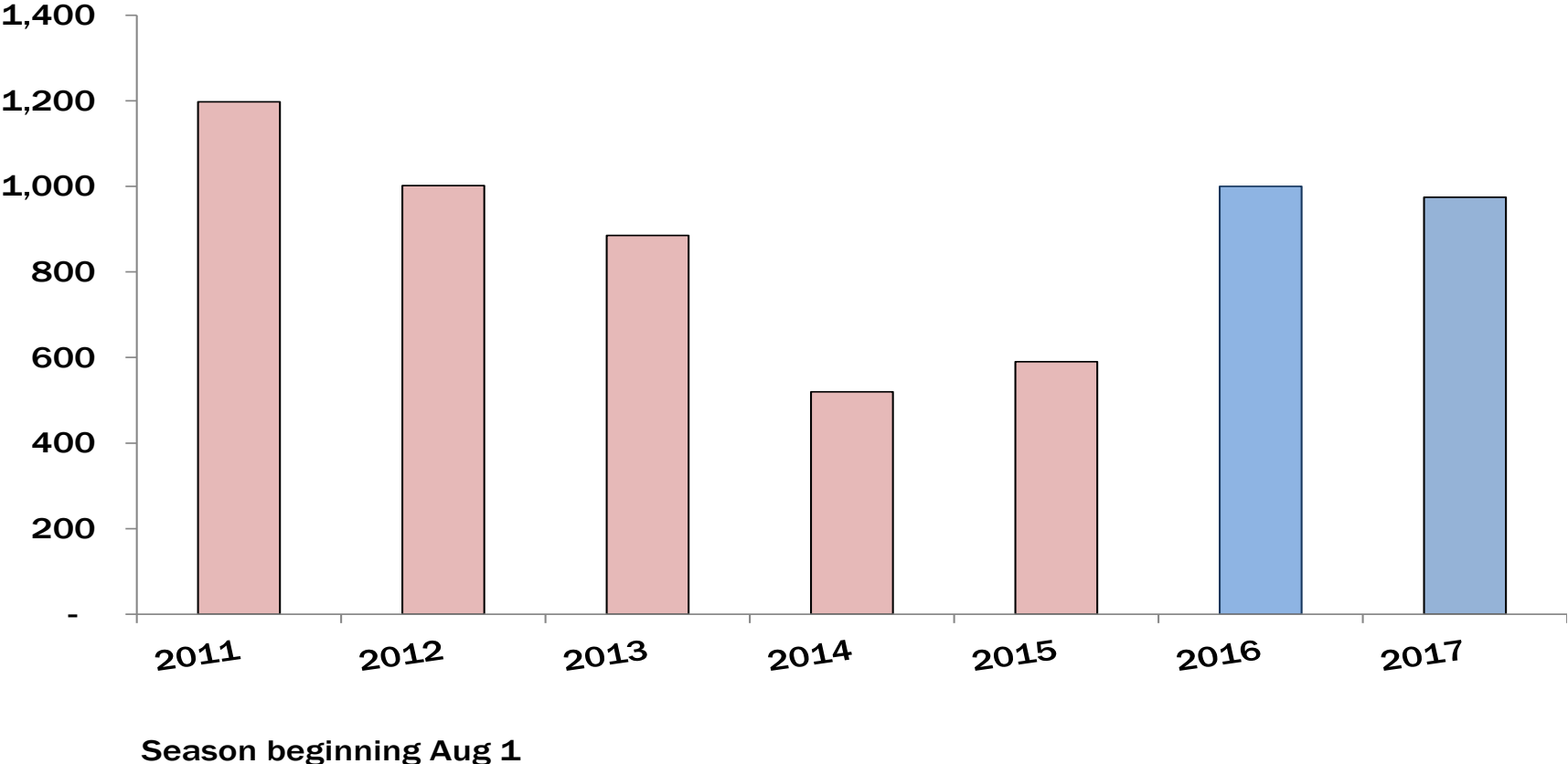
- **United States**
- **Australia**



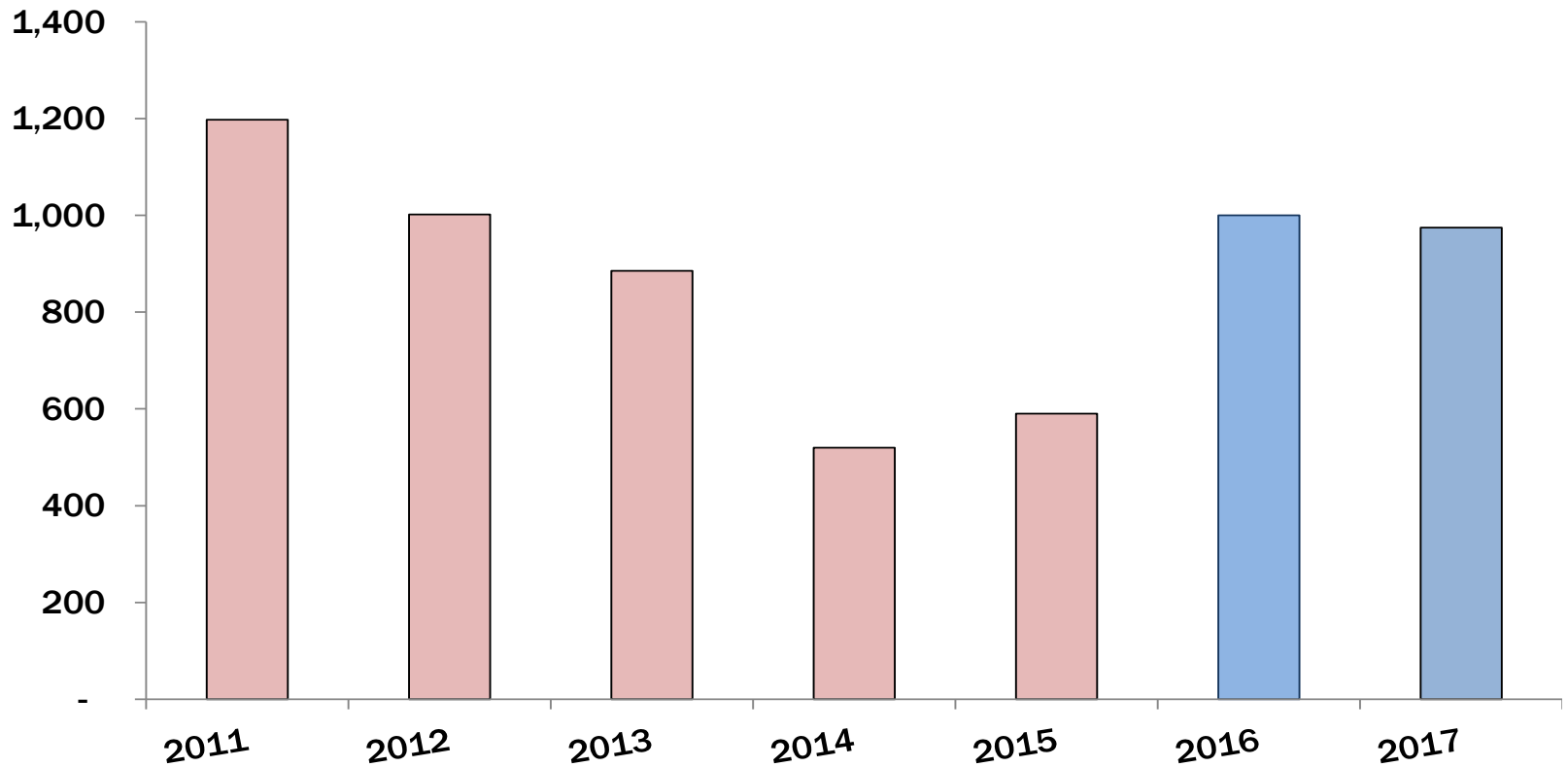
# **Mais d'autres concurrents ont augmenté la production...**

- **Etats-unis**
- **Australie**

# Australian Production (1000s tonnes)

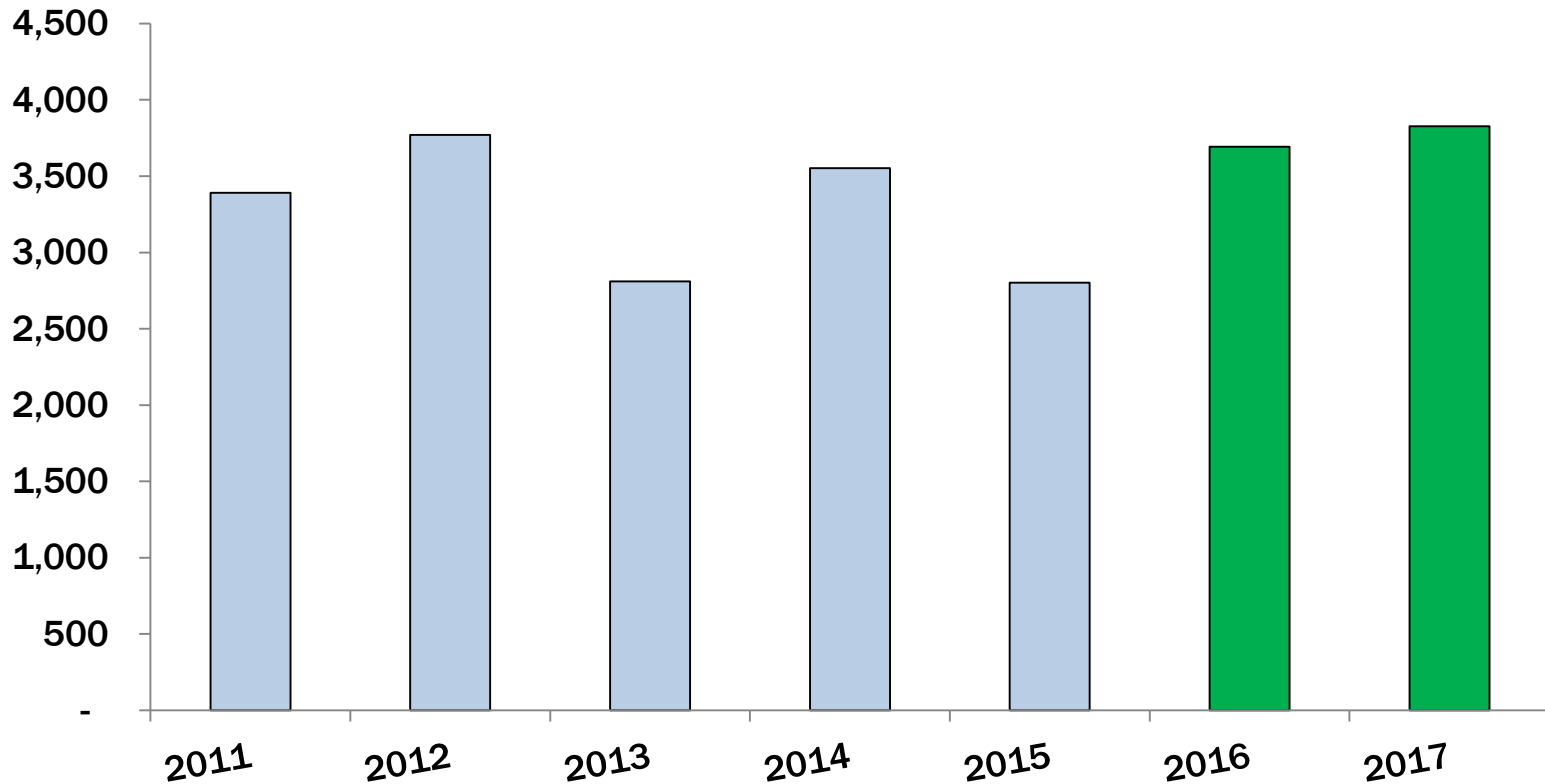


# Production australienne (1000s tonnes)



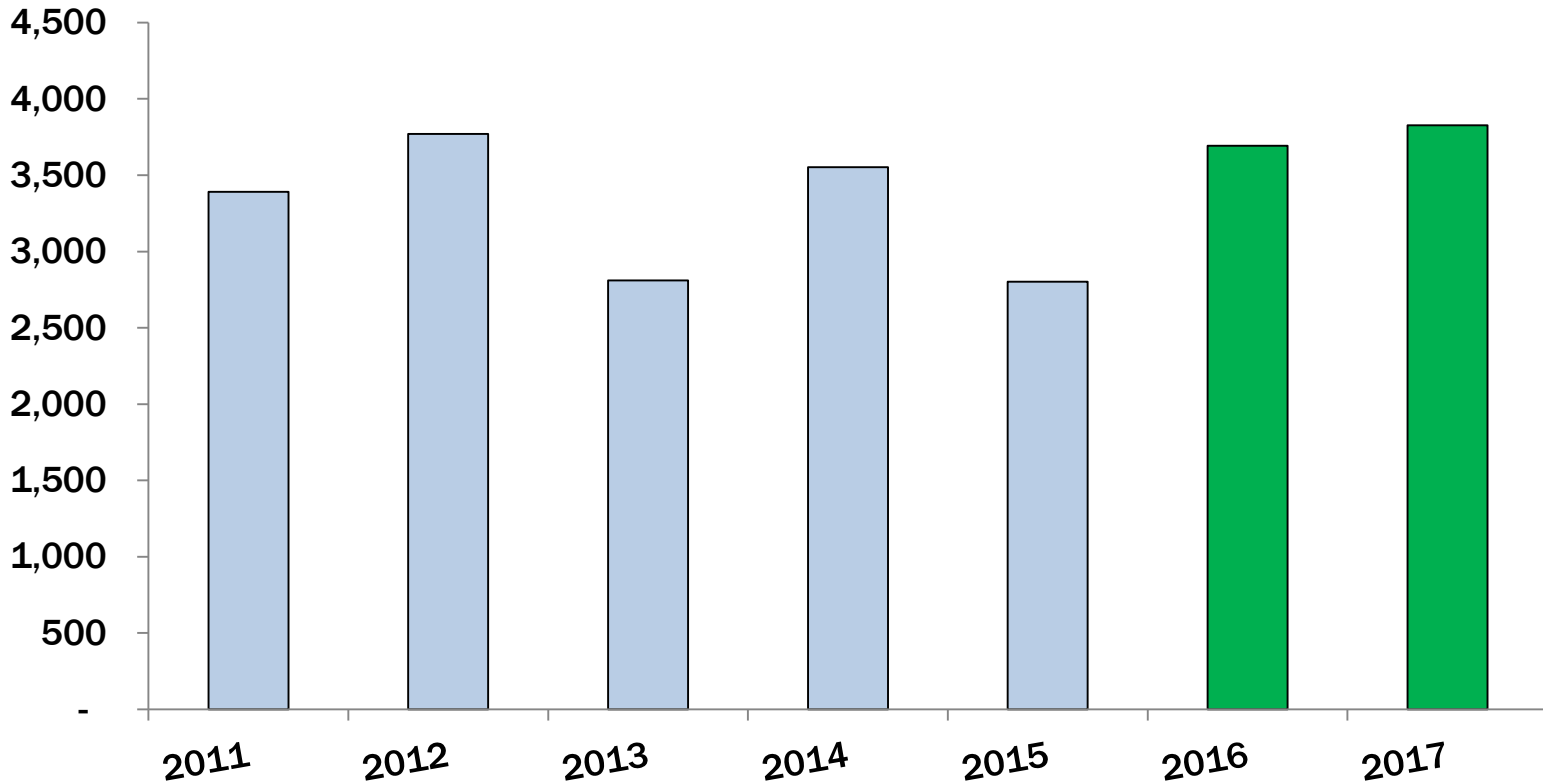
Season beginning Aug 1

# United States Production (1000s tonnes)



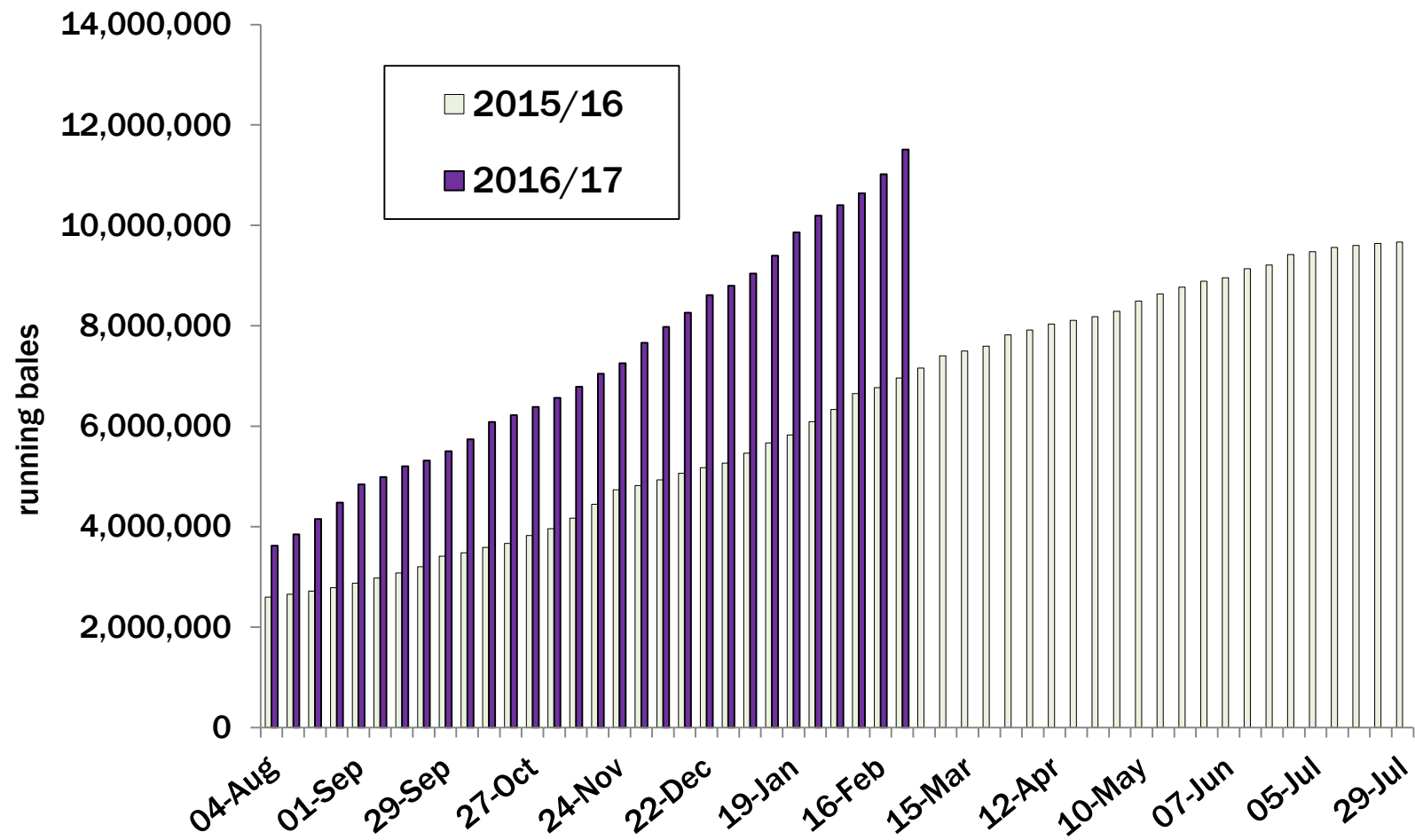
Season beginning Aug 1

# Production aux Etats-unis (1000s tonnes)

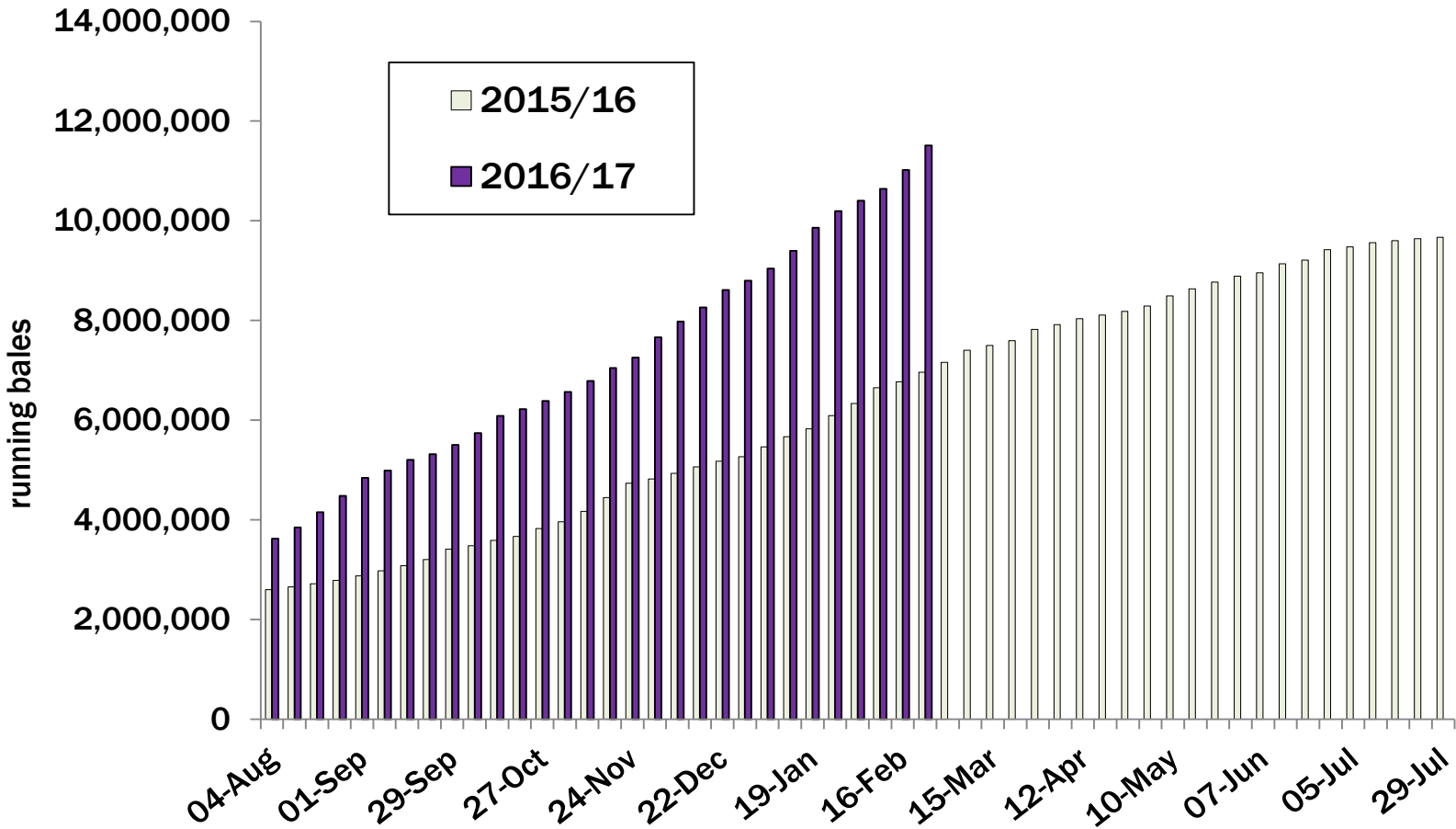


Season beginning Aug 1

# US Export Sales

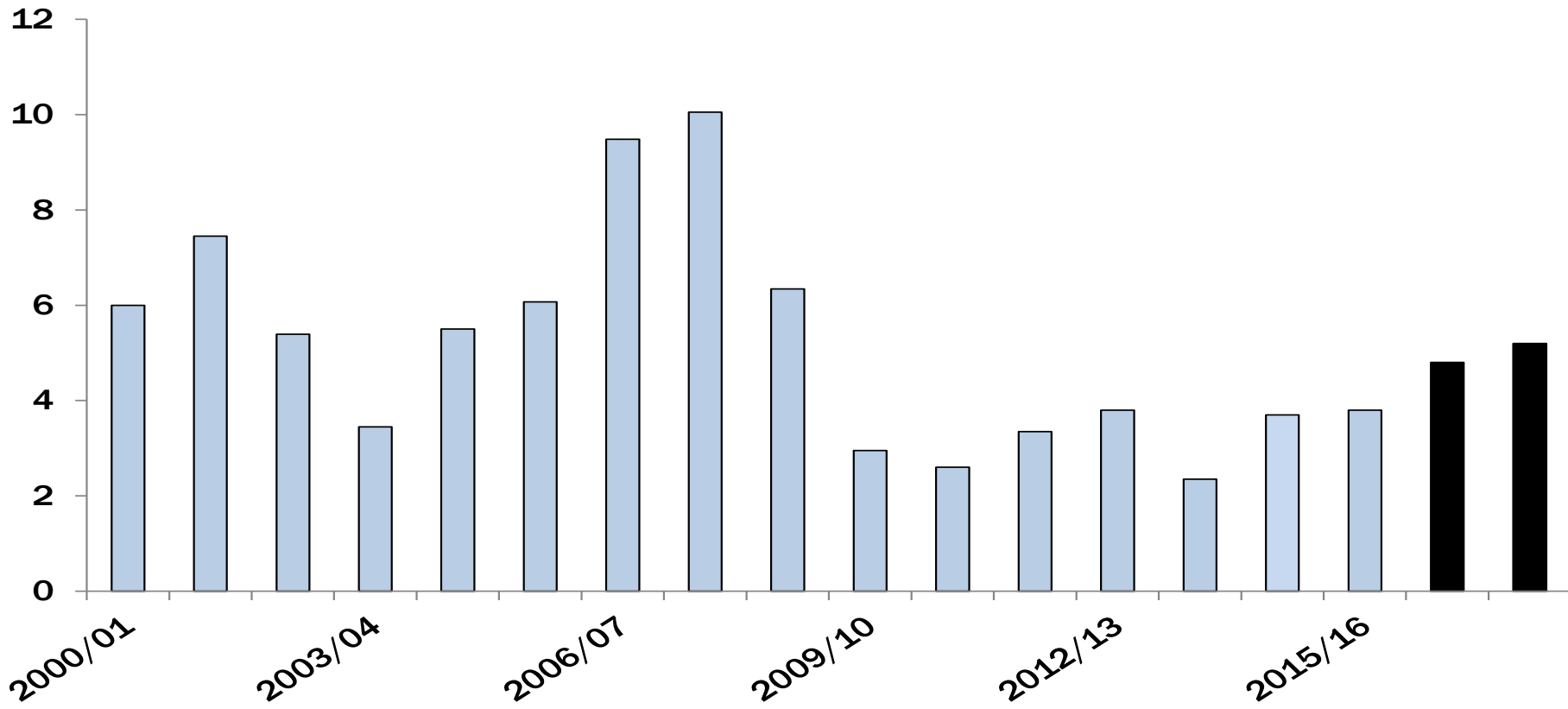


# Exportations américaines



# US Ending Stocks

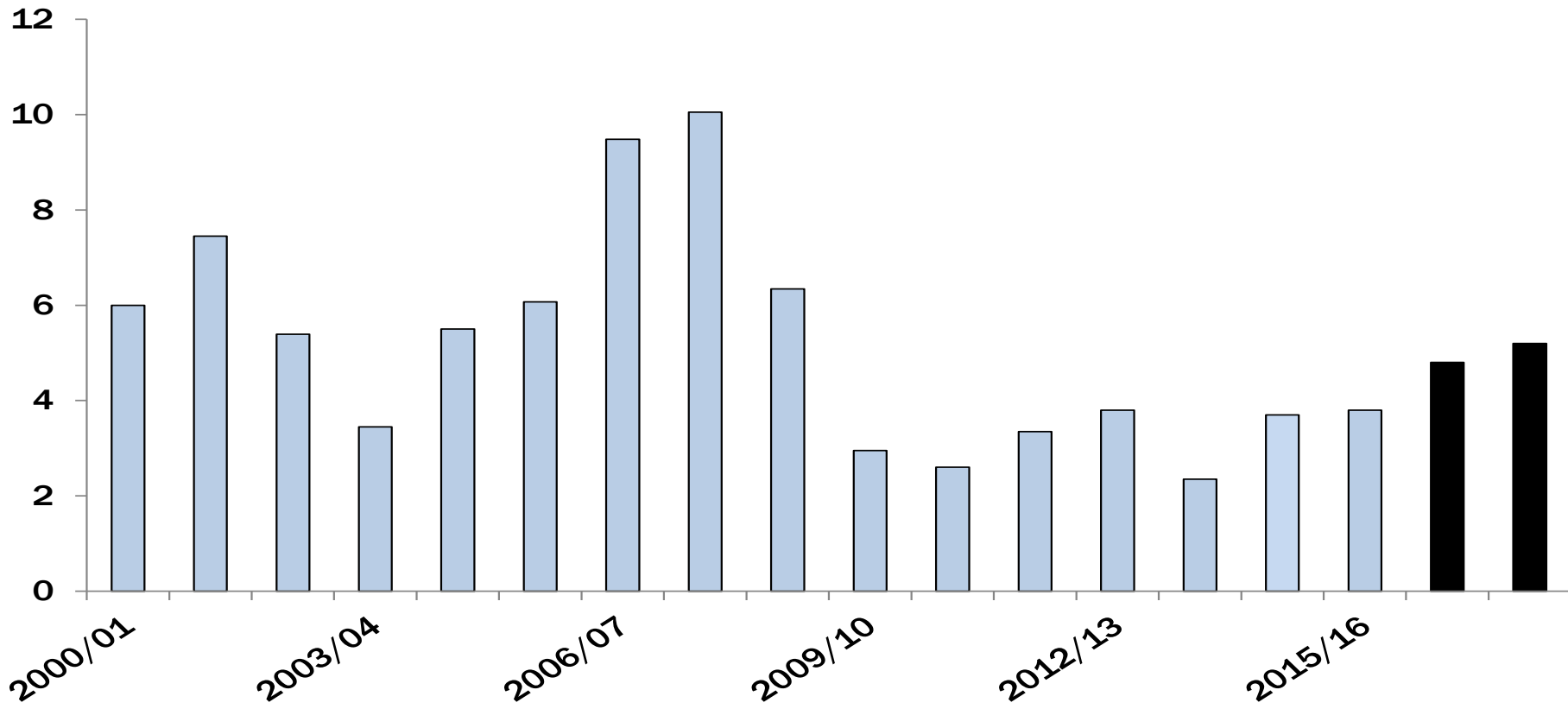
(1000s 480 lb bales)





# Stocks de Report aux Etats-unis

(1000s balles de 480 lbs)





# Cotton Outlook initial forecasts for 2017/18 (1000s tonnes)

World Production	23,749 (+4.8%)
World Consumption	24,442 (+2.5%)
Fall in World Stocks	693
<b>China Production</b>	<b>4,570 (-3.8%)</b>
<b>China Consumption</b>	<b>7,900 (+2.6%)</b>
<b>China Imports</b>	<b>950 (+5.6%)</b>
<b>Fall in Chinese Stocks</b>	<b>2,390</b>
<b>Rest of World Production</b>	<b>19,179 (+7.1%)</b>
<b>Rest of World Consumption</b>	<b>16,542 (+2.5%)</b>
<b>Exports to China</b>	<b>950 (+5.6%)</b>
<b>Rise in Rest of World Stocks</b>	<b>1,697</b>

# Prévisions Initiales de Cotton Outlook

## Pour 2017/18 (1000s tonnes)

Production Mondiale	23,749	(+4.8%)
Consommation Mondiale	24,442	(+2.5%)
Chutes des Stocks Mondiaux	693	
<b>Production Chinoise</b>	<b>4,570</b>	<b>(-3.8%)</b>
<b>Consommation Chinoise</b>	<b>7,900</b>	<b>(+2.6%)</b>
<b>Importation Chinoises</b>	<b>950</b>	<b>(+5.6%)</b>
<b>Chute des Stocks Chinois</b>	<b>2,390</b>	
Production Reste du Monde	19,179	(+7.1%)
Consommation Reste du Monde	16,542	(+2.5%)
Exportations vers la Chine	950	(+5.6%)
Augmentation des Stocks		
Reste du Monde	1,697	

## Conclusions and Outlook

- World prices have mostly been above average in recent seasons
- Africa's market share has been well maintained in some key markets
- World stocks are high but located mainly in China, where destocking is under way
- Recovering Chinese import demand is on the horizon
- But production and world stocks outside China may rise in 2017/18

# Conclusions et Perspectives

- Les cours mondiaux ont souvent dépassé les moyennes pendant les dernières campagnes seasons
- La part de marché de l'Afrique s'est maintenue dans quelques marchés importants
- Les stocks mondiaux sont élevés mais se situent principalement en Chine, où un processus de déstockage est en cours
- Une reprise des importations chinoises est à l'horizon
- Mais la production et les stocks en dehors de la Chine risquent d'augmenter en 2017/18