



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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Larger World Cotton Area in 2006/07

The Secretariat estimates that world cotton area will grow by about 3% to 35.7 million hectares in 2006/07, encouraged by higher prices this season. Most of this expansion is expected to take place in China (Mainland) and India, whereas harvested area is forecast down in the United States and is expected to remain stable in Pakistan. Assuming average yields, it is expected that world production will reach 25.3 million tons in 2006/07, about the same as in 2005/06 and below the 2004/05 record of 26.3 million tons. The Secretariat projects a decrease in international prices in 2006/07 compared to 2005/06. This forecast is supported by an expected decline in net imports by China (Mainland).

World cotton production is estimated at 25.1 million tons in 2005/06, about 5% less than last season but still the second highest on record. Production is expected to drop significantly in China (Mainland) and Pakistan, but may remain stable in India and is expected to reach a record of 5.2 million tons in the United States (2% more than in 2004/05). While production may decrease by 4% in the northern hemisphere, it is expected to drop by as much as 13% in the southern hemisphere due to a significant decline in cotton area. In particular, area is expected to decrease by as much as 24% in Brazil. World cotton consumption is expected to increase by 4% in 2005/06, to 24.3 million tons. China (Mainland) is expected to capture most of the growth in mill use this season.

The Cotlook A Index is forecast to average 65 cents per pound in 2005/06, up 13 cents from last season. This price projection results from a forecast increase in net imports by China (Mainland), triggered by the combination of a drop in Chinese production and an expected significant increase in consumption.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
Production	26.30	25.1	25.3	120.8	115	116
Consumption	23.48	24.3	25.0	107.9	112	115
Exports	7.74	8.8	8.6	35.5	40	39
Ending Stocks	10.42	11.2	11.5	47.9	51	53
Cotlook A Index	52.2	65*	62*	52.2	65*	62*

- US cents per pound; the statistical estimates for 2005/06 and 2006/07 are based on current estimates of supply and use;
- **95% confidence intervals extend 12 cents per pound above and below the estimate.**

(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 41 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.