

Jon Devine

Demand Update and Outlook: Choppy Past, Challenging Present, and a Market in Transition

As with many commodity markets, the global cotton industry has been rocked by a series of shocks in recent years. These include the emergence of the trade dispute between the US and China, the outbreak of COVID, unprecedented stimulus and the surprisingly rapid and strong recovery in consumer demand, the shipping crisis, a rash of geopolitical tensions, the worst global inflation in a generation, and the sharpest increases in interest rates around the world in decades. Volatility in the macroeconomic environment resulted in volatility in demand throughout supply chains. Although the bottom in the global economy may be passing, the downturn in order placement that followed increases in interest rates has yet to be reversed. Challenges for consumer demand remain. Even if the rate of inflation has slowed, prices remain significantly higher than they were before the pandemic. Inventory stabilization in western markets may provide some support, while the rapid rise of cheap polyester goods in new ecommerce channels are an emerging issue for market share.