



# 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

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## Production to Outpace Mill Use in 2004/05

Plantings in the Northern Hemisphere will start with international prices at their highest level at this time of the year since 1997. Preliminary indications suggest that cotton area in the Northern Hemisphere will increase 5% in 2004/05 to surpass 31 million hectares for the first time since 1995/96. Cotton area in China (Mainland) is expected to increase by 10%. Assuming a return of normal weather, production in China (Mainland) is expected to reach a 20-year high of 6.2 million tons, up 1.3 million tons (27%) from the final official estimate of the 2003/04 crop released in January. World production is projected to reach a record of 22 million tons in 2004/05, up 1.9 million tons (9%) from this season.

Affected by higher cotton prices, with polyester fiber now much cheaper, world cotton consumption is projected to remain essentially flat in 2004/05 at 20.9 million tons. China (Mainland) will remain the driving force behind world mill consumption. Meanwhile, cotton mill use will continue to drop in developed countries.

Due to higher production in importing countries and stagnating world mill use, world cotton exports are expected to stumble to 6.5 million tons in 2004/05, down 300,000 tons from the record expected this season.

Because world production is expected to outpace mill use by one million tons, world ending stocks are projected to increase to 8.9 million tons in 2004/05. The stocks-to-use ratio outside China (Mainland) is projected to reach 58%, up 3 percentage points from this season and the highest since the 1950s. Net trade by China (Mainland) is projected to decline to just over one million tons, down 300,000 tons from the estimate for 2003/04. These market fundamentals suggest that the Cotlook A Index will average 59 cents per pound in 2004/05, twelve cents below the projected average for the current season.

### WORLD COTTON SUPPLY AND DISTRIBUTION

	2002/03	2003/04	2004/05	2002/03	2003/04	2004/05
	Million Tons			Million Bales		
<b>Production</b>	19.306	20.11	21.96	88.67	92.4	100.9
<b>Consumption</b>	21.013	20.87	20.91	96.51	95.9	96.0
<b>Exports</b>	6.651	6.85	6.51	30.55	31.4	29.9
<b>Ending Stocks</b>	8.577	7.82	8.87	39.39	35.9	40.7
<b>Cotlook A Index</b>	55.70	71*	59*	55.70	71*	59*

\* 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](mailto:Publications@icac.org))

The International Cotton Advisory Committee is an association of 42 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.