



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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International Cotton Prices Likely to Rise in 2006/07

The 2005/06 average Cotlook A Index is projected at 56 cents per pound, 8% higher than last season, and market fundamentals suggest that cotton prices may increase further in 2006/07. World cotton production is expected to remain stable at 25 million tons, while demand is projected to increase by 3% to a record 25.7 million tons, and stocks are expected to decrease.

World cotton area is expected to increase slightly in 2006/07, to 34.6 million hectares, while the world average yield is forecast stable at about 720 kilograms per hectare. Production is expected to increase in China (Mainland) (+6%), mostly due to an expected increase in cotton area; in India (+5%) assuming increases in both area and yield; in Pakistan (+8%) and the African Franc Zone (+8%) due mainly to an expected rebound in yields, and Turkey (+14%) due mainly to a projected increase in cotton area. However, production in the United States is expected to decline by 14%. Cotton production in the southern hemisphere is expected to rebound to 2.4 million tons (+4%), mainly because of an expected increase in cotton area.

Mill use in China (Mainland), India and Pakistan is projected up 6% to 16.7 million tons in 2006/07, accounting for 65% of global mill use. In contrast, cotton mill use in the rest of the world is projected to decrease slightly to 9 million tons (-2%).

WORLD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
Production	26.28	24.8	25.0	120.7	114	115
Consumption	23.47	24.9	25.7	107.8	115	118
Exports	7.75	9.3	9.4	35.6	43	43
Ending Stocks	10.94	10.8	10.1	50.3	50	46
Cotlook A Index	52.2	56*	69*	52.2	56*	69*

* US cents per pound. The estimate for 2005/06 IS **NOT** A PRICE MODEL RESULT. The statistical estimate for 2006/07 is 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)

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, \$170 per year. A monthly outlook by fax is also available for \$315 per year or on the Internet for \$265 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$420 per year.