



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

From the Secretariat

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Consumption to Rise in 2004/05

World production rose by 1.1 million tons (6%) in 2003/04 to 20.4 million tons, while consumption was unchanged at a record of 21.1 million tons. With consumption outpacing production for the second consecutive season, world ending stocks shrunk to an estimated 8 million tons by July 31, 2004, down from 10.6 million tons in 2001/02 and the lowest since 1994/95. However, the stocks-to-use ratio outside China (Mainland) jumped from 51% to an estimated 61% in 2003/04, the highest since 1974/75. Net imports by China (Mainland) skyrocketed to a record of 1.8 million tons, sharply up from 520,000 tons in 2002/03. As a result, the Cotlook A Index, a measure of international cotton prices, averaged 69 cents per pound in 2003/04, 13 cents (24%) above the previous season and the highest in six seasons. Nonetheless, prices remained below the 30-year average of 70 cents per pound.

Higher prices are expected to boost world production to a record in 2004/05, exceeding consumption and leading to an increase in world ending stocks. World cotton production is forecast to rise by 2.2 million tons (11%) to 22.6 million tons in 2004/05, 1.1 million tons above the record set in 2001/02. World consumption is projected to reach a record of 21.5 million tons, up 350,000 tons from 2003/04. The textile industry in China (Mainland) will continue to serve as the locomotive for world mill use. However, the growth rate of mill consumption in China (Mainland) is forecast to abate from an estimated 8% in 2003/04 to 6% this season. Consumption in China (Mainland) is expected to reach 7.4 million tons, up 400,000 tons from 2003/04. Consumption in the rest of the world is expected to stagnate at 14.1 million tons as continuing declines in developed countries will offset increases expected in South Asia.

Supply and demand forecasts suggest that the season-average Cotlook A Index will decline to 57 cents per pound in 2004/05, twelve cents below the average in 2003/04.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
	Million Tons			Million Bales		
Production	20.430	22.58	21.99	93.83	103.7	101.0
Consumption	21.145	21.51	21.86	97.12	98.8	100.4
Exports	7.129	6.58	6.93	32.74	30.2	31.8
Ending Stocks	7.996	9.07	9.20	36.73	41.6	42.3
Cotlook A Index	69.2	57*	58*	69.2	57*	58*

* US cents per pound. Statistical estimates are based on current estimates of supply and use; 95% confidence intervals extend 12 cents per pound above and below each point estimate.

(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 41 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, \$160 per year. A monthly outlook by fax is also available for \$300 per year or on the Internet for \$250 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$500 per year.