



“A Merchants outlook to Indian Cotton”

How the world perceives Indian cotton

Over the last decade

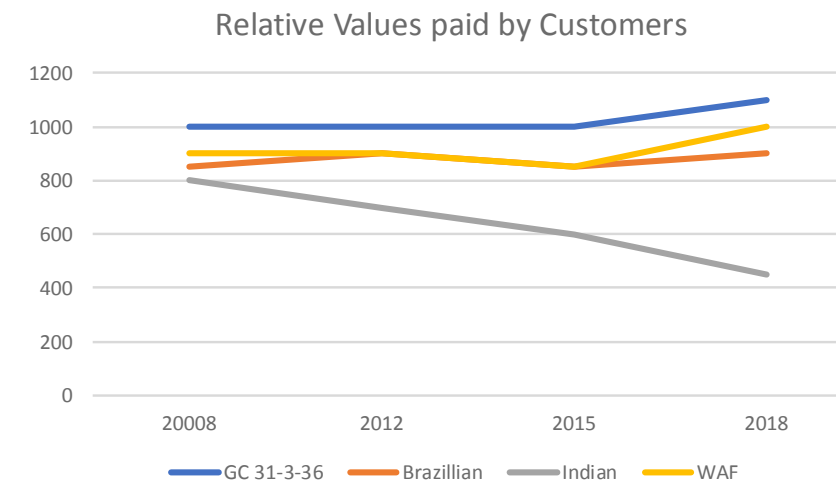
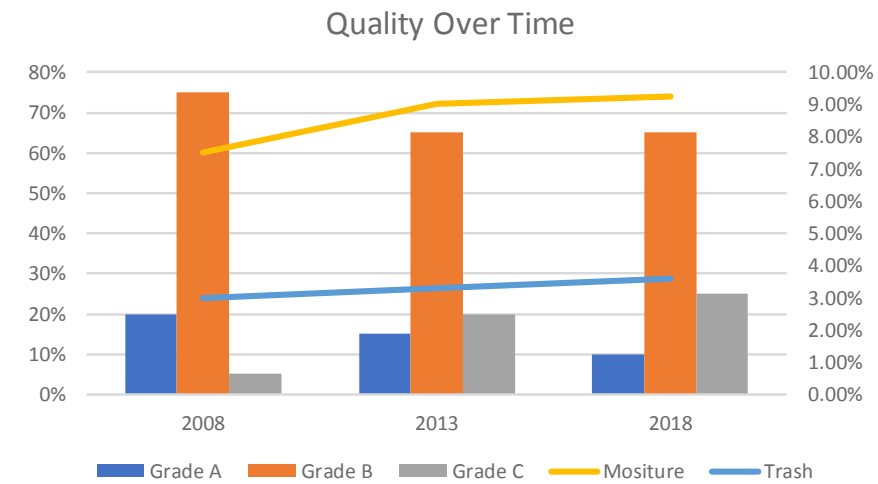
- the average grade has come down
- Moisture content in the bales have gone up
- Trash levels have increased

As a result

- Indian is the only cotton being sold under moisture and trash guarantees.
- More and more emphasis on HVIs than hand staple
- Relative discount to other growths have increased.
- Lack of universal standards – last year Middling quality was selling at 400 pts range!!
- Contamination and Adulteration

What supports:-

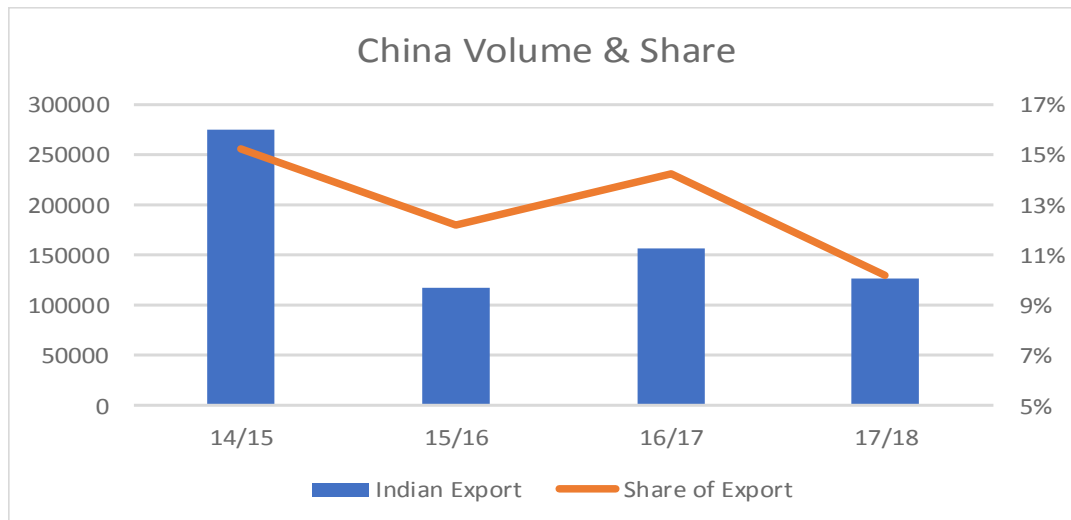
- Organic Cotton (unique)
- Longer staples like 30 mm+ (fairly unique)
- Spot Cotton / Transit



Perspective from individual markets



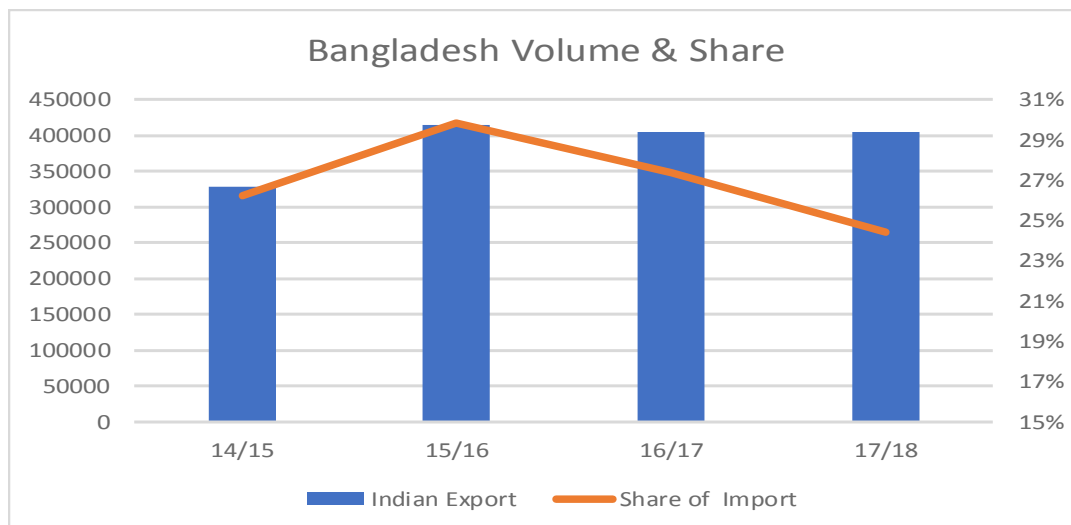
All prior to the Big MSP move and growing US and Brazil crops.



- Market Share in China is at best stable
- Volume largely dependent on Chinese imports
- Probably the best paying market

So what is China buying now?

How is the market structure

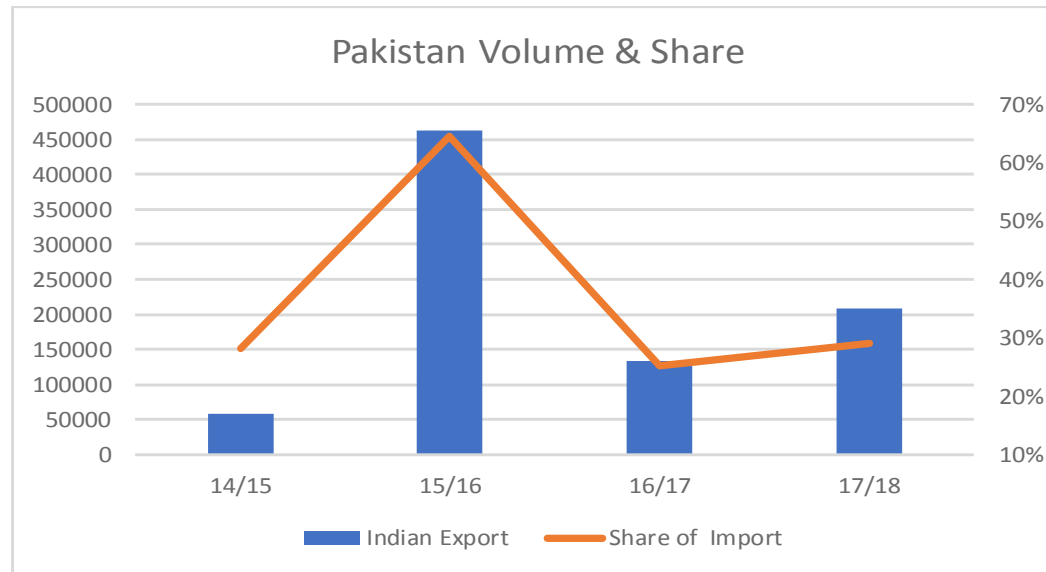


- Dropping Market share in Bangladesh
- Stable volume but large portion is organic and business with Mills on ICA default mills

So what is Bangladesh buying now?

How is the market structure

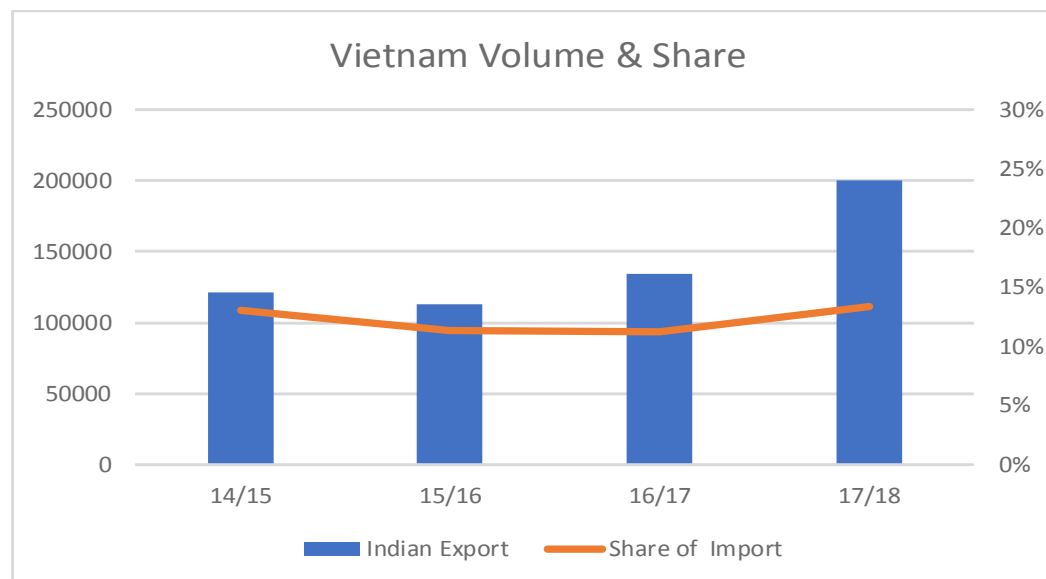
Perspective from individual markets



- Market Share in Pakistan is dropping
- Highly variable volume as depends completely on their own crop and relative values
- Extremely competitive and low margin

So what is Pakistan buying now?

How is the market structure



- Stable Market share in Vietnam
- Lot of business with mills on ICA default mills.
- Low end market so again very competitive

So what is Vietnam buying now?

How is the market structure

Indian Mills – what they should look at

- Long term, the surplus has a declining trend
growing dependence on Imports
- Cost to carry, capital deployment v/s imports
- Being aware of relative values
buying what is “relatively cheap” and not necessarily the cheapest
- Timing of Imports
1000 ON in January or 1200 ON in June
- Being open to “Other growths”
Actual production of Juli/S is 13% but 80% of Mali sold as Juli/S
What value is 41-4 versus 41-3
- Risk Management or Procurement

