



# INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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## Lower Prices to Curtail Plantings for 2005/06

World cotton production in 2004/05 is estimated at a record of 25.2 million tons, an increase of 4.5 million tons (22%) from last season. Stimulated by lower prices, mill use is projected to increase by 1.4 million tons (6.5%) in 2004/05 and reach a record of 22.7 million tons.

The Cotlook A Index averaged a six-year high of 68 cents per pound in 2003/04. In response to higher prices world cotton area rose 10 percent in 2004/05 to reach 35.3 million hectares. Favorable weather during the first half of 2004/05 led world yields to an all-time high of 715 kilograms per hectare, 71 kilograms per hectare (11%) above the previous record.

World cotton imports in 2004/05 are projected at 6.9 million tons, down 400,000 tons from the record reached in 2003/04 because of increased production in China (Mainland), India, Pakistan and other importing countries. As a result, exports by the USA and all other major exporters, except Uzbekistan and Brazil, are projected to decline during 2004/05.

Declining cotton prices in 2004/05 are expected to curtail plantings in 2005/06. World area is projected to decline to about 33 million hectares in 2005/06, down 2 million hectares. Production is forecast to decline in 2005/06 to 22.9 million tons, down 2.3 million tons (9%), still the second largest crop on record. Declining cotton prices in 2004/05 will stimulate cotton mill use in 2005/06. Mill use is projected to climb to a record of 23.1 million tons, up 400,000 tons (2%), outpacing production by an estimated 200,000 tons.

Supply and demand estimates suggest that the Cotlook A Index will average 47 cents per pound this season, 21 cents (31%) below the 6-year high in 2003/04. The season-to-date average Cotlook A Index during the first 6 months of 2004/05 is 51 cents per pound. The season-average Cotlook A Index is projected to rebound to 57 cents per pound in 2005/06, up 10 cents (21%) from the projected average for this season.

## WORLD COTTON SUPPLY AND DISTRIBUTION

	2003/04	2004/05	2005/06	2003/04	2004/05	2005/06
	Million Tons			Million Bales		
<b>Production</b>	20.664	25.21	22.86	94.91	115.8	105.0
<b>Consumption</b>	21.284	22.67	23.09	97.76	104.1	106.0
<b>Exports</b>	7.277	6.90	7.89	33.42	31.7	36.2
<b>Ending Stocks</b>	7.796	10.34	10.11	35.81	47.5	46.5
<b>Cotlook A Index</b>	68.3	47*	57*	68.3	47*	57*

\* 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 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.