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## **EXTRA-FINE COTTON UPDATE**

From the Secretariat of the ICAC  
December 15, 2009

### **Changes in Supply and Demand Estimates from October 2009 Report (Producing Countries)**

#### **2008/09:**

World Production 434,000 tons (+20,000 tons): China 100,000 (+20,000).

Consumption in Producing Countries 362,000 tons (+15,000): China 145,000 (+10,000); Egypt 55,000 (+5,000).

World Exports 136,000 tons (-6,000): Egypt 40,000 (-3,000); Uzbekistan 2,000 (-3,000).

#### **2009/10:**

World Production 419,000 tons (+39,000 tons): China 111,000 (+27,000); Israel 9,500 (+500); Peru 8,000 (+1,000); Sudan 6,000 (-2,000); Turkmenistan 22,000 (+12,000).

Consumption in Producing Countries 394,000 tons (+15,000): China 160,000 (+15,000).

World Exports 250,000 tons (+30,000): Israel 9,500 (+500); Sudan 13,000 (-2,000); Turkmenistan 25,000 (+12,000); United States 125,000 (+17,000); Uzbekistan 7,000 (+2,000).

### **A Smaller Extra-Fine Cotton Market**

World extra-fine cotton production is forecast to continue to decline by 4% to 419,000 tons in 2009/10, the smallest production on record since the middle of the twentieth century. Production is projected down in the United States, India, Tajikistan and Sudan due to reduced plantings. Production is projected stable in most other producing countries. The share of Asia in world extra-fine cotton production is expected to increase from 31% to 41% this season due to production declines in the United States, Central Asia and Africa.

Prices of extra-fine cotton have steadily risen steadily since August 2009, in expectation of lower supplies and some recovery in mill use. However, despite the continued erosion in global extra-fine cotton production, prices of extra-fine cotton have not until now increased above the range experienced in the last several seasons. The Cotlook quote for American Pima increased from 103 cents/lb in early August 2009 to 129 cents/lb in early December. This remains within the range of 80 to 150 cents/lb experienced since 2004/05. The Cotlook quote for Egyptian Giza 86 remained a little below 100 cents/lb between August and October, but has since increased to slightly above 100 cents/lb, well within the 80-130 cents/lb range experienced in the last five seasons. The slower and smaller price increase for Egyptian Giza 86 than for American Pima reflects the expectation of a larger Giza 86 crop this season than last. In contrast, the Cotlook quote for Egyptian Giza 88 increased sharply, from 105 cents/lb in early August to 131 cents/lb in early December, reflecting the expectation of a much reduced crop this season. The Cotlook quote for Egyptian Giza 88 still remains in the range of 80-140 cents/lb experienced in the last five seasons.

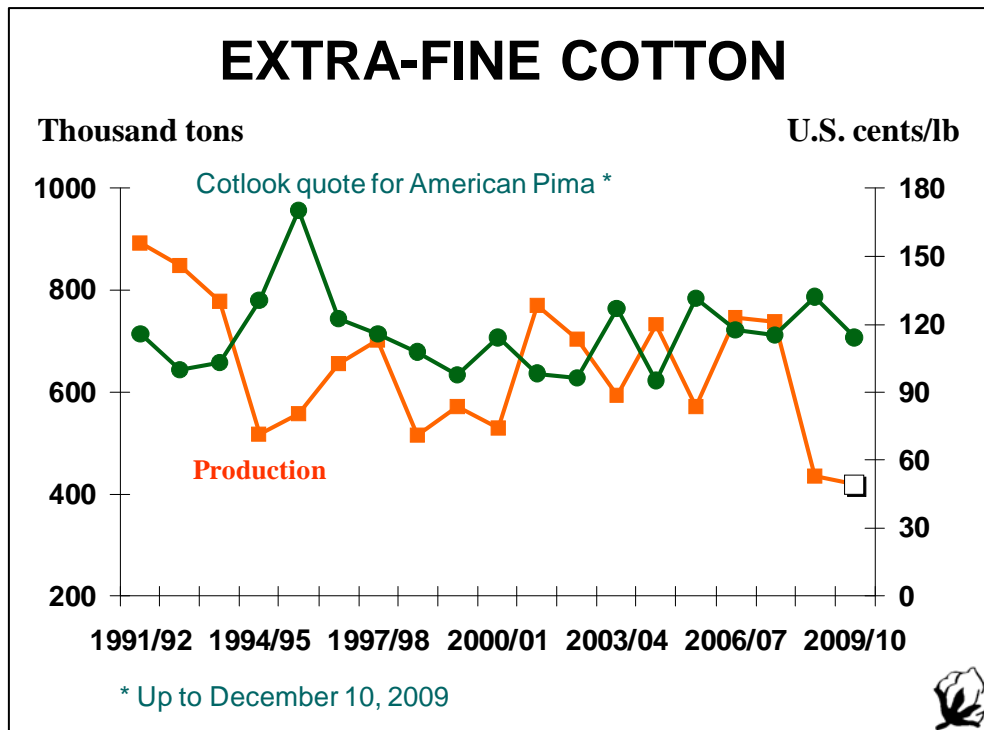
In addition, the ratio between prices of extra-fine and upland cotton remains close to average. The average ratio between the Cotlook quote for American Pima and the Cotlook A Index between early August and mid-December 2009 was 1.7, compared with a five-year average of 1.9.



These price trends suggest that the decline in global extra-fine cotton production experienced since 2008/09 coincided with a decline in global extra-fine cotton consumption. Both supply and demand seem to be in balance at these lower levels, indicating that the global extra-fine cotton market might remain smaller (below 500,000 tons) for some time.

The Secretariat expects extra-fine cotton exports from producing countries to rebound from a relatively low level of 136,000 tons in 2008/09 (31% of production, compared to a six-year average of 55%) to 250,000 tons in 2009/10 (60% of production), as spinning mills replenish their stocks and demand recovers. US exports of Pima cotton are forecast to more than double to 125,000 tons. Egyptian exports of Long Staple and Extra Long Staple cotton are expected to increase by 65% to 66,000 tons. Exports from Sudan, Turkmenistan and Uzbekistan are also expected to increase in 2009/10.

Ending stocks in producing countries are projected to decrease by 34% to 212,000 tons in 2009/10. The extra-fine cotton stocks-to-use ratio in producing countries is expected to decline from 64% in 2008/09 to 33% in 2009/10. Nevertheless, this is not an unusually low ratio of stocks to use of extra-fine cotton in producing countries.



## SALES OF EXTRA-FINE COTTON

World extra-fine cotton export commitments for 2009/10 are estimated at 177,000 tons as of mid-December 2009, accounting for 71% of projected exports. Between mid-October and mid-December 2009 extra-fine export commitments more than doubled (+95,000 ton). As of mid-December 2008, world extra-fine cotton sales for 2008/09 were at 95,000 tons accounting for 70% of projected exports.

As of mid-December 2009 U.S. Pima sales for 2009/10 reached 104,000 tons, or 83% of projected season's exports, up from 48,000 tons registered as of mid-October 2009. The U.S. Pima competitiveness payments during the first four months of 2009/10 ranged from 2 to 11 cents per pound as a result of higher U.S. Pima prices compared to other growths. Export commitments by Egypt for 2009/10 are estimated at 45,000 tons as of mid-December 2009, or 68% of projected exports and include 9,000 tons of carryover sales from 2008/09. Export commitments by Egypt rose by an estimated 31,000 tons during the past two months.

## EXTRA-FINE EXPORT COMMITMENTS FOR 2009/10

December 15, 2009

	<b>Total Exports</b>	<b>Commitments December</b>		<b>Sales Remaining</b>
	<b>000 Tons</b>			
CHINA (MAINLAND)	1			1
EGYPT	66	45	68%	21
ISRAEL	10	8	84%	2
SUDAN	13	7	54%	6
TAJIKISTAN	1	1	100%	
TURKMENISTAN	25	7	28%	18
UNITED STATES	125	104	83%	21
UZBEKISTAN	7	4	57%	3
OTHERS	2	1	45%	1
<b>WORLD TOTAL</b>	<b>250</b>	<b>177</b>	<b>71%</b>	<b>73</b>

Commitments include sales for shipment between August 1, 2009 and July 31, 2010.



# SUPPLY OF EXTRA-FINE COTTON\*

December 15, 2009

Years Beginning August 1

	2004	2005	2006	2007	2008 Est.	2009 Proj.	2010 Proj.
Thousand Metric Tons							
<b>BEGINNING STOCKS*</b>							
CHINA (MAINLAND)	28	33	30	74	92	59	59
EGYPT, ELS	22	12	16	30	25	24	11
EGYPT, L. STPL.	35	46	33	66	54	66	48
INDIA	22	37	19	20	23	25	22
ISRAEL	2	2	2	2	2	1	1
PERU	5	8	6	9	15	9	8
SUDAN	30	35	33	44	23	25	17
TAJIKISTAN	9	5	3	3	2	3	1
TURKMENISTAN	7	4	4	14	19	28	21
UNITED STATES	14	3	17	31	30	66	15
UZBEKISTAN	5	3	3	6	14	13	6
OTHER PRODUCERS	5	4	2	3	2	2	2
<b>TOTAL</b>	<b>186</b>	<b>192</b>	<b>168</b>	<b>301</b>	<b>302</b>	<b>321</b>	<b>212</b>
<b>PRODUCTION</b>							
CHINA (MAINLAND)	87	80	178	153	100	111	
EGYPT, ELS	78	44	53	41	23	13	
EGYPT, L. STPL.	212	158	158	181	82	91	
INDIA	70	52	69	78	77	73	
ISRAEL	15	13	20	18	8	10	
PERU	8	14	17	16	7	8	
SUDAN	44	37	31	13	10	6	
TAJIKISTAN	14	8	10	8	4	1	
TURKMENISTAN	23	12	26	26	23	22	
UNITED STATES	162	137	167	185	94	80	
UZBEKISTAN	15	12	14	13	3	2	
OTHERS	5	4	6	4	3	3	
<b>TOTAL</b>	<b>733</b>	<b>570</b>	<b>748</b>	<b>736</b>	<b>434</b>	<b>419</b>	
<b>CONSUMPTION*</b>							
CHINA (MAINLAND)	125	140	165	175	145	160	
EGYPT, ELS	17	10	12	15	5	9	
EGYPT, L. STPL.	145	87	67	112	50	60	
INDIA	135	140	148	160	125	130	
ISRAEL	0	0	0	0	0	0	
PERU	17	16	18	19	15	14	
SUDAN	0	0	0	0	0	0	
TAJIKISTAN	3	3	3	3	3	2	
TURKMENISTAN	5	4	4	5	4	4	
UNITED STATES	13	11	8	8	6	7	
UZBEKISTAN	2	2	2	2	2	2	
OTHER PRODUCERS	7	7	7	7	7	7	
<b>TOTAL</b>	<b>469</b>	<b>420</b>	<b>435</b>	<b>505</b>	<b>362</b>	<b>394</b>	
<b>EXPORTS</b>							
CHINA (MAINLAND)	7	8	10	10	13	1	
EGYPT, ELS	75	25	25	33	19	16	
EGYPT, L. STPL.	65	66	47	98	21	50	
INDIA	0	0	0	0	0	0	
ISRAEL	15	13	20	18	9	10	
PERU	0	0	0	0	0	0	
SUDAN	40	39	20	32	8	13	
TAJIKISTAN	15	7	8	6	1	1	
TURKMENISTAN	22	8	12	16	10	25	
UNITED STATES	164	113	146	181	51	125	
UZBEKISTAN	15	10	9	3	2	7	
OTHER PRODUCERS	3	3	4	3	2	2	
<b>TOTAL</b>	<b>420</b>	<b>292</b>	<b>300</b>	<b>400</b>	<b>136</b>	<b>250</b>	
TOTAL IMPORTS 1/	152	144	132	151	82	116	
STOCKS ADJUSTMENT 2/	10	-25	-11	18	0	0	
<b>ENDSTOCKS/USE, EGYPT</b>	<b>0.19</b>	<b>0.26</b>	<b>0.63</b>	<b>0.31</b>	<b>0.94</b>	<b>0.44</b>	
<b>ENDSTOCKS/USE, USA</b>	<b>0.02</b>	<b>0.14</b>	<b>0.20</b>	<b>0.16</b>	<b>1.17</b>	<b>0.11</b>	
<b>ENDSTOCKS/USE, TOTAL</b>	<b>0.22</b>	<b>0.24</b>	<b>0.41</b>	<b>0.33</b>	<b>0.64</b>	<b>0.33</b>	
<b>COTLOOK QUOTE, AM. PIMA**</b>	<b>95</b>	<b>131</b>	<b>117</b>	<b>115</b>	<b>132</b>	<b>114 ***</b>	
<b>COTLOOK QUOTE, GIZA 70 or 88**</b>	<b>98</b>	<b>139</b>	<b>128</b>	<b>117</b>	<b>118</b>	<b>114 ***</b>	
<b>RATIO: AM. PIMA/GIZA 70 or 88**</b>	<b>0.97</b>	<b>0.94</b>	<b>0.91</b>	<b>0.98</b>	<b>1.12</b>	<b>1.00 ***</b>	
<b>RATIO: AM. PIMA/A INDEX**</b>	<b>1.82</b>	<b>2.34</b>	<b>1.98</b>	<b>1.58</b>	<b>2.15</b>	<b>1.68 ***</b>	

\* Producing countries only.

\*\* CIF NE until Dec. 2003; CIF FE since Jan. 2004; G 88 since 05/06

\*\*\* Through December 10, 2009

1/ Imports of extra-fine cotton by producing countries.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.



# SUPPLY OF EXTRA-FINE COTTON\*

## December 10, 2009

Years Beginning August 1

	2004	2005	2006	2007	2008 Est.	2009 Proj.	2010 Proj.
Thousand 480-Lb. Bales							
<b>BEGINNING STOCKS*</b>							
CHINA (MAINLAND)	130	153	139	341	424	272	272
EGYPT, ELS	102	56	73	137	115	108	52
EGYPT, L. STPL.	161	213	151	305	249	305	219
INDIA	101	170	87	92	106	113	102
ISRAEL	9	9	9	9	9	6	6
PERU	24	37	30	42	68	40	39
SUDAN	139	160	150	200	106	115	80
TAJIKISTAN	43	22	15	13	11	13	6
TURKMENISTAN	33	17	17	62	85	127	95
UNITED STATES	66	13	78	141	139	305	69
UZBEKISTAN	25	16	15	28	64	59	26
OTHER PRODUCERS	21	17	8	13	11	10	10
<b>TOTAL</b>	<b>855</b>	<b>882</b>	<b>771</b>	<b>1,384</b>	<b>1,387</b>	<b>1,472</b>	<b>975</b>
<b>PRODUCTION</b>							
CHINA (MAINLAND)	397	367	818	703	459	510	
EGYPT, ELS	357	200	242	187	105	58	
EGYPT, L. STPL.	975	724	724	833	378	419	
INDIA	322	239	317	358	351	334	
ISRAEL	69	57	90	83	37	44	
PERU	37	62	78	72	32	38	
SUDAN	203	171	143	62	48	25	
TAJIKISTAN	62	37	46	37	18	5	
TURKMENISTAN	106	55	119	119	106	101	
UNITED STATES	746	630	765	852	431	367	
UZBEKISTAN	69	55	64	60	14	9	
OTHERS	22	20	27	17	15	15	
<b>TOTAL</b>	<b>3,365</b>	<b>2,617</b>	<b>3,433</b>	<b>3,382</b>	<b>1,995</b>	<b>1,925</b>	
<b>CONSUMPTION*</b>							
CHINA (MAINLAND)	574	643	758	804	666	735	
EGYPT, ELS	78	46	56	67	25	41	
EGYPT, L. STPL.	667	401	310	516	230	276	
INDIA	620	643	680	735	574	597	
ISRAEL	0	0	0	0	0	0	
PERU	78	73	83	87	69	64	
SUDAN	0	0	0	0	0	0	
TAJIKISTAN	14	14	14	14	11	7	
TURKMENISTAN	21	18	18	23	18	18	
UNITED STATES	62	51	39	36	29	30	
UZBEKISTAN	9	10	10	10	10	10	
OTHER PRODUCERS	30	30	30	30	30	30	
<b>TOTAL</b>	<b>2,154</b>	<b>1,929</b>	<b>1,997</b>	<b>2,321</b>	<b>1,662</b>	<b>1,808</b>	
<b>EXPORTS</b>							
CHINA (MAINLAND)	31	37	46	46	60	5	
EGYPT, ELS	344	115	115	149	87	73	
EGYPT, L. STPL.	299	303	216	450	96	230	
INDIA	0	0	0	0	0	0	
ISRAEL	69	57	90	83	40	44	
PERU	0	1	1	0	0	0	
SUDAN	183	181	92	147	39	60	
TAJIKISTAN	69	30	34	25	5	5	
TURKMENISTAN	101	37	55	73	46	115	
UNITED STATES	753	520	672	833	232	575	
UZBEKISTAN	69	46	41	14	9	32	
OTHER PRODUCERS	12	15	16	14	11	10	
<b>TOTAL</b>	<b>1,929</b>	<b>1,342</b>	<b>1,380</b>	<b>1,835</b>	<b>625</b>	<b>1,148</b>	
TOTAL IMPORTS 1/	700	661	608	692	379	534	
STOCKS ADJUSTMENT 2/	45	-117	-52	84	0	0	
<b>ENDSTOCKS/USE, EGYPT</b>	<b>0.19</b>	<b>0.26</b>	<b>0.63</b>	<b>0.31</b>	<b>0.94</b>	<b>0.44</b>	
<b>ENDSTOCKS/USE, USA</b>	<b>0.02</b>	<b>0.14</b>	<b>0.20</b>	<b>0.16</b>	<b>1.17</b>	<b>0.11</b>	
<b>ENDSTOCKS/USE, TOTAL</b>	<b>0.22</b>	<b>0.24</b>	<b>0.41</b>	<b>0.33</b>	<b>0.64</b>	<b>0.33</b>	
<b>COTLOOK QUOTE, AM. PIMA**</b>	<b>95</b>	<b>131</b>	<b>117</b>	<b>115</b>	<b>132</b>	<b>114 ***</b>	
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<b>RATIO: AM. PIMA/GIZA 70 or 88**</b>	<b>0.97</b>	<b>0.94</b>	<b>0.91</b>	<b>0.98</b>	<b>1.12</b>	<b>1.00 ***</b>	
<b>RATIO: AM. PIMA/A INDEX**</b>	<b>1.82</b>	<b>2.34</b>	<b>1.98</b>	<b>1.58</b>	<b>2.15</b>	<b>1.68 ***</b>	

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