

# Barnhardt 2nd Quarter Cotton Report

This quarter we are going to look at the global market from a new perspective, one that focuses on production and consumption by the Top 5 producing and consuming countries: China, the United States, Pakistan, India, and Turkey.

## China Notes:

- China's ending stocks for the 2014/2015 crop year will remain stable after three successive years of substantial increases in ending inventory.
- Ending stocks are forecasted to be approximately 55 million bales.
- Production is forecasted down by 7% to 29.3 million bales in this crop year.
- China consumption is also forecasted to decrease this year with most of the cotton consumed in China coming from their reserve, while imports of cotton will come from other producing countries.

## United States:

- With exports down, the ending stocks in the U.S. are forecasted to increase to just over 4.5 million bales (almost a 60% increase).
- Final production on a late crop in some areas of the country is forecasted to increase over prior year by 25% to 16 million bales.
- Exports are forecasted to be 10.5 million bales, which is approximately 66% of the crop.
- Domestic consumption is forecasted to be flat this year.

## Pakistan:

- Production of approximately 10.5 million bales resulted

in a 25% increase from the prior year—despite planting 4% less acres in 2014.

- Imports of cotton into Pakistan will be down by 9% to just 1.7 million bales for cotton quality that is not available in Pakistan.

### **India:**

- As the second largest exporter of cotton behind the U.S., India will also face much lower exports of cotton during this crop year.
- Production for the 2014/15 crop is now projected to be just over 31 million bales.
- Consumption is forecasted to increase by 4% and will be just under 24 million bales. Traditionally, China and Pakistan are the largest buyers of any surplus production, but their demand has fallen in this crop season.
- Resulting ending stocks in India are forecasted to increase 40% to 11 million bales. This follows two consecutive years of reduced inventory levels.

### **Turkey:**

- Turkey is the third largest cotton importer globally.
- Crop year production of cotton in Turkey was up 11% to just under 4 million bales.
- Consumption is forecasted down this crop year due to older mills and equipment being taken out of production, as well as fiber choice moving in favor of lower cost synthetic raw materials. As a result, the consumption is estimated to be 6 million bales (down 4%).
- This will result in a 13% reduction in imports to approximately 3.5 million bales for Turkey.

### **Quick Global View**

World ending inventories are expected to grow to 97 million bales (11% increase) by the end of this marketing year as a

result of these five major cotton economies (per the International Cotton Advisory Committee).