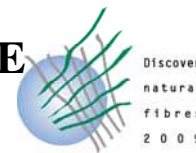




INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

ICAC Press Release, November 2, 2009

Lower Production and Higher Prices Expected in 2009/10

World cotton production is projected at 22.3 million tons in 2009/10, 5% lower than in 2008/09. This decline in global production is driven by China, where the cotton crop is expected to fall to 6.75 million tons, 16% less than last season. On the other side, cotton output in India is projected to increase to a record of 5.3 million tons, 8% more than last season. Cotton production in the southern hemisphere is expected to rise by 4% to 2.1 million tons in 2009/10, driven by Australia and Argentina. Production in Brazil could decline slightly.

World cotton mill use is expected to recover by 2% to 23.6 million tons in 2009/10, driven by the global economic rebound. Asia is expected to be the main engine of growth in cotton spinning this season, with a projected increase in cotton consumption of 620,000 tons to 18.3 million tons, accounting for 77% of global cotton mill use.

World cotton imports are forecast to rise by 8% to 7.0 million tons in 2009/10. The Secretariat expects Chinese imports to increase by 18% to 1.8 million tons, but their eventual size will depend on government decisions regarding import quotas and reserve management. Exports from India could rebound to 1.4 million tons, driven by a large exportable surplus. Exports from Uzbekistan and Australia are also expected to expand, whereas US exports could decrease by 18% to 2.4 million tons.

Based on an expected lower stocks-to-mill use ratio in the World-less-China in 2009/10, the ICAC Price Model forecasts a season-average Cotlook A Index of 67 U.S. cents/lb in 2009/10 (the 95% confidence interval is between 59 and 76 cents/lb). This would represent a 9% increase from the 2008/09 average.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
	Million Tons			Million Bales		
Production	26.03	23.4	22.3	119.6	108	103
Consumption	26.40	23.1	23.6	121.3	106	108
Exports	8.36	6.6	7.0	38.4	30	32
Ending Stocks	12.08	12.4	11.2	55.5	57	51
Cotlook A Index*	72.90	61.20	67**	72.90	61.20	67**

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

** The price projection for 2009/10 is based on the ending stocks/consumption ratio in the world-less-China in 2007/08 (estimate), in 2008/09 (estimate), and in 2009/10 (projection), and on the ratio of Chinese net imports to world imports in 2008/09 (estimate) and 2009/10 (projection). 95% confidence interval: 59 to 76 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 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, \$185 per year. A monthly outlook is available on the Internet for \$295 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$460 per year.