

Changes to Historical China Estimates

(1,000 480 lb Bales, Kg/HA, and 1,000 HA)

USDA November Estimates

	<i>Area</i>	<i>Yield</i>	<i>Begin Stocks</i>	<i>Production</i>	<i>Imports</i>	<i>Total Supply</i>	<i>Use</i>	<i>Exports</i>	<i>Loss</i>	<i>Ending Stocks</i>	<i>Stocks to Use</i>	<i>Ending Stocks Oct. Estimate</i>
1990/1991	5,588	806.538	3,979	20,700	2,205	26,884	20,000	928	0	5,956	28.5%	5,956
1991/1992	6,539	869.041	5,956	26,100	1,630	33,686	20,850	602	0	12,234	57.0%	11,934
1992/1993	6,835	659.391	12,234	20,700	242	33,176	21,900	684	0	10,592	46.9%	9,692
1993/1994	5,000	748.979	10,592	17,200	808	28,600	21,300	749	0	6,551	29.7%	5,351
1994/1995	5,530	783.500	6,551	19,900	4,060	30,511	20,000	183	0	10,328	51.2%	9,128
1995/1996	5,422	879.419	10,328	21,900	3,045	35,273	19,400	21	0	15,852	81.6%	14,652
1996/1997	4,722	889.903	15,852	19,300	3,613	38,765	19,950	10	0	18,805	94.2%	17,605
1997/1998	4,491	1022.94	18,805	21,100	1,834	41,739	19,150	34	0	22,555	117.6%	21,355
1998/1999	4,459	1010.75	22,555	20,700	359	43,614	18,700	681	0	24,233	125.0%	23,033
1999/2000	3,726	1028.44	24,233	17,600	117	41,950	21,300	1,692	0	18,958	82.5%	17,758
2000/2001	4,058	1089.16	18,958	20,300	241	39,499	23,500	448	0	15,551	64.9%	14,351
2001/2002	4,820	1102.18	15,551	24,400	449	40,400	26,250	342	0	13,808	51.9%	12,608
2002/2003	4,184	1176.05	13,808	22,600	3,127	39,535	29,900	751	0	8,884	29.0%	7,684
2003/2004	5,110	950.156	8,884	22,300	8,832	40,016	32,000	173	0	7,843	24.4%	6,243
2004/2005	5,700	1126.83	7,843	29,500	7,750	45,093	36,000	150	0	8,943	24.7%	7,643

Changes to Historical China Estimates

Changes in Estimates and Forecasts for China from Last Month

(1,000 480 lb Bales, Kg/HA, and 1,000 HA)

<i>MY</i>	<i>Area</i>	<i>Production</i>	<i>Imports</i>	<i>Use</i>	<i>Loss</i>	<i>Exports</i>	<i>Ending Stocks</i>
1991/1992	0	0	0	0	-300	0	300
1992/1993	0	0	0	0	-600	0	900
1993/1994	0	0	0	0	-300	0	1,200
1994/1995	0	0	0	0	0	0	1,200
1995/1996	0	0	0	0	0	0	1,200
1996/1997	0	0	0	0	0	0	1,200
1997/1998	0	0	0	0	0	0	1,200
1998/1999	0	0	0	0	0	0	1,200
1999/2000	0	0	0	0	0	0	1,200
2000/2001	0	0	0	0	0	0	1,200
2001/2002	0	0	0	0	0	0	1,200
2002/2003	0	0	0	0	0	0	1,200
2003/2004	0	0	0	-400	0	0	1,600
2004/2005	0	0	900	1,250	0	-50	1,300

Changes to Historical China Estimates

Explanation of November 2004 historical revisions to China's cotton stocks:

China's historical supply-demand estimates are revised with a 1.6-million-bale increase to 2003/04 ending stocks this month. The government of China does not provide official estimates of ending stocks. USDA's revisions result from analysis which indicates that October's estimated stocks for July 31, 2004 of 6.243 million bales were insufficient to support domestic mill use and reserves until production from the 2004 crop became available in October 2004.

China supplemented domestic supplies by importing 493,000 and 269,000 bales during August and September 2004, respectively; these levels were well down from preceding months. At the same time, the government purchased about 400,000 bales for the State reserve, reducing available supplies. Assuming that a total of roughly 5.8 million bales was consumed by mills during August-September, stocks would have fallen to 800,000 at the end of September, the equivalent of about one week's mill use, based on the October estimate of 6.2 million for 2003/04 ending stocks.

USDA has raised the estimated 2003/04 ending stock level to 7.843 million bales by: (1) eliminating losses that were included in the China balance sheets in the early 1990's (adjustments totaling 1.2 million bales); and (2) reducing 2003/04 consumption by 400,000 bales to reflect a lower cotton fiber share. China's yarn production has risen significantly in recent months; however, tight end-of-season stocks make it likely that cotton lost share to manmade fibers.

China reformed its cotton procurement and distribution system in September 1999, undertaking to dispose of large surplus stocks accumulated in the late 1990's. Since that time, USDA has made historical stocks revisions three times, in April 2000, July 2002, and November 2004. USDA uses all available information to estimate China's stocks, including: (1) balance sheet results that include estimates of production, consumption, and trade; (2) stocks estimates provided by sources in China; and (3) estimates of free supplies and those held in reserve by the government.

For 2004/05, fiber share is expected to rise as cotton supplies become more plentiful—both higher fiber share and growing yarn output are generating higher estimated consumption of 36.0 million bales. Cotton imports are raised to support the higher consumption and to maintain the ending stocks-to-use ratio.