



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

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Global Cotton Mill Use Increasing More Slowly in 2007/08

Global cotton mill use is expected to increase by 3% in 2007/08 to 27.4 million tons. This rate of growth would be smaller than in the previous three seasons but would remain higher than the long-term average of 2%. The main reasons for this projected slow-down in consumption growth include a decline in the rate of global economic growth, an increase in international cotton prices, and the fact that cotton has lost some of its price competitiveness vis-à-vis polyester in major markets since August 2007.

World cotton production is estimated down by 3% to 26.0 million tons in 2007/08 due to a decline in area. Production is forecast down in China (Mainland), in the United States, in Pakistan, in Turkey and in the CFA zone. India is the only major producing country where production is expected to increase this season, to a record of 5.3 million tons. As global cotton mill use is forecast to exceed global production in 2007/08, stocks are expected to decline by 10% to 11.8 million tons by July 2008. World cotton imports are forecast up by 9% in 2007/08 to 9.0 million tons, due to a projected rebound in Chinese imports.

The Secretariat, using the ICAC Price Model 2007, forecasts a season-average Cotlook A Index of 67 cents per pound in 2007/08, 8 cents higher than in 2006/07. This projected price increase is the result of an expected significant decline in the stocks-to-mill use ratio in the World-less-China (Mainland) in 2007/08.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
	Million Tons			Million Bales		
Production	26.74	26.0	26.6	122.8	120	122
Consumption	26.59	27.4	27.7	122.1	126	127
Exports	8.12	9.0	8.8	37.3	41	41
Ending Stocks	13.11	11.8	10.7	60.2	54	49
Stocks Adjustment	-0.04	0.0	0.0	-0.2	0	0
Cotlook A Index*	59.15	67**		59.15	67**	

* 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 2005/06, 2006/07 (estimates) and 2007/08 (projection), and on the ending stocks/mill use ratio in China (Mainland) in 2005/06 and 2006/07 (estimates).

95% confidence interval based on current estimates of supply, use and stocks: 60 to 73 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.