



United States Department of Agriculture

The World and U.S. Cotton Outlook for 2021/22

Interagency Commodity Estimates Committee

Presented by
Stephen MacDonald
USDA/WAOB

97th USDA Agricultural Outlook Forum
February 19, 2021

USDA Global Cotton Outlook **Highlights**

- 2020/21 Review:

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 - Macro and trade policy uncertainty

2020/21 World Cotton Situation



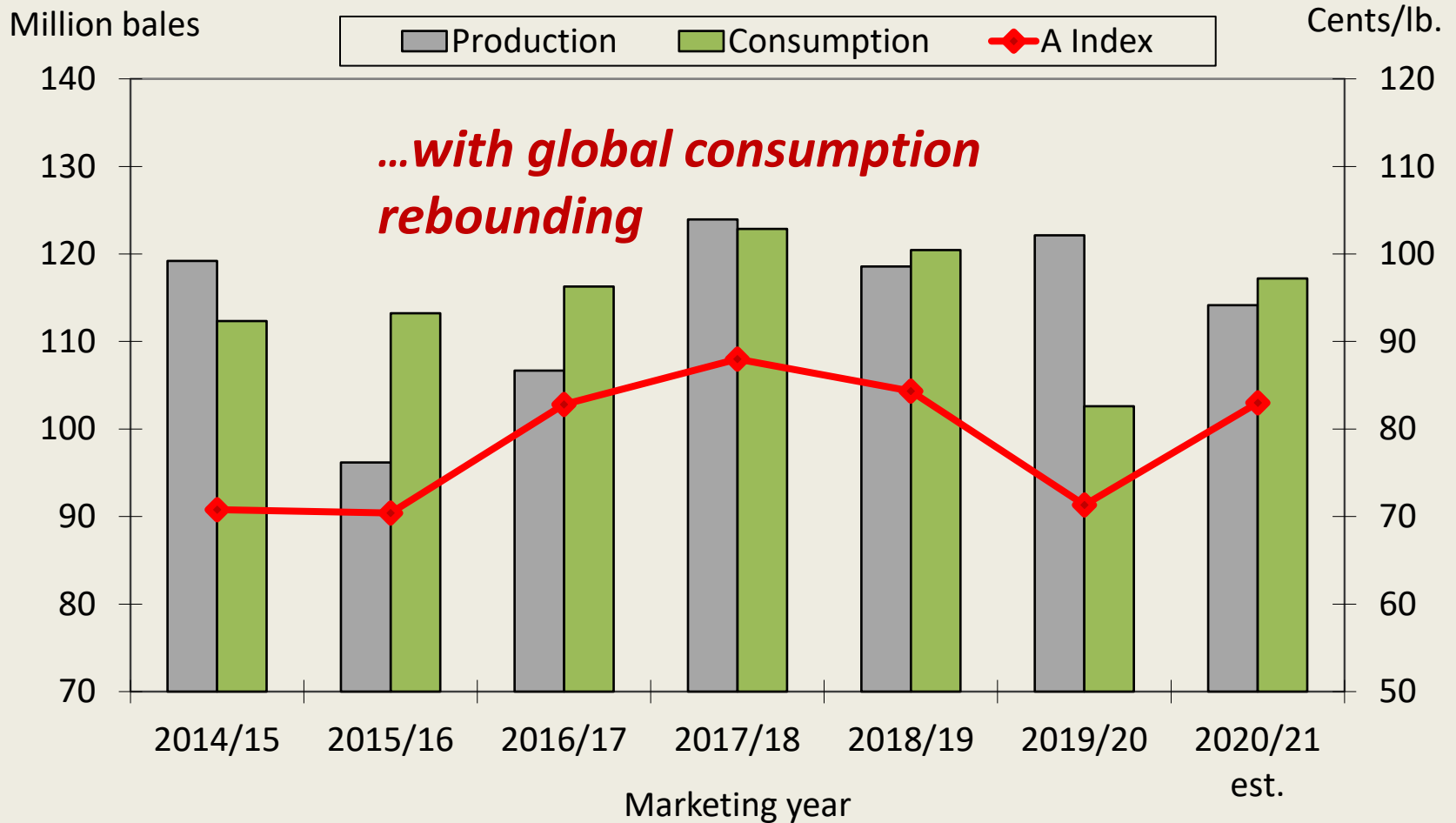
World Cotton Prices Rise



World Cotton Prices **Rise**

*...with global consumption
rebounding*

World Cotton Prices Rise



Sources: USDA, Interagency Commodity Estimates Committee and Cotlook.



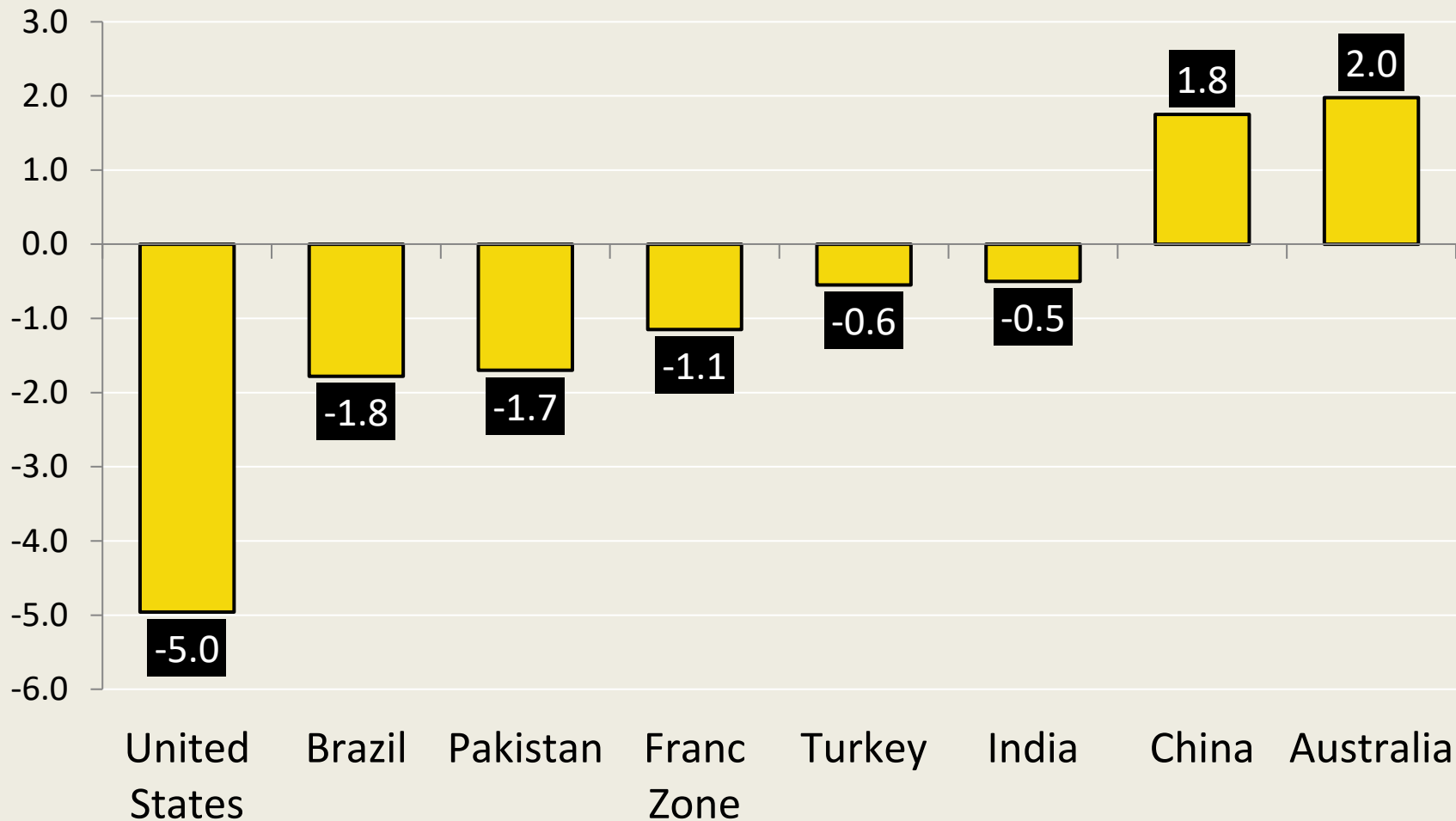
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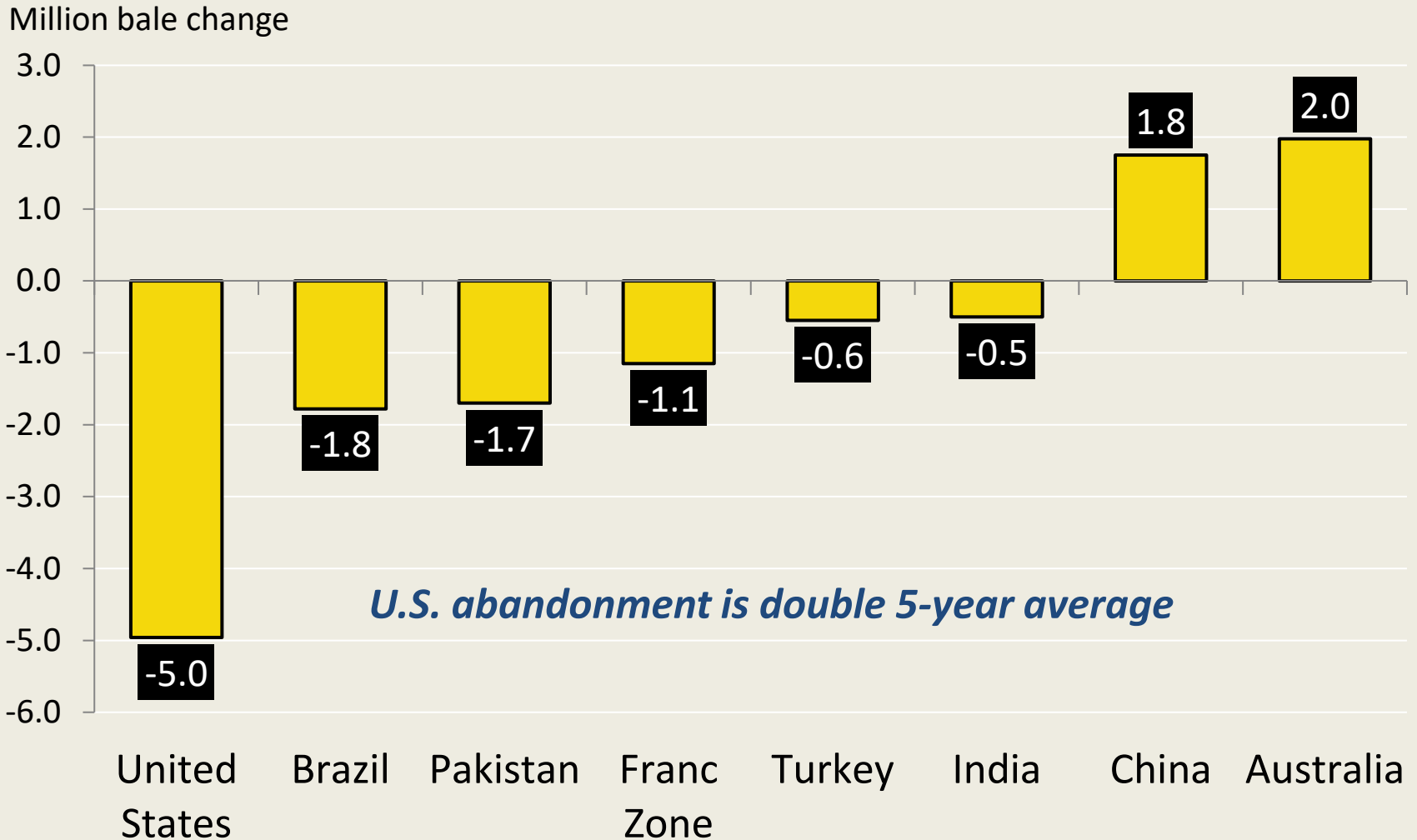
Million bale change



Source: USDA, Interagency Commodity Estimates Committee.

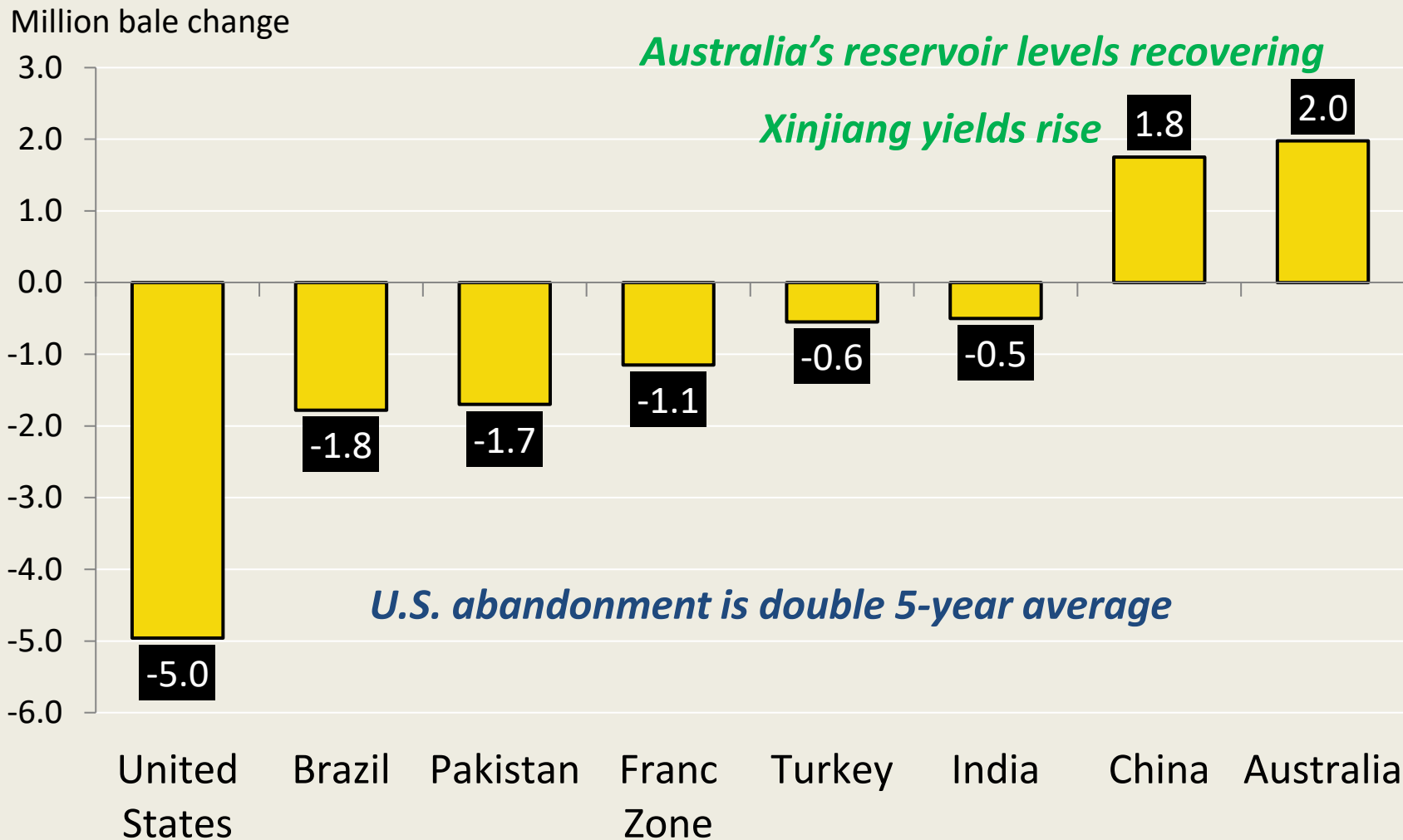
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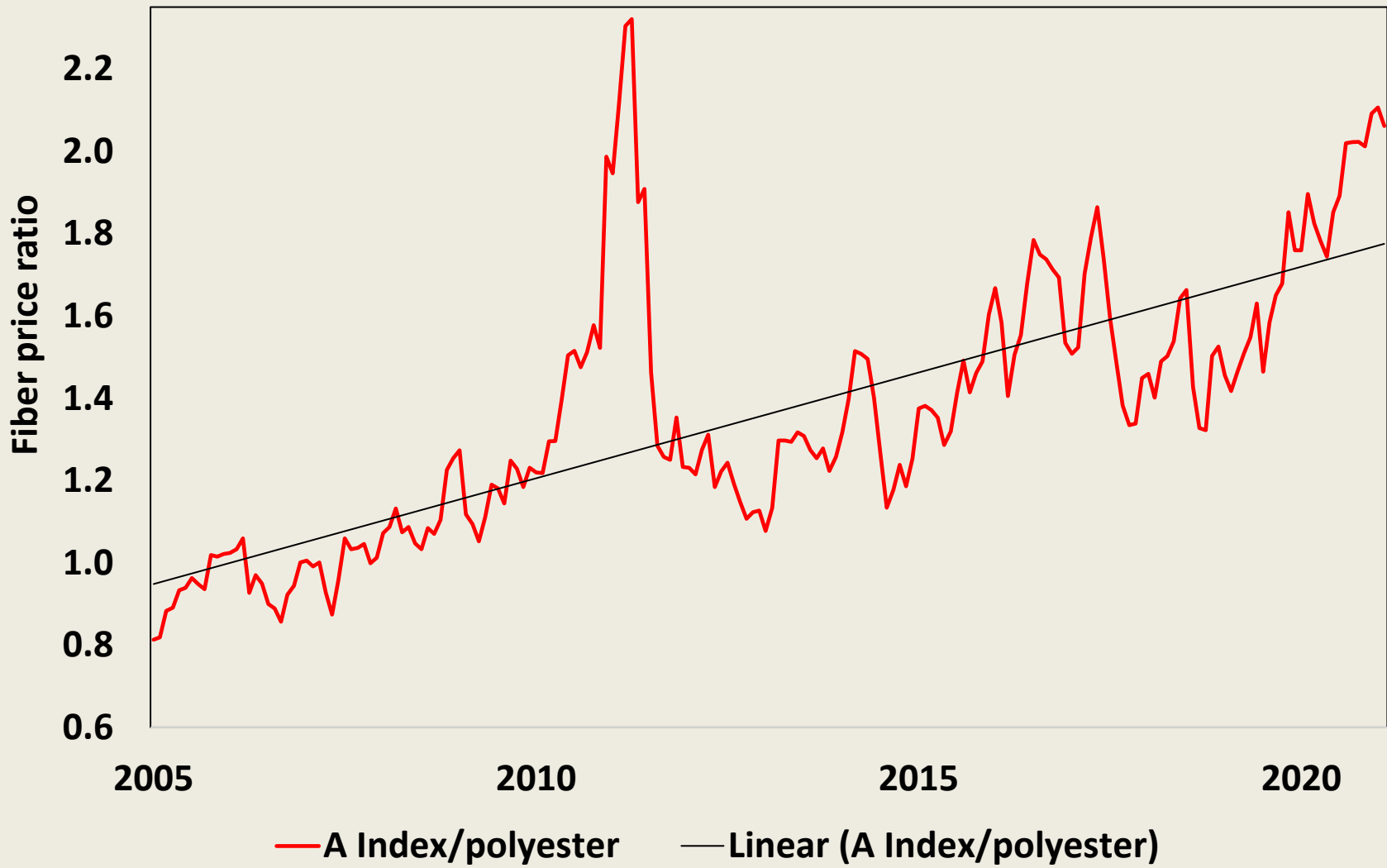
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 - Global spending diverted from services to goods
 - Replenishment drive across supply chains of multiple industries

Cotton/Polyester Price Ratio



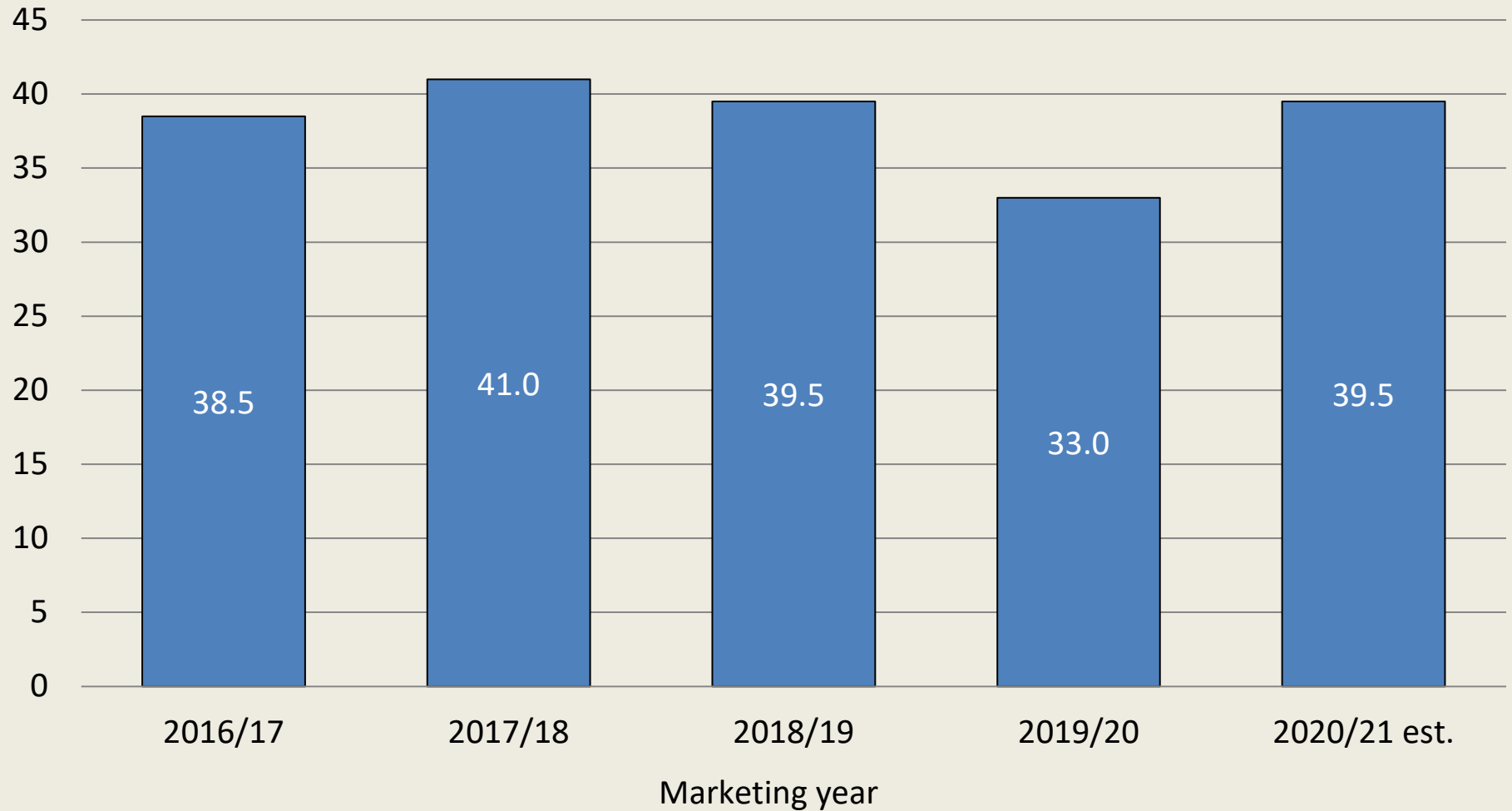
Source: USDA calculations based on data from Cotlook Ltd., Cncotton, National Cotton Council, and International Cotton Advisory Committee.



China Consumption Rebounds

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Million bales

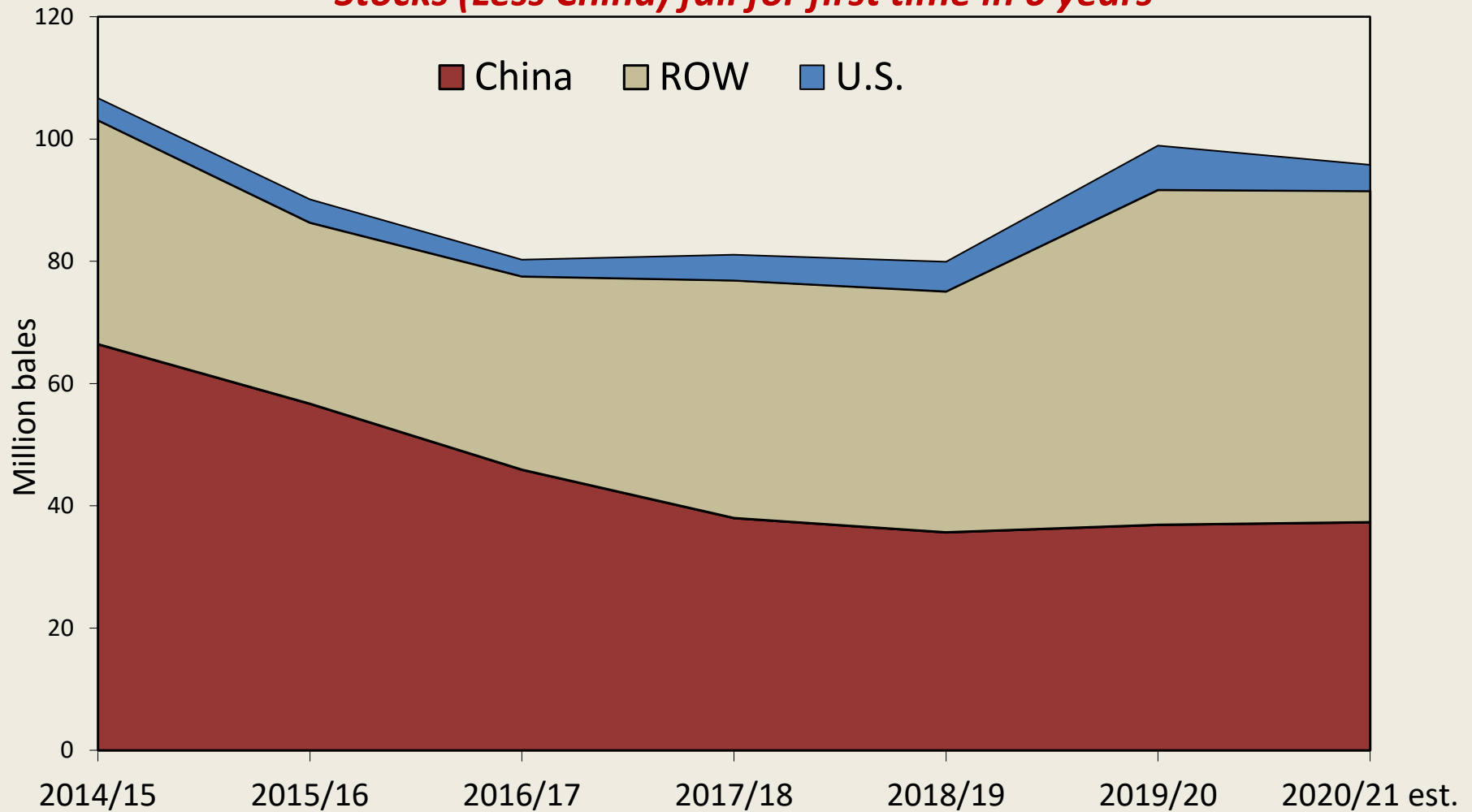


Source: USDA

Global Cotton Stocks **Down** Y-O-Y

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Stocks (Less China) fall for first time in 6 years

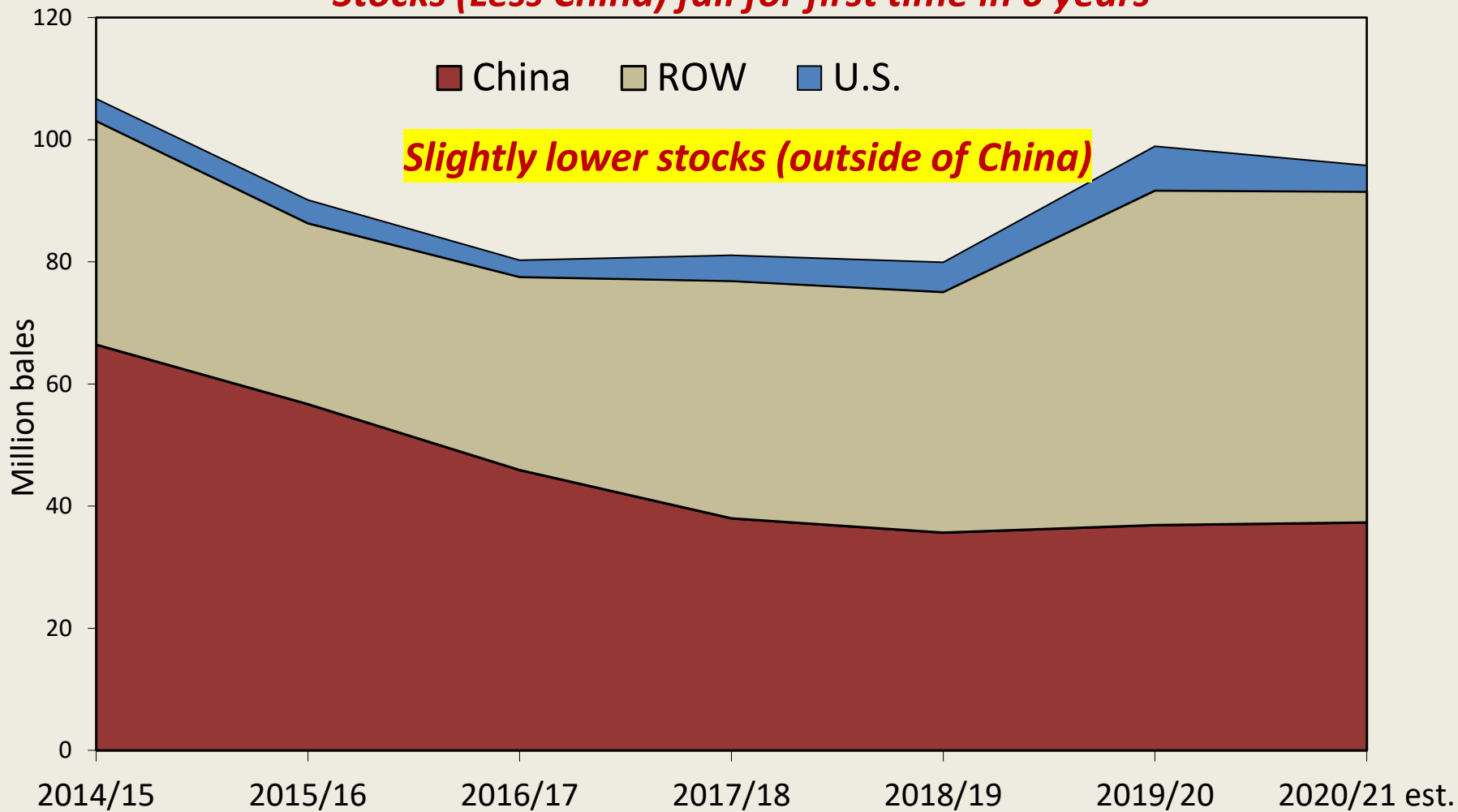


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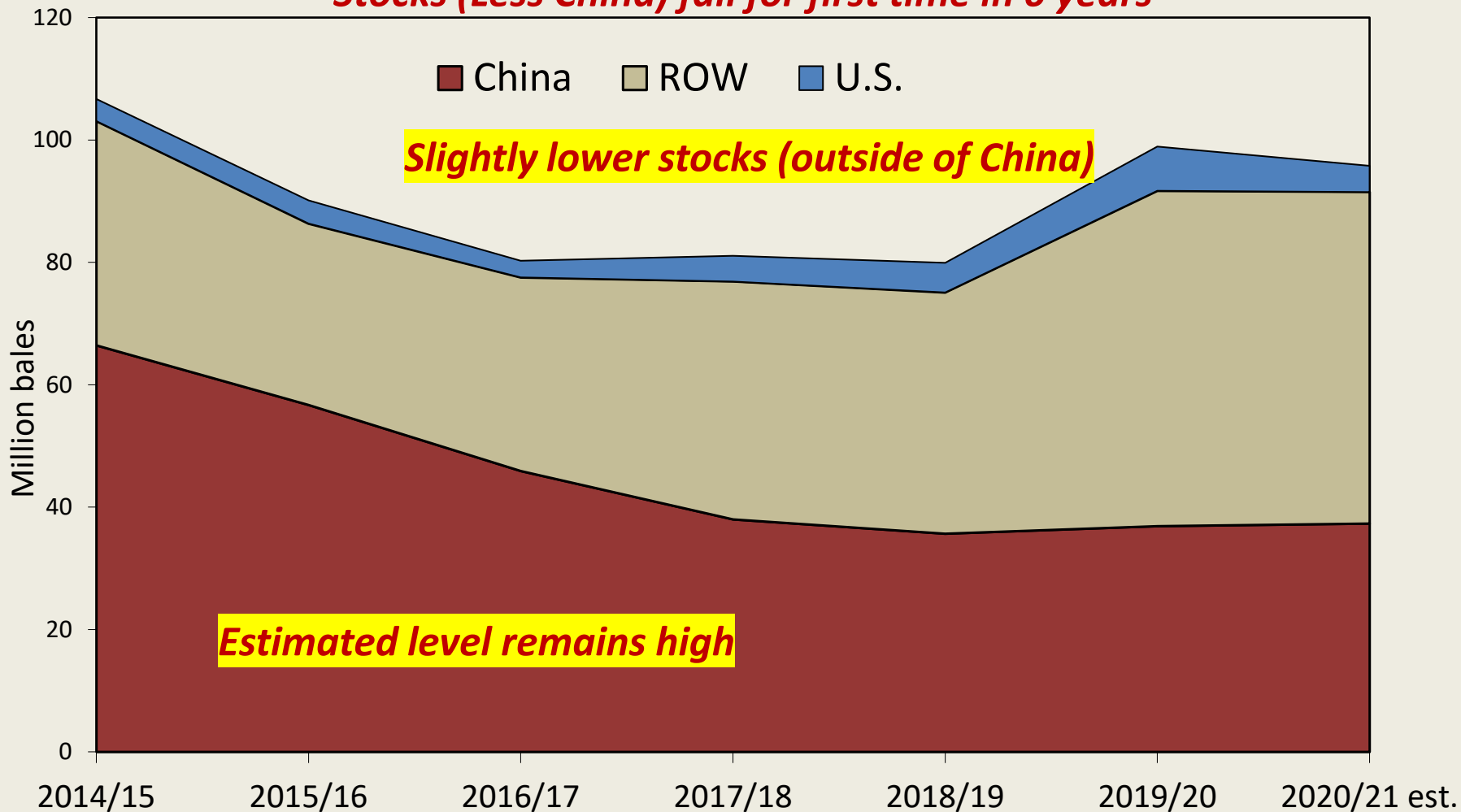


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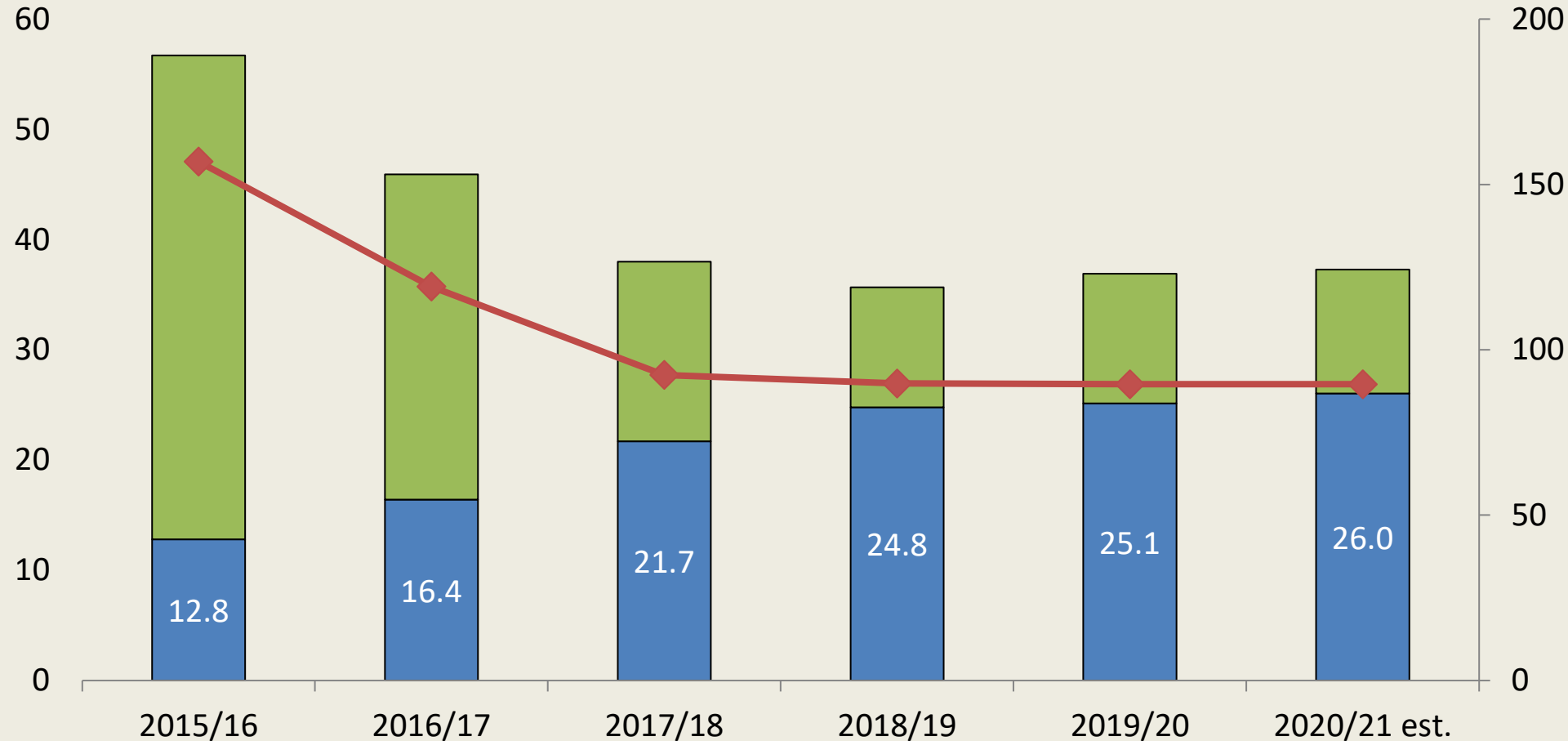
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China Ending Stocks Relatively Stable

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Mil. Bales



Other Stocks State Reserve Stocks-to-use

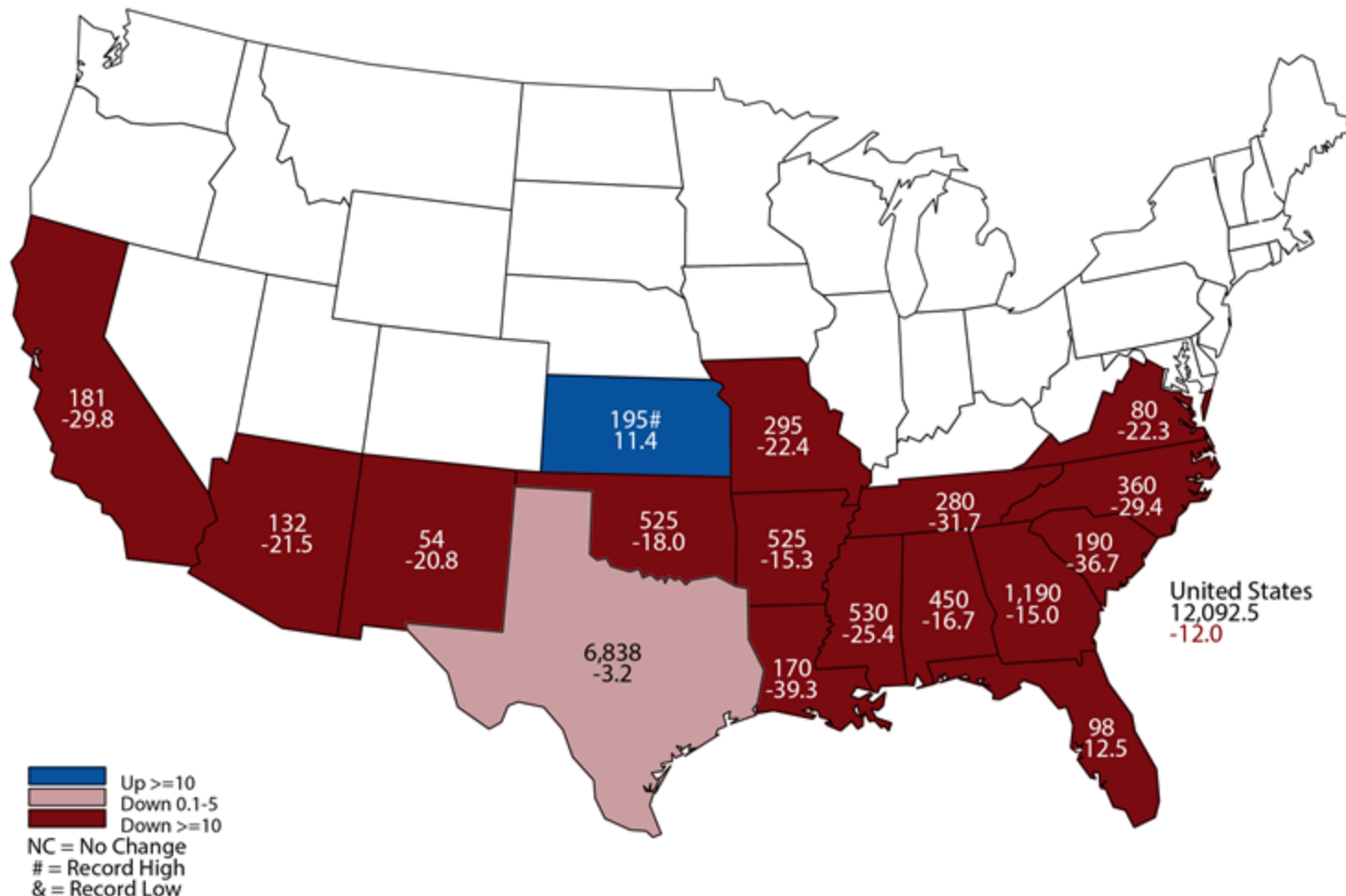
Sources: USDA

2020/21 U.S. Cotton Situation



2020 Cotton Planted Area

(000) Acres and Percent Change from Previous Year



U.S. Cotton Supply & Demand Estimates:

Production, Ending Stocks Lower; Exports steady

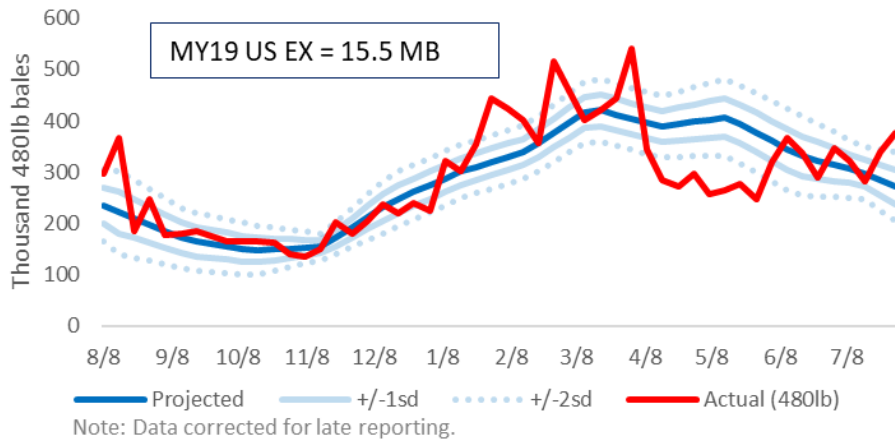
	Unit	2019/20	2020/21	Change (%)
Beg. stocks	Mil. bales	4.9	7.3	49.5
Production	"	19.9	15.0	-24.9
Imports	"	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total supply	"	24.8	22.2	-10.3
Mill use	"	2.2	2.4	11.6
Exports	"	<u>15.5</u>	<u>15.5</u>	<u>-0.2</u>
Total demand	"	17.7	17.9	1.3
Ending stocks	"	7.3	4.3	-40.7
Stocks-to-use	%	41.0	24.0	-41.4
Upland farm price	Cents/lb.	59.6	68.0	14.1

Source: USDA, Interagency Commodity Estimates Committee.

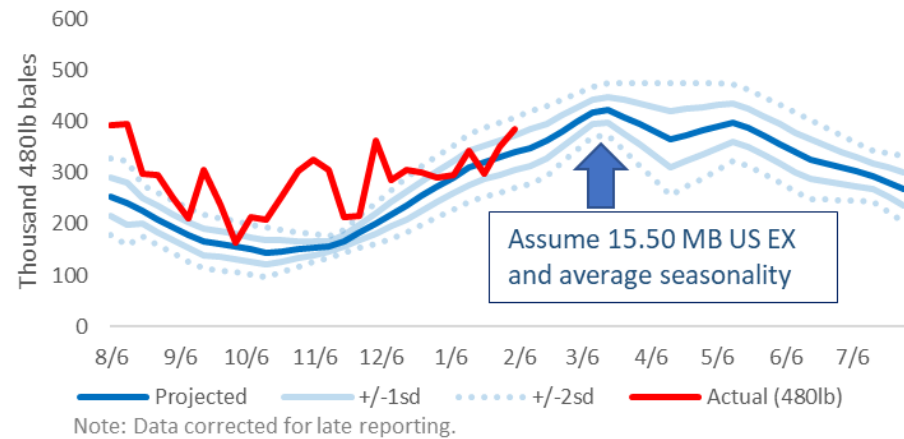


U.S. Cotton Export Seasonality Altered

U.S. cotton weekly MY19 exports:
actual and projected



U.S. cotton weekly MY20 exports:
actual and projected



Onset of global pandemic was negative shock to U.S. cotton exports during the latter half of marketing year 2019/20

Early season U.S. cotton exports likely elevated from normal seasonal pattern in marketing year 2020/21



Data Source: U.S. Export Sales

2021/22 World Cotton Situation



USDA's **2021/22** Outlook



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- World and U.S. cotton **prices** average higher

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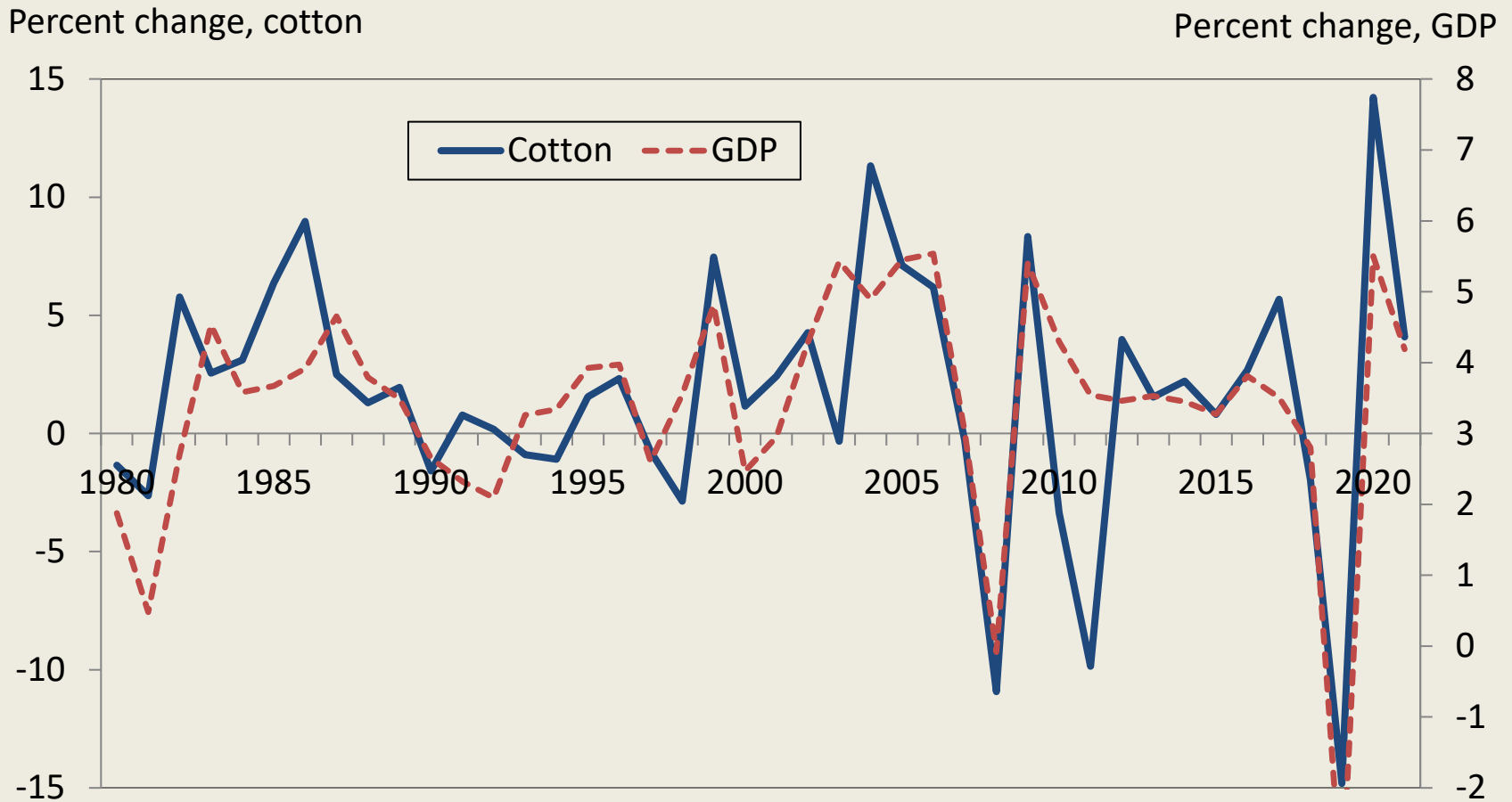
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 - Remains largest global cotton fiber consumer
 - Apparel production for export shifting elsewhere

World Cotton Consumption Follows Economic Growth



Sources: USDA and International Monetary Fund (IMF).



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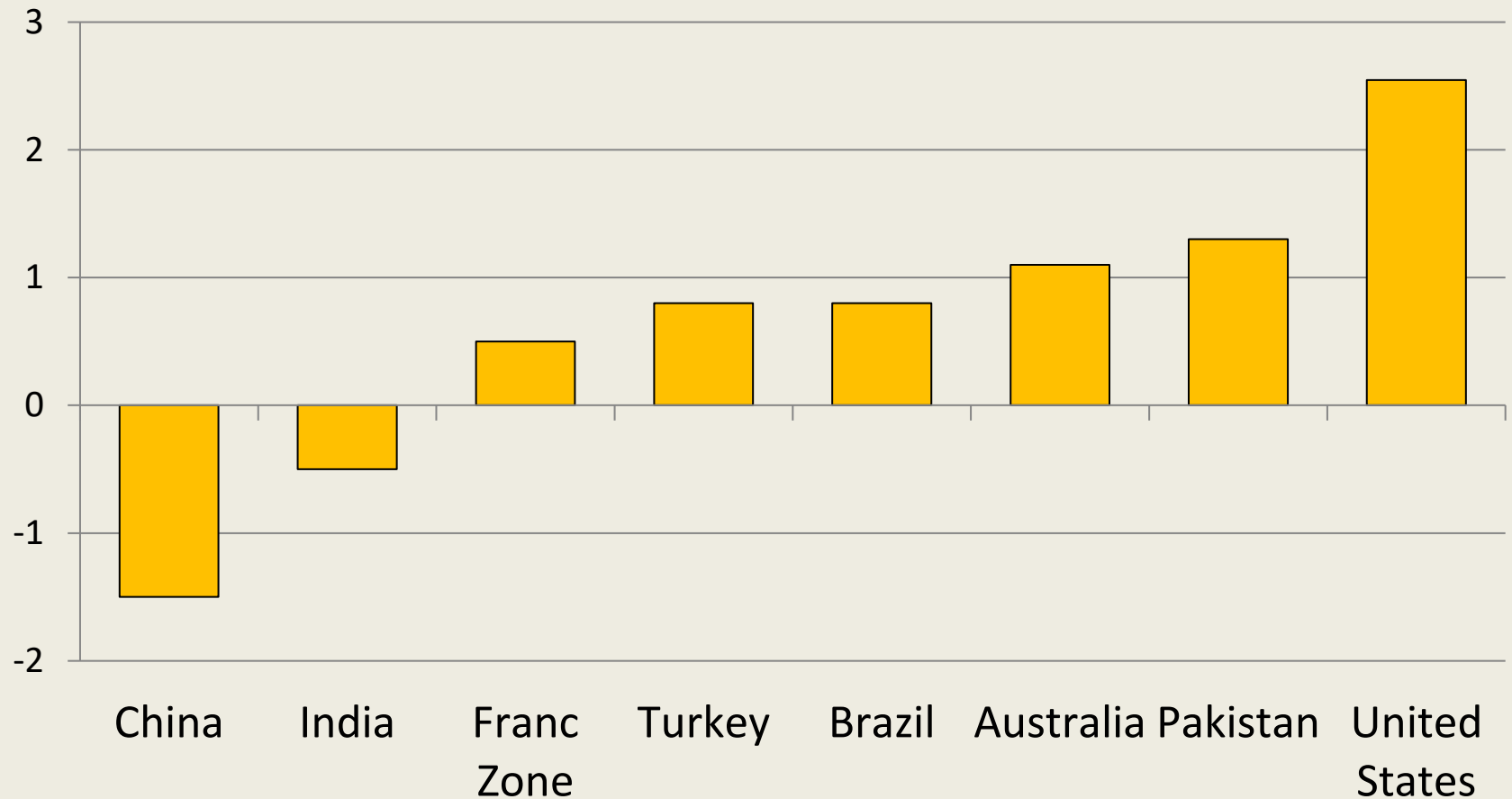
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- Consumption outside China:
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- Cotton's projected share of world fiber market potentially at risk with high price relative to MMF

Global Production Projected **Higher** in 2021/22: *Harvested area gains in some countries*

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Million bale change

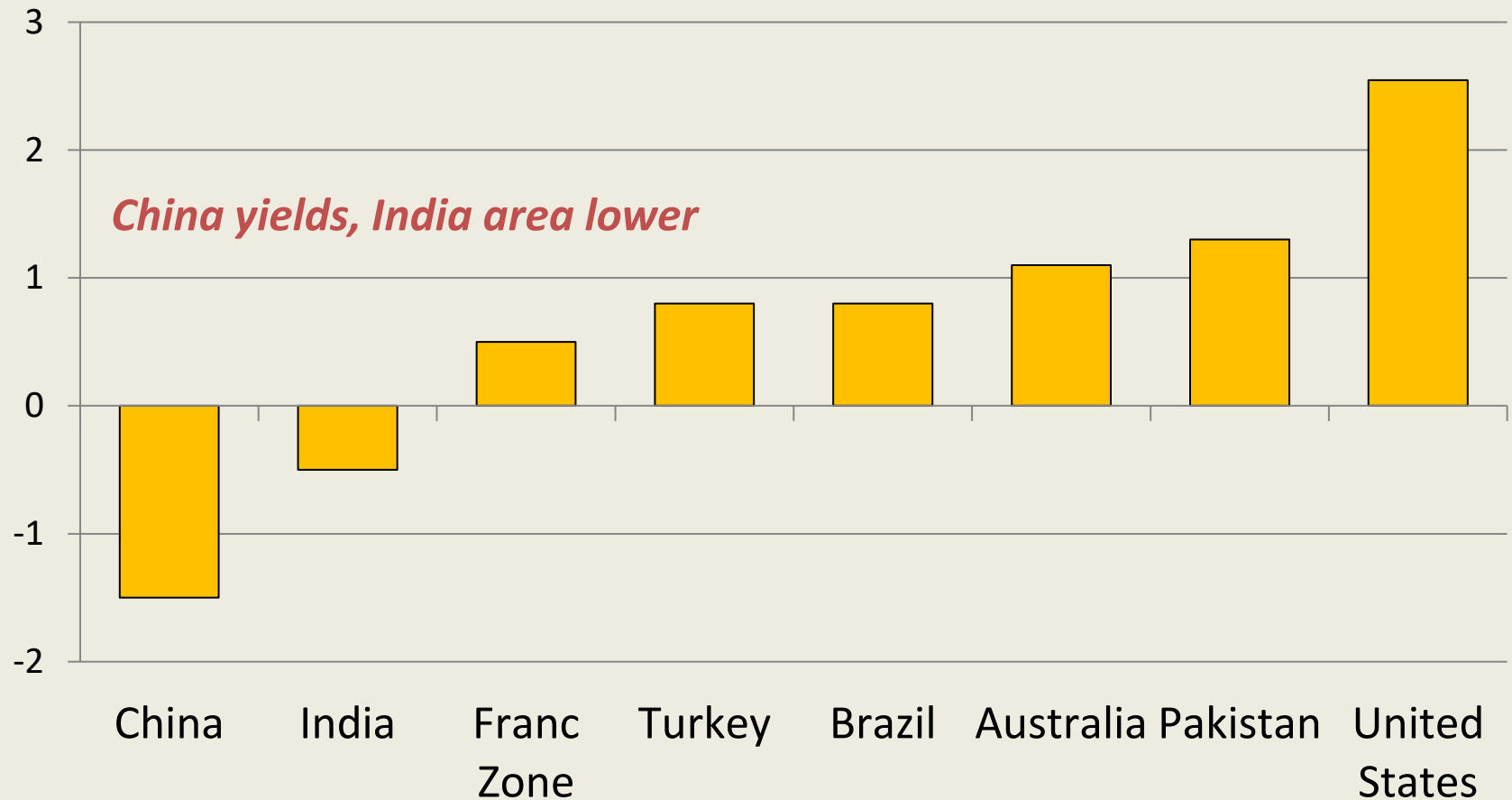


Source: USDA, Interagency Commodity Estimates Committee.



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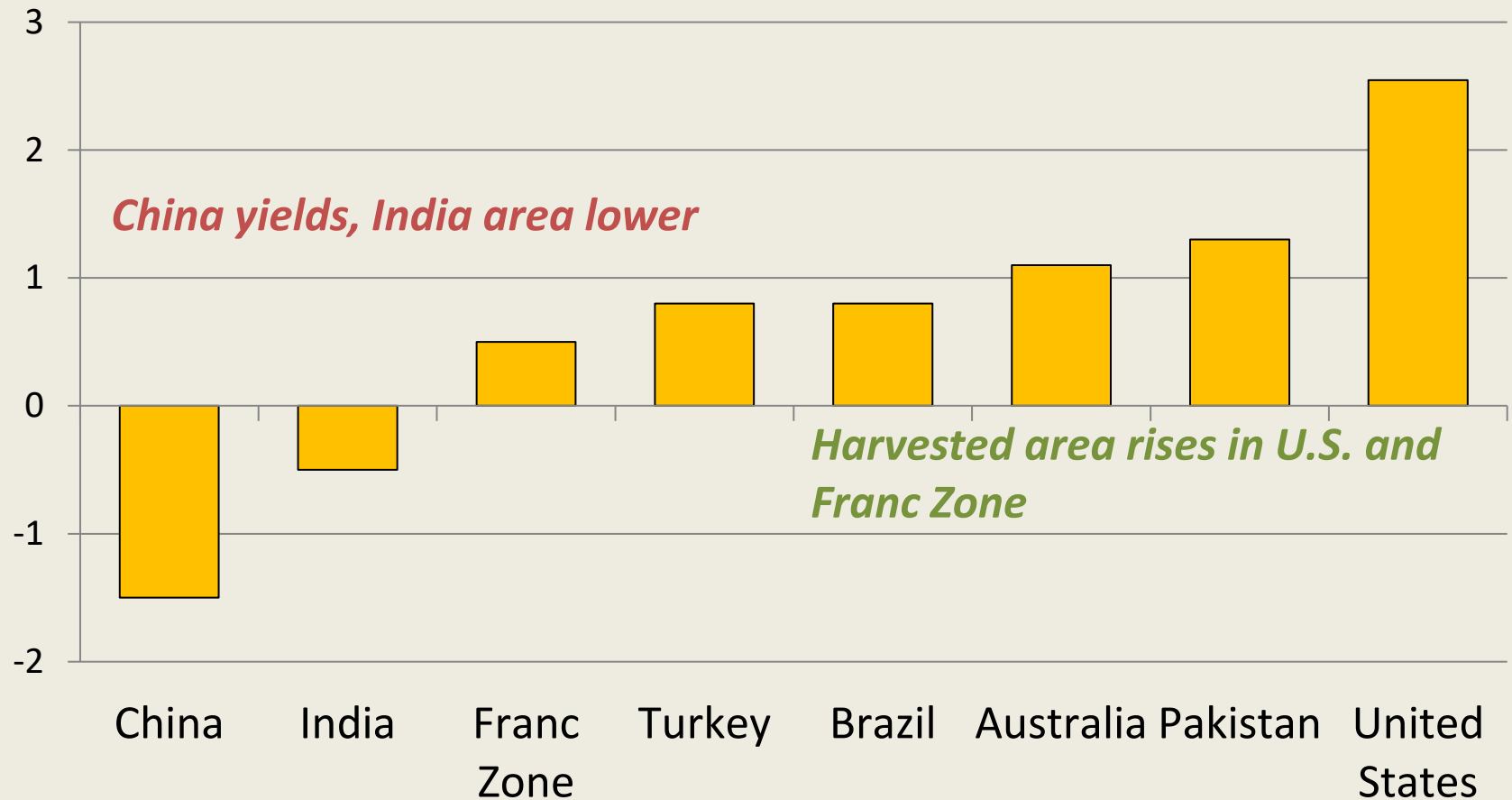
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Million bale change



China yields, India area lower

Harvested area rises in U.S. and Franc Zone



Source: USDA, Interagency Commodity Estimates Committee.

World Cotton Supply & Demand Projections:

Consumption Exceeds Production, Stocks Dip

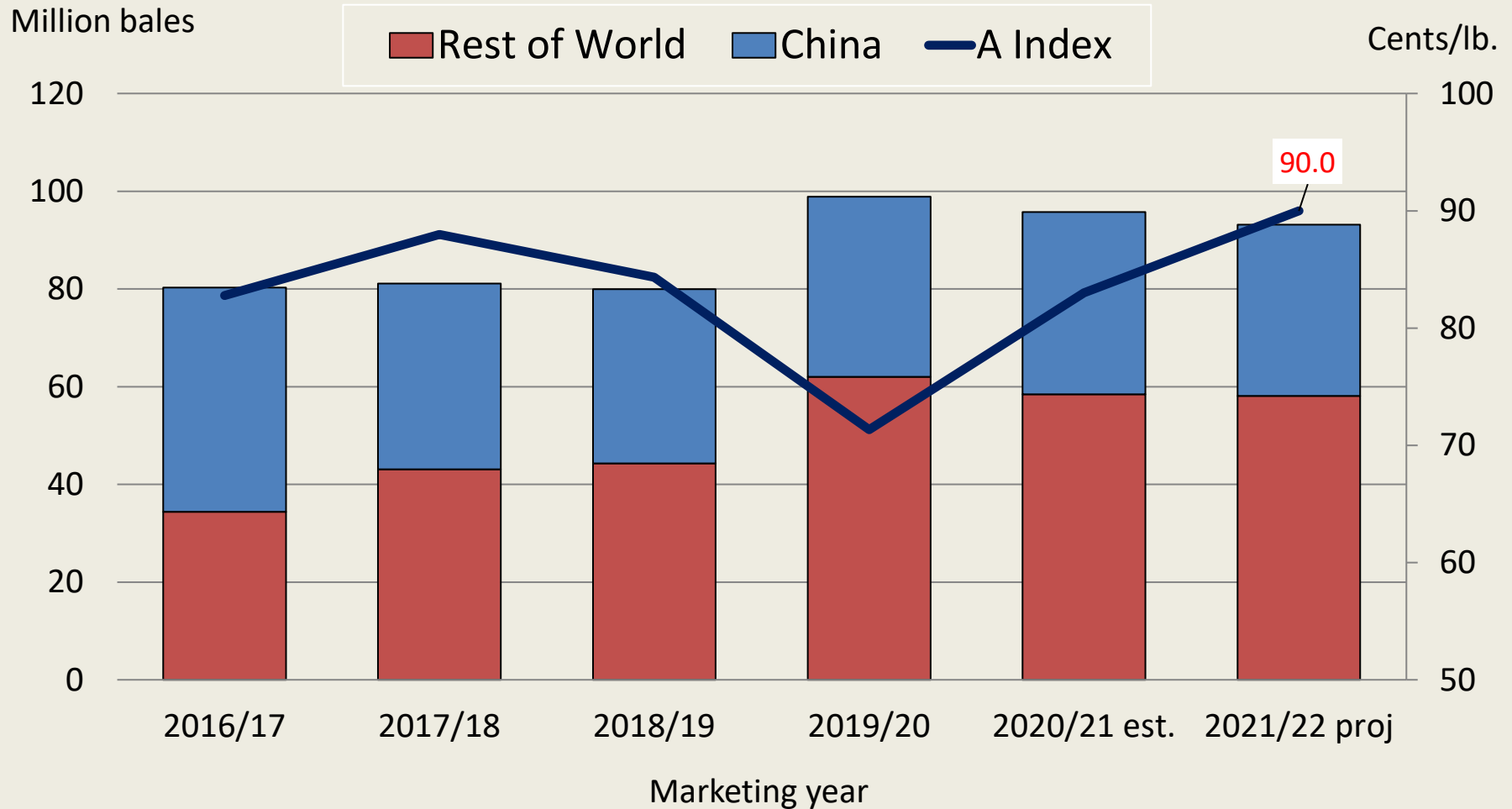
	Unit	2020/21	2021/22	Change (%)
Beg. stocks	Mil. bales	98.9	95.7	-3.4
Area Harvested	Mil. HA	32.3	33.2	2.9
Production	Mil. bales	114.1	119.5	4.7
Imports	"	43.9	43.9	0.1
Total supply	"	213.1	215.2	1.0
Exports	"	43.9	43.9	0.1
Use	"	117.2	122.0	4.1
Total Use	"	117.3	122.0	4.0
Ending stocks	"	95.7	93.2	-2.6
Outside of China		58.5	58.1	-0.6
Stocks-to-use (excl. China)	%	48.1	46.4	-3.7

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Source: USDA, Interagency Commodity Estimates Committee.



China's State Cotton Reserves:

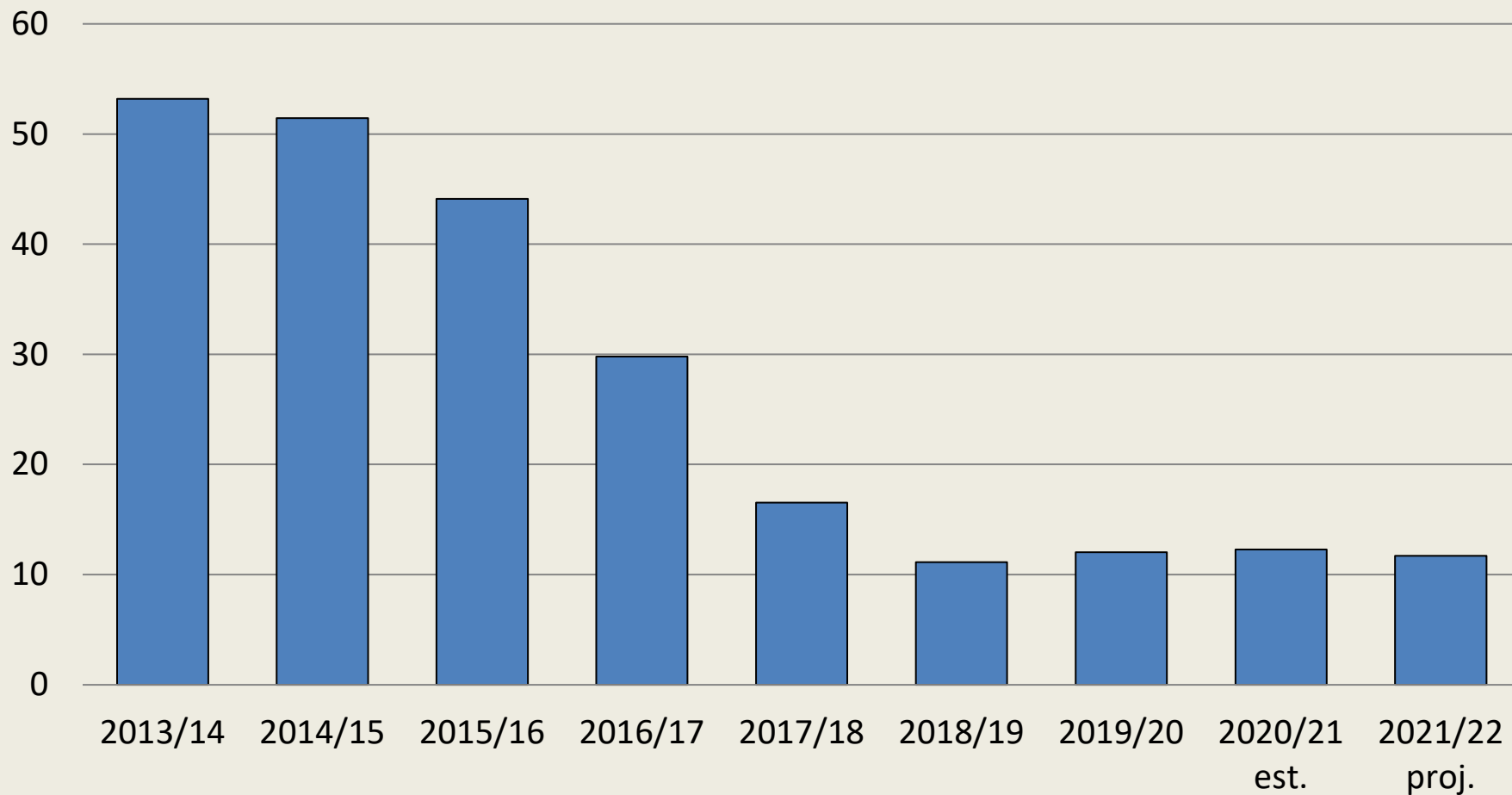
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2021/22 U.S. Cotton Situation



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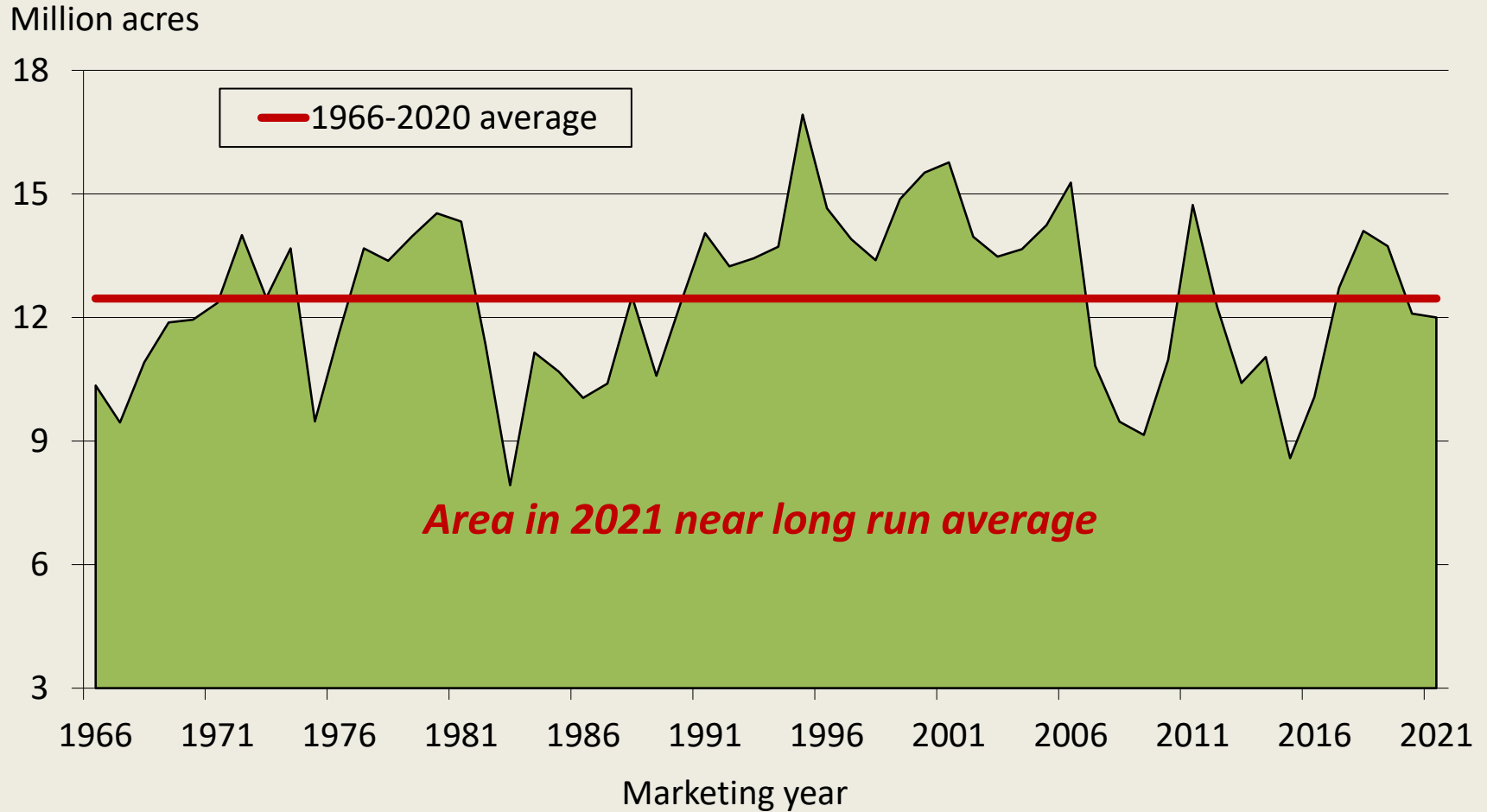
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 - Relative cotton prices were down from year-ago levels vs corn and soybeans until February
 - Corn and soybean prices have been rising strongly since summer of 2020

U.S. Cotton Planted Area: A Historical Perspective

Area in 2021 near long run average

U.S. Cotton Planted Area: A Historical Perspective



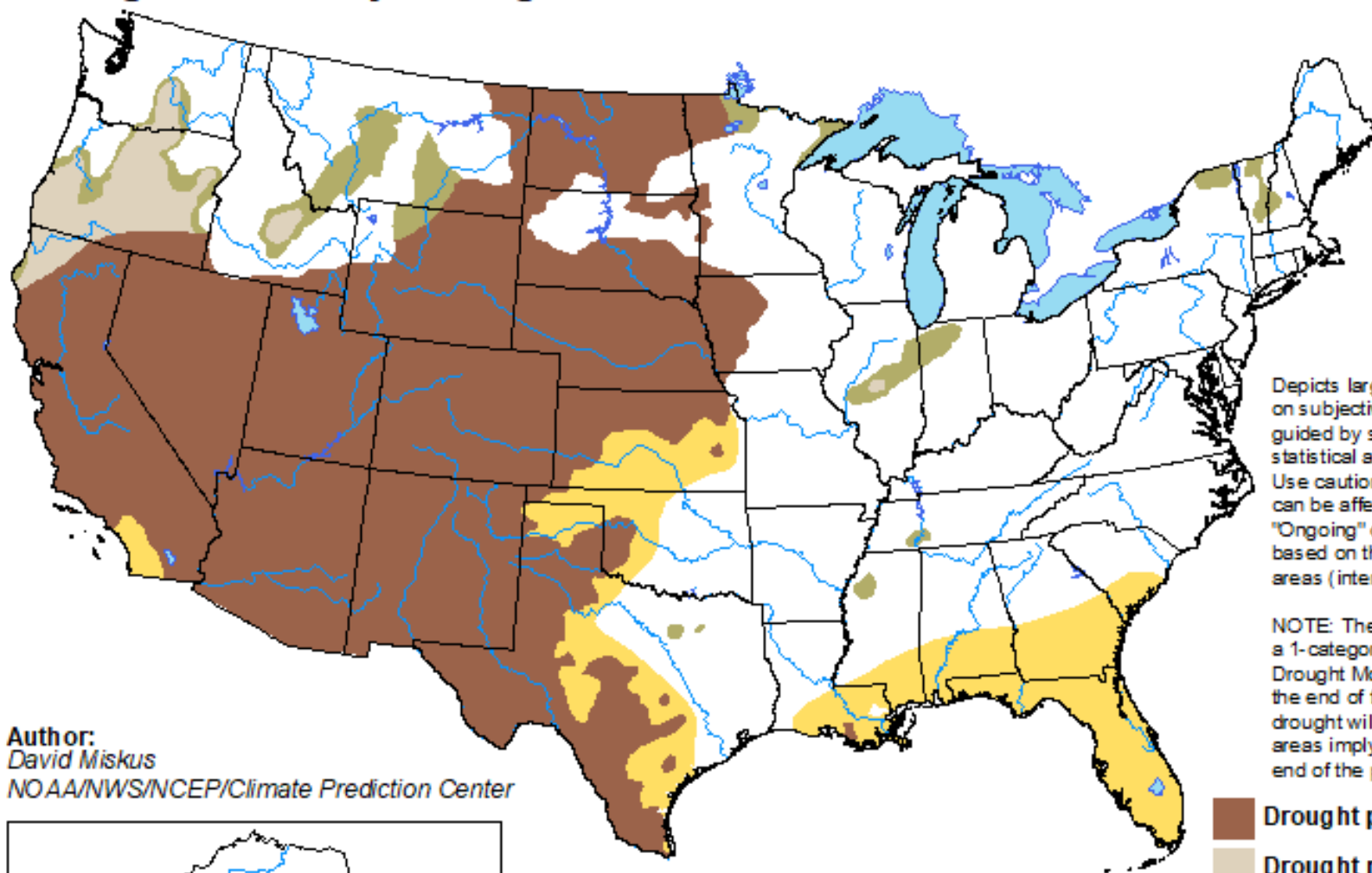
Source: USDA, National Agricultural Statistics Service.



U.S. Seasonal Drought Outlook

Drought Tendency During the Valid Period





Valid for January 21 - April 30, 2021
Released January 21

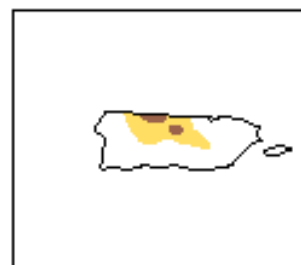
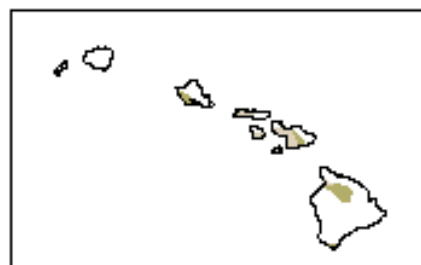
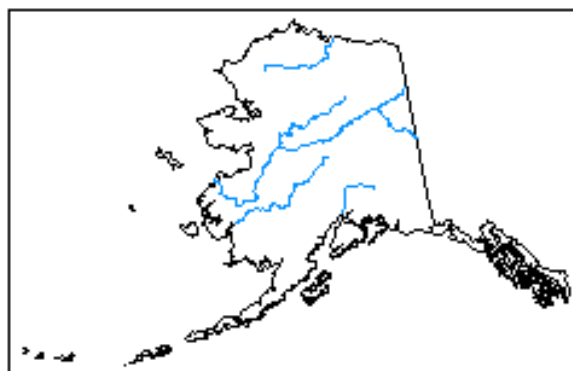


Depicts large-scale trends based on subjectively derived probabilities guided by short- and long-range statistical and dynamical forecasts. Use caution for applications that can be affected by short lived events. "Ongoing" drought areas are based on the U.S. Drought Monitor areas (intensities of D1 to D4).

NOTE: The tan areas imply at least a 1-category improvement in the Drought Monitor intensity levels by the end of the period, although drought will remain. The green areas imply drought removal by the end of the period (D0 or none).

Author:
David Miskus
NOAA/NWS/NCEP/Climate Prediction Center

-  Drought persists
-  Drought remains but improves
-  Drought removal likely
-  Drought development likely



<http://go.usa.gov/3eZ73>



Source: USDA, Interagency Commodity Estimates Committee.

U.S. Cotton Area, Yield, and Production

Key Factor Includes Adequate Soil Moisture

Southwest to account for more than 60% of planted area

	<u>Unit</u>	<u>2020/21</u>	<u>2021/22</u>	<u>Change(%)</u>
Planted area	Mil. acres	12.09	12.00	-0.7
Harvested area	"	8.70	10.00	14.9
Abandonment rate	%	28.0	16.7	-11.3
Yield/harvested acre	Lbs.	825	840	1.8
Production	Mil. bales	14.95	17.50	17.1

Source: USDA, Interagency Commodity Estimates Committee.



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- Brazil crop prospects in calendar 2021

U.S. Cotton Supply & Demand Projections:

Production and Stocks Fall; Exports Unchanged

	Unit	2020/21	2021/22	Change (%)
Beg. stocks	Mil. bales	7.3	4.3	-40.7
Production	"	15.0	17.5	17.0
Imports	"	0.0	0.0	0.0
Total supply	"	22.2	21.8	-1.8
Mill use	"	2.4	2.5	0.0
Exports	"	15.5	15.5	0.0
Total demand	"	17.9	18.0	0.6
Ending stocks	"	4.3	3.8	-11.6
Stocks-to-use	%	24.0	21.1	-12.2
Upland Farm price	Cents/lb.	68.0	75.0	10.3

Source: USDA, Interagency Commodity Estimates Committee.



Global WILDCARDS

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- Polyester, Viscose, and other MMFs
- Policy issues in important consuming and producing countries: Belt & Road, MSP, Withhold Release Order (WRO) by U.S. Customs & Border Protection

THANK YOU!

Interagency Commodity Estimates Committee
(ICEC) for Cotton, USDA

