



INTERNATIONAL COTTON ADVISORY COMMITTEE
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From the Secretariat

ICAC Press Release, February 1, 2012

Global Cotton Mill Use: Short-term Respite but Medium-term Uncertainty

International cotton prices have steadied at around \$1 per pound in January 2012 after decreasing for almost ten months. The main reasons behind this price stabilization seem to be the support provided by the Chinese government, via significant purchases from both the domestic and the foreign markets, and an improvement in demand for cotton.

However, the medium-term outlook regarding world cotton mill use is still overcast. World economic growth is projected to slow in 2012. World cotton mill use is projected down by 3% in 2011/12 to 23.7 million tons. It could resume increasing in 2012/13 if the health of global economy improves.

Global cotton production is rising by an estimated 7% in 2011/12, to 26.8 million tons. This would be the largest level of production achieved in five years. However, global production could drop to 24.9 million tons in 2012/13 due to the lower prices received by farmers this season, improving attractiveness of grains and soybeans, and rising agricultural production costs.

As a result of the large excess supplies in 2011/12, global cotton stocks are rebounding by a third to 12.3 million tons, following two seasons at relatively tight levels. Production is expected to continue exceeding consumption in 2012/13, which could translate into further increase in global cotton stocks, to 12.9 million tons.

WORLD COTTON SUPPLY AND DISTRIBUTION

| | 2010/11 | 2011/12 | 2012/13 | 2010/11 | 2011/12 | 2012/13 |
|-------------------------|---------------------|----------------|----------------|--|----------------|----------------|
| | Million Tons | | | Changes from January Million Tons | | |
| Production | 25.107 | 26.787 | 24.94 | 0.235 | 0.000 | 0.031 |
| Consumption | 24.454 | 23.737 | 24.31 | -0.005 | -0.130 | -0.380 |
| Exports | 7.625 | 7.689 | 8.24 | -0.001 | 0.065 | -0.242 |
| Ending Stocks | 9.252 | 12.303 | 12.93 | 0.242 | 0.371 | 0.783 |
| Cotlook A Index* | 0.78 | 1.64 | 1.07** | | | |

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

** Average for the first six months of the season (August 2011 to January 2012).

(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.