



INTERNATIONAL COTTON ADVISORY COMMITTEE

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From the Secretariat

ICAC Press Release, March 1, 2010

Cotton Prices Surge in February

Cotton prices increased sharply in February 2010. The Cotlook A Index rose from 75.35 cents per pound on February 1 to 85.55 cents per pound on February 26. Cotton prices are supported by strong fundamentals: reduced production and rebounding mill use are expected to generate a 15% drop in global cotton stocks.

Based on the expected change in the ratio of ending stocks to use outside China and the average Cotlook A Index to date, the ICAC Price Model is projecting the 2009/10 Cotlook A Index at 74 cents per pound, 21% higher than in the preceding season. The 95% confidence level extends from 69 cents to 79 cents per pound. The daily Index could remain above 80 cents per pound for some time, but competition with polyester and the expected increase in 2010/11 cotton production could cause prices to return to lower levels for the last few months of the 2009/10 season.

Higher prices paid for 2009/10 cotton, combined with the recent decline in prices of grains and oilseeds and relatively stable production costs, will encourage farmers to increase cotton plantings in 2010/11. World cotton production is forecast to rebound by 10% to 24.4 million tons. World cotton mill use is expected to continue to recover in 2010/11, growing by 3% to 24.8 million tons, driven by continued improvement in global economic growth. World cotton trade is projected to increase slightly in 2010/11 to 7.5 million tons. A small reduction in cotton ending stocks is expected in 2010/11.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
	Million Tons			Million Bales		
Production	23.41	22.2	24.4	107.5	102	112
Consumption	23.23	24.1	24.8	106.7	111	114
Exports	6.56	7.3	7.5	30.1	34	35
Ending Stocks	12.33	10.5	10.1	56.6	48	46
Cotlook A Index*	61.20	74**		61.20	74**	

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

** The price projection for 2009/10 is based on the ending stocks/consumption ratio in the world-less-China in 2007/08 (estimate), in 2008/09 (estimate) and in 2009/10 (projection), on the ratio of Chinese net imports to world imports in 2008/09 (estimate) and 2009/10 (projection), and on the average price for the first seven months of 2009/10. 95% confidence interval: 69 to 79 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 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, \$185 per year. A monthly outlook is available on the Internet for \$295 per year. Access to the weekly estimates of world cotton supply and use by the Secretariat is also available on the Internet for \$460 per year.