

NEW YORK

The bears are firmly entrenched on New York as the market focuses on a stream of positive production news around the world.

USDA ESTIMATES

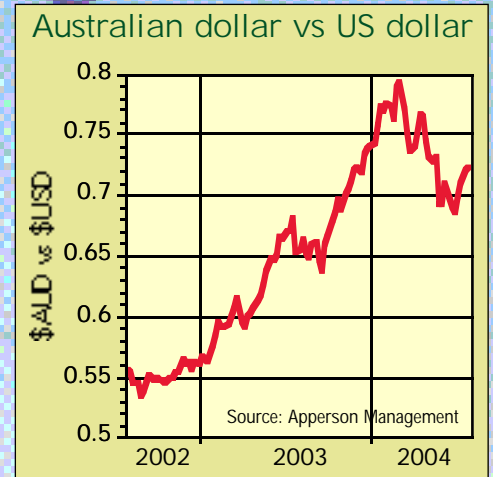
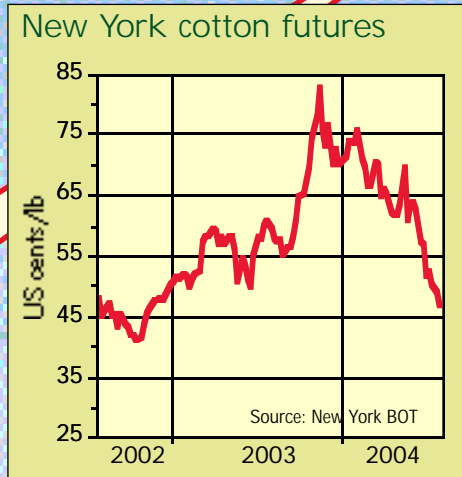
The USDA now forecasts world production at 104.7 million bales, a new world record and 1.85 million more than the previous estimate and over 10 million more than last year.

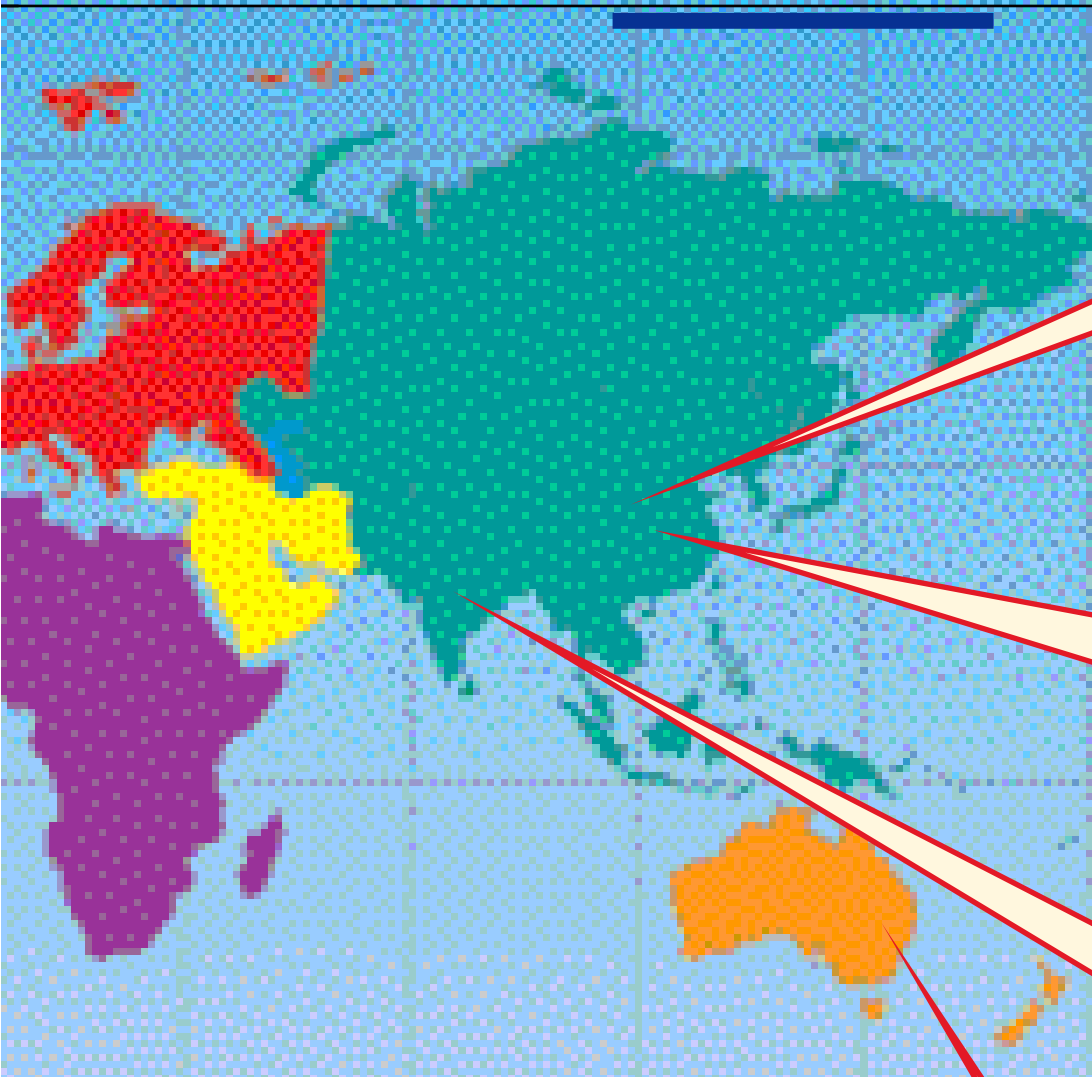
COTTON OUTLOOK

Liverpool's Cotton Outlook is making a major change such that their Far Eastern A Index will be considered to be the principal barometer of world prices instead of the traditional A Index based on European values.

BRAZIL

Brazilian cotton production is expected to continue its steady increase with significantly higher production in the coming season. This is a result of major developments in recent years.





CHINA

Various internal Chinese economic policy changes, including the tightening of credit, have curtailed demand from the Chinese spinning industry and will limit imports.

CHINA

At the same time and encouraged by previous government policy, Chinese farmers have planted a larger crop which seems to be developing well.

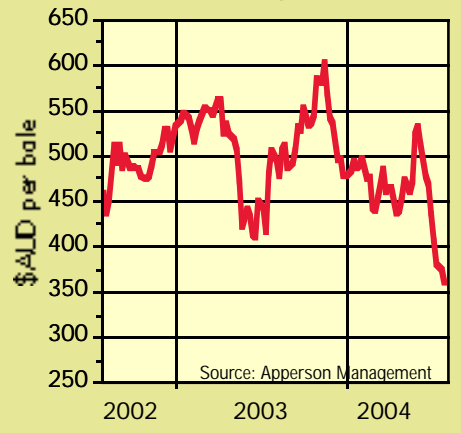
INDIA

Doubts about production levels in India provide one of the few bright spots on the market outlook and have prompted suggestions if increased Indian imports.

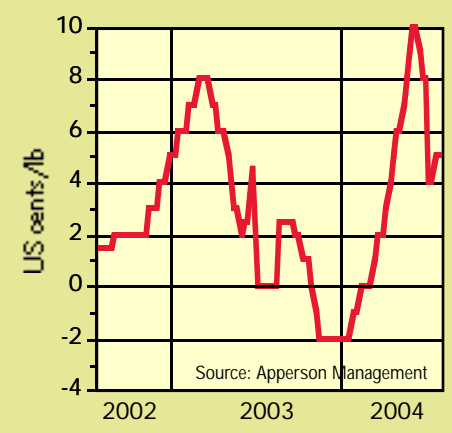
AUSTRALIA

After a promising start to the year, the prospects for the Australian crop in 2004–05 are diminishing in response to low world prices and a renewal of dry conditions.

Australian cotton price*



Australian basis*



* Ex-gin price bids and basis for middling 1 3/32 inch cotton