

## **Cotton Industry 2019/20**

### **Positive Outlook Despite Ongoing Risks – Cotton Consumption at Record High**

**Bremen, 11 April**

The cotton industry is facing continued uncertainty as a result of the unsolved trade row between the USA and China. Global economic growth is slowing down, while at the same time, demand for cotton is losing momentum. Nevertheless, the International Cotton Advisory



Committee's 2019/20 forecast shows world cotton consumption at a record high level of 27.3 million tonnes, an increase of 1.4 % compared to the previous season. In addition to the increase in the world's population, the competitive price of cotton in relation to polyester is also a significant factor in increasing cotton consumption.

Increases in worldwide acreage and production are also expected in 2019/20 as farmers, especially in the United States, China, India and Pakistan respond to favourable cotton prices compared to competing crops. As a result, the ICAC predicts that global production will increase to 27.6 million tonnes, an increase of 5.7 % compared to the previous season. This forecast is supported by a six percent rise in global yields to 817 Kg/ha.

This means that production is currently forecast to slightly exceed consumption, which is expected to result in end stock levels increasing by 1.5 % to 17.7 million tonnes by the end of 2019/20 season.



According to the ICAC price model, the Cotlook A Index will average 81.25 cents per pound in the upcoming season. The Cotlook A Index reflects the price movements of raw cotton, with a focus on deliveries in Asia. The ICAC's projection would be lower than the Cotlook A Index of 88 cents/lb in 2018/19 and 83 cents/lb in 2017/18. The CIF Bremen price index for cotton on the European northern continent stood at 88.85 US cents/lb on 3 April. The CIF Bremen index reflects the daily value of cotton and is published by the 'Committee for Standards, for the Determination of Value Differences and for Price Quotations' at the Bremen Cotton Exchange.

*The Bremen Cotton Exchange regularly informs the trade and business press about the development of the global cotton industry. You can also subscribe to our Bremen Cotton Report, which every two weeks provides an overview of the cotton world with country and market reports, news from research and development, as well as information on events. As a centre of competence for cotton, we are available to provide answers to detailed questions and additional information material.*

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## **About the Bremen Cotton Exchange**

Based on its experience gained in over 140 years of dialogue with the market, the Bremen Cotton Exchange is regarded as a recognised authority and a strong partner in the industry. Today, this not only applies to the cotton trade, spinners / weavers and service providers for the cotton industry, but also to the downstream textile and clothing industry.

The Cotton Exchange is an international arbitration body. Judgments made by the Arbitration Court of the Cotton Exchange are in accordance with the New York Convention of 1958. They are internationally recognised and therefore quickly enforceable.

As a joint venture with the International Cotton Association Ltd. (Liverpool), we have been running the International Cotton Association Quality and Research Centre Bremen GmbH since 2011. This has made us the international centre for cotton testing and research, quality training and certification. Bremen is home to a state-of-the-art laboratory equipped with the latest equipment.

Every two years, the cotton world gathers in Bremen: Together with its testing laboratory, the Fibre Institute Bremen (FIBRE), the Bremen Cotton Exchange hosts the International Cotton Conference, which has become the world's leading conference in the field of cotton testing. Around 600 guests from all over the world regularly travel to the Hanseatic city to attend the high-ranking sessions at the Bremen City Hall and take the opportunity to make personal business contacts.