



From the Secretariat

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Significant Rebound in World Cotton Production

Global cotton production is forecast at 25.2 million tons in 2010/11, up by 15% from 2009/10. Farmers have reacted to the jump in cotton prices in 2009/10 by significantly expanding their plantings in 2010. The average yield is expected to improve slightly to 766 kg/ha. The rebound in production is driven by the United States, where output is anticipated to jump by over 50% to 4.1 million tons. Larger crops are also expected in India, Pakistan, China, Brazil, Uzbekistan, Turkey, Australia, the CFA Zone, and many other countries.

World cotton mill use is projected to continue to recover in 2010/11, growing by 2% to 24.9 million tons, pushed by continued improvement in global economic growth. China and India are expected to account for 80% of the increase in world cotton mill use in 2010/11. Global imports are expected to continue to recover in 2010/11, rising by 4% to 8 million tons. This increase will be driven by Chinese imports, forecast 22% larger at 2.9 million tons. U.S. exports are projected up by 19% to 3.2 million tons in 2010/11, whereas Indian exports could decline to 1.2 million tons due to a reduced exportable surplus.

As world cotton production is expected to exceed mill use in 2010/11, world ending stocks are forecast to rise by 3% to 9.8 million tons. The global stocks-to-use ratio is expected to remain stable at 39%, much lower than the recent five-year average of 49% (2004/05 to 2008/09).

The ICAC Price Model forecasts a 2010/11 season-average Cotlook A Index of 85 cents per pound. The 95% confidence interval extends from 71 to 102 cents per pound. This forecast implies a 9% increase with respect to the 2009/10 average. However, caution must be exercised since all commodity markets are subject to great uncertainty.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
	Million Tons			Million Bales		
Production	23.35	21.9	25.2	107.3	100	116
Consumption	23.39	24.5	24.9	107.5	112	114
Exports	6.63	7.7	8.0	30.4	35	37
Ending Stocks	12.01	9.4	9.8	55.2	43	45
Cotlook A Index*	61.20	78	85**	61.20	78	85**

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

** The price projection for 2010/11 is based on the ending stocks/consumption ratio in the world-less-China in 2008/09 (estimate), in 2009/10 (estimate) and in 2010/11 (projection), and on the ratio of Chinese net imports to world imports in 2009/10 (estimate) and 2010/11 (projection). 95% confidence interval: 71 to 102 cents per pound.

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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.