



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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Stocks to Increase in 2004/05

Despite distortions in the world market caused by government measures, cotton supply and demand are price responsive. World consumption is leveling off at 21.1 million tons in 2003/04, outpacing world production by an estimated 700,000 tons. As a result, world ending stocks on July 31, 2004 are projected at their lowest level since 1994/95. In addition to the tighter world cotton supply, imports by China (Mainland) are skyrocketing from 680,000 tons in 2002/03 to an estimated record of 1.85 million tons this season. The average Cotlook A Index is expected to be 71 cents per pound in 2003/04, the highest in six seasons.

The rise in cotton prices is leading to increased world production in 2004/05. World production is forecast to surpass 22 million tons for the first time, up 1.6 million tons (8%) from this season. Production in China (Mainland) is projected up 1.2 million tons, three-quarters of the total increase, climbing to 6.1 million tons, the highest since 1984/85. World cotton consumption is projected to rise only 1% to 21.3 million tons in 2004/05. China (Mainland)'s consumption is expected to climb 5% from an estimated 7 million tons this season to 7.35 million tons in 2004/05. Mill use in the rest of the world is expected down 100,000 tons to 14 million tons, the lowest since 1994/95.

With production expected to exceed mill use in 2004/05, world ending stocks are projected to rise to 8.6 million tons, an increase of 700,000 tons from the current season. The Cotlook A Index is expected to average 65 cents per pound in 2004/05, down six cents from the average anticipated for the current season.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
	Million Tons			Million Bales		
Production	20.420	22.05	22.53	93.79	101.3	103.5
Consumption	21.100	21.34	21.61	96.91	98.0	99.3
Exports	7.231	6.58	6.67	33.21	30.2	30.6
Ending Stocks	7.906	8.62	9.54	36.31	39.6	43.8
Cotlook A Index	71*	65*	59*	71*	65*	59*

* US cents per pound. Statistical estimates are based on current estimates of supply and use; 95% confidence intervals extend 12 cents per pound above and below each point estimate. THE ESTIMATE FOR 2003/04 IS NOT A PRICE MODEL RESULT.

(Press releases are available via e-mail. For further information, please contact us at Publications@icac.org)

The International Cotton Advisory Committee is an association of 42 governments of cotton producing and consuming countries. The Secretariat of the Committee publishes information related to world cotton production, supply, demand and prices, and provides technical information on cotton production technology. Detailed statistics are found bimonthly in COTTON: Review of the World Situation, \$160 per year. A monthly outlook by fax is also available for \$300 per year or on the Internet for \$250 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$500 per year.