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Raw material markets: Cotton prices slightly depressed

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Index Numbers of World Market Prices of Foodstuffs and Industrial Raw Materials

Index and commodity group	1967		1968				
	August	November	February	May	August	Aug. 30	Sept. 13
HWWA-Index 1 (1952-1956 = 100) ...	90.5	94.2	99.8	95.0	94.3	94.4	94.3
Foodstuffs	83.5	87.9	91.8	90.8	86.5	86.6	85.7
Raw materials other than foodstuffs ...	93.9	97.3	103.4	97.1	98.1	98.1	98.4
Fuels	95.3	96.5	96.4	96.0	96.5	96.5	96.6
Raw materials for consumer goods ..	89.7	89.4	92.7	92.4	93.5	93.0	92.8
Raw materials for capital goods	95.2	103.3	117.6	101.3	102.8	103.3	104.1
Reuter's Index (18. 9. 1931) = 100	420.7	456.6	510.9	488.9	479.9	476.6	478.8
Moody's Index (31. 12. 1931 = 100)	367.2	362.8	361.8	364.6	357.7	359.1	361.8

† Index compiled by the Hamburg Institute for International Economics.

of 1968, although their export prospects are declining. The foreseeable recession of demand in the USA should deprive international trade of its strongest incentive. A compensation for it by a corresponding acceleration of West European demand is not to be anticipated although the incentives originating from this area will pre-

vent a too pronounced reduction of the expansion of world trade. Its growth rate for the whole of 1968 should therefore reach 7 to 8 per cent in nominal terms—taking shiftings from the 2nd to the 3rd quarter into consideration. For the coming year, however, there are indications of a smaller growth rate.

ing the country's own consumption of 9.5 mn bales and its exports of 4 to 4.5 mn bales. In the other countries an expanding production is also anticipated—although at a much lower level—due to the comparatively high prices.

In 1967/68 world consumption of cotton rose more slowly than before by 0.6 mn bales to 52.5 bales, because a vigorous expansion of consumption in Asia was opposed by a declining one in the USA and Western Europe. In 1968/69 a larger increase of consumption than in the preceding year is hardly to be expected.

The total supply of cotton stemming from production and stocks will therefore decline further also in 1968/69, but it will still surpass demand considerably. However, declining prices are not to be anticipated since stocks in producer countries are considered as "normal" ones and therefore will not be thrown on the market at any price.

Compiled by the Department for Business Trends Research of the Hamburg Institute for International Economics

Raw Material Markets

Cotton Prices Slightly Depressed

Since February 1968 prices in the international cotton markets decreased somewhat due to larger offers from Southern producer countries and more careful purchases by importing countries. At the Bremen Cotton Exchange, however, the price at DM 2.80 per kg still surpassed the previous year's level by about 5 per cent.

Due to the production decrease in the USA the statistical situation in the world cotton market has basically changed in the last two crop years of 1966/67 and 1967/68. Until August, 1968, the cotton stocks pressing on prices declined by 50 per cent to 7.0 mn bales

in the United States, and by one third to 20.5 mn bales in the whole world. With regard to medium- and long-staple sorts a certain shortage even set in resulting in a price increase lasting for almost two years.

In the new season of 1968/69 the USA intends to expand again its production considerably in order to cover the probable demand for its own consumption and exports, and to avoid a further—this time unwelcome—decline of stocks. But even if production should really be increased by 50 per cent to 11 mn bales, a production deficit would remain in the USA consider-

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