



# INTERNATIONAL COTTON ADVISORY COMMITTEE

1629 K Street NW, Suite 702, Washington, DC 20006 USA

Telephone (202) 463-6660 • Fax (202) 463-6950 • email [secretariat@icac.org](mailto:secretariat@icac.org)



From the Secretariat

ICAC Press Release, December 1, 2010

## Growth in Global Cotton Mill Use Hampered by Limited Supplies and High Prices

Despite the strong projected global economic growth, cotton mill use is expected to remain stable at 24.6 million tons in 2010/11 due to limited available supplies and high prices. Global cotton stocks fell by 25% in 2009/10 to 8.9 million tons, the smallest in seven seasons. Ending stocks are projected to increase to 9.3 million tons in 2010/11. However, this hides disparate geographic trends: stocks are expected to decline in most countries of the Northern Hemisphere and to increase in the Southern Hemisphere due to an expected bumper crop. The global stocks-to-use ratio could increase from 36% in 2009/10 to 38% in 2010/11, still well below the ten-year average (48%).

International cotton prices have risen steeply since the beginning of this season. The average Cotlook A Index over the first four months of the season is 120 cents per pound, almost twice as high as the average over the same period last year. It is also well above the current ICAC 2010/11 season-average projection of 95 cents per pound. The ICAC Secretariat encourages an awareness of the confidence interval around each forecast, rather than an exclusive focus on the point estimate. It also acknowledges that in the current environment of volatility, the ICAC price model may be less relevant than in other seasons.

Cotton prices rose much faster than polyester prices over the last few months. This has already resulted in some shifts in fiber blends at the spinning level, to the benefit of polyester. The share of cotton in global fiber use, estimated at 36.5% in 2009, will likely continue to decline in 2010 and 2011.

### WORLD COTTON SUPPLY AND DISTRIBUTION

	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
	Million Tons			Million Bales		
<b>Production</b>	21.8	25.0	27.3	100	115	125
<b>Consumption</b>	24.6	24.6	25.3	113	113	116
<b>Exports</b>	7.8	8.3	8.4	36	38	39
<b>Ending Stocks</b>	8.9	9.3	11.2	41	42	52
<b>Cotlook A Index*</b>	77.54	95**		77.54	95**	

\* 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), on the ratio of Chinese net imports to world imports in 2009/10 (estimate) and 2010/11 (projection), and on the average price for the first three months of 2010/11.

95% confidence interval: 80 to 106 cents per pound.

(Press releases are available via e-mail. For further information, please contact us at [Publications@icac.org](mailto: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.