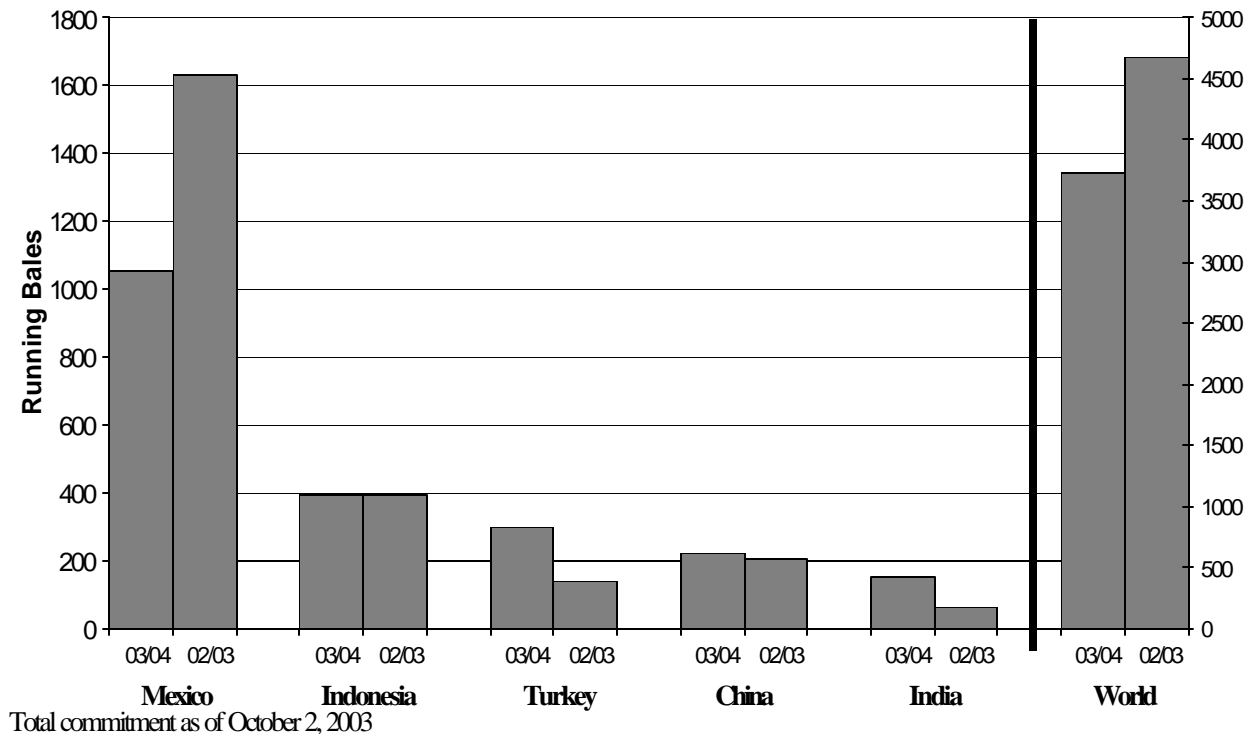




Cotton: World Markets and Trade

MY 2003/2004 Total Export Commitments Lag Last Year



In the tenth week of this marketing year, total export commitments (exports plus outstanding sales) are down 20-percent. Accumulated exports for all cotton are up 136,000 running bales, (11-percent) from the same week last year; however, sales since August 1 are down, due mainly to a larger carryover and higher prices.

Sales are down, due in part to larger than normal carryover sales in all of the top U.S. markets. Mexico, the top U.S. export destination in 2002/03 has total commitments of 1.05 million bales, a 579,000-bale decline, which accounts for the majority of the total commitments decline from 2002/03. Although, carryover in Mexico increased 466,000 bales, U.S. sales during 03/04 have fallen by more than a million bales. Lower demand for cotton in Mexico, caused by an increasing inability to compete with Asian exports has led to the decline in exports to Mexico. China, the second largest U.S. export destination, has total commitments down 34.7 percent or 66,000 bales this year. With the projected increase in Chinese imports and the large U.S. market share in the region, this number, along with exports should begin to climb. Turkey's total commitments are more than double what they were last year. This is mainly due to a carryover that is over four times greater and exports that are triple what they were last year, when Turkey entered the market late in marketing year (MY) 2002/03 and momentum has carried from last year to this year. However, export gains in Turkey may begin to deteriorate due to lack of domestic textile growth and higher production. India, much like Turkey has a higher carryover, exports and total commitments, but as with Turkey, India is also carrying momentum from last MY. India's short crop in 2002/03 forced them to increase imports toward the end of the season. With the expected rebound of the 2003/04 crop, India's need for imports will decrease causing a slow down in exports to the region. Indonesia has seen little change from last year with the exception of higher carryover, which has caused lower sales this MY.