



From the Secretariat

ICAC Press Release, July 1, 2008

Small Decline in World Cotton Production Projected in 2008/09

World cotton production is expected to decline by 3% to 25.5 million tons in 2008/09. A major drop in production is forecast in the United States and smaller declines are expected in China (Mainland), Brazil, Egypt, Turkey and Central Asia. Production increases are projected in India, Australia, the African Franc Zone and Pakistan.

Global cotton mill use is expected to decline by 1% in 2008/09 to 26.6 million tons, due to projected slower global economic expansion and higher prices of cotton relative to polyester. World imports are expected to increase by 5% to 8.8 million tons, driven by larger Chinese imports.

World cotton stocks are forecast to decrease by more than one million tons to 11.0 million tons in 2008/09. The largest decline in stocks is expected to occur in the United States, where considerable supplies that accumulated during the previous two seasons will fuel exports.

The Secretariat forecasts an increase in the season-average Cotlook A Index from 73 cents per pound in 2007/08 to 82 cents per pound in 2008/09 (the 95% confidence interval is between 68 and 95 cents per pound).

WORLD COTTON SUPPLY AND DISTRIBUTION

	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
	Million Tons			Million Bales		
Production	26.66	26.24	25.5	122.5	120.5	117
Consumption	26.66	26.75	26.6	122.5	122.9	122
Exports	8.13	8.19	8.8	37.3	37.6	41
Ending Stocks	12.42	12.14	11.0	57.0	55.7	51
Stocks Adjustment	+0.00	0.00	0.0	+0.0	0.0	0
Cotlook A Index*	59.15	73**	82***	59.15	73**	82***

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

** The price projection for 2007/08 represents the Secretariat judgment, based on the average price for the first eleven months and projected price variations during the rest of the season.

*** The price projection for 2008/09 is based on the ending stocks/consumption ratio in the world-less-China (Mainland) in 2006/07, in 2007/08 (estimate), and in 2008/09 (projection), and on the ending stocks/consumption ratio in China (Mainland) in 2006/07 and in 2007/08 (estimate). 95% confidence interval: 68 to 95 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 43 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, \$180 per year. A monthly outlook is available on the Internet for \$285 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$450 per year.