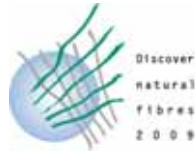




INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

ICAC Press Release, February 1, 2008

World Cotton Stocks are Projected to Decline Further in 2008/09

World ending stocks are projected to decline during 2007/08 by 1.3 million ton to 11.4 million tons as a result of the gap between world production and consumption. World cotton area is projected remain stable in 2008/09 at 33.9 million hectares, less than 1% higher than in 2007/08. Cotton area is projected to decline mostly in the USA (-11%), slight increases are expected in China (Mainland), India, African Franc Zone and Brazil, while stable area is projected for Pakistan, Turkey and Uzbekistan

World cotton yields are expected to continue rising in 2008/09 and are projected at 794 (+3%) kilograms per hectare. As a result, world cotton production in 2008/09 is expected to increase by 1 million tons to 26.9 million tons. However, world mill use is projected to increase further to 27.4 million tons (+1%), still exceeding production. As a result, a further reduction in world ending stocks could take place to an estimated 10.9 million tons (-5%).

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. An expected significant decline in the stocks-to-mill use ratio in the World-less-China (Mainland) is pushing prices higher 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	25.87	26.9	122.8	118.8	123.8
Consumption	26.64	27.14	27.4	122.4	124.6	126
Exports	8.12	8.9	8.75	37.3	41.1	40.2
Ending Stocks	12.70	11.4	10.95	58.3	52.5	50.3
Stocks Adjustment	0.0	0.2	0.25	0.0	0.9	1.1
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: 62 to 71 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.