

Global Changing Of the Guard

New markets emerge, old markets decline. Expect more flux in global cotton in '08.

A tumultuous year in global cotton, led by big shifts in both production and raw material usage in Asia, has led to indelible change in the world market. The need for information and analysis in the global cotton market continues to increase, and we at **Cotton International** are pleased to serve the mills, merchants, and many other cotton professionals with the information they need to succeed.

Each year we gather our team to discuss market trends that are likely to shape the global cotton market in the year ahead. We thought you might like a sneak peak at our list, and hope you find this information of value. If you have comments, questions and/or possible additions to our list, please drop me a line.

Watch for another note from us in a month or so that lays out our major initiatives for **Cotton International** leading up to our full 2008 media kit in September. We look forward to working with you again in '08!



Paul Schimpf
 Group Editor, **Cotton International**

Leading Market Forces for 2008

1. The Evolving Merchant. Today's cotton merchants are consolidating, diversifying into ginning or milling and/or into other commodities, and becoming more immersed in logistics. They're no longer necessarily based near production or consumption. Their job is a changing and challenging one that will require adaptation.

2. Continuing Shift to Asia. The reverberations of Asia's emergence as cotton's powerhouse continue to be felt across the globe. China, India and Pakistan hold considerable sway. Where will the world's largest producers take the cotton industry? One thing seems certain: the shift is long-term, with accompanying decline in the cotton sectors in Europe and America.

3. Political / Policy Issues. Global discussions regarding developed and developing countries' place in cotton production and their need for government supports continue unabated, with no resolution in sight. Will the World Trade Organization truly be able to shape cotton's long-

term future? How long and to what extent will the American government support U.S. producers, this year's Farm Bill notwithstanding. 2008 could be a pivotal year that begins to answer these questions.

4. Turnaround in Supply, Demand and Price. There are good economic indicators for the year ahead. Consumption should be up while carryover stocks are down, a trend already proving out in the futures market. Prices should be solid.

5. Increased Competition From Manmade Fibers. While total global consumption is increasing, cotton's share of the overall fiber market is declining. The trend seems here to say, unless cotton makes a full-frontal assault on regaining its marketshare.

6. "Branded" Cotton. Many countries, including India, Mali and Greece, are using their national identity as a branded "stamp" on their cotton. This is a positive trend that promises to further differentiate cotton from other fiber products.