Textile Beacon

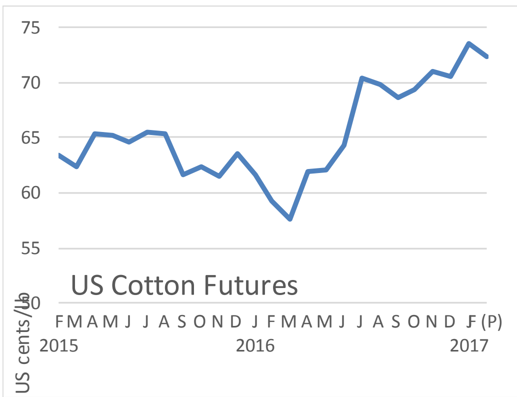
Global Cotton Price Forecast

SAMPLE- FEBRUARY 2017

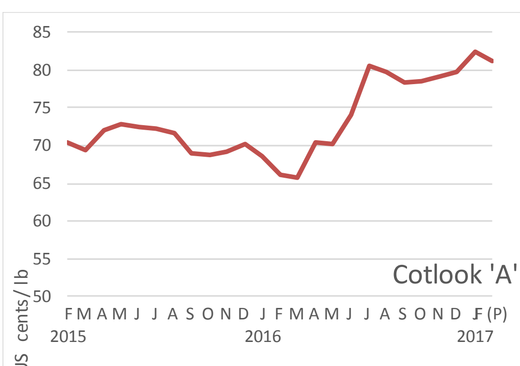
GLOBAL COTTON MARKETS

Cotton prices will remain firm until July

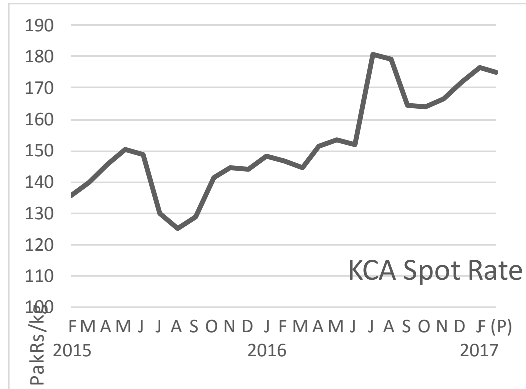
Global cotton markets are fraught with factors driving them bullish despite balanced demand-supply situation. Although availability estimated by experts is ample, Futures have trended higher, also supported by weakening US$ of late. Cotton Outlook's latest estimates foresee a smaller shortfall in 2016-17 than USDA's forecasts. World cotton production is projected at 104.04 million bales by Cotton Outlook and consumption at 109.74 million. USDA's forecasts are at 105.34 million bales for production and 111.76 million bales for mill use. ICAC has projected an 8 percent to 104.72 million bales in 2016-17.



India's production is forecast to increase 4 percent to 26.63 million bales, making it the world's largest producer. Production in US will rise 28 percent to 16.53 million bales, while production in Pakistan will recover 20 percent to 8.27 million bales. Despite declining by 4 percent to 21.12 million bales, China would still be the second largest producer in 2016-17. Production in Brazil, the world's fifth largest producer, is forecasted to increase by 10 percent to 6.43 million bales. Australia is expected produce 4.59 million bales up 64 percent due to expanded plantings.

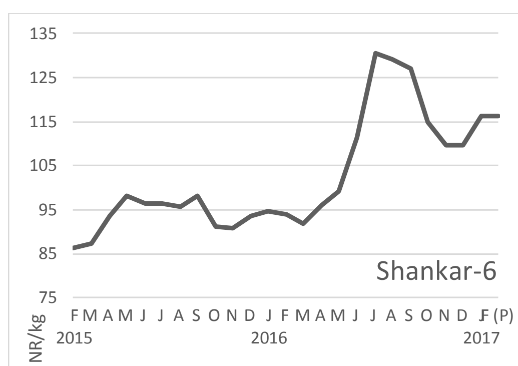


Cotton prices worldwide may start falling from May and early June due to increased supply following higher production and remaining stocks from last year. The ICAC forecasts that cotton prices will range between US cents 66 - 83 cents per pound from the second half of 2016-17 cotton season. Additionally, cotton from Brazil and Australia will put pressure on prices through the end of 2016-17 to the start of the next season as both countries are also large exporters. However, in case the weakness in US$ is short-lived, it will adversely impact international markets pushing cotton prices down.



Trends in January

Cotton markets were bullish in January as a marketing year high was reported in US export sales which propelled an advance in cotton futures. The Futures were also helped by the weakening US$, which made commodities dearer in US$ terms. The March contract on ICE Futures US rose 5% for the month to average US cents 74.14. The Cotlook A index climbed 4.5% closing January averaging of US cents 83.36 per pound. The China Cotton Index edged down 0.3% on the month to 15,825 yuan a ton. In Pakistan, cotton market saw regular flow of buying orders from spinners and the official spot rate averaging PakRs6,666 per maund ex-Karachi, up 4% on the month. In India, after an unusual rally at the start of the harvest season, cotton prices headed up as arrivals drifted disrupted by the demonetization policy. Most varieties saw prices surge 3-14% in January.



Global Cotton Fibre Price Forecast

Product / Specs	Market		Jan-17	Feb-17	% YoY	Jun-17	% YoY	Dec-17	% YoY
			Actual	Forecast		Most likely		Tentative	
New York Futures	New York	US cents/lb	73.5	72.3	22.2	77.1	19.9	81.2	15.0
Cotlook 'A'	Far east Asia	US cents/lb	82.5	81.2	22.6	86.3	16.4	90.3	13.2
Karachi Cotton Asso.	Pakistan spot	PakRs/Maund	6,579	6,531	19.3	6,858	21.1	7,165	11.8
East Texas 41,4,34	Spot	US cents/lb	70.9	69.8	23.7	74.6	22.6	78.9	15.0
American PIMA-2, 3,46	Spot	US cents/lb	137.3	136.3	11.9	142.5	21	148.6	8.3
China Cotton Index	Futures	Yaun/ton	15,787	15,623	27.6	16,216	26.8	16,680	5.1
Bengal Deshi Assam	India spot	Rs/candy	31,200	31,126	4.8	32,173	-3.21	33,335	19.2
Shankar-6	India spot	Rs/candy	41,375	41,276	23.5	42,945	8.34	44,758	14.7

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TexB Reports	INR	US$	Euro
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India Monthly Fabric and Garment Exports	24,000	365	350
Global Polyester Price Forecast	24,000	365	350
Global Nylon Price Forecast	24,000	365	350
Global Acrylic Price Forecast	24,000	365	350
Global Cotton Price Forecast	24,000	365	350
Global Fibres - Annual report	40,000	600	580
Global Polyesters - Annual report	25,000	380	365
Global Nylons - Annual report	20,000	305	290
Global Acrylics - Annual report	20,000	305	290
Global Cotton - Annual report	20,000	305	290

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