



COTTON MARKET REPORT

JULY 2021

REVIVAL IN WORLD PRODUCTION EXPECTED IN 2021/22

International Outlook

The coronavirus might have won the battle in 2020/21, driving down global cotton production to 24.2 million tons, a decline of 7% from the season before. However, the industry is responding well and production is expected to rise by 3% in 2021/22 to reach 25 million tons.

The increase will be led by:

- The USA, which is projected to reach 3.8 million tons, up 22% from the season before.
- India, whose production is expected to remain high in 2021/22 (5.9 million tons); and
- Brazil, which hasn't publicly announced its production area and forecasts yet because sowing won't begin until November but still should reach about 2.3 million tons.

On the bright side, global cotton consumption and trade have seen a welcome recovery in the 2020/21 season with consumption increasing by 12.4% to reach 25.5 million tons, with a similar trajectory projected for 2021/22. Covid-19 remains a huge problem globally as recent reports from Bangladesh and Vietnam (major consumers of cotton) indicate that Covid infections are on the rise, so lockdown-induced factory closures and shipping problems are still major threats, leaving manufacturers scrambling to fill their orders.

Global exports have increased by 14.9% to reach 10.4 million tons in 2020/21. The overall economic recovery, a revived textile and apparel sector and a demand-led increase in cotton exports have resulted in a lower beginning stock for the 2021/22 season at 20.9 million tons.

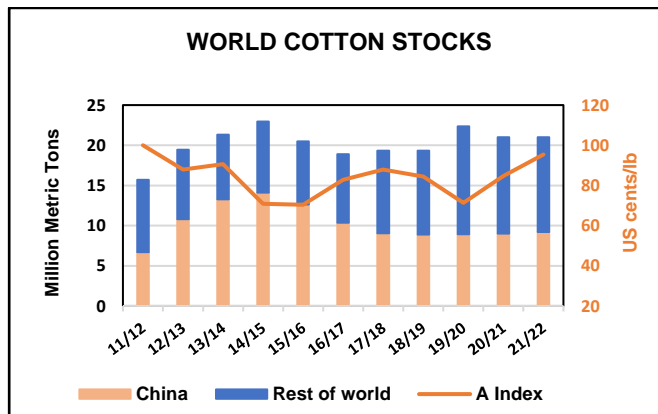
The ICAC's current price forecast of the season average A-Index for 2021/22 ranges from 73 cents to 125 cents, with a midpoint at US 95.43 cents per pound.

Source: ICAC

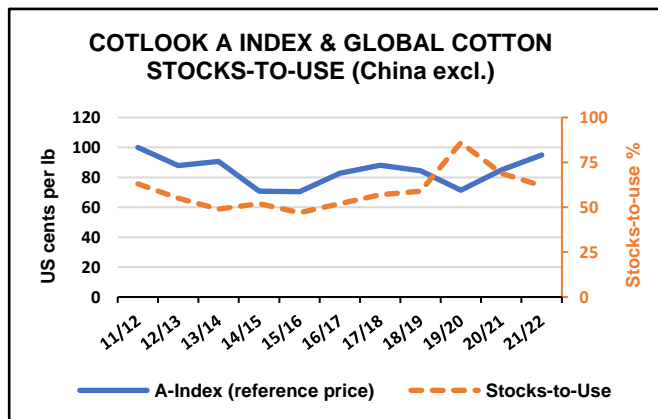
WORLD COTTON BALANCE SHEET

	Aug-Jul	2020/21	
	2019/20	June	July
Million Metric Tons Lint			
Beginning Stocks	19.31	22.36	22.33
Production	26.12	24.22	24.21
Consumption	22.75	25.60	25.57
Ending Stocks	22.32	20.99	20.97
Stocks/ Use (excl. China)	86%	70%	69%

WORLD COTTON STOCKS



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



International Cotton Prices

<i>(Quotes in US cents per pound)</i>	27/07/21	Season Low	Season High	1 Year ago	2 Years ago
Current Cotlook A-Index	99.30	68.20	99.50	65.55	75.85
NY Futures Nearby Contract ^a	90.74	61.84	92.33	60.69	63.77
Basis^b	8.56	5.09	10.73	5.86	11.83
2020/21 average to date	84.78				
2019/20 average	71.33				

^a Previous day's close

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

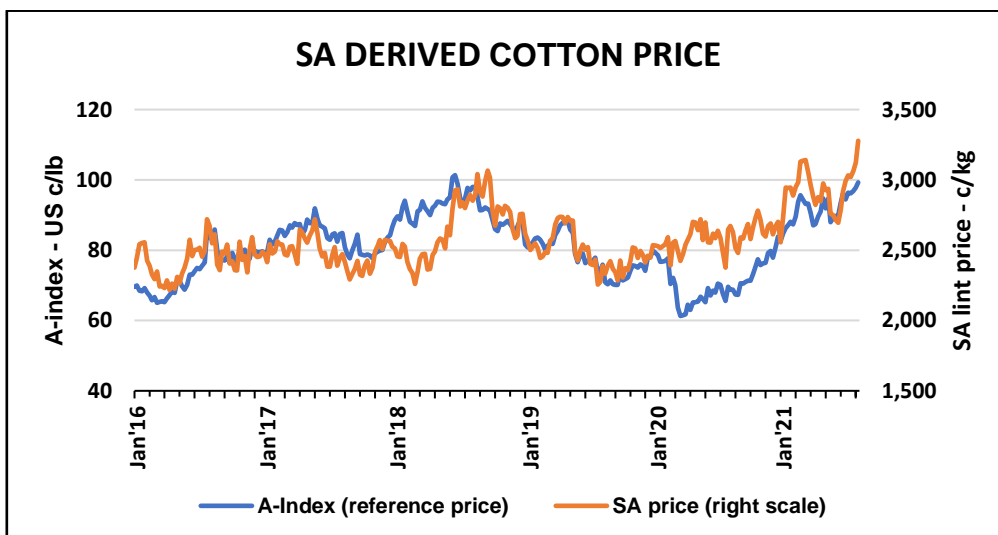
Local Outlook

Local cotton production is estimated at 78 518 lint bales for July 2021, marginally higher than the previous month.

Harvesting is almost complete while 70% of seed cotton received has been ginned. So far, the grade and the quality of the cotton fibre evaluated show improvement over the previous season. Dry land yields are also performing better than initially anticipated.

During the month of July, the Cotlook A-Index, which is an indicator of average world price levels, has risen to historic high levels of almost US\$ 1 per pound for cotton lint whereas the converted SA prices are the highest locally derived cotton lint prices ever recorded. Consequently, not only better qualities will contribute to better remuneration of producers this season but also high fibre prices.

RSA CROP	2020/21 6th Estimate	2020/21 7th Estimate	2019/20 Final Estimate
Ha Irrigation	5 814	5 709	11 543
Ha Dryland	10 584	10 467	16 132
Total Ha	16 398	16 176	27 675
Yield: kg seed cotton per ha			
Irrigation	4 360	4 347	4 393
Dryland	1 643	1 739	1 206
TOTAL LINT BALES	78 067	78 518	134 230



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