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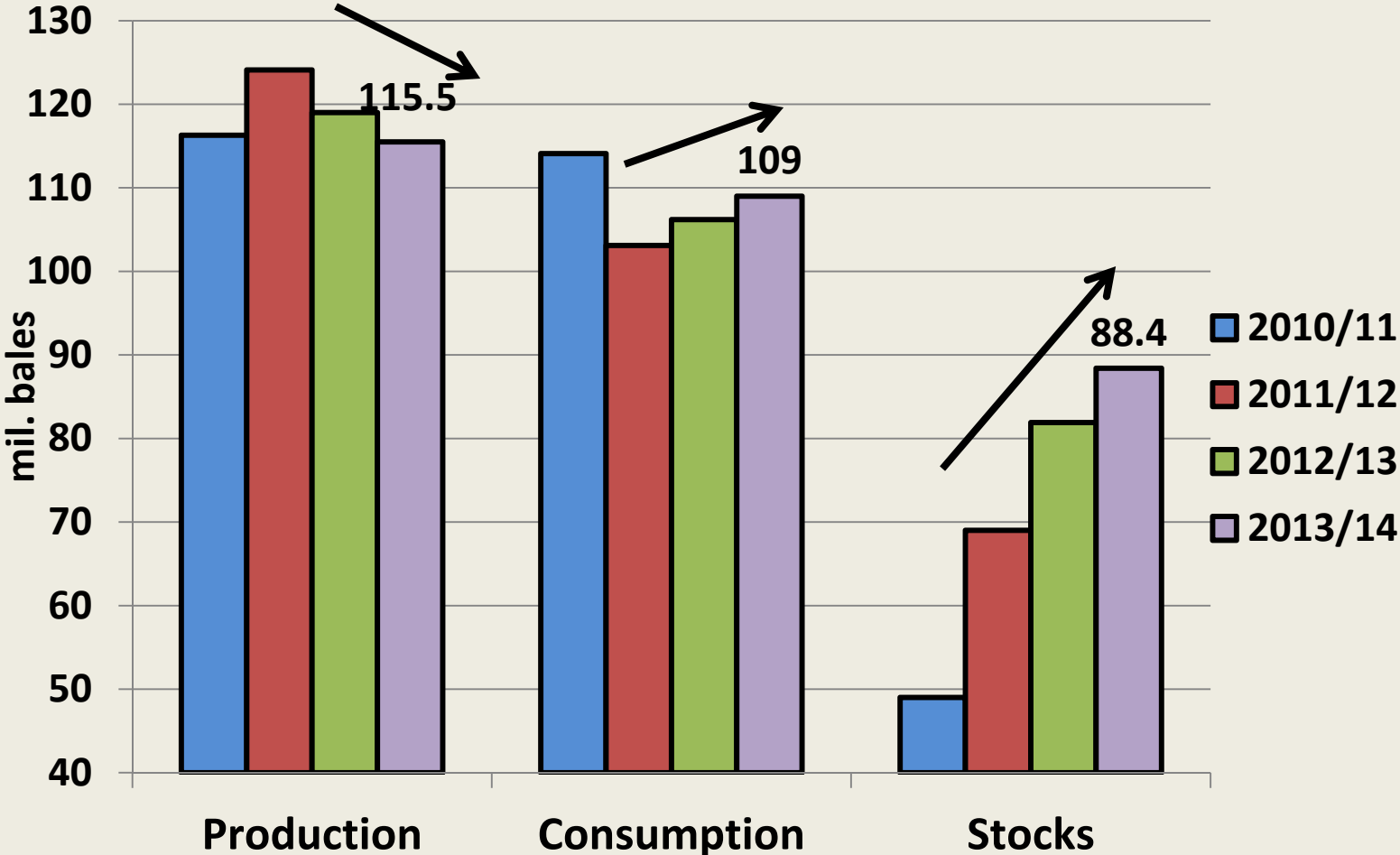
# **The World and U.S. Cotton Outlook for 2013/14**

**USDA**

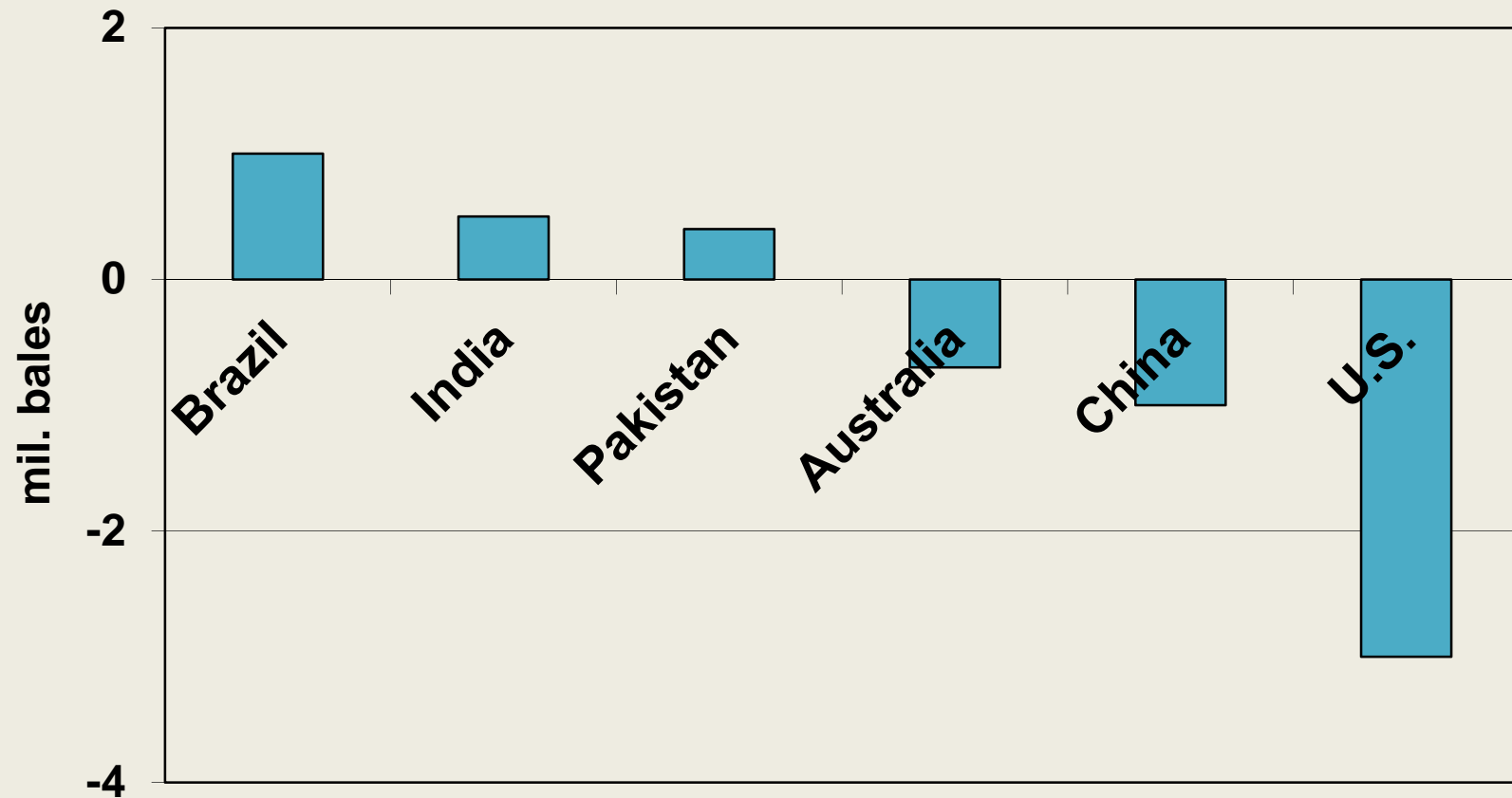
**Interagency Cotton Estimates Committee**

**February 22, 2013**

# World Cotton Stocks Projected to Rise in 2013/14



# Projected Changes in World Production, 2013/14 compared with 2012/13



# **China Policies Assumed to Continue in 2013/14**

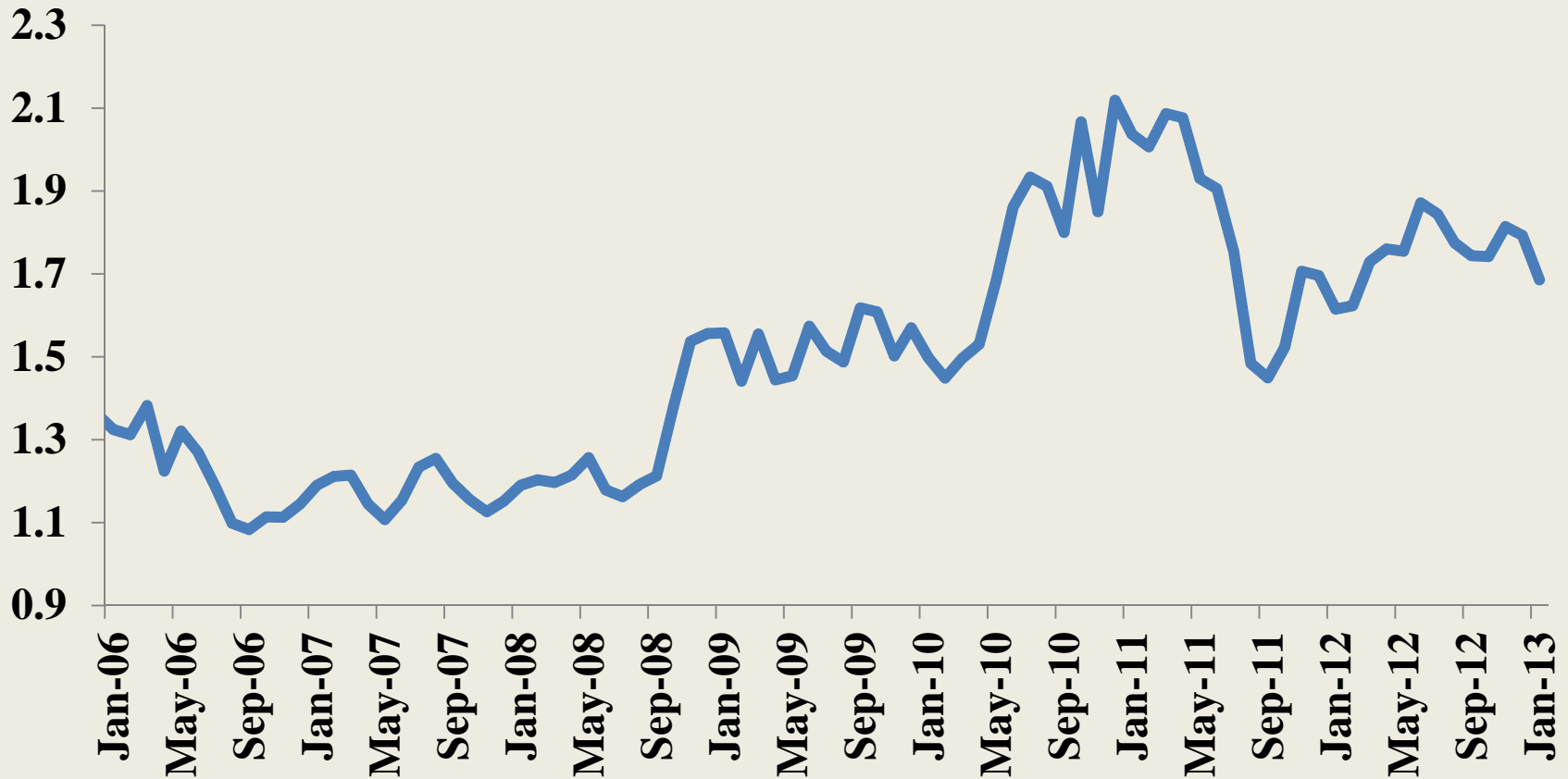
- **Continued domestic purchase price of 20,400 RMB/ton (\$1.48/lb.)**
- **Continued release of reserves at 19,000 RMB/ton (\$1.38/lb.)**
- **Government restricts imports below 2012/13 levels in order to release reserves (8.0 mil bales).**
- **Government may not control total import level if out-of-quota category is used (40% tariff).**

# **Factors Affecting World Consumption (projected growth of 2.6%)**

- **IMF predicts world GDP growth of 3.5% and 4.1% in 2013 and 2014, respectively, indicating boost from income growth.**
- **Cotton's share of total fiber demand appears to have stabilized but not recovering to former peaks.**
- **High domestic price in China encouraging more use of polyester (a negative).**
- **High domestic price in China encouraging shifts in cotton spinning to other countries (neutral).**

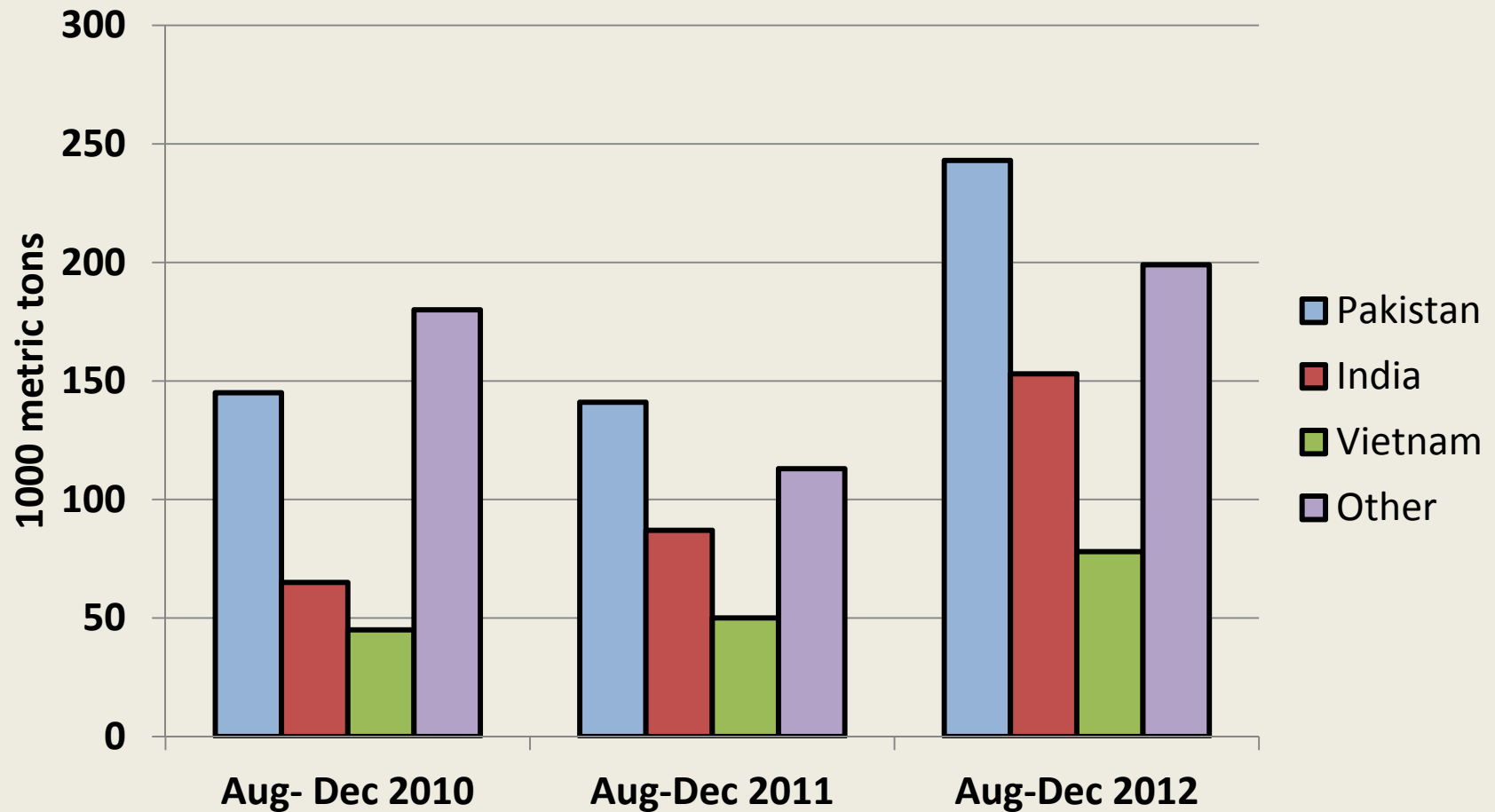
# China Cotton Prices Continue High Relative to Polyester in 2012/13

Cotton/polyester price ratio: China, Jan 2006-Feb 2013



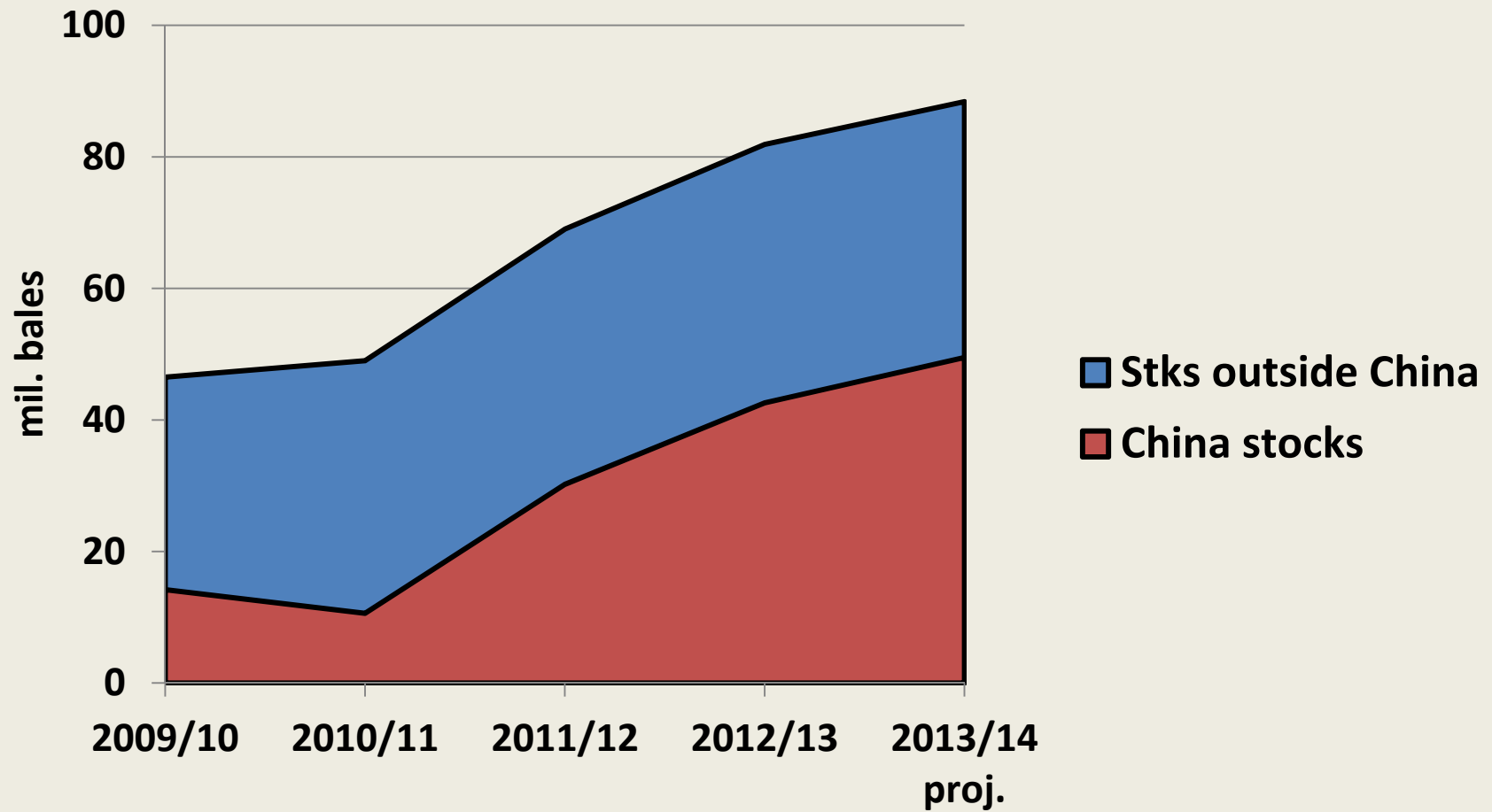
Sources: [cncotton.com](http://cncotton.com) (polyester), [chinacotton.org](http://chinacotton.org) (cotton, CC328)

# China Cotton Yarn Imports Replace Domestic Spinning

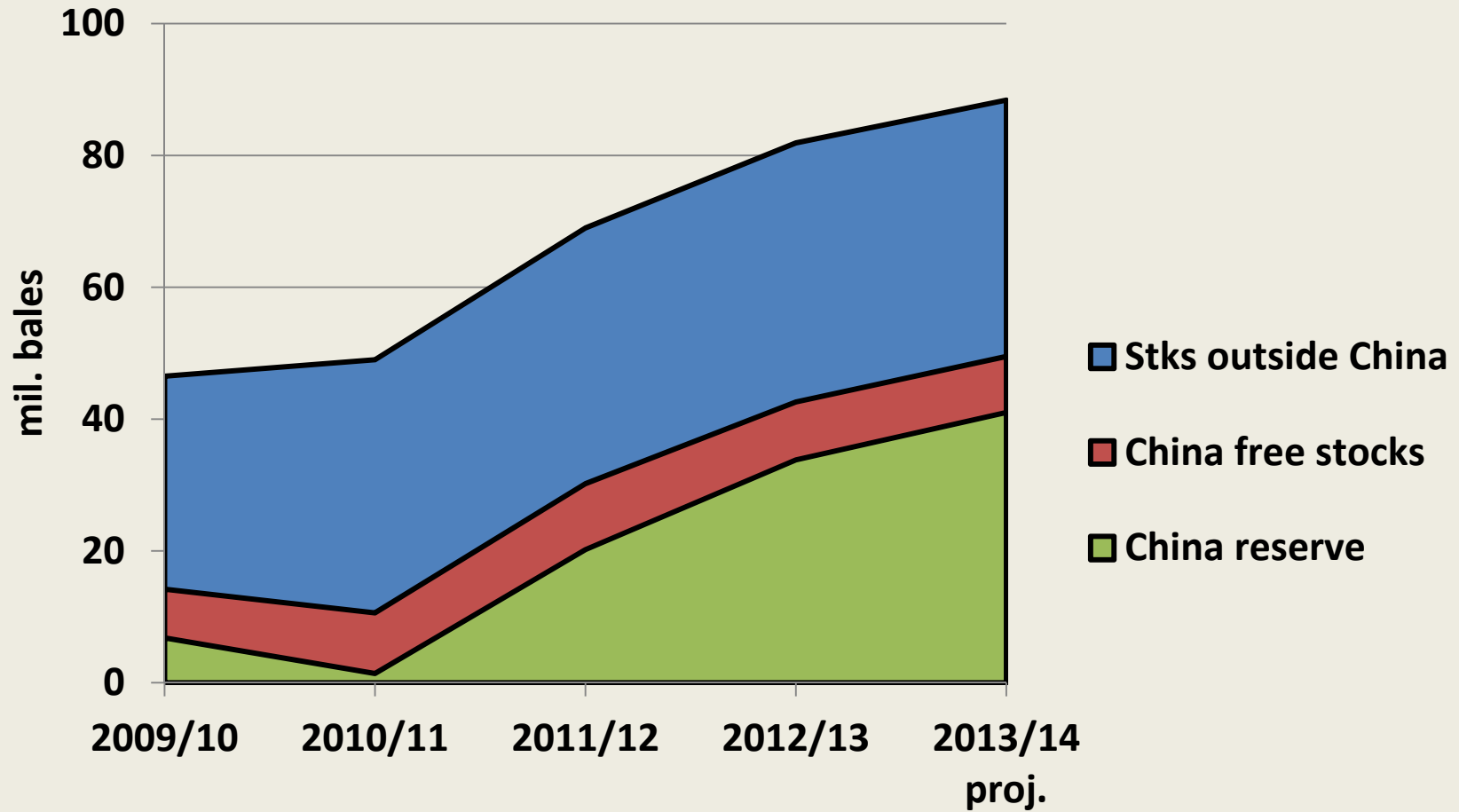




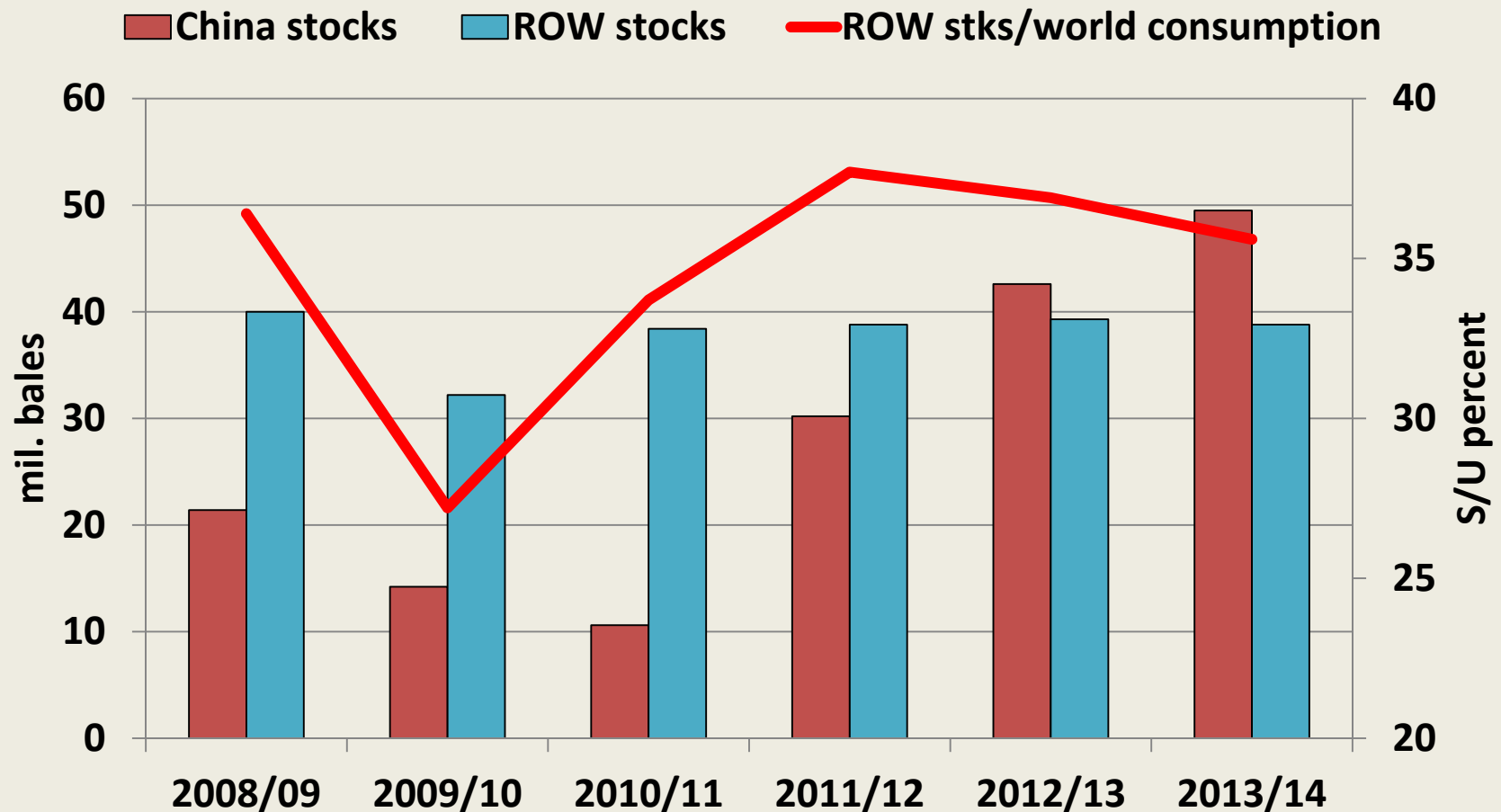
# China's Policies Spur Growth in World Stocks to Record Levels



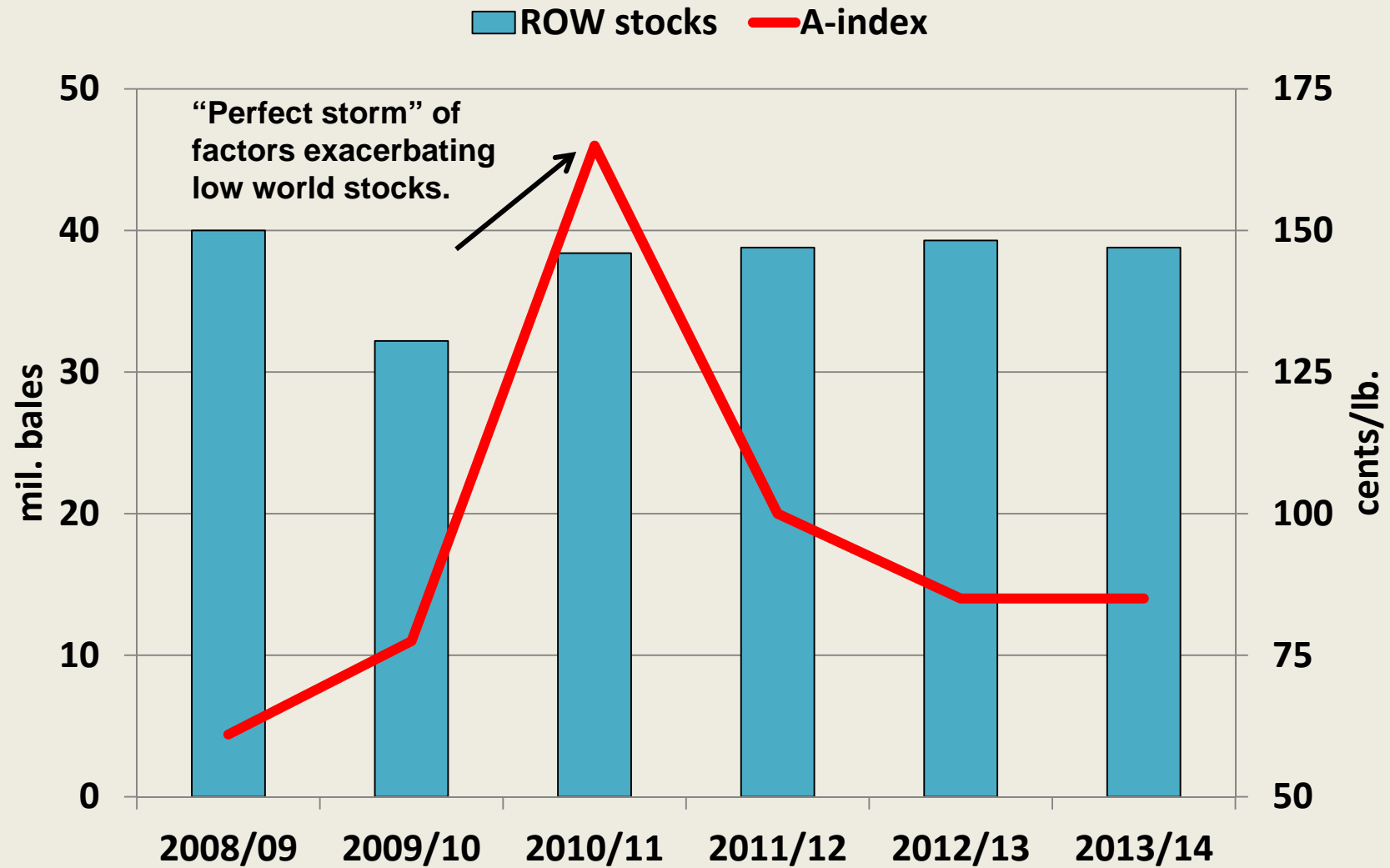
# Projections Show 46% of World Stocks in China Reserve at End of 2013/14



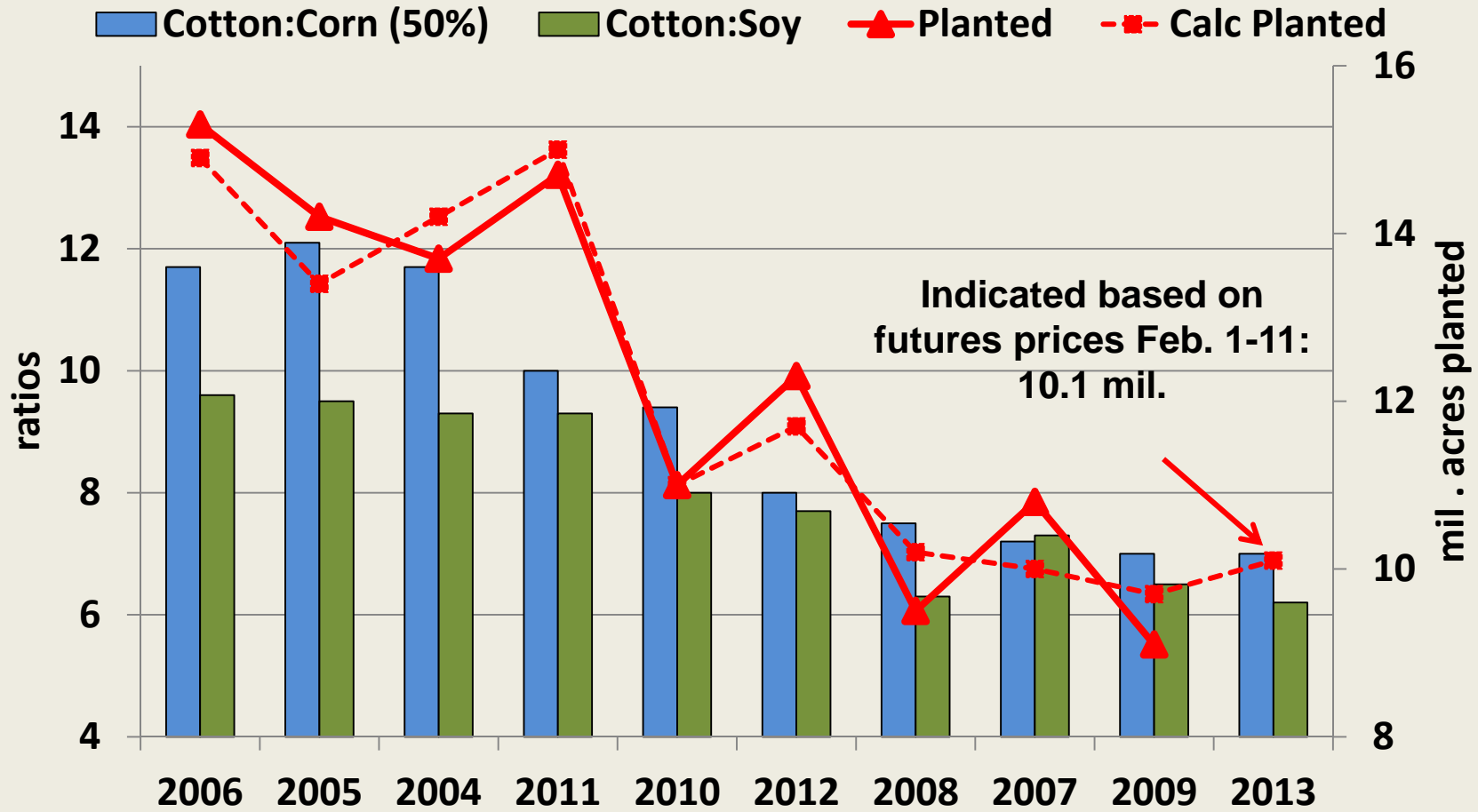
# China's Stocks, Stocks Outside China, and Stocks Outside China as % of Use



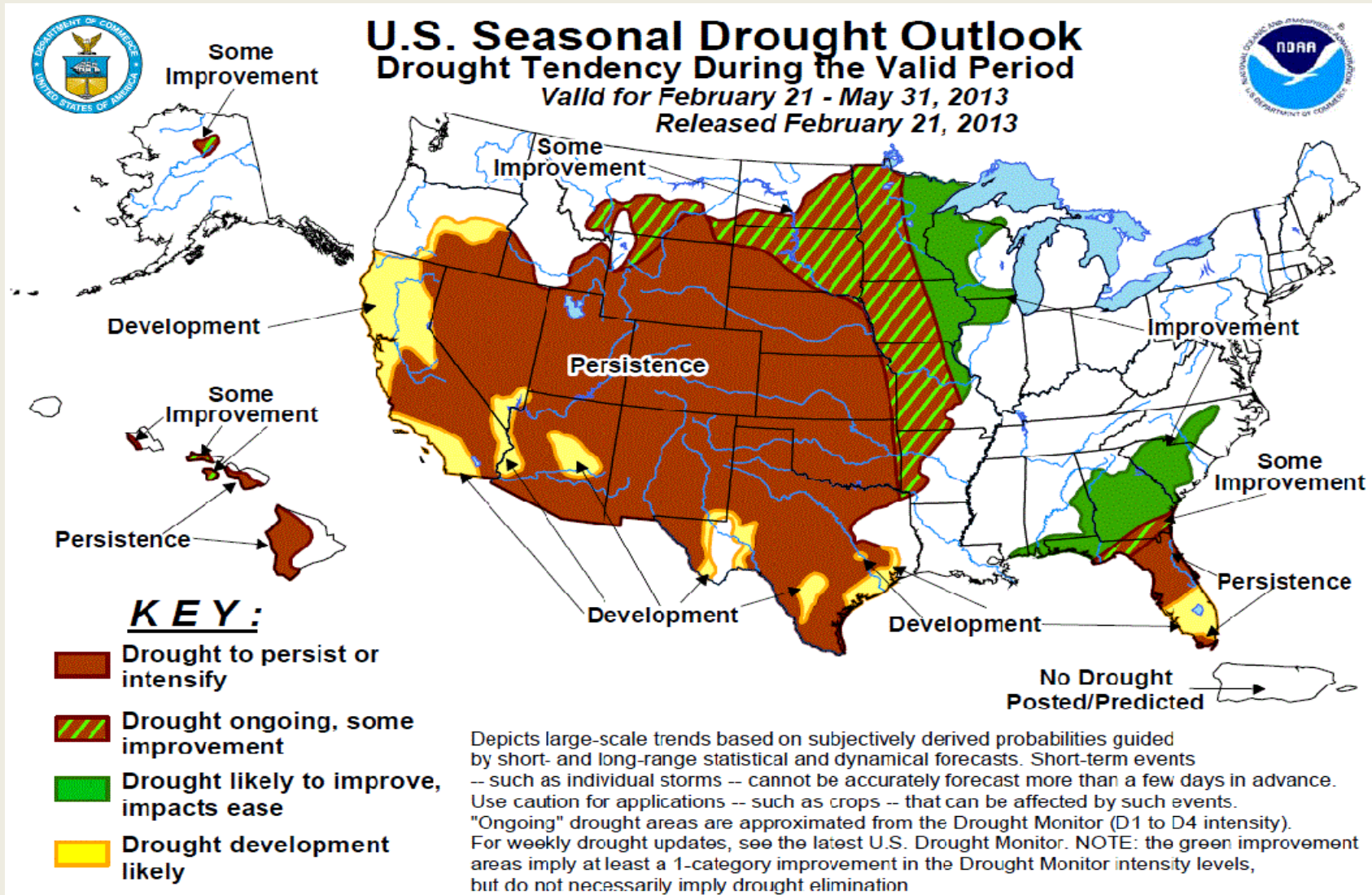
# Stocks Outside China and A-Index



# All-Cotton Planted Acres Based on Relative Crop Prices, Texas Moisture Index, 2004-2013



# Drought Likely to Continue Through Planting



## U.S. Cotton Area, Yield, and Production

	<u>Unit</u>	<u>2012/13</u>	<u>2013/14</u>	<u>Change(%)</u>
<b>Planted area</b>	mil. acres	12.3	10.0	-18.8
<b>Harvested area</b>	"	9.4	8.4	-10.9
<b>Abandonment rate</b>	%	23.5	16.0	-31.9
<b>Yield/harvested acre</b>	lbs./acre	866	800	-7.6
<b>Production</b>	mil. bales	17.0	14.0	-17.7

# U.S. Cotton Supply & Demand

	Unit	2012/13	2013/14	Change (%)
Beg. Stocks	mil bales	3.4	4.5	34.3
Production	"	17.0	14.0	-17.7
Imports	"	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total supply	"	20.4	<b>18.5</b>	-9.2
Mill use	"	3.4	3.5	2.9
Exports	"	<u>12.5</u>	<u>11.3</u>	<u>-9.6</u>
Total demand	"	15.9	14.8	-6.9
Ending stocks	"	4.5	<b>3.7</b>	-17.8
Stocks-to-use	%	28.3	25.3	-10.6
Farm price	cents/lb.	71.0	<b>73.0</b>	2.8



# Outlook Uncertainties

- **The outlook begins with the current season and applies trends. This means that the outyear projections will be impacted by further changes to 2012/13 (e.g., world consumption still evolving)**
- **Changes in economic and weather conditions; developments in U.S. or foreign production.**
- **China assumptions are based on announced policies, which could change at any time. If China decides to allow more imports, this will support world prices. If China decides to release more reserves, this will depress world prices.**