

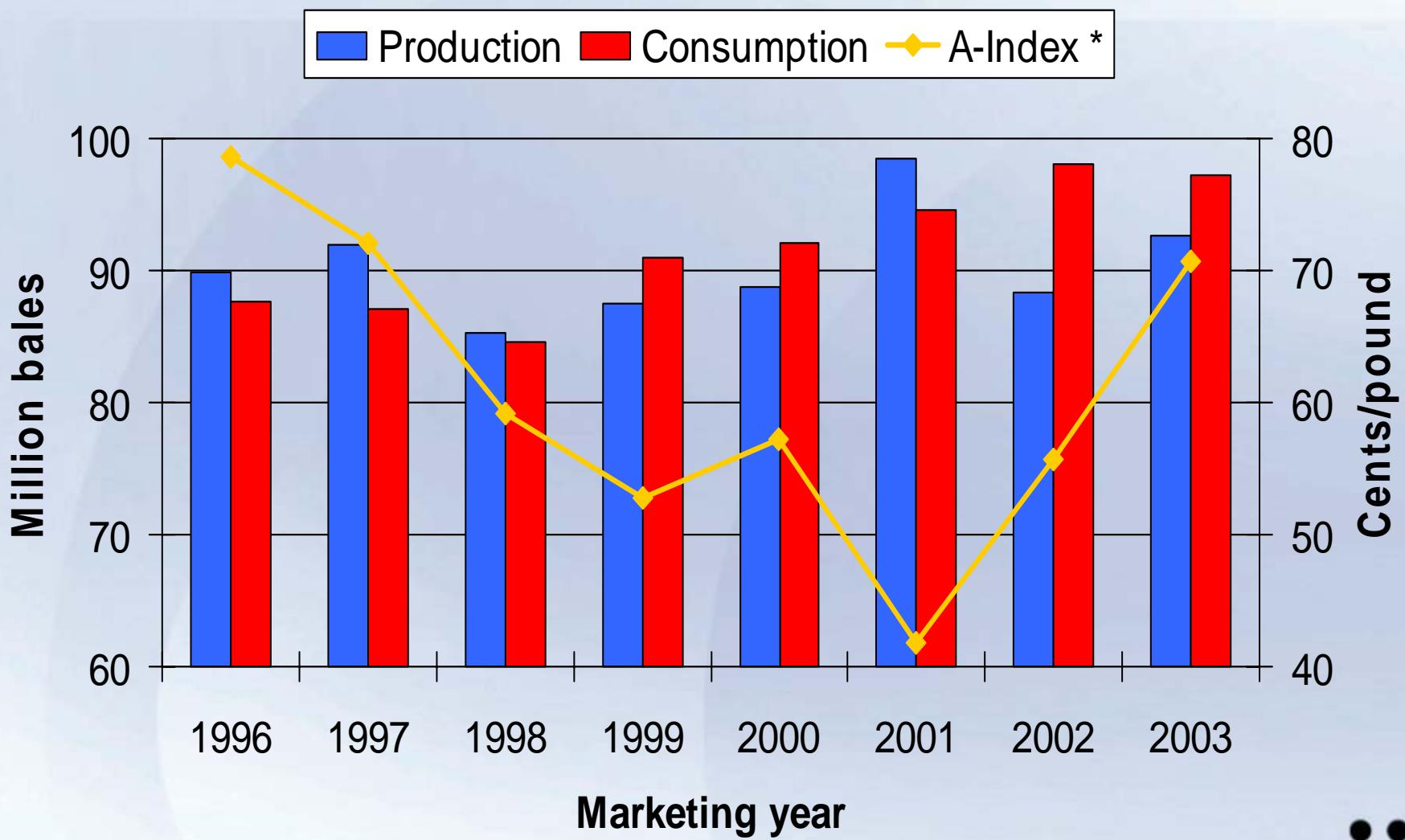
The USDA Cotton Outlook for 2004/05

**Interagency Cotton Estimates Committee
U.S. Department of Agriculture**

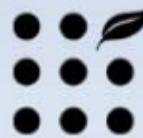
**Agricultural Outlook Forum
Arlington, VA
February 20, 2004**



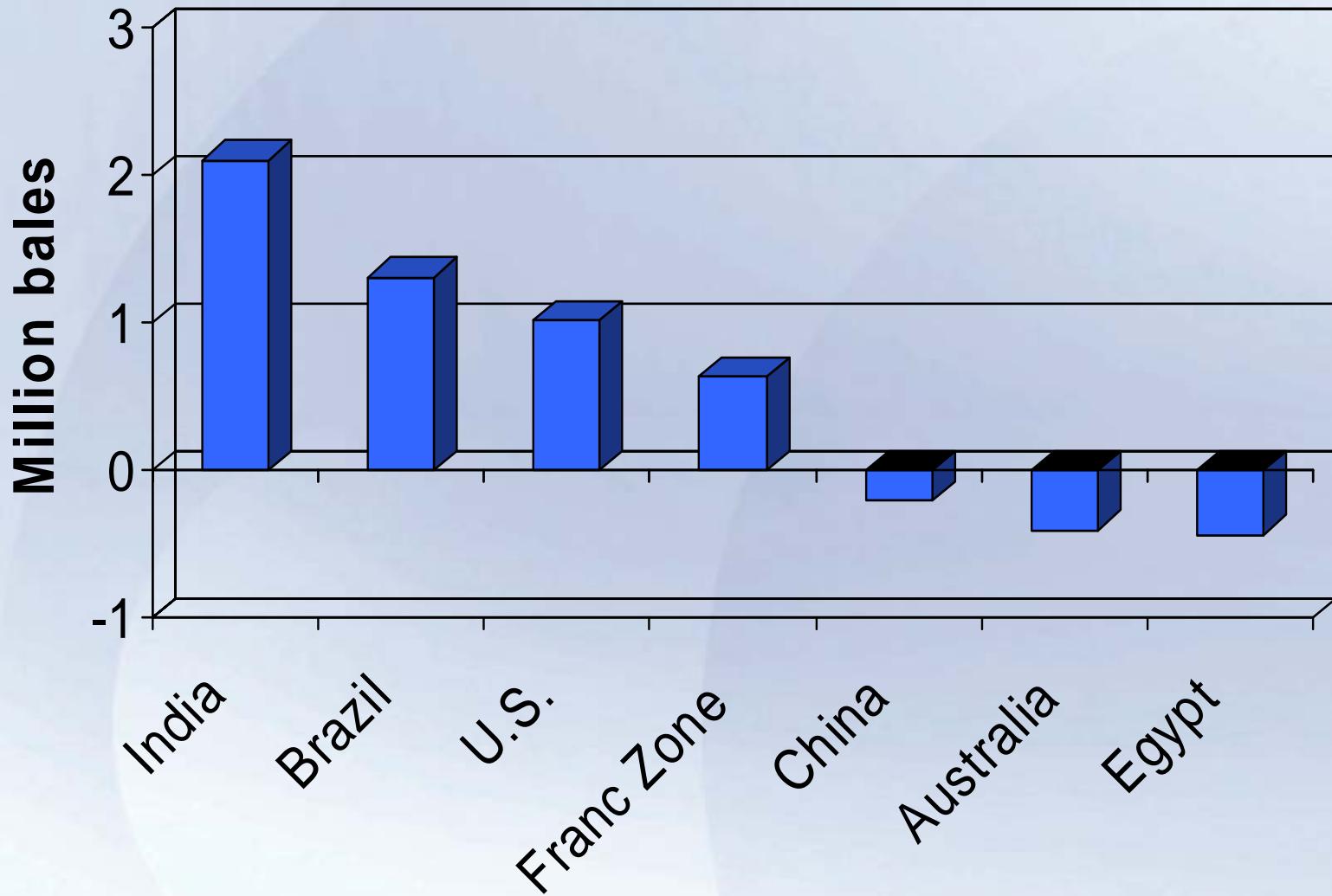
World Production, Consumption, and Prices



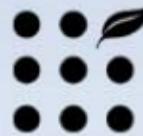
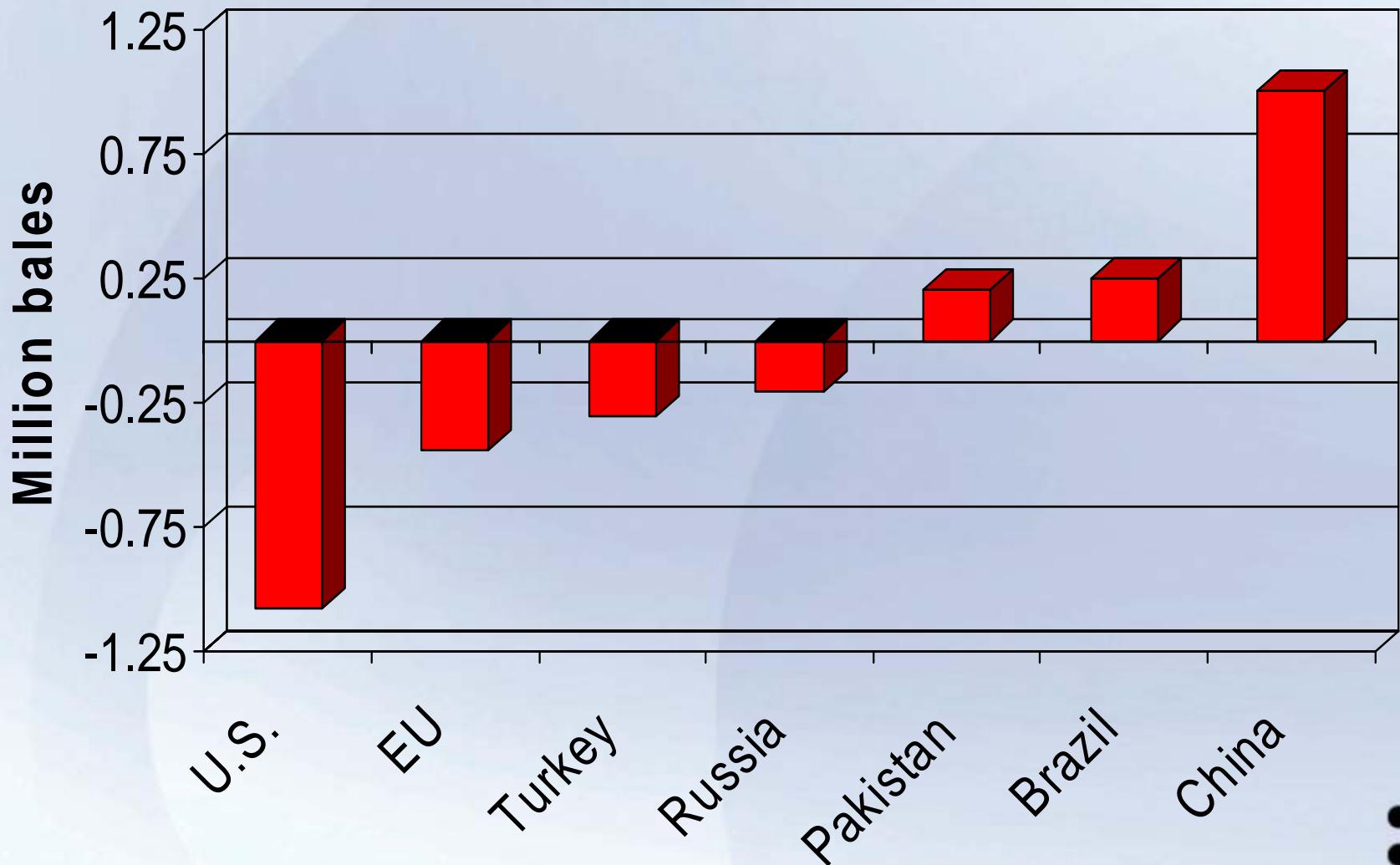
* 2003/04 through February 5, 2004



Projected Changes in World Production, 2003/04 vs. 2002/03

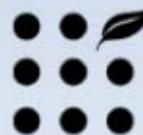
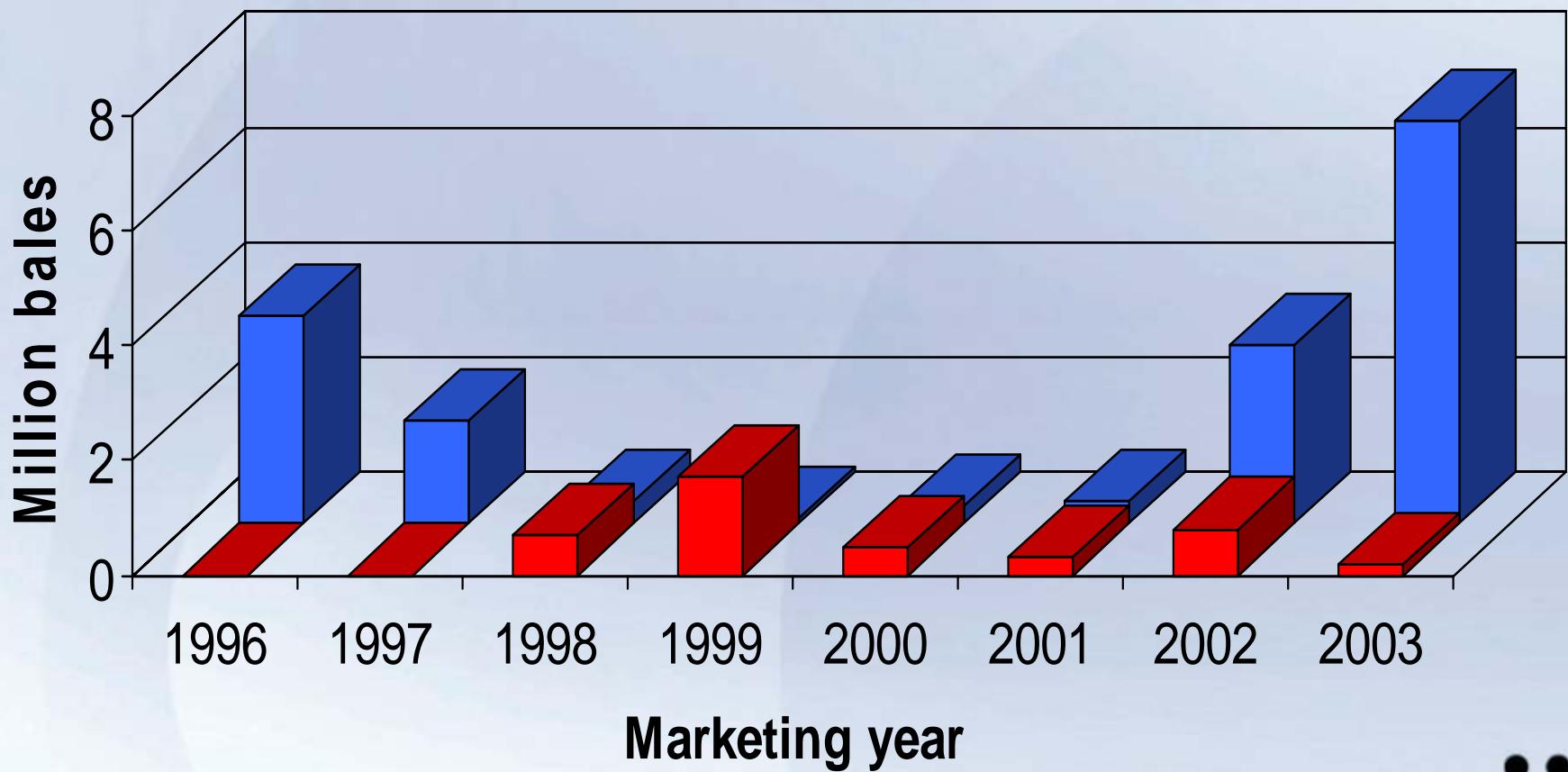


Projected Changes in World Consumption, 2003/04 vs. 2002/03

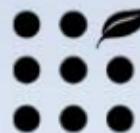
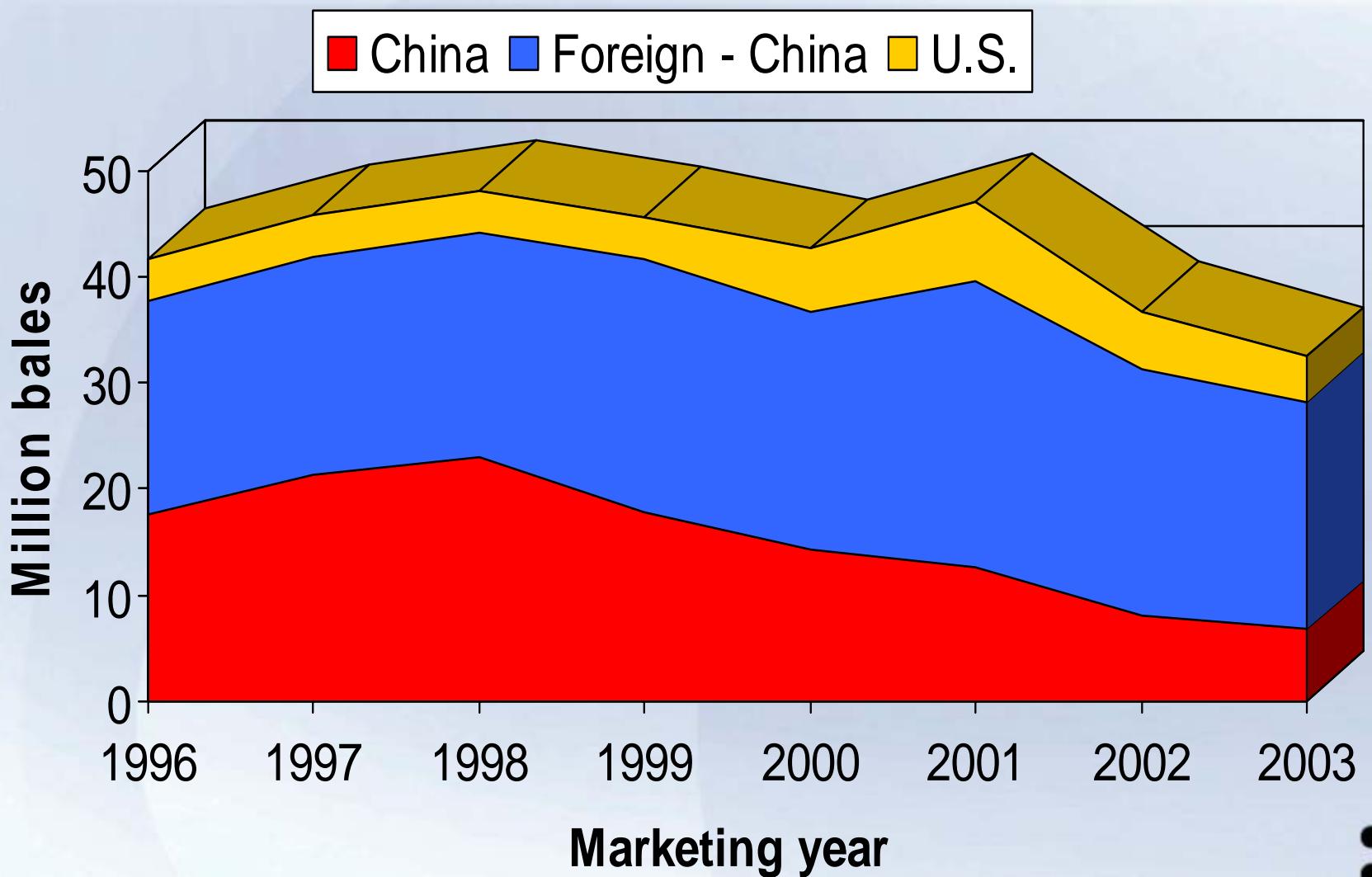


China's Import and Export Projections through 2003/04

■ Exports ■ Imports

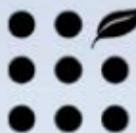


U.S., China, and Other Foreign Stocks through 2003/04



Basis for USDA's 2004/05 Forecasts

- Normal weather and growing conditions.
- Global economic growth remains strong.
- Continuation of the current U.S. and foreign agricultural policies.
- Govt. of China releases adequate import quota licenses.

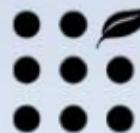
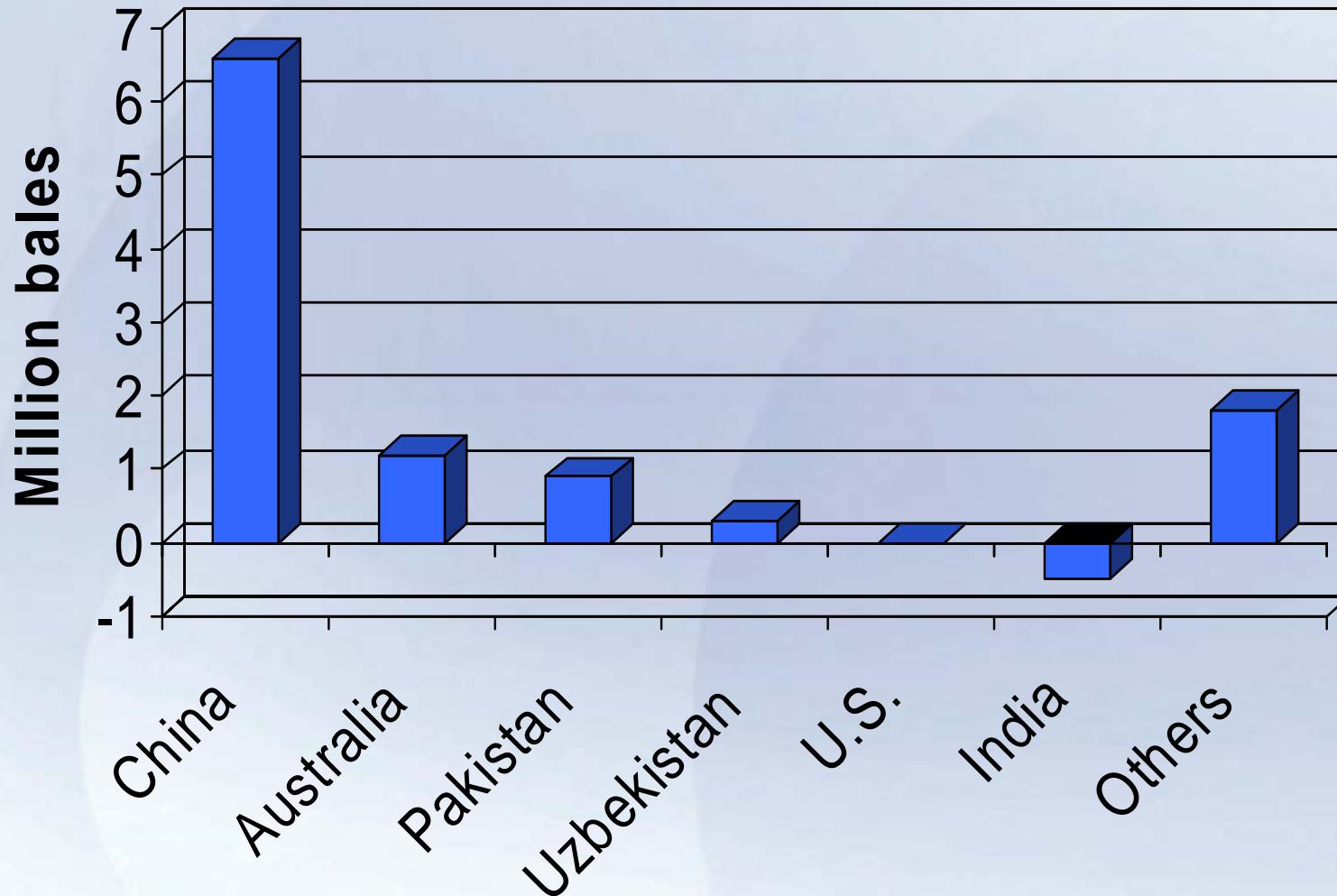


2004/05 World Production Rises 10+ MB

- Production in China accounts for nearly two-thirds.
 - Area rises 10% due to higher prices.
 - Yields rebound with normal weather.
 - Output reaches 29 million bales.
- Most other major foreign producers also expected to increase output.
- U.S. production about unchanged, as a lower average yield offsets higher area.

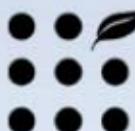


Forecast Changes in World Production, 2004/05



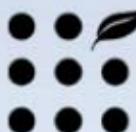
2004/05 World Consumption Rebounds 2 Percent

- Final apparel quotas removed by Jan. 2005.
 - Lowers product import cost to major markets.
 - Higher imports support additional cotton consumption.
- Growth limited by higher cotton prices--Jan. 2004 price 75% higher than Jan. 2002.
- Consumption in China grows same as world.
 - Projected to rise 2 million bales to 32.5 million.
 - Gains in other developing countries are offset by declines in developed countries.



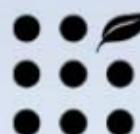
2004/05 Global Trade Remains Substantial

- Rising world production reduces import needs.
- China continues as key importer (5 million bales).
 - Consumption-production shortfall projected at 3.5 million bales.
 - Need to rebuild stocks from lowest level in a decade.
- U.S. remains in position to supply foreign import needs.



World Cotton Supply-Demand Estimates (Million bales)

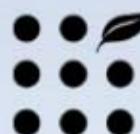
	<u>2003/04</u>	<u>2004/05</u>
Beg. stocks	36.8	32.5
Production	92.7	103.0
Imports	<u>32.4</u>	<u>31.3</u>
Total Supply	161.8	166.8
Consumption	97.2	99.0
Exports	<u>32.0</u>	<u>31.0</u>
Total Use	129.2	130.0
Ending Stocks	32.5	36.8



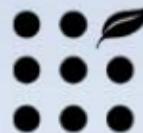
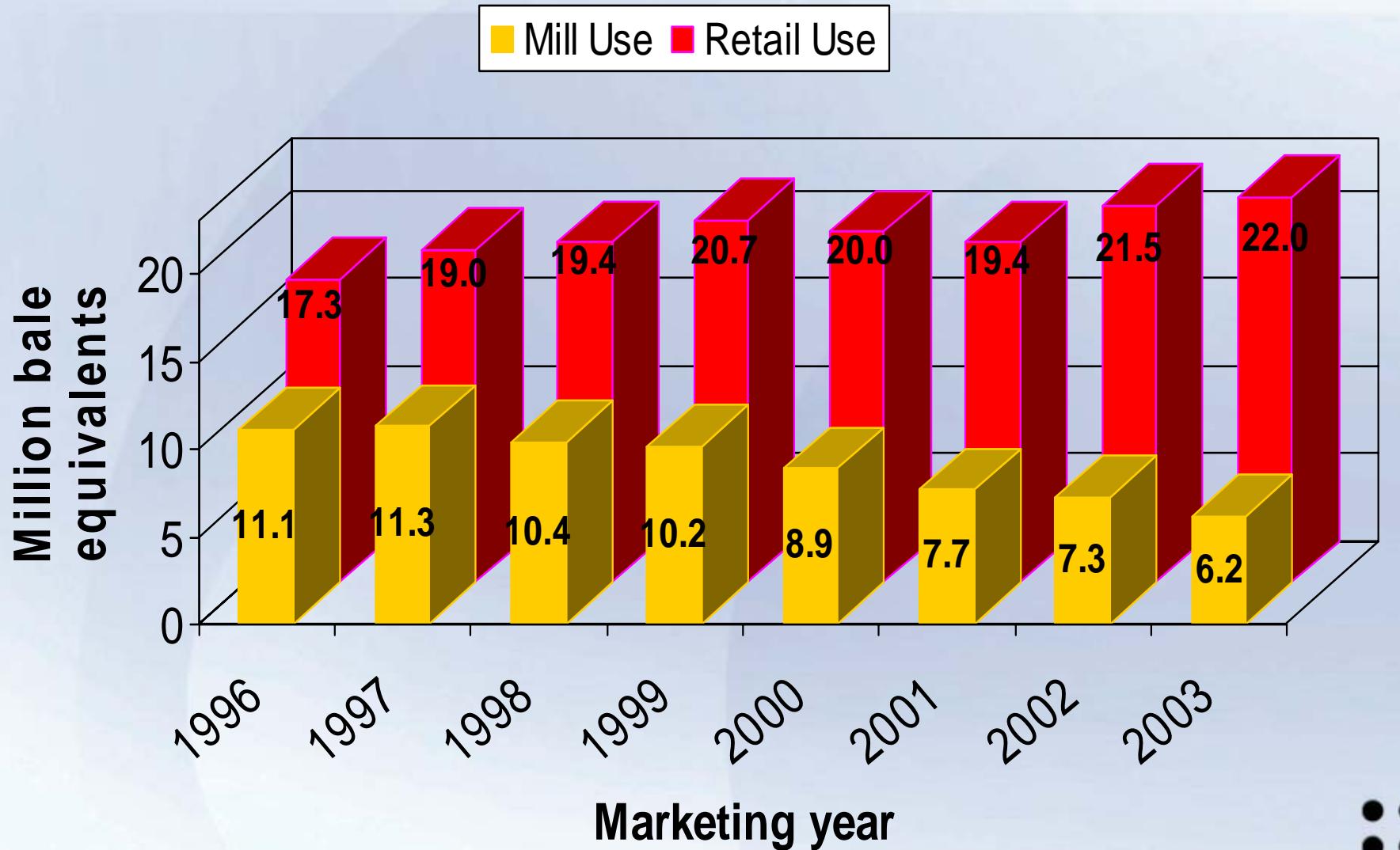
U.S. Cotton Supply Estimates

(Million acres/bales)

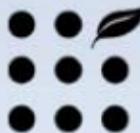
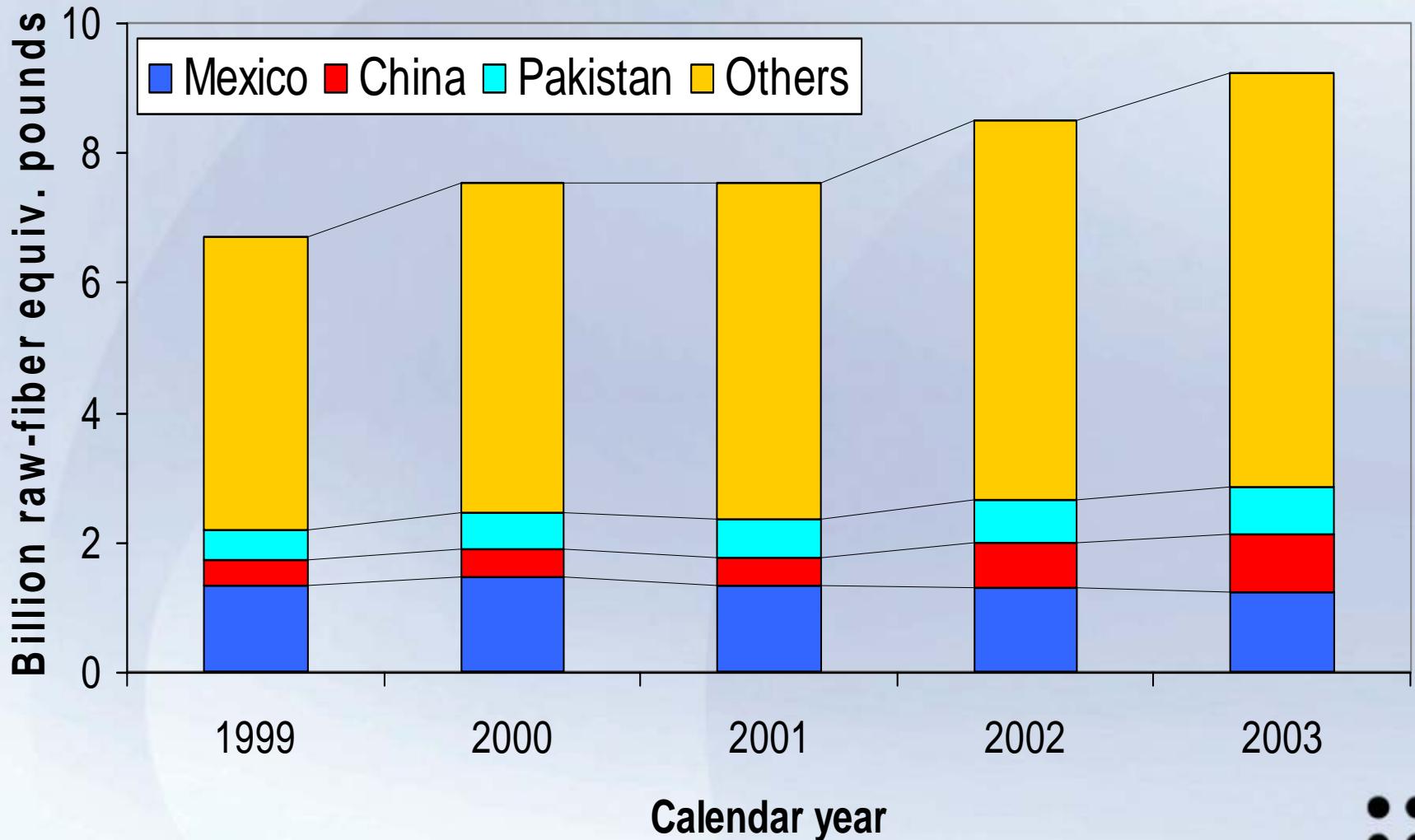
	<u>2003/04</u>	<u>2004/05</u>
Planted	13.5	14.3 -14.8
Harvested	12.1	12.9 -13.3
Yield (Lbs.)	725	665 - 670
Beg. Stocks	5.4	4.3
Production	18.2	18.0 -18.5
Imports	<u>0.0</u>	<u>0.0</u>
Total Supply	23.7	22.3 -22.8



U.S. Cotton Consumption

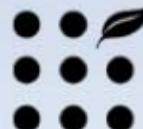
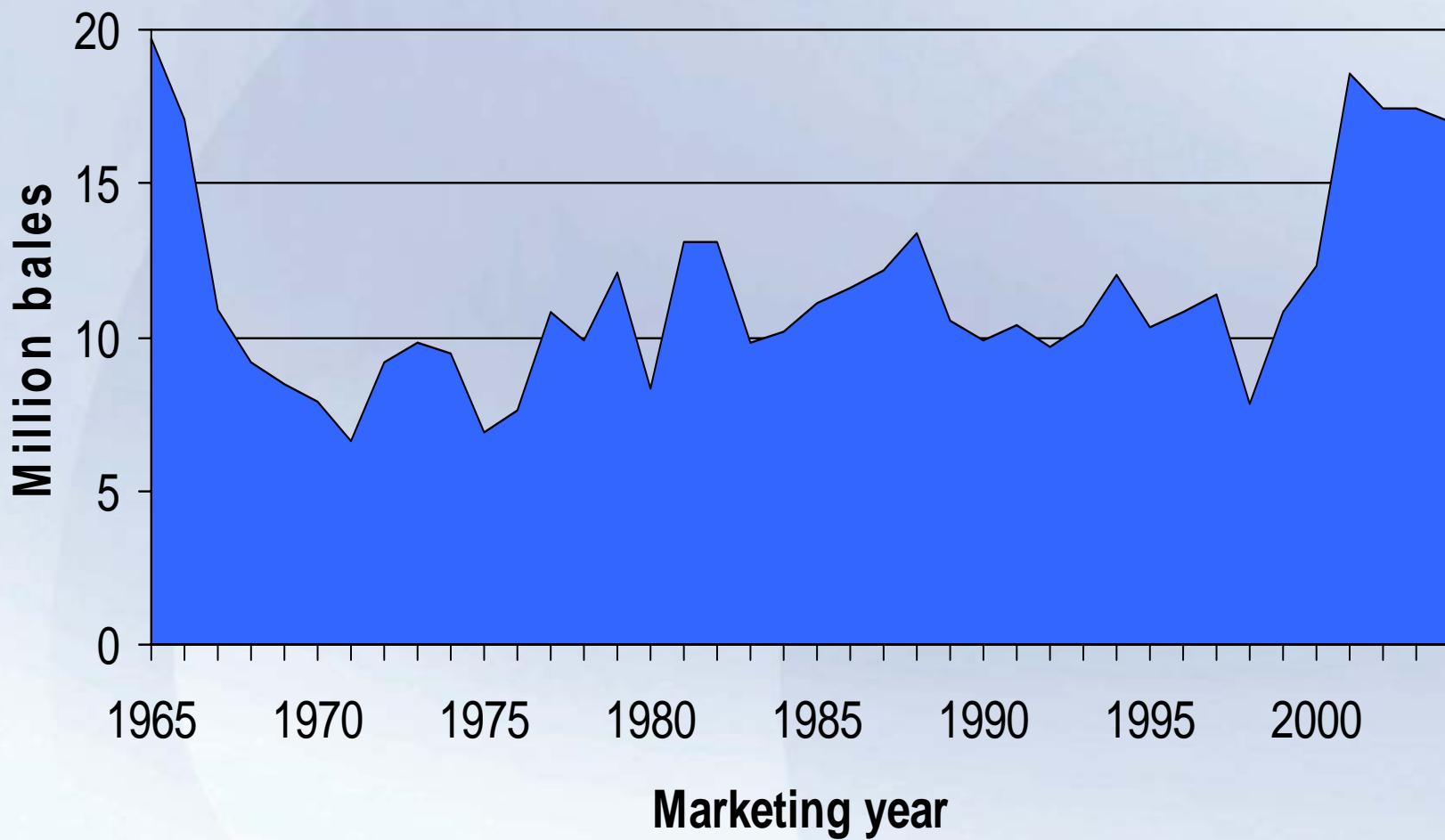


U.S. Cotton Textile & Apparel Imports



U.S. Cotton Exportable Supply

(exportable supply = total supply - mill use)

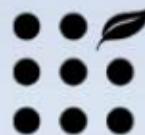
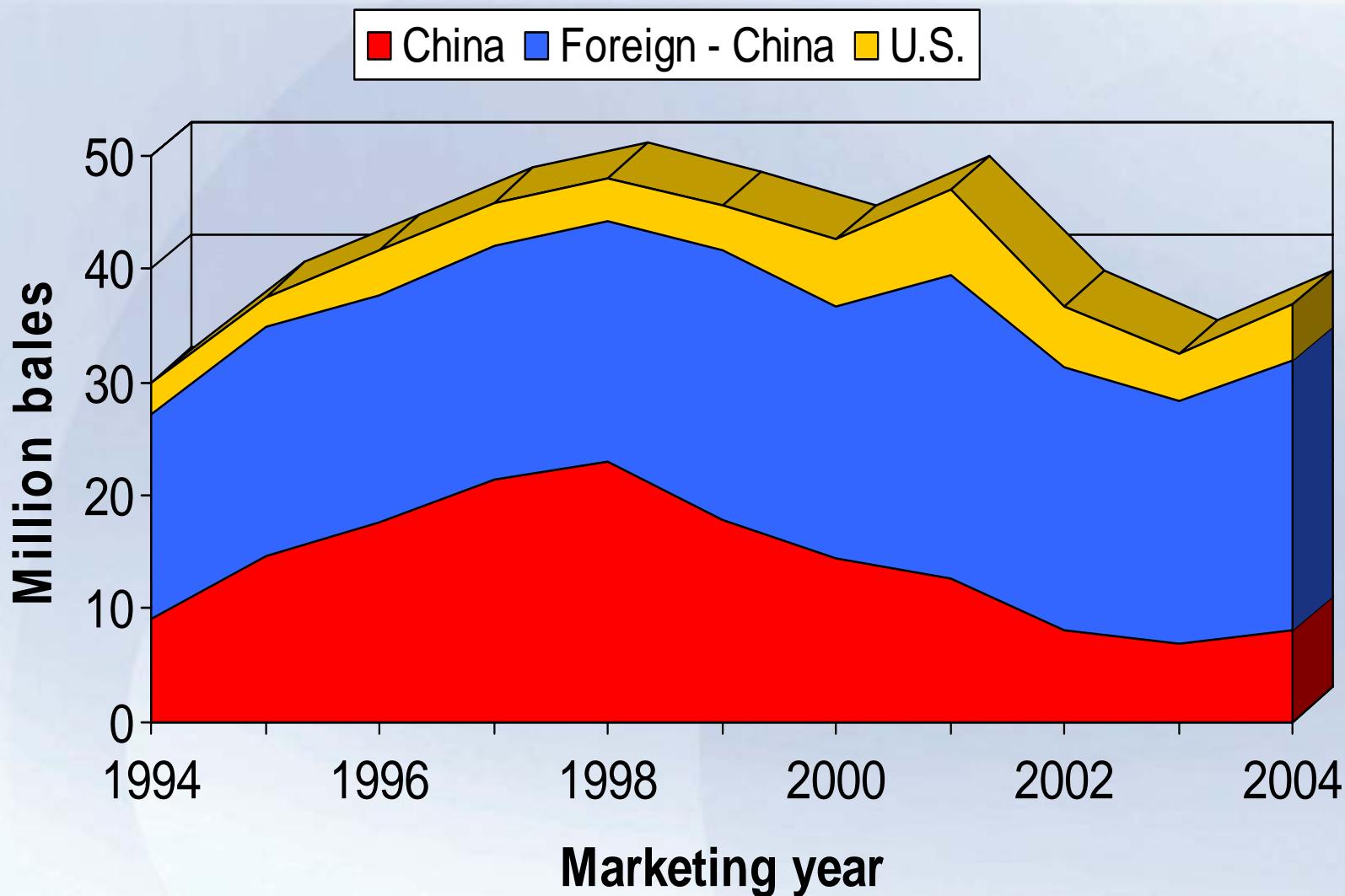


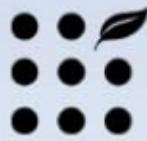
U.S. Cotton Supply-Demand Estimates (Million bales)

	<u>2003/04</u>	<u>2004/05</u>
Beg. Stocks	5.4	4.3
Production	18.2	18.0-18.5
Imports	<u>0.0</u>	<u>0.0</u>
Total Supply	23.7	22.3-22.8
Mill Use	6.2	5.5-6.0
Exports	<u>13.2</u>	<u>11.5-12.5</u>
Total Use	19.4	17.0-18.5
Ending Stocks	4.3	4.3-5.3

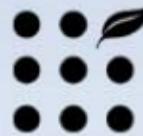
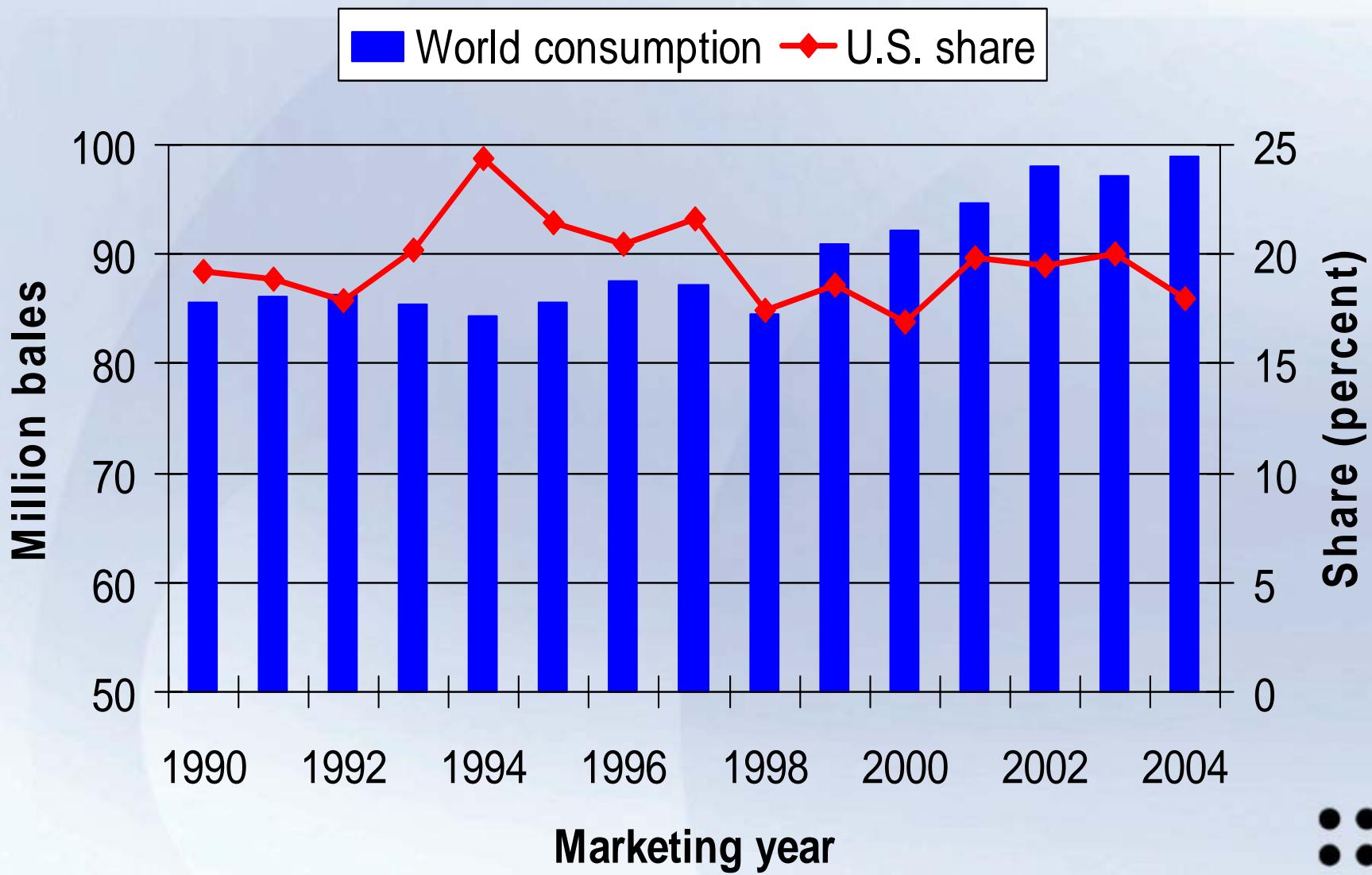


Global Cotton Stocks To Rise in 2004/05





U.S. Cotton Disappearance as a Share of World Consumption



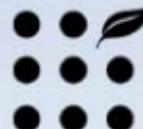
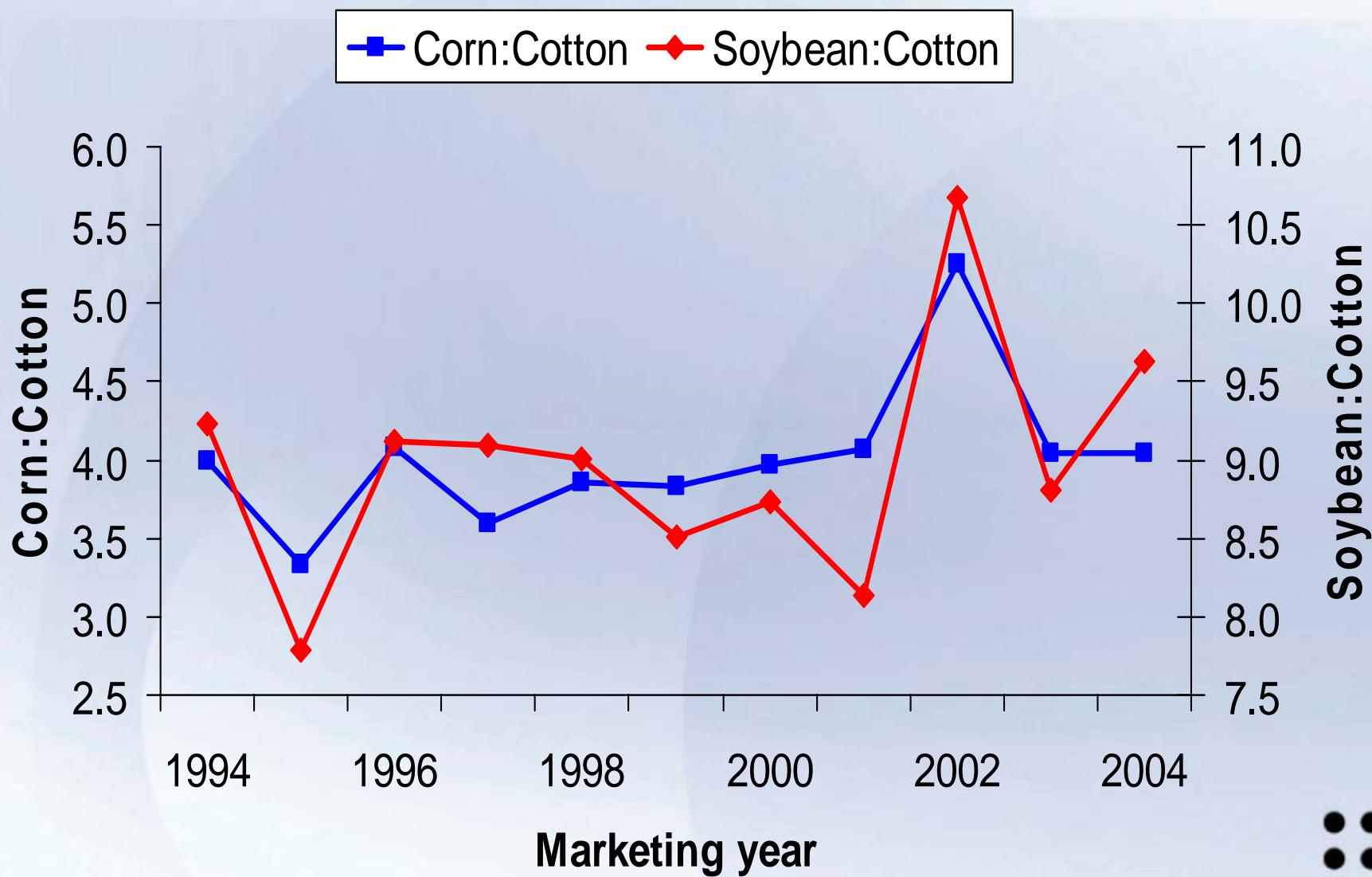
China Cotton Supply-Demand Estimates (Million bales)

	<u>2003/04</u>	<u>2004/05</u>
Beg. Stocks	8.1	6.8
Production	22.4	29.0
Imports	<u>7.0</u>	<u>5.0</u>
Total Supply	37.5	40.8
Mill Use	30.5	32.5
Exports	<u>0.2</u>	<u>0.3</u>
Total Use	30.7	32.8
Ending Stocks	6.8	8.0

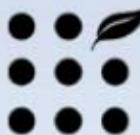
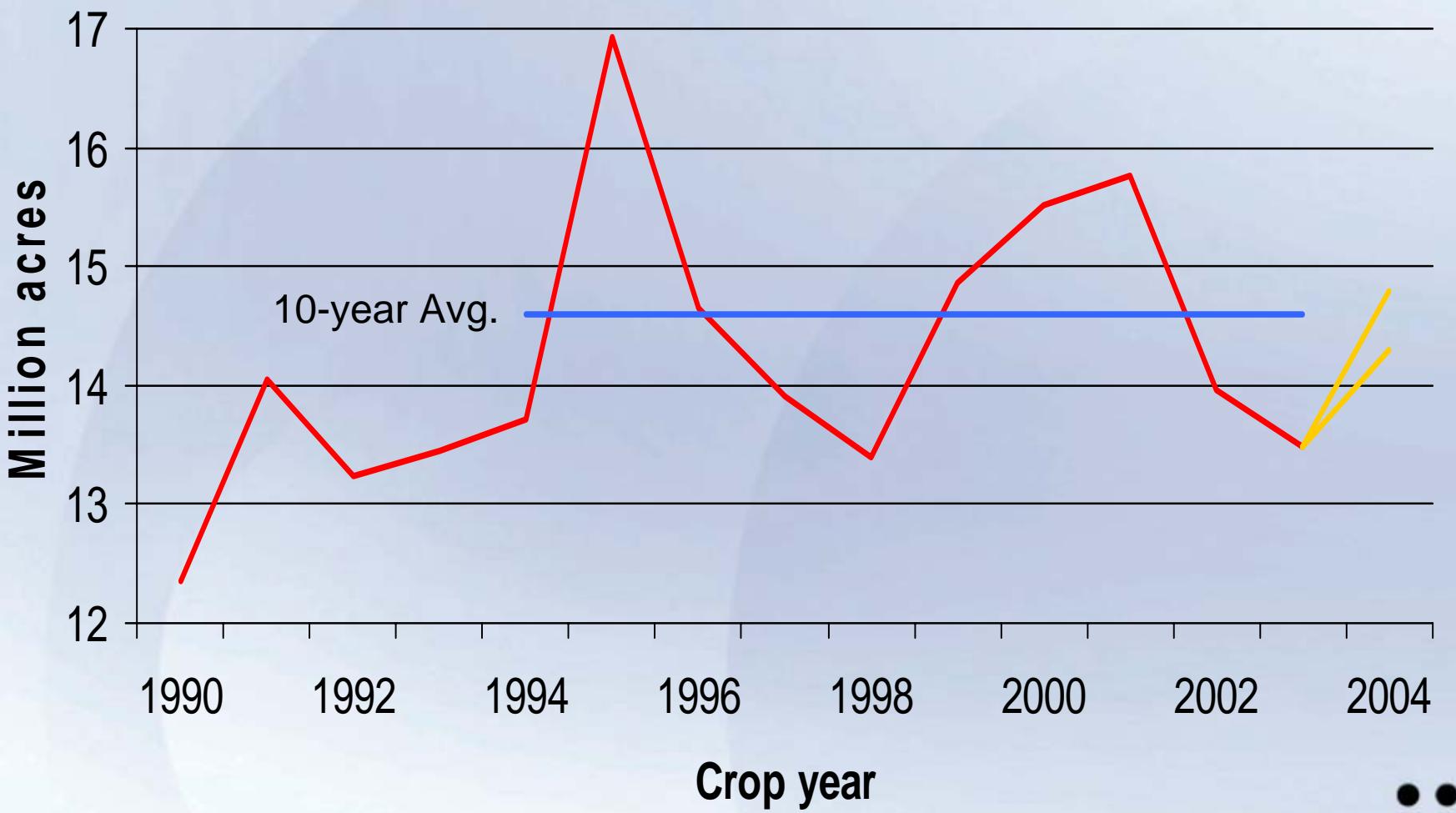


Corn and Soybean Price Ratios to Cotton

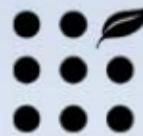
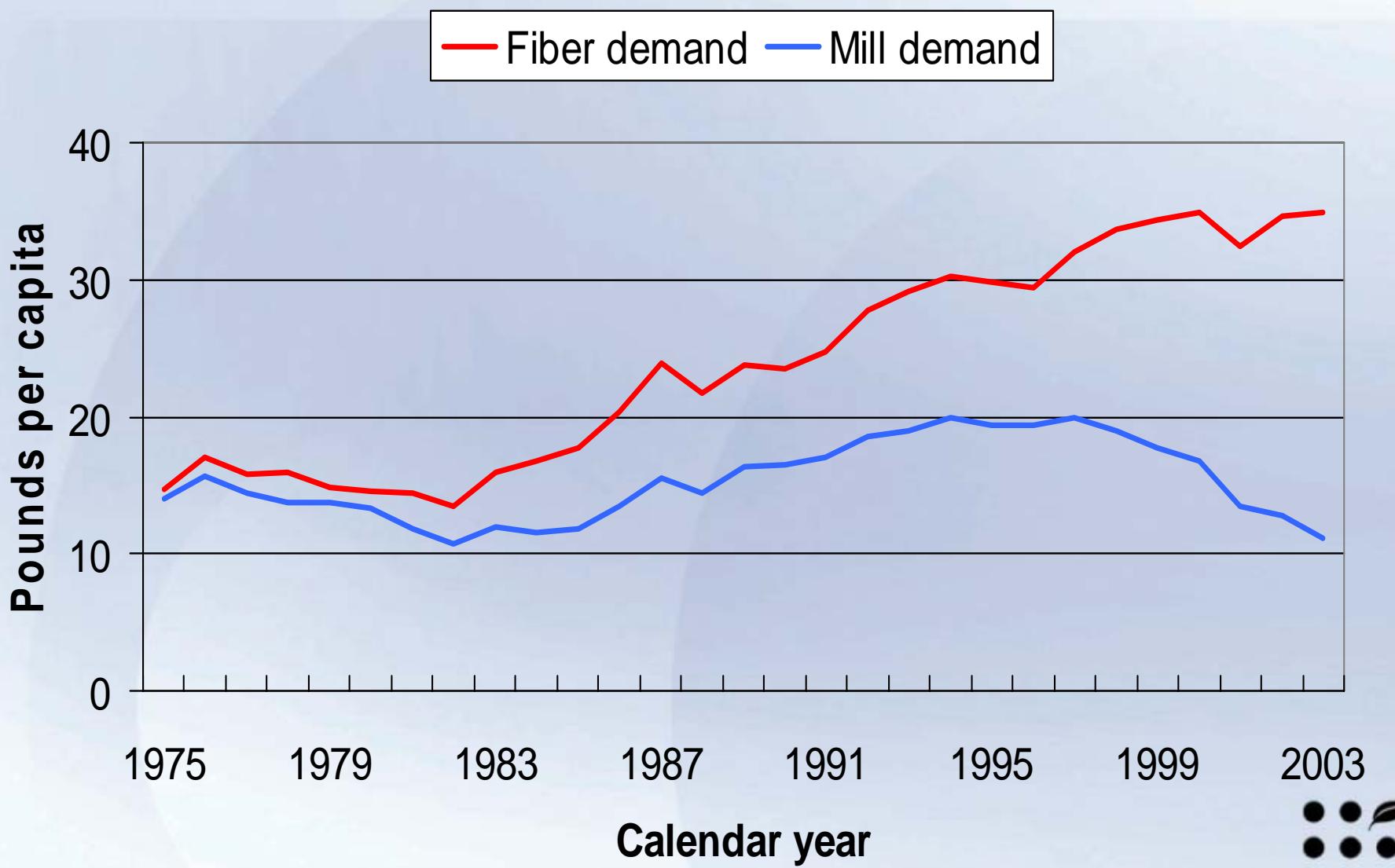
(based on harvest futures--Jan-Mar average)



U.S. Planted Area

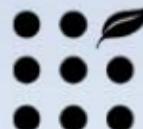
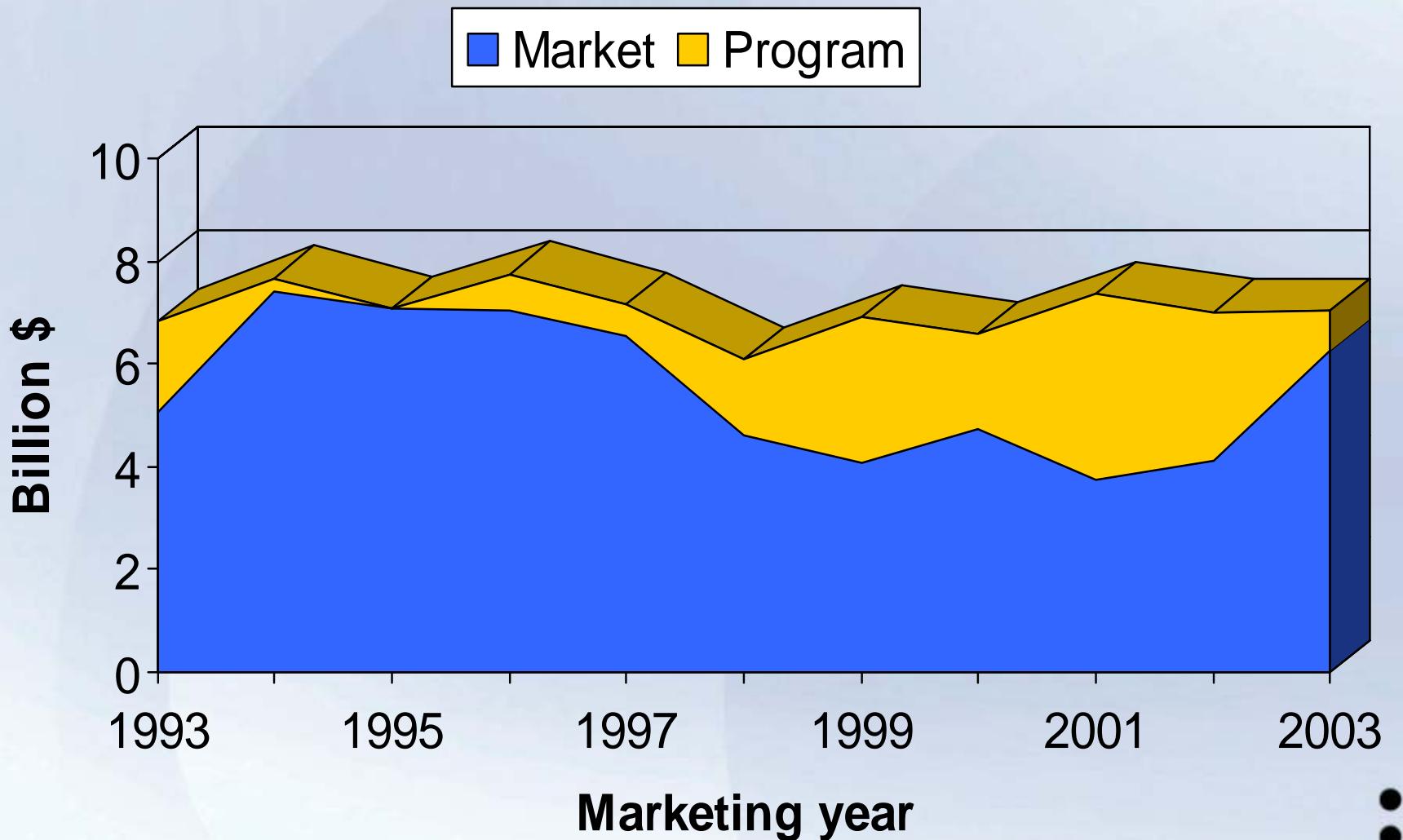


U.S. Cotton Mill and Fiber Demand

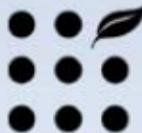
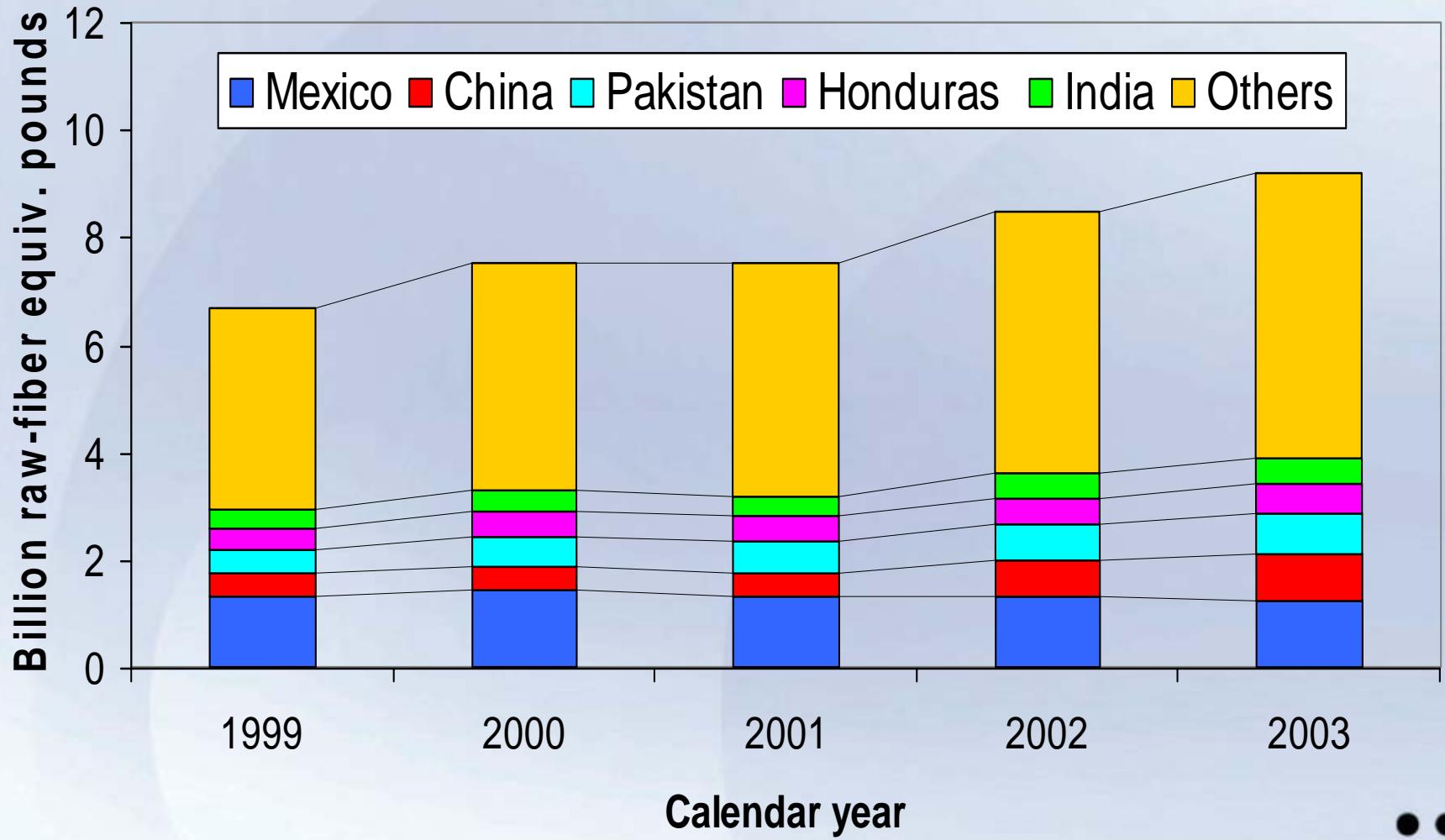


Gross U.S. Cotton Farm Income

1993/94 - 2003/04 est.



U.S. Cotton Textile & Apparel Imports



U.S. Abandonment and Yield/Harvested Acre

