

Cotton Weekly Report

October 07, 2021

Week #40

 Please consider the environment before printing this report.



Editor - Dale Cougot

ICE/NYK - ICE Dec21 futures continued to rally this week settling today at 111.61, trading range of 1035 points from 103.58 to 113.93, however synthetically at 116.00.

Happy World Cotton Day 2021

U.S. Export weekly net sales were 267,550 bales of 480 lbs, led by China at 179,264. **Shipments** fall to 132,384 bales. **Next Marketing year** net sales were 56,471 bales.

USDA's Crop Progress report falls slightly, as the crop in the good-to-excellent rating was at 62% (-3%), and the poor-to-very-poor is unchanged at 6% and the same for Texas' fair or better holds at 94%. **Cotton boll opening** at 70% (+10%) compared to last year at 81% and five-year average at 75%. Starting to look like West Texas might receive its long fall which is needed for the irrigated to fully fill out at this season. **Harvesting** was reported at 13%, across 16 states, compared to last year at 16% and the five-year average at 19%. Ginning has roughly reached 825,000 bales as more states are coming operational.

China National Cotton Reserves Corporation (CNCRC) announce that the daily auctions will resume starting October 8th and to conclude at the end of November. No overall quantity was announced, except that daily auctions would start at 15,000 tons, as the volume will be adjusted according to the market situation. Participants are limited to textile spinners only and limited to only their own use. Prices will remain to be a function of formula of 50% domestic and 50% international prices.

ICAC Cotton This Month indicates rising ending stocks month over month, as beginning stocks were down 550,000 tons. **World production** for 2021/22 was raised to 25.8 million tons, up 820,000. **Global mill use** was modestly raised to 25.9 million tons, holding year-over-year growth rate at 0.8% (USDA at 3.8%). **World stocks** were bounced back up by 240,000 million tons to 20.0 million, with the **global stock-to-use** ratio at 77%, basically unchanged from last season of 78%. **China's stocks to use ratio rises** to 115% (last season at 110%), as **world less China SUR** declines to 60% (63%). Seasonal average 2021/22 **Cotlook A-Index** projection rises to 112 cents /lb CIF FE, up 23.00 cents this month. Below are the ICAC 2021/22 figures and prior two years data, including monthly the changes for 2021/22, million tons:

World S&D	19/20	20/21	21/22	Change
B-Stocks	19.11	22.14	20.11	-0.55
Crop	26.12	24.19	25.75	+0.82
Use	22.74	25.69	25.90	+0.03
Trade	9.02	10.75	10.29	+0.08
E-Stocks	22.14	20.11	19.96	+0.24
Stocks-to-Use	97.4%	78.3%	77.1%	

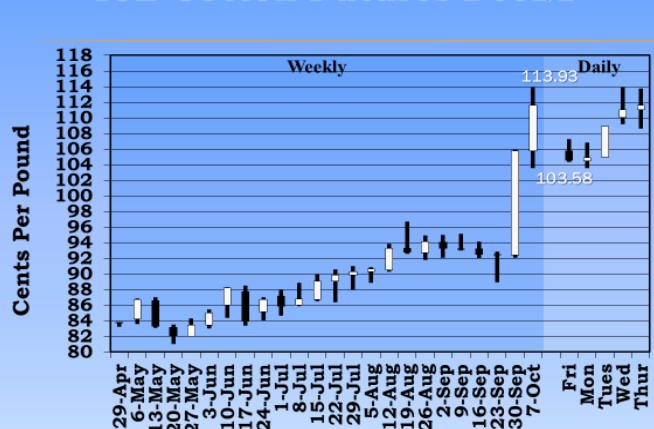
See attached for ICAC and USDA comparison for the last 3 years

Brazil CONAB forecast of cotton acreage is at 1.55 million hectares, up 13.4% in 2021-22; the growth is attributed to both stronger international cotton prices and large forward commitments. This remains below the record achieved in 2019-20 of 1.67 million hectares, with strong competition from corn the main factor limiting additional growth. Production is forecast at 2.71 million tons (+16%) with slightly improved productivity expected.

Dec21 futures advancement forced mills to the sideline, as traders wait to see USDA's WASDE release next week.

	Oct-07	Weekly Change	
ICE Cotton #2 Futures			
Cotton Dec21	111.61	5.81	5.5%
Cotton Mch22	108.73	4.85	4.7%
Cotton May22	107.27	4.32	4.2%
Open Interest	289,200	-162	-0.1%
Certificated Stock	37,929	-16,513	-30.3%
Cotton Other Prices (cents / pound)			
Cotlook A-Index	119.50	7.35	6.6%
USDA - AWP	91.81	7.89	9.4%
ZCE	137.51	0.00	0.0%
CC Index	133.49	0.00	0.0%
Commodities			
Soybeans	12.47	-0.09	-0.7%
CBOT Corn	5.34	-0.03	-0.5%
WTI Crude	78.32	3.05	4.1%
CRB Index	234.34	7.19	3.2%
Currencies & Equities			
US Dollar Index	94.20	-0.10	-0.1%
BRL/USD	5.52	0.08	1.4%
INR/USD	74.79	0.55	0.7%
CNY/USD	6.44	0.00	0.0%
USD/EURO	1.55	0.40	34.3%
USD/AUD	0.73	0.01	1.2%
Dow Jones	34,755	912.02	2.7%

ICE Cotton Futures Dec21



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Cotton: Supply and Demand ICAC vs USDA



Source: USDA-WASDE and ICAC-Cotton This Month

ICAC release: October 1, 2021

USDA WASDE release: September 10, 2021

World Million MT						World Million Bales (480 lbs.)					
Season 2019/20	ICAC	Change M-o-M	USDA	Difference MT	%	Season 2019/20	ICAC	Change M-o-M	USDA	Difference Bales	%
Beginning Stocks	19.11	-	17.44	1.67	9.6%	Beginning Stocks	87.77	-	80.10	7.67	9.6%
Production	26.12	-	26.43	(0.31)	-1.2%	Production	119.97	-	121.40	(1.43)	-1.2%
Supply	45.23	-	43.87	1.36	3.1%	Supply	207.74	-	201.50	6.24	3.1%
Consumption	22.73	(0.02)	22.38	0.35	1.5%	Consumption	104.40	(0.09)	102.81	1.59	1.5%
Exports	9.02	(0.01)	8.98	0.04	0.5%	Exports	41.43	(0.05)	41.23	0.19	0.5%
Ending Stocks	22.14	0.01	21.39	0.75	3.5%	Ending Stocks	101.69	0.05	98.22	3.46	3.5%
Stocks Year-Over-Year	15.9%		22.6%			Stocks Year-Over-Year	15.9%		22.6%		
Crop-to-Use	114.9%		118.1%			Crop-to-Use	114.9%		118.1%		
Use-to-Supply	50.3%		51.0%			Use-to-Supply	50.3%		51.0%		
Trade-to-Stocks	40.7%		42.0%			Trade-to-Stocks	40.7%		42.0%		
Stock-to-Use	97.4%		95.5%			Stock-to-Use	97.4%		95.5%		
Months-of-Use	11.7		11.5			Months-of-Use	11.7		11.5		
Season 2020/21	ICAC	Change M-o-M	USDA	Difference MT	%	Season 2020/21	ICAC	Change M-o-M	USDA	Difference Bales	%
Beginning Stocks	22.14	0.01	21.39	0.75	3.5%	Beginning Stocks	101.69	0.05	98.22	3.46	3.5%
Production	24.19	-	24.47	(0.28)	-1.1%	Production	111.10	-	112.39	(1.29)	-1.1%
Supply	46.33	0.01	45.86	0.47	1.0%	Supply	212.79	0.05	210.62	2.18	1.0%
Consumption	25.69	0.03	26.05	(0.36)	-1.4%	Consumption	117.99	0.14	119.64	(1.65)	-1.4%
Exports	10.75	0.27	10.55	0.20	1.8%	Exports	49.37	1.24	48.48	0.90	1.8%
Ending Stocks	20.11	(0.55)	19.88	0.23	1.2%	Ending Stocks	92.36	(2.53)	91.30	1.06	1.2%
Crop Year-over-Year	-7.4%		-7.4%			Crop Year-over-Year	-7.4%		-7.4%		
Mill Use YoY	13.0%		16.4%			Mill Use YoY	13.0%		16.4%		
Trade YoY	19.2%		17.6%			Trade YoY	19.2%		17.6%		
Stocks YoY	-9.2%		-7.0%			Stocks YoY	-9.2%		-7.0%		
Crop-to-Use	94.2%		93.9%			Crop-to-Use	94.2%		93.9%		
Use-to-Supply	55.5%		56.8%			Use-to-Supply	55.5%		56.8%		
Trade-to-Stocks	53.5%		53.1%			Trade-to-Stocks	53.5%		53.1%		
Stock-to-Use	78.3%		76.3%			Stock-to-Use	78.3%		76.3%		
Months-of-Use	9.4		9.2			Months-of-Use	9.4		9.2		
Season 2021/22	ICAC	Change M-o-M	USDA	Difference MT	%	Season 2021/22	ICAC	Change M-o-M	USDA Outlook	Difference Bales	%
Beginning Stocks	20.11	(0.55)	19.88	0.23	1.2%	Beginning Stocks	92.36	(2.53)	91.30	1.06	1.2%
Production	25.75	0.82	26.04	(0.29)	-1.1%	Production	118.27	3.77	119.59	(1.32)	-1.1%
Supply	45.86	0.27	45.92	(0.06)	-0.1%	Supply	210.63	1.24	210.89	(0.25)	-0.1%
Consumption	25.90	0.03	27.03	(1.13)	-4.2%	Consumption	118.96	0.14	124.14	(5.18)	-4.2%
Exports	10.29	0.08	10.18	0.11	1.1%	Exports	47.26	0.37	46.76	0.50	1.1%
Ending Stocks	19.96	0.24	18.87	1.09	5.8%	Ending Stocks	91.68	1.10	86.68	4.99	5.8%
Crop Year-over-Year	6.4%		6.4%			Crop Year-over-Year	6.4%		6.4%		
Mill Use YoY	0.8%		3.8%			Mill Use YoY	0.8%		3.8%		
Trade YoY	-4.3%		-3.5%			Trade YoY	-4.3%		-3.5%		
Stocks YoY	-0.7%		-5.1%			Stocks YoY	-0.7%		-5.1%		
Crop-to-Use	99.4%		96.3%			Crop-to-Use	99.4%		96.3%		
Use-to-Supply	56.5%		58.9%			Use-to-Supply	56.5%		58.9%		
Trade-to-Stocks	51.6%		53.9%			Trade-to-Stocks	51.6%		53.9%		
Stock-to-Use	77.1%		69.8%			Stock-to-Use	77.1%		69.8%		
Months-of-Use	9.2		8.4			Months-of-Use	9.2		8.4		

<https://www.icac.org/>

http://www.fas.usda.gov/cotton_arc.asp

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