COVID-19 LEADS TO RECORD DOWNWARD ADJUSTMENTS

The rapid global spread of the Covid-19 pandemic and the protection measures implemented in this regard forced economic activities to come to a standstill, thus leading to massive turnover losses of companies of the textile and apparel sector as well as their employees.

The April USDA forecast has world cotton consumption down 1.65 million tonnes (or 6.4 percent) from last month. It represents a loss of about 3-and-a-half weeks of global spinning or about 16 percent of the expected spinning March through July based on the March USDA forecasts. While spinning and other manufacturing sectors in China have begun to recover to some extent, reductions in consumption this month are reported across all consuming countries of note such as India, Bangladesh, Pakistan and Vietnam.

Cotton prices have declined significantly in recent weeks, with the nearby ICE futures contract falling below 50 cents for the first time in over a decade. Yet, on April 22, nearby futures have slightly recovered to 56.28 cents.

ITMF has recently conducted a survey among ITMF Members and affiliated companies and associations about the impact of the Corona-pandemic on the global textile value chain, especially on current orders and expected turnover in 2020. In total 700 companies from around the world participated. Worldwide, current orders are down by -31% on average. The results show that companies in all regions of the world suffered significant numbers of cancellations and/or postponements of orders. On world average, the turnover in 2020 is expected to be -28% lower than in 2019.

Sources: USDA WMT Cotton April 2020, ITMF Newsletter - No. 49 (April 2020) - Special Edition