



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

ICAC Press Release, September 4, 2007

Record Production and Mill Use in Asia Projected

Production in Asia is expected to continue to increase in 2007/08 to a record of 14.9 million tons, which would represent 59% of world production. Projected area and yield increases in India and Pakistan explain most of the forecast production increase in Asia. Production in the rest of the world is expected to decline for the third consecutive season to 10.5 million tons. As a result, world cotton production is forecast slightly down at 25.4 million tons in 2007/08.

Asian cotton mill use is also expected to continue to increase in 2007/08 to a record of 20.3 million tons, which would represent 75% of world cotton mill use. Most of the projected 3% increase in global mill use will be once again driven by China (Mainland).

World cotton trade is expected to rebound by 8% to 8.9 million tons in 2007/08 due to larger Chinese imports, forecast at 3.4 million tons. Exports by the United States, India and Brazil are projected to increase in 2007/08. However, exports by Uzbekistan, the African Franc Zone and Australia are expected to decline.

The Secretariat, using the ICAC Price Model 2007, forecasts a season-average Cotlook A Index of 68 cents per pound in 2007/08, 9 cents higher than in 2006/07. This projected price increase is the result of an expected significant decrease in the stocks-to-mill use ratio in the World-less-China (Mainland) 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	25.01	26.0	25.4	114.9	119	117
Consumption	24.95	26.3	27.0	114.6	121	124
Exports	9.86	8.2	8.9	45.3	38	41
Ending Stocks	12.79	12.5	10.9	58.7	57	50
Stocks Adjustment	0.15	0.0	0.0	0.7	0	0
Cotlook A Index*	56.15	59.15	68**	56.15	59.15	68**

* 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: 59 to 77 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.