



COTTON COUNCIL INTERNATIONAL

Cotton Market Report

August 2017

SUBJECT	KEY FINDINGS
Cotton Market	<p>a) Imports</p> <p>In July, China imported 411,171 bales (89,522 MT) of cotton, an increase of 23.77 percent month-on-month (m/m), and a decrease of 5.61 percent year-on-year (y/y).</p> <p>The total value of cotton imports in July was USD 174.82 million, an increase of 21.77 percent m/m and an increase of 7.21 percent y/y.</p> <p>The U.S. was ranked as the second largest cotton supplier to China in July, while Australia was ranked first, and India fifth. Continue to impact by the Uzbekistan's policy on encouraging domestic textile industry, since last year, cotton exports to China has been dropping drastically. In July, we continue to see there is no cotton import from Uzbekistan this month. It is expected in 2017/18, Uzbekistan may no longer export cotton:</p> <ul style="list-style-type: none">• U.S. Imports: 107,508 bales (23,407 MT), representing a decrease of 18.48 percent m/m, and a decrease of 14.96 percent y/y. U.S. cotton imports accounted for 26.15 percent of the total quantity imported to China in July.• Australian Imports: 209,908 bales (45,702 MT), representing a increase of 67.88 percent m/m, and a decrease of 11.38 percent y/y. Australia cotton imports accounted for 51.05 percent of the total quantity imported to China in July.• Indian Imports: 11,262 bales (2,452 MT), representing an increase of 44.82 percent m/m and representing a decrease of 13.52 percent y/y. India cotton imports accounted for 2.74 percent of the total quantity imported to China in July. <p>In 2017, Chinese cotton imports totaled 3,335,305 bales (726,177 MT), an increase of 38.32 percent y/y. U.S. cotton was ranked as the largest with a total quantity of 1,758,577 bales (382,885 MT), accounting for 52.73 percent of total imports. India was ranked as the second supplier with a total quantity of 409,362 bales (89,128 MT), accounting for 12.3 percent of total imports.</p> <p><i>(See the tables and charts below for a breakdown of cotton imports by country.)</i></p> <p>b) The Plantation and Growing Situation in China in July</p> <p>According to the China Cotton Association (CCA)'s latest survey, the estimated total output is 24.85 million bales (5.41 million MT), higher than last month prediction with an increase of 9.24 percent y/y. In main cotton plantation provinces, the meteorological condition is positive and the production volume keeps even or slight increase.</p> <p>c) Auction of Reserved Cotton 2017</p> <p>According to China National Cotton Reserves Corporation, from March 6th to August 28th,</p>



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	<p>16,668,619 bales (3,629,164 MT) of reserve cotton were provided for sale through auction. 11,666,748 bales (2,540,135 MT) reserve cotton were actually sold which accounted for 69.99% of the total released. The average transaction price of reserved cotton was RMB 14,785 /MT (USD 98.33 Cents / Pound, based on the average exchange rate from March 6th to August 28th). In 2016/2017, the Chinese government plans to sell 3.6 MMT reserve cotton and by the end of August, the reserve cotton have been sold 2.5 MMT.</p> <p>d) Cotton Prices</p> <p><u>Imported Cotton:</u></p> <p>In July, the average price of imported cotton was USD 88.58 Cents /Pound, a decrease of 1.62 percent from the previous month. Average prices for cotton from the United States of America and India were:</p> <ul style="list-style-type: none"> • U.S. cotton: USD 90.79 Cents /Pound, a decrease of 6.81 percent m/m; • Indian cotton: USD 88.25 Cents /Pound, an increase of 5.57 percent m/m <p><u>Domestic Cotton:</u></p> <p>The July <i>CC index 2129B</i> average price was USD 109.30 Cents/ Pound (RMB 16,302 /MT), a decrease of 0.05 percent m/m.</p> <p><i>(*In July, USD 1 = RMB 6.8; from the State Administration of Foreign Exchange)</i></p> <p>The August <i>CC Index 2129B</i> price increased from USD 110.196 Cents/ Pound (RMB 16,313/MT) on August 1st to USD 111.797 Cents/ Pound (RMB 16,354/MT) on August 28th.</p> <p><i>(*On August 1st , USD 1 = RMB 6.71; on August 28th , 2017, USD 1 = RMB 6.64; from the State Administration of Foreign Exchange)</i></p>
<p>Textile Industry</p>	<p>a) Synthetic Fiber Production</p> <p>According to the National Bureau of Statistics (NBS), synthetic fiber production for July reached 4.49 MMT, an increase of 4.2 percent y/y. By the end of July, Chinese synthetic fiber production totaled 30.08 MMT in 2017, an increase of 4.3 percent y/y.</p> <p>b) Textile and Apparel Exports</p> <p>According to the General Administration of Customs (GAC), China's textile and apparel exports for July totaled USD 25.49 billion, an increase of 0.44 percent y/y, and an increase of 4.65 percent m/m. The textile export is USD 9.34 billion, an increase of 2.33 percent y/y; the apparel export is USD 16.15 billion, a decrease of 0.62 percent y/y.</p> <p>The cumulative textile and apparel exports from January to July, 2017 are USD 149.53 billion, representing an increase of 2.15 percent y/y. The textile accounted for USD 62.45 billion, an increase of 3.20 percent y/y; the apparel accounted for USD 87.08 billion, an increase of 1.40 percent y/y.</p>



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Policy Monitoring	<p>a) China Cotton Communiqué: China Extended the Auction of Cotton Reserves to Sep 29</p> <p>On August 9th, the China National Cotton Exchange (CNCE) and China National Cotton Reserves Corporation jointly issued a notice to announce that China has decided to extend the 2016/2017 cotton reserve auction to September 29th. According to CNCE, China's main consideration in making the extension is to maintain stable market supply and cotton prices while the textile industry waits for the 2017/2018 cotton harvest to make it to market, which is similar to the government's decision to extend last year's auction. China has auctioned off 2.19MMT of cotton this year to date, marking a 66.92% close rate. Although the auction has been extended for one month, it is challenging to meet the total auction target amount of 3MMT, according to Ms. Li Lin, Vice Secretary General of China Cotton Association.</p> <p>http://www.cottonchina.org/news/pubzmb.php?articleid=214381&newstime=2017-08-09</p>



Appendix:

Table 1: July 2017 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	45702.08	89.08	1,949.21	51.05%	50.96%
United States	23407.26	46.85	2,001.64	26.15%	26.80%
Benin	9872.83	18.49	1,872.67	11.03%	10.58%
Togo	5240.14	9.68	1,846.55	5.85%	5.53%
India	2451.76	4.77	1,943.71	2.74%	2.73%
Sudan	673.10	1.20	1,777.89	0.75%	0.68%
Kazakhstan	531.07	0.94	1,766.81	0.59%	0.54%
Israel	425.27	1.39	3,276.98	0.48%	0.80%
Egypt	412.16	1.36	3,296.29	0.46%	0.78%
Cameroon	253.87	0.08	330.88	0.28%	0.05%
Others	553	0.99	1,784.36	0.62%	0.56%
Total	89,522	174.82	1,952.85	100.0%	100.0%

Chart 1: July 2017 China Cotton Imports by Country of Export (Quantity)

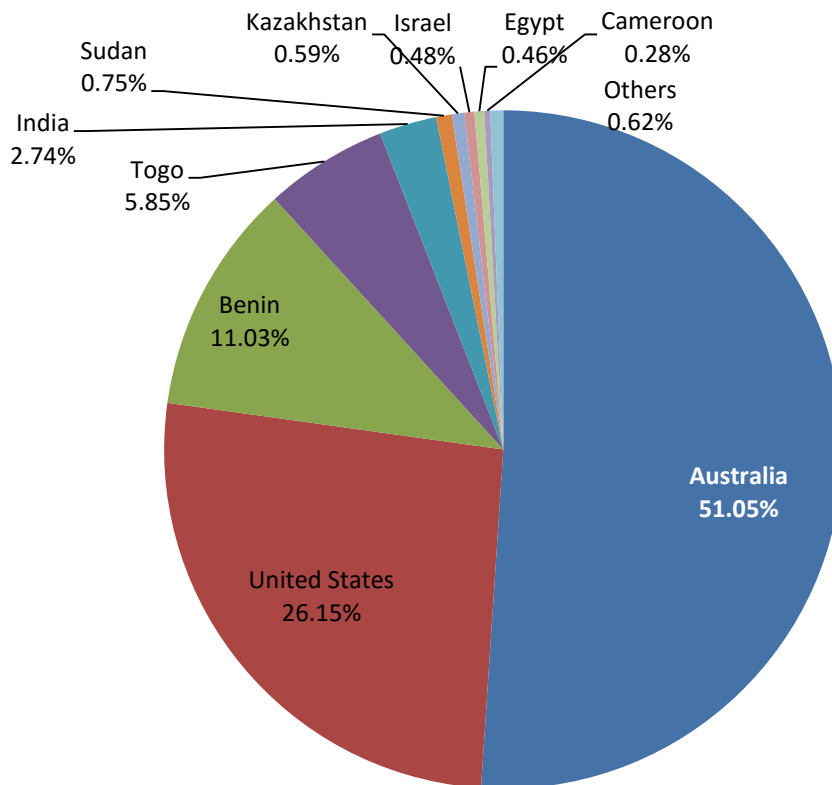




Table 2: China's Cotton Imports by Country of Export in 2017

	Jan	Feb	Mar	Apr	May	June	July	Total Quantity by Country	Share of Total Quantity (%)
United States	50,696	64,786	87,504	75,192	52,586	28,714	23,407	382,885	52.73%
Australia	4,174	6,670	602	2,746	9,456	27,223	45,702	96,573	13.30%
India	32,528	27,793	11,531	9,580	3,552	1,693	2,452	89,129	12.27%
Uzbekistan	15,038	31,364	10,364	3,197	1,971	0	0	61,934	8.53%
Brazil	6,984	782	474	4,485	970	198	212.82	14,105	1.94%
Others	5,485	6,754	10,508	9,657	16,895	14,503	17,748	81,551	11.23%
Total	114,905	138,149	120,983	104,857	85,430	72,331	89,522	726,177	100.00%

Chart 2: China Cotton Imports by Country (Quantity) in 2017

