



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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World Cotton Trade to Remain at Record Level in 2006/07

World mill use is estimated at 25.0 million tons in 2005/06, up 1.5 million tons (6%) from 2004/05, and 230,000 tons above world production. Consequently, world ending stocks are expected to remain essentially unchanged at an estimated 10.6 million tons on July 31st, 2006. This will still be 2 million tons above the level of world stocks at the end of 2003/04. World consumption is expected to increase by 3% in 2006/07 and reach 25.8 million tons, almost half a million tons above world production, forecast at 25.3 million tons. As a result, world cotton stocks are forecast down to an estimated 10.2 million tons on July 31st, 2007.

World cotton trade is forecast at a record 9.4 million tons this season and next, a 25% increase from 2004/05. This significant increase in world trade is driven mainly by record imports by China (Mainland). 2005/06 Chinese imports are estimated at 4.1 million tons, or three times 2004/05 imports. The gap between production and use in China (Mainland) is forecast to remain as high in 2006/07 as in 2005/06. As a result, imports by China (Mainland) in 2006/07 are forecast at about the same record level as this season. Chinese imports are expected to account for about 45% of world imports in 2005/06 and 2006/07, compared to 19% in 2004/05.

Plantings are now taking place in the northern hemisphere, which accounts for 90% of world production. Cotton area is projected up 500,000 hectares to 31.5 million hectares in 2006/07, or 1.8 million hectares above the 10-year average. Production in China (Mainland), India and Pakistan in 2006/07 is forecast up to 6.2 million ton (+7%), 4.3 million tons (+6%) and 2.3 million tons (+7%), respectively. However, production in the United States is expected to decline to 4.8 million tons, down 8%.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2004/05	2005/06	2006/07	2004/05	2005/06	2006/07
	Million Tons			Million Bales		
Production	26.29	24.8	25.3	120.8	114	116
Consumption	23.52	25.0	25.8	108.0	115	118
Exports	7.80	9.4	9.4	35.8	43	43
Ending Stocks	10.83	10.6	10.2	49.7	49	47
Cotlook A Index	52.2	56*	67*	52.2	56*	67*

* 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.