

Weekly
Publication of



**Cotton
Association
of India**

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Regd.No.MH/MR/EAST/96/2009-11

Registered with the Registrar of Newspapers for India under R.No.18844/69

Published every Tuesday

Price: Rs.30 per copy

Cotton Statistics And News

2010-11 * No. 08 * 24/05/2011

Edited & Published by Amar Singh

World Cotton Prices Retreat Due to Slowing Demand - ICAC

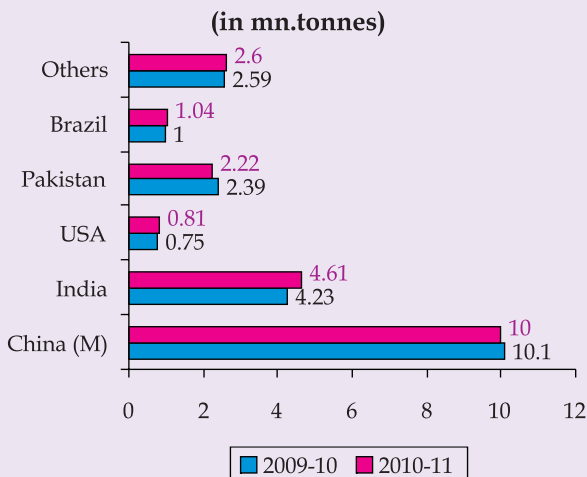
In its May 2 release, the International Cotton Advisory Committee (ICAC) states that after seven consequent months of increase, world cotton prices declined in April. The Cotlook A Index is stated to have reached a record \$ 2.44 per pound on March 8, 2011, almost three times its value on August 1, 2010, the first day of the season. A Index fluctuated between \$ 2.14 and \$ 2.28 per pound between March 9 and April 8, 2011, but decreased sharply in the following three weeks, reaching \$ 1.73 per pound on April 28. In contrast, the A Index averaged \$ 0.60 per pound in the decade preceding 2010-11, it is stated.

The main reason for the drop in prices is said to be a significant slowing in demand. Very high cotton prices, problems of credit access and the fact that cotton yarn prices did not increase as fast as cotton prices and started yielding ground from mid-March 2011 are all claimed to be affecting mill use.

Global cotton use is projected to reach 25.1 million tonnes (mt) in 2010-11, almost unchanged from 2009-10. A slowing of spinning operation and an increased switch to chemical fibres are stated to be curtailing demand for cotton and are reducing its share in world fibre use. It is stated that many mills are waiting for the 2011-12 cotton crop to become available to resume operations at full capacity.

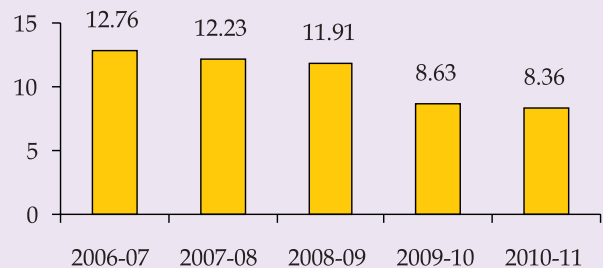
The carryover stock at the start of the current season was the smallest in 15 years at 8.6 mt. Cotton use which had rebounded by 6 per cent in 2009-10, remained firm in the first half of 2010-11. Panic buying early in the season is said to have rapidly exhausted the available supplies. Global stocks are now expected to decline by 3 per cent in 2010-11, to 8.4 mt, implying an even smaller carryover in 2011-12.

Cotton Consumption - Major Countries



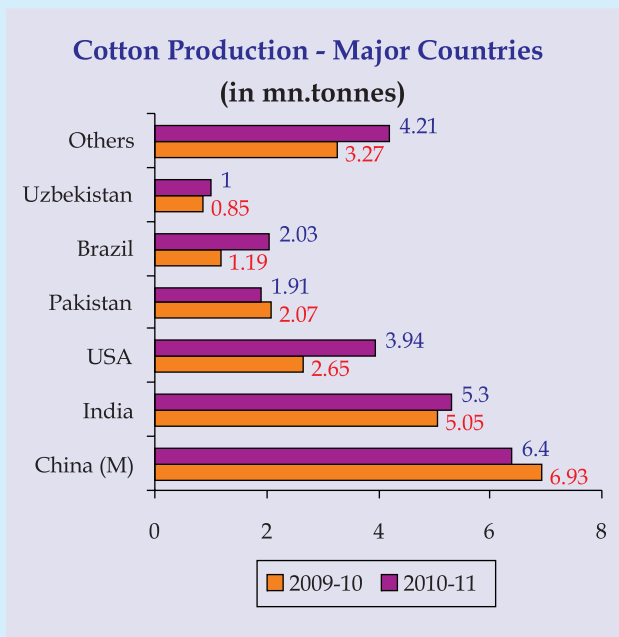
World Cotton Ending Stock

(in mn.tonnes)

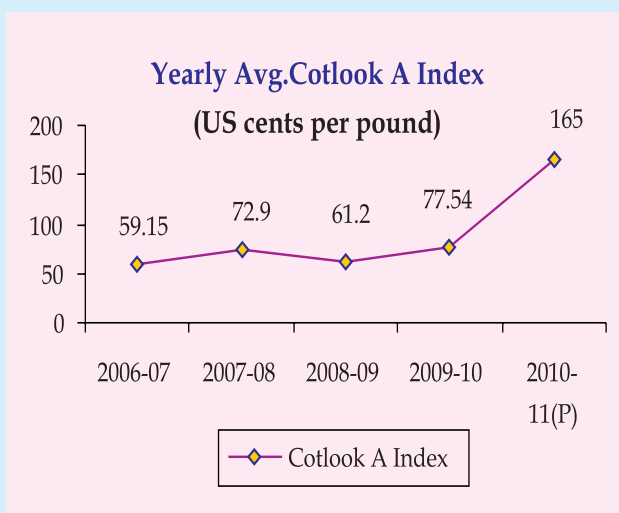


Production is projected to continue to increase by 11 per cent to a record of 27.6 mt next year, driven by expansions in plantings in most producing countries. Increased cotton supplies are expected to feed demand in 2011-12 but

high prices and competition from chemical fibres are likely to limit growth in mill use to 3 per cent. World cotton production is projected to exceed mill use in 2011-12 by 1.7 mt. As a result, it is stated that ending stocks are expected to recover to 10.1 mt in 2011-12. The world ending stock-to-use ratio, which is forecast to reach an all-time low of 33 per cent this season, could rebound to 39 per cent in 2011-12, states the ICAC. This would remain lower than the 10-year average of 49 per cent prevailing before 2009-10.



As for prices, ICAC Secretariat is stated to have decided not to publish a cotton price forecast for 2011-12. However, the Secretariat is stated to believe that the season average Cotlook A Index will decline significantly in 2011-12, although it will remain above the ten-year average of \$ 0.60 per pound, states the ICAC.



Gujarat Leads the Way

(This innovative State is the denim capital of India and home to the prized Shankar-6 variety).

If the Indian state of Gujarat were itself a country, it would rank fourth worldwide in cotton production. Only China, the United States, and the rest of India produce more cotton than Gujarat, which accounts for a third of India's total production, leading all States.

Of India's eight significant cotton-producing States, Gujarat ranks first in total production, estimated at more than 10 million Indian bales (170 kg) in 2010-11. In yield, Gujarat also ranks first with about 700 kg/hectare. Averaging barely one hectare per farmer, as many as 3 million farmers produce cotton in Gujarat.

Gujarat's bustling commercial centre of Ahmedabad, with a population of 4 million, is one of the world's fastest-growing cities, according to a recent Forbes report. Its per capita income is double that of the rest of India. Until the 1980s, Ahmedabad was known as "the Manchester of the East" for its plethora of composite textile mills, about 130 in all. Many of those mills, though, could not then survive the new competition that quickly arose with the advent and unrestricted market growth of power mills.

Denim Is Having a Dramatic Impact

Today, Ahmedabad is India's denim capital. Its mills, led by Arvind's current annual production of 120 million meters of denim, now produce about half of India's total output of 650 million meters.

Much of the cotton feeding these denim mills is short-staple V-797, mostly produced in neighbouring, predominantly rainfed Maharashtra state, which is number two in India in cotton production (but tops in land devoted to cotton with about 4 million hectares).

Most of Gujarat's 2.6 million hectares of cotton farming are devoted to growing its famous long-staple Shankar-6. Prized worldwide for its high lustre and other attractive attributes such as strength, micronaire and uniformity, Shankar-6 is grown on irrigated land in Gujarat.

(Source: Cotton International)

SUPPLY AND DISTRIBUTION OF COTTON

May 02, 2011

Years Beginning August 1	Million Metric Tons					
	2006/07	2007/08	2008/09	2009/10 Est.	2010/11 Proj.	2011/12 Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.537	12.756	12.234	11.911	8.63	8.36
China(Mainland)	3.991	3.653	3.321	3.585	2.78	2.35
USA	1.321	2.064	2.188	1.380	0.64	0.35
PRODUCTION						
WORLD TOTAL	26.772	26.082	23.451	21.013	24.79	27.56
China (Mainland)	7.975	8.071	8.025	6.925	6.40	7.19
India	4.760	5.219	4.930	5.050	5.30	5.74
USA	4.700	4.182	2.790	2.654	3.94	4.12
Pakistan	2.121	1.900	1.926	2.070	1.91	2.17
Brazil	1.524	1.602	1.214	1.194	2.03	2.12
Uzbekistan	1.171	1.206	1.000	0.850	1.00	1.05
Others	4.520	3.903	3.565	3.270	4.21	5.16
CONSUMPTION						
WORLD TOTAL	26.488	26.541	23.691	25.046	25.11	25.83
China (Mainland)	10.600	10.900	9.265	10.099	10.00	10.30
India	3.944	4.053	3.872	4.232	4.61	4.93
Pakistan	2.633	2.649	2.519	2.393	2.22	2.29
East Asia & Australia	1.858	1.829	1.674	1.825	1.78	1.77
Europe & Turkey	2.084	1.744	1.409	1.550	1.48	1.49
Brazil	0.987	1.001	0.994	1.002	1.04	1.06
USA	1.074	0.998	0.781	0.754	0.81	0.76
CIS	0.681	0.664	0.596	0.605	0.58	0.58
Others	2.626	2.704	2.580	2.587	2.60	2.64
EXPORTS						
WORLD TOTAL	8.047	8.347	6.600	7.770	8.25	8.44
USA	2.821	2.968	2.887	2.621	3.43	3.16
India	0.960	1.530	0.515	1.420	1.00	0.74
Uzbekistan	0.980	0.900	0.630	0.820	0.73	0.76
CFA Zone	0.924	0.595	0.464	0.553	0.49	0.55
Australia	0.465	0.265	0.261	0.460	0.64	0.75
Brazil	0.283	0.486	0.596	0.433	0.55	0.85
IMPORTS						
WORLD TOTAL	8.122	8.380	6.506	7.702	8.30	8.44
China	2.306	2.511	1.523	2.374	3.20	3.48
East Asia & Australia	1.899	1.860	1.665	1.894	1.81	1.82
Europe & Turkey	1.340	1.081	0.861	1.176	0.92	0.95
Pakistan	0.502	0.851	0.417	0.344	0.35	0.31
CIS	0.319	0.267	0.231	0.210	0.15	0.15
TRADE IMBALANCE 1/	0.075	0.033	-0.094	-0.069	0.05	0.00
STOCKS ADJUSTMENT 2/	-0.140	-0.097	0.011	-0.181	-0.01	0.00
ENDING STOCKS						
WORLD TOTAL	12.756	12.234	11.911	8.628	8.36	10.09
China (Mainland)	3.653	3.321	3.585	2.780	2.35	2.73
USA	2.064	2.188	1.380	0.642	0.35	0.55
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	57	58	39	40	47
CHINA (MAINLAND) 4/	34	30	39	28	24	26
Cotlook A Index 5/	59.15	72.90	61.20	77.54	165*	

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 2010/11 is not based on the ICAC price model.

(Source : ICAC Monthly May 2011)

Farmers to Pay 25 percent More for Bt Seeds in Gujarat

Gujarat cotton growers who are interested in planting genetically modified cotton in the coming season are going to have to pay a bigger price than they thought, now that the state's government has raised prices on Bollgard, Bollgard-II and other Bt cotton seeds.

Government officials said in a statement that the price increase (25 percent, on average) was necessary due to inflation, a higher cost of production, and other factors related to seed cultivation. They also want to keep prices high enough to keep seed cultivators interested and ensure they remain in business.

The price (per 450-gram packet of seed) of Bollgard-I has risen from 650 rupees to 830, while Bollgard-II has been increased from 750 rupees to 930. There hasn't been a Bt seed price increase in Gujarat since

2008, and in that same year, the state government forced seed companies to reduce prices by almost 38 percent, from 1,200 rupees to 750 rupees per packet.

Earlier this year, Cotton International reported about concerns that India would not have enough Bt seeds to meet the demands of growers, especially as cotton prices remain at historically high levels. Recently, growers in Mysore—the second-largest city in the state of Karnataka—were shocked when seed merchants told them cotton seed prices had gone up, if any could be found at all. The farmers are extremely anxious to get seeds because recent rainfall has made for ideal planting conditions. Karnataka, however, gets its cotton seeds from Andhra Pradesh, and those shipments have been blocked as seed merchants seek a price increase from government officials.

(Source: Cotton International)

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) 2010-11 CROP					
						May 2011					
						14 th	16 th	17 th	18 th	19 th	20 th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	12092 (43000)	M	11810 (42000)	12232 (43500)	12288 (43700)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	O	12317 (43800)	A	11979 (42600)	12401 (44100)	12429 (44200)
03.	ICS-102	22mm	V-797	4.5-5.9	19		7311 (26000)	R	7030 (25000)	7030 (25000)	7030 (25000)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	L	8717 (31000)	K	8717 (31000)	8717 (31000)	8717 (31000)
05.	ICS-104	24mm	Y-1	4.0-5.5	20		N.A.	E	N.A.	N.A.	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23	I	12288 (43700)	T	11867 (42200)	12035 (42800)	12092 (43000)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		9420 (33500)		8858 (31500)	8858 (31500)	8858 (31500)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	D	9842 (35000)	C	9139 (32500)	9280 (33000)	9280 (33000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		11248 (40000)	L	10967 (39000)	10967 (39000)	11248 (40000)
10.	ICS-105	29mm	S-6	3.5-4.9	26	A	12654 (45000)	O	12654 (45000)	12654 (45000)	12991 (46200)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27		13076 (46500)	S	13076 (46500)	13076 (46500)	13216 (47000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	Y	15607 (55500)	E	15607 (55500)	15607 (55500)	15607 (55500)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		20246 (72000)	D	20246 (72000)	20246 (72000)	20246 (72000)

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