



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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World Cotton Stocks Expected to Decline in 2007/08

World cotton production is expected to decline by 2% in 2007/08 to 26.1 million tons, due to lower cotton area. World cotton mill use is forecast up by 3% to 27.5 million tons. As a result world ending stocks are expected to decline by 11% to 11.4 million tons.

World cotton imports are forecast up by 10% to 9.1 million tons in 2007/08 due to an expected rebound in Chinese imports to 3.5 million tons. Exports from the United States, India, and Brazil are expected to increase significantly. However, exports from Uzbekistan, the African Franc Zone and Australia are expected to decline, mainly because of an expected drop in production.

The Secretariat, using the ICAC Price Model 2007, forecasts a season-average Cotlook A Index of 69 cents per pound in 2007/08, 10 cents higher than in 2006/07. This projected price increase is the result of an expected significant decrease in the stocks-to-mill use ratio in the World-less-China (Mainland) in 2007/08.

Preliminary projections for 2008/09 suggest an increase in world production to 27.1 million tons and in world mill use to 27.8 million tons. Consequently, world ending stocks are expected to decline further in 2008/09, to 10.6 million tons.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
	Million Tons			Million Bales		
Production	26.75	26.1	27.1	122.9	120	124
Consumption	26.62	27.5	27.8	122.3	126	128
Exports	8.17	9.1	8.7	37.5	42	40
Ending Stocks	12.76	11.4	10.6	58.6	52	49
Stocks Adjustment	-0.04	0.0	0.0	-0.2	0	0
Cotlook A Index*	59.15	69**		59.15	69**	

* Season-average Cotlook A Index (U.S. cents per pound).

** The price projection for 2007/08 is based on the ending stocks/mill use ratio in the world-less-China (Mainland) in 2005/06, 2006/07 (estimates) and 2007/08 (projection), and on the ending stocks/mill use ratio in China (Mainland) in 2005/06 and 2006/07 (estimates).

95% confidence interval based on current estimates of supply, use and stocks: 62 to 77 cents per pound.

(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 44 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, \$170 per year. A monthly outlook by fax is also available for \$315 per year or on the Internet for \$265 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$420 per year.