



Cotton

Outlook

FEBRUARY 2022



**WORLD LONG STAPLE
MARKET UPDATE**

SUPIMA[®]

WORLD'S FINEST COTTONS

Authenticity is essential in a world where businesses need to demonstrate sustainability and responsibility in their sourcing practices.

Without authenticity there is no voracity to claims made around best practices when the provenance of the product cannot be proven and demonstrated.

Supima cotton is the origin verifiable, 100% extra-long staple, U.S.A grown premium quality cotton chosen by discerning brands and retailers to craft the finest premium quality apparel and home products.

WWW.SUPIMA.COM

Welcome to Cotlook's February long staple update



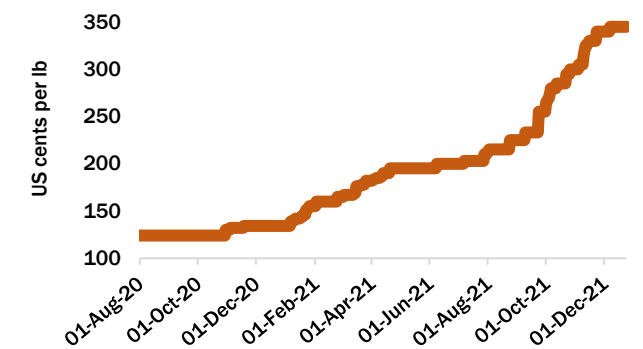
This month, we review the major developments in this specialised market that have taken place since our [Long Staple Annual Review](#) was published in August 2021. At that time, the global supply and demand situation already sent a strong bullish signal. In the event, the rally in prices has been extraordinary, mirroring but outstripping that for upland varieties. The increase has been prompted by reduced supply from certain key markets – the US and China in particular – but equally has tended to ration demand, such that consumption estimates have also been revised downwards.

We also take a tentative look at the prospects for production in 2022/23, and consider the factors that may influence farmers' planting decisions, including the worsening drought in the US Far West, improved profitability for growers in Egypt and the difficulties in converting to mechanised long staple cotton farming in China. Farmers' responses to this season's exceptional prices will of course be clearer when we publish our next Long Staple Annual Review in July/August 2022.

Prices

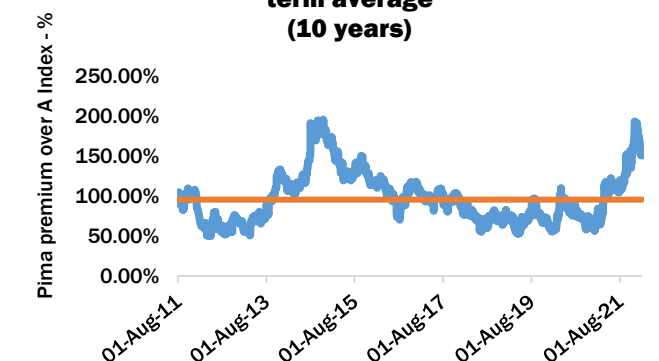
At the beginning of the 2021/22 season, Pima prices (which had been on something of a plateau around 200 cents per lb since late spring) began to rise in earnest. Between August 1 and early December, Cotlook's benchmark Pima price (Grade 2, 1-7/16") increased by 135 cents per lb, or 64 percent. Since that moment in December, the increasingly tight supply situation (discussed in detail below) has slowed sales and put paid to any subsequent price rises. While

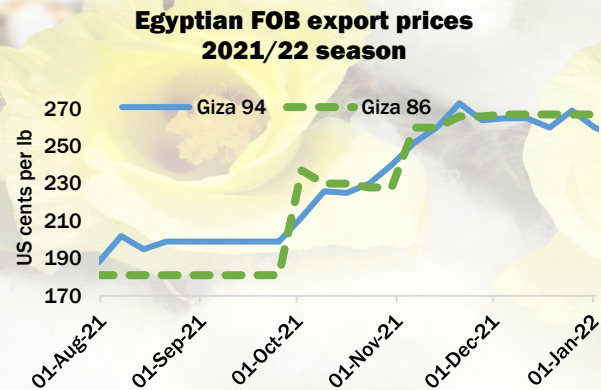
Pima prices in 2020/21 and 2021/22



upland offering rates since the beginning of the season have been subject to similar inflationary pressure, the rises for most long staple varieties including Pima have been proportionately greater. The Cotlook Long Staple Premium (i.e., the percentage by which our Pima quotation exceeds the A Index) at the turn of the year was just over 170 percent compared to a ten-season average of 95.36 percent. A month later, in the wake of another strong rally for upland prices, it was still 150 percent, some 34 percentage points higher than on August 31 2021.

Cotlook Long Staple Premium with long term average (10 years)



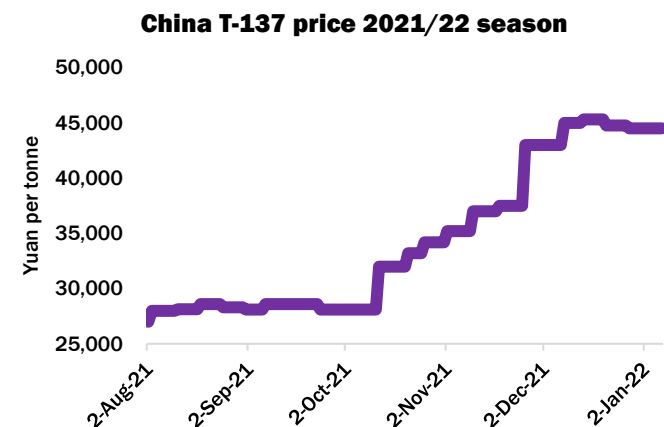


January and February there were indications that shippers were countenancing a reduction of their offers in order to stimulate increased levels of business.

Offering rates for Chinese T-137 cotton since the start of the season show the same, by now familiar trajectory, rising sharply in mid-October and then continuing to climb, reaching a peak of 44,750 yuan per tonne in the dying days of 2021. The new year has brought a slight softening of prices to around 44,400 yuan.

The marketing season for Egyptian cotton begins on September 1. In the five months since then, prices for Giza 94 and Giza 86 have also seen substantial rises, although the forces propelling the gains are somewhat different in this market. While the US crop is markedly smaller this year, the same cannot be said in Egypt, where output in the order of about 80,000 tonnes (38 percent higher than in 2020/21) is expected.

However, a change in the marketing arrangements for seed cotton – now conducted exclusively via state-organised auctions – seems to have resulted in stronger competition among domestic buyers. This in turn pushed FOB export prices for Giza 94 to a peak of 273 cents per lb in mid-November. It is noteworthy, though, that despite the greater availability this season, export sales registrations have been slow. Market observers are now of the opinion that auction buyers may have overpaid for Egyptian supplies, on the expectation of greater demand (and in some cases, to build or preserve market presence). Export offers were maintained at around 270 cents per lb (CFR Far East) until after the turn of the year. However in

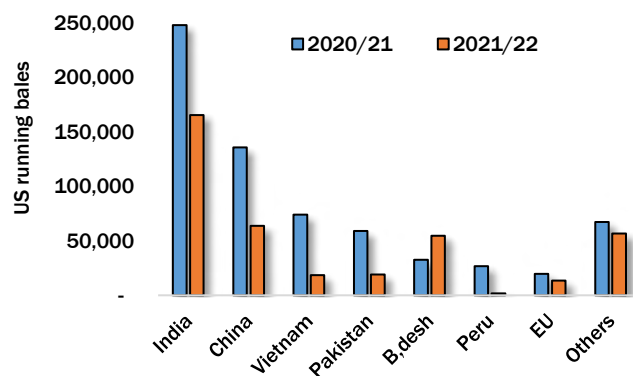


Trade

US Pima

By late January, total export registrations of US Pima for shipment in 2021/22 were 394,600 running bales (of which 179,800, or 46 percent, had been dispatched), according to USDA data. The total figure represents a reduction of over 40 percent from the same moment last season, by which time registrations amounted to 664,500 bales.

US Pima export registrations to major markets by late January



Israel Cotton

where Top Quality meets Top Service



we partner with the Better Cotton Initiative to improve cotton farming globally



The Israel Cotton Production & Marketing Board Ltd.

3 Netivot St. P.O. Box: 384, Herzlia B', 4610302 ISRAEL
 Tel: 972-9-9604003, Fax: 972-9-9604010
www.cotton.co.il

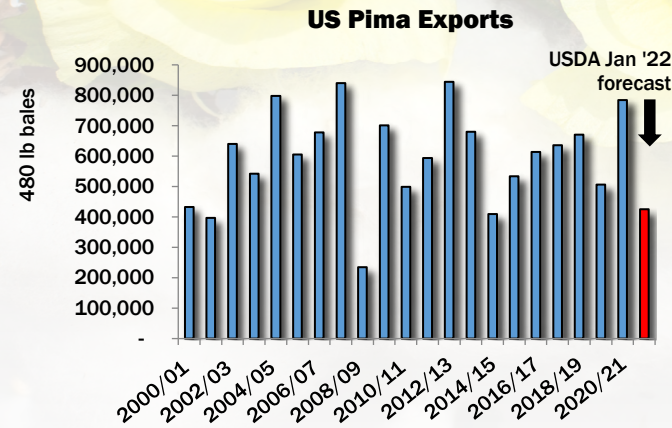


otto stadlander
gmbh

marcusallee 3 • 28359 bremen • germany
 telephone +49 421 20 42-0 • telefax +49 421 20 42-200
www.osta.de • e-mail: info@osta.de

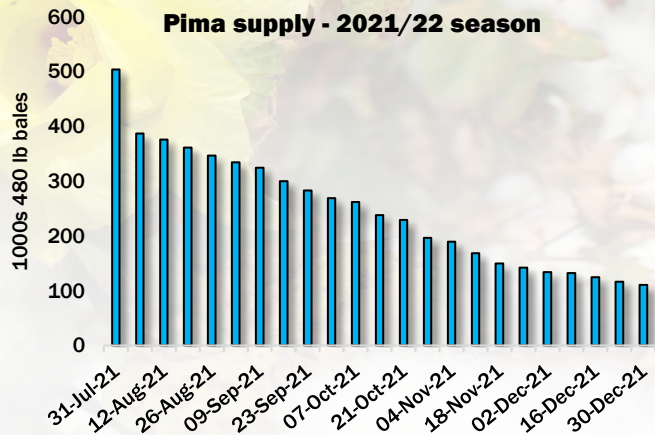
India is as usual the principal market for US long staple cotton (representing 43 percent of sales), but all major purchasing countries show a reduction, with the exception of Peru, which has doubled its uptake of Pima so far in 2021/22.

In the event, price has tended to ration demand and the net increase in the sales commitment has dwindled to a few thousand bales over the past several weeks.

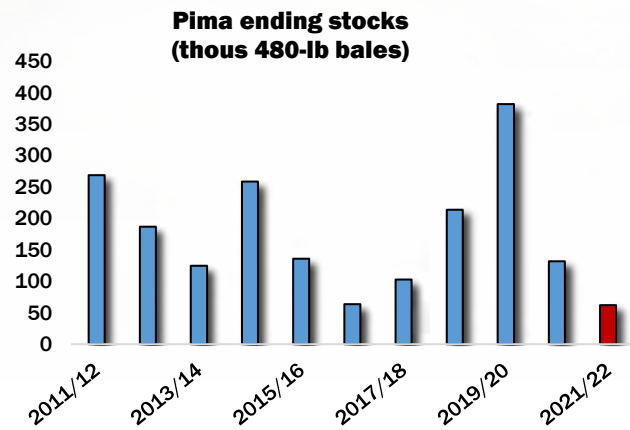


In September, USDA further reduced its forecast for Pima exports throughout the entire 2021/22 season to 425,000 bales (480 lbs), a figure that has been maintained since. Following on from last season's eight-year high, trade during the current marketing year is expected to be the lowest since 2014/15.

The availability of Pima for export has dwindled steadily since the start of the season. By the close of 2021, the apparent uncommitted supply was just over 110,000 bales. If the average rate of offtake measured over the previous four months were to continue consistently, merchants' stocks of Pima would be all but exhausted by the end of February.



Nevertheless, the Department's January forecast for ending stocks of Pima was 62,000 bales, so by their estimation carryover into



Since 1925
**DELIVERING
 INTEGRITY**
*& the World's
 finest cotton*



**THE LEADER IN
 COTTON LOGISTICS**
 FOR 97 YEARS

International Air & Ocean Freight Forwarding
 Import, Export, Domestic Traffic Management
 Global Warehousing Specialist
 Samples – Containers – Charters

www.mallorygroup.com
clientservices@mallorygroup.com

Dallas, Texas 972-522-4740
Laredo, Texas 956-717-0674
Memphis, Tennessee 901-367-9400
Hong Kong 852-2321-3200
Shanghai, China 0086-21-6368-0115

**MALLORY
 ALEXANDER**
 INTERNATIONAL LOGISTICS

confidence delivered
 on time. with care. everywhere.

Integrity - it drives everything we do. From seed to sale, we maintain unwavering ethics and honesty in every aspect of our business. We're stewards of the land. We're innovative practitioners. We're responsible partners and employers.

It's with this spirit that we deliver the finest quality and most consistent cotton available. And we have for almost one hundred years.

J.G. BOSWELL COMPANY
 101 WEST WALNUT STREET, PASADENA, CALIFORNIA 91103



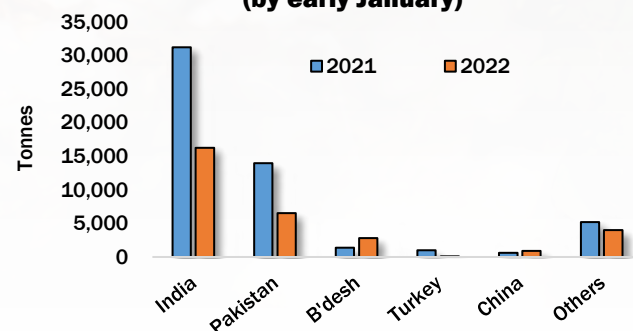
2022/23 is expected to be less than half of the quantity recorded in July 2021 (which in turn was 65 percent lower than the previous season).

Egypt

As alluded to above, export sales from the larger Egyptian crop have disappointed traders this season. By early January, total registrations amounted to just 57 percent of the figure recorded at the same point in 2021.

The principal markets of India and Pakistan both show substantially reduced commitments (by 48 percent and 53 percent respectively). By contrast, Bangladesh has increased its purchasing of Egyptian long staples in 2021/22, but from a much lower base.

Egyptian export registrations - main markets (by early January)



Giza 94 accounts for 74 percent of sales recorded for export so far, Giza 95 for a further 17 percent and Giza 86 for five percent. ELS varieties represent the remaining four percent of the total.

Production in 2021/22

Despite the long-term drought in the Far West region of the US, Pima yields appear to have improved by about five percent from last year's performance, to 1,423 lbs/acre (as estimated in USDA's January supply and demand report).

Pima yields (lbs/acre)



Given that harvested area is assessed to be 124,000 acres (representing a year-on-year deficit of 37 percent), the total output is

Cotlook Subscription Services

Cotlook In One

Cotlook In One gives you Cotlook Daily, Cotlook Cottonquotes AND Cotton Outlook Weekly in one package. Multiple user licences are available at competitive rates. Each service is described here and can be subscribed to separately...

Cotlook Daily

- Cotton news updated through the day
- Three daily summaries one each from Beijing, Liverpool and Memphis

Cottonquotes

- Representative CFR Far Eastern quotations for a wide range of cottons
- The Daily A Index and its constituent prices

Cotton Outlook Weekly news

- Electronic format
- FREE Special Features
- FREE Annual Special Edition



Other Services include:

Price Series

Historical data for your own database
Monthly updates available from our website as self-extracting files in Microsoft Access or Excel formats.

The Price Series database includes:

- Cotlook A Index
- A Index constituent growths
- Other non-index CFR Far East quotes
- Adjusted World Price
- Cotlook Basis data

If you require further information about any of our services, or you would like to take out a subscription, please contact Mary Fay by email at: subscriptions@cotlook.com

www.cotlook.com

A Tradition of

Trust & Quality

since 1943

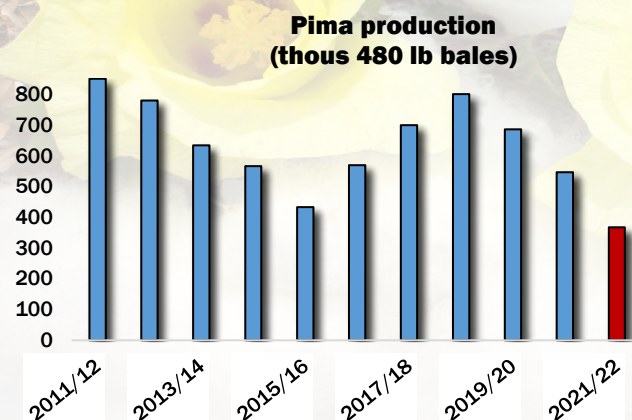
Supima
SJV
C/A
Memphis
Eastern
Texas

Jess Smith
& SONS COTTON, INC

Jess Smith & Sons Cotton, Inc
2905 F Street
Bakersfield, CA 93301

Tel: (661) 325-7231 www.jesssmith.com
traders@jesssmith.com

estimated at 367,000 bales, a third less than in 2020/21 and the lowest total for a decade by some margin.



A frustrating start to the long staple growing season in **China** has resulted in a further decline in output, despite the maintenance of government policies designed to stimulate LS cultivation. Widespread replanting was required in Xinjiang following excessively heavy rains in the spring, and the area dedicated to long staple varieties was estimated at 700,000 mu. Initial field reports were encouraging; however, more recently it has been acknowledged that plant development was severely affected by the restart, and output is generally held to be in the region of 40,000 tonnes.

Harvesting of 2021/22 **Egyptian** cotton had almost come to an end by mid-January, although classing was somewhat slower. Overall output is estimated at between 75,000 and 80,000 tonnes. Typically, long staple varieties make up 95 percent of the total crop, with extra-long staples accounting for the balance.

According to the **Israeli** Cotton Board, ginning of the 2021/22 crop was completed in November. Total output is in the region of 4,900 tonnes from 2,550 planted hectares. Ninety percent of the crop was considered to be high quality, and 84 tonnes were certified as organic. Around 80 percent of the lint output had been committed for sale by mid-January.

The **Indian** long staple crop is estimated at 85,000 tonnes.

World supply and demand

Given the now entrenched factors of long-term drought in the Far West of the US and an ever-increasing preference of farmers in Xinjiang for upland varieties over long staples, a continuation of the decline in production of LS varieties in 2021/22 was perhaps predictable. The only country to buck this trend is Egypt, which recovered well from the disappointing

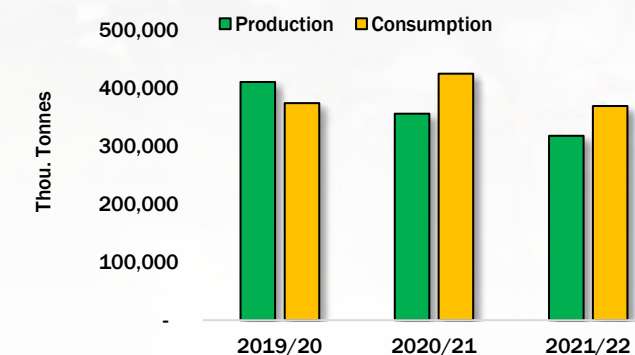
	2019/20	2020/21	2021/22	2021/22 vs.	
				2020/21	2019/20
United States	149,000	119,000	80,000	-33%	-20%
Egypt	67,600	58,000	80,000	38%	-14%
India	90,000	85,000	85,000	Unch	-6%
China	60,000	65,000	40,000	-38%	8%
Turkmenistan	21,000	15,000	20,000	33%	-29%
Uzbekistan	5,000	1,000	1,000	Unch	-80%
Tajikistan	1,000	-	-		
Israel	7,800	5,000	4,900	-2%	-36%
Sudan	1,000	1,000	1,000	Unch	Unch
Peru	5,000	4,000	4,000	Unch	-20%
Spain	4,000	3,500	2,500	-29%	-13%
Total	411,400	356,500	318,400	-11%	-13%



results of the previous season. However, as discussed, demand has been disappointingly slow, suggesting a comparatively large carryover into next season.

Global consumption, meanwhile, has been hampered by reduced availability and the same issues of disrupted and delayed logistics that have afflicted the trade in upland cotton too. High prices have of course played a part as well. Spinners of fine count yarn that are not committed to supplying brands engaged in marketing programmes such as the highly successful promotional campaigns of Supima are inclined, when prices rise, to adjust the mix of long staple lint and longer staple upland cotton in favour of the latter, or even to divert to other fibres such as viscose or tencel.

Long staple production and consumption



Change in world stocks

The estimates outlined above imply lower overall figures for both production and consumption than in our August forecast. Consumption is still predicted to outstrip supply, but by a smaller margin than in the previous season. At present, we forecast global stocks of long and extra-long staple cotton to fall by around 40,000 tonnes over the course of 2021/22.

Outlook for 2022/23

The principal question as we approach the 2022/23 planting season is whether stratospheric prices for long staples will encourage an increase in planting area in the year ahead. For now, the signs in the US are not especially promising. Water allocations for agricultural purposes in the San Joaquin Valley in 2022 have so far been set at zero by the authorities in California, and the initial forecasts from market observers are in the range of 315,000 to 330,000

	2019/20	2020/21	2021/22	2021/22 vs.	
				2020/21	2019/20
India	160,000	175,000	155,000	-11%	9%
China	110,000	125,000	110,000	-12%	14%
Pakistan	32,000	35,000	27,500	-21%	9%
Egypt	13,000	13,000	11,000	-15%	Unch
United States	3,500	3,300	3,000	-9%	-6%
Bangladesh	10,000	13,000	7,000	-46%	30%
Latin America	15,000	18,000	18,000	Unch	20%
Europe (inc. Turkey)	12,000	15,000	12,000	-20%	25%
South East Asia	16,000	25,000	12,000	-52%	56%
CIS			12,000		Unch
Others	3,000	3,000	2,500	-17%	Unch
Total	374,500	425,300	370,000	-13%	14%



Cotlook Price Series

NOW including Cotlook basis data

Save time and money – the Cotlook Price Series database includes the Cotlook A Index and its constituent growths, a range of other non-Index C/F Far East quotes published by Cotlook: all the raw data you need to produce charts and reports in-house.

Historical data showing the composition of our Indices are offered as part of this service, which also provides an easy way of keeping your own database current. Monthly updates are available to download from our website as self-extracting archive files in Excel® format.

For more information and pricing please contact:
subscriptions@cotlook.com

bales, so lower again than the current season. On the other hand, farmers in Egypt have benefitted from high prices at auction for their seed cotton output in 2021/22 and may yet be encouraged to increase planting further in the coming season. A recent planning document from the Egyptian Ministry of Agriculture suggested that there is sufficient seed in stock to plant 500,000 feddan (210,000 ha), and seed requests submitted by local governorates indicate an intention to plant at least 400,000 feddan, which would be an increase of 70 percent on the 2021/22 season. Indian LS production looks to be fairly stable

year on year and the structural deficit combined with high prices means there is little reason to suppose that planting will fall. In China, though, despite government efforts to encourage the cultivation of long staple varieties via the target price subsidy (the premium for which is expected to be maintained, but not enhanced in the coming year) observers are of the opinion that output is not likely to recover over the short to medium term. In contrast to the upland sector, the adoption of mechanised harvesting and the associated reduction of costs have not proved possible on a meaningful scale.

Advertising in this edition

Supima	2
The Israel Cotton Production and Marketing Board Ltd.	5
Otto Stadlander gmbh	5
Mallory Alexander International Logistics	6
J.G. Boswell	7
Jess Smith and Sons Cotton, Inc	8

To advertise in future editions, or any of cotlook's publications contact:
richard@cotlook.com



Join our mailing list

Published by :
 Cotlook Limited,
 P.O. Box 111,
 Liverpool
 L19 2WQ

Tel : 44 (151) 644 6400
 E-Mail : editor@cotlook.com
www.cotlook.com

No article may be reproduced without the prior permission of the Editor.