



COTTON MARKET REPORT

MAY 2021

PRODUCTION, CONSUMPTION AND TRADE ARE EXPECTED TO INCREASE IN 2021/22

International Outlook

Decreases in Brazil, India and the USA have caused a reduction in the 2020/21 global production estimate but cotton production along with consumption and trade are expected to increase in 2021/22.

Production in 2021/22 is expected to increase by 5% to 25.5 million tons with increases in planted areas in the USA and West Africa. Higher prices have been announced to farmers in Mali and Burkina Faso and production is expected to rebound for the region following the contraction this season. Moreover, global consumption is expected to increase moderately by 2% to 25.3 million tons as the global economy continues to recover. Trade is expected to increase to 10 million tons with import increases expected in all major consuming countries.

Global ending stocks are also expected to increase slightly to 22 million tons in 2021/22 as the stock-to-use ratio (supply relative to demand) declines to 0.87 while China's stock is expected to decrease as stocks in the rest of the world continue to rise.

India reported production for 2020/21 at 6.12 million tons. The country is under crisis from a second wave of Covid-19 and mill-use has been revised down to 5.15 million tons. Imports from India is under pressure from the recently imposed import tax and therefore are expected to decrease to 187 000 tons for the season. With reduced supply and growth in exports, stocks in India are expected to decrease with the stocks-to-use ratio falling to 0.54.

While production estimates for Brazil have been lowered since the start of the season it is expected that exports for Brazil could exceed 2 million tons, reaching a new high in 2020/21. China is expected to import 2.4 million tons and consume 8.1 million tons, with ending stocks expected to rise to 9.1 million tons in 2020/21.

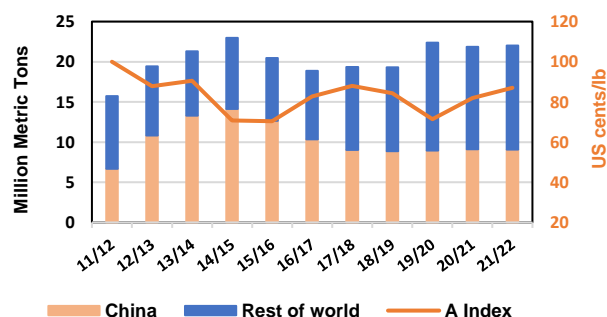
Cotton prices continue to be under pressure from lower polyester prices with the price difference between the two widening. The ICAC's current price projection for the year-end 2020/21 average of the A Index is 81.9 US cents per pound this month, while the price projection for the year-end 2021/22 average of the A Index is 87.1 US cents per pound this month.

Source: ICAC

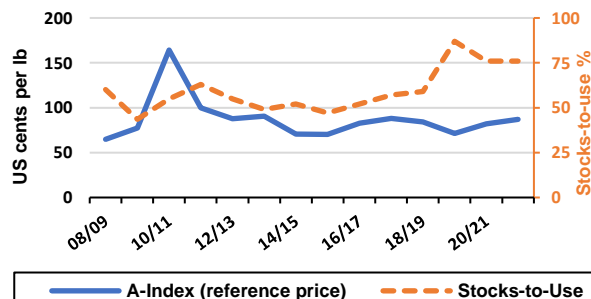
WORLD COTTON BALANCE SHEET

	Aug-Jul	2020/21	
	2019/20	April	May
Million Metric Tons Lint			
Beginning Stocks	19.32	22.53	22.36
Production	26.14	24.58	24.32
Consumption	22.75	24.97	24.81
Ending Stocks	22.36	22.14	21.87
Stocks/ Use (excl. China)	87%	77%	76%

WORLD COTTON STOCKS



COTLOOK A INDEX & GLOBAL COTTON STOCKS-TO-USE (China excl.)



The price projection for the 2020/21 year-end average of the Cotlook A Index is 81.9 cents per pound this month.

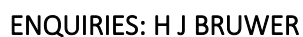
^a Previous day's close

^b Current A-Index minus Nearby NY (previous close)

Local cotton production is estimated at 79 442 lint bales for May 2021, marginally lower than the previous month.

The world Cotton A Index stands 37% higher than a year ago and remains at historically elevated levels. The local price of cotton, which is traded in US dollars, may come under downward pressure if the US dollar keeps on strengthening.

RSA CROP	2020/21 4th Estimate	2020/21 5th Estimate	2019/20 Final Estimate
Ha Irrigation	5 836	5 763	11 543
Ha Dryland	11 009	11 009	16 132
Total Ha	16 845	16 772	27 675
Yield: kg seed cotton per ha			
Irrigation	4 542	4 536	4 393
Dryland	1 577	1 578	1 206
TOTAL LINT BALES	80 235	79 442	134 230



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