



ACSA

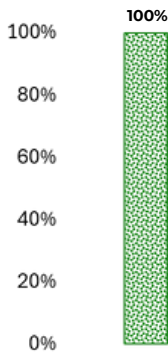
AUSTRALIAN COTTON SHIPPERS ASSOCIATION

MARKET REPORT - NOVEMBER 2024

CROP UPDATE

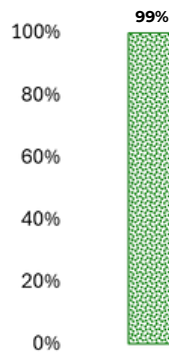
- Ginning of the 2024 crop is nearly complete with only 4 gins still running. All should be finished in November.
- Shipments remain solid in September as demonstrated below.
- Planting is well progressed for the 2025 crop with most growers reporting good crop establishment.
- Final planted area is not yet known but the 2025 crop is expected to be in the range of 4.5 – 5.0 million bales.

HARVEST PROGRESS



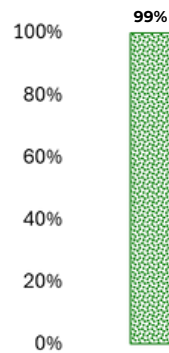
Source : Data from industry estimates

GINNING PROGRESS



Source : Data from industry estimates

CLASSING PROGRESS

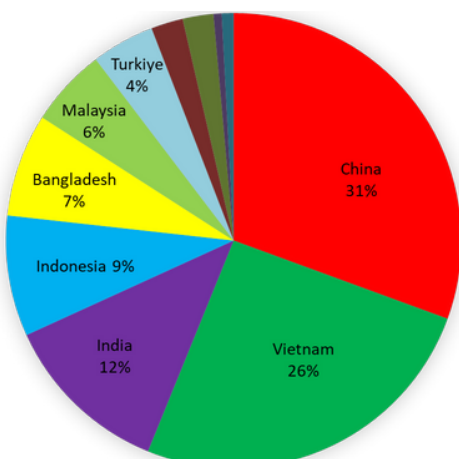


Source : Data from industry estimates

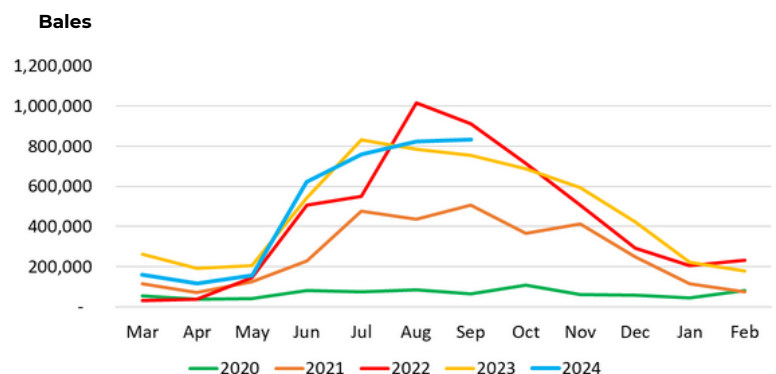
EXPORT UPDATE

- Exports remained solid in September with a very healthy 833,000 bales (190,000 MT) leaving our shores.
- China was our largest market in September taking 30% of exports with Vietnam close behind on 25% and India 17%. The balance was mostly split across Indonesia, Bangladesh, Malaysia, Turkey, Pakistan and Turkey.
- The September figure takes us to 3.47 million bales (790,000 MT) shipped for the year so far representing the third largest year on record for shipping to end September.
- Shipping pace is expected to be maintained in October but will likely start to taper off after that.

AUSTRALIAN COTTON EXPORTS 2024 SEASON YTD SHIPMENTS - to Sep 30, 2024



HISTORICAL SHIPPING PACE



GAME CHANGER FOR GLOBAL COTTON?

by Cliff White

As we approach the end of a whirlwind 2024, it is worth noting that it has also been a momentous year for the global cotton industry with some very significant changes occurring – and this may well prove to be game changing in terms of the global cotton structure.

Brazil has emerged as the major exporter this year, overtaking the USA and based on the current circumstances, looks set to maintain that position for the foreseeable future. It is, and has been, the cheapest growth available for many months as illustrated by the Cotlook A Index and this situation does not look like it will change any time soon. Together with Australia, 50% of the forecast global free trade of 43 million bales will come from the Southern Hemisphere. That is an amazing statement but shows how important production in the south has become.

The rise of the Southern Hemisphere in terms of cotton production and therefore market influence cannot be understated and the fact that Brazil has the cheapest cost of production between the three major exporters of USA, Australia and Brazil means any production reduction must occur in the first two countries. This dynamic has the potential to upend a global market that has been driven by the USA for decades. This has huge implications for the only cotton Futures market that we have available, ICE. The volumes being traded by Brazil and by a much lesser degree Australia, are impacting and influencing moves in the market on the forward traded months. With US growers largely absent from the Futures market due to the unattractive level for them, it is the Brazilian and Australian grower that is participating in the market.

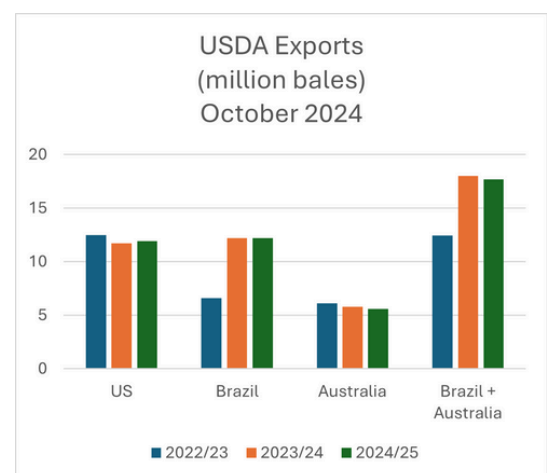
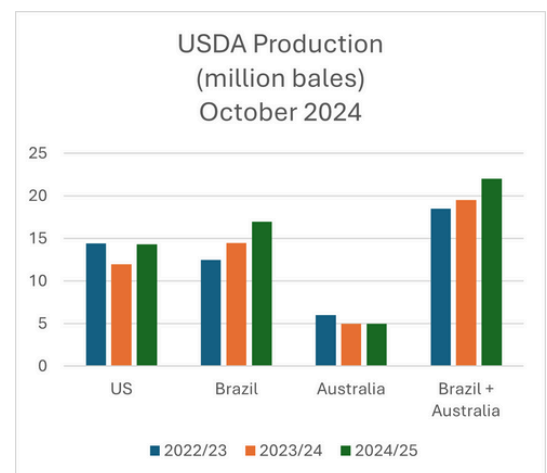
The Futures market continues to be range bound as demand is still reported to be poor and even though business is taking place, it is mostly for nearby shipments with little demand for next year's shipments. Consequently, we are searching for direction with a Futures market stuck between 68 and 74 cents based December and it is difficult to see what might happen to make the market move decisively out of this range. Perhaps it will be the US election and depending on the result, we could be headed for a global tariff tit-for-tat trade war. Whatever the result, the global consumer is still being reserved in their activity due to cost of living pressures, therefore a broad Futures range of 65 to 75 looks likely for some time.

As always China poses the big question in any cotton discussion and its economic position remains the focus for many traders as it impacts the level of imports. Currently those import estimates are disappointing the market. The import forecast for the 2024/25 marketing year is around 9 million bales, combined with large consignment stocks that are rapidly becoming "old crop", the situation would lean to the bear side rather than the bull.

With Australia already planting what is expected to be a larger crop, somewhere around 5 million bales, it is expected that we will also see larger production in Brazil, possibly approaching 18 million bales. This then begs the question about what will happen in the USA? Cotton in the USA is the most expensive to produce and even with all the subsidies received it would seem that acreage will decline for the next season. Financial providers will be encouraging growers to plant other crops - beans or corn - due to current market conditions. Of course, those planting decisions are a few months away but unless the December 25 contract can trade in the 75 to 80 cent range then acreage will decline. This is without taking the drought conditions in Texas into account.

Finally, I cannot finish this article without sharing some positive news regarding the global cotton industry coming together because of the potential European legislation that could impact the import of natural fibres into the EU. As things stand, manmade fibres are deemed more environmentally friendly than natural fibres. Led by "Make the Label Count" the global cotton industry is coming together to discuss ways to lobby for and promote cotton as a single commodity rather than each origin trying to do their own thing. To this end ACSA, ACSA (USA) and ANEA (Brazil) continue to explore ways to collaborate that will raise awareness of cotton and its many benefits to society.

Cotton has several challenges to overcome in the next few months, not least of which is revived global consumer activity however it may well be macro events that trigger a big move in all markets. You all know what to watch for!



CONGRATULATIONS EIMEAR MCDONAGH



ACSA congratulates Eimear McDonagh on her appointment as Second Vice President of the International Cotton Association. As one of the first female Directors of the International Cotton Association, Eimear is a founding member of Women In Cotton initiative that aims to improve diversity and the role of women in the global cotton industry. Eimear works to serve the cotton community to promote knowledge sharing and innovation. Her passion lies in connecting global buyers to a sustainable and traceable cotton supply chain and to promoting the good cotton story for the benefit of all.

MEET YOUR SUPPLY CHAIN PARTNER

Brighann Cotton is an international enterprise with a family farming heritage. Brighann Cotton operates an Australian family-owned farming, ginning, shipping and trading enterprise in Australia, including Brighann Cotton Marketing, Brighann



Ginning and Seery Farms. The Seery farming operation is predominantly for irrigated production of cotton, underpinned by Brighann Ginning's capacity to process 200,000 bales of cotton each season.

Brighann Cotton is globally connected with teams in Australia, China and the USA with the Brighann team pro-active in establishing and maintaining long standing relationships with growers, importers and mill customers.

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