

China 2005/06 stocks higher than previously estimated

(1,000 480 lb Bales and 1,000 Ha)

	Area Harvested	Beginning Stocks	Production	Imports	Total Supply	Exports	Use	Loss	Total Dom. Cons.	Ending Stocks	Stock to Use Ratio
2003/04	5,110	14,999	22,300	8,832	46,131	173	32,000	-1,000	31,000	14,958	46.5
2004/05	5,690	14,958	29,000	6,385	50,343	30	38,500	-1,250	37,250	13,063	33.9
2005/06 (Sep)	5,060	13,063	26,200	19,284	58,547	36	46,500	-1,300	45,200	13,311	28.6
2005/06 (Oct)	5,060	13,063	26,200	19,284	58,547	36	45,000	-2,150	42,850	15,661	34.8
Change	0	0	0	0	0	0	-1,500	-850	-2,350	2,350	6.2
2006/07 (Sep)	5,300	13,311	28,000	19,500	60,811	25	51,000	-1,500	49,500	11,286	22.1
2006/07 (Oct)	5,350	15,661	29,000	18,500	63,161	25	50,000	-2,000	48,000	15,136	30.3
Change	50	2,350	1,000	-1,000	2,350	0	-1,000	-500	-1,500	3,850	8.1

This month's estimates include revisions to the China supply and demand balance sheet for 2005/06 and 2006/07. The revisions are driven primarily by a reassessment of the stock situation in 2005/06. The previous estimate showed 2005/06 ending stocks up less than 250,000 bales from the beginning level. Review of end-of-marketing year data indicated a significant increase in stocks during 2005/06. Accordingly, stocks are now estimated to have risen during 2005/06 from 13.1 million bales at the beginning of the year to 15.6 million at the end of the year.

Stocks in China generally fall into four categories: 1) Reserve held by the government, 2) Consignment stocks in bonded warehouses still owned by international merchants, 3) Mill stocks and, 4) Commercial stocks held by gins and domestic traders. Evaluation of empirical information of each based on end of marketing year information indicates significantly larger ending stocks for 2005/06 than were previously estimated.

While China's national reserve stocks are still considered to be a state secret the China National Cotton Reserve Corporation is known to have purchased both domestic Chinese cotton and imported cotton for the reserve. Movement out of the reserves appears to have been limited largely to reduction in holdings of "old" growths, pre-1998.

Consignment stocks of cotton in bonded warehouses increased during 2005/06 due to both a larger volume of cotton imports and a higher share of imports moving thru the bonded warehouses and decreased import demand at the beginning of 2006/07.

Commercial stocks of domestic cotton at the end of 2005/06 are estimated to be higher than at the beginning of the year despite the smaller 2005 crop. On expectations of higher prices, many first buyers of the 2005 crop bid up prices. However, the availability and relatively attractive price of imported cotton kept downward pressure on prices and this resulted in an accumulation of domestic stocks, particularly of cotton produced in Xinjiang province.

Mills stocks on the other hand likely decreased during 2005/06, despite higher mill use. Tightening credit and the increase in availability of consignment cotton allowed mills to continue to draw down stocks, in terms of days of inventory.

The estimate for consumption in 2005/06 was lowered by 1.5 million bales in light of the increase in ending stocks and revised estimates from authoritative Chinese officials. The residual, shown as a negative loss, was

increased by 850,000 bales indicating greater uncertainty with respect to the production and consumption estimates.

The 2006/07 forecast has beginning stocks up 2.35 million bales, production up 1.0 million bales due largely to better end of season weather. Consumption was decreased by 1.0 million bales, maintaining last month's growth rate from 2005/06. The import forecast was reduced by 1.0 million bales in light of the larger supply and slightly lower demand. Ending stocks for 2006/07 are now forecast at 15.1 million bales up 3.9 million from the previous month. Currently, the stocks-to-use ratio is forecast to decline about 5 percentage points from 2005/06, indicating a tighter supply relative to demand.

Summary of Changes in estimates and Forecasts from Last Month

(1,000 480 lb Bales and 1,000 Ha)

Country Mktg Year	Area Harvested	Beginning Stocks	Production	Imports	Exports	Total Dom. Cons.	Use	Loss	Ending Stocks
Australia									
2005/06	0	0	0	0	-116	0	0	0	116
2006/07	-25	116	-200	0	-50	0	0	0	-34
Benin									
2006/07	0	0	0	0	-25	0	0	0	25
Burkina									
2006/07	0	0	0	0	-50	0	0	0	50
Cameroon									
2006/07	0	0	0	0	-25	0	0	0	25
Canada									
2005/06	0	0	0	-13	-5	-10	-10	0	2
2006/07	0	2	0	0	0	0	0	0	2
Chad									
2006/07	0	0	0	0	-25	0	0	0	25
Chile									
2005/06	0	0	0	4	0	5	5	0	-1
2006/07	0	-1	0	0	0	0	0	0	-1
China, Peoples Republic of									
2005/06	0	0	0	0	0	-2,350	-1,500	-850	2,350
2006/07	50	2,350	1,000	-1,000	0	-1,500	-1,000	-500	3,850
Colombia									
2005/06	0	0	0	10	3	0	0	0	7
2006/07	0	7	0	0	0	0	0	0	7
Croatia									
2004/05	0	0	0	-2	0	-1	-1	0	-1
2005/06	0	-1	0	-3	0	-3	-3	0	-1
2006/07	0	-1	0	-4	0	-3	-3	0	-2
Egypt									
2006/07	0	0	0	0	-50	0	0	0	50
France									
2005/06	0	0	0	2	-1	0	0	0	3
2006/07	0	3	0	0	0	0	0	0	3
Guatemala									

Country Mktg Year	Area Harvested	Beginning Stocks	Production	Imports	Exports	Total Dom. Cons.	Use	Loss	Ending Stocks
2005/06	0	0	0	2	0	0	0	0	2
2006/07	0	2	0	0	0	0	0	0	2
India									
2006/07	0	0	0	0	-250	0	0	0	250
Iran									
2005/06	7	0	-20	0	-10	-25	-25	0	15
2006/07	-52	15	-180	50	-50	-50	-50	0	-15
Kyrgyzstan, Republic of									
2001/02	0	0	-5	0	-5	0	0	0	0
2003/04	0	0	5	0	0	0	0	0	5
2004/05	0	5	60	0	25	0	0	0	40
2005/06	0	40	25	0	40	0	0	0	25
2006/07	0	25	40	0	40	0	0	0	25
Mali									
2006/07	0	0	0	0	-50	0	0	0	50
Mexico									
2006/07	0	0	0	100	0	0	0	0	100
Nigeria									
2006/07	0	0	0	0	-15	0	0	0	15
Pakistan									
2006/07	0	0	0	50	0	0	0	0	50
Panama									
2005/06	0	0	0	-3	0	-2	-2	0	-1
2006/07	0	-1	0	-2	0	-2	-2	0	-1
Romania									
2005/06	0	0	0	6	0	5	5	0	1
2006/07	0	1	0	0	0	0	0	0	1
Spain									
2006/07	-5	0	-25	0	-25	0	0	0	0
Sri Lanka									
2005/06	0	0	0	5	0	3	3	0	2
2006/07	0	2	0	0	0	0	0	0	2
Sudan									
2006/07	-10	0	-50	0	-50	0	0	0	0
Syria									
2006/07	0	0	0	0	-25	0	0	0	25

Country Mktg Year	Area Harvested	Beginning Stocks	Production	Imports	Exports	Total Dom. Cons.	Use	Loss	Ending Stocks
Taiwan									
2005/06	0	0	0	33	0	25	25	0	8
2006/07	0	8	0	50	0	0	0	0	58
Togo									
2006/07	-40	0	-80	0	-70	0	0	0	-10
Turkmenistan									
2006/07	0	0	0	0	-25	0	0	0	25
Uganda									
2006/07	0	0	25	0	20	0	0	0	5
Ukraine									
2005/06	0	0	0	-2	0	-5	-5	0	3
2006/07	0	3	0	-5	0	-5	-5	0	3
United States									
2005/06	0	0	0	-3	486	-589	-12	-577	100
2006/07	0	100	314	0	-200	-186	-200	14	800
Uzbekistan, Republic of									
2005/06	0	0	0	0	100	0	0	0	-100
2006/07	0	-100	400	0	200	0	0	0	100
Vietnam									
2006/07	0	0	0	25	0	0	0	0	25
Zambia									
2006/07	0	0	0	0	-15	0	0	0	15
World									
World									
2001/02	0	0	-5	0	-5	0	0	0	0
2003/04	0	0	5	0	0	0	0	0	5
2004/05	0	5	60	-2	25	-1	-1	0	39
2005/06	7	39	5	38	497	-2,946	-1,519	-1,427	2,531
2006/07	-82	2,531	1,244	-736	-740	-1,746	-1,260	-486	5,525

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Country	Beg. Stocks	Prod.	Imports	Total Supply	Dom. Use	Loss *	Exports	Ending Stocks
MY 2006/2007								
Afghanistan	13	85	0	98	70	0	15	13
Albania	7	1	34	42	35	0	0	7
Algeria	6	0	45	51	45	0	0	6
Angola	2	5	3	10	5	0	3	2
Argentina	594	800	100	1,494	750	9	150	585
Armenia, Republic of	1	0	1	2	1	0	0	1
Australia	1,938	2,200	0	4,138	55	-125	2,650	1,558
Austria	13	0	75	88	70	0	6	12
Azerbaijan, Republic of	135	290	0	425	25	0	275	125
Bahrain	14	0	75	89	75	0	0	14
Bangladesh	460	70	2,300	2,830	2,300	5	0	525
Belarus	5	0	35	40	35	0	0	5
Belgium-Luxembourg	28	0	135	163	90	0	50	23
Benin	166	500	0	666	10	0	500	156
Bolivia	39	48	30	117	65	0	10	42
Brazil	4,067	5,250	500	9,817	4,050	0	1,500	4,267
Bulgaria	9	10	25	44	35	0	0	9
Burkina	393	1,350	0	1,743	4	0	1,350	389
Burma, Union of	75	270	3	348	200	0	75	73
Cambodia	6	0	20	26	20	0	0	6
Cameroon	120	500	0	620	45	0	450	125
Canada	52	0	135	187	150	0	5	32
Central African Republic	5	15	0	20	0	0	15	5
Chad	108	350	0	458	15	0	325	118
Chile	21	0	65	86	65	0	0	21
China, Peoples Republic of	15,661	29,000	18,500	63,161	50,000	-2,000	25	15,136
Colombia	105	215	220	540	430	5	0	105
Congo, Democratic Rep of the	5	15	15	35	30	0	0	5
Costa Rica	1	1	2	4	3	0	0	1
Cote d'Ivoire	323	425	0	748	50	0	450	248
Croatia	3	0	6	9	7	0	0	2
Cuba	6	4	40	50	45	0	0	5
Cyprus	1	0	2	3	2	0	0	1
Czech Republic	26	0	155	181	140	0	20	21
Denmark	1	0	1	2	1	0	0	1
Dominican Republic	2	3	5	10	8	0	0	2
Ecuador	16	9	55	80	65	0	0	15
Egypt	635	1,000	550	2,185	1,000	13	550	622
El Salvador	27	1	90	118	90	0	0	28
Estonia	9	0	70	79	70	0	0	9
Ethiopia	21	85	0	106	75	0	10	21
France	36	0	170	206	150	0	20	36
Germany	26	0	300	326	220	0	80	26
Ghana	15	40	0	55	15	0	20	20
Greece	675	2,000	20	2,695	350	50	1,550	745
Guatemala	26	3	115	144	115	0	0	29
Guinea	6	14	0	20	0	0	15	5
Haiti	1	5	5	11	10	0	0	1
Honduras	3	4	11	18	15	0	0	3
Hong Kong	103	0	375	478	325	0	75	78
Hungary	6	0	21	27	20	1	0	6
India	8,614	21,000	600	30,214	17,500	0	4,000	8,714
Indonesia	365	32	2,200	2,597	2,175	50	20	352
Iran	145	370	75	590	475	0	25	90
Iraq	19	30	70	119	100	0	0	19
Ireland	1	0	1	2	1	0	0	1
Israel	41	100	5	146	5	0	100	41
Italy	103	0	575	678	575	5	25	73
Japan	107	0	615	722	625	0	0	97
Kazakhstan, Republic of	148	675	0	823	50	0	625	148
Kenya	10	20	40	70	55	0	5	10
Korea, Democratic Peoples R	10	55	10	75	65	0	0	10
Korea, Republic of	300	1	1,050	1,351	1,050	0	10	291
Kyrgyzstan, Republic of	62	200	0	262	5	0	200	57
Latvia	4	0	10	14	10	0	0	4
Lebanon	1	0	3	4	3	0	0	1
Lithuania	4	0	20	24	20	0	0	4

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Country	Beg. Stocks	Prod.	Imports	Total Supply	Dom. Use	Loss *	Exports	Ending Stocks
Macedonia, Republic of	2	1	5	8	6	0	0	2
Madagascar	11	60	0	71	50	0	10	11
Malawi	82	90	0	172	10	0	90	72
Malaysia	39	0	225	264	225	0	0	39
Mali	317	1,000	0	1,317	20	0	1,000	297
Mauritius	14	0	65	79	65	0	0	14
Mexico	1,279	635	1,400	3,314	1,900	25	300	1,089
Moldova, Republic of	4	0	10	14	10	0	0	4
Morocco	28	1	135	164	140	0	0	24
Mozambique	63	145	5	213	10	0	150	53
Netherlands	2	0	5	7	5	0	1	1
Nicaragua	2	10	0	12	1	0	9	2
Niger	3	5	0	8	4	0	1	3
Nigeria	129	400	75	604	360	0	125	119
Pakistan	3,246	10,100	2,050	15,396	12,200	25	300	2,871
Panama	0	0	1	1	1	0	0	0
Paraguay	47	320	0	367	30	0	250	87
Peru	301	275	175	751	450	0	10	291
Philippines	35	10	95	140	110	0	0	30
Poland	23	0	130	153	130	0	1	22
Portugal	91	1	265	357	285	0	2	70
Romania	23	0	45	68	50	0	0	18
Russian Federation	222	0	1,500	1,722	1,500	0	0	222
Senegal	36	90	0	126	20	0	70	36
Serbia and Montenegro	2	0	8	10	8	0	0	2
Singapore	8	0	55	63	0	0	55	8
Slovakia	2	0	10	12	10	0	0	2
Slovenia	7	0	30	37	30	0	0	7
Somalia	1	7	5	13	12	0	0	1
South Africa, Republic of	51	95	130	276	225	0	0	51
Spain	149	275	50	474	200	0	175	99
Sri Lanka	3	5	5	13	10	0	0	3
Sudan	247	350	0	597	8	0	375	214
Sweden	1	0	1	2	1	0	0	1
Switzerland	8	0	15	23	20	0	0	3
Syria	449	1,500	0	1,949	725	0	825	399
Taiwan	391	0	1,150	1,541	1,175	0	0	366
Tajikistan, Republic of	145	700	0	845	140	0	575	130
Tanzania, United Republic of	351	225	0	576	70	0	300	206
Thailand	496	54	2,050	2,600	2,100	25	1	474
Togo	82	150	0	232	15	0	150	67
Tunisia	13	10	100	123	110	0	0	13
Turkey	1,690	4,250	2,550	8,490	6,700	0	200	1,590
Turkmenistan	529	1,000	0	1,529	430	0	575	524
Uganda	90	200	0	290	20	0	160	110
Ukraine	17	0	60	77	60	0	0	17
United Kingdom	13	0	35	48	40	0	0	8
United States	6,050	20,659	30	26,739	5,300	39	16,000	5,400
Uruguay	1	0	3	4	3	0	0	1
Uzbekistan, Republic of	1,248	5,500	0	6,748	750	0	4,700	1,298
Venezuela	34	60	20	114	80	0	0	34
Vietnam	160	49	775	984	825	0	0	159
Yemen	9	65	0	74	25	0	40	9
Zambia	325	315	0	640	65	0	285	290
Zimbabwe	186	525	0	711	80	15	425	191
World	54,707	116,188	42,851	213,746	120,984	-1,858	42,364	52,256

* Loss for countries outside of the United States reflects cotton lost or destroyed while in the marketing channel. For the United States, loss reflects the difference between stocks as reported by the Bureau of the Census and implicit stocks based on supply plus total use. A negative "loss" is a positive number.
Source: USDA/FAS

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MY 2005/2006								
Afghanistan	13	85	0	98	70	0	15	13
Albania	7	1	34	42	35	0	0	7
Algeria	11	0	40	51	45	0	0	6
Angola	2	5	3	10	5	0	3	2
Argentina	573	625	157	1,355	700	9	52	594
Armenia, Republic of	1	0	1	2	1	0	0	1
Australia	1,957	2,800	0	4,757	60	-125	2,884	1,938
Austria	30	0	70	100	80	0	7	13
Azerbaijan, Republic of	110	325	0	435	25	0	275	135
Bahrain	15	0	75	90	75	0	1	14
Bangladesh	381	70	2,214	2,665	2,200	5	0	460
Belarus	10	0	35	45	40	0	0	5
Belgium-Luxembourg	28	0	160	188	100	0	60	28
Benin	301	375	0	676	10	0	500	166
Bolivia	36	48	30	114	65	0	10	39
Brazil	5,081	4,700	308	10,089	4,050	0	1,972	4,067
Bulgaria	14	10	25	49	40	0	0	9
Burkina	397	1,350	0	1,747	4	0	1,350	393
Burma, Union of	77	270	3	350	200	0	75	75
Cambodia	6	0	20	26	20	0	0	6
Cameroon	170	415	0	585	45	0	420	120
Canada	100	0	152	252	200	0	0	52
Central African Republic	10	15	0	25	5	0	15	5
Chad	123	325	0	448	15	0	325	108
Chile	22	0	69	91	70	0	0	21
China, Peoples Republic of	13,063	26,200	19,284	58,547	45,000	-2,150	36	15,661
Colombia	68	220	250	538	425	5	3	105
Congo, Democratic Rep of the	5	15	15	35	30	0	0	5
Costa Rica	1	1	2	4	3	0	0	1
Cote d'Ivoire	398	500	0	898	50	0	525	323
Croatia	3	0	7	10	7	0	0	3
Cuba	7	4	40	51	45	0	0	6
Cyprus	1	0	2	3	2	0	0	1
Czech Republic	36	0	170	206	160	0	20	26
Denmark	1	0	1	2	1	0	0	1
Dominican Republic	2	3	5	10	8	0	0	2
Ecuador	17	9	55	81	65	0	0	16
Egypt	673	925	525	2,123	1,000	13	475	635
El Salvador	26	1	90	117	90	0	0	27
Estonia	9	0	70	79	70	0	0	9
Ethiopia	24	82	0	106	75	0	10	21
France	38	0	197	235	170	0	29	36
Germany	31	0	325	356	250	0	80	26
Ghana	10	40	0	50	15	0	20	15
Greece	480	1,975	20	2,475	400	50	1,350	675
Guatemala	26	3	112	141	115	0	0	26
Guinea	7	14	0	21	0	0	15	6
Haiti	2	5	4	11	10	0	0	1
Honduras	3	4	11	18	15	0	0	3
Hong Kong	60	0	490	550	350	0	97	103
Hungary	6	0	21	27	20	1	0	6
India	8,764	19,200	400	28,364	16,500	0	3,250	8,614
Indonesia	378	32	2,200	2,610	2,175	50	20	365
Iran	180	530	25	735	500	0	90	145
Iraq	19	30	70	119	100	0	0	19
Ireland	1	0	1	2	1	0	0	1
Israel	46	80	5	131	5	0	85	41
Italy	153	0	675	828	680	10	35	103
Japan	141	0	651	792	685	0	0	107
Kazakhstan, Republic of	148	675	0	823	50	0	625	148
Kenya	10	20	40	70	55	0	5	10
Korea, Democratic Peoples R	10	55	10	75	65	0	0	10
Korea, Republic of	394	1	1,011	1,406	1,100	0	6	300
Kyrgyzstan, Republic of	77	210	0	287	5	0	220	62
Latvia	4	0	10	14	10	0	0	4
Lebanon	1	0	3	4	3	0	0	1

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Country	Beg. Stocks	Prod.	Imports	Total Supply	Dom. Use	Loss *	Exports	Ending Stocks
Lithuania	4	0	20	24	20	0	0	4
Macedonia, Republic of	2	1	5	8	6	0	0	2
Madagascar	11	60	0	71	50	0	10	11
Malawi	92	90	0	182	10	0	90	82
Malaysia	39	0	225	264	225	0	0	39
Mali	387	1,025	0	1,412	20	0	1,075	317
Mauritius	14	0	65	79	65	0	0	14
Mexico	1,319	635	1,700	3,654	2,000	25	350	1,279
Moldova, Republic of	4	0	10	14	10	0	0	4
Morocco	27	1	145	173	145	0	0	28
Mozambique	43	165	5	213	10	0	140	63
Netherlands	3	0	5	8	5	0	1	2
Nicaragua	2	10	0	12	1	0	9	2
Niger	3	5	0	8	4	0	1	3
Nigeria	144	400	70	614	360	0	125	129
Pakistan	3,543	9,850	1,950	15,343	11,750	25	322	3,246
Panama	1	0	0	1	1	0	0	0
Paraguay	102	260	4	366	30	0	289	47
Peru	322	275	169	766	450	0	15	301
Philippines	51	9	100	160	125	0	0	35
Poland	24	0	150	174	150	0	1	23
Portugal	102	1	300	403	310	0	2	91
Romania	32	0	56	88	65	0	0	23
Russian Federation	222	0	1,500	1,722	1,500	0	0	222
Senegal	36	90	0	126	20	0	70	36
Serbia and Montenegro	2	0	8	10	8	0	0	2
Singapore	8	0	55	63	0	0	55	8
Slovakia	2	0	10	12	10	0	0	2
Slovenia	12	0	30	42	35	0	0	7
Somalia	1	7	5	13	12	0	0	1
South Africa, Republic of	68	88	120	276	225	0	0	51
Spain	179	510	30	719	220	0	350	149
Sri Lanka	1	5	10	16	13	0	0	3
Sudan	310	370	0	680	8	0	425	247
Sweden	1	0	1	2	1	0	0	1
Switzerland	10	0	23	33	25	0	0	8
Syria	499	1,500	0	1,999	725	0	825	449
Taiwan	458	0	1,133	1,591	1,200	0	0	391
Tajikistan, Republic of	195	625	0	820	150	0	525	145
Tanzania, United Republic of	248	575	0	823	70	0	402	351
Thailand	630	54	1,892	2,576	2,050	25	5	496
Togo	147	140	0	287	15	0	190	82
Tunisia	13	10	100	123	110	0	0	13
Turkey	1,790	3,550	3,450	8,790	6,900	0	200	1,690
Turkmenistan	529	975	0	1,504	425	0	550	529
Uganda	135	90	0	225	20	0	115	90
Ukraine	19	0	58	77	60	0	0	17
United Kingdom	13	0	70	83	70	0	0	13
United States	5,495	23,890	27	29,412	5,888	-562	18,036	6,050
Uruguay	1	0	3	4	3	0	0	1
Uzbekistan, Republic of	1,298	5,550	0	6,848	800	0	4,800	1,248
Venezuela	34	60	20	114	80	0	0	34
Vietnam	162	48	700	910	750	0	0	160
Yemen	9	65	0	74	25	0	40	9
Zambia	315	400	0	715	65	0	325	325
Zimbabwe	156	510	0	666	90	15	375	186
World	54,067	114,152	44,417	212,636	115,855	-2,604	44,678	54,707

* Loss for countries outside of the United States reflects cotton lost or destroyed while in the marketing channel.

For the United States, loss reflects the difference between stocks as reported by the Bureau of the Census and implicit stocks based on supply plus total use. A negative "loss" is a positive number.

Source: USDA/FAS