

Cotton Price Forecasts Under Alternative Scenarios

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ICAC Price Model

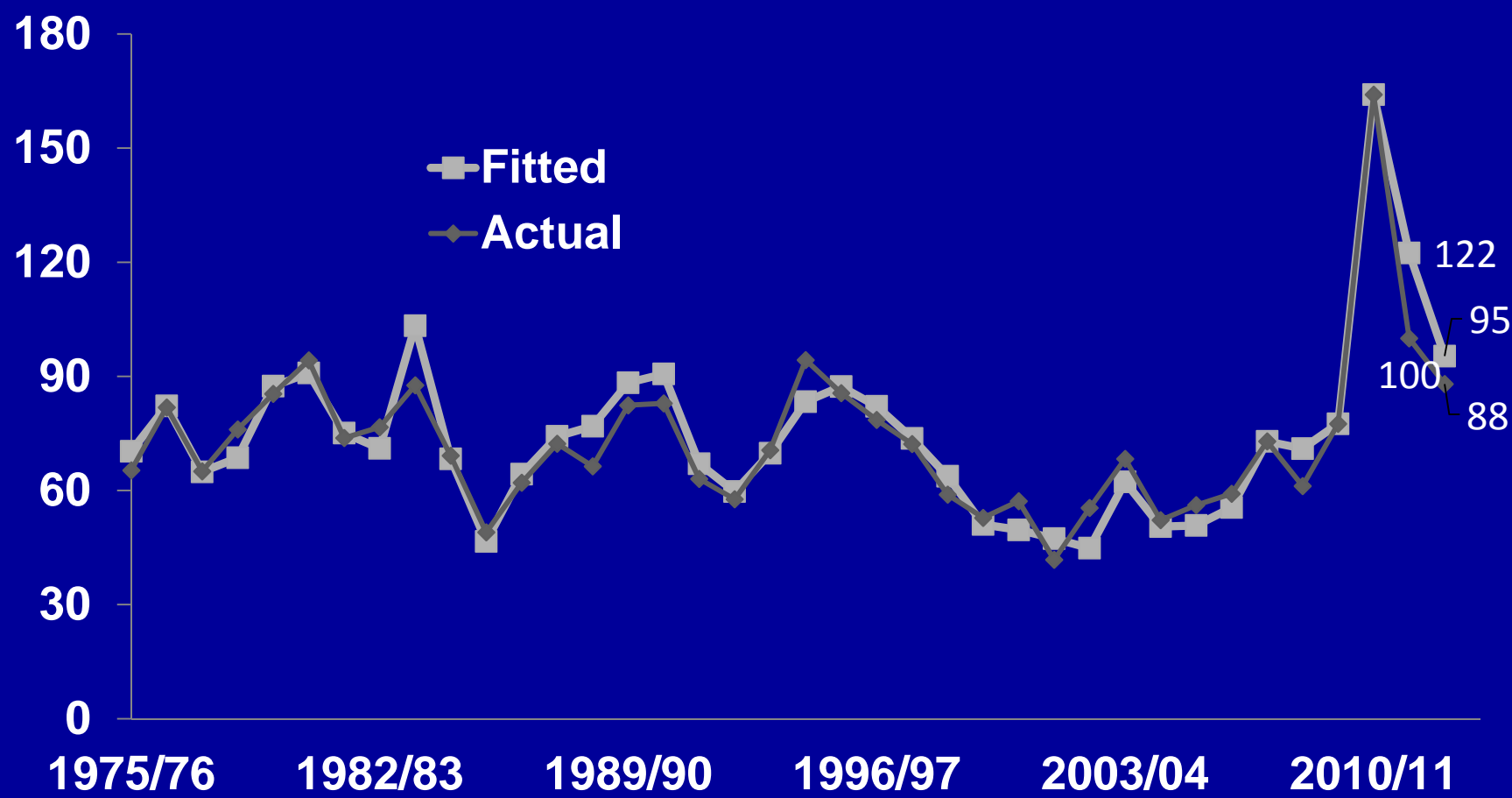
$$\ln(A_t/A_{t-1})=a*\ln(X_t/X_{t-1})+b*\ln(X_{t-1}/X_{t-2})+m_t*c*\ln(Y_{t-1}/Y_{t-2})+(1-m_t)*d*\ln(Z_t/Z_{t-1})+e*D07+f*D09+g*D10$$

- Stock to use ratio for World Less China (X_t)
- Stock to use ratio for China (Y_{t-1})
- China's net imports (Z_t)



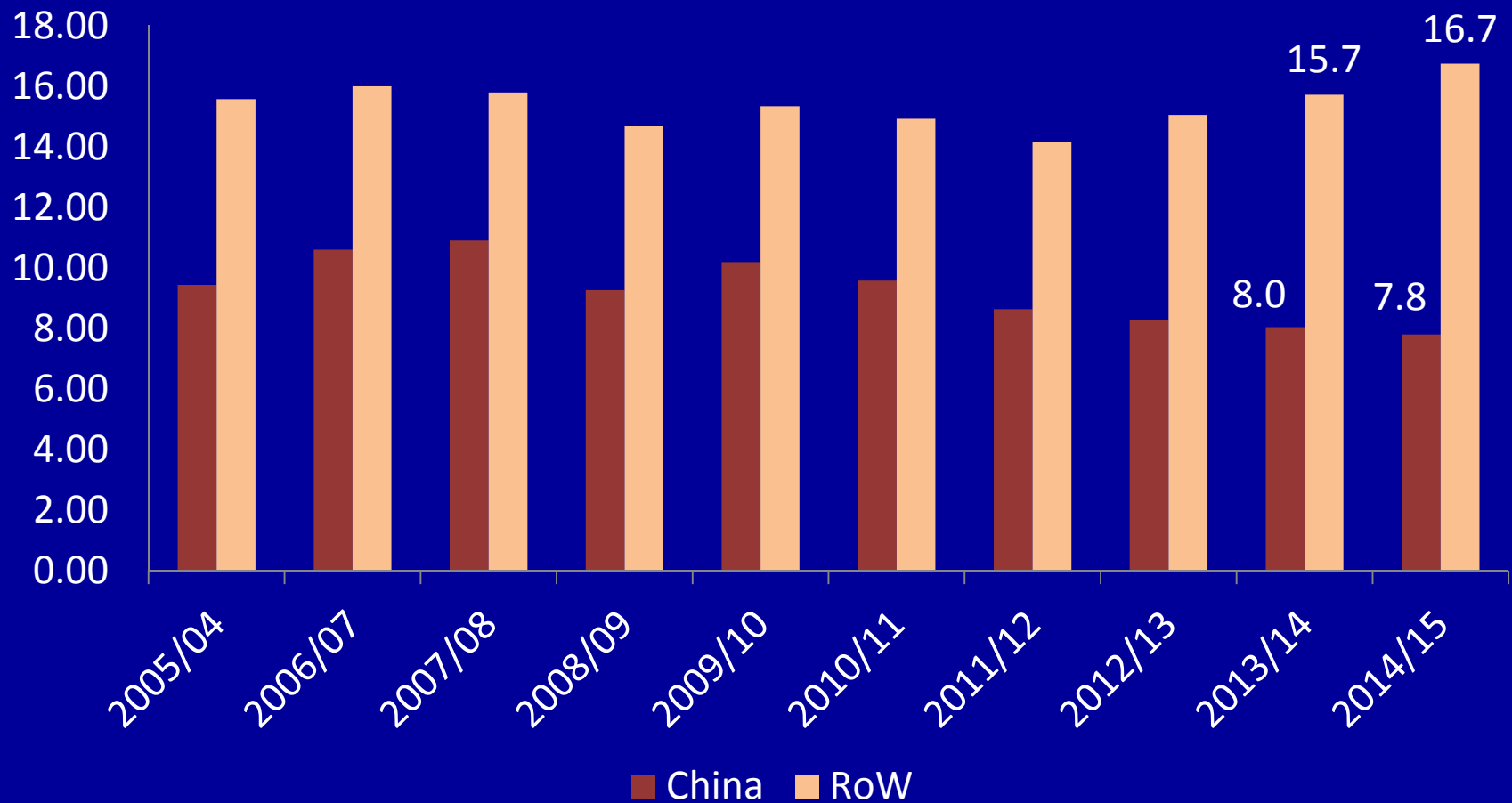
Fitted and Actual Values of the Cotlook A Index (through 2012/13)

U.S. cents/lb



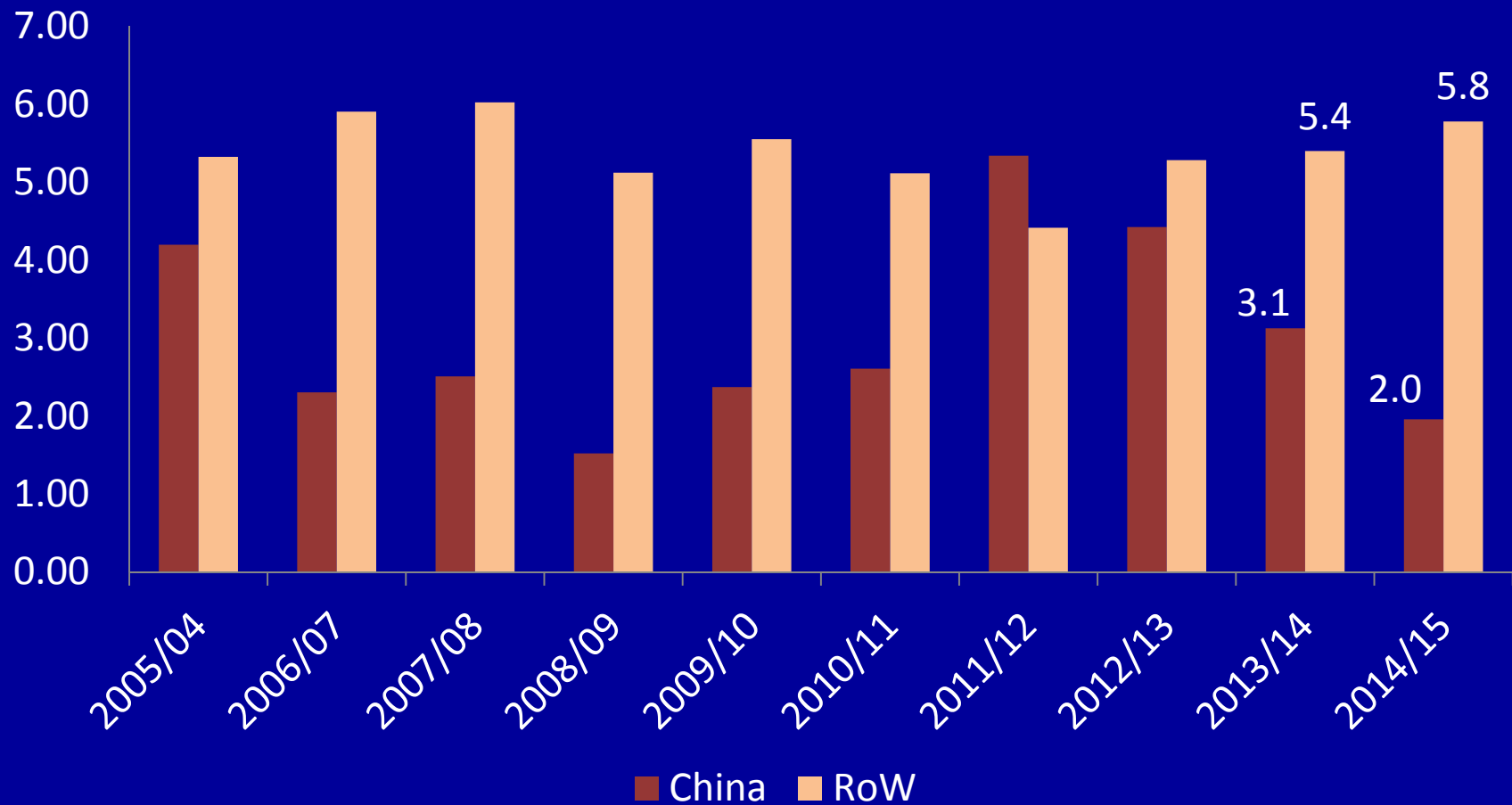
World Mill Use

Million metric tons



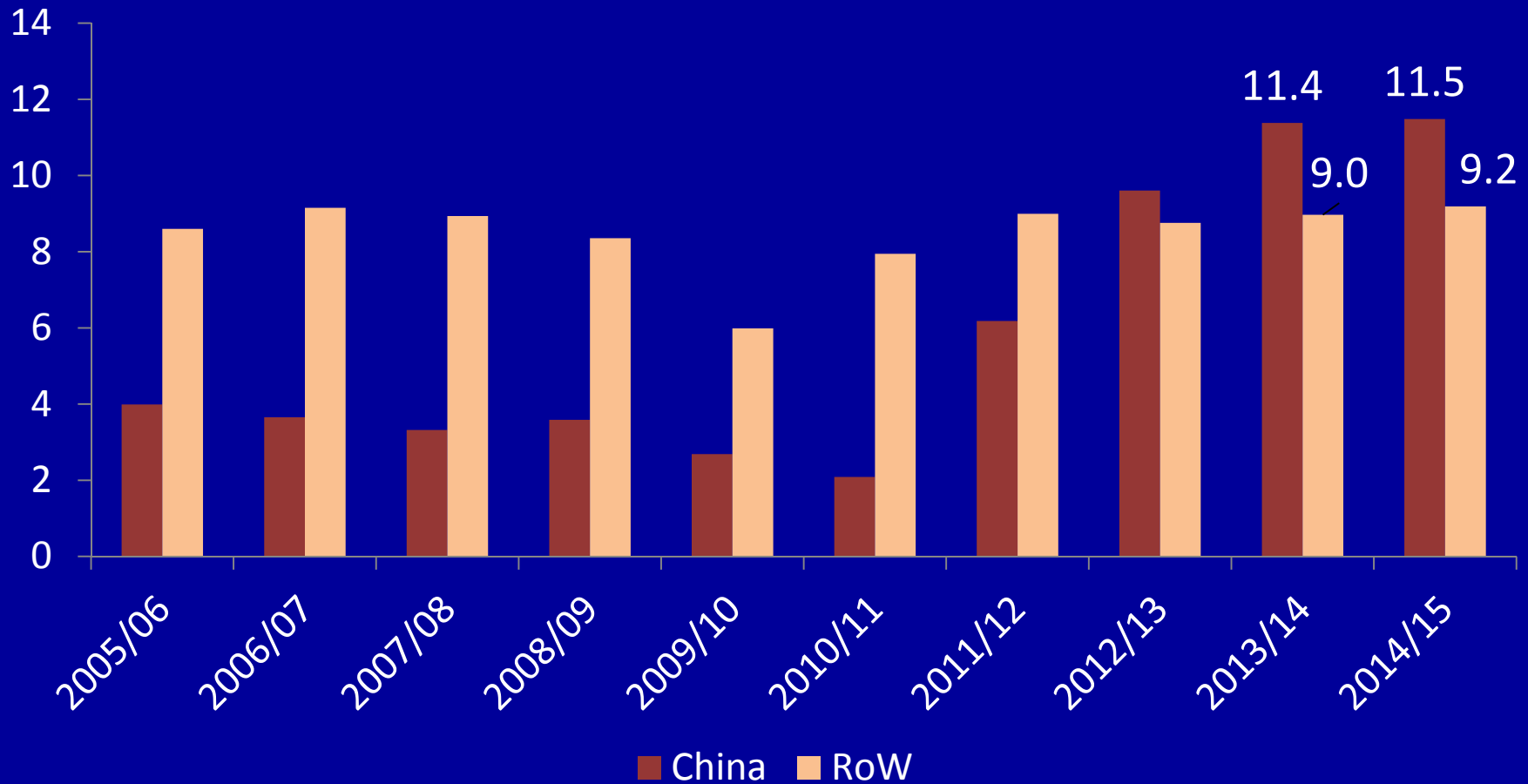
Imports

Million metric tons



World Ending Stocks

Million metric tons



S1: Rapid Release Chinese Reserve & China net importer

Assumptions:

	'000 Tons	Difference from Base
China -Imports	460	-1.5 million tons
-Mill Use	11,269	3.5 million tons
-Ending Stocks	6,517	-5 million tons
World Less China-Exports	6,256	-1.5 million tons
-Mill Use	17,244	0.5 million tons
-Ending Stocks	10,190	1 million tons



S1: Rapid Release Chinese Reserve & China net importer

Season-average (US cents/lb.)



S2: Rapid Release Chinese Reserve & China net exporter

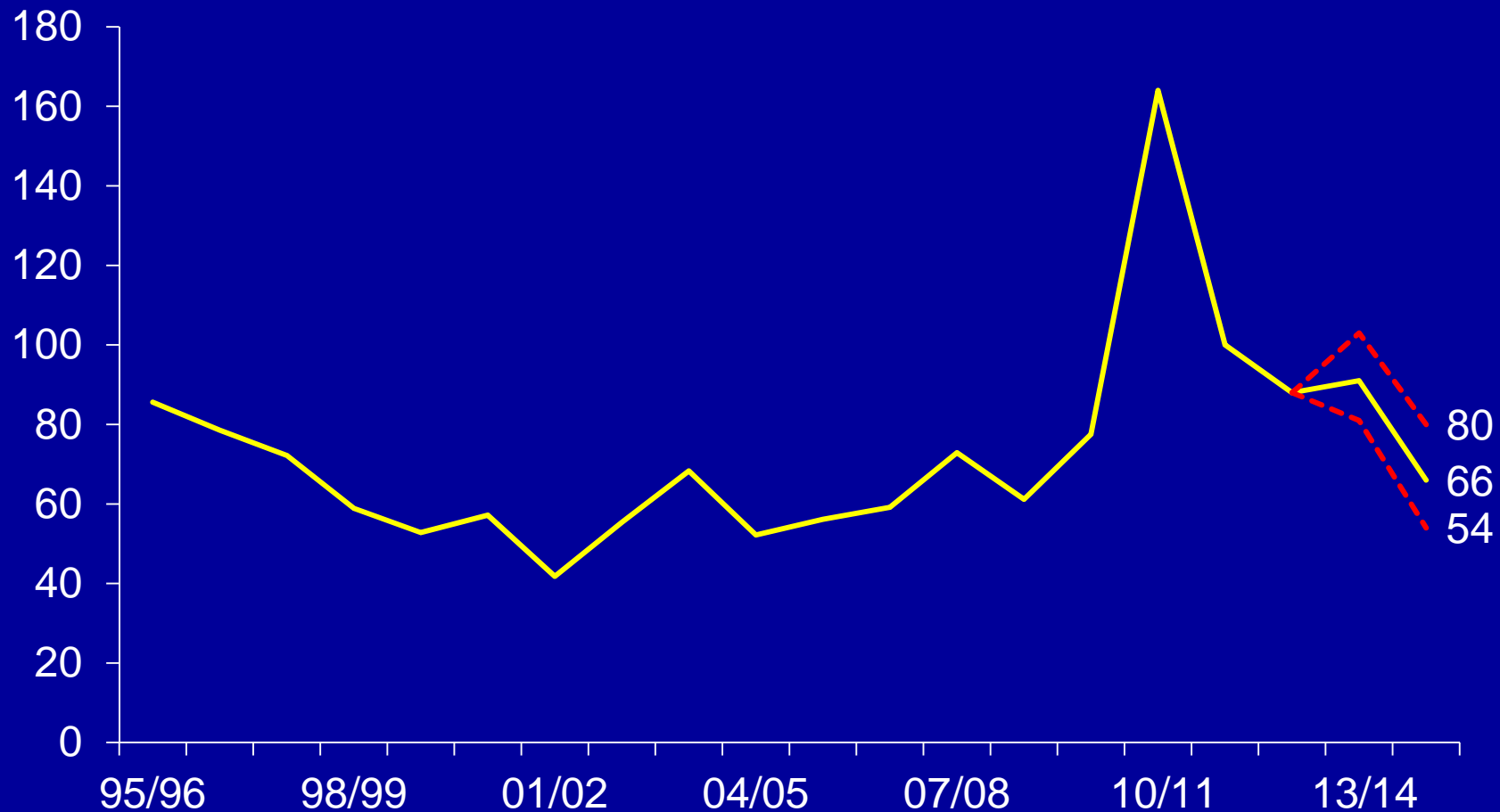
Assumptions:

	'000 Tons	Difference from Base
China –Exports	2,007	2 million tons
-Mill Use	9,269	1.5 million tons
-Ending Stocks	6,517	-5 million tons
World Less China-Imports	7,803	2 million tons
-Mill Use	17,244	0.5 million tons
-Ending Stocks	12,190	3 million tons



S2: Rapid Release Chinese Reserve & China net exporter

Season-average (US cents/lb.)



S3: Slow Release of Chinese Reserve

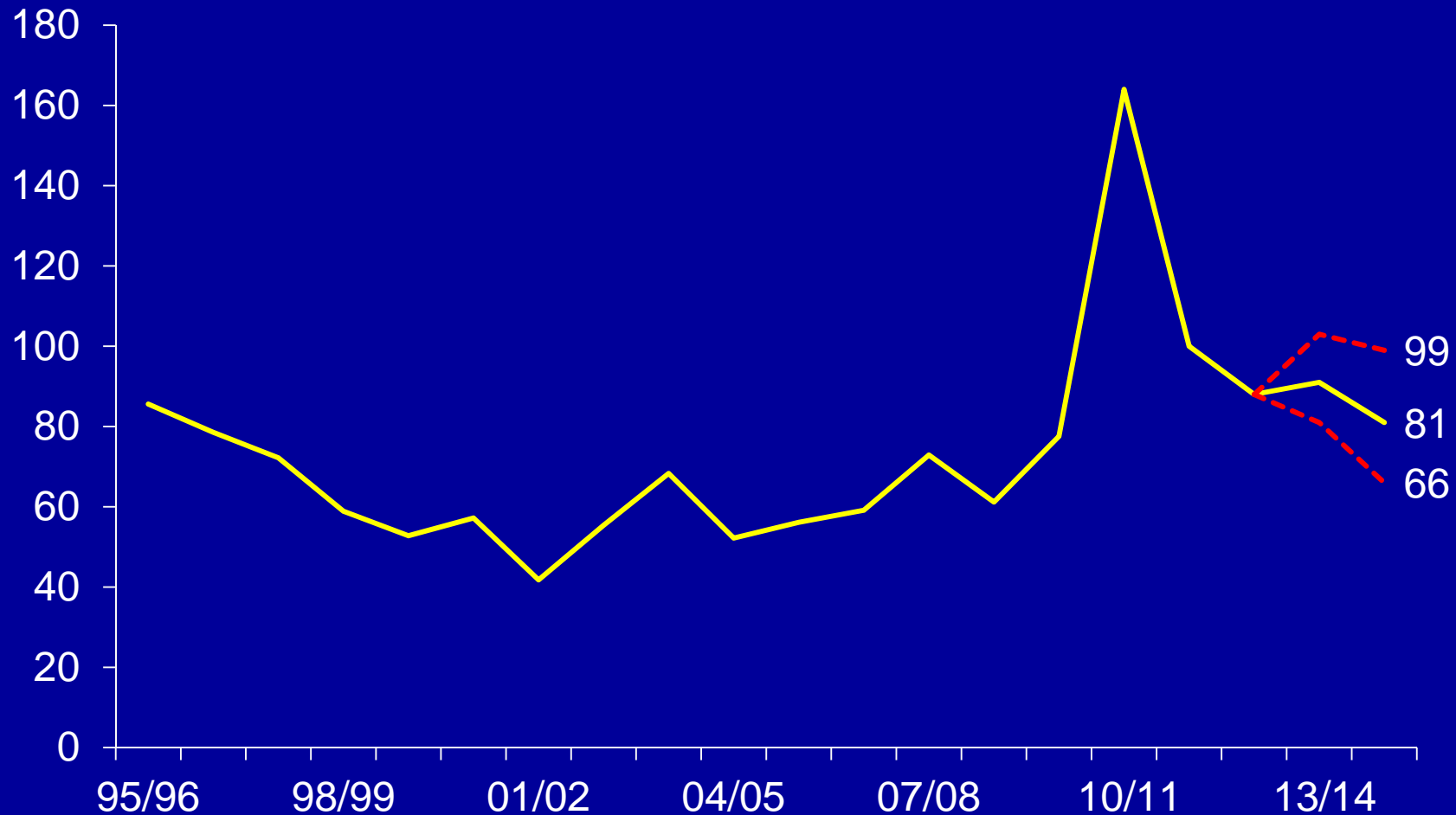
Assumptions:

	'000 Tons	Difference from Base
China -Imports	1,016	-944,000 tons
-Ending Stocks	10,542	-944,000 tons
World Less China-Exports	6,812	-944,000 tons
-Ending Stocks	8,246	944,000 tons



S3: Slow Release of Chinese Reserve

Season-average (US cents/lb.)



S4: Slowdown in world economy & Stagnant Mill Use

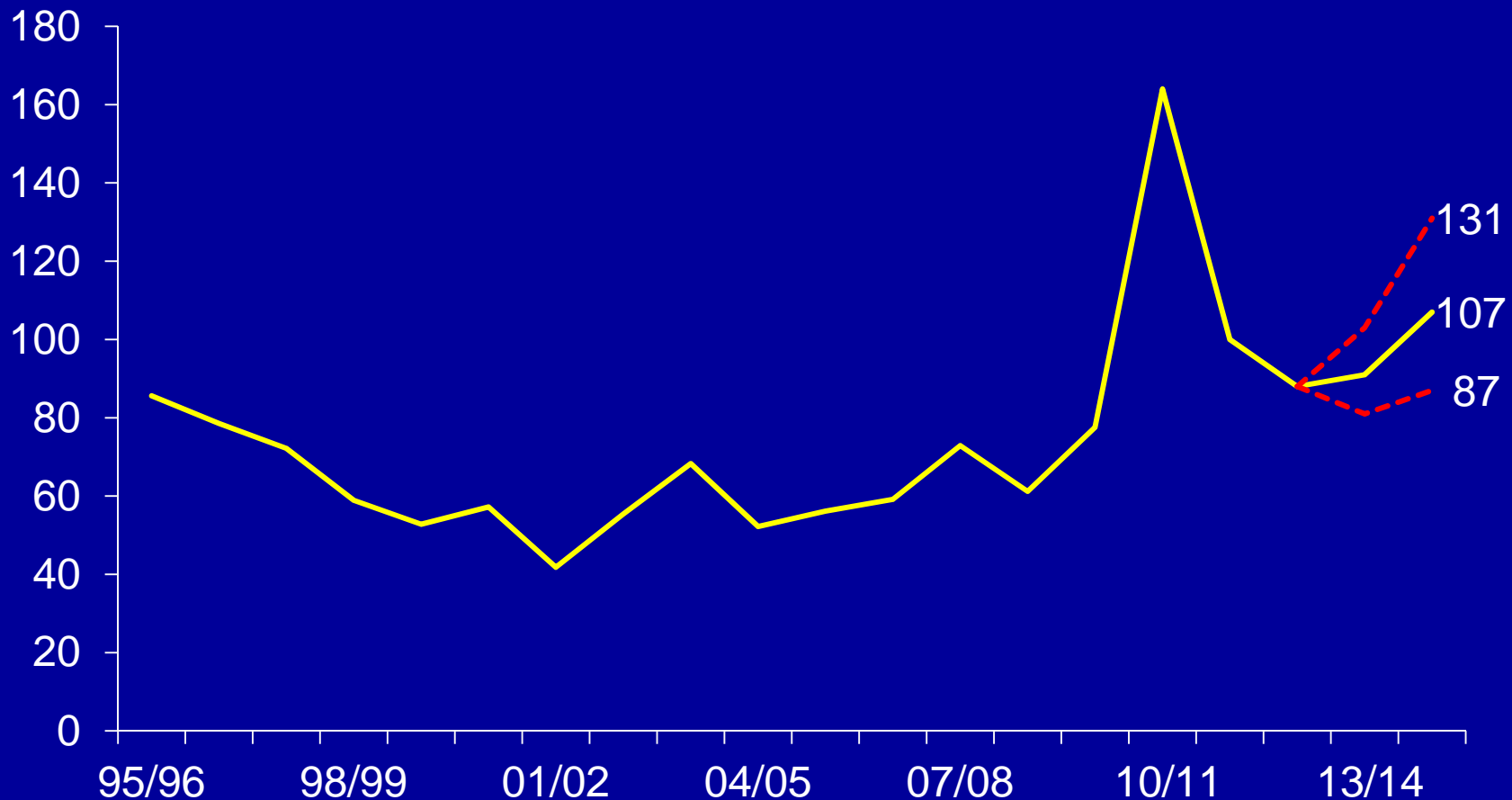
Assumptions:

	'000 Tons	Difference from Base
China -Imports	960	1 million tons
-Mill Use	7,050	-0.75 million tons
-Ending Stocks	13,236	1.75 million tons
World Less China-Exports	8,756	1 million tons
-Mill Use	16,744	0 million tons
-Ending Stocks	8,190	-1 million tons



S4: Slowdown in world economy & Stagnant Mill Use

Season-average (US cents/lb.)



Cotton Price Forecasts 2014/15

S1: Fast Release, Net Importer

Midpoint: 83 cents/lb. Range: 68-102 cents/lb.

S2: Fast Release, Net Exporter

Midpoint: 66 cents/lb. Range: 54-80 cents/lb.

S3: Slow Release

Midpoint: 81 cents/lb. cents/lb. Range: 66-99

S4: Stagnant World Demand

Midpoint: 107 cents/lb. Range: 87-131 cents/lb.

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