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Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 3006 3400
Fax: 2370 0337
Email: cai@caionline.in
www.caionline.in

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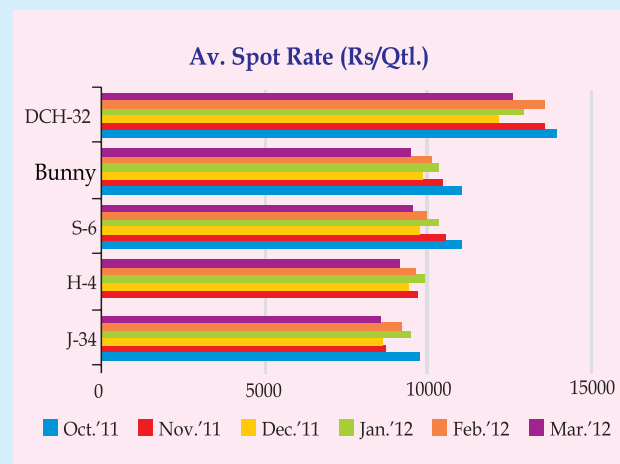
Downward Drift in Cotton Prices During March

After rising during the first three months of the season from October to December, cotton prices had spurted in January. However, the rise was short-lived and prices had been drifting down ward in February. The downtrend persisted in March with prices of all growths seeking lower levels. The averages monthly prices of some representative growths since the commencement of the current season, along with the corresponding prices during the last season, are given below:

The drop in prices during March compared to February ranged from Rs.557 per quintal in the case of the medium staple cotton, J-34 to Rs.924 per quintal in the case of the extralong staple cotton, DCH-32. Compared to the average prices at the commencement of the season in October, the fall was much sharper. It ranged from a low of Rs.548 per quintal in the case of H-4 to a high of Rs.1527 per quintal in the case of Bunny.

Month	Avg. Spot Rate (Rs/Qtl.)				
	ICS-202 (J-34)	ICS-105 (H-4)	ICS-105 (S-6)	ICS-105 (Bunny)	ICS-107 (DCH-32)
Oct.'11	9,774 (10,236)	N.A. (11,135)	11,020 (11,389)	11,048 (11,501)	13,945 (13,301)
Nov.'11	8,687 (11,389)	9,679 (11,979)	10,558 (12,345)	10,461 (12,260)	13,567 (14,510)
Dec.'11	8,667 (11,136)	9,382 (11,220)	9,758 (11,726)	9,833 (11,670)	12,156 (14,594)
Jan.'12	9,452 (12,063)	9,915 (12,457)	10,296 (12,598)	10,317 (12,963)	12,945 (17,659)
Feb.'12	9,232 (15,297)	9,621 (15,438)	10,005 (15,663)	10,089 (16,134)	13,572 (22,890)
Mar.'12	8675 (16,702)	9131 (16,297)	9531 (16,790)	9521 (17,250)	12648 (23,328)

Note : Figures in brackets denote corresponding prices last year



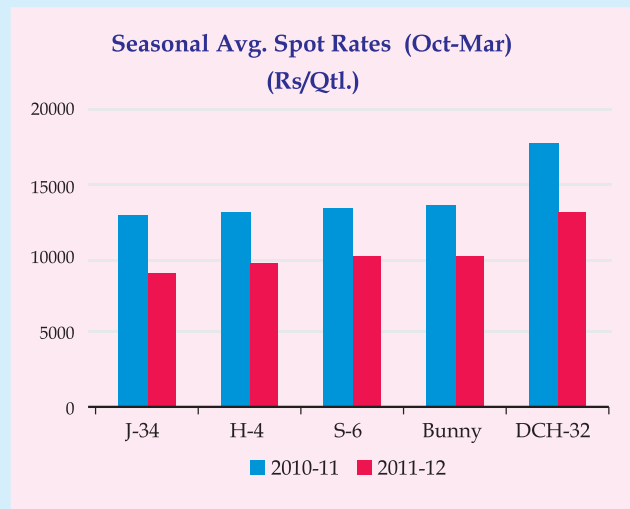
The strong demand from both mills and exporters fuelled the price rise during the early part of the season. However, by February and March, demand from both these segments was on the wane. Mills were not keen to build up their raw material inventory in the context of a sluggish yarn market. Exporters also refrained from buying cotton for shipment since there was not much demand from abroad. Earlier, there was a very strong demand from China which was building up its government reserve of cotton so as to use the same for moderating

any fluctuations in the domestic prices of cotton. However, once the planned reserve was built up, it stopped buying foreign cotton on any significant scale. The expected bumper domestic cotton crop in India is also turned the market bearish.

The season average prices during the first half of the current season were substantially lower than the average prices during the first half of 2010-11. The relevant data in respect of some representative varieties are given below:

Seasonal (Oct-Mar) Avg. Spot Rates (Rs/Qtl.)

Growths	2010-11	2011-12	Decline
ICS-202 (J-34)	12,804	9,081	3,723
ICS-105 (H-4)	13,088	9,546	3,542
ICS-105 (S-6)	13,419	10,195	3,224
ICS-105 (Bunny)	13,630	10,212	3,418
ICS-107 (DCH-32)	17,714	13,139	4,575



As may be noticed, the average prices during the first half of the current season were substantially lower than the corresponding period of 2010-11, ranging from Rs.3224 per quintal in the case of S-6 to Rs.4575 per quintal in the case of DCH-32.

Economic Survey Places GDP Growth at 7.6 Percent in 2012-13

As per previous practice, the report on Economic Survey for 2011-12 was tabled in Parliament on March 15. Some of the main points in the Survey are mentioned below:

- GDP growth in 2011-12 is placed at 6.9 percent, 7.6 percent in 2012-13 and 8.6 percent in 2013-14.
- Industry growth in 2012-13 is projected to be 4-5 percent and foreign trade is expected to boost growth.
- Fiscal deficit is projected at 3 percent by second half of 12th Plan and there is said to be no room for expansion.
- Inflation is expected to be 6.5-7.0 percent by March and may come down by fiscal steps of Reserve Bank of India.
- Fiscal consolidation, savings and capital formation are likely to increase.
- Rate cut is likely to encourage investment and growth.
- Agriculture, services and industry are expected to perform well.

Mozambique's Cotton Output Likely to Grow this Year

According to Mozambique Cotton Institute (IAM), the country's raw cotton production is likely to increase by around 20 percent from last year's 71,000 tons to 85,000 tons this year. Various factors like availability of better seeds and enhanced technical support from the concessionary firms procuring cotton as well as from IAM are behind this anticipated rise in production, the institute stated.

The institute has positioned its technical staff in all the 20 districts that give priority to cotton production. The IAM employees not only provide seeds, but also acquaint the farmers with use of fertilizers and herbicides to control weeds that they have never used before.

Further, in order to increase production, the institute is also focusing on "advanced producers". While majority of the cultivators undertake cultivation on an area of around 0.6 to 0.7 hectares, these advanced producers undertake cotton cultivation on over 10 hectares of area.

During last year, the institute identified around 100 such advanced producers, who this year would reap their first crop since they started receiving the institute's help. The institute aims at steadily increasing raw cotton yields so as to enable Mozambique to reach production levels of 200,000 tons per annum over the next 10 years.

Exports Grow 4.2% in February

Impacted by economic and financial problems in the US and euro-zone countries, India's export growth slipped to three month low of 4.2 per cent to USD 24.6 billion in February.

In sharp contrast, imports grew at a faster rate of 20.6 per cent year-on-year to USD 39.7 billion in February, leaving a trade deficit of USD 15.1 billion. From a peak of 82 per cent in July, export growth slipped to 44.25 per cent in August, 36.36 per cent in September, 10.8 per cent in October and 3.8 per cent in November 2011. However, exports grew 6.7 per cent in December, and over 10 per cent in January.

During the April-February period in 2011-12,

exports aggregated to USD 267.4 billion, a year-on-year growth of 21.4 per cent, due to the surge witnessed in the early months of the fiscal. Country's shipments may touch USD 290 billion by the end of the fiscal.

Exporters' initiatives to tap growing markets like Latin America coupled with BRICS' decision of trading in local currency and emerging opportunities in Iran would help India's exports to sail through the rough weather. During the 11-month period, imports increased by 29.4 per cent to USD 434.1 billion. Trade gap during the period stood at USD 166.7 billion.

(Source: Financial Express - 03.04.2012)

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Official quotations for standard descriptions with basic grade and staple in Millimetres based on Upper Half mean Length under By-law 66 (A)(a)(4)

SPOT RATES (UPCOUNTRY) 2011-12 CROP
March - April 2012

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	31 th	2 nd	3 rd	4 th	5 th	6 th
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	9786 (34800)	9786 (34800)	9786 (34800)	9786 (34800)	9786 (34800)	9729 (34600)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Deshi (SG)	9870 (35100)	9870 (35100)	9870 (35100)	9983 (35500)	9983 (35500)	9926 (35300)
03.	ICS-102	22mm	4.5-5.9	19	V-797	7171 (25500)	7311 (26000)	7171 (25500)	7227 (25700)	7227 (25700)	7171 (25500)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	8295 (29500)	8436 (30000)	8436 (30000)	8436 (30000)	8436 (30000)	8295 (29500)
05.	ICS-104	24mm	4.0-5.5	20	Y-1	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
06.	ICS-202	25mm	3.5-4.9	23	J-34	8886 (31600)	8886 (31600)	8970 (31900)	9055 (32200)	9026 (32100)	8970 (31900)
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9392 (33400)	9476 (33700)	9476 (33700)	9533 (33900)	9533 (33900)	9448 (33600)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	9729 (34600)	9942 (35000)	9786 (34800)	9842 (35000)	9786 (34800)	9701 (34500)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	9645 (34300)	9926 (35300)	9926 (35300)	9983 (35500)	9983 (35500)	9898 (35200)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)

Note: Figures in bracket indicate prices in Rs./candy