

WEEK IN BRIEF

Notice to subscribers

To accommodate the year-end holidays, the next issue of Cotton Outlook (no. 52, the last of 2020) will be published on Wednesday, December 30.

Upland **offering rates** have advanced further under the lead of New York futures. The March contract has ended with a gain of 260 cent points... Shippers' basis levels have been maintained. The Cotlook A Index has reached its highest point since May 2019... Last week's USDA supply and demand report imparted fresh bullish momentum. Projected US ending stocks were reduced sharply owing to a decrease in the crop forecast and a rise in exports. Washington's estimate of world consumption was also increased... In China, Zhengzhou cotton futures have also moved higher, as have local spot prices. The gap between local and international values has narrowed somewhat, but remains substantial. The start of State Reserve domestic purchases has thus been prevented.

The United States Department of Agriculture's revised **production** forecast is 15.95 million bales (480 lbs), a fall of more than one million bales from the previous month's figure. Lower yield expectations for Texas account for most of the adjustment. Picking is drawing to a close across the cotton belt, hampered by rather inclement weather... Pakistan reports moderate seed cotton arrivals, mainly from growers' retained stocks. Production forecasts are unchanged... Seed cotton arrivals in India remain strong. CCI is credited with the procurement of 5.4 million lint equivalent bales from the new crop... In China, over 85 percent of Xinjiang's crop had been ginned by mid-December... Sowing is under way in Brazil. Production forecasts diverge... Planting progress has been rather slow in Argentina, despite recent helpful rainfall... Coastal storms in Australia have brought welcome rainfall to inland cotton areas.

Mill demand for raw cotton has been mixed. Many spinners have resisted this week's increase in prices. Others with prompt requirements or improving yarn orders have been more active... A range of US qualities has captured a good proportion of turnover. Brazilian and African Franc Zone origins have also featured... During the week ended December 10, this season's US upland export sales registrations were again strong. The upland commitment rose by 420,900 running bales. China and Vietnam were the main destinations... African Franc Zone producers have held successful sales tenders this week... The Cotton Corporation of India is credited with additional sales to local mills.

Cotton **yarn** prices have improved on various markets... Import demand for yarn remains strong in China. Retail sales of textiles and apparel were robust in November... Egypt's apparel export earnings have suffered a significant downturn this year.



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INTERNATIONAL COTTON PRICES

Futures advance on USDA numbers

Upland offering rates have made further gains during the past week, under the lead of a fresh rally in New York and influenced by a continued improvement in the overall business environment. March has attained a new life-of-contract high settlement at the end of the period, marking a net gain of 260 cent points. Futures have been supported by a weak dollar and the strong performance of other financial and commodity markets.

From a narrower cotton perspective, however, the tone for the past week's price trend was set by USDA's December supply and demand estimates, released shortly after last week's issue was published. The combined effect of a sharp reduction of the domestic crop forecast and an increase in the export projection was to reduce the season's projected ending stocks from 7.2 to 5.7 million bales of 480 lbs. The revised figure sends a less bearish signal but is still high by comparison to the carryover recorded in several seasons prior to 2019/20.

Neither lower production nor higher exports can have come as a huge shock to the market. In response to adverse weather developments, commentators had anticipated a reduction in Washington's US crop forecast in October and November. However, just as the modest revisions in both those months prompted expressions of surprise, the scale of this month's reduction was beyond most expectations. As for exports, a succession of very robust weekly reports – in terms of net sales, shipments and the broad range of participating markets – pointed to a significant increase. This week's export report has continued in the same rich vein: this season's upland commitment rose by over 420,000 running bales, with China and Pakistan the most prominent markets. Cumulative sales of all cotton by December 10 amounted to over 76 percent of USDA's increased forecast for 2020/21. A further rise in the export forecast over the balance of the season is clearly a distinct possibility.

Improving business environment

Foreseeable or not, USDA's latest estimates are consistent with the sense that the global cotton trading environment continues to improve, and that this year's recovery of prices, which in its early stages seemed at odds with the reality of the physical market, now rests on more solid foundations. Central to that perception has been the recent improvement in demand. At all stages of the cotton-textile supply chain, inventories that had been pared to a minimum in response to the Covid pandemic are being replenished, albeit with a degree of caution. Many spinners have been able to re-establish satisfactory margins of profit. Consumption is reviving (though some commentators remain sceptical of the latest numbers from Washington).

The foregoing positive narrative is not embraced on all markets, and spinners' reactions to the latest sharp upturn in raw cotton replacement costs have thus varied across different geographies. Trade offering rates have been propelled to prohibitive levels for a large body of spinners, particularly those orientated toward retail markets in Europe, who view future demand for cotton yarn with apprehension while the

impact of the Covid pandemic continues to be felt by clothing retailers across the continent. Bangladesh, for example, is one market that has shared only partially in the upturn described above.

China's yarn imports

In contrast, import demand for cotton yarn from China is invigorating spinning activity in markets within that country's orbit. Yarn imports are not limited by quota and allow China's textile manufacturers to take advantage of the cheapness of international raw cotton prices versus those prevailing on the domestic market. Spinners' freedom to import raw cotton is for the time being limited as they await allocation of their 2021 Tariff-rated Quotas.

One obvious beneficiary has been Vietnam, but others include Pakistan and India. Mills in the last country have in recent months had access to the most competitively priced cotton in the world, which has allowed a major transformation in the fortunes of the country's spinning industry.

During the past week, the further advance of international prices has narrowed somewhat the differential with regard to the Chinese market. As measured by a comparison between the China Cotton Index and the Cotlook A Index (adjusted to local terms), the gap is nonetheless still substantial at close to 1,500 yuan per tonne (above ten cents per lb). One consequence is that commencement of the planned State Reserve purchase programme remains blocked. Perhaps more significant from an international trade perspective is the continued anticipation that Chinese import demand for raw cotton will surge again (in truth it has never disappeared, as this week's US export numbers show), once spinners have received or are confident of next year's TRQ allocations. For as long as that remains the expectation, merchants may prove reluctant to make major concessions on their basis levels.

Global fundamentals are far from unequivocally bullish but for now the market's momentum is to the upside.

A photograph of a middle-aged man with a mustache, wearing a grey baseball cap with "USB" on it and a blue and white checkered button-down shirt. He is smiling and has his arms crossed. The background is blurred, showing what appears to be a field or farm.

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CFR FAR EASTERN QUOTATIONS FOR PRINCIPAL GROWTHS

Quotations as at December 17, 2020

Description	Price	Change last week	Shipment
American-Type cottons:			
Higher grades			
Australian SM 1-5/32"	91.00	2.00	5/6
Benin Kaba/s 1-1/8"	84.75	2.75	1/2
Burkina Faso BOLA/s 1-1/8"	84.00	2.75	1/2
Cameroon IRMA/s 1-1/8"	84.75	2.75	1/2
Cameroon PLEBE 1-5/32"	86.25	2.75	1/2
Chad Kero A51 1-5/32"	86.25	2.75	1/2
Indian Shankar-6, 1-1/8"	79.25	2.75	12/1
Ivory Coast MANBO/s 1-1/8"	83.75	2.75	1/2
Mali JULI/s 1-1/8"	85.00	2.75	1/2
Spanish SM 1-1/8"	84.25	2.50	12/1
Tanzanian RG1 1-1/8"	NQ		
Texas SM 1-1/8"	86.25	2.50	12/1
Togo Alto/s 1-1/8"	84.00	2.75	1/2
Uzbekistan SM 1-1/8"	NQ		
Zambian SM 1-1/8"	NQ		
Zimbabwe SM 1-1/8"	NQ		
Medium grades			
1-1/8" staple unless stated			
Australian Midd	NQ		
Benin BELA *	83.75	2.75	1/2
Brazilian Midd	84.00	2.50	12/1
Burkina Faso RUDY *	83.00	2.75	1/2
California/Arizona Midd	NQ		
Greek Midd	84.25	3.25	12/1
Indian medium grades **	78.25	2.75	12/1
Iv. Coast BEMA *	82.75	2.75	1/2
Mali ROKY/KATI *	84.00	2.75	1/2
Memphis/Eastern Midd	85.25	2.50	12/1
Memphis/Orleans/Texas Midd	84.75	2.50	12/1
Mexican Midd	NQ		
Tanzanian Type 1SG 1-3/32"	NQ		
Uzbekistan Midd	NQ		
Lower grades			
Argentine SLM, 1-1/16"	NQ		
Brazilian SLM 1-3/32"	NQ		
Greek SLM 1-3/32"	82.25	3.25	12/1
Indian J-34 SG **	NQ		
Memphis/Eastern SLM 1-3/32"	82.75	2.50	12/1
Memphis/Orleans/Texas SLM 1-3/32"	82.25	2.50	12/1
Memphis/Orleans/Texas LM 1-1/8"	NQ		
Pakistan AFZAL 1-1/16"	NQ		
Pakistan Type 1467 1-3/32"	NQ		
Long Staple cottons:			
US Pima Grade 2 1-7/16" #	134.00	Unch	12/1
Egyptian Giza 86 Good+3/8	NQ		
Egyptian Giza 94 Good+3/8	120.00	Unch	12/1
Israeli Pima H1, 1-7/16" #	139.00	Unch	12/1
Israeli Acalpi	121.00	Unch	12/1

* A maximum of two African Franc Zone growths are permitted in the Index calculation.

** Applicable ICS standards, as adopted by the ICA are as follows: Higher grade - ICS 105 Superfine; Medium grade ICS 105 Fine
Qualities used in US Pima competitiveness programme.

THE COTLOOK INDICES

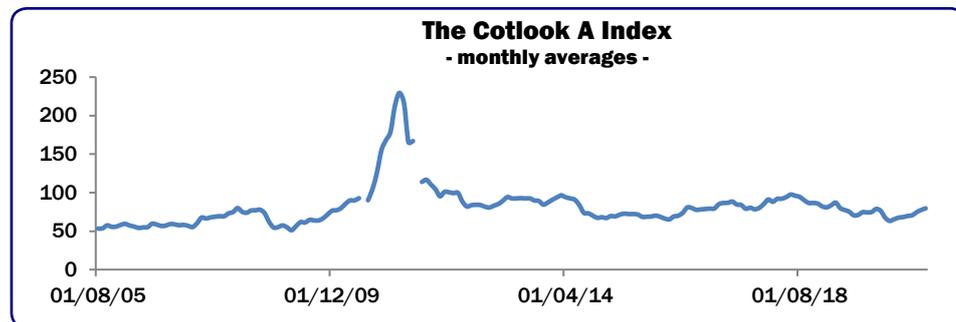
The Cotlook A Index was first calculated in 1966. The basis of the calculation has changed over the years with regard to quality and location. Since March, 2003 the Index has represented CFR Far East Eastern values. Between 1981/82 and 2014/15, the quality description of the Index was Middling 1-3/32". However, with effect from the 2015/16 Index, the staple length has been adjusted to Middling 1-1/8".

The quotations are compiled and published daily.

The Index is the average of the cheapest five of the eligible growths listed in the category 'medium grades' on page 4, taking the nearer shipment when prices are quoted on the same level. However, only two African Franc Zone quotations (*) are permissible Index constituents on any day. Four growths are currently listed, namely Ivory Coast, Burkina Faso, Benin and Mali cottons, which together account for roughly 80 percent of production in the region. Southern Belt new crop (as identified in Cotlook's Production Estimate) in any season only becomes eligible for the Index from January 1 onwards.

The Cotlook Dual Index system is intended to suggest prevailing levels of offering prices for cotton to be shipped both nearby and forward, by provision of two sets of Indices at the appropriate times of year. The nearby or CURRENT season's Index is for shipment no later than August/September and the other or FORWARD season's Index is for cotton to be shipped no earlier than October/November. Each Index expires at the end of its respective season, the last business day of July. On the subsequent business day, the previous FORWARD Index assumes the CURRENT role; it alone is then quoted until early in the new calendar year, when it is joined by a new FORWARD Index as soon as October/November shipment offers of the various growths are available in sufficient number to permit the establishment of appropriate values.

The 2019/20 Index expired on July 31, 2020. The 2020/21 Index will expire on July 31, 2021.



Prices as at December 17, 2020

2020/2021 Cotlook A Index	82.45	
Description	Price	Shpt
Indian medium grade	78.25	12/1
Ivory Coast BEMA	82.75	1/2
Burkina Faso RUDY	83.00	1/2
Brazilian	84.00	12/1
Greek	84.25	12/1

The Cotlook A Index

Seasonal Averages

2013/14	90.57
2014/15	70.78
2015/16	70.39
2016/17	82.77
2017/18	87.99
2018/19	84.35
2019/20	71.33
2020/21*	74.21

* To date

Monthly Averages

April 2020	63.53
May 2020	65.70
June 2020	67.80
July 2020	68.52
August 2020	69.95
September 2020	70.81
October 2020	74.82
November 2020	77.72
December 2020	79.79

Daily Values

	2020/21
December 11	80.90
December 14	80.70
December 15	81.30
December 16	82.30
December 17	82.45

Average for week 81.53

YARN INDEX

2005 = 100

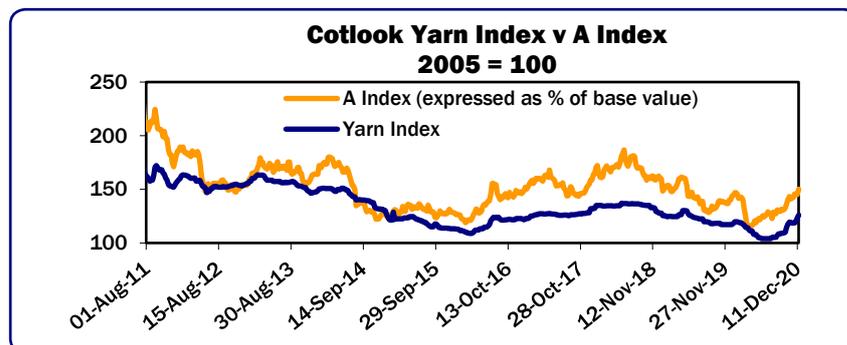
This week	125.98	Last month	118.66
Last week	123.24	Last year	117.11

Export prices (in US dollars per kilo FOB)

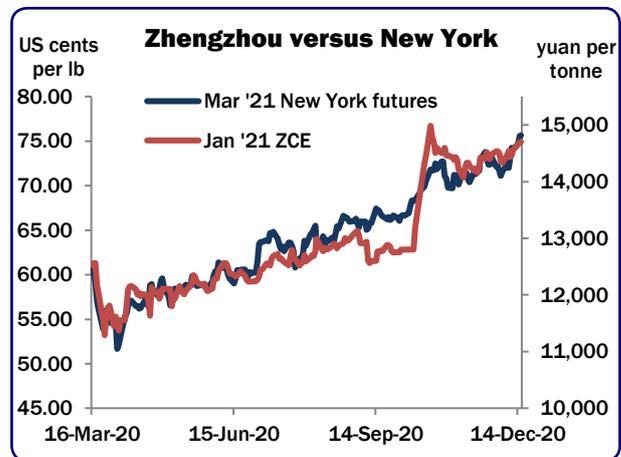
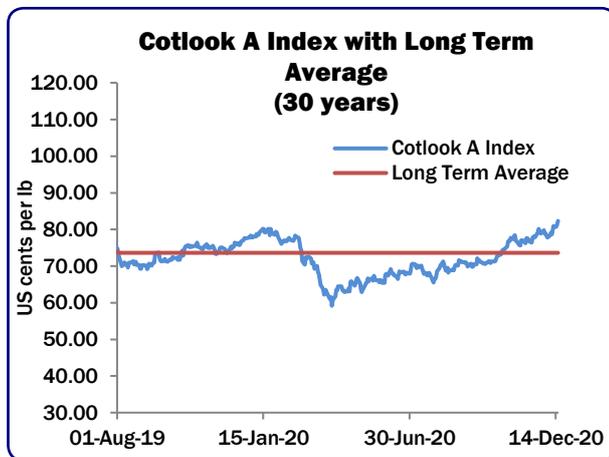
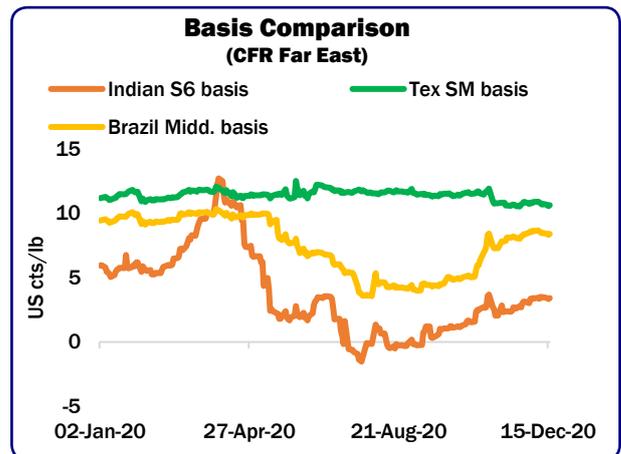
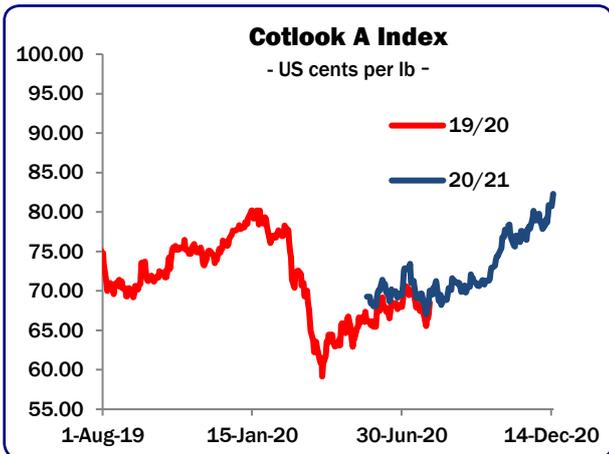
		This week	Change on week	Change on year
Pakistan	20s	2.29	0.06	0.06
India	20s	2.55	0.05	0.20
Turkey	20s	2.60	0.05	-0.15
Indonesia	20s	2.56	Unch	Unch
China	21s	3.09	0.15	0.22
Pakistan	30s	2.73	0.06	0.11
India	30s	2.80	0.05	0.30
Turkey	30s	2.85	0.05	-0.15
Indonesia	30s	2.85	Unch	Unch
China	32s	3.35	0.14	0.42

The Yarn Index is derived from our published FOB prices for 20s and 30s counts from India, Pakistan, Indonesia, China and Turkey, each weighted to reflect exports of cotton yarn from the individual country concerned, and expressing that as a percentage of the comparable average values for 2005. In determining the weightings, we have used an average of the exports in the two most recent calendar years for which complete data are available. The prices shown for Uzbek yarn are not currently part of the Index, and are quoted on an FCA basis.

The current quotations are shown in the accompanying table, in US cents per kilo. They are for 'average quality' ring spin carded weaving single yarn.

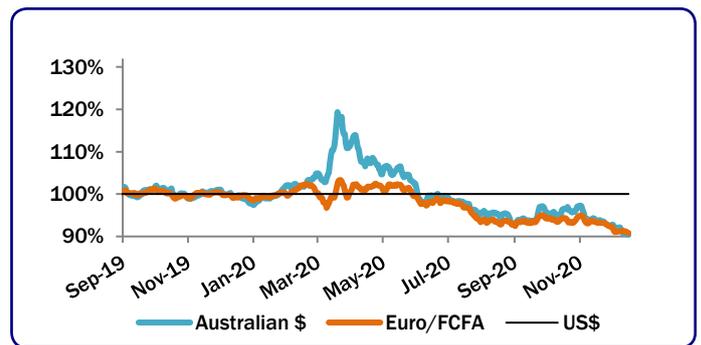
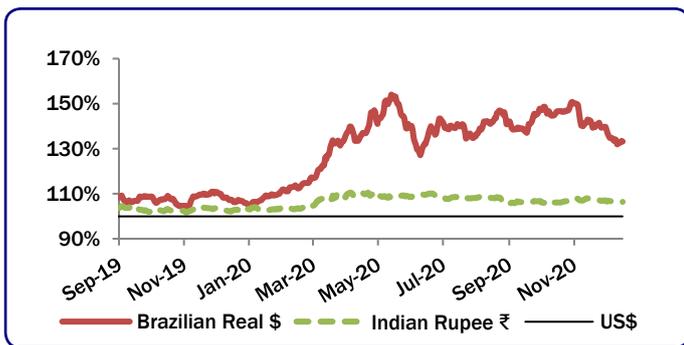


WORLD PRICE TRENDS

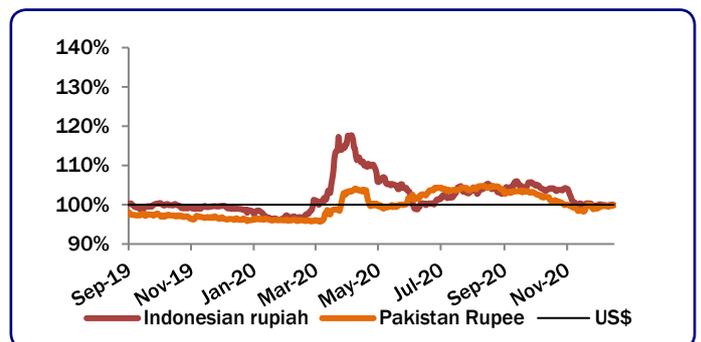
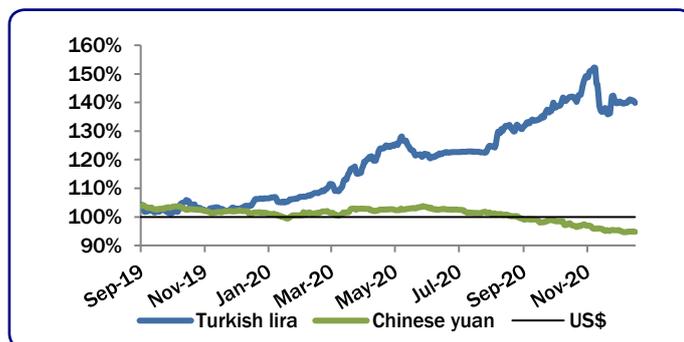


CURRENCY TRENDS

EXPORTERS' CURRENCIES VS. US\$ (AUG 1, 2019 = 100%)



IMPORTERS' CURRENCIES VS. US\$ (AUG 1, 2019 = 100%)



COTLOOK AND USDA ESTIMATES - IN THOUSANDS OF TONNES -

Production

	USDA Minus		Cotlook	USDA Minus		Cotlook
	Cotlook	USDA		Cotlook	USDA	
	2019/20			2020/21		
Argentina	320	283	-37	290	299	9
Australia	140	136	-4	500	523	23
Azerbaijan	100	105	5	100	100	Unch
Benin	310	310	Unch	275	294	19
Brazil	3,002	3,000	-2	2,500	2,613	113
Burkina Faso	225	192	-33	210	196	-14
Cameroon	140	140	Unch	130	139	9
Chad	71	71	Unch	85	72	-13
China	5,727	5,933	206	5,750	5,987	237
Colombia	10	15	5	10	10	Unch
Cote d'Ivoire	190	216	26	200	223	23
Egypt	73	66	-7	52	47	-5
Greece	360	365	5	300	272	-28
India	5,950	6,423	473	6,205	6,423	218
Iran	60	60	Unch	60	60	Unch
Israel	8	9	1	8	8	0
Kazakhstan	80	78	-2	58	59	1
Kyrgyzstan	25	25	Unch	20	21	1
Malawi	8	20	12	8	20	12
Mali	295	294	-1	90	87	-3
Mexico	350	342	-8	230	229	-1
Mozambique	25	25	Unch	25	25	Unch
Nigeria	50	44	-6	50	76	26
Pakistan	1,375	1,350	-25	950	980	30
Paraguay	5	5	Unch	5	5	Unch
Peru	20	6	-14	20	5	-15
Spain	65	68	3	55	59	4
Sudan	120	131	11	120	131	11
Syria	30	30	Unch	30	30	Unch
Tajikistan	120	127	7	110	109	-1
Tanzania	120	130	10	40	82	42
Togo	50	48	-2	35	33	-2
Turkey	750	751	1	650	610	-40
Turkmenistan	200	200	Unch	220	218	-2
Uganda	35	37	2	35	37	2
USA	4,335	4,336	1	3,472	3,473	1
Uzbekistan	760	762	2	765	762	-3
Zambia	20	26	6	20	44	24
Zimbabwe	30	41	11	30	44	14
World Total	25,826	26,592	766	23,984	24,800	816

Consumption

	USDA Minus		Cotlook	USDA Minus		Cotlook
	Cotlook	USDA		Cotlook	USDA	
	2019/20			2020/21		
Argentina	90	105	15	95	114	19
Azerbaijan	25	17	-8	30	22	-8
Bangladesh	1,325	1,415	90	1,450	1,589	139
Brazil	575	588	13	650	653	3
Burma	64	147	83	64	158	94
China	7,150	7,185	35	8,000	8,274	274
Colombia	55	26	-29	55	24	-31
Egypt	130	120	-10	130	122	-8
Germany	23	16	-7	23	16	-7
Greece	15	17	2	15	20	5
India	4,420	4,355	-65	5,200	5,225	25
Indonesia	570	523	-47	600	631	31
Iran	120	109	-11	110	114	4
Italy	25	29	4	25	29	4
Japan	50	48	-2	50	49	-1
Kazakhstan	10	13	3	10	13	3
Malaysia	35	71	36	35	76	41
Mexico	325	327	2	350	348	-2
Morocco	20	5	-15	20	7	-13
Nigeria	25	38	13	25	47	22
Pakistan	2,000	2,003	3	2,200	2,177	-23
Peru	65	52	-13	65	63	-2
Russia	40	23	-17	40	19	-21
Salvador	35	29	-6	35	34	-1
South Africa	18	19	1	22	20	-2
South Korea	105	125	20	120	131	11
Taiwan	100	87	-13	120	93	-27
Tajikistan	15	15	Unch	15	17	2
Tanzania	30	36	6	30	33	3
Thailand	175	170	-5	180	152	-28
Turkey	1,300	1,437	137	1,350	1,524	174
Turkmenistan	150	158	8	180	174	-6
United States	468	468	Unch	525	544	19
Uzbekistan	530	653	123	600	686	86
Vietnam	1,350	1,372	22	1,450	1,481	31
World Total	21,843	22,259	416	24,284	25,175	891

WORLD STOCK

The accompanying table shows our production and consumption estimates and the resultant adjustments in world stock levels during 2018/19 and 2019/20, together with our prediction for 2020/21. Where available, comparable data produced by the United States Department of Agriculture and by the International Cotton Advisory Committee are also shown.



World Cotton Balance Sheet									
Unit = 1,000 tonnes	World (excl. China)			China			World		
	18/19	19/20	20/21	18/19	19/20	20/21	18/19	19/20	20/21
Cotlook									
Production	19,759	20,099	18,234	5,775	5,727	5,750	25,534	25,826	23,984
China net trade	-2,053	-1,519	-1,975	+2,053	+1,519	+1,975			
New Supply	17,706	18,580	16,259	7,828	7,246	7,725	25,534	25,826	23,984
Consumption	16,996	14,693	16,284	8,260	7,150	8,000	25,256	21,843	24,284
Net change in stock	+710	+3,887	-25	-432	+96	-275	+278	+3,983	-300
USDA									
Opening stock	9,349	6,711	13,612	8,272	7,766	8,034	17,659	14,477	21,646
Production	19,776	20,659	18,813	6,042	5,933	5,987	25,818	26,592	24,800
China net trade	-2,053	-1,520	-2,150	+2,053	+1,520	+2,150			
New Supply	17,723	19,139	16,663	8,095	7,453	8,137	25,818	26,592	24,800
Consumption	17,562	15,074	16,901	8,600	7,185	8,274	26,162	22,259	25,175
Other adjustments	-2,799	+2,836	-39	-1	+0	+1	-2,838	+2,836	-38
Ending Stock	6,711	13,612	13,335	7,766	8,034	7,898	14,477	21,646	21,233
Net change in stock	-2,638	+6,901	-277	-506	+268	-136	-3,182	+7,169	-413
ICAC									
Opening stock	9,620	9,390	12,010	9,030	8,880	8,940	18,650	18,270	20,950
Production	19,900	20,430	18,800	6,040	5,800	5,850	25,940	26,230	24,650
China net trade	-2,070	-1,520	-1,950	+2,070	+1,520	+1,950			
New Supply	17,830	18,910	16,850	8,110	7,320	7,800	25,940	26,230	24,650
Consumption	+17,730	+15,440	+16,340	8,250	7,250	8,000	25,980	22,690	24,340
Other adjustments	-330	-850	-10	-10	-10	+0	-340	-860	-10
Ending Stock	9,390	12,010	12,510	8,880	8,940	8,740	18,270	20,950	21,250
Net change in stock	-230	+2,620	+500	-150	+60	-200	-380	+2,680	+300



Cotlook Price Series

NOW including AWP historical data

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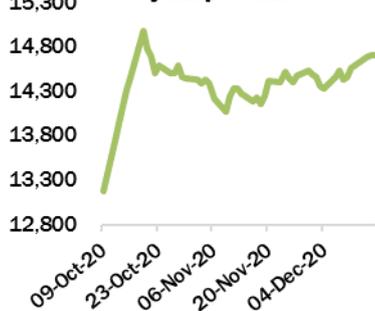
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CHINA

Market prices

Zhengzhou cotton futures continued their rising trend this week, recording strong gains across the board. Turnover was lower than last week, but open interest moved higher.

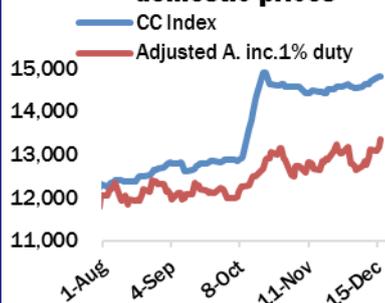
ZCE January futures
yuan per tonne



Prices in the domestic market have also increased, by 500 yuan per tonne, to 14,650/15,300 yuan for Xinjiang Type 3128. Spinners are now buying more actively from the open market, but have tended to refrain from procurement of consigned stocks in view of the recent rally of international prices. Nevertheless, some Brazilian and Indian lots have found buyers.

The **China Cotton Index** (which measures spot values on a delivered-mill basis) has strengthened and was reported at 14,876 yuan per tonne on December 17, up by 213 yuan on the week. The differential between international values (as measured by the A Index, adjusted to local terms) and local prices remains substantial, but has nevertheless narrowed as the rise in international prices has been even stronger than that witnessed on the local market. The gap is still above 1,500 yuan per tonne (over ten US cents per lb).

International vs. domestic prices

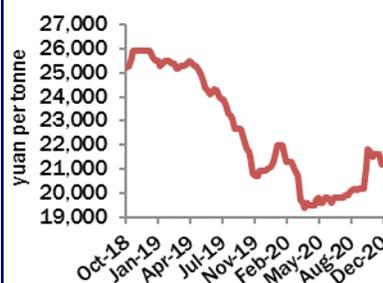


Zhengzhou Cotton Futures

	Settlement		Chng	Volume	Open Interest
	yuan per tonne			number of contracts	
	10-Dec	17-Dec		Past week	17-Dec
Jan	14,470	14,705	+235	205,339	118,789
Mar	14,530	14,795	+265	73,472	16,180
May	14,590	14,845	+255	1,230,139	447,933
Jul	14,660	14,875	+215	16,471	8,358
Sep	14,765	15,035	+270	50,710	46,722
Nov	14,905	15,205	+300	15,127	58
				1,591,258	638,040

Xinjiang long staple lint prices stabilised last week and the benchmark value for Type 137 lint remained at 21,200 yuan per tonne, equivalent to 146.6 US cents per lb.

Xinjiang Type 137



Ginning

The pace of ginning in Xinjiang has slowed further to about 35,000 tonnes

Ginned Volume Xinjiang (by December 10, 2020)

ten thousand tonnes					
Region	Area	2020/21	2019/20	Change	% of total Xj output in 2020/2021
Northern Xinjiang	Bortala	16.41	14.92	10%	4%
	Changji	30.47	26.24	16%	7%
	Urumqi	0.98	0.72	37%	<1%
	Karamay	2.47	3.45	-28%	1%
	Kuitun	8.54	8.31	3%	2%
	Tacheng	46.01	39.49	17%	11%
	Yili	0.09	0.13	-27%	<1%
	4th Division	0.68	1.38	-51%	<1%
	5th Division	10.89	9.01	21%	3%
	6th Division	25.59	17.44	47%	6%
	7th Division	41.80	29.89	40%	10%
	8th Division	50.91	47.35	8%	12%
Southern Xinjiang	10th Division	0.69	0.55	26%	<1%
	12th Division	0.61	0.46	34%	<1%
	Aksu	56.28	58.71	-4%	14%
	Kizilsu	1.94	5.70	-66%	<1%
	Hetian	0.18	0.23	-22%	<1%
	Kashgar	40.26	48.82	-18%	10%
	Bayingol	32.05	31.68	1%	8%
Eastern Xinjiang	1st Division	19.83	21.15	-6%	5%
	2nd Division	9.60	8.08	19%	2%
	3rd Division	8.98	8.98	0%	2%
	14th Division	0.43	0.31	37%	<1%
	Hami	2.73	3.18	-14%	1%
Eastern Xinjiang	Turpan	2.50	2.30	8%	1%
	13th Division	1.93	1.98	-3%	<1%
Total		416.83	396.46	5%	-

per day. By December 16, around 4,408,600 tonnes of lint from the 2020/21 crop had been pressed, and over four million had been inspected. Around 57 percent of the total comes from prefectures in the north of the region, and 41 percent from the south, with the remainder originating in eastern producing areas.

Xinjiang production

In Alar City, the average price paid for machine-picked seed cotton was 6.4 yuan per kilo, and 0.6 yuan higher for hand-picked styles. Lint sales are said to be progressing very slowly due to ginners' high asking prices, which in turn result from increased production costs (implying a break-even price for lint of 14,800/15,000 yuan per tonne) and in particular strong seed cotton rates. As already reported, the number of gins in operation this season has increased, which has intensified competition for seed cotton and supported prices.

Data from the local agricultural and rural affairs department show that the area planted to cotton this year in Aksu prefecture was around 7,500,000 mu, and lint output is estimated at slightly over one million tonnes. Seed cotton transactions are drawing to an

end. Seed cotton picked during the latter stages of the harvest was quoted at 4.0/4.2 yuan per kilo. Some ginning mills have finished procurement for the season.

Snow was reported in Kashgar, Kizilsu and Hetian prefectures in southern Xinjiang at the start of the week, and has since spread northwards to Yili, Bortala and Changji.

Mainland production and ginning

In Xiajin County, Shandong, the prevailing price of Type 3128 seed cotton is 7.4 yuan per kilo for lots with a moisture content

International Prices

Data as at 17 December, 2020	Approximate delivered mill value		
	Yuan per tonne equiv. + insurance	Inc. one percent tariff + VAT	Including sliding scale duty + VAT
Cotlook A Index	12,183	13,392	14,567
Texas SM	12,735	14,000	14,956
Burkina Faso BOLA/s	12,408	13,640	14,717
India Shankar-6	11,717	12,880	14,261
Benin KABA/s	12,517	13,760	14,793
Cameroon IRMA/s	12,408	13,640	14,717
Cameroon PLEBE 1-5/32"	12,517	13,760	14,793
Ivory Coast MANBO/s	12,371	13,600	14,701
Mali JULI/s	12,553	13,800	14,823
US Pima Grade 2			
China domestic prices	yuan/tonne	chg on week	cents/lb
CC Index	14,876	213	102.87
ZCE Jan	14,705	235	101.69
Xinjiang Type 137	21,200	Unch	146.60
Xinjiang Type 237	20,600	Unch	142.45
	yuan/tonne		cents/kilo
polyester	5,720	90	87.20
viscose	10,300	Unch	157.03
	Yuan/kilo		cents/lb
32s carded yarn	21,050	Unch	322.05
40s combed yarn	23,150	Unch	354.18
Monthly yuan/dollar customs exchange rate			6.5593
Actual Rate (Dec 17)			6.5362

below 15 percent, and giving a ginning outturn of 40/42 percent. Type 3128 lint was placed at 14,700 yuan per tonne, up 1,850 yuan per tonne from the same moment last year.

In Hebei, asking prices of locally produced lint are placed at 14,800 yuan per tonne, up 200 yuan from last week.

Ministry of Agriculture forecast

In its December supply and demand forecast, the Ministry of Agriculture and Rural Affairs has kept all figures unchanged for the current season, namely 7,360,000 tonnes for beginning stocks, 5,850,000 for national output, two million for imports, eight million for consumption, and 50,000 for exports. As a result, ending stocks by the end of the season remained at 7,160,000 tonnes.

Ministry of Agriculture December Balance Sheet (ten thousand tonnes)

Type	2019/20	2020/21
beginning	721	736
area	3300 ha	3211 ha
production	580	585
imports	160	200
consumption	723	800
exports	3	5
ending stocks	736	716

State Reserve

The nominal maximum price of Xinjiang Type 3128 lint during the third week of the State Reserve procurement programme (December 14 through 18) is 14,849 yuan per tonne, up 66 yuan from the previous week. Although the differential between international and domestic cotton prices has narrowed during the period in view, it remains more than double the 800 yuan per tonne that would permit auctions to commence.

CCA: seed cotton prices higher than a year ago

According to a survey conducted by the China Cotton Association, by late November, almost all of the cotton crop had been harvested, though sporadic fieldwork continued in southern Xinjiang and the Yangtze region. Picking has been completed earlier than last year and less than five percent of the crop remains to be sold. The average seed cotton price was 6.53 yuan per kilo, up 20 percent, year on year.

National production is estimated at 5,923,700 tonnes, marginally higher than last year, consisting of 5,244,000 in Xinjiang (up 4.1 percent on a yearly comparison), 396,000 in the Yellow River Valley region (down 15.3 percent), and 248,000 in the Yangtze region (down 31.1 percent).

Quality specifications of Xinjiang cotton are confirmed to be poorer than last season. The proportion of high grades shows a decline of nearly ten percent from 2019/20.

Spinners' profits and new orders fall in November

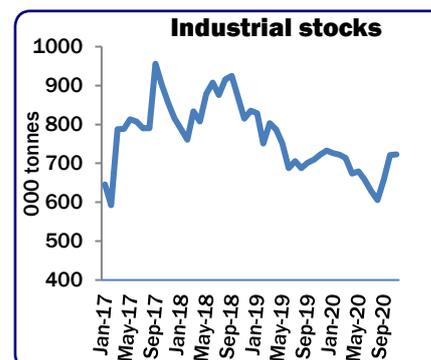
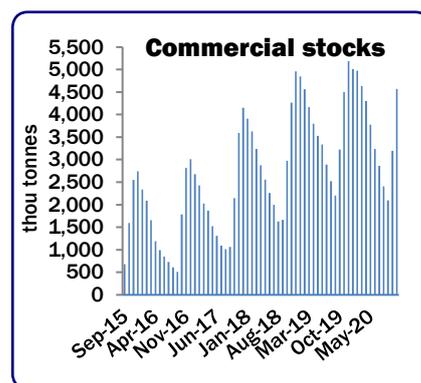
A survey by Beijing Cotton Outlook (BCO) indicates a decline of spinners' new orders during November, accompanied by a fall in profits. Survey results show that 41 percent of spinners maintained an operating rate above 90 percent of normal last month. Over half of respondents indicated a rate between 61 and 90 percent. As for new orders, only eight percent achieved an increase

from the previous month (versus 62 percent in October), while the same proportion disclosed an improvement in profits (52 percent the previous month). With regard to the business outlook in December, 39 percent of those canvassed foresaw a small decrease of operating rates; 21 percent predicted better profitability, while 39 percent anticipated a decline in margins.

Commercial and industrial inventory

According to provisional data compiled by the China Cotton Association's Logistics Branch, commercial inventories nationwide (excluding stocks held by spinners and those in the State Reserve) by the end of November provisionally totalled 4,570,700 tonnes, 1,478,700 tonnes more than at the end of October, and 74,000 tonnes more than at the same point last year. The total consisted of 3,596,600 tonnes in Xinjiang warehouses (up 1,411,600 on the month), 736,100 in the 'mainland' (down 78,900) and 238,000 customs-cleared in bonded warehouses at ports (up 46,000).

BCO's survey of the raw cotton inventories held by mills shows a small increase in the month of November, to 723,100 tonnes (+1,900). The figure at the end of November 2019 was almost identical at 723,200 tonnes. New orders stabilised last month and nearly two thirds of



respondents have cited a steady trend of raw cotton consumption. Cotton yarn inventories were sufficient to meet 14 days' requirements (up one day). Of the respondents, 53 percent expressed optimistic views, down seven percentage points from October, and 13 percent expressed pessimism (up by three percentage points).

Port stocks slightly higher

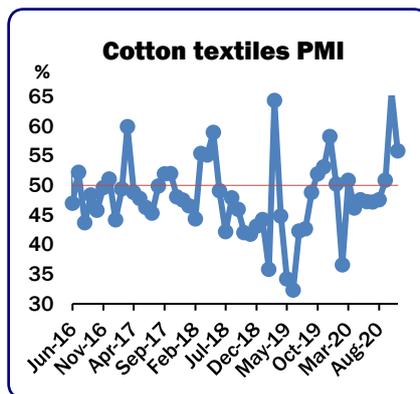
BCO estimates stocks held at ports (both customs-cleared and those awaiting clearance) at 430,000/450,000 tonnes, slightly higher than a month ago. Consignments are held mainly in Shandong, Jiangsu and Hubei and consist principally of US and Brazilian cotton. The pace of sales has slowed recently due to poor demand from downstream markets and the limited availability of import quota.

Road transport faster last week

According to the China National Cotton Exchange, last week (December 7 through 13), 49,100 tonnes of Xinjiang cotton were transported by road to 'mainland' warehouses, which was 11,500 more than in the previous week, and 22,600 more than during the same period last year (up 31 and 46 percent, respectively). Of the total, 61 percent was destined for Shandong, Henan and Hubei.

The aggregate volume transported from September 1 through November 22 was 328,000 tonnes, up 6.4 percent year on year. Freight costs to 'mainland' destinations were stable at around 650/700 yuan per tonne.

This week, warehouses in Kuitun, Shihezi and Aksu have reported an



improvement in the pace of movement of Xinjiang cotton to the 'mainland' in response to the rise in futures markets and spinners' low inventories.

Textile PMI lower

According to a survey by BCO, the Purchasing Managers' Index for the cotton textile sector declined by almost ten percentage points during November, to 55.8 percent, although that is still above the 50-percent mark that indicates expansion rather than contraction. New orders, production and operating rates also dropped in the month, while raw cotton/yarn inventories rose moderately. Domestic consumption declined, but spinners remain optimistic about end-of-year demand.

Of the respondents, 40 percent had witnessed an increase in raw cotton prices (including for both Xinjiang and imported growths), down 51 percentage points from the previous month; 31 percent said asking rates (mainly for cotton produced in eastern China) had decreased, up 27 points.

Retail sales rise five percent in November

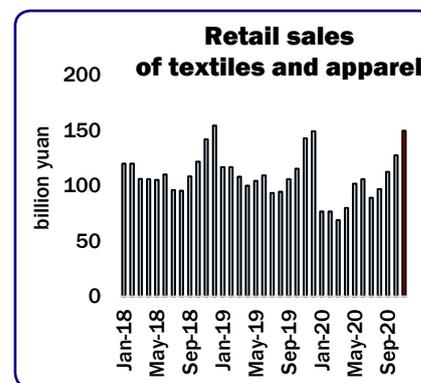
Data from the National Bureau of Statistics (NBS) show the domestic

economy continued to recover during November, with some major economic indicators rallying to the best levels of the year.

In November, retail sales climbed five percent year on year, up from 4.3 percent in October. The total value of sales from January through November was 35.14 trillion yuan, down 4.8 percent compared to last year. Sales of apparel, hats, shoes and knitted textiles rose for a fourth consecutive month to 149.7 billion yuan (representing a yearly rise of 4.6 percent). This brings the total during the first eleven months of the year to 1.085 trillion yuan, down 7.9 percent on a yearly basis.

Industrial output also continued to grow, rising by seven percent year on year in November, versus 6.9 percent in October. Fixed-asset investment rose by an annual 2.6 percent in November, up from 1.8 percent in the January-October period.

Despite these improvements, the NBS said China's economy still faces multiple challenges, including ongoing uncertainty surrounding the global recovery from the pandemic and domestic structural problems.



PAKISTAN

Cotton arrivals continue from growers' holdings

Seed cotton arrivals have continued to reach cotton stations from growers' holdings in reasonable quantities. Since the crop is very short there has been no peak arrivals pressure during the season and producers have tried

to pace the flow of deliveries to ensure maximum returns. Many growers have nevertheless struggled to break even.

Those ginning factories still open have been able to secure supplies to continue operations. Seed cotton prices have remained firm and earlier in the week were quoted around Rs. 3,900/4,900 per 40 kilos, depending on quality.

Most private estimates continue to project lint production between 5.5/6.0 million running bales.

Generally cold and dry conditions have prevailed across most of the cotton-growing belt over the past few days. The meteorological department has forecast normal winter rains during the December-February period.

Domestic cotton asking rates firmer

During the past week, firm conditions have been witnessed in the local cotton market. Sharp increases in New York futures have added support to an already tight market. After a period of some weeks during which asking rates were range-bound, ginneries have managed to increase their prices in tandem with rising offers for imported cotton. However, spinners have lately covered domestic cotton more actively, in part as a hedge against potential rupee depreciation and rising world prices. As a result, a good turnover has been reported. Nevertheless, mills have been reluctant to pay significantly higher prices. It is thought that many of the larger textile groups are already

covered beyond the first quarter of next year.

On December 16, lower grade cotton attracted prices around Rs. 8,600/9,300 per maund, ex gin, Rs. 200/300 higher than those on December 9, while Punjab styles commanded around Rs. 9,400/9,850 per maund, up around Rs.200/250. On the same date, the KCA Official Spot Rate for 2020/21- crop Grade III (1- 1/16", Micronaire 3.8/4.9 NCL) was quoted at Rs. 9,650 per maund, up Rs. 150 on the week.

high 70s cents per lb, CFR Karachi.

Competitively priced African Franc Zone offers have also encountered retail buying interest and additional Sudan Acala purchases have been secured at 70.00 cents per lb. Once again, fine count mills have remained on the sidelines.

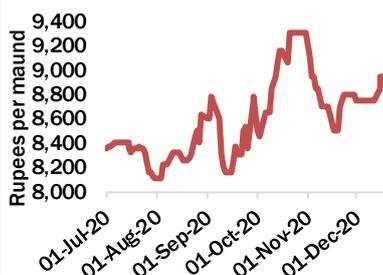
Yarn and textiles

On the local yarn market, spinners have been encouraged by good enquiry and offtake from the weaving and knitting sectors. The latter have been obliged to cover against their prompt requirements at increased prices. Most spinning mills continue to be well sold and have felt able to increase their price ideas in sympathy with rising replacement costs.

Recent export yarn demand has also been healthy. The key Chinese market has remained active and buyers have been willing to accept the enhanced levels. Thus, offers of 20/21s carded yarn have been raised again, to around US\$400/430 per bale of 400lbs, FOB, while those for 30/32s carded yarn are also increased to around US\$480/510.

Polyester staple prices have advanced to around Rs.168/169 per kilo, compared with Rs.164/165 last week.

Pakistan ex-gin prices (2020/21 crop)



US imports attract buying interest

In recent days, moderately active mill demand for foreign growths has been witnessed. Although the overall business climate has improved further in the textile pipeline, mills have been reluctant to pay prices that have been adjusted upward with the rise of New York futures. Since most bigger mills are relatively well covered, they have still looked to buy further stocks only on dips in the market. Nonetheless, regular business, albeit for relatively small quantities, has continued. Aggressive US offers have attracted the main buying interest and mixed grade 'recaps' have continued to move off in good volumes, priced in the

INDIA

Demonstrations continue in the north of the country, with tens of thousands of farmers blocking arterial roads to protest the introduction of new laws that will allow private companies to purchase agricultural commodities directly from producers. Farmers' concerns are various: there are fears that the new arrangements are the precursor to the withdrawal of the Minimum Support Price system, something the government has denied. Moreover, small farmers are anxious that direct private sector involvement in the market will result in reduced protection for land ownership rights and lower prices to producers. Local observers point out that most farmers taking part in the protests are involved in the production of food rather than cotton. The likely impact

of the reforms on the cotton market itself is not yet clear.

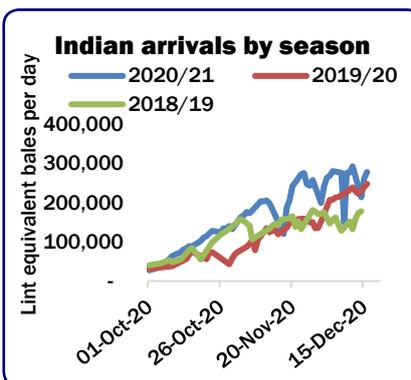
Arrivals

Arrivals are still running ahead of the pace set in either of the past two seasons. Average daily deliveries to market yards this week were estimated at around 265,000 lint equivalent bales. Reports from

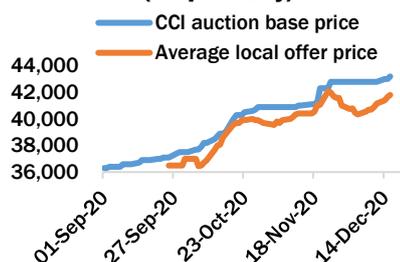
market commentators indicate that most spinning mills are now operating at 100 percent capacity and making good profits. They estimate that consumption in the 12 months from October 2020 to September 2021 might reach 32 million bales.

CCI

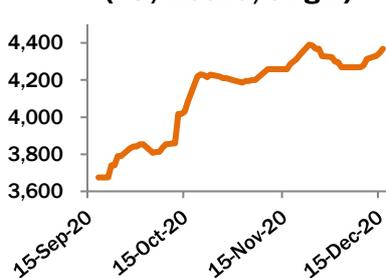
It is thought that around 100,000 bales of lint may have been sold in the past week at CCI's daily auctions. Floor prices have been raised, such that the new crop premium has increased. For instance, Ahmedabad S-6 SUP, staple length 28, Micronaire 3.6-4.8 from 2019/20 was offered on December 16 at ₹41,900 per candy, while the same specification from this year's crop had a premium of ₹1,300 at ₹43,200 per candy.



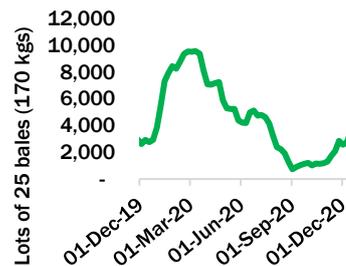
S-6 CCI auction base price vs. S-6 average local offer (Rs. per candy)



2020/21 crop Punjab J-34 (Rs./maund, ex-gin)



MCX open interest



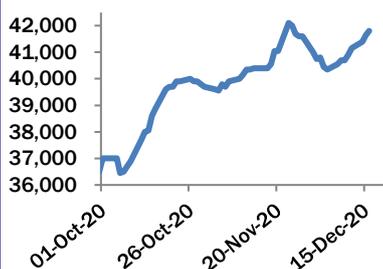
Local prices

Offering rates for Shankar-6 strengthened significantly over the week in view. On December 16, the prevailing domestic price for S-6 was ₹41,800 per candy (72.40 cents per lb), higher by ₹1,100 per candy or 185 cent points per lb overall. Asking rates for Punjab J-34 rose by a slightly smaller margin to ₹4,368 per maund (72.05 cents per lb). Prices

MCX cotton futures

	Closing price Dec 9	Closing price Dec 16	Price changes on period	OI at close on Dec 16	OI changes on period	Volume Dec 9-16
Rupees per bale			Lots of 25 bales			
31-Dec-20	19,880	20,270	390	2,159	-287	4,403
29-Jan-21	20,130	20,520	390	1,318	1,018	2,200
26-Feb-21	20,350	20,350	-	-	0	-
31-Mar-21	20,450	20,450	-	-	0	-
30-Apr-21	20,550	20,550	-	-	0	-
31-May-21	20,650	20,650	-	-	0	-
				3,477	731	6,603

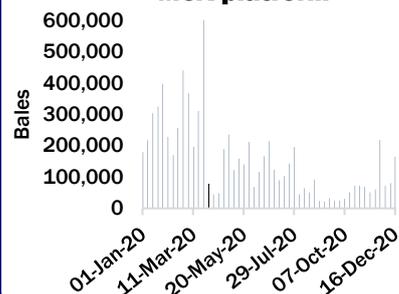
2020/21 crop Shankar-6 (Rs./candy, ex-gin)



for both varieties are approaching the seasonal highs recorded in the last week of November.

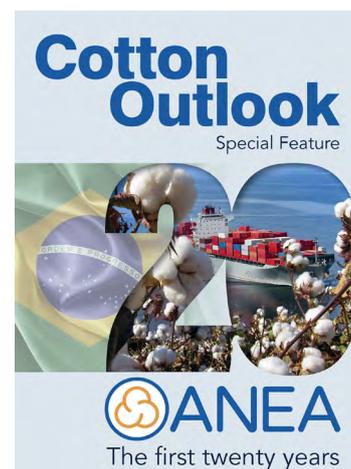
The price trend for the active contracts on the MCX platform mirrored that in the physical market, with both December and January gaining ground. Turnover was 6,603 lots or 165,075 bales, more than double the total recorded in either of the two previous weeks. Open interest also advanced substantially.

Weekly volume traded on MCX platform



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BANGLADESH

During most of the past week, the upward trend in New York futures has generally prompted mill buyers to postpone any plans to add to their raw cotton inventories. Most spinners are waiting for raw cotton prices to dip before they purchase more supplies for immediate shipment. The latest sudden increase in shippers' offering prices has generally taken spinners unawares. Those that had relied heavily on a hand-to-mouth buying policy are now in some difficulty as they try to stretch existing inventories to keep spindles running. More spinners are expected shortly to be operating at pre-Covid tempo, close to full capacity. If that proves to be the case, demand for cotton will of course intensify. Late in the reporting period, some signs of more earnest buying interest have indeed become evident.

Some mills had contracted to sell yarn based on a lower cotton price and would lose money if they bought cotton today. In the circumstances, owing to the price discount compared

to other growths, demand for Indian conventional Shankar-6 and MCU-5 has been a regular feature of trading.

Demand for organic cotton from the neighbouring origin has also been strong and certified lots have commanded strengthening prices, accentuated by delays in certification and a general scarcity of supply. Business has recently been arranged in Indian organic Shankar-6 29mm, Micronaire 3.7/4.9NCL, 29gpt at 97.50 US cents per lb, for prompt shipment. Faced with these escalating prices, it is understood that some mill buyers have been considering other 'sustainable' cotton options.

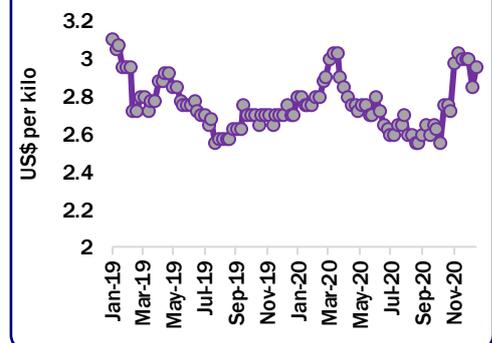
Port congestion and issues related to container logistics have continued to delay shipments, thus certain mills have had to purchase cotton locally, to cover their immediate needs. Despite the sharp rise in shipment cotton prices, those for local stocks have been more or less maintained. Ex-warehouse offering rates for Indian MCU-5 30/31 mm have been

unchanged at between 75.00/76.00 cents per lb. Shankar-6 1-1/8" has continued to be quoted at a couple of cents cheaper. Offers of African Franc Zone 's' grades, staple 1-1/8", have been unaltered in the same two-cent range, at around 79.00/81.00 cents

Yarn and textiles

Asking prices for the standard carded 30s yarn counts are typically quoted slightly higher at US\$2.90/3.00 per kilo, compared to US\$2.80/2.90 last week.

Carded cotton 30s yarn



EGYPT

Export sales

The rate of export sales registrations was steady in the week to December 12: 1,075 tonnes were registered by *Alcotexa* for the 2020/21 season, mostly to India and Bangladesh. The running total now stands at 43,049 tonnes, of which just over 40 percent have been shipped. Almost all the volume registered (1,050 tonnes) was Giza 94 new crop at an average price of 116 cents per lb. The remainder was composed of old crop Giza 86 at a cent lower.

2020/21 crop

By December 15, the quantity of seed cotton classed from the current crop had reached 902,100 kantar (142,081 tonnes), of which 132,606 are fundamental varieties and 769,494 will be commercial stocks. The total volume classed so far represents about 87 percent of the expected seed cotton output, but is 23 percent lower than the quantity recorded at the same moment last year. The private sector has acquired over 83 percent of classed cotton.

Yarn and textiles

Market observers report that fine-count yarn exporters are suffering from reduced demand compared with the pre-pandemic period. Moreover, they are struggling to pass on the increased costs of raw cotton to yarn customers, who are still resistant to higher prices. However, some remain hopeful that conditions may improve by the middle of next year, if

widespread vaccination programmes are successful.

Apparel

According to the Apparel Export Council of Egypt, apparel exports fell by 19 percent year on year in the period from January to October. The total value was US\$1.145 billion compared with US\$1.409 billion for the first ten months of 2019.

The United States, the principal market, accounted for US\$649 million, lower by 18 percent than during the same period last year.

2020/21 season export data

(as at December 12 2020)

	New registrations	Total registered	Shipped	% shipped
India	1,060	25,933	8,747	34%
Pakistan	-250	10,815	7,111	66%
Turkey	-30	620	360	58%
Bangladesh	270	790	369	47%
Egyptian Free Zone	-	485	486	100%
Slovenia	-	250	100	40%
China	-	454	225	50%
Brazil	-	200	206	103%
USA	-	150		0%
Portugal	-	85	85	100%
Italy	25	25		
Others	-	3,242	42	1%
Total	1,075	43,049	17,732	41%



TURKEY

Improved yarn market

The situation of mills, both open-end and ring-spinners, has improved markedly over recent weeks. Yarn is selling quite freely and margins are for the most part satisfactory. However, operating capacity is still estimated to be perhaps 10 to 15 percent below normal. Sentiment is still affected to some extent by the rise in local Covid-19 infections and the public health measures introduced

across many countries in Europe that are major export markets for Turkish textiles and apparel.

Enquiry for imported cotton has become more active of late, but has been partly of a price-testing nature, as cotton from the domestic crop remains a good option for many mills, at least for the time being. That may change after the year-end as seasonal selling pressure subsides and the uncommitted portion of the domestic crop is retained in strong hands.

The past week has seen continued expressions of import buying interest but the rise of offering rates has tended to limit turnover. Few mills as yet seem prepared to meet asking prices above 80.00 cents per lb. Some business in US Eastern/MOT shorter staple (1-1/32" to 1-1/16") styles has nonetheless been arranged at around 200/300 points 'on' March futures.

FAR EASTERN MARKETS

Higher offering rates

Many spinners in the region have balked at this week's sharp rise in shippers' offering rates. Nevertheless, several market reports have made reference to new business. The recent hand-to-mouth buying policy adopted by a number of mills, the result of uncertainty with regard to future spinning requirements, has left some with depleted inventories. As demand for yarn has recovered (including buying interest from customers in China), spinners have had little option but to replenish their stocks at around the market price. Most have continued to target mainly US and Brazilian styles, for shipment January/February, though various African origins have also featured.

During the past week in **Taiwan**, 500 tonnes of US Eastern/M/O/T lower grades, have moved off at around 71.00/73.00 US cents per lb, for shipment December/January at seller's option, CFR. In addition, Turkish organic 2020 crop SLM 1-3/32"/1-1/8", 27 gpt minimum, has been taken up at 102.20 cents per lb, for shipment first half January.

Vietnam has been an active market. Taiwanese-owned operations in the country have procured around 20,000 tonnes of US Eastern/M/O/T 31-3-36 'green cards', for shipment

CFR Vietnamese ports (other contract terms are unknown). Brazilian and West African have also found buyers and mention has been made of some Southern African business.

Recently in **Indonesia**, a couple of thousand tonnes or more of Brazilian Middling 1-5/32" have been purchased at around 80.50/81.50 cents per lb, for shipment January.

In **Thailand**, US cotton has again been booked 'on-call' in small quantities for shipment first quarter. However, fixed price business for any growth has been limited by the upward trend in New York. Most mills have not yet adjusted to higher futures and the associated increase in shippers' asking prices.

During the week ended December 11, the raw cotton market in **Japan** was more active than the previous week. Some mills entered the market to cover January/February shipments. Total estimated volume was 5,000/6,000 bales.

As already reported, spinners are concerned by shipping delays and the potential consequences for inventory control during a period in which demand has been recovering.

Vietnam import data

During November, Vietnam imported 111,664 tonnes of raw cotton, up from 94,278 the previous month and 104,111 in the same month of last year. Three origins accounted for 87 percent of last month's arrivals,

namely Brazil (43,090 tonnes), US (36,732) and India (17,379). At 435,335 tonnes, the total for the first four months of the season represents an increase of 6.5 percent from the corresponding period a year earlier.

Raw cotton imports

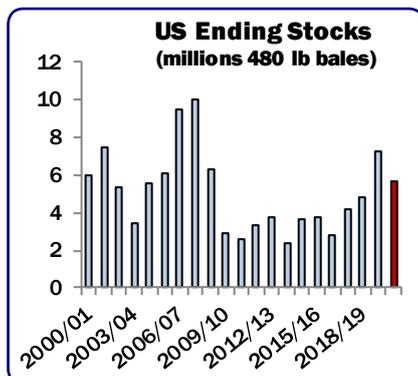
	2019/20	2020/21
	August/November	
	(tonnes)	
USA	229,027	220,724
Brazil	89,834	109,032
India	10,439	44,561
Argentina	11,164	10,470
Cote d'Ivoire	10,580	8,718
Australia	14,549	5,252
Indonesia	3,005	3,818
China	690	836
Pakistan	3,716	516
Korea	1,286	402
Taiwan	77	82
Others	34,459	30,924
Total	408,826	435,335



UNITED STATES

USDA reduces domestic crop forecast to 15.95 million bales

In its December report, USDA forecast US cotton output at 15.95 million bales (480 lbs), down 1.1 million from last month, mainly as a result of a 900,000-bale reduction in Texas. Domestic mill use was left unchanged at 2.5 million while exports were raised by 400,000 bales to 15 million. Ending stocks were lowered to 5.7 million, down from 7.2 million last month. USDA said, "This stocks-to-use ratio would be 8 percentage points lower than in 2019/20, and the second highest since 2007/08." The average yield per harvested acre is now estimated at 850 pounds per acre, down 61 pounds from the November report.



World forecasts included a decrease in production to 113.90 million bales (116.11 last month), modestly lower beginning stocks at 99.42 million (99.59 in November), as well as lower ending stocks at 97.52 million (101.44). Consumption was raised to 115.63 million bales (114.05 in November). The report noted that, "A 2.2 million bale decline in global production is led by lower US output and includes 500,000-bale reductions in both India and Pakistan, in addition to other small adjustments... Consumption is projected 1.6 million bales higher,

	2019/20 Est. Dec.	2020/21 Proj. Nov.	2020/21 Proj. Dec.
Beginning Stocks	4.85	7.25	7.25
Production	19.91	17.09	15.95
Domestic Use	2.15	2.50	2.50
Total Exports	15.53	14.60	15.00
Ending Stocks	7.25	7.20	5.70

	2019/20 Final Report Production (bales)	2020/21 Plantings Sept. (acres)	2020/21 (Fourth Estimate)			2020/21 (Fifth Estimate)		
			Area for Harvest (acres)	Production (bales)	Indicated Avg.Yield (lbs/acre)	Area for Harvest (acres)	Production (bales)	Indicated Avg.Yield (lbs/acre)
	thousands		thousands			thousands		
Upland :								
N.Carolina	1,040.0	360.0	340	580	819	340	570	805
S.Carolina	497.0	190.0	185	325	843	185	315	817
Georgia	2,740.0	1,200.0	1,190	2,400	968	1,190	2,300	928
Florida	205.0	100.0	98	155	759	98	140	686
Virginia	243.0	80.0	79	160	972	79	150	911
Alabama	1,028.0	450.0	445	825	890	445	790	852
Southeast	5,753.0	2,380.0	2,337	4,445	913	2,337	4,265	876
Tennessee	960.0	280.0	275	640	1,117	275	680	1,187
Missouri	915.0	295.0	287	685	1,146	287	740	1,238
Mississippi	1,621.0	530.0	525	1,310	1,198	525	1,260	1,152
Arkansas	1,506.0	525.0	520	1,300	1,200	520	1,300	1,200
Louisiana	582.0	170.0	165	400	1,164	165	350	1,018
Mfs Terr	5,584.0	1,800.0	1,772	4,335	1,174	1,772	4,330	1,173
Texas	6,320.0	6,800.0	3,850	6,100	761	3,850	5,200	648
Oklahoma	659.0	525.0	460	770	803	460	720	751
Kansas	280.0	200.0	195	320	788	195	320	788
South West	7,259.0	7,525.0	4,505	7,190	766	4,505	6,240	665
New Mexico	77.0	44.0	35	75	1,029	35	70	960
Arizona	380.0	125.0	123	355	1,385	123	355	1,385
California	174.0	41.0	40	135	1,620	40	135	1,620
Far West	631.0	210.0	198	565	1,370	198	560	1,358
Upland Total	19,227.0	11,915.0	8,812	16,535	901	8,812	15,395	839
American Pima :								
Texas	17.0	36.0	30.0	57.0	912	30.0	47.0	752
New Mexico	9.0	11.0	10.8	20.0	889	10.8	17.0	756
Arizona	12.5	6.5	6.5	15.0	1,108	6.5	15.0	1,108
California	647.0	147.0	146.0	465.0	1,529	146.0	475.0	1,562
Pima Total	685.5	200.5	193.3	557.0	1,383	193.3	554.0	1,376
Grand Total	19,912.5	12,115.5	9,005.3	17,092.0	911	9,005.3	15,949.0	850

and at 115.6 million bales, is expected to be 13 percent above 2019/20's depressed level."

The reduction to US production (and that in Texas in particular) was not unexpected, given that weather-related events this season have wreaked havoc on the Texas cotton crop. USDA also reported modest decreases for all other regions.

March '21 futures mark new highs and contract high settlements

ICE cotton futures set a bullish tone for most of the reporting period, with speculators trading actively and mills reportedly buying at dips in the market. After the release of another strong export report and USDA's December supply and demand figures on December 10, which showed a much-anticipated reduction to US production, March '21 futures set a new contract high and finished the day with a significant gain of 121 points. A slight market correction occurred the following day, but

	2019/20 Est. Dec.	2020/21 Proj. Nov.	2020/21 Proj. Dec.
Beginning Stocks	80.27	99.59	99.42
Production	122.14	116.11	113.90
Consumption	102.23	114.05	115.63
Trade	40.98	42.87	43.21
Ending Stocks	99.42	101.44	97.52
China ending stocks	36.90	36.27	36.27
ROW ending stocks	62.52	65.17	61.25

the spot month still managed to establish a new contract high before ending on negative ground. Over the next three sessions, the lead month set new contract highs each day, and recorded life-of-contract high settlements on December 15 and 16. For the week, the spot month finished with a gain of 260 points. The May '21 delivery followed the lead month, setting new contract highs and contract high settlements during the period.

The volume traded has increased during the period under review, with 126,539 contracts changing hands, compared with 109,046 during the last reporting period. The daily average for the month of December so far was

ICE No. 2 Cotton Futures

(in cents per lb)
No. 2:

	16-Dec	9-Dec	Change
Mar-21	75.65	73.05	2.60
May-21	76.43	73.89	2.54
Jly-21	77.11	74.60	2.51
Oct-21	74.59	72.73	1.86
Dec-21	73.34	71.73	1.61
Mar-22	73.53	72.54	0.99
May-22	73.49	73.14	0.35
Jly-22	73.18	73.44	-0.26
Oct-22	70.91	71.34	-0.43
Dec-22	69.50	70.04	-0.54

Certificated stock as of December 15 totaled 82,228 bales.

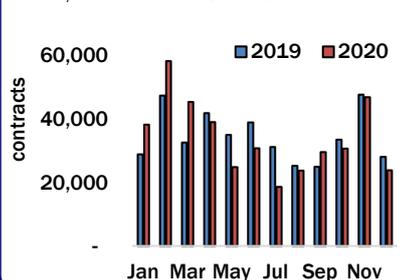
Chicago Futures

(in cents per bushel)

	16-Dec	9-Dec	Change
Soybeans			
Jan-21	1183.75	1158.50	25.25
Mar-21	1188.00	1163.50	24.50
May-21	1189.75	1164.50	25.25
Wheat			
Mar-21	598.50	583.25	15.25
May-21	599.75	584.50	15.25
July-21	595.00	583.75	11.25
Corn			
Mar-21	427.25	423.75	3.50
May-21	429.75	426.50	3.25
July-21	430.50	427.50	3.00

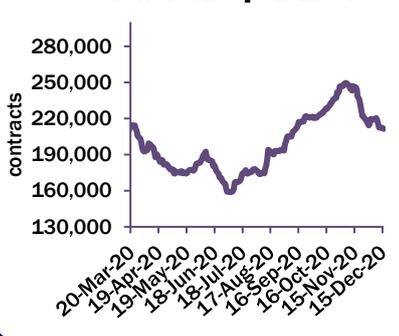
23,942 contracts per session, which is lower than the figure of 28,161 calculated for December 2019.

Average daily turnover in New York



Total open interest for the board was reported at 222,753 contracts as of December 15, with the March '21 delivery accounting for 130,366 contracts, followed by May '21 with 41,504 and July '21 with 23,068. Interest in the December '21 delivery amounted to 24,435 contracts.

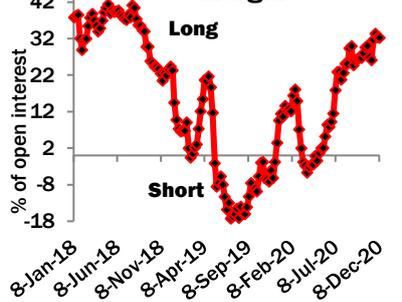
New York Open Interest



By December 8, speculators had marginally decreased their net long margin to 32.2 percent of the total

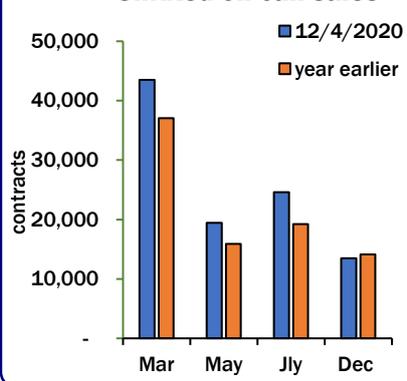
open interest on that date (211,233), down from 32.4 percent the previous week. Speculative long holdings declined by 2,694 while short holdings increased by 145. Commercial traders decreased both their longs and shorts by 6,349 and 9,925 respectively, for a resulting net short margin of 36.3 percent, down from 36.7 in the previous CFTC report.

New York spec net margin

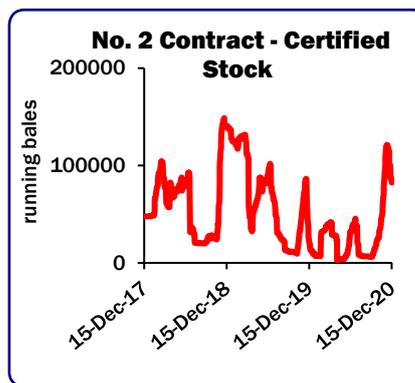


The CFTC On-Call Cotton report for the week ended December 4 showed a modest decline of on-call sales to 105,909 contracts, down 48 on the week. March '21 unfixed on-call sales decreased by 1,980 contracts to 43,470 while those for May '21, July '21 and December '21 increased by 598, 910 and 191 contracts, respectively, to 19,434, 24,617 and 13,480. Unfixed on-call sales for the first four active months amounted to 87,521 contracts, just above the 86,284 contracts in place this time last year.

Unfixed on-call sales



Certificated stocks decreased on the week, reported at 82,228 bales as of December 15. The majority of bales (67,890) were held in Memphis, TN area warehouses, followed by Galveston, TX (12,703), Dallas/Ft. Worth, TX (1,052), Houston, TX (368), and Greenville, SC (215 bales).



Physical sales have been quite active during the period, as indicated by the heavy turnover on the spot market and *The Seam* in recent days. Spot market sales during the week ended December 16 amounted to 156,778 bales, increasing the season's total to 744,509 bales. The largest turnover was seen in West Texas, where 116,415 bales were sold, followed by 35,035 in East Texas/Oklahoma, 2,839 from the Desert Southwest, 1,602 from the North Delta, and 887 from the Southeast. Basis levels across the belt remained relatively stable on the week, with only minor adjustments.

Basis Levels

2020/21 cents per lb		
Southeast	SLM 1-3/32"	125 to 250 "off"
Memphis Territory	SLM 1-3/32"	200 to 325 "off"
Texas/Oklahoma	SLM 1-3/32"	450 to 600 "off"
Far West - SJV	Midd 1-3/32"	150 to 275 "on"
DSW - Arizona	Midd 1-3/32"	200 to 325 "off"
Mar '21 New York Futures FOB railcar/truck - Southeast and Memphis Territory. FOB whse - Arizona uncompressed, California compressed.		
** Premium required by growers to enter commitment to sell cotton held in the CCC loan		

Trading on *The Seam's* grower exchange rose strongly to 98,079 bales this week, up from the 56,896 that changed hands the previous week. An average price of 68.72 cents per pound was paid, compared with 67.98 cents a week ago.

On the business to business side, 11,746 bales were sold at an average price of 69.01 cents per pound this week. In comparison, 13,467 bales traded during the previous period at an average price of 68.93 cents per pound.

A total of 421 bales that were forfeited to the CCC during the week changed hands at an average price of 88.15 cents per pound.

US UPLAND AND PIMA STATISTICS

Grower To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Mfs Terr	73.06	0	237	237
Southeast	71.75	33	2,814	2,847
Southwest	68.61	25,698	69,226	94,924
Far West	75.50	0	71	71
Total	68.72	25,731	72,348	98,079
Business To Business				
Region	Avg Price	Staple		Total
		34 or Less	35 or More	
Southwest	67.16	2,026	7,270	9,296
Far West	76.00	47	2,403	2,450
Total	69.01	2,073	9,673	11,746
Cotton Forfeited to CCC				
Region	Avg Price	Staple		Total
		Less	More	
Mfs Terr	29.99	2	28	30
Southeast	0.26	0	5	5
Southwest	26.99	3	32	35
Far West	1.00	0	351	351
Total	88.15	5	416	421

During the period ended December 7, current crop entries into the Commodity Credit Corporation's loan program jumped by 835,828 bales, while 364,147 bales were redeemed. Repayments from the 2019/20 season increased by 4,265 bales to 11,735,516, and 125 bales were forfeited. There were no redemptions or forfeitures reported from the 2018/19 and 2017/18 marketing years, leaving outstanding stocks for those seasons at five and four bales, respectively. The unpaid balance for all four crop years, therefore, rose to 3,881,426 bales, of which cooperatives and loan servicing agents accounted for the majority with 3,581,080 and independent growers held the balance of 300,346 bales.

Wintry weather across cotton belt

Picking of the 2020/21 cotton crop is complete, or in its final stages, across most parts of the cotton belt.

A couple of strong cold fronts moved through **West Texas** during the period under review, and a wintry mix fell in the northern High Plains, with snow coverage of up to 6.00" recorded in parts of the Panhandle. Light to moderate rain fell on the southern plains, which briefly eased dry soils. Mostly clear, warmer weather returned late in the period, and drier,

LOAN STATISTICS

CCC Data as of December 7, 2020 (running bales):

Crop	Total	Repossessions	Forfeitures	Outstanding Stock
	Entries			
20/21	5,207,880	1,377,214	0	3,830,666
19/20	11,786,583	11,735,516	316	50,751
18/19	8,250,161	8,177,517	72,639	5
17/18	9,799,746	9,799,683	59	4
Totals	35,044,370	31,089,930	73,014	3,881,426
Last period's total (Nov. 30)				3,414,135

*Including 300,346 bales held by individuals and 3,581,080 by cooperatives

Details by state for 2017/18 crop, 2018/19 crop, 2019/20 crop, and 2020/21 upland cotton remaining under loan are as follows (the figures include cotton from both individual growers and the cooperatives):

	- OUTSTANDING -			
	2020/21	2019/20	2018/19	2017/18
N. Carolina	118,423	139	-	-
S. Carolina	52,974	491	-	-
Georgia	330,531	3,514	-	-
Alabama	140,137	3,317	-	-
Florida	28,213	548	-	-
Virginia	6,918	-	-	-
Southeast	677,196	8,009	0	0
Tennessee	303,602	330	-	-
Illinois	1,169	-	-	-
Indiana	28	-	-	-
Missouri	256,933	143	-	4
Mississippi	772,557	2,746	-	-
Arkansas	716,091	1,159	-	-
Louisiana	185,339	473	-	-
Memphis Terr	2,235,719	4,851	0	4
Texas	745,122	29,644	5	-
Oklahoma	48,969	2,692	-	-
Kansas	27,353	244	-	-
South West	821,444	32,580	5	0
New Mexico	5,848	574	-	-
Arizona	42,738	1,861	-	-
California	47,721	2,876	-	-
Far West	96,307	5,311	0	0
Upland Total	3,830,666	50,751	5	4

Pima CCC Loan Activity

running bales to December 7, 2020

	Total	Repayments	Forfeitures	Outstanding Stock
	Entries			
2020/21	88,659	5,699	-	82,960
2019/20	428,756	406,179	351	22,226
2018/19	517,415	411,878	-	105,186
Previous Total Outstanding (Nov. 30)				101,038
			<u>2020/21</u>	<u>2019/20</u>
Arizona			1,200	950
California			74,919	21,234
New Mexico			2,329	2
Texas			4,512	40
Pima Total			82,960	22,226

more reasonable conditions are in the near-term forecast. Nevertheless, groundwater table supplies remain extremely short throughout the region, and since a vast majority of fields are not irrigated, crops are dependent upon deep soil moisture and timely rains during the growing season. An extended period of cold, wet weather, therefore, will be required before water levels in area lakes, ponds, and the Ogallala-High Plains Aquifer are fully recharged. The harvest season has virtually drawn to a close, and ginning is rapidly nearing an end at smaller processing plants, with work expected to be complete at most larger gins in a couple of weeks.

Partly cloudy to fair skies have ruled across most of **South Texas**

SPOT MARKETS

OFFICIAL QUOTATIONS FOR SLM 1-1/16" (41/4/34):

	Prices		Turnover
	(cents per lb)		
	16-Dec	9-Dec	
Southeast	74.15	71.55	887
N. Delta	72.90	70.30	1,602
S. Delta	72.90	70.30	0
E. Tx/Okla	70.90	68.05	35,035
West Texas	70.90	68.05	116,415
Desert Southwest	68.65	66.05	2,839
San Joaquin Valley	69.15	66.55	0
7 MARKET AVERAGE	71.36	68.69	

Turnover for the period ending December 16 156,778
Total turnover for season to December 16 744,509

Selected markets to December 16 (Dec. 9 in parenthesis)

NORTH DELTA

	Middling (31)		SLM (41)	
1-1/16" (34)	74.15	(71.55)	72.90	(70.30)
1-3/32" (35)	75.15	(72.55)	72.90	(70.30)

Basis for SLM 1-1/16" (41/34):

NY No.2 Mar '21 -275

SAN JOAQUIN VALLEY

1-3/32" (35)	78.05	(75.45)	71.15	(68.55)
1-1/8" (36)	81.55	(78.95)	71.95	(69.35)

Basis for Midd.1-3/32" (31/35):

NY No.2 Mar '21 +240

WEST TEXAS

15/16" (32)	67.00	(64.15)	65.65	(62.80)
1" (33)	69.00	(66.15)	66.40	(63.55)
1-1/32" (34)	71.75	(68.90)	70.90	(68.05)

W. Texas Micronaire (cent points per lb):

	16-Dec		9-Dec	
24 & Below	-1850	-1850	-1850	-1850
25-26	-1850	-1850	-1850	-1850
27-29	-1200	-1200	-1200	-1200
30-32	-825	-925	-825	-925
33-34	-575	-650	-575	-650
35-36	0	0	0	0
37-42	0	0	0	0
43-49	0	0	0	0
50-52	-225	-300	-225	-300
53 & Above	-400	-425	-400	-425

Strength grams/tex (cent points per lb):

	Mfs Terr	Mfs Terr	W Texas	SJV
19.0-19.9	*	-400	*	*
20.0-20.9	*	-400	*	*
21.0-21.9	-850	-375	*	*
22.0-22.9	-800	-375	*	*
23.0-23.9	-750	-350	*	*
24.0-24.9	-700	-350	-500	-500
25.0-25.9	-650	-275	-400	-400
26.0-26.9	-200	-250	-300	-300
27.0-28.9	0	0	0	0
29.0-29.9	0	0	0	0
30.0-30.9	25	0	75	75
31.0-32.9	50	0	125	125
33.0 & Above	50	25	250	250

* Strengths have no history of being produced.

Note: Official quotations for cotton of 3.5-3.6 & 4.3-4.9

Micronaire, strengths 23.5-25.4 g/tex, compressed in Mixed lots, FOB car/truck.

PIMA SPOT QUOTATIONS

Selected markets to December 16, compared with Dec. 9 in parenthesis, were as follows:

AMERICAN PIMA

GRADE	1-3/8" (44)		1-7/16" (46)	
2	108.25	(104.25)	114.00	(110.00)
3	94.50	(90.50)	102.25	(98.25)
4	73.75	(69.75)	81.50	(77.50)

MICRONAIRE DISCOUNTS (cent points per lb):

2.6 and below	-1900
2.7 to 2.9	-1400
3.0 to 3.2	-900
3.3 to 3.4	-400
3.5 and above	Base

Note: Official quotations reflect cotton equal to the

Official Standards, net weight, in mixed lots, uncompressed, FOB Warehouse.

during the period under review, with highs ranging from the 50's to the 70's (F). Producers in the Rio Grande Valley and Coastal Bend have been taking soil samples and applying

fertilizers, as needed, in preparation for the upcoming planting season, which usually commences during the latter part of February or early March. Scattered, light precipitation has fallen, but droughty soils have quickly absorbed the moisture. Winter rains would be welcomed to help restore groundwater levels. Locally heavier precipitation was recorded in the Upper Coastal Bend, and damp, cooler conditions were

reported, interrupting fieldwork. Ginning activities are winding down, and most pressing plants expect to finish work in the next week.

Cloudy, unseasonably cold conditions ruled across the **Memphis Territory** for most of the reporting period, and a wintry mix has fallen in central and northern parts of the Delta, although soils were too warm for snow to settle. Widespread, moderate to heavy rains were received earlier in

the period ahead of the cold front, saturating soils and easing droughty conditions. Some larger gins are still working through seed cotton supplies on their yards, while most smaller processing plants have closed for the season.

The weather has varied across the **Southeast**, ranging from fair skies in the Carolinas to partly cloudy in the Lower Southeast. As a cold front entered the region earlier in the

US EXPORT SALES

During the week ended December 10, the net increase in this season's upland export sales commitment was 420,902 running bales. Increases mainly for China (225,800 running bales), Pakistan (93,400), Vietnam (35,200), Turkey (30,300) and Taiwan (14,100) were partially offset by a reduction for Bangladesh (32,000). For the 2021/22 marketing year, net sales of 13,800 running bales were reported for Pakistan (8,800), Mexico (5,900) and Thailand (900) and a reduction of 1,800 was recorded for Turkey. Upland export shipments were lower than the week before at 251,300 running bales, headed for

US export sales					
in thousand running bales					
Week Ended December 10	2020/21			2021/22	
	Upland	Pima	All cotton	Upland	Pima
Previous unshipped commitments	5,813.7	222.5	6,036.2	699.9	0.0
New sales	457.3	7.5	464.8	15.5	0.0
Cancellations	36.4	0.0	36.4	1.8	0.0
Net sales	420.9	7.5	428.4	13.7	0.0
New commitments total	6,234.6	230.0	6,464.6	713.6	0.0
Week's shipments	251.3	23.1	274.4	0.0	0.0
Cumulative shipments	4,706.6	300.5	5,007.1	0.0	0.0
Unshipped commitments	5,983.4	207.0	6,190.4	713.7	0.0

China (112,000), Pakistan (34,100), Mexico (24,300), Vietnam (24,100) and Turkey (12,900). Net sales of Pima totalled 7,500 bales, while shipments amounted to 23,100.

US PRICE MECHANISM

US PRICE MECHANISM

- 2020/2021 season -

- value if applied today, December 17, 2020 -

Take 5-day average of:-

A) Five Far Eastern Midd.1-3/32" CFRs	80.15
B) Three Far Eastern 'fine count' CFRs	81.38
C) Three Far Eastern 'coarse count' CFRs	81.59
D) Cheapest US Midd. 1-3/32" CFR	82.50

ADJUSTED WORLD PRICE CALCULATION

Deduct from A

Average cost to market 16.95

Loan Quality Differential

(at average location) between:

Middling 1-3/32" 54.30

SLM 1-1/16" 52.00 2.30

E) Total Adjustment Factor	19.25
F) Adjusted World Price (A - E)	60.90
G) Fine Count' Adjustment Factor	must be above zero
2020 crop (current values 2.00-(B-A))	0.77
H) Coarse Count' Adjustment Factor	must be above zero
(current values A-C-5.35)	-6.79
I) Loan Deficiency Payment, Basic Loan (52.00) - F	-8.90

AMERICAN PIMA COMPETITIVENESS PAYMENT

Basic Loan Trigger

P1) Cheapest competing foreign quote CFR Far East: (week to date average) 120.00

P2) P1 adjusted for quality and transportation ((P1+10)-17.67) 112.33

P3) Basic ELS Loan Rate (95.00) adjusted for quality 2-2-46 95.35

P4) Basic Loan Trigger = 113% of P3. P2 must be lower than P4 for four weeks for payments to be triggered 107.75

The Basic Loan Trigger criterion must be met for any payment to be calculated

Payment Calculation

P5) Friday/Thursday US Pima CFR Far Eastern Average 134.00

P6) Weekly average cheapest competing foreign quote CFR Far East (adjusted for quality) (P1+10) 130.00

P7) Theoretical value (P5-P6) N/A

P8) No. of completed wks. P5 must exceed P6 for four consecutive weeks. 0

P9) Official current rate payable through Thursday December 17 N/A

period, scattered storms developed, and severe weather was reported in isolated locales. Light to moderate precipitation was received, with heavier amounts recorded in the Carolinas. Growers had rushed to get any remaining cotton off the stalk prior to the inclement weather, and consequently, picking is virtually finished. Meanwhile, pressing activities have continued at a steady pace.

In the **Far West**, mostly open, warm weather returned to California's San Joaquin Valley late in the period, and dry, above-average readings for this time of year are expected in the upcoming days. Ginning is proceeding at a steady pace, and most pressing plants are likely to be working well into January.

Light precipitation was received earlier in the period, but coverage was sparse. Although the rainy season has begun, few if any measurable accumulations have been received so far this month. Based upon data from the Department of Water Resources (DWR), water levels in most reservoirs in northern parts of the state are lower than normal for this time of year, and as a result, initial allocations of requested water supplies for the 2021 year were placed at ten percent. Hence, a wet, snowy winter is urgently needed to ease dry soils in the SJV and to improve water levels in area reservoirs that provide irrigation water to the Central Valley.

Welcome snow of between 2.00" and 16.00" fell in the Sierra Nevada Mountains earlier in the period, increasing the winter snowpack. According to the DWR, the snowpack was at 47 percent of normal by December 14 and 11 percent of the April 1 average. At the time of publication, a strong winter

storm system was moving across the region, and light to moderate snow is projected, with heavier amounts possible in higher elevations. Thus, the snowpack is expected to increase, which will prove beneficial next spring when it melts and flows into area reservoirs.

Final harvest activities were briefly interrupted in Central Arizona early in the period, owing to the first rain since August 20. Ginning, though, continues at a steady pace as processing plants work through seed cotton supplies on their yards. The transportation of modules and round bales from fields to gins is resuming.

Classing

The USDA reports that 1,215,365 bales of upland cotton and 42,567 of Pima were inspected during the week ended December 10. The all-cotton total, therefore, increased to 10,549,021 bales, including 256,421 of Pima. The proportion of upland cotton tenderable against ICE futures amounted to 67.6 percent for the week and 78.7 for the marketing year.

Ginning

Many gins across the US were processing seed cotton supplies at full capacity as of December 1, and according to the National Agricultural Statistics Service (NASS), a total of 9,570,350 running bales of all-cotton had been ginned by December 1, of which 213,900 were Pima. This time last year, 12,924,350 bales (277,600 Pima) were pressed to December 1, while the figure at the same point of

Upland Classings by State

	10-Dec-20 running bales		
	2020 YTD	2020 Prev. Wk.	2019 Totals
Alabama	497,308	425,283	979,360
Georgia	1,160,630	952,811	2,716,482
Nth. Carolina	376,632	298,203	1,061,015
Florida	58,172	48,392	160,868
Virginia	63,635	49,062	229,678
Sth. Carolina	140,994	114,633	423,252
Southeast	2,297,371	1,888,384	5,570,655
Arkansas	1,061,985	956,888	1,556,702
Mississippi	1,056,791	936,236	1,539,164
Missouri	456,909	382,187	827,340
Louisiana	323,748	311,015	583,283
Tennessee	514,955	457,662	939,393
Memphis Terr.	3,414,388	3,043,988	5,445,882
Texas	4,030,143	3,674,681	6,341,588
Oklahoma	242,703	206,654	545,496
Kansas	64,830	46,934	254,067
Southwest	4,337,676	3,928,269	7,141,151
Arizona	153,102	136,808	356,267
California	77,950	69,050	183,205
New Mexico	12,113	11,377	31,678
Far West	243,165	217,235	571,150
Total	10,292,600	9,077,876	18,728,838

* Not published to avoid disclosure of individual gins.

** Totals do not add because of information withheld.

the 2018/19 season was 10,264,950 (including 323,700 of Pima).

Upland Ginning Statistics

	2018/19	2019/20	2020/21
All Upland Cotton:			
N. Carolina	530,050	778,350	279,600
S. Carolina	208,800	283,200	112,600
Georgia	1,056,600	1,758,300	1,008,750
Alabama	487,200	679,750	452,800
Florida	41,800	97,400	48,400
Virginia	<u>126,200</u>	<u>148,450</u>	<u>46,850</u>
Southeast	2,450,650	3,745,450	1,949,000
Tennessee	668,750	713,300	492,350
Missouri	624,700	551,650	425,000
Mississippi	1,050,600	1,136,700	1,008,750
Arkansas	996,950	1,060,900	1,034,850
Louisiana	<u>357,100</u>	<u>460,700</u>	<u>310,700</u>
Mid-South	3,698,100	3,923,250	3,271,650
Texas	3,431,750	4,502,250	3,660,050
Oklahoma	135,900	205,950	199,750
Kansas	<u>172,550</u>	<u>43,850</u>	<u>52,950</u>
Southwest	3,740,200	4,752,050	3,912,750
New Mexico	12,900	*	*
Arizona	107,450	*	*
California	86,950	<u>90,150</u>	<u>68,500</u>
Far West	207,300	90,150	68,500
Total**	9,941,250	12,646,750	9,356,450

* Not published to avoid disclosure of individual gins.

** Totals do not add because of information withheld.

SOUTH AFRICA

November production estimate maintained

The eleventh estimate for the 2019/20 production year indicates a cotton crop of 134,230 lint bales, more or less unchanged from the previous month's estimate. The overall figure represents a significant decrease of 84,200 bales in respect of the final estimate for 2018/19 (218,430). The area is again unchanged from last month at 27,675 hectares, comprising 16,132 ha of dryland and 11,543 under irrigation.

During April-October consumption of local cotton was nearly half that of the same months last year and imports of cotton around 80 percent less. The lower numbers were due to the forced closure of spinning mills and allied industries during the lock-down period, measures put in place to combat Covid-19.

Early indications for 2020/21 cotton planting intentions are that they will be lower, as many growers will turn to food crops because of better prospects for prices.

BRAZIL

Sowing commences

Planting of the 2021 crop is under way but by mid-December only an estimated six percent or so had been completed nationwide. In Mato Grosso, where the crop consists mainly of *safrinha* cotton, sown after the year-end, very little has been planted. Operations are further advanced in states that cultivate cotton according to the 'conventional' model. Thus, Bahia is credited with 21 percent of its prospective area and Goiás with 39 percent.

Production forecasts continue to diverge somewhat. The official body CONAB last week advanced a figure of 2.67 million tonnes, while ANEA (the cotton exporters' association) places output at 2.6 million. The latest figure from ABRAPA (the producers' association) is appreciably lower at just over 2.4 million tonnes.

The official estimate of output from the 2020 crop (ginning of which is almost complete) is just over three million tonnes. Export shipments from that crop have continued at a brisk pace so far this month, with an estimated 159,000 tonnes embarked by December 11. This raises the

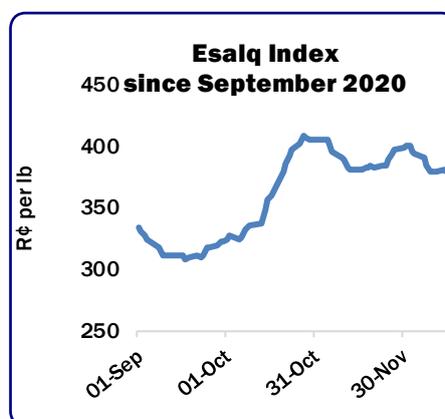
possibility that exports in December could come close to, or even surpass, the record 333,000 tonnes shipped last month.

Slow trading

The local raw cotton market has been lacking in new impetus during the past week, either from the supply or demand side. Mills appear to have covered the bulk of their December requirements, while producers remain preoccupied with executing their existing contractual commitments and are under little pressure to conclude fresh sales.

Having declined quite sharply in early December, the *Esalq* Index of local spot values has marked time during the past week. The value

on December 16 was R¢377.85, equivalent to roughly 74.00 US cents per lb at the prevailing exchange rate. The real has appreciated sharply against the US dollar during the past week, a trend attributed in part to the weakness of the US currency, but also to the improving economic outlook for Brazil and an associated rise in inward investment.



Contracts registered with the *Bolsa Brasileira de Mercadorias* during the past week amounted to 16,800 tonnes, of which 11,500 were from the 2020 crop (8,900 for the local market). A further 4,800 involved cotton from the 2021 crop (3,800 'flex', 1,000 export) and 500 from 2022 (all for export).

ARGENTINA

Sowing progresses slowly

Some of the optimism that earlier informed forecasts of this season's cotton plantings has dissipated. An area over 500,000 hectares now seems unlikely and many observers believe that an area close to the Ministry of Agriculture's planting intentions figure of 483,000 is the best that can be achieved.

Latest data from the authorities in Chaco province suggest that planting has been slow to advance, despite the recent spell of welcome moisture. In a report dated December 14, the area planted was placed at just over 122,400 hectares, versus intentions of 213,135. The official planting window is effectively at an end.

More welcome rains have been received over the past week. Several areas received around 20/30

millimetres on December 13 and 14, and accumulations were heavier in some localities.

On the commercial front, business with local mills has this week been more prominent than export trading, not least because better prices have been obtainable from the domestic market. A further 774 tonnes were declared for export during the week ended December 16, raising the total for the calendar year to 91,045.

EUROPEAN MARKETS

Contrasting fortunes

As spinners across the region approach the year-end, reports vary as to the pace of mill activity. Some spinners will continue to operate at full capacity up until Christmas. Others will commence their annual holiday as early as the end of this week. The

contrasting fortunes reflect demand from different downstream sectors.

There is a belief, however, that a general improvement in trading conditions will become apparent, if not during the first quarter then at least by the spring.

Some mill enquiries have come to light for Central Asian and West African better grades, available for shipment during the first quarter. Central Asian has attracted the most

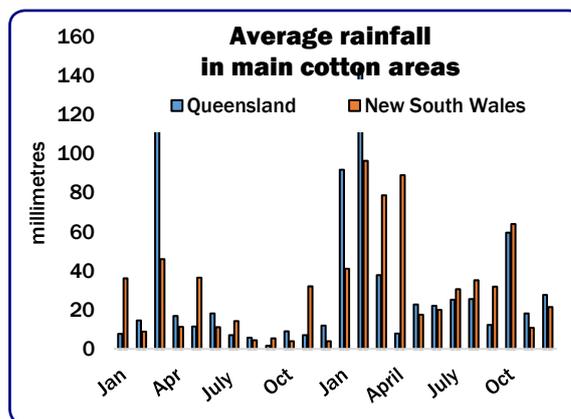
attention, on price considerations. Some business has been concluded at around 80.00 cents per lb. Lots from various other origins discounted for quality have also met with some support. However, prices in the mid-80s cents per lb seem for now to be beyond the reach of most spinners, although the relative strength of the euro against the US dollar has to some extent mitigated the sharp rise of dollar prices.

AUSTRALIA

Severe weather conditions in Queensland and NSW

After a drier and hotter November than normal, it would appear that *La Niña* is finally impacting the country's weather patterns, with record rainfall reported this week in certain areas of eastern and northern Australia.

Last weekend, severe thunderstorms affected coastal areas of Queensland and New South Wales, and rainfall moved inland over the following days. Cotton-growing areas should benefit from the precipitation, particularly as many fields were under a great deal of heat stress following last month's high temperatures. The accompanying chart shows the monthly average rainfall received in many of the key growing areas from January 2019 through to mid-December 2020.



The industry consensus would seem to be that a crop of at least two million bales (227 kilos) is in prospect, and several forecasts betray an upward bias from that number.



Season's Greetings
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