

AUSTRALIAN COTTON OUTLOOK SEASON 2001/02

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KPMG Agribusiness Forum - 6th September 2001

Australian Cotton Outlook - 2001/02

- Current price situation
- International supply/demand outlook
- Review of Australia's major cotton markets
- Keys to our competitiveness
- Industry outlook 2002 season

SPOT AUSTRALIAN COTTON CASH PRICES (10 YEARS)

FOB EAST COAST GINYARD

A\$ per bale

\$800

\$750

\$700

\$650

\$600

\$550

\$500

\$450

\$400

\$350

\$300



Aug-91 Nov-91 Feb-92 May-92 Aug-92 Nov-92 Feb-93 May-93 Aug-93 Nov-93 Feb-94 May-94 Aug-94 Nov-94 Feb-95 May-95 Aug-95 Nov-95 Feb-96 May-96 Aug-96 Nov-96 Feb-97 May-97 Aug-97 Nov-97 Feb-98 May-98 Aug-98 Nov-98 Feb-99 May-99 Aug-99 Nov-99 Feb-00 May-00 Aug-00 Nov-00 Feb-01 May-01 Aug-01

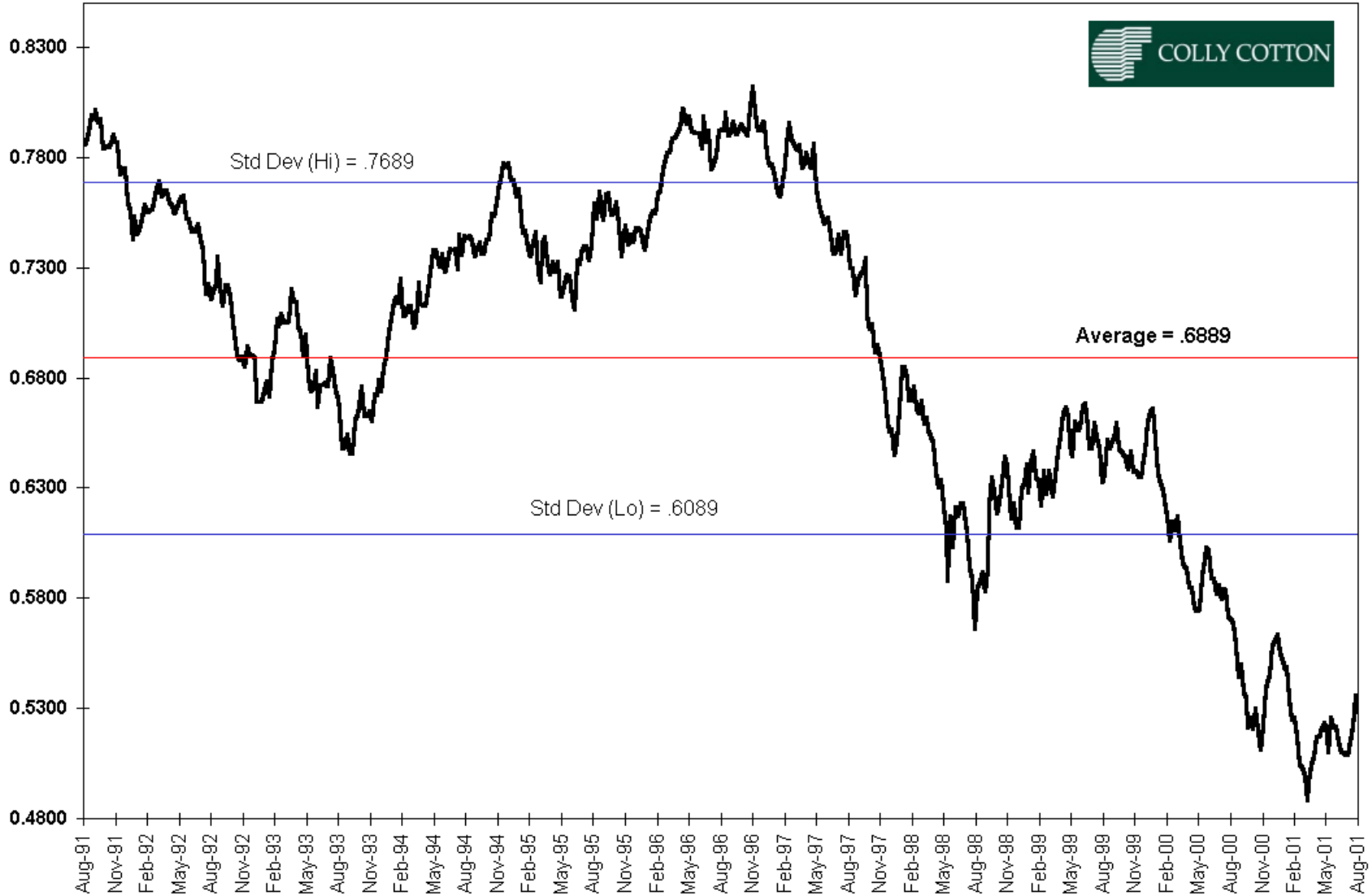
Average = \$463

Std Dev (Hi) = \$545

Std Dev (Lo) = \$380

AUD / USD

AUSTRALIAN DOLLAR (10 YEARS)



US\$ per pound

NYCE SPOT COTTON FUTURES (10 YEARS)

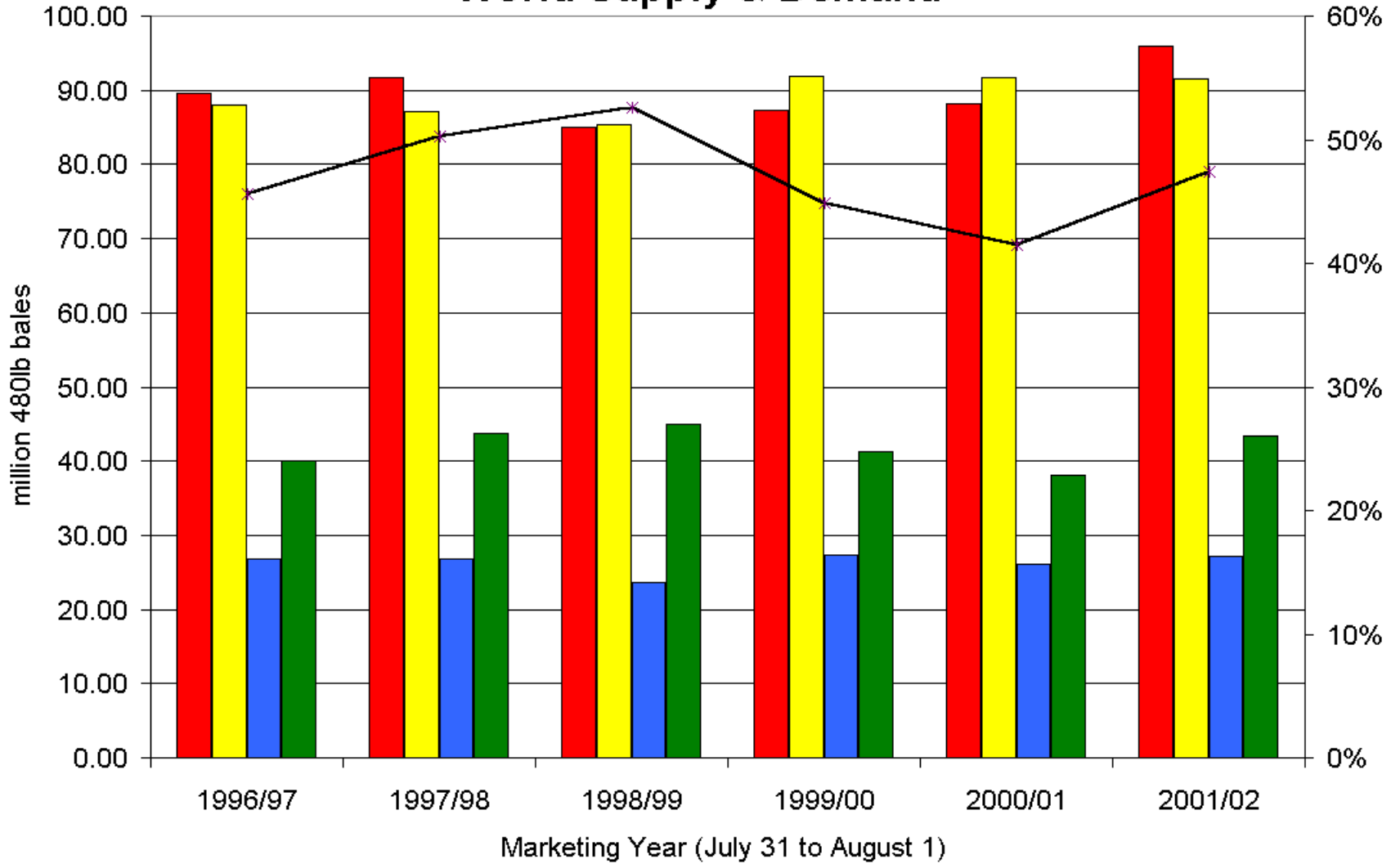


US\$ per pound

COTTON A INDEX (10 YEARS)

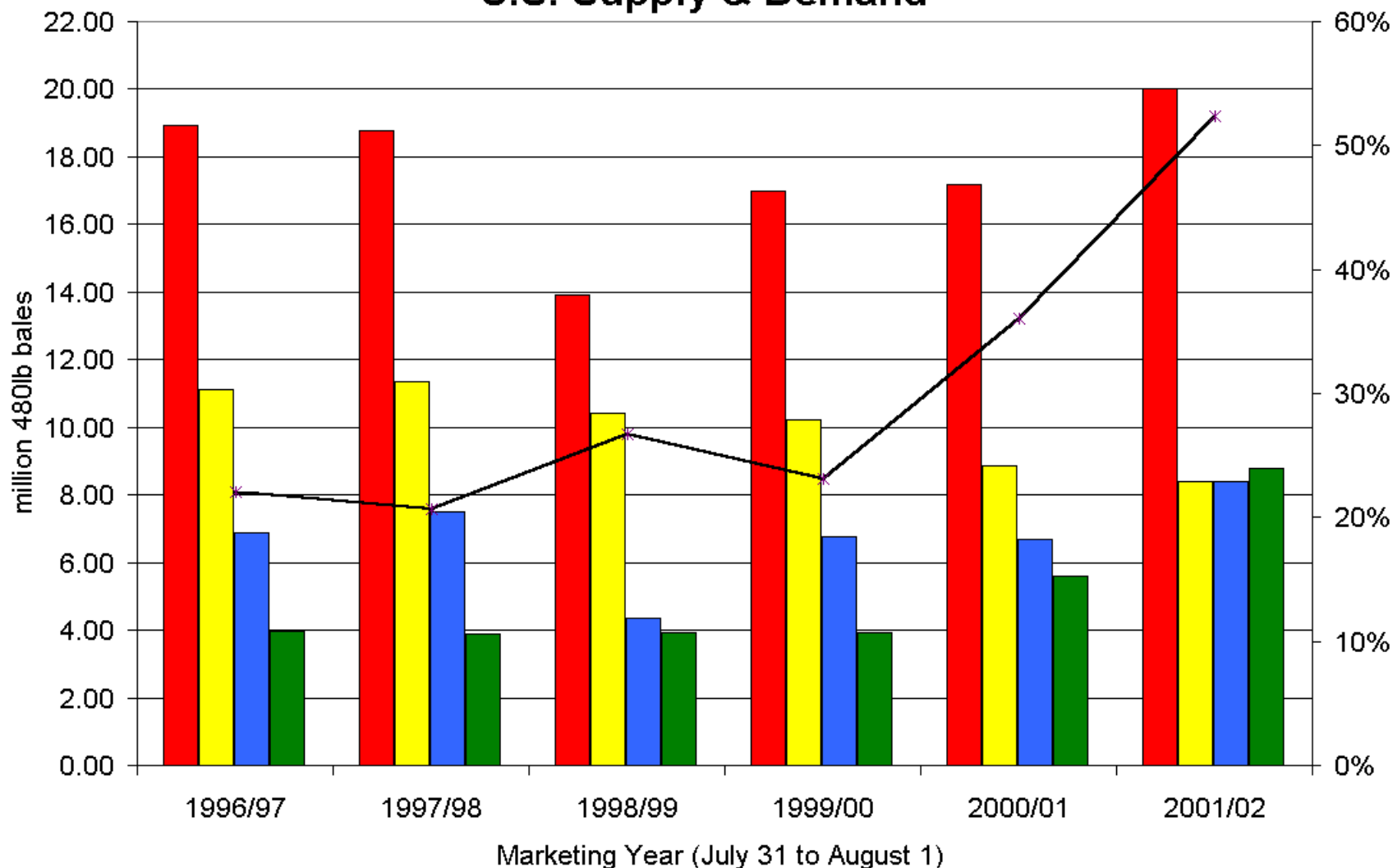


World Supply & Demand



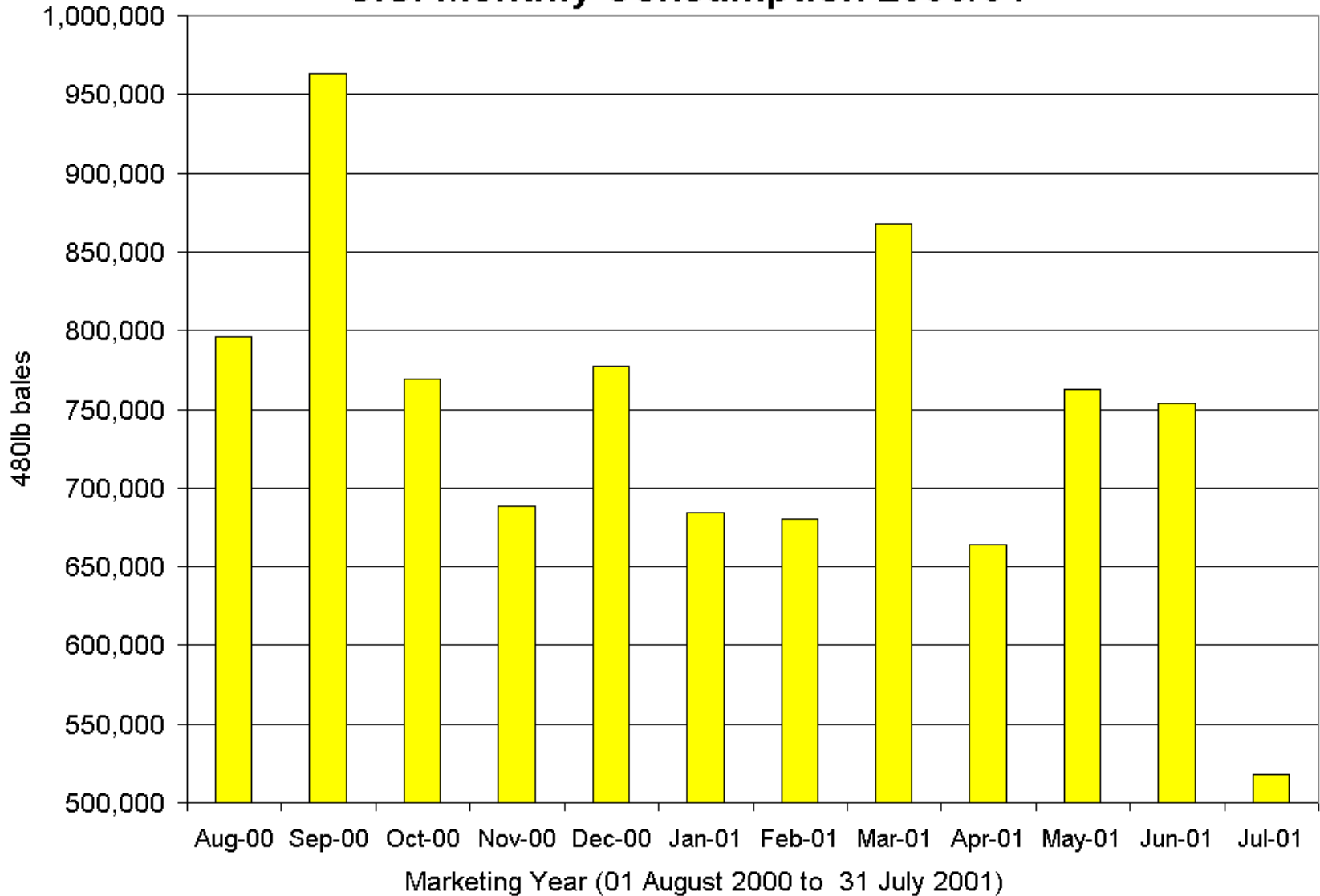
■ Production
 ■ Consumption
 ■ Exports
 ■ Ending Stocks
 —* Stocks to Use

U.S. Supply & Demand

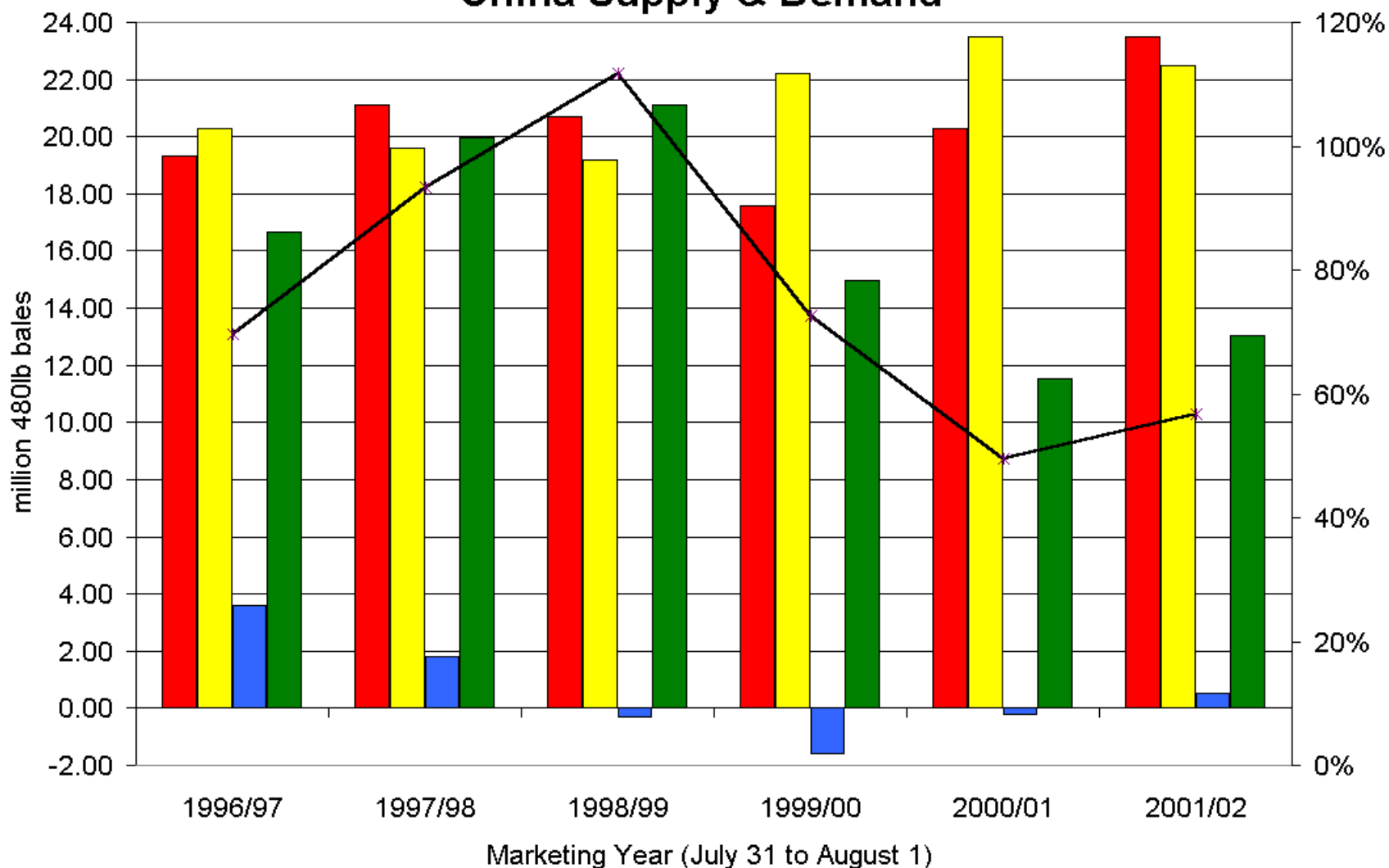


■ Production
 ■ Consumption
 ■ Exports
 ■ Ending Stocks
 —x— Stocks to Use

U.S. Monthly Consumption 2000/01

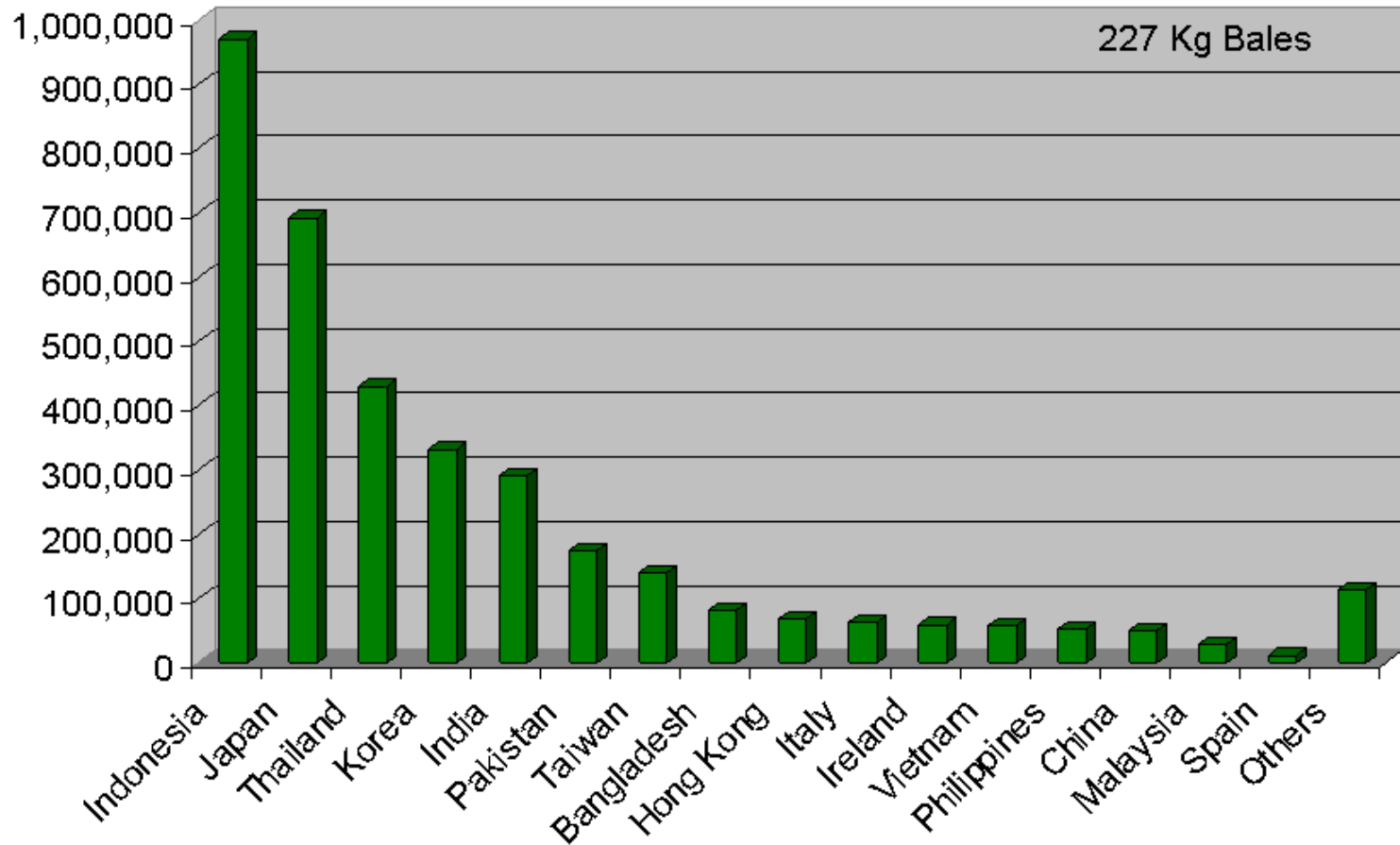


China Supply & Demand



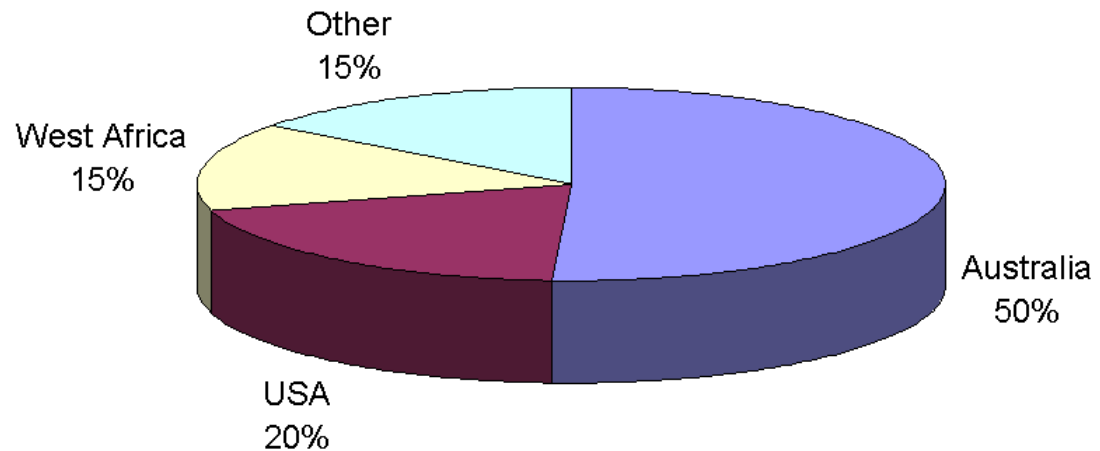
■ Production
 ■ Consumption
 ■ Net Imports
 ■ Ending Stocks
 —* Stocks to Use

Australian cotton exports - 2000/01 FY



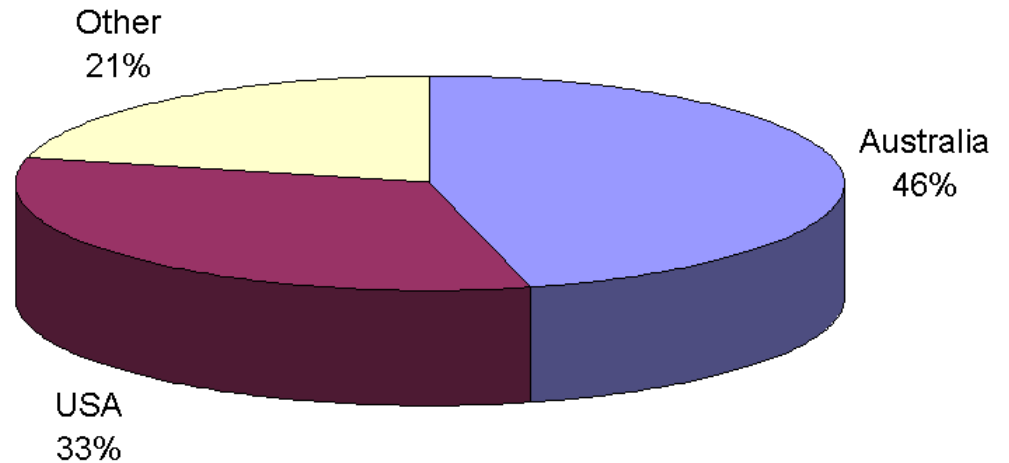
Indonesia

- Annual consumption 2.3 million bales
- One of the most competitive textile producers in the world



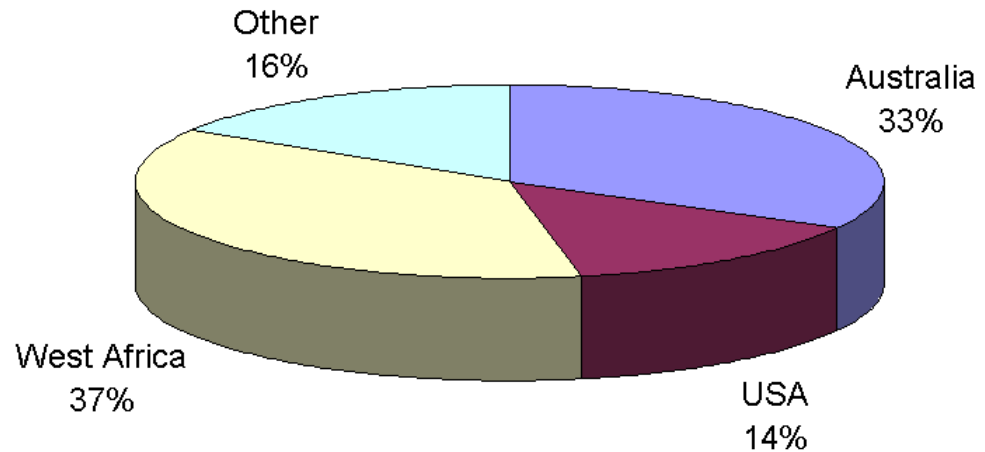
Japan

- Annual consumption 1.2 million bales
- Declining consumption
- Joint ventures in other countries



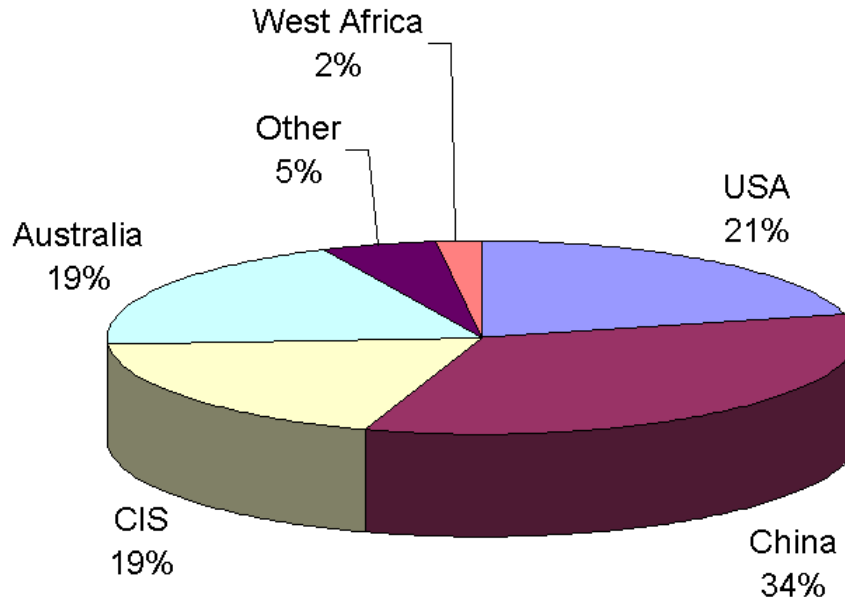
Thailand

- Annual consumption 1.2 million bales
- Consumption increasing



South Korea

- Annual consumption 1.3 million bales
- Largest supplier is China



Keys to competitiveness:

Price

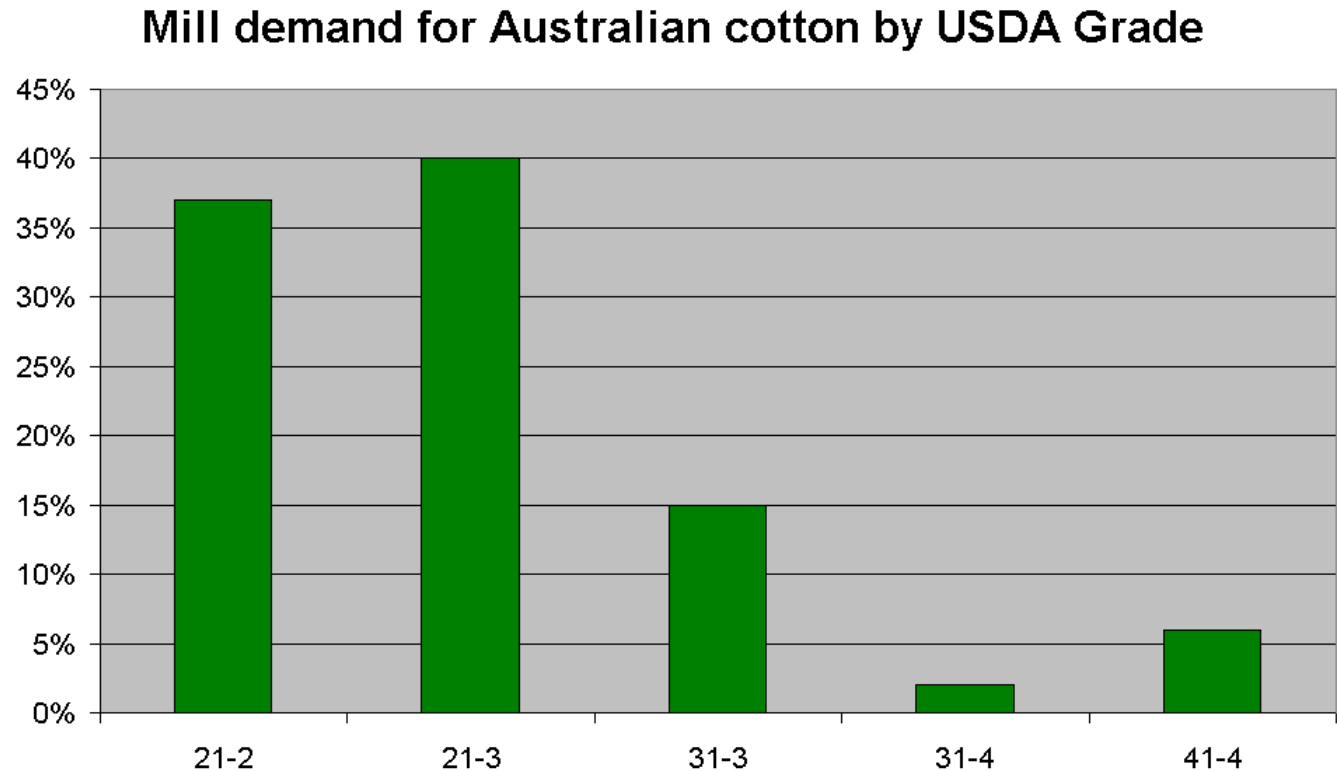
High Quality fibre - length,
strength, micronaire

Lack of contamination and
stickiness

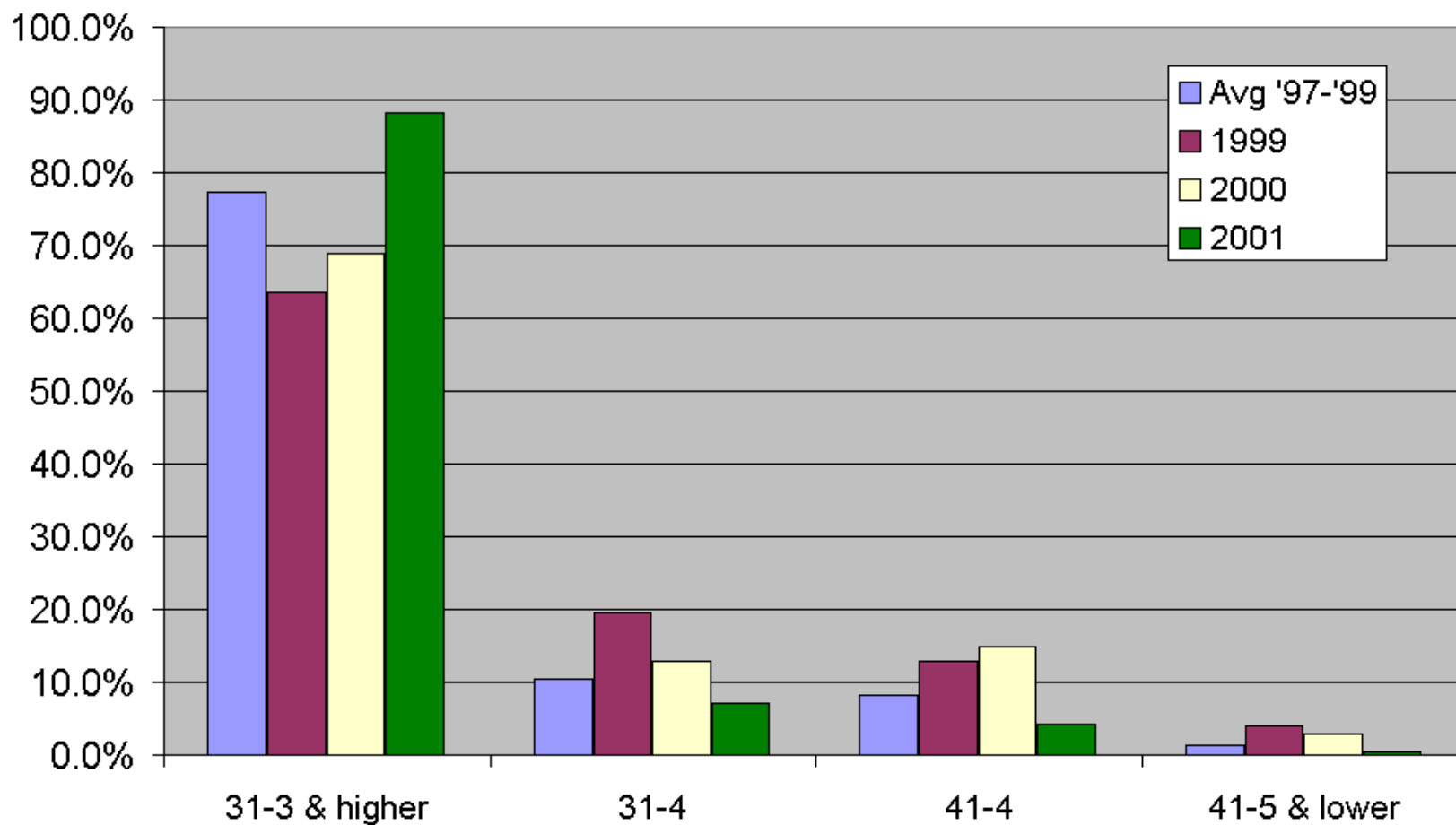
Prompt delivery & reliable
supply year on year

Australian cotton quality

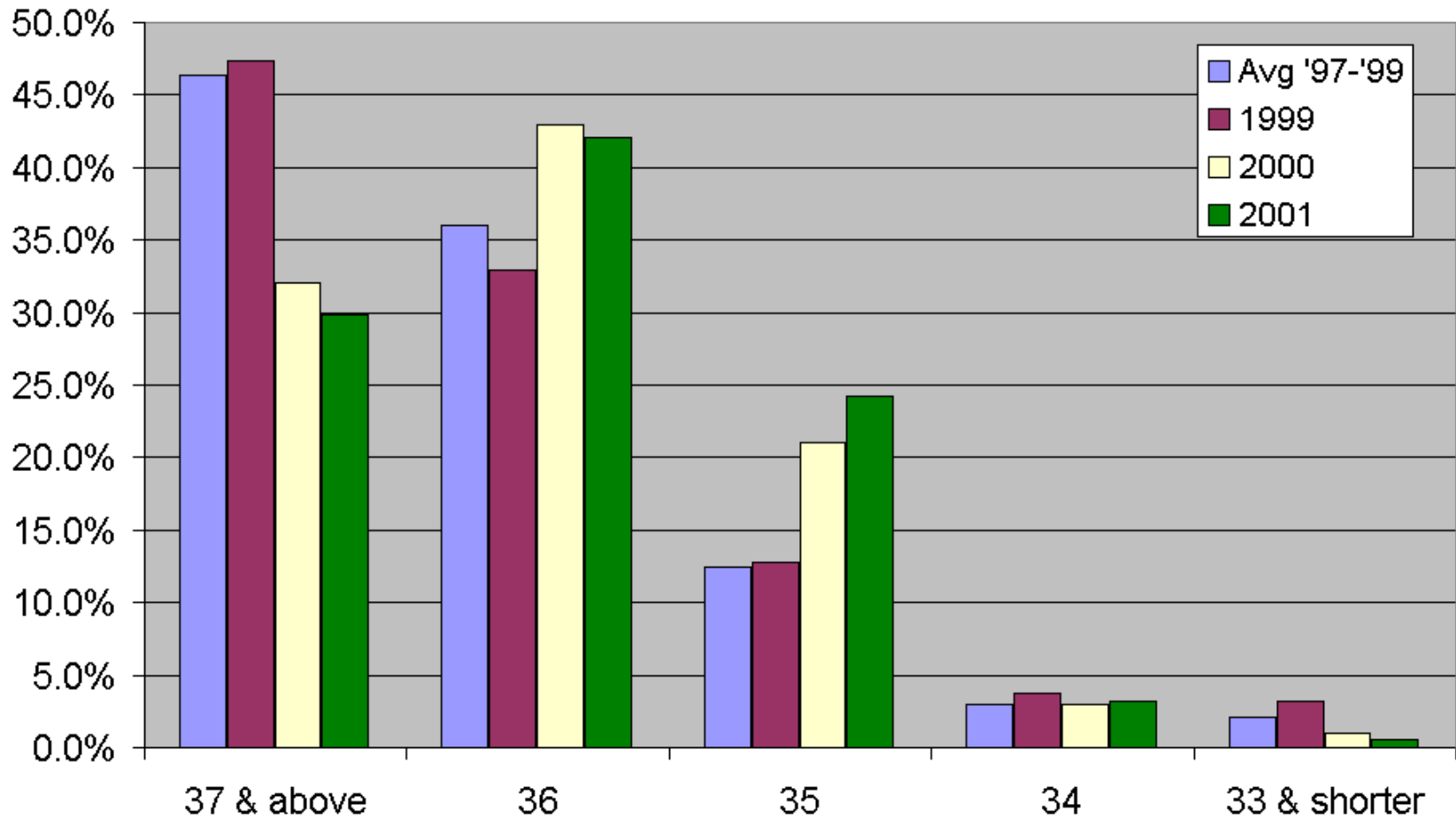
- The 4 largest consumers of Australian cotton by destination country require 90% high grades
- USDA Strict Middling (21 colour) with 2 or 3 leaf grade



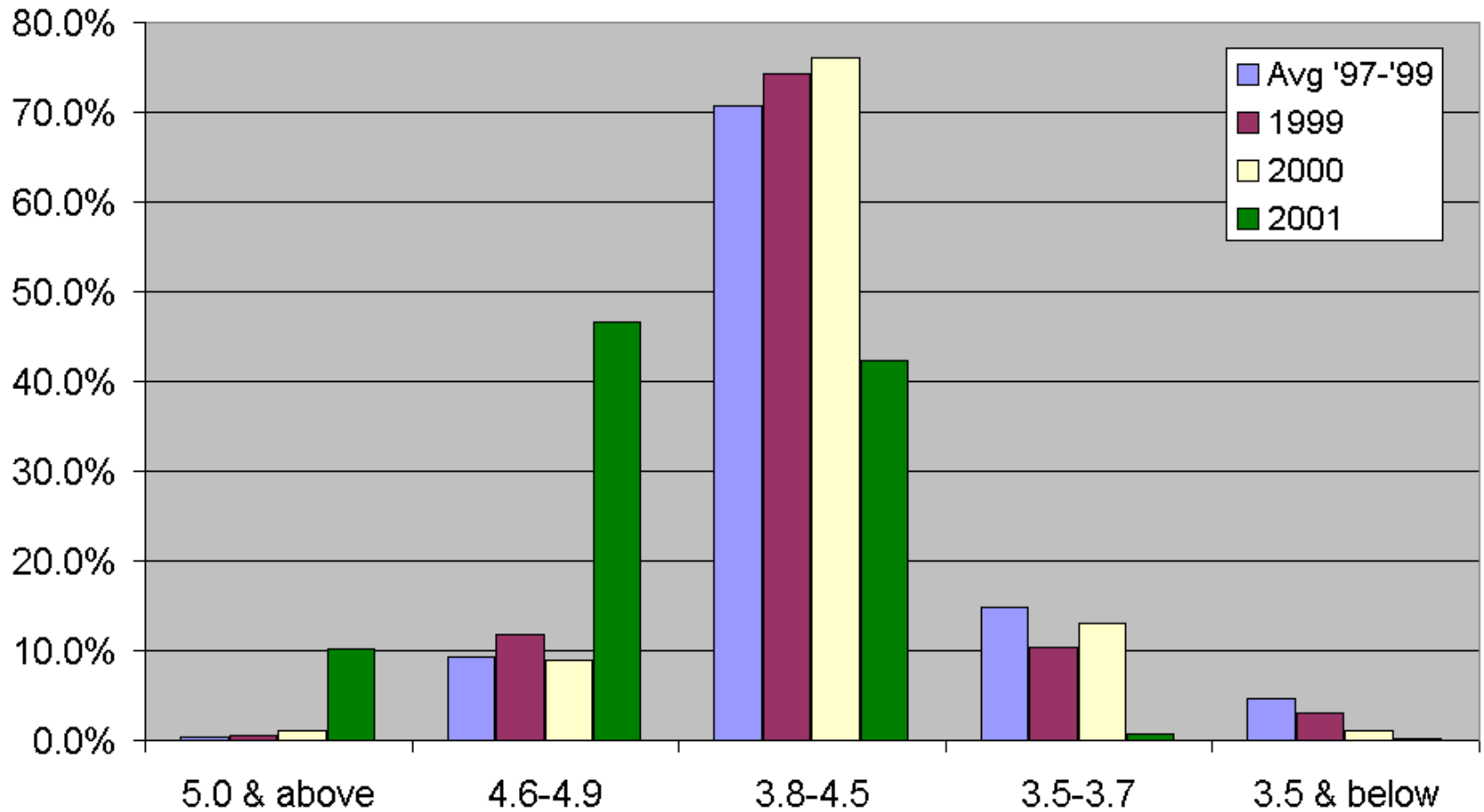
USDA Cotton Grade



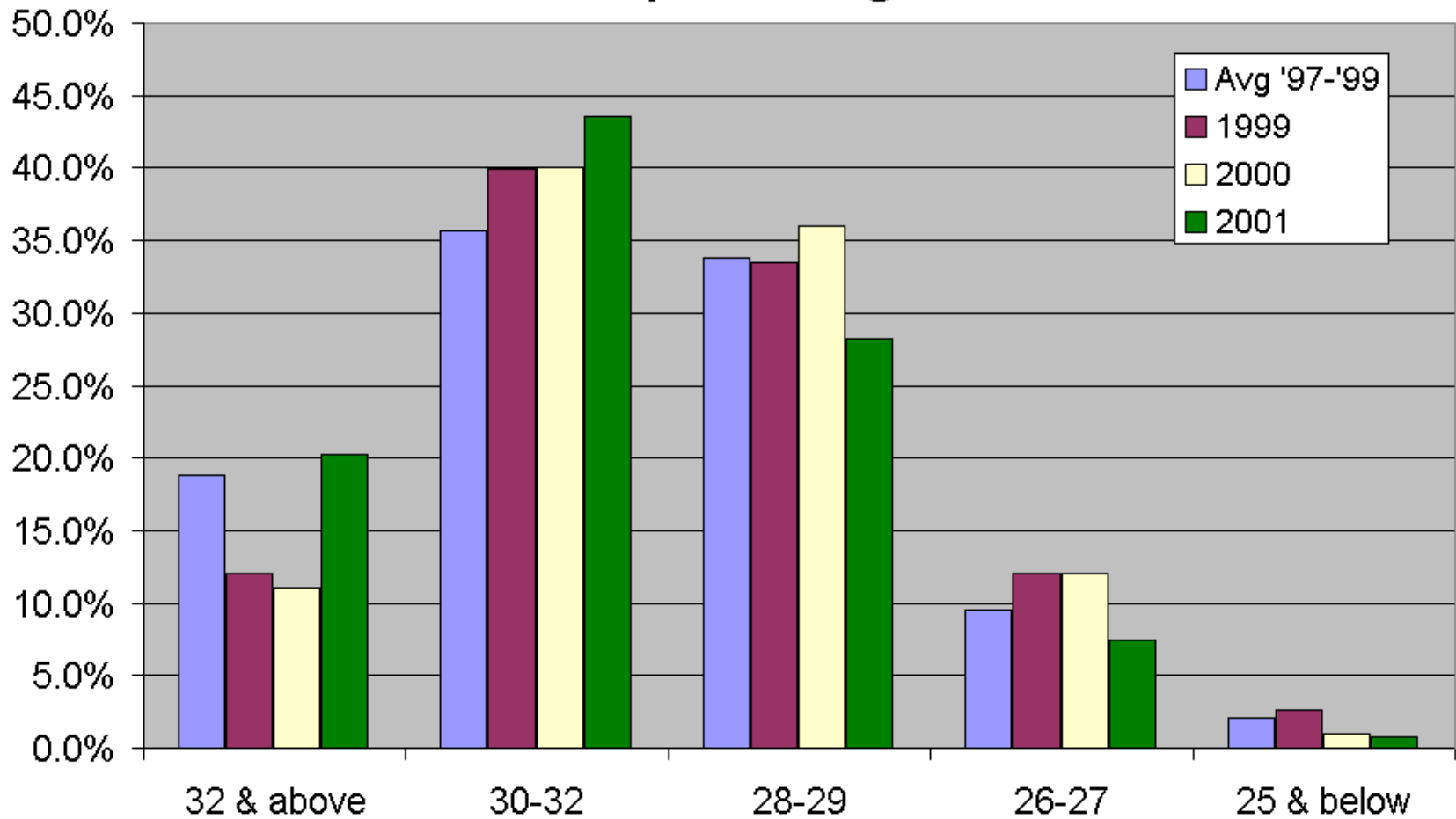
Staple Length



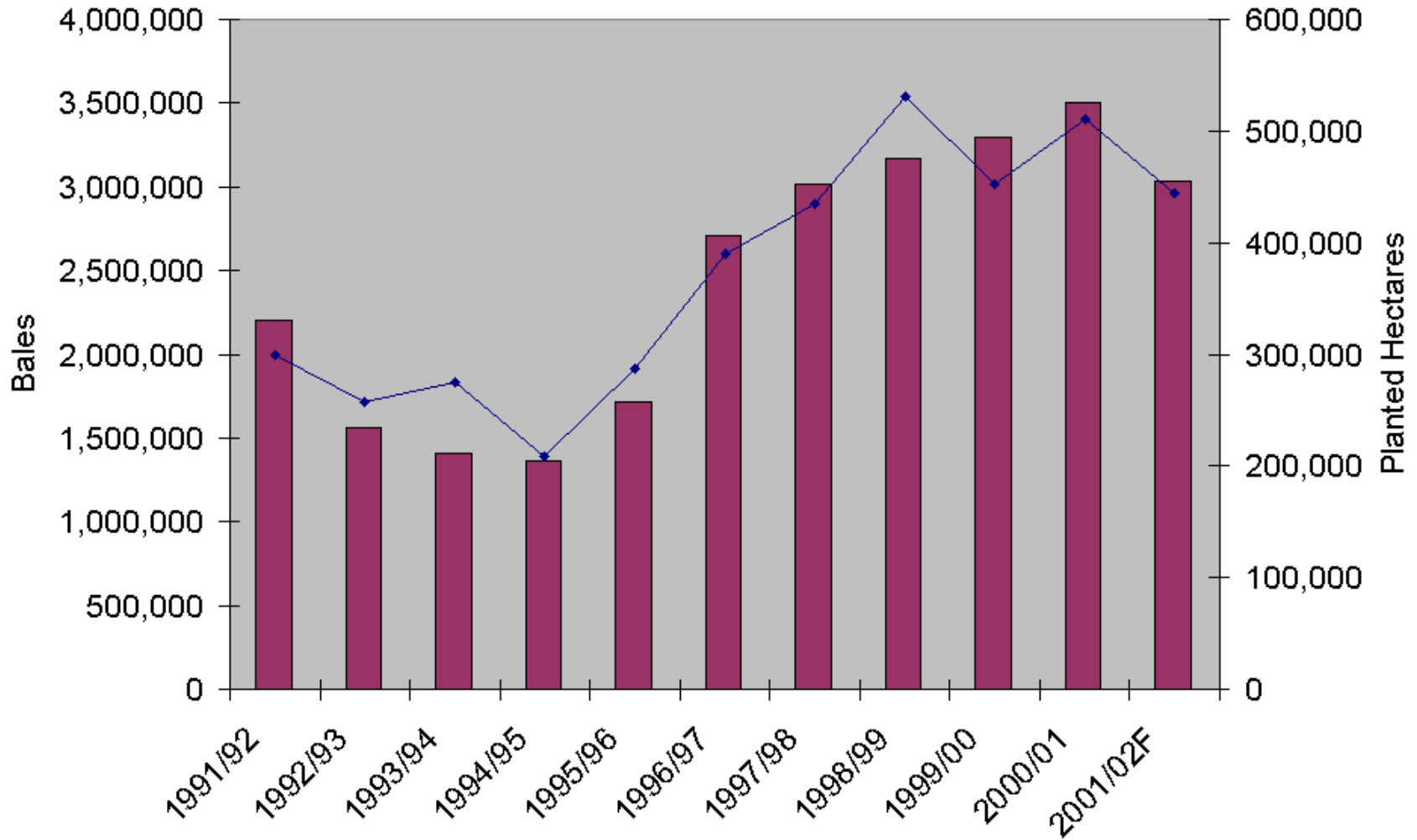
Micronaire (Maturity)



Staple Strength

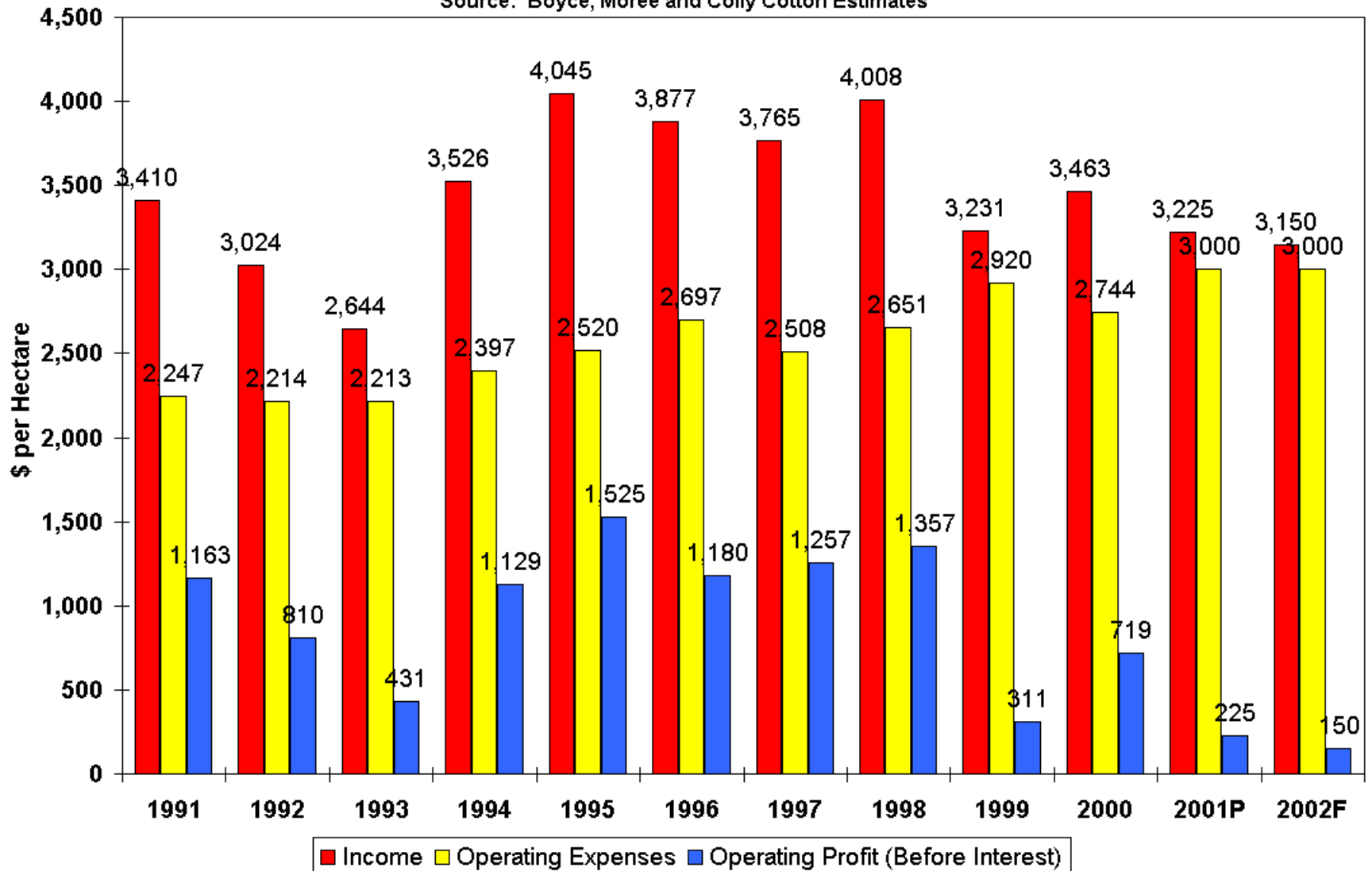


Australian Cotton Production and Area

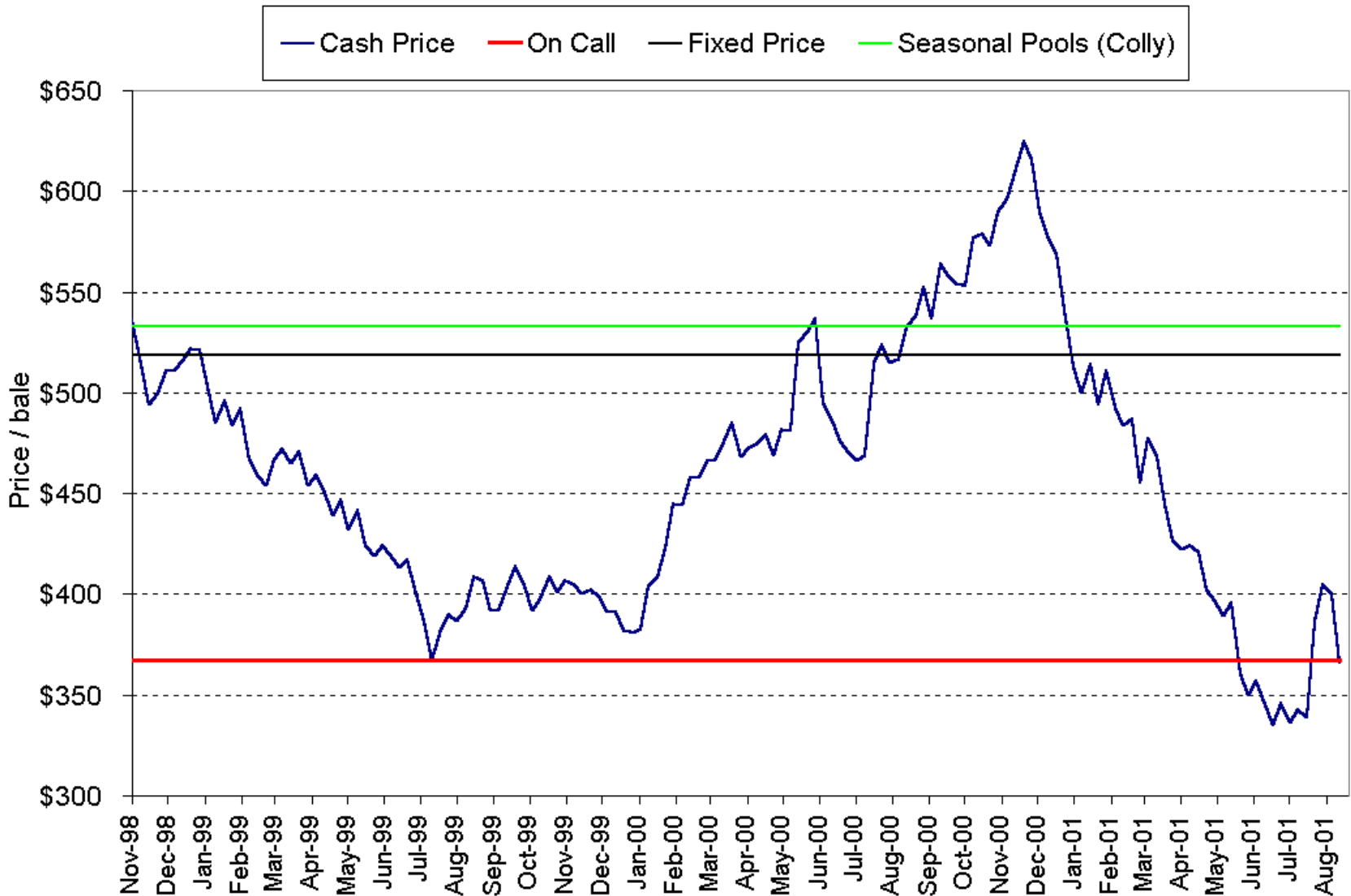


Income & Expenses for Australian Landholding Cotton Producers

Source: Boyce, Moree and Colly Cotton Estimates



2001 Return Comparison



SPOT AUSTRALIAN COTTON CASH PRICES - 2002 CROP

FOB EAST COAST GINYARD

A\$ per bale

