



**INTERNATIONAL COTTON ADVISORY COMMITTEE**  
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From the Secretariat

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### **COTTON PRICE VOLATILITY LOWER IN 2011/12**

Volatility in cotton prices was the highest in decades during 2010/11, and cotton was the single most volatile commodity out of 53 tracked by the International Monetary Fund (IMF) during 2010. However, special factors contributed to uncertainty, and thus volatility, during 2010/11, including historically tight world beginning stocks relative to use, unexpectedly rapid global economic recovery from a severe recession, and government interventions that disrupted trade patterns.

During the current season, world cotton production will exceed consumption and ending stocks will rise, both in absolute terms and as a share of use. Economic uncertainty continues, but market participants now have an additional year of experience on which to draw in managing such uncertainty. And governments are unwinding the special interventions implemented last season, thus allowing market forces to determine trade patterns.

During 2011/12, world cotton production is projected at 26.6 million tons, consumption at 24.7 million tons, and trade at 8.1 million tons. The Secretariat estimate of mill use during 2011/12 of 24.7 million tons is based on latest monthly data on mill use or imports, combined with IMF forecasts of world economic growth. Ending stocks are forecast at 10.9 million tons, an increase of nearly two million tons from the previous season; the ratio of world ending stocks outside China to world use outside China (the traditional indicator of direction of change in world prices) will climb from 46 to 52.

Reports from Texas indicate that even irrigated fields are being abandoned (not harvested because of crop failures) and surveys for crop insurance claims suggest that yields will be lower than indicated in USDA reports. Accordingly, the Secretariat estimate of U.S. production during 2011/12 is 3.4 million tons, 540,000 tons less than in 2010/12, and 200,000 tons less than the September 2011 USDA estimate.

### **WORLD COTTON SUPPLY AND DISTRIBUTION**

|                         | <b>2009/10</b>      | <b>2010/11</b> | <b>2011/12</b> | <b>2009/10</b>       | <b>2010/11</b> | <b>2011/12</b> |
|-------------------------|---------------------|----------------|----------------|----------------------|----------------|----------------|
|                         | <b>Million Tons</b> |                |                | <b>Million Bales</b> |                |                |
| <b>Production</b>       | 22.2                | 24.9           | 26.6           | 102                  | 114            | 122            |
| <b>Consumption</b>      | 25.3                | 24.4           | 24.7           | 116                  | 112            | 114            |
| <b>Exports</b>          | 7.8                 | 7.7            | 8.1            | 36                   | 35             | 37             |
| <b>Ending Stocks</b>    | 8.6                 | 9.0            | 10.9           | 40                   | 41             | 50             |
| <b>Cotlook A Index*</b> | 0.78                | 1.64           |                | 0.78                 | 1.64           |                |

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

(Press releases are available via e-mail. For further information, please contact us at [Publications@icac.org](mailto: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.