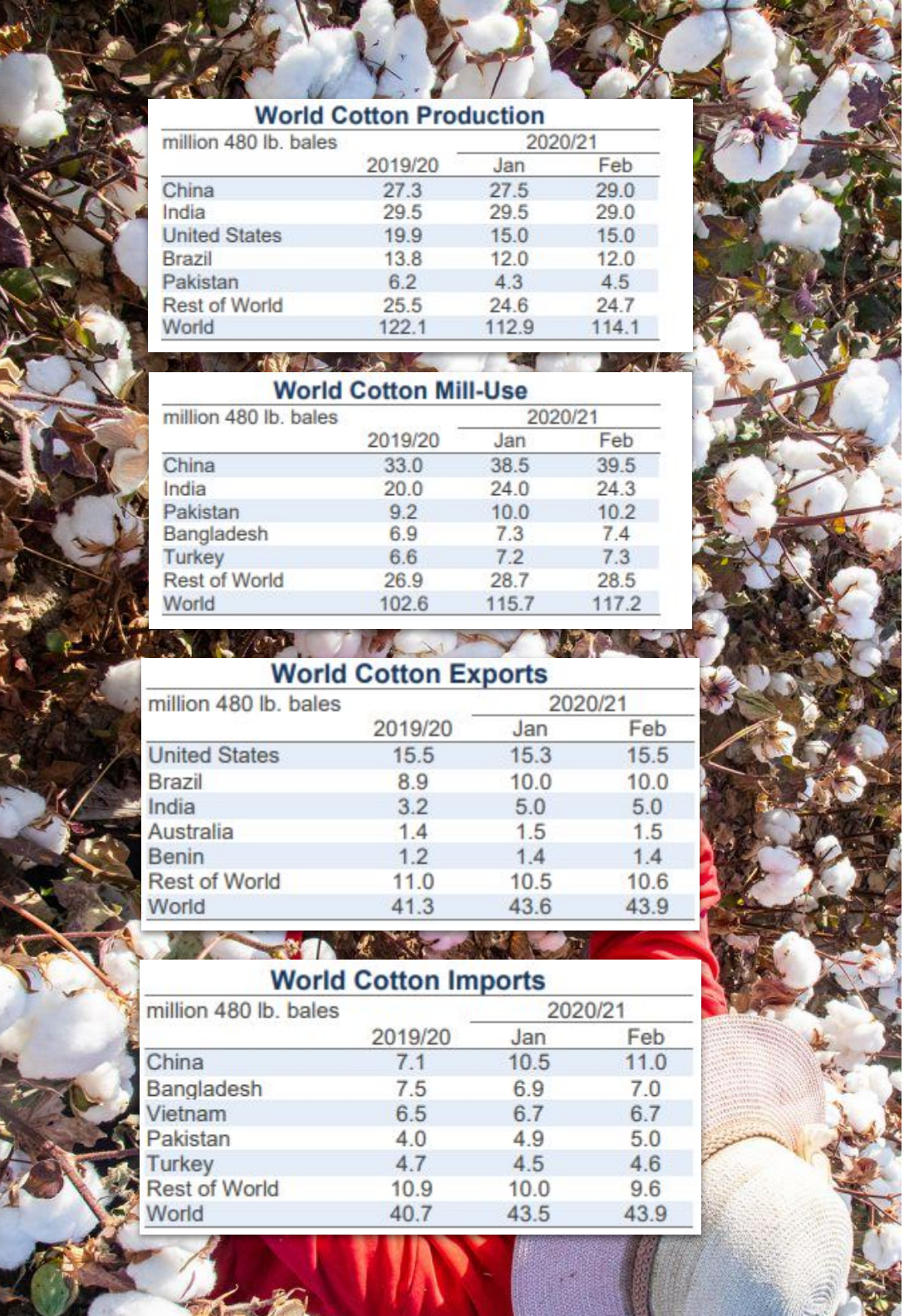
FEB/MAR

2021

NEWSLETTER

Premier fabric studio based in Sri Lanka



World Cotton Production

million 480 lb. bales	2019/20	2020/21 Jan	2020/21 Feb
China	27.3	27.5	29.0
India	29.5	29.5	29.0
United States	19.9	15.0	15.0
Brazil	13.8	12.0	12.0
Pakistan	6.2	4.3	4.5
Rest of World	25.5	24.6	24.7
World	122.1	112.9	114.1

World Cotton Mill-Use

million 480 lb. bales	2019/20	2020/21 Jan	2020/21 Feb
China	33.0	38.5	39.5
India	20.0	24.0	24.3
Pakistan	9.2	10.0	10.2
Bangladesh	6.9	7.3	7.4
Turkey	6.6	7.2	7.3
Rest of World	26.9	28.7	28.5
World	102.6	115.7	117.2

World Cotton Exports

million 480 lb. bales	2019/20	2020/21 Jan	2020/21 Feb
United States	15.5	15.3	15.5
Brazil	8.9	10.0	10.0
India	3.2	5.0	5.0
Australia	1.4	1.5	1.5
Benin	1.2	1.4	1.4
Rest of World	11.0	10.5	10.6
World	41.3	43.6	43.9

World Cotton Imports

million 480 lb. bales	2019/20	2020/21 Jan	2020/21 Feb
China	7.1	10.5	11.0
Bangladesh	7.5	6.9	7.0
Vietnam	6.5	6.7	6.7
Pakistan	4.0	4.9	5.0
Turkey	4.7	4.5	4.6
Rest of World	10.9	10.0	9.6
World	40.7	43.5	43.9

FACTS

Cotton market continues to stay highly volatile through the month of February as price levels continue to trade at levels above those that global supply and demand estimates suggest may be appropriate.

Cotlook's A index reached its highest monthly average since October 2018 and prices are still on the rise.

The latest USDA report featured increases to world production (+1.3 million to 114.1 million) and global mill consumption forecasts (+1.5 million bales to 117.2 million). At country levels China and India are at the forefront producing 29 million bales each in February.

Pakistani cotton market is going through challenging times as crop production keeps declining. This February the production is at 4.5 million bales whereas the mill use is at 10.2 million. According to stats this is the lowest hit the Pakistan market had nearly after 30 years. Pakistan would have to import around 6 million bales that would cost around $4 billion. This could possibly mean a hike in prices.

PRICE OUTLOOK

Trading activity has started to shift out of the Nearby March NY/ICE futures contract and into the May contract. Values for March were relatively stable through much of January but surged in February. Since early February, prices increased from 80 cents/lb to nearly 87 cents/lb.

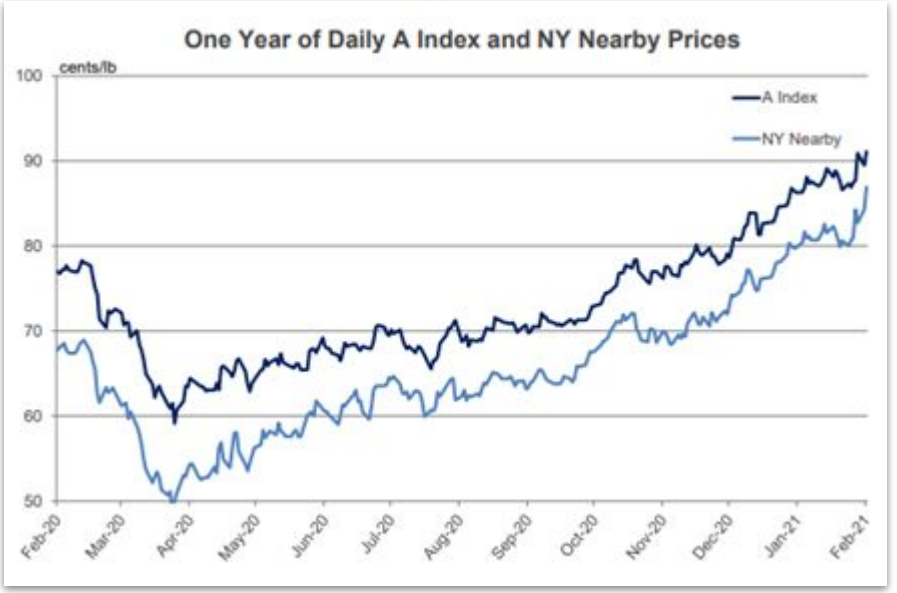
The May NY/ICE futures contract climbed in parallel to values for March but have been about a cent/lb higher. In early February, values for May were trading near 81 cents/lb. The most recent prices are near 88 cents/lb.

Cotlook's A Index rose from 86 to 90 cents/lb over the past month.

In international terms, the China Cotton Index (CC Index 3128B) increased from 107 to 110 cents/lb. In domestic terms, values climbed from 15,300 to 15,600 RMB/ton

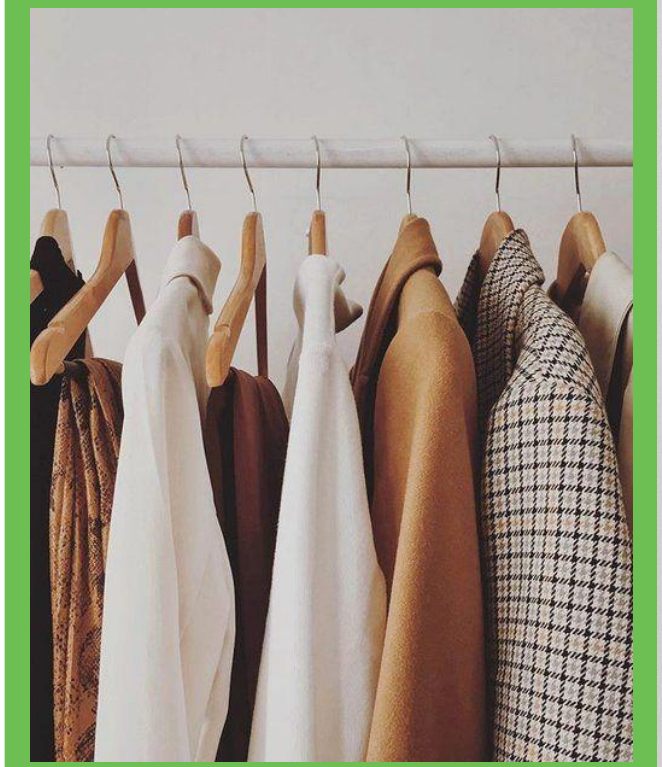
Indian cotton prices (Shankar-6 quality) were comparatively steady. In international terms, prices traded near 76 cents/lb. In domestic terms, values hovered around 43,500 INR/candy.

In international terms, Pakistani prices rose from 79 to 82 cents/lb. In domestic terms, prices increased from 10,500 to 10,800 PKR/maund.



FUTURE

As the world moves past the pandemic, economic growth is expected to accelerate around the world. Increasing economic activity will ensure the growth in cotton consumption and customer demand affecting the market positively if the cotton producers are able to meet the target numbers. The corresponding increase in economic activity could support further growth in mill-use and lift global demand several million bales. A net result could be that world production and consumption in 2021/22 could be near parity.



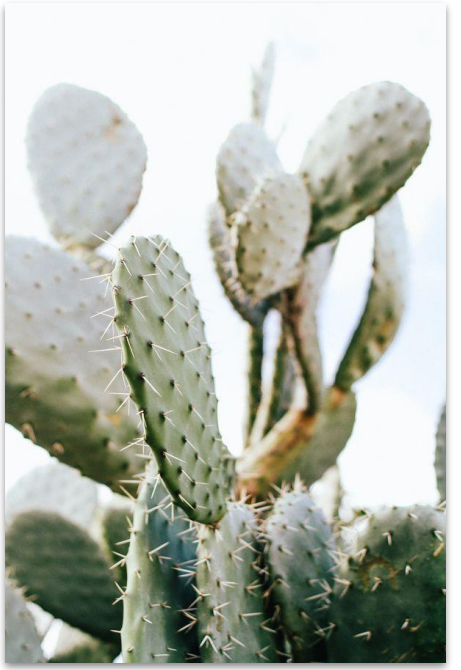
FASHION AND INNOVATION

‘Cactus’ a good alternative for Animal Leather

Leather is considered to be a widely popular material for various fashion goods. But the impact it has on the environment during its production process is extremely harmful. Not only animals are being killed in huge masses for its production but the waste it produces during production is highly toxic.

In Mexico two entrepreneurs have been successful in producing world’s first vegan leather fabric using a Cacti breed after a trial-and-error period of 2 years. Cactus is known to be a thick, hard, rugged and a prickly plant. The final product is very similar to genuine leather with properties such as durability, flexibility with a soft hand-feel. As a plant that is being grown in desert conditions with minimum moisture the water consumption is relatively low. In addition, they have adopted natural dyes into the production process for this vegan leather.

Going by the trade name ‘Desserto’ this cacti-leather can be used to meet the requirements of not only fashion industry but several others as well such as, leather goods, furniture, automobiles etc. According to Animal Rights Group PETA, this innovation will be able to save almost 1 billion animals from being killed every year for their skin which affects the environment ecosystem.



FASHION AND SUSTAINABILITY

Sustainable denim manufacturing

Denim, a staple piece of clothing which can be found in every wardrobe has an unfavorable effect on the environment. According to a report issued by the National Geographic Magazine one pair of denim jeans, including its production and general wear uses up to 11,000 liters of water.

Organizations worldwide is in the pursuit of introducing new technologies to minimize the damage currently it is doing to the environment. An emerging greener chemistry process, called Advanced Denim by Archroma, can produce a pair of jeans using up to 92% less water and 30% less energy than conventional methods. In addition to this, it generates 87% less cotton waste and no wastewater. Unlike conventional denim production methods, which require up to 15 dyeing vats and an array of potentially harmful chemicals, Advanced Denim uses just one vat and a new generation of eco-advanced, concentrated, liquid sulfur dyes that require only a single, sugar-based reducing agent. All other production steps are also eliminated.

If only a quarter of the world's jeans were dyed using this advanced denim process, around 2.5 billion gallons (9.46 billion liters) of water would be saved every year – enough to cover the needs of 1.7 million people annually. It would also prevent the release of 8.3 million cubic meters of wastewater and save up to 220 million kilowatt-hours of electricity.