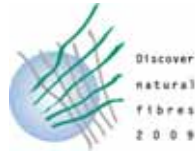




INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

ICAC Press Release, April 1, 2008

World Cotton Price is Projected Higher in 2008/09

World cotton area is projected to remain relatively stable in 2008/09 at 33.8 million hectares. However, cotton harvested area in the USA is projected to decline by a further 15% in 2008/09 as a result of surging prices for soybeans, corn, wheat and other oilseeds. Reduced cotton plantings in the USA could be offset by increases in China (Mainland), India, the African Franc Zone, Australia and Brazil, while stable area is projected for Pakistan, Turkey and Uzbekistan.

World cotton production in 2008/09 is projected at 26.9 million tons (+3%), while cotton mill use is projected to grow at a lower rate of +1% compared with 2% in 2007/08 and 7% in 2006/07, due to slower world economic growth and an increase in cotton prices relative to polyester. As a result of the gap between world production and consumption, world cotton ending stocks are projected to decline for the second season during 2008/09 to 11 million tons (-5% from 2007/08, and -13% from 2006/07).

The fundamentals of cotton supply and use alone would suggest a season-average Cotlook A Index of less than 70 cents per pound in 2007/08. However, based on trends in prices during the first eight months of 2007/08, it is obvious that prices will be higher. Increases in prices of competing crops, the increasing role of speculative activity and commodity investment funds may be affecting cotton prices in ways that are not reflected in fundamental measures of cotton supply and use.

Considering trends in the Cotlook A Index during the first eight month of 2007/08 and assuming that the Cotlook A Index fluctuates between 76 and 83 cents per pound during the rest of the season, the Secretariat projects that the Cotlook A Index will average 74 cents per pound during 2007/08. Based on this forecast for 2007/08, the ICAC Price Model 2007 forecasts a season average Cotlook A Index of 80 cents per pound in 2008/09 (the 95% confidence interval is between 67 and 93 cents per pound).

WORLD COTTON SUPPLY AND DISTRIBUTION

	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
	Million Tons			Million Bales		
Production	26.74	26.04	26.9	122.8	119.6	123.4
Consumption	26.65	27.14	27.5	122.4	124.6	126.2
Exports	8.11	8.5	8.72	37.3	39.1	40.0
Ending Stocks	12.70	11.6	10.96	58.1	53.1	50.3
Stocks Adjustment	0.0	0.0	+0.26	0.0	0.0	+1.4
Cotlook A Index*	59.15	74*	80***	59.15	74*	80***

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

** The price projection for 2007/08 represents the Secretariat judgment, based on the average price for the first seven months and projected price variations during the rest of the season.

*** The price projection for 2008/09 is based on the ending stocks/consumption ratio in the world-less-China (Mainland) in 2006/07, in 2007/08 (estimate), and in 2008/09 (projection), and on the ending stocks/consumption ratio in China (Mainland) in 2006/07 and in 2007/08 (estimate). 95% confidence interval: 67 to 93 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, \$180 per year. A monthly outlook is available on the Internet for \$285 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$450 per year.