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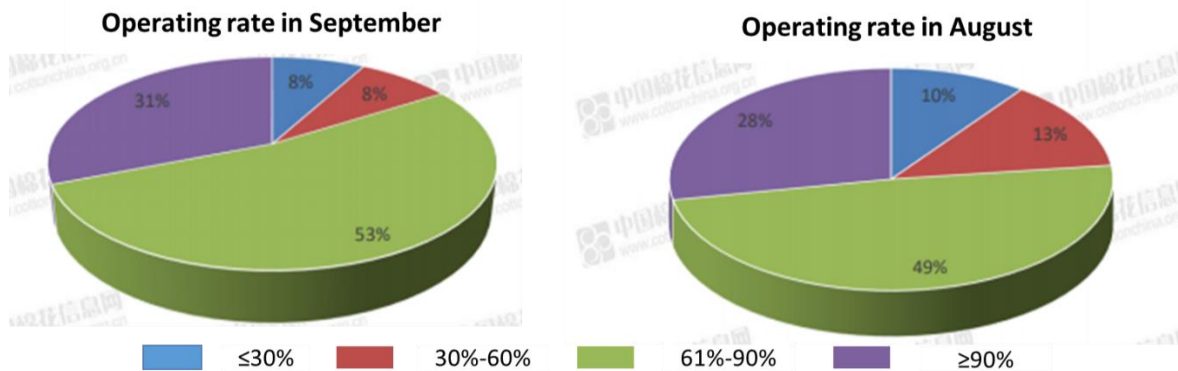
China Textile Mills' Operations in September

Provided by:

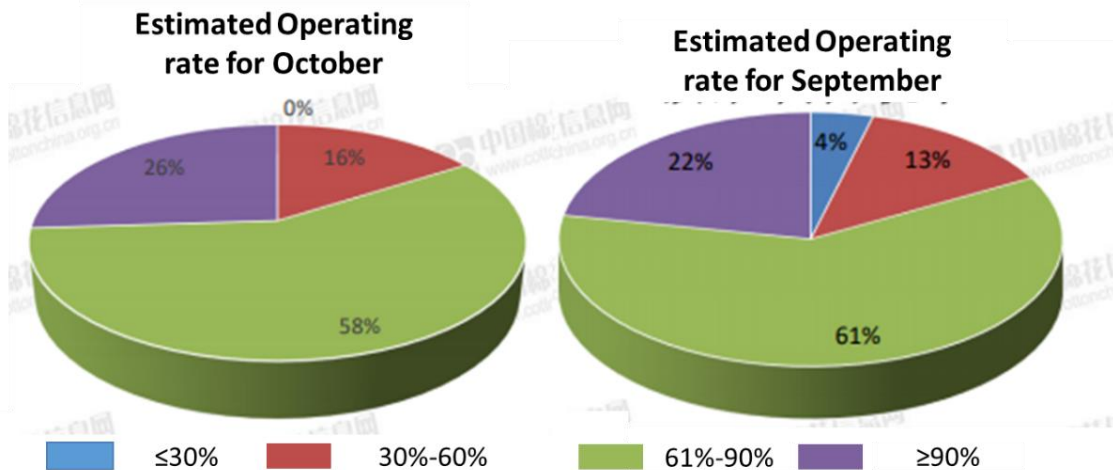


Cottonchina.org.cn, China's leading cotton trade media outlet, has conducted a survey among over 100 textile mills to understand their operation and demand for cotton in September. Based on their findings, mills' operating rate and orders continue to recover, and mills are expecting a better situation for the rest of the year. Here are the details for your reference.

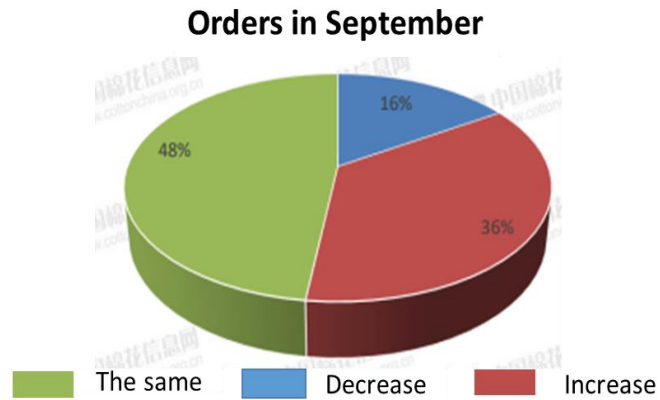
Operating rate: Slight recovery of operating rate was witnessed in September. Those enjoy operating rates at 90% and above took 31% of the total, which was better than that of August. Those that have less than 30% operating rate reduced from 10% in August to 8% in September.



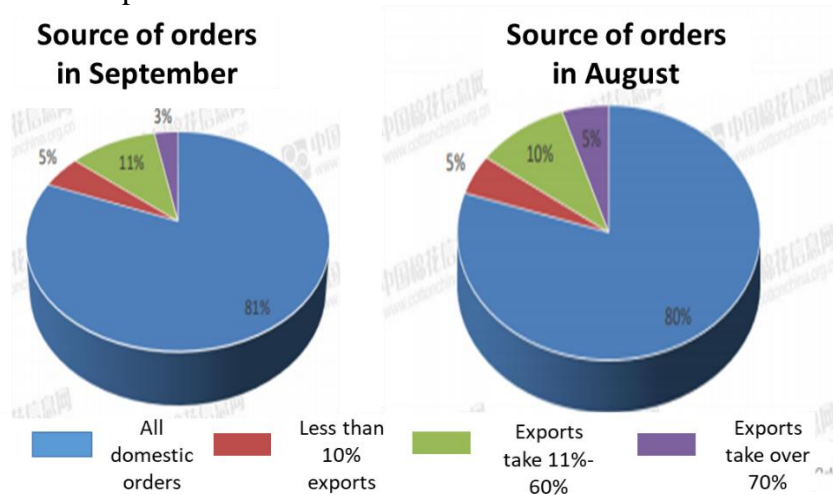
As for estimation in October, 58% of them believe they will have operating rate between 60% and 90%, and 26% believe they will have operating rate higher than 90%.



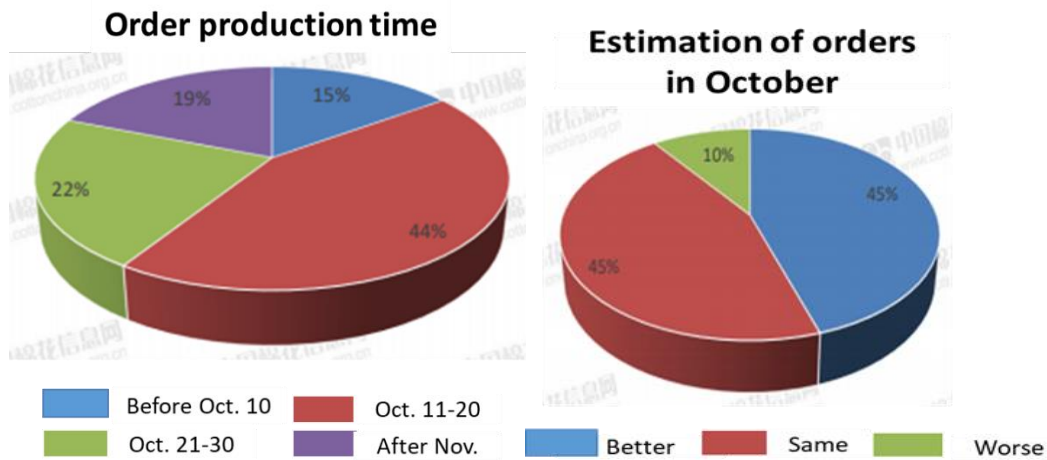
Orders: 48% of the mills had the same amount of orders compared with August, 16% suffered less orders and 36% enjoyed increased orders.



Similar as in August, 81% of the mills were getting their orders all from domestic market in September. Mills whose orders from overseas took 11%-60% of their total orders increased from 10% in August to 11% in September.

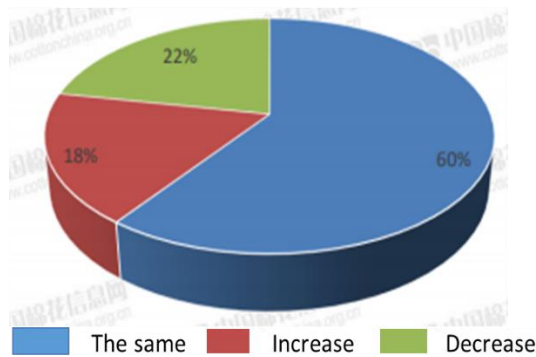


19% of the mills had orders for next month's production. The rest all had short orders within October. For next month, 45% believe they will have the same amount of orders, 45% think they will get more and 10% think they will get less.

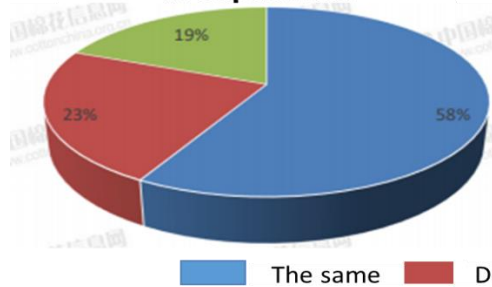


Cotton consumption: In September, 60% of the mills had the same cotton consumption as in August. 18% of the mills increased their consumption and 22% of them decreased. 58% of the mills had the same yarn production compared with August, 19% had more production and 23% had less.

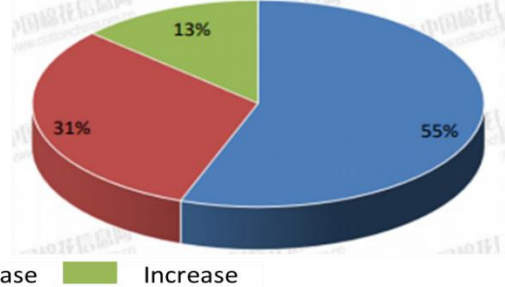
Cotton usage compared with August



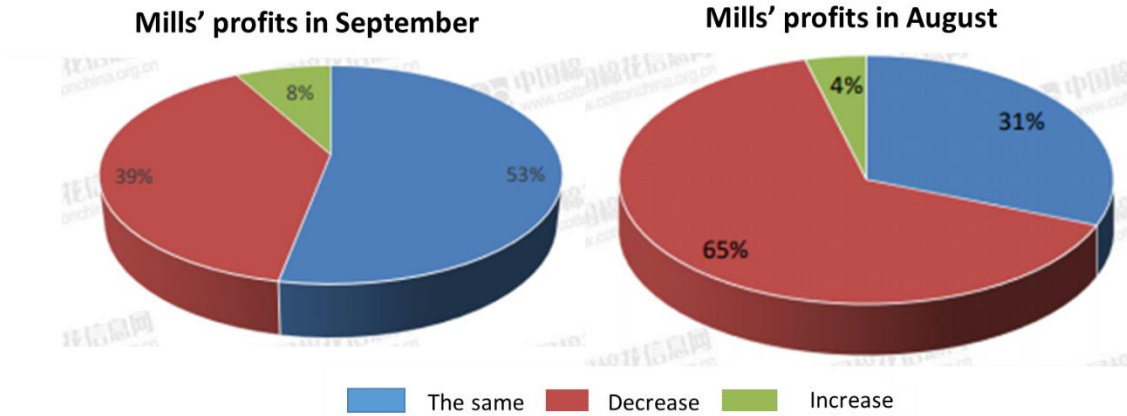
Cotton yarn production in September



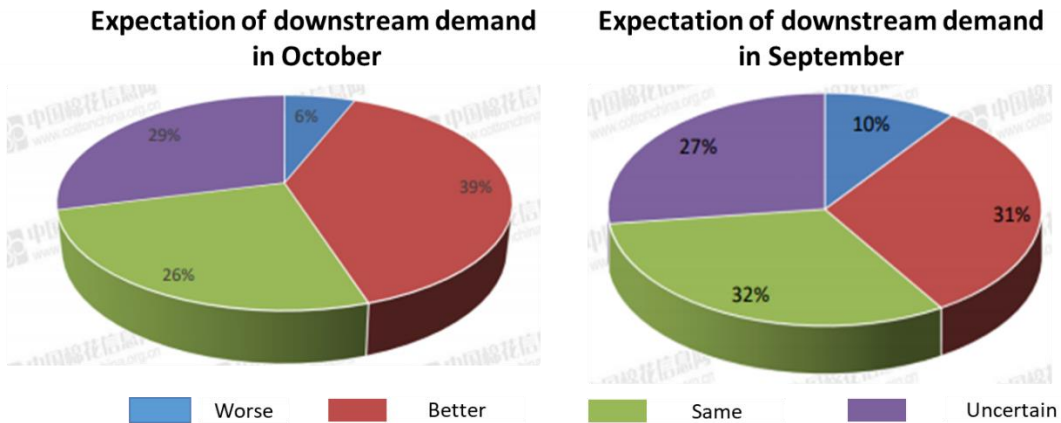
Cotton yarn production in August



Profits: 53% of the mill had the same profits in September compared with August, 39% of the mills had less and 8% had more.



Expectation for downstream demand: 39% of the mills expect recovered downstream demand in October, 26% believe the demand will maintain the same. 29% think it's hard to say given the high uncertainties. Only 6% think the situation will get worse.



China's cotton supply and demand balance sheet: here is the latest estimation in October. Considering the good harvest in Xinjiang, the estimation for domestic production is slightly increased from 5.54MMT to 5.62 MMT.

China Cotton Supply and Demand Balance Sheet (MMT)				
		2018/19	2019/20	2020/21
Total Supply		13.72	12.78	13.00 (+0.08)
	Starting Stock	5.92	5.43	5.38
	Domestic Production	5.77	5.75	5.62 (+0.08)
	Imports	2.03	1.6	2
Total Demand		8.29	7.4	8.07
	Cotton Textiles	7.74	6.91	7.54
	Others	0.5	0.4	0.4
	Exports	0.05	0.04	0.04
Ending Stock		5.43	5.38	4.93 (+0.08)
* Crop year in China is from September to the next August.				