



CHINA COTTON MARKET REPORT

October 2014

| Subject | Key Findings |
|---------------|---|
| Cotton Market | <p>a) Imports</p> <p>In September, China imported 122,903 MT of cotton, representing a decrease of 39.9 percent month-on-month (m/m), and a decrease of 38.94 percent year-on-year (y/y).</p> <p>The total value of cotton imports in September was USD 251.30 million, a decrease of 42.84percent m/m, and a decrease of 43.15 percent y/y.</p> <p>The U.S. became the second largest cotton supplier to China in September :</p> <ul style="list-style-type: none"> • From the U.S.: 18,460 MT, representing a decrease of 11.44 percent m/m, and a decrease of 48.65 percent y/y. Imports from the U.S. accounted for 15.02 percent of the total quantity of imported cotton to China in September; • From India: 5,347 MT, representing a decrease of 68.42 percent m/m, and an increase of 57 percent y/y. Indian cotton accounted for 4.35 percent of the total quantity of imported cotton to China in September; • From Australia: 63,527 MT, representing a decrease of 51.02 percent m/m, and a decrease of 37.2 percent y/y. Imports from Australia accounted for 51.7 percent of the total quantity of imported cotton to China in September. <p>By the end of September, China cotton imports totaled 2,002,437MT in 2014, a decrease of 37.94 percent y/y.</p> <p><i>(Please see the tables and charts below for a breakdown of cotton imports by country)</i></p> <p>b) 2014 Cotton Harvest and Domestic Supply</p> <p>According to CCA, Chinese cotton production for 2014 will decline. The national cotton growing acreage fell to 63.40 Million mu, a decrease of 9.4 percent from last year. The inland cotton growing acreage witnessed a comparatively dramatic decline, while the acreage in Xinjiang maintained relatively stable. September temperature and precipitation in China were good like last year, clearly improving national cotton growth. The total Chinese cotton production for 2014 is projected to hit 6.66MMT, a decrease of 5 percent from last year.</p> <p>China entered harvest season for the new cotton in September 2014. However purchases and sales of new cotton were slower than in the past three years. Most Chinese domestic enterprises, particularly in Xinjiang, have started to purchase the new cotton. However the price of unginned cotton in 2014 was obviously lower than last year. Meanwhile many inland enterprises that plan to purchase the new cotton are still looking forward to the new policy supporting inland cotton purchases.</p> <p>c) Cotton Prices</p> |



| Subject | Key Findings |
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| | <p>Imported Cotton:</p> <p>In September, the average price of imported cotton was USD 2,044.7/MT, a decrease of 4.9 percent from the previous month. Average prices for cotton from the United States and India were:</p> <ul style="list-style-type: none"> • U.S. cotton: USD 1,994.10/MT, a decrease of 5.08 percent m/m; • Indian cotton: USD 1,911.35/MT, a decrease of 3.73 percent m/m. <p>Domestic Cotton:</p> <p>The September CC Index 2129B average price was RMB17,197/MT(USD2,802/MT), a decrease of 3 percent m/m.</p> <p><i>(*In September 2014, USD 1 = RMB 6.1358; from the People’s Bank of China)</i></p> <p>The October CC Index 2129B price decreased from RMB 15,789/MT (USD 2,579/MT) on October 8th to RMB 15,238/MT (USD 2,490/MT) on October 24th.</p> <p><i>(*On October 24th, 2014, USD 1 =RMB 6.1207; from the People’s Bank of China)</i></p> |
| <p>Textile Industry</p> | <p>a) Yarn Import</p> <p>In September, China’s yarn importation totaled 174,000 MT, a decrease of 13.4 percent y/y and an increase of 15.9 percent m/m. By the end of September, China yarn imports totaled 1.467MMT in 2014, a decrease of 6.4 percent y/y.</p> <p>b) Synthetic Fiber Production</p> <p>Synthetic fiber production for September was 3.76 MMT, an increase of 3.3 percent y/y and an increase of 3.4 percent m/m. By the end of September, China synthetic fiber production totaled 32.75MMT in 2014, an increase of 7.3 percent y/y.</p> <p>c) Exports</p> <p>According to the General Administration of Customs, China’s textile and apparel exports for September totaled USD 28.552 billion, a decrease of 6.49 percent m/m and an increase of 7.4 percent y/y.</p> <p>Textile exports totaled USD 9.752 billion, representing a decrease of 2.1 percent m/m and an increase of 7.3 percent y/y; apparel accounted for USD 18.8 billion, a decrease of 6.5 percent m/m and an increase of 7.4 percent y/y.</p> |
| <p>Policy Monitoring</p> | <p>Draft official English version of Cotton Bale Packaging Standard</p> <p>The China Standardization Administration and AQSIQ have published a draft official English version of the Cotton Bale Packaging Standard, and are collecting public opinions on it. The deadline for submission of opinions is November 15.</p> <p>(Sent on October 21, 2014)</p> |



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Appendix:

Table 1: September 2014 China's Cotton Imports by Country of Export

| Country | Quantity (Metric Tons) | Value (Million \$ U.S.) | Value Per Unit (\$/MT) | Share of Total Quantity (%) | Share of Total Value (%) |
|---------------|---------------------------|----------------------------|---------------------------|--------------------------------|-----------------------------|
| Australia | 63,527 | 134.54 | 2,117.87 | 51.7% | 53.5% |
| United States | 18,460 | 36.81 | 1,994.10 | 15.0% | 14.6% |
| Uzbekistan | 10,139 | 20.01 | 1,973.98 | 8.2% | 8.0% |
| Burkina Faso | 6,600 | 13.52 | 2,048.05 | 5.4% | 5.4% |



| | | | | | |
|--------------|----------------|---------------|-----------------|---------------|---------------|
| Brazil | 5,580 | 11.23 | 2,012.66 | 4.5% | 4.5% |
| India | 5,347 | 10.22 | 1,911.34 | 4.4% | 4.1% |
| Argentina | 2,235 | 4.25 | 1,901.43 | 1.8% | 1.7% |
| Zimbabwe | 2,027 | 3.97 | 1,958.50 | 1.6% | 1.6% |
| Cameroon | 1,798 | 3.61 | 2,010.51 | 1.5% | 1.4% |
| Zambia | 1,291 | 2.11 | 1,632.98 | 1.1% | 0.8% |
| Others | 5,898 | 11.02 | 1,868.58 | 4.8% | 4.4% |
| Total | 122,903 | 251.30 | 2,044.70 | 100.0% | 100.0% |

Chart 1: September 2014 China Cotton Imports by Country (Quantity)

Table 2: China's Cotton Imports by Country of Export in the First Nine Months of 2014

| | First Half Year | July | August | September | Total Quantity by Country | Share of Total Quantity (%) |
|----------------------|-----------------|---------|---------|-----------|---------------------------|-----------------------------|
| United States | 395,122 | 42,389 | 16,565 | 18,460 | 472,536 | 23.60% |
| India | 691,243 | 23,232 | 16,933 | 5,347 | 736,755 | 36.79% |
| Australia | 88,228 | 137,669 | 129,698 | 63,527 | 419,122 | 20.93% |
| Brazil | | 17,063 | 5,418 | 5,580 | 43,226 | 2.16% |



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|-------------------|------------------|----------------|----------------|----------------|------------------|----------------|
| | 15,165 | | | | | |
| Uzbekistan | 68,950 | 29,639 | 10,539 | 10,139 | 119,267 | 5.96% |
| Mexico | 13,348 | 487 | 261 | 242 | 14,338 | 0.72% |
| Others | 122,732 | 29,774 | 25,079 | 19,607 | 197,192 | 9.85% |
| Total | 1,394,788 | 280,253 | 204,493 | 122,903 | 2,002,437 | 100.00% |

Chart 2: The First Nine Months of 2014 China Cotton Imports by Country (Quantity)

Chart 3: China Imports of U.S. Cotton vs. Indian Cotton September 2013–September 2014



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