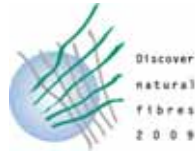




INTERNATIONAL COTTON ADVISORY COMMITTEE

1629 K Street NW, Suite 702, Washington, DC 20006 USA

Telephone (202) 463-6660 • Fax (202) 463-6950 • email secretariat@icac.org



From the Secretariat

ICAC Press Release, March 3, 2008

World Cotton Prices Surge in February to the Highest Since August 1997

The Cotlook A Index averaged 70 cents per pound during the first seven months of 2007/08, 11 cents higher than during the same period last season. The average 2007/08 Cotlook A Index as of the end of February 2008 was the highest since 1997/98 and equals the thirty year average recorded between 1973/74 and 2002/03.

As a result of the gap between world production and consumption, world cotton ending stocks are projected to decline during 2007/08 by 1.1 million tons (9%) to 11.5 million tons. World mill use is projected to exceed production again in 2008/09, and a further reduction in world ending stocks could take place to an estimated 10.7 million tons (-7%).

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 seven months of 2007/08, it is obvious that prices will be higher. During February 2008, the Cotlook A index rose from 72 cents per pound to 81 cents per pound, the highest level since August 1997. The price increase during February was not caused by changes in estimates of fundamental factors of cotton supply and use during the past month. Increases in prices of competing crops and the increasing role of 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 seven 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. Given that world ending stocks are expected to fall further during 2008/09, the upward trend in cotton prices is expected to continue.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
	Million Tons			Million Bales		
Production	26.74	25.99	26.6	122.8	119.4	122.1
Consumption	26.65	27.14	27.5	122.4	124.6	126
Exports	8.12	8.8	8.74	37.3	40.2	40.1
Ending Stocks	12.70	11.6	10.70	58.3	53.1	48.9
Stocks Adjustment	0.0	0.2	-0.25	0.0	0.6	-1.4
Cotlook A Index*	59.15	74*		59.15	74*	

* 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.

(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.