



# INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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## Cotton Prices Still Low

Over the last two decades, the most important single variable affecting season-average international cotton prices was net cotton imports by China (Mainland). Chinese cotton imports are forecast at a record 3.2 million tons in 2005/06, more than double last year's figure. This is expected to positively affect international cotton prices. ICAC forecasts that the Cotlook A Index will average 65 cents per pound in 2005/06, up 13 cents from last season. However, over the first four months of the 2005/06 season, the actual Cotlook A Index averaged only 55 cents per pound.

World cotton production is estimated at 25 million tons in 2005/06, 5% less than last season but still the second highest on record. Most cotton has been harvested in the northern hemisphere. Production in China (Mainland) is estimated at 5.8 million tons, 9% less than last season due to decreased plantings and yields. Production in the United States is estimated at about 5 million tons, almost the same as last season. Production in India is expected up 3% to 4.25 million tons due to increased planting, a result of the significant increase in productivity last season. Production in Pakistan is estimated down 11% due to decreased yields, as weather conditions have been less favorable than last year. Planting has started in the southern hemisphere. Cotton area in Brazil, Australia, and Argentina is expected to decrease significantly this season, due mainly to the currently low cotton prices. Overall, production in the southern hemisphere could fall to 2.2 million tons this season, 400,000 tons less than last season.

World cotton consumption is estimated at 24.4 million tons in 2005/06, up 4%. China (Mainland) is expected to account for 86% of this consumption increase. Consumption in China (Mainland) is forecast up 10% to 9 million tons, accounting for 37% of world consumption. China (Mainland) will need to import this season about 3.2 million tons to fill in its production-consumption gap. Total cotton imports, driven by Chinese imports, are projected at a record this season, 8.7 million tons, up 21% from 2004/05.

### WORLD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
<b>Production</b>	26.29	25.0	25.3	120.7	115	116
<b>Consumption</b>	23.45	24.4	25.1	107.7	112	115
<b>Exports</b>	7.73	8.7	8.3	35.5	40	38
<b>Ending Stocks</b>	10.38	11.0	11.1	47.7	50	51
<b>Cotlook A Index</b>	52.2	65*	60*	52.2	65*	60*

- US cents per pound; the statistical estimates for 2005/06 and 2006/07 are based on current estimates of supply and use;
- 95% confidence intervals extend 12 cents per pound above and below the 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 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.