

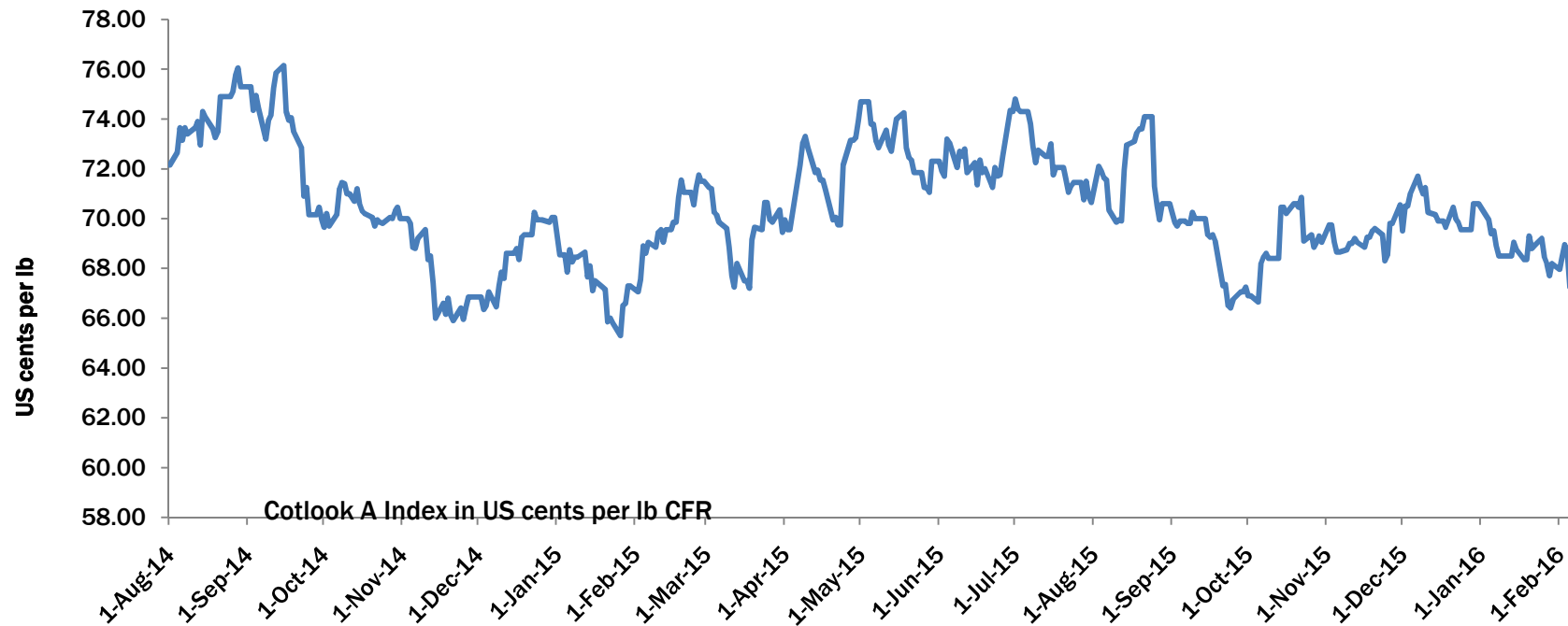
The Outlook for the World Cotton Market through 2016-17: Will China begin to liquidate its reserves?

Ray Butler,
Cotton Outlook

CAI Conference 2014

“three seasons of relative price firmness seem likely to be consigned to history, as China’s policy is adjusted, with consequences that are not yet wholly predictable... What the market lacks is convincing evidence that mill consumption is about to recover with sufficient vigour to reverse the trend of rising world stocks apparent now for several consecutive seasons.”

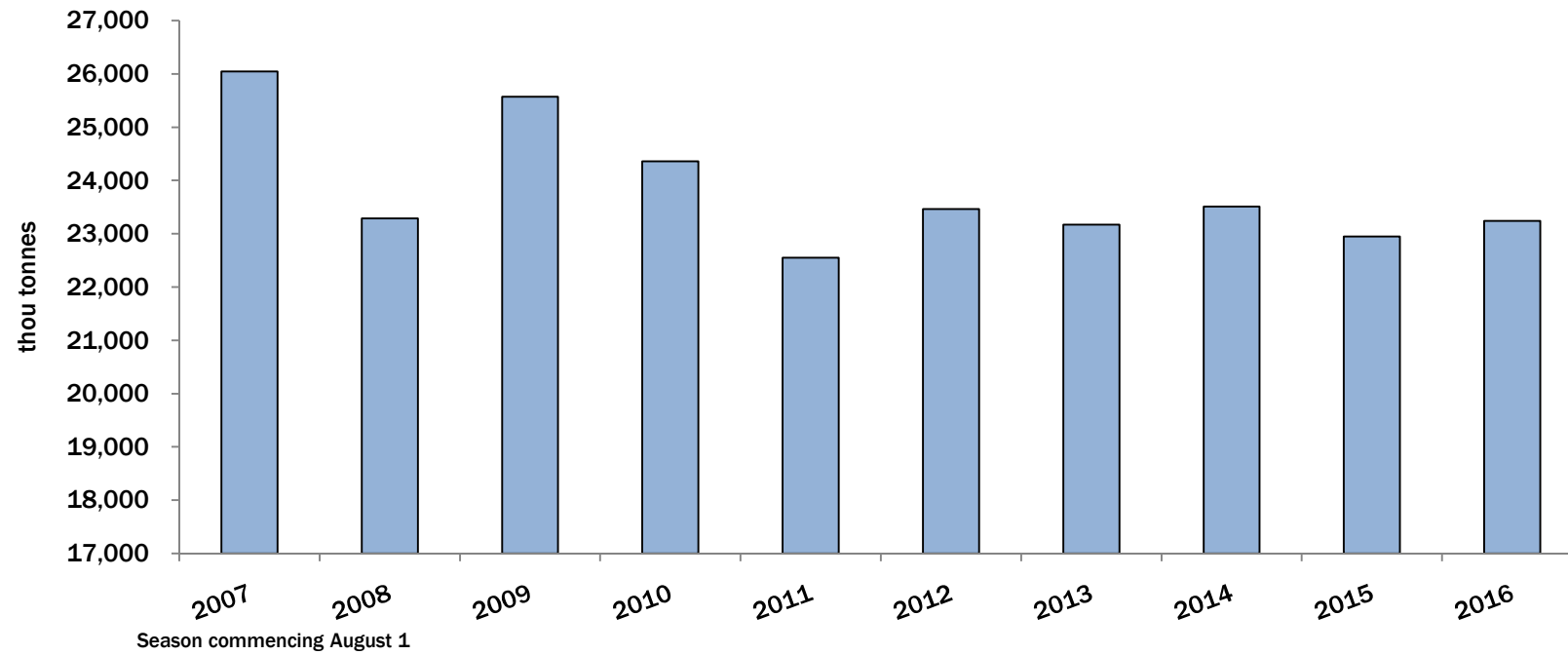
Price movements since Mumbai 2014



The challenge of uncertainty

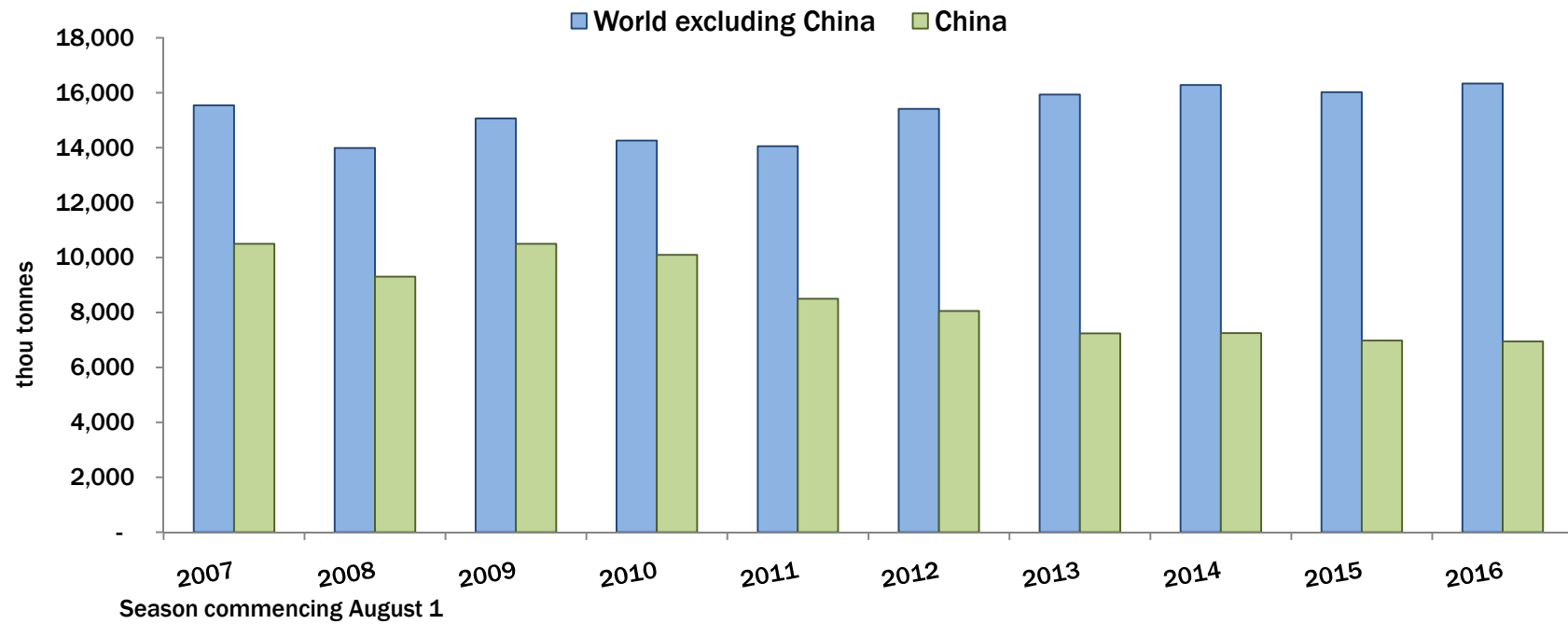
- “Entrepreneurs are great at dealing with uncertainty and also very good at minimizing risk. That's the classic great entrepreneur.” Mohnish Pabrai
- “Without the element of uncertainty, the bringing off of even, the greatest business triumph would be dull, routine, and eminently unsatisfying.” J. Paul Getty

World raw cotton consumption

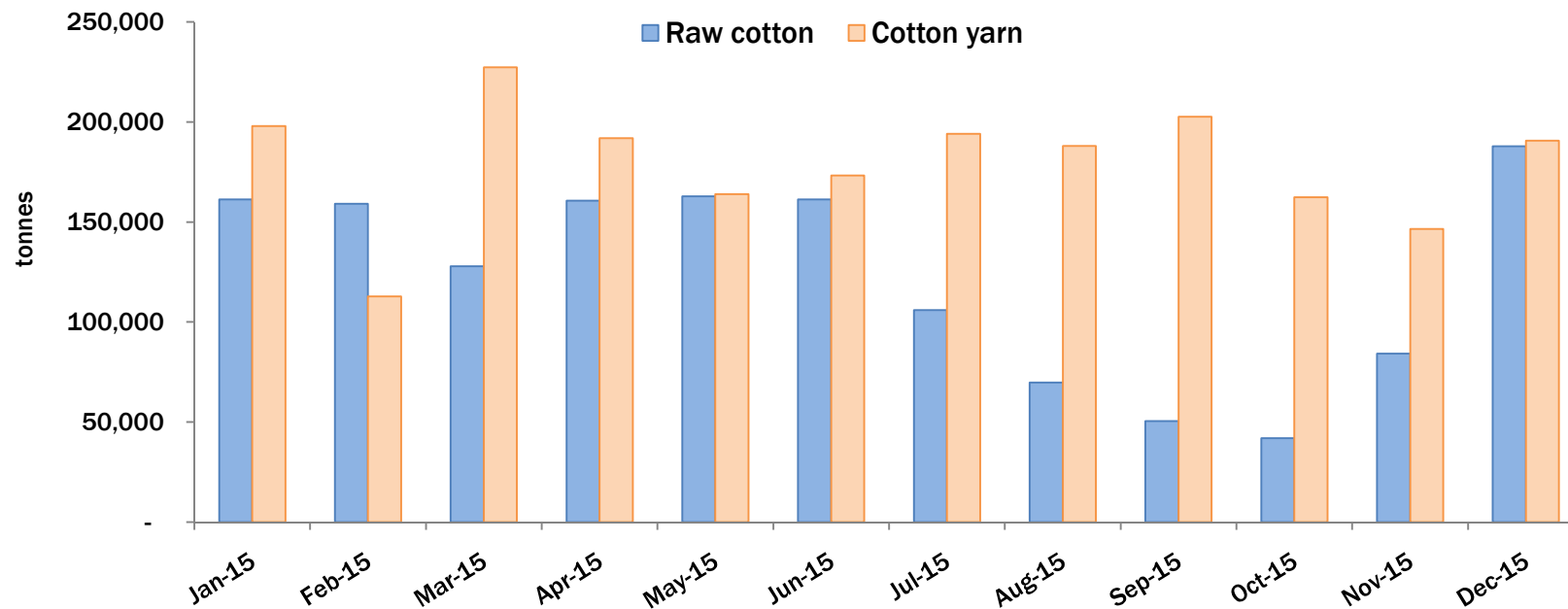


CAI Goa, 2016

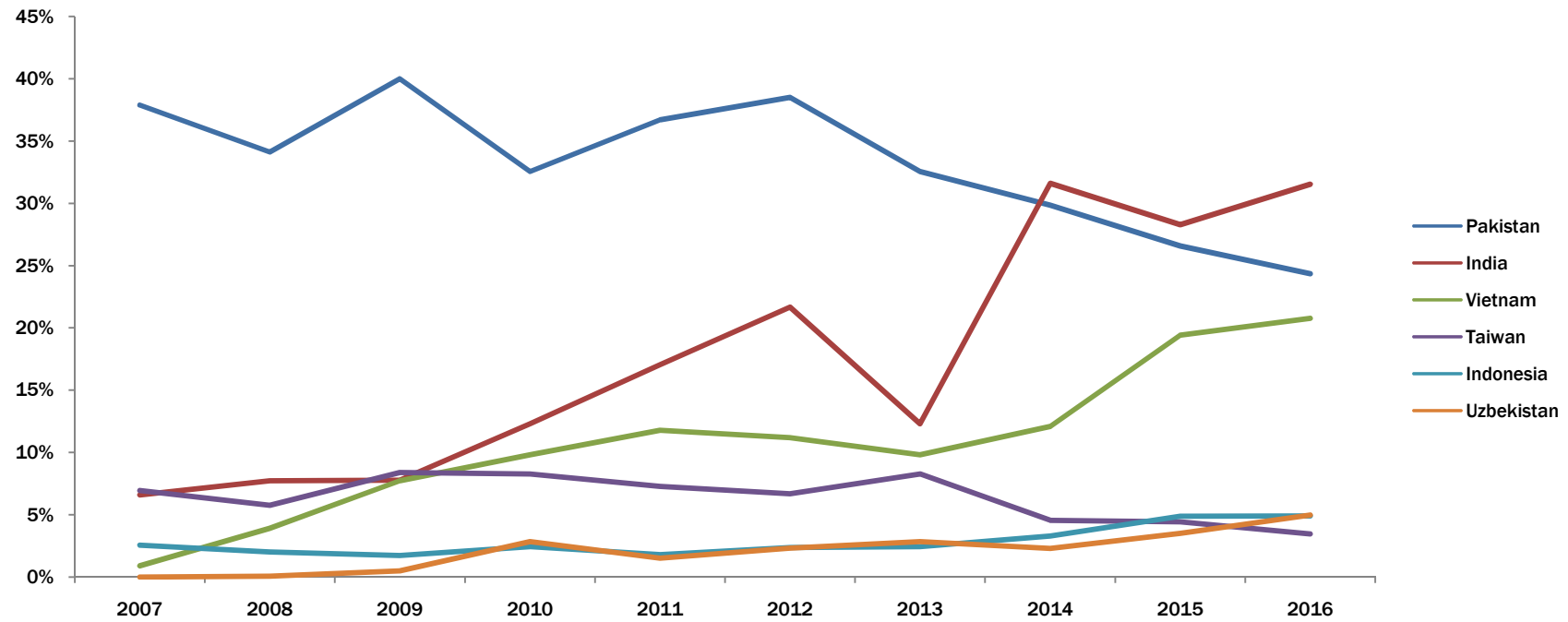
World raw cotton consumption



China's raw cotton and cotton yarn monthly imports in 2015

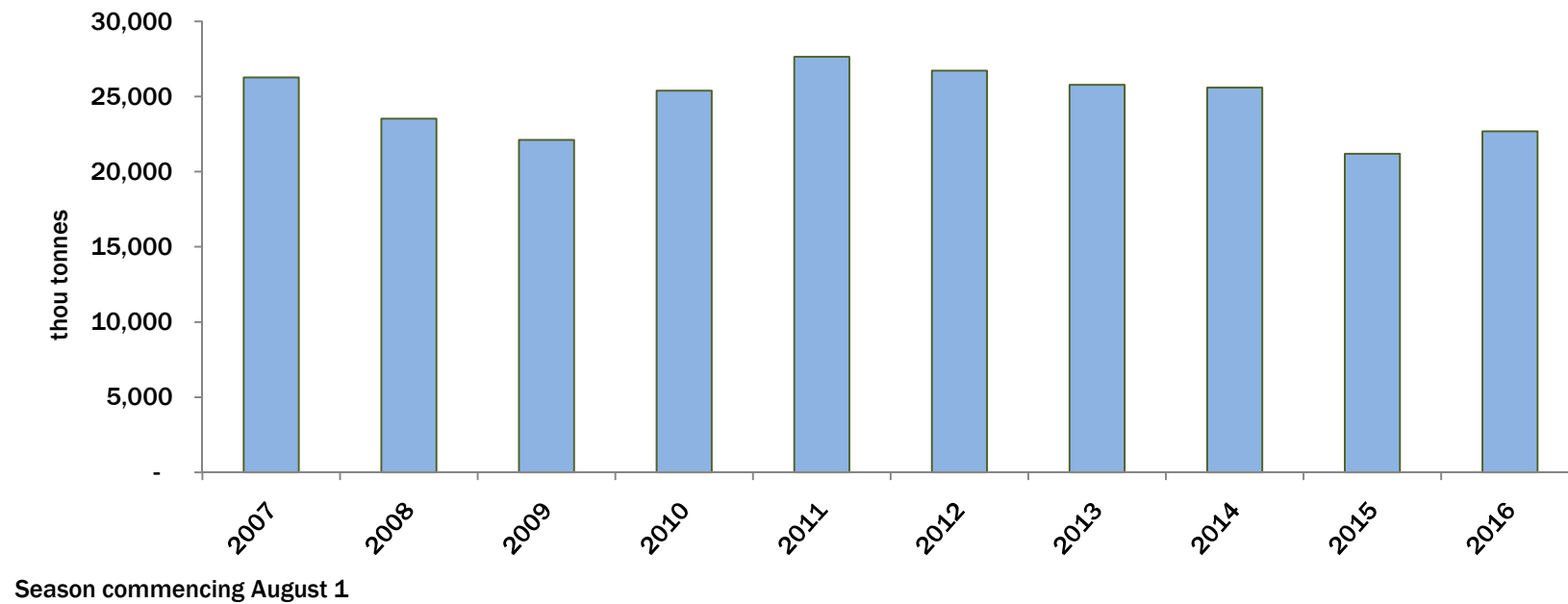


Shares of China's cotton yarn imports

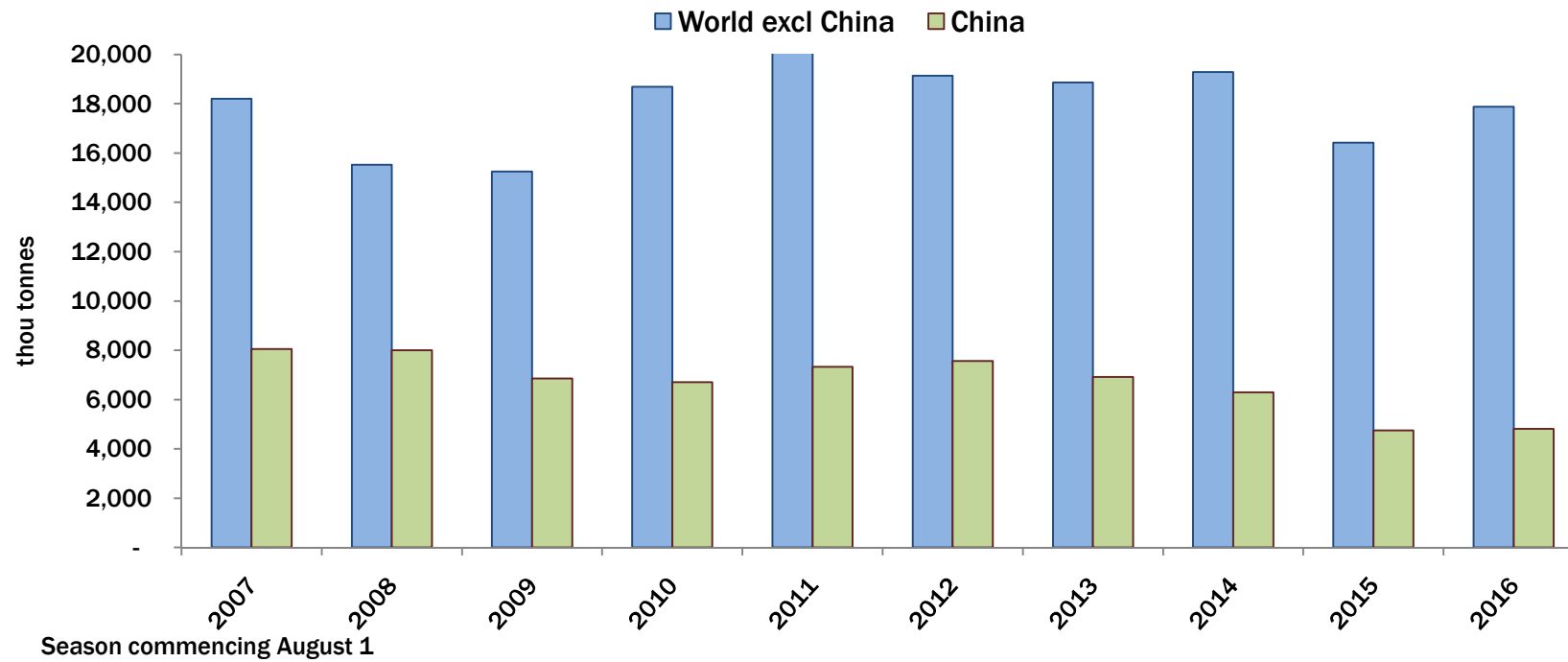


CAI Goa, 2016

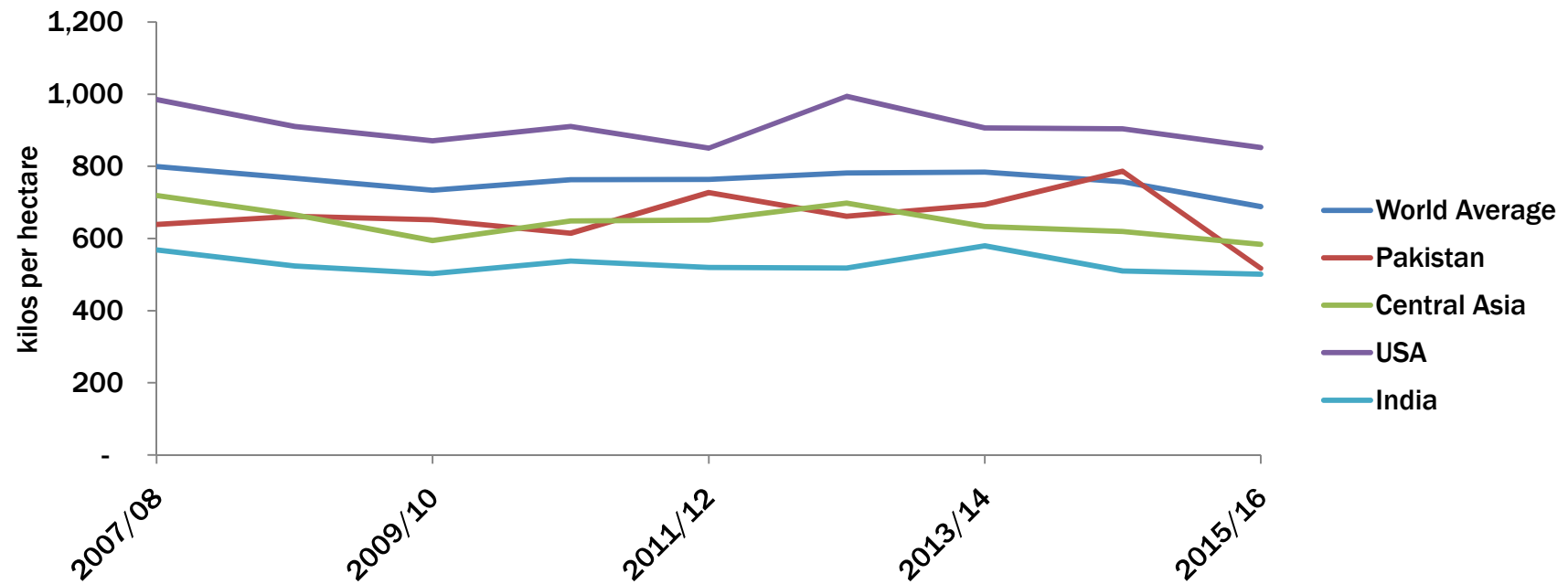
World raw cotton production



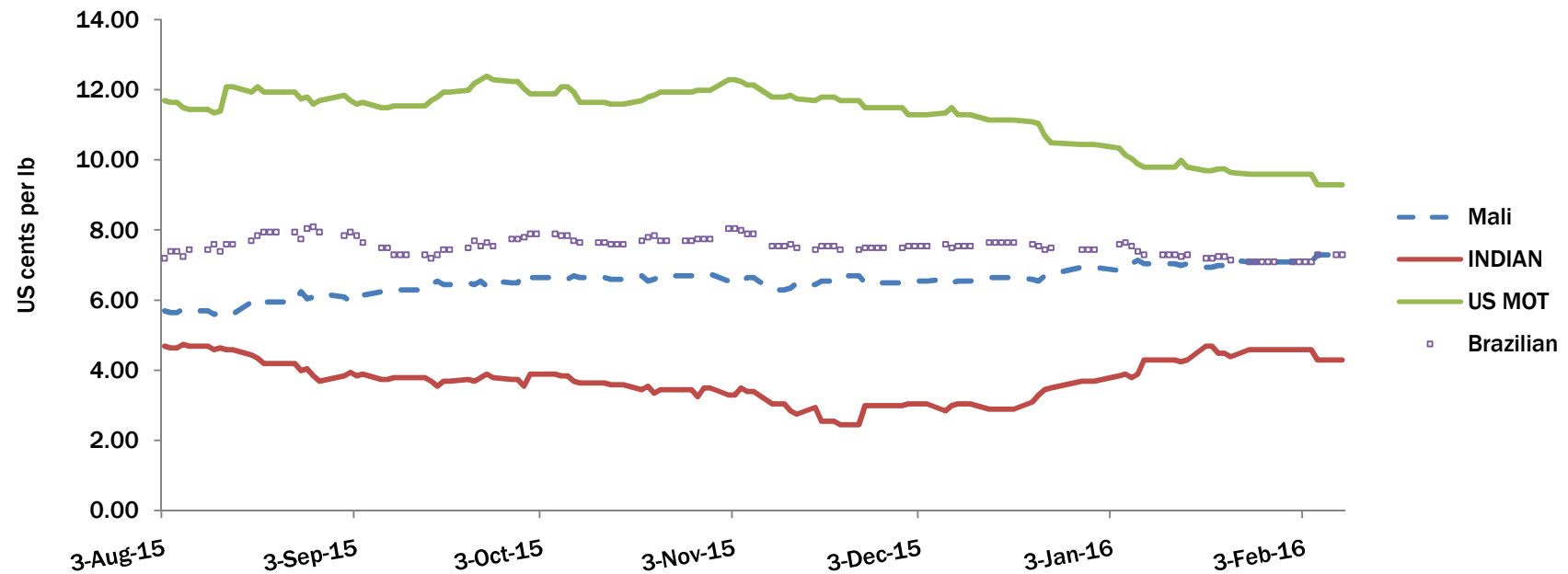
World raw cotton production



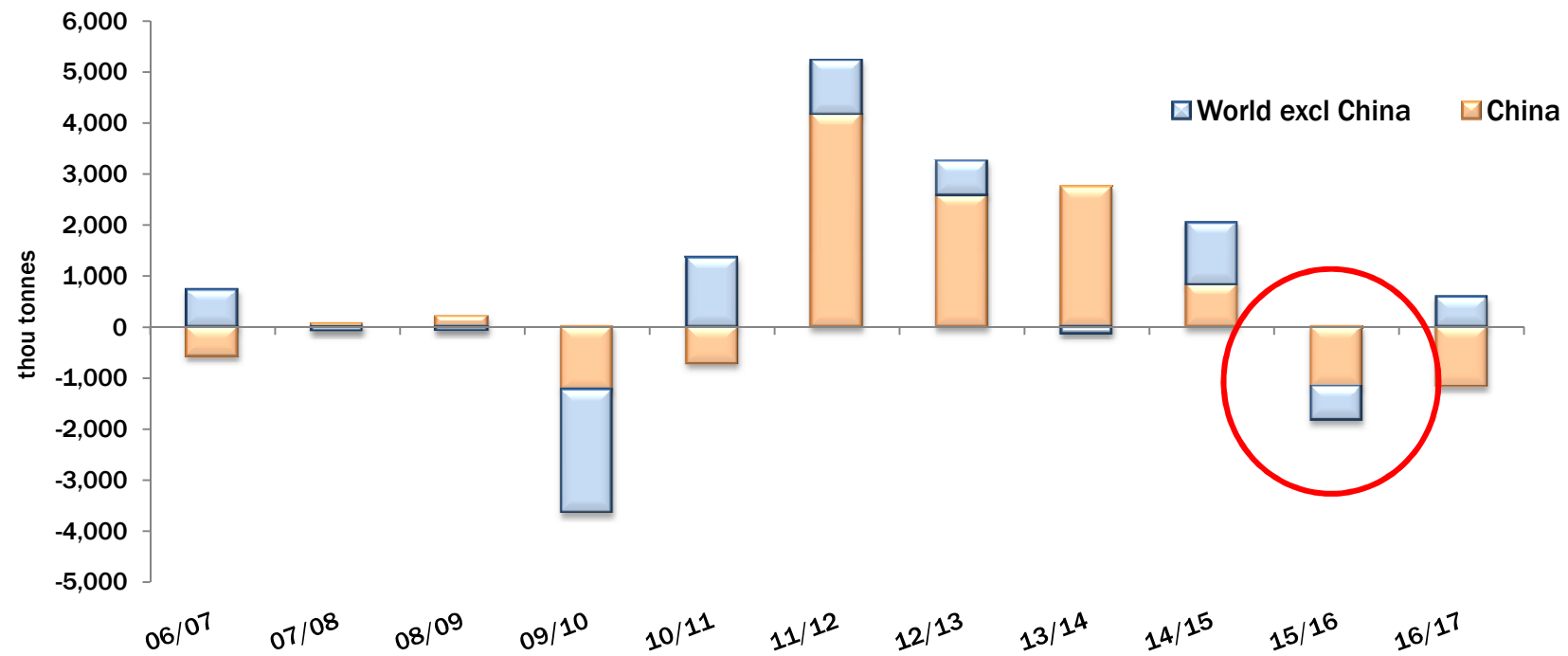
Yield setbacks in 2015/16



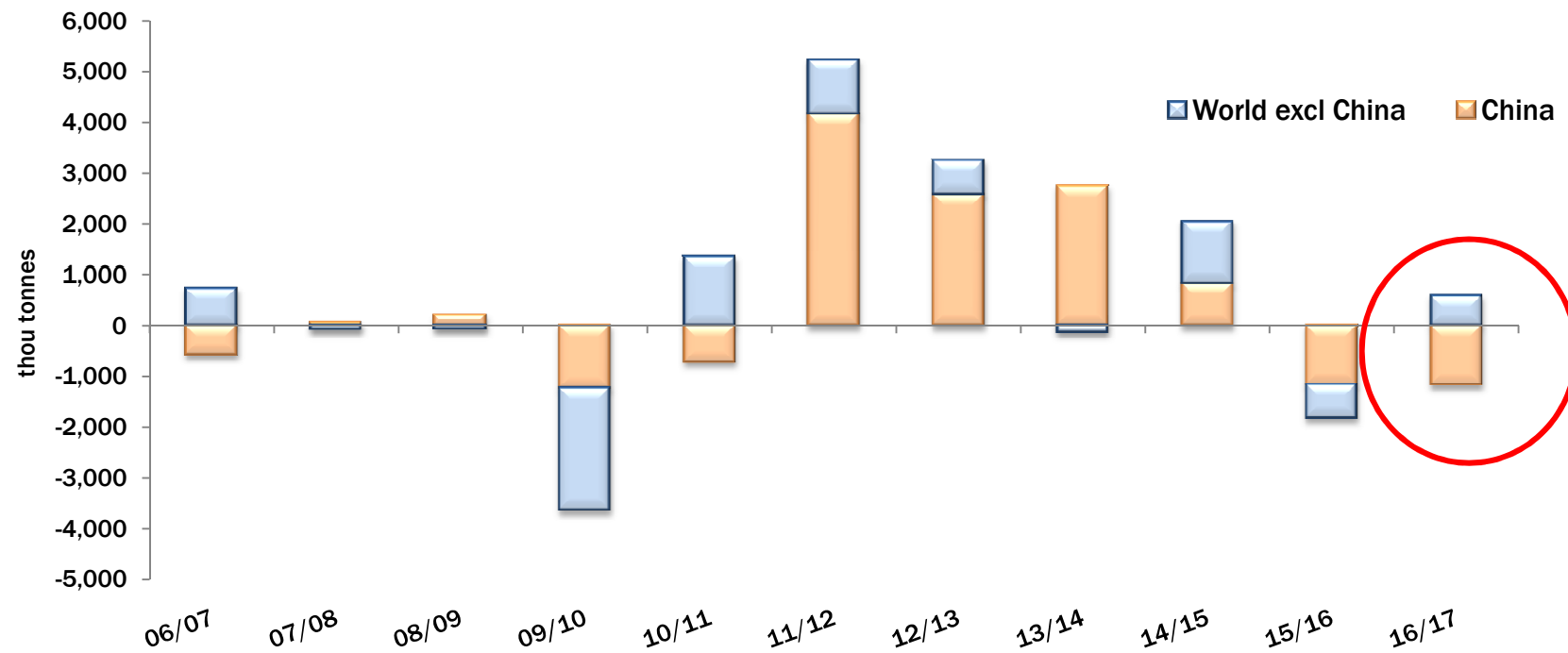
Differences in basis 'on' ICE compared with the average A Index



Apparent Changes in World Stocks

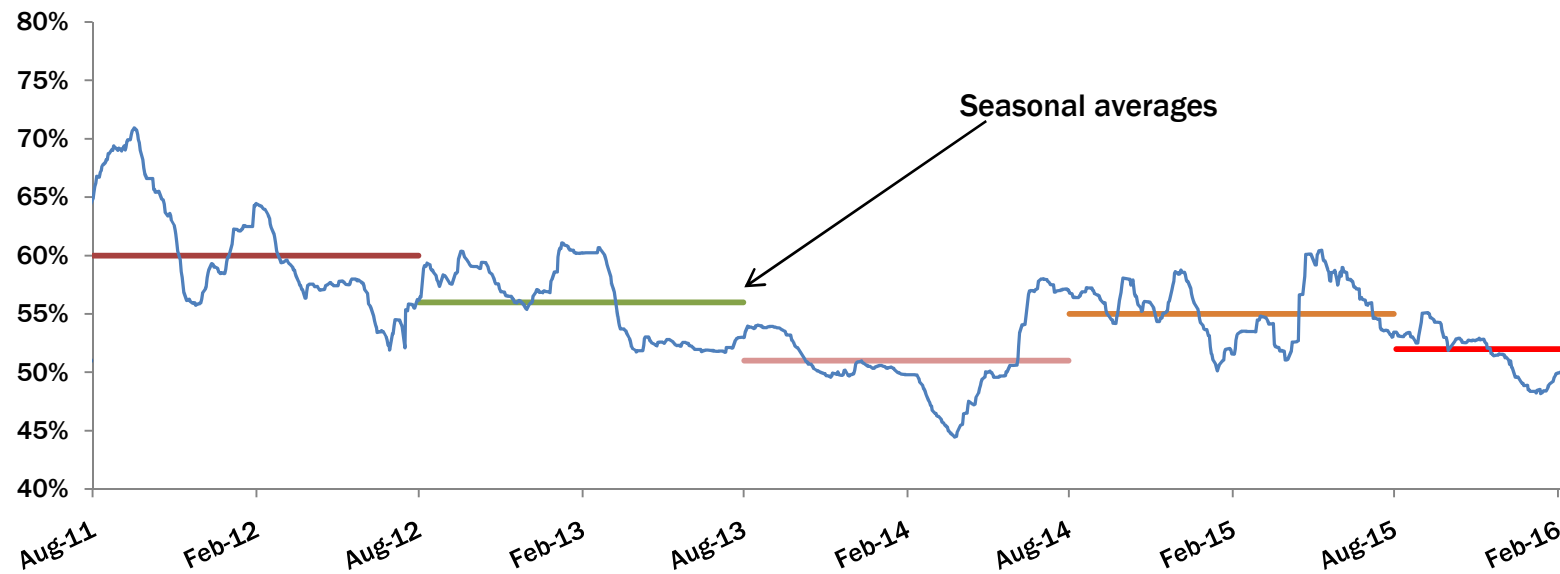


Apparent Changes in World Stocks

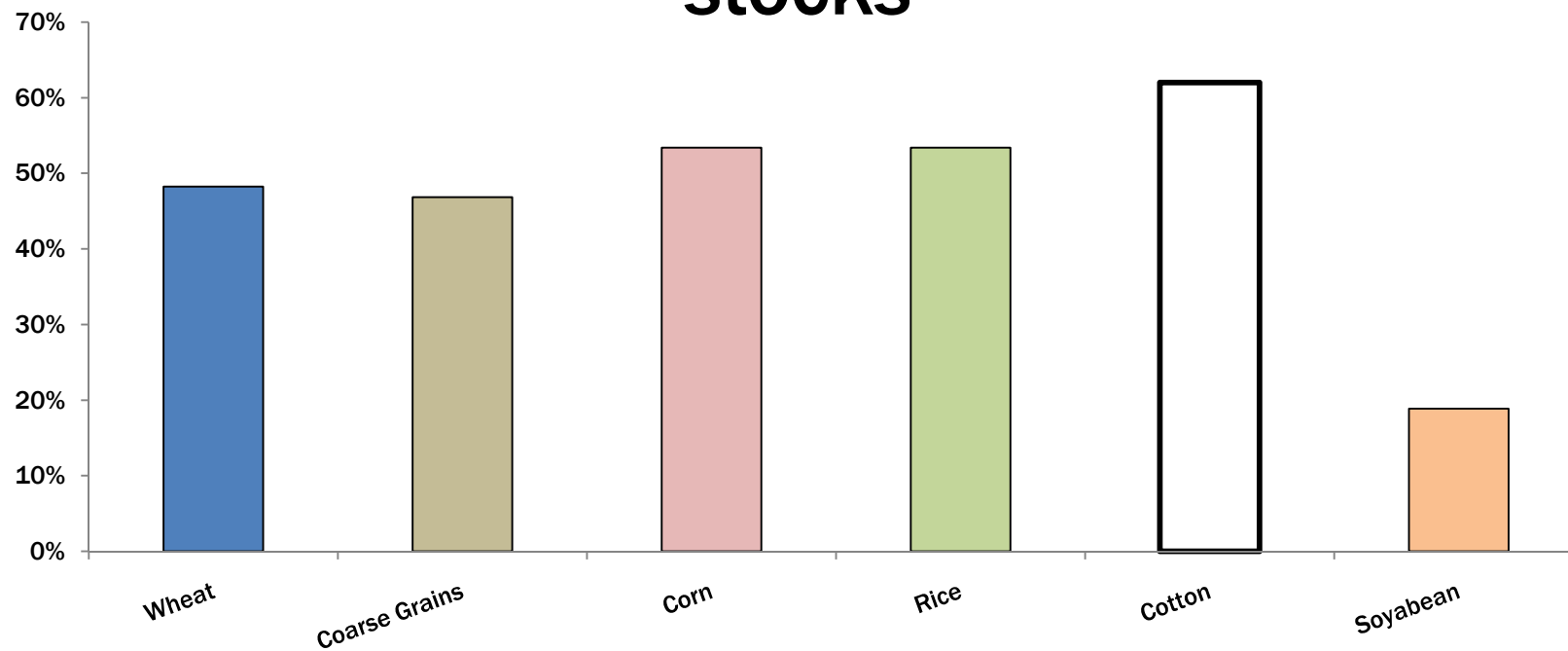


Polyester staple v cotton (China)

Ratios of polyester staple/cotton (CC Index) prices



China's share of agricultural commodity stocks



USDA projections for July 31, 2016

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Investing in Xinjiang



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J. C. Garner, who originated the A Index



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