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Thailand

Cotton and Products Update

Cotton and Products Update

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Report Highlights:

MY2017/18 cotton imports are expected to increase 3-4 percent as spinning mills used much of their cotton yarn inventory in MY2016/17. Even though small-scale spinning mills have become much less competitive, medium and large-scale spinning mills are expected to maintain their competitiveness which will continue to drive import demand for U.S. cotton in MY2017/18.

Post:

Bangkok

Executive Summary:

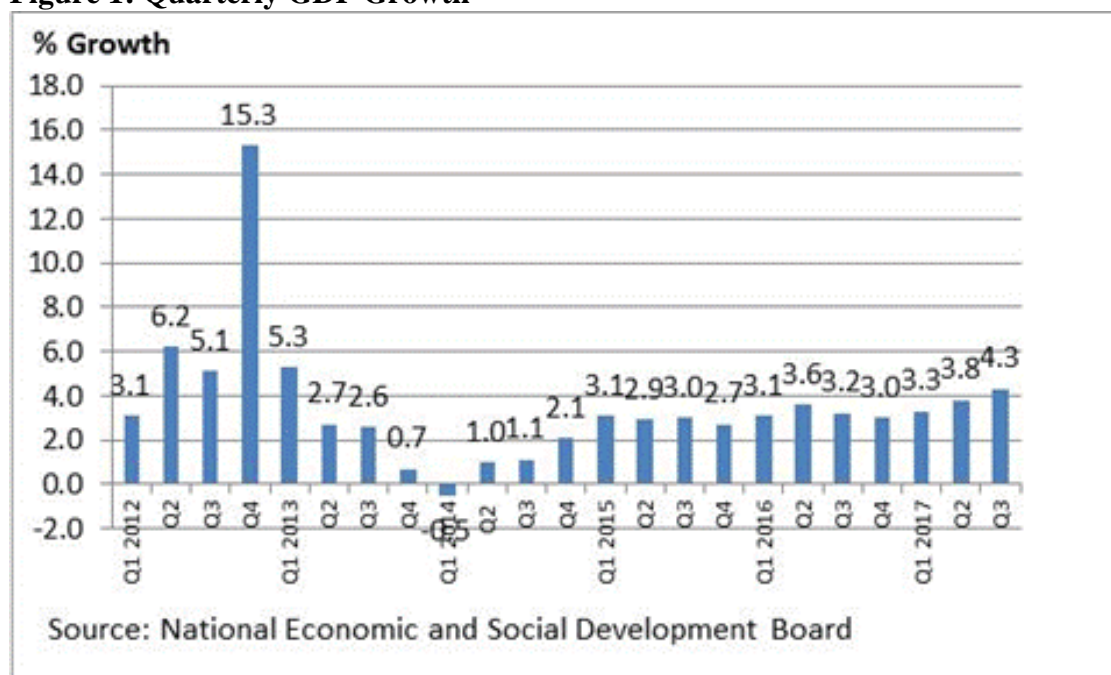
MY2017/18 cotton imports are expected to increase to 1.3 million bales, up 3-4 percent from MY2016/17 as spinning mills used much of their cotton yarn inventory in MY2016/17. Additionally, the Thai economy is expected to maintain its economic growth path in 2017 and 2018. U.S. cotton imports will likely increase to around 0.6 million bales.

Total MY2016/17 cotton imports declined 4 percent from MY2015/16 due mainly to a reduction in domestic production of coarse-count yarn. However, imports of U.S. cotton increased significantly due to strong demand for mixed grade cotton from small and medium-scale spinning mills due to competitive prices and high-quality standards.

Updated Market Situation and Outlook for Upland and Value-Added Cotton

MY2017/18 cotton imports are expected to increase to approximately 1.3 million bales (Table 1). This is a 3-4 percent increase from MY2016/17 in line with a sustained economic recovery (Figure 1). The recent official economic forecast by the National Economic and Social Development Board (NESDB) expects that the Thai economy will grow 3.9 percent in 2017 and 4-5 percent in 2018. In the first two month of MY2017/18 cotton imports increased approximately 1 percent from the same period last year (Table 2). During this time span, imports of U.S. cotton increased 13 percent from the same time last year due to competitive prices and high-quality standards. Large-scale spinning mills which account for approximately 60 percent of total cotton yarn production are competitive in both domestic and export markets. These mills are the main customers of U.S. cotton. The import demand for high-quality cotton is expected to remain strong in MY2017/18 as inventories of cotton and cotton-blended yarn declined significantly in MY2016/17. According to the Ministry of Industry's Office of Industrial Economics (OIE), the inventory index of cotton and cotton-blended yarn in MY2016/17 declined 21 and 14 percent respectively from MY2015/16. Imports of U.S. cotton are expected to increase to 0.6 million bales, up approximately 3 percent from MY2016/17.

Figure 1: Quarterly GDP Growth



In MY2016/17, cotton imports declined to 1.2 million bales (Table 2 and Figure 2), down 4 percent from MY2015/16 due mainly to a reduction in domestic production of coarse-count yarn. According to the OIE's manufacturing production index, cotton yarn production declined approximately 2 percent in MY2016/17 (Figure 3) which more than offset the 14 percent increase in cotton-blended yarn production as imports replaced domestic production. In MY2016/17, cotton yarn imports were greater than cotton yarn exports for the first time (Figure 4). Imports of cotton yarn increased 27 percent in MY2016/17, largely from India and Vietnam which combined accounted for approximately 70 percent of total cotton yarn imports (Table 4). The Ministry of Industry's Department of Industrial Works reported that the number of spinning mills during January – September 2017 declined 2 percent from the same period last year as many small-scale spinning mills were uncompetitive in domestic and export markets due to infrequent machinery upgrades.

Figure 2: Thailand's Imports of Raw Cotton and Average Import Price

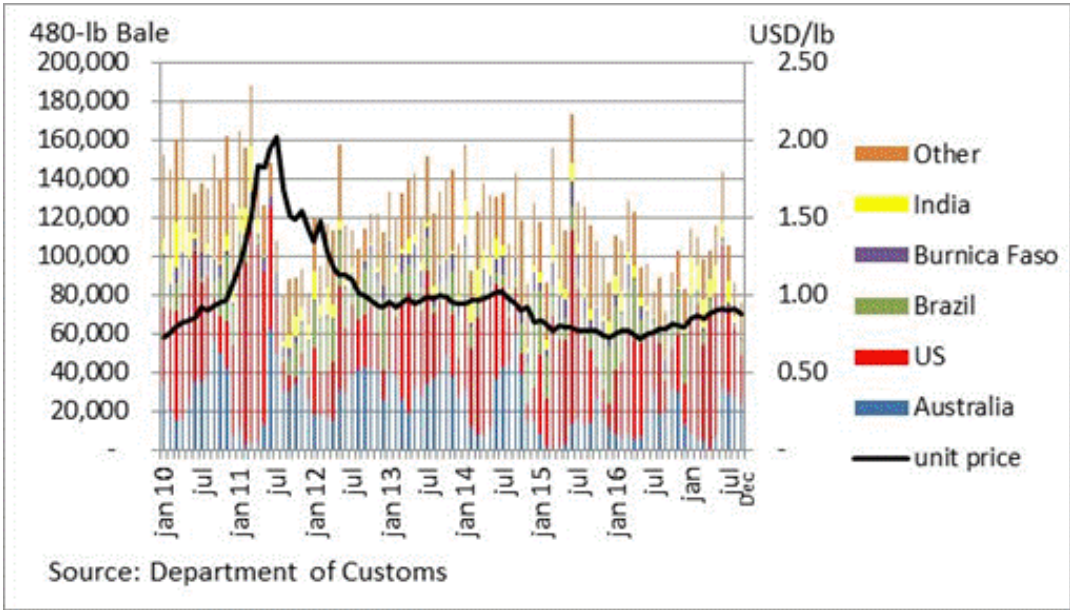


Figure 3: Manufacturing Production Index of Cotton Yarn

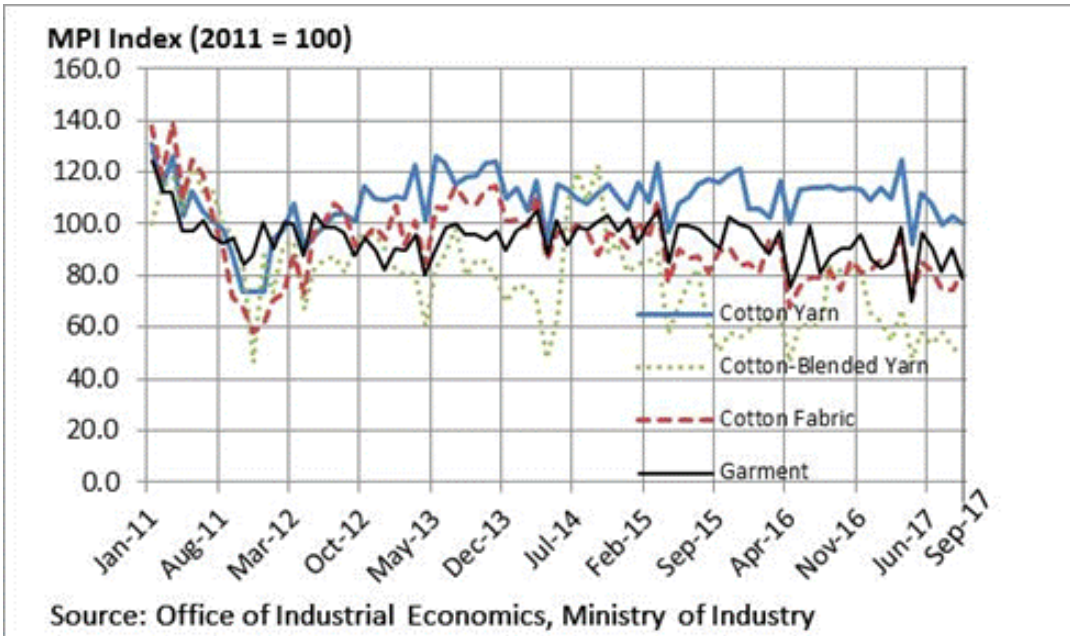
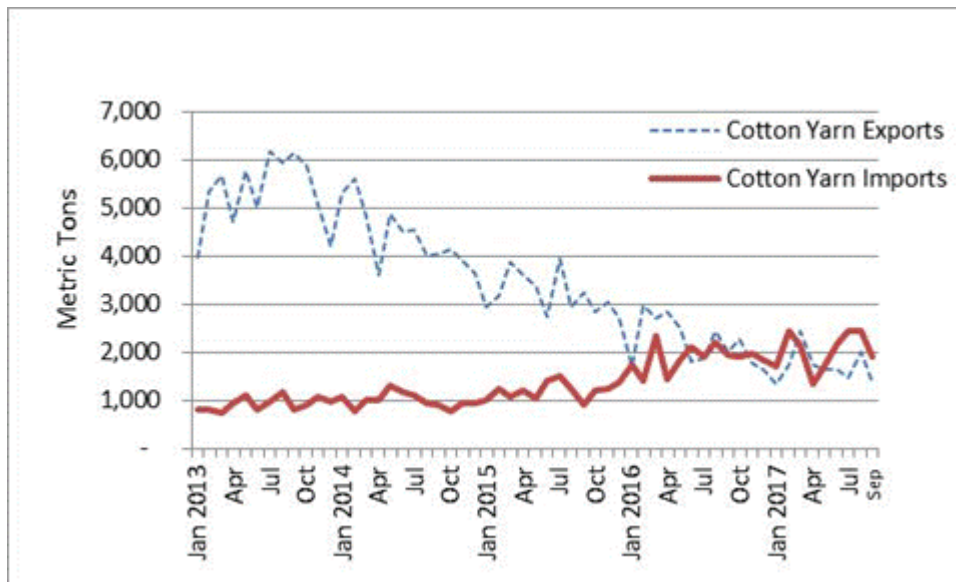


Figure 4: Cotton Yarn Exports and Imports



Despite a reduction in total imports of cotton in MY2016/17, U.S. cotton imports increased 33 percent from MY2015/16 (Table 2). U.S. cotton market share increased to 46 percent of total cotton imports as many medium and larger spinning mills prefer U.S. cotton to cotton from other origins, particularly for mixed grade cotton due to its competitive prices and high-quality standards. Mixed-grade U.S. cotton import prices are reportedly cheaper than import prices for African cotton.

Appendix Tables

Table 1: Thailand's Cotton Production, Supply and Demand

Cotton Market Begin Year	2015/2016		2016/2017		2017/2018	
	Aug 2015		Aug 2016		Aug 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Thailand						
Area Planted	0	1	0	1	0	1
Area Harvested	1	1	1	1	1	1
Beginning Stocks	217	217	198	200	200	182
Production	2	2	2	2	2	2
Imports	1275	1277	1226	1226	1300	1270
MY Imports from U.S.	0	424	0	565	0	580
Total Supply	1494	1496	1426	1428	1502	1454
Exports	1	1	1	1	1	1

Use	1270	1270	1200	1220	1250	1260
Loss	25	25	25	25	25	25
Total Dom. Cons.	1295	1295	1225	1245	1275	1285
Ending Stocks	198	200	200	182	226	168
Total Distribution	1494	1496	1426	1428	1502	1454
Stock to Use %	15.58	15.74	16.65	14.91	18.07	13.32
Yield	435	435	435	435	435	435

(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)

Table 2: Thailand's Imports of Raw Cotton in Bales (Marketing Year: August/July)

Unit: 480-lb bale	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16	MY2016/17	% change	August - September		
								MY2016/17	MY2017/18	% Change
United States	282,144	446,398	530,639	496,126	424,113	564,806	33.2	53,600	60,646	13.1
Australia	325,603	409,080	334,533	213,526	162,152	195,539	20.6	37,727	51,492	36.5
Brazil	228,095	246,196	137,640	208,438	233,993	110,488	-52.8	7,878	7,362	-6.6
Mali	20,730	29,783	86,590	122,410	107,453	95,206	-11.4	16,562	15,559	-6.1
Burkina Faso	23,974	74,522	84,689	104,546	73,575	19,500	-73.5	9,053	3,810	-57.9
Cote d'Ivoire	21,990	26,422	58,430	64,269	60,474	29,539	-51.2	11,881	1,735	-85.4
India	86,607	34,221	93,615	56,090	61,148	99,223	62.3	817	4,845	493.3
Tanzania	16,913	20,743	32,339	30,027	7,390	10,771	45.8	1,475	5,683	285.1
Pakistan	88,189	16,407	20,556	27,450	10,988	5,376	-51.1	712	2,919	310.1
Argentina	27,009	21,947	21,696	23,980	13,670	19,507	42.7	2,695	816	-69.7
Mexico	8,374	9,150	5,785	16,795	2,750	3,198	16.3	84	75	-10.0
Zimbabwe	45,765	34,376	12,831	14,839	5,305	-	-100.0	-	-	-
Spain	943	4,995	16,138	13,031	3,809	962	-74.7	-	-	-
Benin	5,202	10,472	16,221	10,424	17,032	4,182	-75.4	894	1,005	12.4
Others	90,616	129,928	98,823	70,895	92,872	67,488	-27.3	16,982	6,352	-62.6
World	1,272,153	1,514,639	1,550,525	1,472,847	1,276,724	1,225,785	-4.0	160,362	162,298	1.2

Source: Department of Customs

Table 3: Thailand's Imports of Raw Cotton in Metric Ton (Marketing Year: August/July)

Unit: Metric Ton	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16	MY2016/17	% Change	August - September		
								MY2016/17	MY2017/18	% Change
United States	61,430	97,193	115,534	108,020	92,341	122,973	33.2	11,670	13,204	13.1
Australia	70,892	89,068	72,837	46,490	35,305	42,574	20.6	8,214	11,211	36.5
Brazil	49,662	53,604	29,968	45,382	50,947	24,056	-52.8	1,715	1,603	-6.6
Mali	4,513	6,484	18,853	26,652	23,395	20,729	-11.4	3,606	3,388	-6.1
Burkina Faso	5,220	16,225	18,439	22,763	16,019	4,246	-73.5	1,971	829	-57.9
Cote d'Ivoire	4,788	5,753	12,722	13,993	13,167	6,431	-51.2	2,587	378	-85.4
India	18,857	7,451	20,383	12,212	13,314	21,603	62.3	178	1,055	493.3
Tanzania	3,682	4,516	7,041	6,538	1,609	2,345	45.8	321	1,237	285.1
Pakistan	19,201	3,572	4,476	5,977	3,982	1,170	-70.6	155	636	310.1
Argentina	5,881	4,779	4,724	5,221	2,976	4,247	42.7	587	178	-69.7
Mexico	1,823	1,992	1,259	3,657	599	696	16.2	18	16	-10.0
Zimbabwe	9,964	7,485	2,794	3,231	1,155	-	-100.0	-	-	-
Spain	205	1,088	3,514	2,837	829	209	-74.7	-	-	-
Benin	1,133	2,280	3,532	2,270	3,708	911	-75.4	195	219	12.4
Others	19,730	28,289	21,516	15,436	18,561	14,694	-20.8	3,698	1,383	-62.6
World	276,981	329,777	337,591	320,678	277,907	266,886	-4.0	34,915	35,336	1.2

Source: Department of Customs

Table 4: Thailand's Imports of Cotton Yarn (Marketing Year: August/July)

Unit: Metric Ton	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16	MY2016/17	% change	August - September		
								MY2016/17	MY2017/18	% Change
India	3,842	2,831	4,512	4,518	8,811	12,012	36.3	1,876	1,605	-14.4
Vietnam	4,518	933	791	1,402	3,112	4,189	34.6	706	1,184	67.7
China	3,374	3,327	4,338	4,481	3,894	4,191	7.6	1,099	655	-40.4
Japan	738	831	973	529	1,745	1,641	-6.0	231	334	44.4
Korea South	79	25	21	41	158	401	153.3	34	279	711.2
Indonesia	337	804	151	183	77	190	147.8	103	71	-30.8
Egypt	214	596	257	88	35	102	190.0	0	86	-
Bangladesh	0	6	0	0	1	384	29779.4	0	90	-
Taiwan	54	57	41	48	130	71	-45.7	23	13	-40.8
Pakistan	3,390	1,204	1,159	1,487	644	314	-51.3	41	30	-27.0
Other	151	217	187	244	128	309	141.7	47	4	-91.4
Total	16,697	10,832	12,430	13,022	18,736	23,803	27.0	4,160	4,352	4.6

Source: Department of Customs

Table 5: Thailand's Exports of Cotton Yarn (Marketing Year: August/July)

Unit: Metric Ton	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16	MY2016/17	% Change	August - September		
								MY2016/17	MY2017/18	% Change
China	14,349	32,573	40,701	29,330	18,694	12,217	-34.6	2,360	2,043	-13.4
Korea South	1,154	3,100	4,092	3,537	5,041	3,724	-26.1	831	549	-33.9
Japan	3,316	4,438	5,956	5,491	4,155	4,137	-0.4	772	616	-20.2
Italy	398	577	436	162	132	184	39.4	50	22	-56.2
Vietnam	237	201	639	301	747	283	-62.1	81	35	-57.5
Indonesia	100	85	193	256	55	15	-73.6	1	16	1542.9
Hong Kong	1,014	1,888	720	1,198	774	266	-65.7	64	15	-75.7
Australia	47	15	9	3	10	10	-1.3	0	6	2316.1
Laos	7	1	2	4	28	44	58.2	8	12	53.9
Nicaragua	57	31	117	45	35	36	3.1	4	5	39.5
United Kingdom	5	3	5	17	32	23	-29.8	3	5	71.9
Sri Lanka	462	2,026	1,435	437	12	13	11.2	1	2	102.3
Other	5,273	8,866	6,199	2,609	1,448	1,216	-16.0	288	44	-84.9
Total	26,419	53,804	60,503	43,390	31,163	22,168	-28.9	4,462	3,369	-24.5

Source: Department of Customs

End of report.