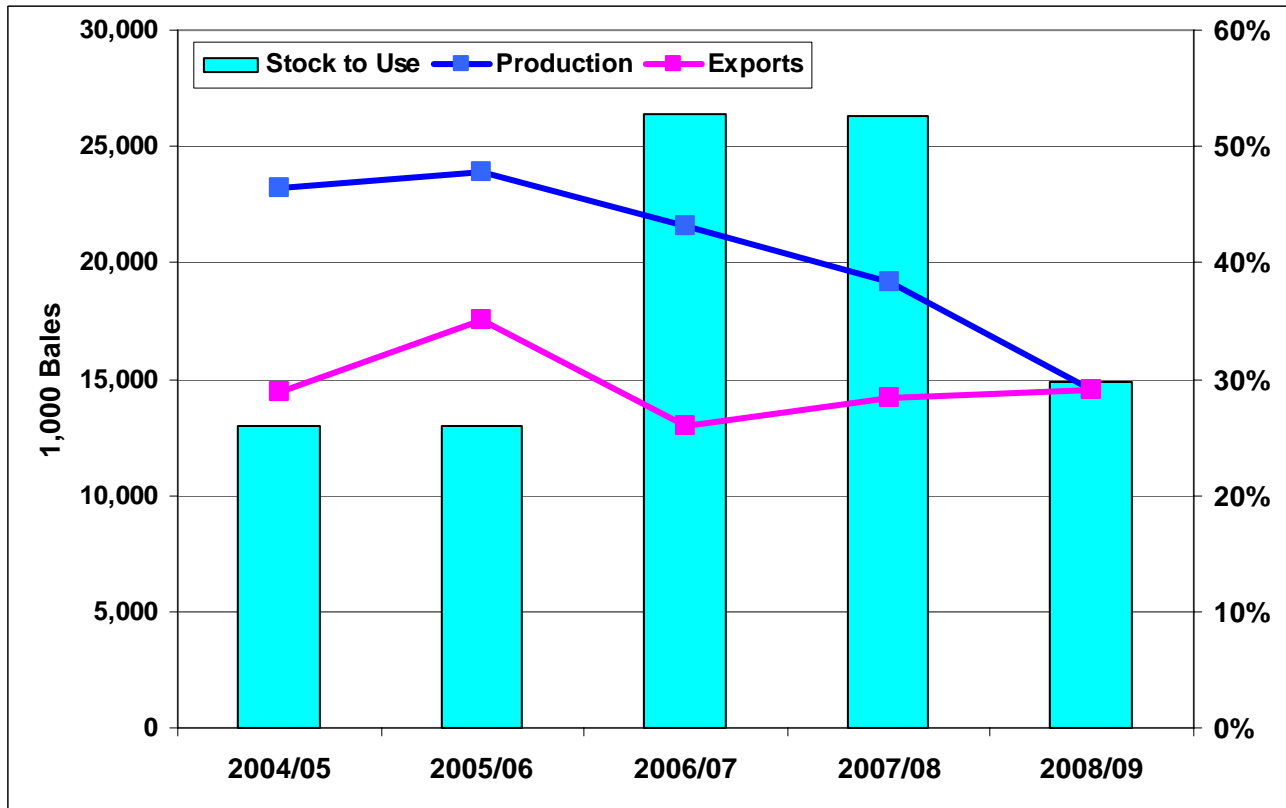




Cotton: World Markets and Trade

U.S. 2008/09 Forecast Lower Production and Stocks, Stable Exports



U.S. 2008/09 production is forecast to decline to 14.5 million bales, 25 percent below the current season. Relatively attractive prices for other commodities continue to draw area away from cotton and yields return to the historical average, below the record yields seen in 2007/08. With U.S. beginning stocks at the highest level in 40 years higher, the U.S. will be able to maintain share of growing global trade, despite the significantly smaller crop. Exports are expected to increase slightly to 14.5 million bales. U.S. mill use will continue to decline and will be at the lowest level since 1910. As a result ending stocks will decline by 43 percent to 5.6 million bales. The stocks to use ratio will drop below 30 percent.

For China in 2008/09, consumption is expected to grow by only 4.7 percent, the lowest growth rate in 10 years. Production is expected to decline marginally to 35.5 million bales. As a result imports will increase 25 percent to 15 million bales, and ending stocks will decline. (See note following on historical revisions.)

Slightly lower world production and higher consumption in 2008/09 will reduce world stocks by 10 percent. Production is forecast down 2.2 percent, at 118 million bales, while consumption is forecast up 2.1 percent at 127 million bales. The decrease in stocks will be seen primarily in the United States and China, with ending stocks in the rest of the world up marginally. Global trade will be up nearly 7 percent, to 41 million bales, driven by the increase in imports by China.

