Pricing of Cotton Is Unique

- Unlike other commodity prices, cotton price is an index; not a price at which some form of transaction has taken place.

- In most commodity markets, prices are formed at futures exchanges. Most commodities have more than one highly liquid futures exchange (for example, coffee, cocoa, rubber, wheat, corn, crude oil). Cotton has only one: the New York Board of Trade.
Cotton's Share in Total Fiber Consumption and Polyester to Cotton Price Ratio

- **Cotton's Share (%, left scale)**
- **Price Ratio (right scale)**

Graph showing the percentage of cotton's share in total fiber consumption and the polyester to cotton price ratio over the years from 1960 to 2002.
Cotton Price Variability


Price Variability:
- 1962: Low
- 1966: Moderate increase
- 1972: Significant increase
- 1974: Moderate decrease
- 1976: Increase
- 1978: Moderate decrease
- 1980: Increase
- 1982: Moderate decrease
- 1984: Increase
- 1986: Moderate decrease
- 1988: Increase
- 1990: Moderate decrease
- 1992: Increase
- 1994: Moderate decrease
- 1996: Increase
- 1998: Moderate decrease
- 2000: Increase
Nature of Support to Commodity Sectors

- Global support in OECD is about $330 billion per annum. About $240 billion goes to producers.
- The US, EU, and Japan account for most of the support.
- Two thirds comes from border measures (such as tariffs) and one third from domestic support (e.g. price support).
- Cotton support is about $4 to 5 billion, all of which is in the form of domestic measures.
Level of Support to Commodity Sectors (1999-2001, billion US $)