



Cotton Outlook

Dale Cougot
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Prices

World Balance Sheet

Global Sourcing Shifts

MT PIB

US Balance Sheet

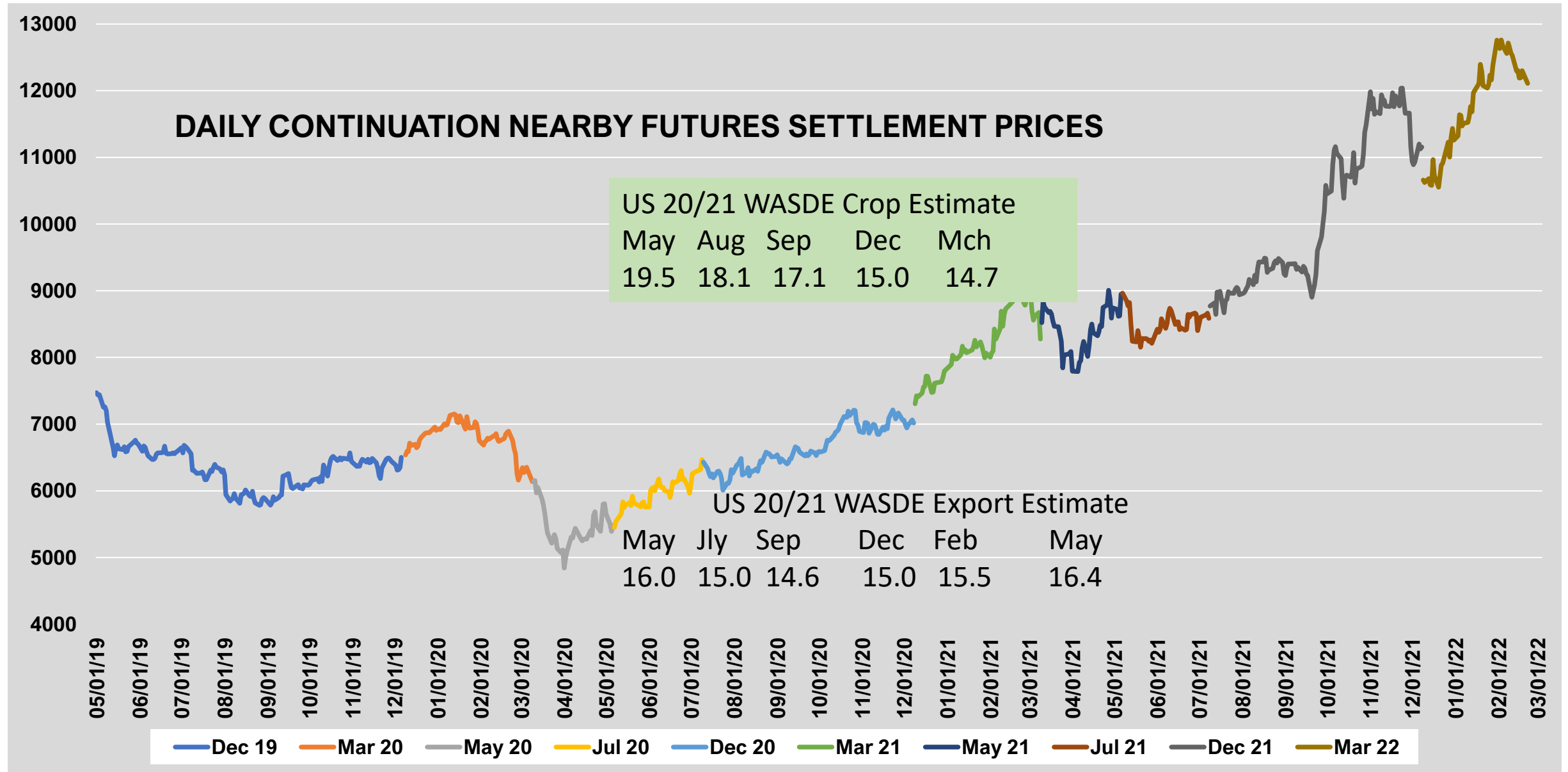
- Shipments
- New Crop

US Trust Protocol

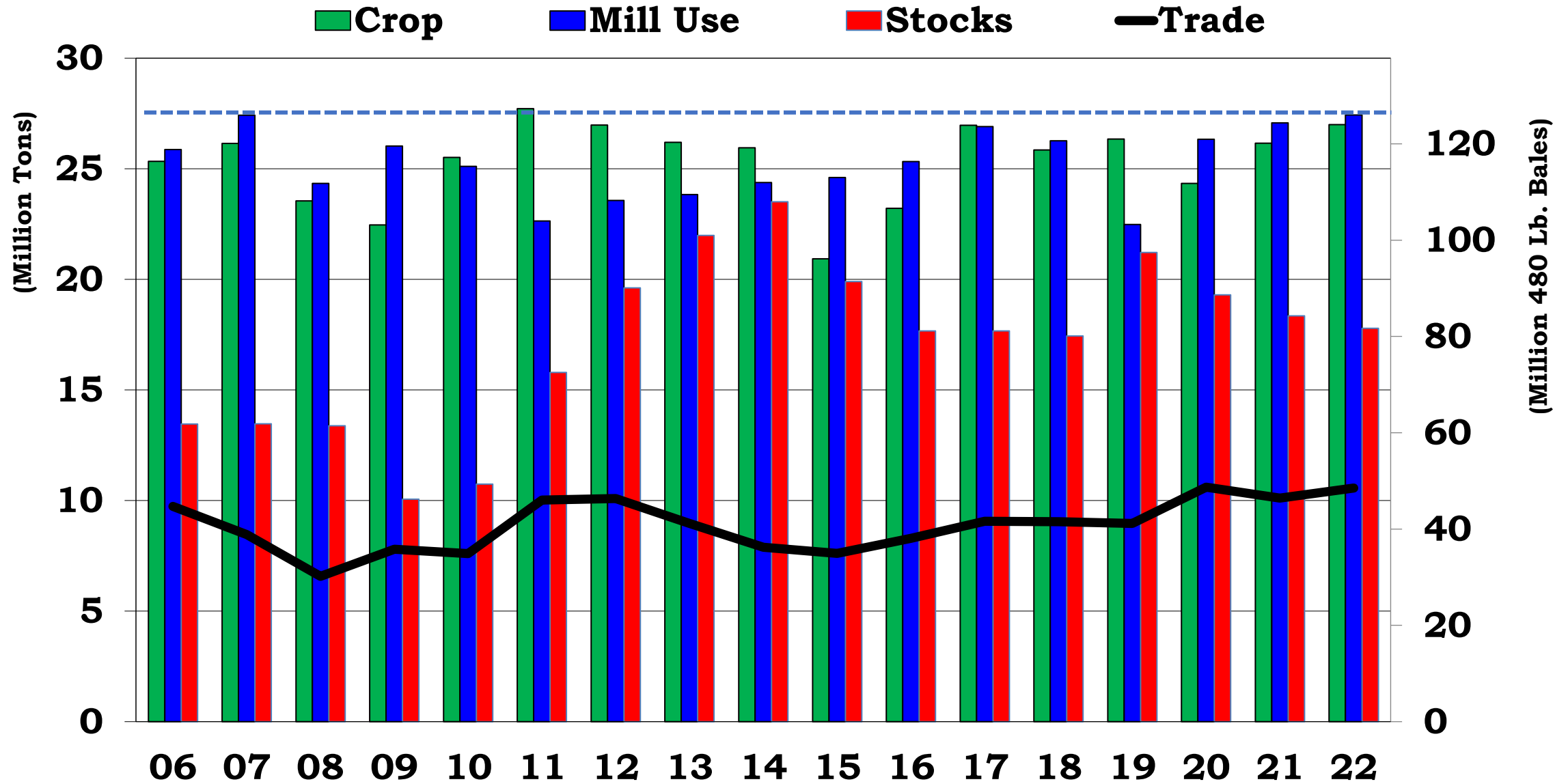
Outlook

*This discussion is
my personal
opinion and does
not reflect that of
Olam Agri or any of
its senior staff.*

How did prices climb to current levels.....



World crop lags mill use, as mill use hits a record



Sourcing shifts from COVID and Geo-Political

2020 COVID

Closures of mills required a shift of cotton around the world to hold and deliver

Globally Ports dealt with out breaks and delays

US Ports were in the same issues

- Truckers were monitored and restricted in travel, specifically in California Ports
- Cotton Warehouses including origin and consolidated warehouse fought staffing issues

Retail sourcing started shifting to eliminate contact points

- US mills recovered with the Made in the USA of PPE (they experienced COVID staff issues)
- Mexico and Turkey

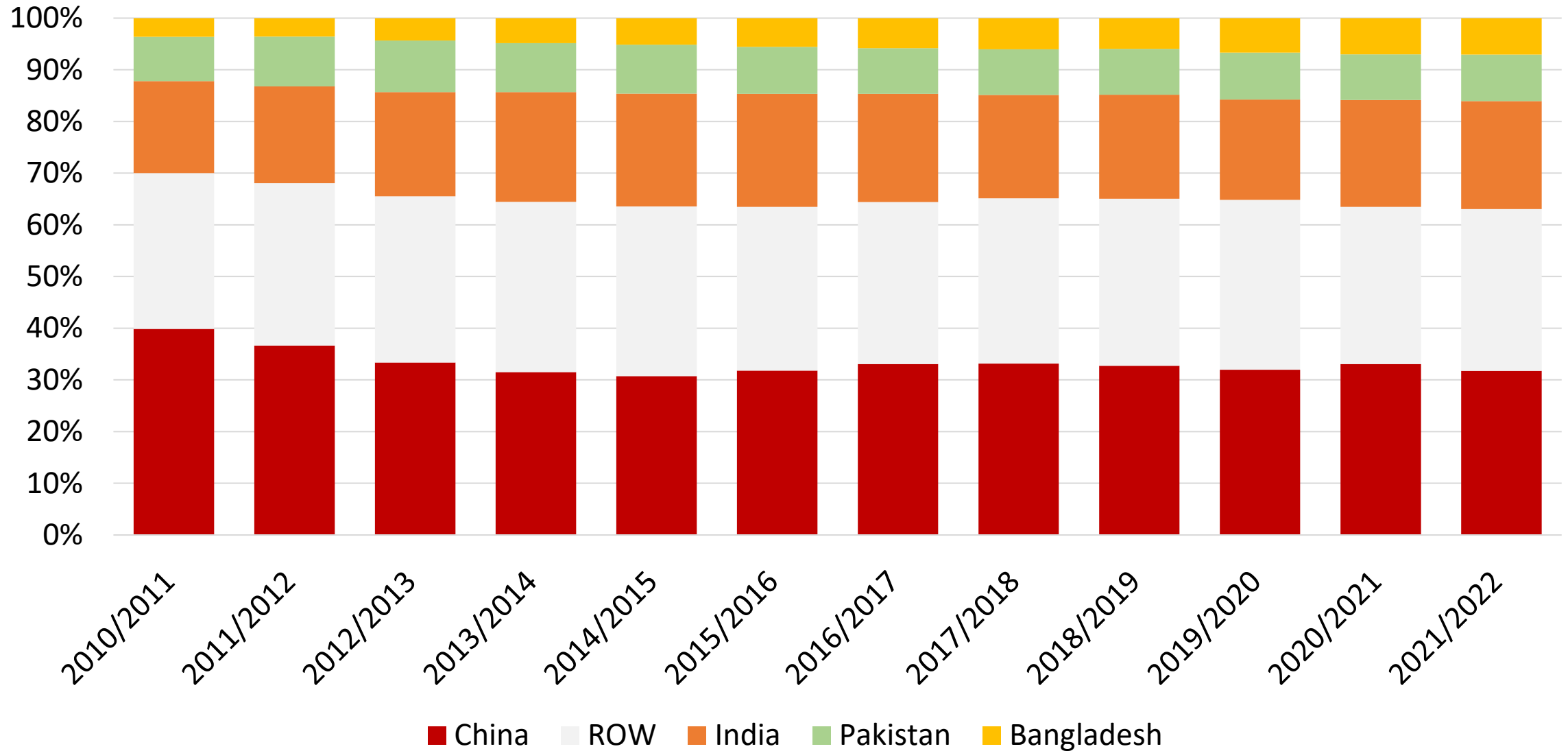
2021 Logistic issues started picking up as imports to the US skyrocketed

- Part was the back log of goods
- Higher demand as consumers had money to spend
- Ships anxious to return to China, shipping lines pull all empties

Uyghur Forced Labor Prevention Act which bars the importation into the United States of products made from forced labor in the Xinjiang region of China, specifically noting cotton.

Halt imports of goods from nonmarket economies that currently receive benefits from the **de minimis threshold** that allows imports valued under \$800 to enter the U.S. free of duties, taxes and fees, targeting China.

Sub-Indian Continent expands to replace China

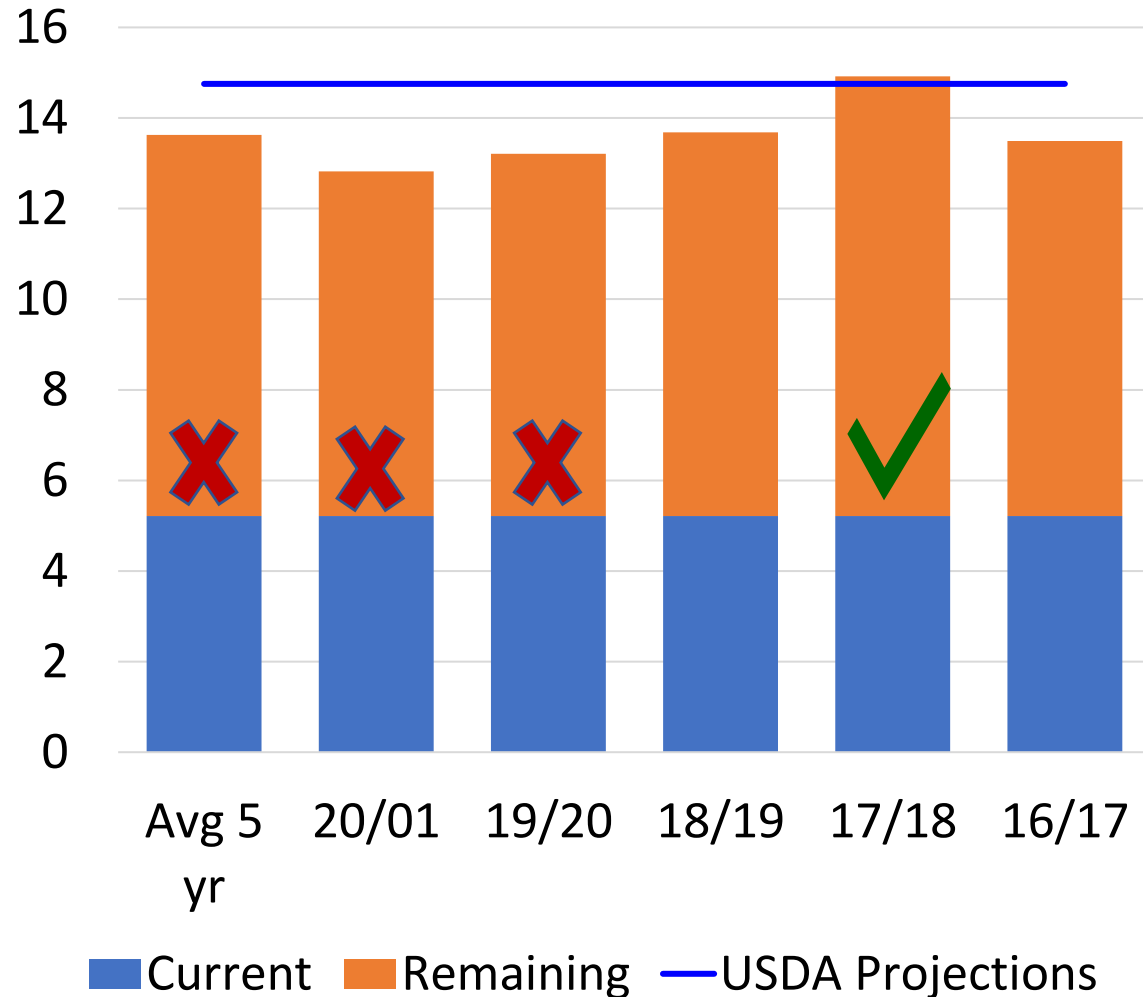


US Stocks debate going into 2022/23

000's 480 lb Bales	20/21	21/22	NCC	Variance
B-Stocks	7,250	3,150	3,150	
Crop	14,608	17,624	17.624	
Imports	0	0	0	
Exports	16,371	14,750	13.811	-0.939
Use	2400	2,550	2.580	+0.030
E-Stocks	3,150	3,500	4.354	-0.854
Crop/Use	77.8%	96.1%	107.5%	
Stock/Use	16.8%	20.2%	26.5%	
Trade/Use	87.2%	85.3%	84.2%	

Two main variables to watch in the Short term

US 2021/22 Exports



US 2022/23 Crop

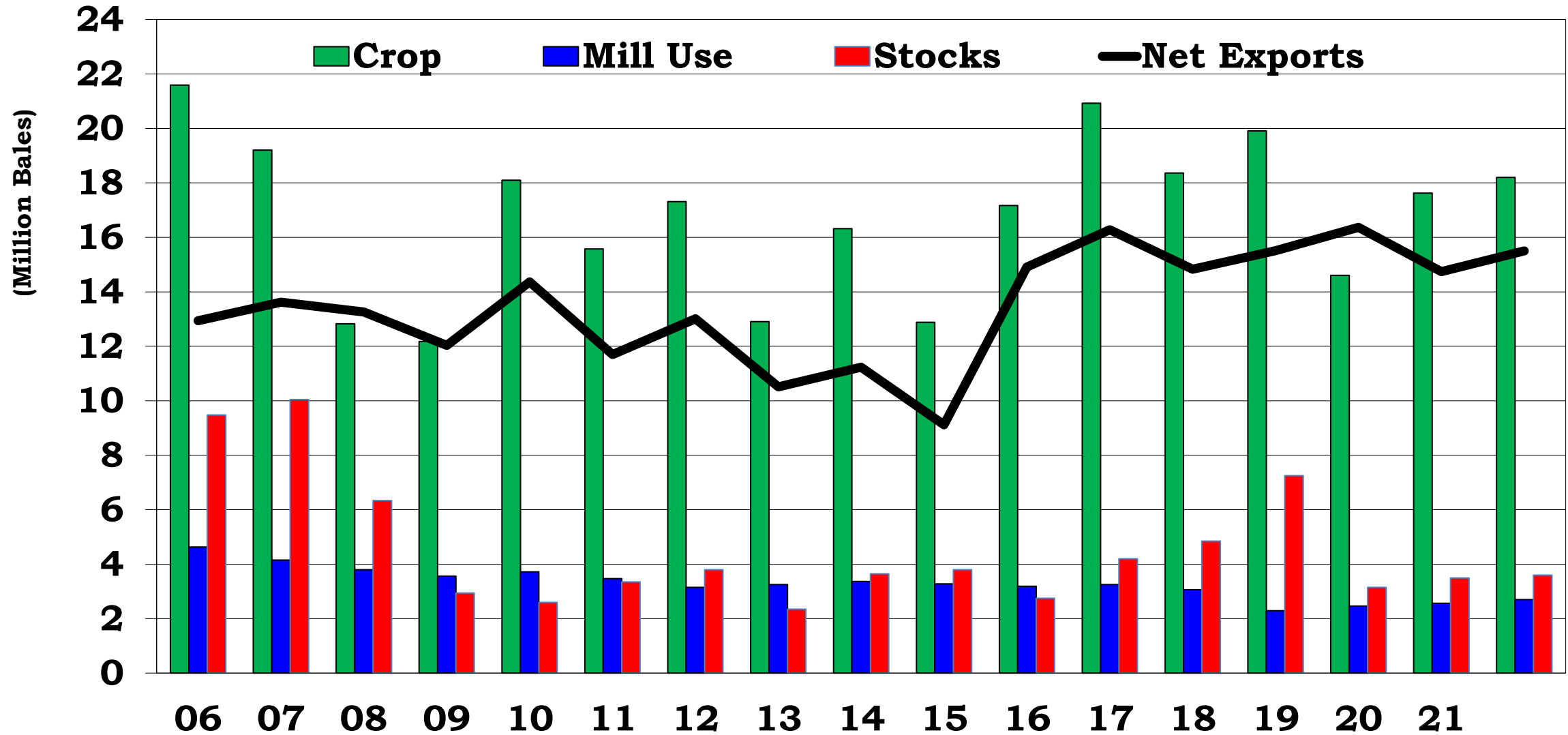
National Cotton Council		21/22	22/23	Change
Planted Area	Mil acres	11.22	12.04	7.3%
Harvested Area	Mil acres	9.97	9.76	-2.1%
Abandonment	%	11.1	18.9	+70.3%
Yield	Lbs/acre	847	850	0.4%
Production	Mil bales	17.62	17.27	-2.0%

USDA Outlook		21/22	22/23	Change
Planted Area	Mil acres	11.22	12.70	13.2%
Harvested Area	Mil acres	9.97	10.20	2.3%
Abandonment	%	11.1	19.7	77.4%
Yield	Lbs/acre	847	856	0.8%
Production	Mil bales	17.62	18.20	3.3%

US 2022/23 Ending Stocks hold at the current level

000's 480 lb Bales	20/21	21/22	22/23	Y-O-Y
B-Stocks	7,250	3,150	3,500	11.1%
Crop	14,608	17,624	18,200	9.5%
Imports	0	0	0	
Exports	16,371	14,750	15,500	5.1%
Use	2400	2,550	2,700	5.9%
E-Stocks	3,150	3,500	3,600	2.9%
Crop/Use	77.8%	96.1%	100.0%	
Stock/Use	16.8%	20.2%	19.8%	
Trade/Use	87.2%	85.3%	85.2%	

US stocks remain flat for the third year as exports to supply remain high at over 70%.



35 YEARS – of – REDUCED ENVIRONMENTAL IMPACT

Land Use
Efficiency
Increase

49%

Soil Loss
Reduction

37%

Water
Reduction

79%

Energy
Reduction

54%

GHG
Reduction

40%



U.S. COTTON
TRUST PROTOCOL®

Source: Field to Market: The Alliance for Sustainable Agriculture 2016 Environmental and Socioeconomic Indicators Report. (Fig. 1.29, Reductions over 35 years, 1980-2015)
Available at www.fieldtomarket.org.

The question is how long does this drag out, dollars to commodities, commodities price at level of demand destruction!



Russia invades Ukraine

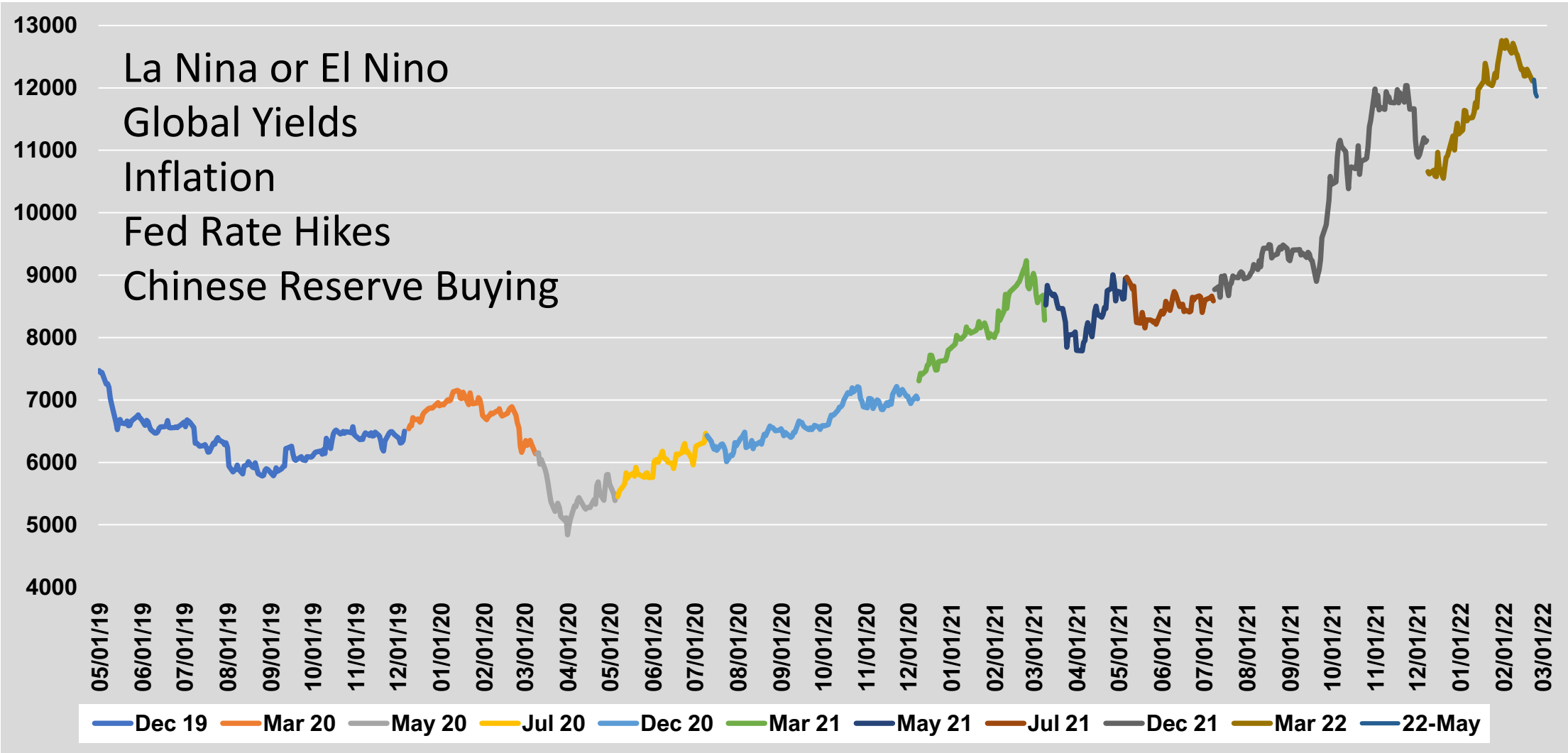
Updated Feb. 28, 2022

Local time in Kyiv 4:00 p.m.
... in Moscow 5:00 p.m.

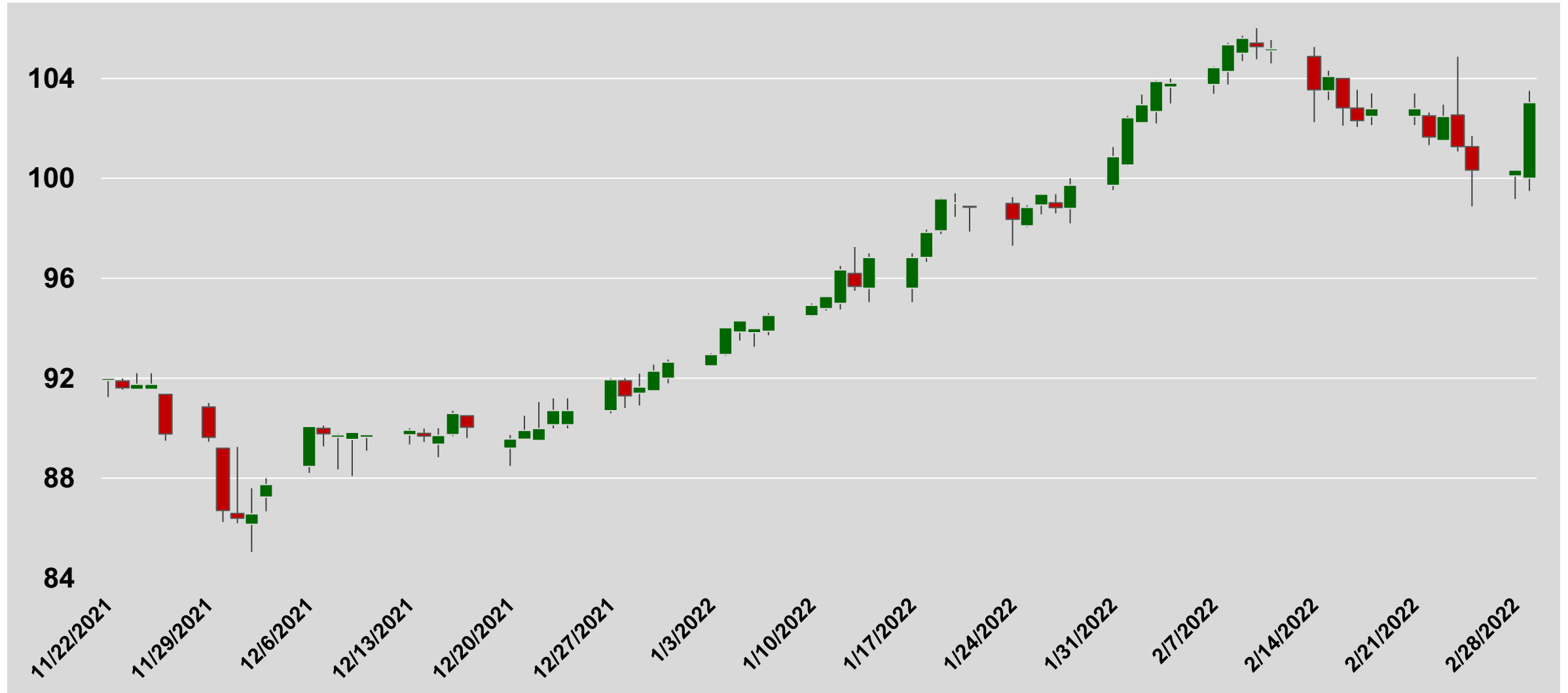
LATEST

World stocks slid, oil prices jumped and the rouble tanked to fresh record lows on Monday, as the West ramped up sanctions against Russia for its attack on Ukraine.

Outlook and things to watch for in 2022/23.....



Dec22 was on the rise with the believe it would test the current year levels, then Russia invaded Ukraine.



A wide-angle photograph of a cotton field in full bloom. The foreground and middle ground are filled with rows of cotton plants, their stems dark brown and covered with numerous white, fluffy cotton bolls. In the distance, a flat horizon line separates the field from a range of rugged, brown mountains under a cloudy sky. Several small, blue-roofed structures are visible on the horizon. A large, white circular graphic with a thin blue border is centered over the field, containing the text "Thank you!" in a bold, italicized black font.

***Thank
you!***