



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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International Cotton Prices Forecast Higher in 2008/09

The ICAC forecasts a season-average Cotlook A Index of 79 cents per pound in 2008/09, 6 cents higher than the expected 2007/08 average. This projected price increase is due mainly to an expected decline in the stocks-to-mill use ratio in the World-less-China (Mainland).

World cotton production is projected to decline slightly in 2008/09 to 25.9 million tons. Declines in production are forecast in the United States, Brazil, and Turkey due to competition from grains and soybeans. These reductions could offset increases projected in Asia, West Africa and Australia.

Global cotton mill use is expected to remain stable at 26.7 million tons in 2008/09 due to slower world economic growth and higher prices of cotton relative to polyester.

World consumption is expected to exceed production in 2008/09. As a result, world ending stocks are forecast down by 6% to 11.3 million tons.

World imports are expected to increase by 5% to 8.8 million tons in 2008/09 due to projected higher imports by China (Mainland). Imports by the rest of the world are projected down for the second consecutive season.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
	Million Tons			Million Bales		
Production	26.66	26.21	25.9	122.4	120.4	119
Consumption	26.67	26.71	26.7	122.5	122.7	123
Exports	8.14	8.25	8.8	37.4	37.9	40
Ending Stocks	12.43	12.01	11.3	57.1	55.1	52
Stocks Adjustment	+0.01	0.0	0.0	+0.1	0.0	0
Cotlook A Index*	59.15	73**	79***	59.15	73**	79***

* 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 ten 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: 66 to 91 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, \$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.