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Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 2370 4401/02/03
Fax: 2370 0337
Email: eica@eica.in
www.caionline.in

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Cotton Statistics And News

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Edited & Published by : O. P. Agarwal

Steep Growth in Global Organic Cotton Products Market

In recent years, organic cotton production and the products from it have been registering remarkable growth. It is now reported that according to the Organic Cotton Market Report 2007-08 released by the Organic Exchange, global retail sales of organic cotton apparel and home textile products reached an estimated \$3.2 billion in 2008. This represents a 68 percent jump from the sales estimated at \$1.9 billion in 2007. The leading retailers in organic cotton products are about ten located in USA, Germany, Belgium and Spain. Although the current global outlook on textiles and clothing is somewhat

gloomy, it is stated that in regard to organic cotton products, the leading retailers stand committed to their sustainability and are upbeat about the market growth and plan to expand their product lines 24 percent in 2009 and 33 percent in 2010.

According to the Organic Exchange, organic cotton production rose by 152 percent to 1.46 lakh tonnes in 2007-08 from 0.58 lakh tonnes in 2006-07. Presently, organic cotton is said to cover 1.61 lakh hectares in 22 countries. India is now the leading producer of organic cotton in the world.

Weak global demand will hit cotton exporters

India's cotton exports are likely to end up much below the estimated projections due to sluggish demand across global markets and a higher minimum support price (MSP) for the crop.

Exports have been affected as major importers like China, Turkey, Peru and Egypt decided to slash their imports. And the effects are quite apparent. Contracts have been booked for only 22 lakh bales of cotton and just 12 lakh bales have been shipped offshore as per the latest report from office of the Textile Commissioner For the 2008-09 cotton year (October-September), the government's export projection is estimated at 50 lakh bales.

With deepening economic recession, many countries, which accounted for a major share of India's cotton and cotton yarn exports, have started downsizing contracts or introducing safeguard measures to protect their domestic producers.

In 2008, China bought about 60% of the total

Indian cotton exports, but this year it has marginalised its contracts and is buying from internal traders due to higher prices in India. Low quality and the higher MSP are affecting competitive sentiments in the international market. Indian prices of cotton are high as compared to the international prices and it is expected that exports will not be more than 50 to 55 lakh bales this cotton year.

However, Bangladesh is the sole country to which exports are growing. India's cotton export to it is expected to double to 3 lakh bales this year as against 1.45 lakh bales last year. Most of the export contracts registered with the Textile Commissioner are said to be for Bangladesh.

According to the Cotton Advisory Board (CAB), last year the total supply was about 315 lakh bales, of which 85 lakh bales were exported. For current year, total supply of cotton is projected at 290 lakh bales and exports at 50 lakh bales.

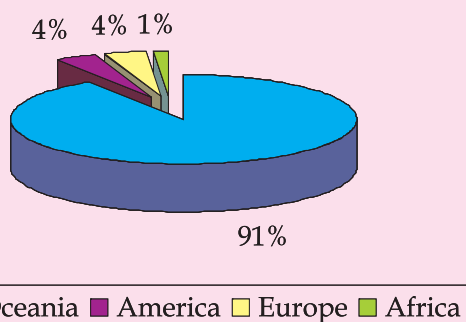
Asia/Oceania Region Dominates the World Cotton Yarn Scene

As in the case of cotton, Asia/Oceania region has traditionally been dominating the world cotton yarn scene also. It has further consolidated its position in recent years as both production of and trading in cotton yarn has gone down in USA and Europe, the two other major centres producing and trading in cotton yarn. The total global production of cotton yarn has been steadily rising. It registered a substantial growth of 42 percent between 2004 and 2008, from 23,868 million kg to 33,859 million kg. Among the five major region that produce cotton yarn, it was only the Asia/Oceania region that registered a growth while production went down in others. The region-wise production during the last three years was as under:

Region	Cotton Yarn Production (Mn.kg)		
	2006	2007	2008(Est)
Asia/Oceania	25,554	28,637	29,609
America	1,037	1,034	1,017
Europe	1,120	1,094	964
Africa	393	398	381

Source: ICAC, Washington

Cotton Yarn Production (Mn.Kg)



Thus, Asia/Oceania region contributes as much as 87 percent of world production of cotton yarn of 33,859 million kg.

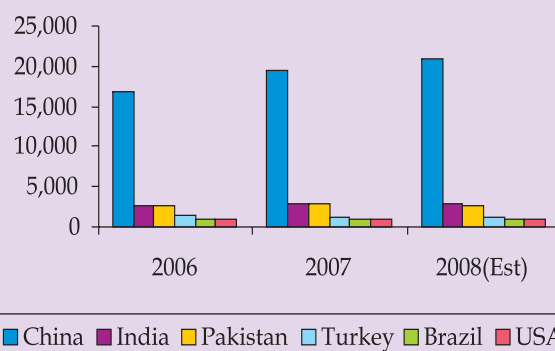
In the Asia/Oceania region itself, the leading producer by far is China, with India and Pakistan being a distant second and third. Production in the

major six countries during the last three years has been as under:

Country	Cotton Year Production (Mn.kg)		
	2006	2007	2008(Est)
China	16,889	19,377	21,024
India	2,650	2,931	2,849
Pakistan	2,592	2,976	2,595
Turkey	1,354	1,310	1,132
Brazil	965	959	939
USA	1,067	877	861

Source: ICAC, Washington

Cotton Yarn Production (Mn.Kg)



It will be noticed that China is not only the largest producer by a wide margin but it has also been maintaining the highest growth rate of 24 percent during the last three years compared to 7.5 percent in India.

As in the case of production, international trade in cotton yarn has also been rising steadily, although the pace of growth has slowed down since the main consuming countries have raised their own cotton yarn output or curtailed its consumption. World cotton yarn imports rose from 3.8 million tonnes in 2004 to 4.5 million tonnes in 2006 (the latest year for which data are available).

Likewise, cotton yarn exports rose from 3.36 million tonnes in 2004 to 3.58 million tonnes in 2006. Bulk of the trade takes place within the Asia/Oceania

region. Exports from a few major countries have been as under:

Country	Cotton Yarn Exports (000 tonnes)		
	2004	2005	2006
China	1,062	1,111	1,258
Pakistan	478	594	680
India	417	552	325
			(Apl/Sep)
USA	227	282	357
Indonesia	130	124	129
Turkey	112	106	135
World Total	3,368	3,575	3,449

Source: ICAC, Washington

The data on imports of cotton yarn by some of the leading countries are given below.

Country	Import of Cotton (000 tonnes)		
	2004	2005	2006
China	1,397	1,494	1,677
Hong Kong	676	700	734
Malasia	400	561	564
Korea Rep.	194	199	220
Turkey	67	100	103
World Total	3,835	4,416	4,539

Source: ICAC, Washington

It will be observed that China is not only the leading exporter but also the leading importer of cotton yarn.

RBI Cuts Repo and Reserve Repo Rates

In its latest review of the monetary policy, the Reserve Bank of India has cut both the repo and reserve repo rates by 25 basis points each. The revised repo rate would be 4.75 percent and the reserve repo rate 3.25 percent. This is expected to induce banks to cut their lending rates. The RBI has placed the current year's GDP growth at 6.5-6.7 percent and has projected next year's growth at 6 percent.

Weather Forecast

The Meteorological Department has forecast a near normal south-west monsoon this year with the rainfall amounting to about 96 percent of the long-term average of 89 cm.

Renewal of Subscription of Cotton Weekly for April 2009-March 2010

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Your subscription for this publication expires in March 2009. To ensure uninterrupted and continuous supply of this publication to you during the current period from April 2009 to March 2010, we request you to please send your renewal subscription amount of Rs.1,500/- immediately.

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Cotton Exports

Both the need to cover urgent nearby requirements as well as the improved conditions in the local yarn market have reportedly created a lively demand for import of foreign cotton by the mills in Pakistan. While a good share of the orders has gone to China, Indian growths are also stated to be popular with Pakistani mills with several thousand tonnes finding buyers. The two major varieties being imported are Shankar-6 and MECH-1, it is reported.

Cotton Imports by China

Cotton imports by China may post an 85 percent increase in the year beginning August 2009 as the domestic output is likely to fall, says a report quoting the Foreign Agriculture Service of the US Dept. of Agriculture. Chinese imports in 2009-10 are estimated to rise to three million tonnes as compared to 1.62 million tonnes in 2008-09. More than half the likely imports would be from US, it is stated.

Cotton Arrivals

The Cotton Corporation of India (CCI) has placed market arrivals of cotton by the fourth week of April at 267 lakh bales, 26 lakh bales lower than last year's arrivals of 293 lakh bales by the same period. The major short fall is in Gujarat where the current year's arrivals have been 76 lakh bales against last year's 104 lakh bales. The only State where arrivals have been higher this year compared to last year is Andhra Pradesh with arrivals placed at 50 lakh bales as against 42.5 lakh bales last year. The total arrivals this year comes to 92 percent of CAB's estimated production of 290 lakh bales.

S N I P P E T S

Indian commodity futures trade rose by 29 percent to Rs.52.49 lakh crore during the financial year 2008-09, says a report quoting a Director of the Forward Markets Commission. The predominant share of the trade was taken by the Multi-Commodity Exchange with 87.4 percent compared to 76.9 percent last year. A distant second was the National Commodity and Derivatives Exchange accounting for 10.2 percent while the third Exchange at the national level, viz, National Multi-Commodity Exchange took a share of 1.2 per cent. There are at present 22 commodity bourses in the country of which the above three operated at the national level.



The Chairman of the Confederation of Indian Textile Industry (CITI) is reported to have addressed a letter to the Prime Minister for support to the ailing textile industry. He has reportedly requested for a moratorium on loan repayment, increased tax refunds on exports, scrapping of import duty on man made fibres and

a higher interest subsidy of 4 percent on export finance. He is quoted to have claimed that the textiles and clothing industry can re-employ about one million work and create another 2.5 million additional jobs in the next couple of years provided the policies are favourably oriented.



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UPCOUNTRY SPOT RATES

(Rs./Candy)

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) 2008-09 CROP April - May 2009					
					25th	27th	28th	29th	30th	1st
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15		21900	21900	22300		
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	H	22800	22800	23200	M	M
03.	ICS-102	22mm	V-797	4.5-5.9 19	O	16200	16400	16400	A	A
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19		18000	18200	18500	R	R
05.	ICS-104	24mm	Y-1	4.0-5.5 20	L	20400	20400	20400	K	K
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23		22400	22400	22400	E	E
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	I	20000	20000	20000	T	T
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24		20600	20600	20600		
09.	ICS-105	28mm	H-4/ MECH-1	3.5-.4.9 25	D	21000	21000	21000	C L	C L
10.	ICS-105	29mm	S-6	3.5-4.9 26		22500	22700	22700	O	O
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	A	22800	22800	22800	S E	S E
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	Y	23200	23200	23200	D	D
13.	ICS-107	35mm	DCH-32	2.8-3.6 31		32000	32000	32000		
14.	ICS-301	26mm	ICC	3.7-4.3 25		21400	21400	21400		