



From the Secretariat

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Trends in Cotton Prices: China and the Rest of the World

In September 2012, international cotton prices declined slightly, whereas Chinese cotton prices increased a little bit. This might indicate price directions over the next few months. In China, cotton prices in 2012/13 will be supported by the minimum support price policy, under which the government is organizing daily purchases of new crop cotton between September 2012 and March 2013. In the rest of the world, the pressure of accumulating stocks, combined with weak demand, could drive cotton prices down.

In 2011/12, the Chinese government supported both domestic and international prices via significant purchases of domestic and foreign cotton for the rebuilding of its national reserve. While government support to Chinese national prices will continue in 2012/13, cotton imports will likely drop sharply. The Secretariat expects China to import 2.5 million tons this season, less than half the record quantity purchased last season.

With this projected fall in Chinese imports, the outlook in the rest of the world is conducive to lower international prices in 2012/13. Outside of China, cotton production is forecast down by 6% to 18.6 million tons, while mill use is expected to increase by 5% to 14.9 million tons. Taking into account reduced shipments to China, stocks in the rest of the world are expected to grow by 16% to 9 million tons in 2012/13.

China is expected to remain the largest cotton importer in 2012/13. This will prevent international and Chinese cotton prices from diverging too much. In addition, international cotton prices will eventually receive some support from the expected lower plantings in the Southern Hemisphere at the end of 2012 and in the Northern Hemisphere in 2013/14.

WORLD COTTON SUPPLY AND DISTRIBUTION

	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
	Million Tons			Changes from last Month Million Tons		
Production	25.210	27.282	25.48	0.007	0.058	0.29
Consumption	24.517	22.779	23.55	0.000	0.053	0.31
Imports	7.725	9.603	7.58	0.000	0.129	0.25
Exports	7.625	9.716	7.58	0.001	0.342	0.25
Ending Stocks	9.380	13.782	15.72	0.005	-0.190	-0.21
Cotlook A Index*	1.64	1.00	0.84**			

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

** Average for the first two months of 2012/13.

(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.