

Australian Cotton Industry



Approximately **1500** cotton farms in Australia, roughly **half** in **NSW** & half in **Queensland**, averaging **656 hectares**.

Australia's cotton growers

produce yields **TWO AND A HALF** times the global average and have produced the world's highest cotton yields for **20 years running**.



is the **world's largest producer and consumer** of **cotton** accounting for **30%** of global production and **40%** of mill consumption in the last **5 years**.

The **average age** of a cotton farmer is



In an average year, **Australia's cotton growers** produce enough cotton to **clothe 500 million people**

NAB's economic forecasts

	Q2 2013	Q3 2013	Q4 2013	Q1 2014
AUD/USD Exchange Rate (\$)	1.00	0.99	0.98	0.97
Australian GDP (%)	0.70	0.60	0.60	0.90
RBA Cash Rate	2.75	2.75	2.50	2.50

Drivers of industry conditions

Category	Drivers of industry conditions
Prices	<ul style="list-style-type: none"> Cotton prices defied expectations by strengthening steadily between November and March despite a global oversupply. Also, prices breached the 90 US cents mark in March according to the ICE Cotton #2 Index. Prices are still significantly lower than the 214 US cents reached in March 2011. Bulk purchases by the Chinese Government to restock its strategic reserve have stoked the recent bout of price rally, which was expected to stop once desired buffer stock is reached. More recently, prices have softened due to weakened demand, to be around 85 US cents.
Production	<ul style="list-style-type: none"> The latest global production estimate by the International Cotton Advisory Committee (ICAC) in May suggested a 5% decline in 2012-13 to be around 26.3 million tonnes. A further fall of 6% is expected in 2013-14, bringing production to 24.6 million tonnes. Cotton prices are lower while prices of competing crops are higher than the previous year, resulting in substantial switching in plantings. Based on the latest ABARES forecasts, Australian cotton lint production is expected to fall by 21% in 2012-13 to 945,000 tonnes, with irrigated cotton faring better than other species, and dryland cotton performing poorly. In 2012-13, Australian irrigated plantings will dominate about 95% of the planting area at 442 000 hectares (down 7% from last season), leaving dryland cotton with just 23 000 hectares (down 85%).
Consumption	<ul style="list-style-type: none"> According to the ICAC, lower cotton prices and more positive global economic conditions in 2012-13 have led to an estimated 7% increase in world mill consumption of cotton to 23.7 million tonnes, the first growth in three years. Another 2% growth to 24.3 million tonnes is forecast for 2013-14. Mill use in China is expected to fall in 2012-13 and 2013-14 to the lowest in a decade, partly attributable to the uncertainty surrounding China's national cotton policy. Decreased mill use in China will be partially offset by increases in India, Bangladesh, Turkey and Pakistan.
Trade	<ul style="list-style-type: none"> World cotton exports are expected to fall by 4% in 2012-13 and 6% in 2013-14, driven by both lower import demand and export supplies. More than 50% of the forecast decline in world exports is expected to take place in India, Brazil and Pakistan. This is partly offset by an expected rise in exports from Australia and Uzbekistan. If forecast exports volume of 1.1 million tonnes is realised, Australia will be the second largest raw cotton exporter in 2012-13, trailing only the United States.

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