Weekly Publication of

Cotton Association of India

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Cotton Statistics And News

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CAI 's Monthly Estimates of 2009-10 Cotton Crop is Significantly Higher at 304 Lakh Bales in April

In its latest monthly estimate, the Association has made a significant upward revision of its cotton production estimate for the current season. Looking at the pace of arrivals so far and the expected balance arrivals during the season, the Committee was of the view that the total crop would be higher than the earlier estimate of 301.75 lakh bales made in March which is 2.25 lakh bales higher at 304 lakh bales as at end of April 2010.

The projected Balance Sheet drawn up by the Association for 2009-10 has estimated the total cotton supply at 386.50 lakh bales, while the domestic consumption has been placed at 250 lakh bales, leaving a surplus of 136.50 lakh bales. Cotton exports have been estimated higher at 83 lakh bales during 2009-10. The Committee observed that the recent Government measures to impose duty on export of cotton and suspension of cotton exports have seriously effected the Indian cotton sector, in particular the farmers which need to be reviewed by the Government to protect the interest of the farmers as also India's image and reputation as a reliable supplier of quality cotton to the global cotton markets.

The arrivals as at end of April 2010 constitute approximately 93.5% of the expected crop. The positive trend in arrivals is sufficiently indicative of the fact that the current season is set to cross 300 lakh bales. Even with the estimated carry over stock at the end of the season is likely to be at 53.5 lakh bales which is equivalent of two and a half month's of consumption.

The State-wise production estimates and the Balance Sheet as drawn up by the Statistics Committee of the Association for 2009-10 are given in the accompanying table.

(in lakh bales of 170 kg)

State	Crop Estimates	Arrivals (As on Apl'10)
	2009-10	2009-10
Punjab	14.50	14.25
Haryana	15.50	14.75
Upper Rajasthan	8.00	8.00
Lower Rajasthan	3.25	3.00
Total North zone	41.25	40.00
Gujarat	102.00	93.00
Maharashtra	64.50	62.00
Madhya Pradesh	14.25	14.00
Total Central zone	180.75	169.00
Andhra Pradesh	53.50	50.00
Karnataka	10.00	8.00
Tamil Nadu	4.50	3.00
Total South zone	68.00	61.00
Orissa	1.00	1.00
Others	1.00	1.00
Total	292.00	272.00
Loose production (Survey)	+12.00	+12.00
All India	304.00	284.00

Balance Sheet (2009-10)
(in lakh bales of 170 kg)

	2009-10
Opening Stock	71.50
Crop	304.00
Imports	11.00
Total Supply	386.50
Mill Consumption	207.00
Consumption by SSI Units	23.00
Non-Mill consumption	20.00
Exports	83.00
Total Demand	333.00
Carry over stock	53.50

Surge in World Cotton Prices During April - ICAC

The latest release of May 3 by the International Cotton Advisory Committee (ICAC) states that the Cotlook A Index rose almost continuously from 64 US Cents (USC) per pound in August 2009 to 84-87 USC per pound in March and early April 2010. This significant increase, it is stated, was driven mainly by a rising gap between declining production and recovering consumption. Global cotton mill use rebounded faster than expected after a sharp drop in 2008-09 caused by the global financial and economic crisis, while global cotton production declined for the third consecutive season. As a result, global cotton stocks are expected to drop by 18 per cent to 10.4 million tonnes (mt) by the end of July 2010, the smallest level in six years.

ICAC states that the Cotlook A Index jumped to 90 USC per pound in the last part of April, after the Indian Government announced the suspension of cotton export registrations and requested that cotton exports already registered, but not yet shipped, be revalidated, with a monthly cap on revalidations to be determined. Incidentally, India has been the second largest cotton exporter, shipping over 1.2 mt between August 2009 and March 2010. The total Indian exports are projected by the ICAC at 1.3 mt during 2009-10.

The Cotlook A Index rose to 92.30 USC per pound on April 26, 2010, the highest value reached since October 11, 1995. The Index averaged 75 USC per pound during the first nine months of 2009-10, 14 USC higher than during the same period last season.

World cotton production during 2009-10 is now placed by the ICAC at 22.06 mt compared to 23.42 mt in the previous season. Against this decline, world cotton consumption is forecast to be four per cent higher at 24.37 mt compared to 23.41 in 2008-09. Consequently, world cotton ending stock is forecast to shrink from last year's 12.73 mt to 10.42 mt in 2009-10. The world cotton prices are thus expected to remain firm with the average Cotlook A Index estimated to be 77 USC per pound against 61.2 USC during 2008-09.

ICAC has forecast a 13 per cent increase in world cotton production during 2010-11 to 24.8 mt, driven by high cotton prices. A third of the projected increase in production may be accounted for by US alone. World cotton mill use is expected to continue to recover in 2010-11, growing by two per cent to 24.8 mt, pushed by continued improvement in global economic growth but limited by high cotton prices. World cotton trade is also expected to continue to increase to 7.7 mt in 2010-11. Chinese imports are forecast to grow by 22 per cent to 2.6 mt next year, boosted by expanding mill use. Exports from US are projected to be up by 5 per cent to 2.8 mt fuelled by increased production. However, Indian exports, it is stated, could decrease to 1.2 mt. After dropping significantly in 2009-10, global cotton ending stocks are expected to remain stable in 2010-11.

Based on a price forecast of 77 USC per pound in 2009-10, the ICAC has forecast a season-average Cotlook A Index of 85 USC per pound next year.

World Cotton Balance Sheet

	2008-09	2009-10	2010-11
	(million tonnes)		
Beginning Stock	12.68	12.73	10.42
Production	23.41	22.06	24.83
Total Supply	36.09	34.78	35.25
Consumption	23.41	24.37	24.79
Exports	6.54	7.51	7.74
Ending Stock	12.73	10.42	10.45

Renewal of Subscription of Cotton Weekly for April 2010-March 2011

Dear Subscribers,

Your subscription for this publication expired in March 2010. To ensure uninterrupted and continuous supply of this publication to you during the current period from April 2010 to March 2011, we request you to please send your renewal subscription amount of Rs,1,500/- immediately.

Payment to be made in the name of Cotton Association of India payable at par in Mumbai.

We solicit your co-operation.

SUPPLY AND DISTRIBUTION OF COTTON

May 03, 2010

Years Beginning August 1				Million Metric Tons		
	2005/06	**2006/07**	**2007/08**	**2008/09Est**	**2009/10Proj.**	**2010/11Proj.**
BEGINNING STOCKS						
WORLD TOTAL	***11.887***	***12.648***	***12.912***	***12.677***	12.73	10.42
China(Mainland)	2.622	3.991	3.653	3.321	3.69	2.89
USA	1.196	1.321	2.064	2.187	***1.38***	***0.60***
PRODUCTION						
WORLD TOTAL	***25.676***	***26.791***	***26.049***	***23.415***	***22.06***	***24.83***
China (Mainland)	6.616	7.975	8.071	8.025	6.80	7.19
India	4.097	4.760	5.219	4.930	5.10	5.50
USA	5.201	4.700	4.182	2.790	2.65	3.62
Pakistan	2.194	2.147	1.894	1.960	2.11	2.19
Brazil	1.038	1.524	1.602	1.214	1.27	1.42
Uzbekistan	1.210	1.171	1.206	1.000	0.90	1.06
Others	5.320	4.514	3.875	3.496	3.22	3.85
CONSUMPTION						
WORLD TOTAL	***24.995***	***26.450***	***26.385***	***23.410***	***24.37***	***24.79***
China (Mainland)	9.439	10.600	10.900	9.156	9.71	9.88
India	3.655	3.908	4.050	3.863	4.15	4.32
Pakistan	2.532	2.633	2.521	2.400	2.47	2.52
East Asia & Australia	1.884	1.869	1.843	1.690	1.74	1.78
Europe & Turkey	2.117	2.087	1.751	1.437	1.41	1.41
Brazil	0.973	0.992	1.007	0.974	0.97	1.00
USA	1.278	1.074	0.999	0.781	0.74	0.70
CIS	0.633	0.682	0.664	0.602	0.59	0.58
Others	2.483	2.605	2.649	2.507	2.58	2.62
EXPORTS						
WORLD TOTAL	9.733	8.100	8.359	6.544	7.51	7.74
USA	3.821	2.833	2.973	2.890	2.68	2.81
Brazil	0.429	0.283	0.486	0.596	0.41	0.45
Uzbekistan	1.020	0.980	0.887	0.560	0.81	0.86
CFA Zone	1.010	0.924	0.589	0.470	0.52	0.53
India	0.751	0.960	1.530	0.515	1.30	1.21
Australia	0.628	0.465	0.265	0.261	0.34	0.41
IMPORTS						
WORLD TOTAL	9.614	8.187	8.396	6.613	7.51	7.74
East Asia and Australia	1.774	1.899	1.860	1.665	1.79	1.78
China	4.200	2.306	2.511	1.523	2.13	2.60
Europe & Turkey	1.276	1.344	1.085	0.880	1.03	0.90
Pakistan	0.352	0.502	0.851	0.452	0.45	0.42
CIS	0.333	0.322	0.271	0.242	0.23	0.21
TRADE IMBALANCE 1 /	***-0.119***	***0.087***	***0.037***	***0.068***	***0.00***	***0.00***
STOCKS ADJUSTMENT 2 /	***0.198***	***-0.164***	***0.064***	***-0.024***	***0.00***	***0.00***
ENDING STOCKS						
WORLD TOTAL	***12.648***	***12.912***	***12.677***	***12.727***	***10.42***	***10.45***
China (Mainland)	3.991	3.653	3.321	3.694	2.89	2.79
USA	1.321	2.064	2.187	1.379	0.60	0.71
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	***56***	***58***	***60***	***63***	***51***	***51***
CHINA (MAINLAND) 4/	***42***	***34***	***30***	***40***	***30***	***28***
Cotlook A Index 5/	***56.15***	***59.15***	***72.90***	***61.20***	***77****	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S.Cents per pound

* The price projection for 2009-10 is based on the ending stocks/consumption ratio in the world-less-China in 2007-08(estimate), in 2008-09 (estimate) and in 2009-10(projection), on the ratio of Chinese net imports to world imports in 2008-09(estimate) and 2009-10 (projection), and on the average price for the first nine months of 2009-10.
95% confidence interval: 74 to 80 cents per pound.

SNIPPETS

A report quoting the Chairman of the Karachi Cotton Brokers Forum, states that cotton prices in Pakistan reached a record high level after India halted cotton exports to reduce domestic prices. Pakistani mills, it is stated, had placed orders for import of two lakh bales which have been suspended after the ban. Mills in Pakistan are stated to have imported 7.5 lakh bales from India since August. In order to compensate for the suspended orders from India, Pakistan has reportedly placed orders for import of three lakh bales from Central Asia, West Africa and the US.

Correction

Through oversight the Issue No.6 dated 11th May 2010 carried month of weekly Upcountry Spot Rate from 1st to 6th May as April 2010 instead of May 2010.

We regret the error.

Advertisement in Weekly Bulletin

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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) 2009-10 CROP May 2010					
						8th	10th	11th	12th	13th	14th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	21500	21500	21600	21600	21600
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	O	21800	21800	21900	21900	21900
03.	ICS-102	22mm	V-797	4.5-5.9	19		19800	19800	20000	20100	20100
04.	ICS-103	23mm	Jayadhar	4.0-5	19		22500	22500	22500	22500	22700
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	24200	24200	24200	24200	24200
06.	ICS-202	25mm	J-34	3.5-4.9	23		27200	27300	27400	27400	27700
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	I	26300	26300	26300	26300	26300
09.	ICS-105	28mm	H-4 / MECH-1	3.5-4.9	25		26900	27000	27200	27200	27400
10.	ICS-105	29mm	S-6	3.5-4.9	26	D	28300	28300	28500	28500	28600
11.	ICS-105	31mm	Bunny / Brahma	3.5-4.9	27		28500	28500	28500	28500	28500
12.	ICS-106	33mm	MCU-5 / Surabhi	3.3-4.5	28	A	N.A.	N.A.	N.A.	N.A.	N.A.
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		43000	43000	43000	43000	43000
14.	ICS-301	26mm	ICC	3.7-4.3	25	Y	N.A.	N.A.	N.A.	N.A.	N.A.