



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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Higher Season-Average Cotton Price Forecast for 2007/08

The new model developed by the Secretariat forecasts a season-average Cotlook A Index of 71 cents per pound in 2007/08. This projected price increase from the 2006/07 season-average of 59 cents per pound is the result of an expected significant decrease in the ratio of stocks to mill use in the world-less-China (Mainland) in 2007/08.

World cotton production is forecast down slightly to 25.1 million tons in 2007/08, whereas consumption is expected to continue to increase by 2% to 26.9 million tons. Therefore, world ending stocks are forecast down by 14% to 10.4 million tons in 2007/08. World cotton trade is expected to rebound to 9.0 million tons, driven by larger Chinese imports. Exports by the United States, Uzbekistan and Brazil are expected to increase, exports by India to remain stable, but exports by the CFA zone and Australia are forecast significantly down.

An expected fall in U.S. production in 2007/08 could more than offset projected increases in India, Pakistan and China (Mainland). India's production is forecast at 5.0 million tons in 2007/08; this would make it the second largest producer. Asia is expected to account for 58% of world cotton production and 75% of world cotton mill use in 2007/08.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08
	Million Tons			Million Bales		
Production	24.97	25.7	25.1	114.7	118	115
Consumption	24.91	26.2	26.9	114.4	120	123
Exports	9.76	8.2	9.0	44.8	38	41
Ending Stocks	12.70	12.1	10.4	58.3	56	48
Stocks Adjustment	0.04	0.0	0.0	0.2	0	0
Cotlook A Index*	56.15	59	71**	56.15	59	71**

* Season-average Cotlook A Index (U.S. cents per pound).

** The price projection for 2007/08 is based on the ending stocks/mill use ratio in the world-less-China (Mainland) in 2006/07 (estimate) and 2007/08 (projection), and on the ending stocks/mill use ratio in China (Mainland) in 2006/07 (estimate).

95% confidence interval based on current estimates of supply, use and stocks: 61 to 82 cents per pound.

(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 44 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.