

Weekly
Publication of



**Cotton
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Cotton Statistics And News

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Disparity Between Official and Trade Estimates of Cotton Production in Focus

The wide disparity between the official estimates of cotton production and those of the trade has been a subject of debate for long. Official estimates of the Agriculture Ministry have been found to be invariably on the lower side and are not considered to be realistic or accurate. This is also borne out by the fact that if the official production estimates are added up with imports in a particular year, they are observed to be far below the actual consumption by the mills along with imports for which accurate figures are available.

This disparity had repeatedly been pointed out by the Cotton Advisory Board (CAB) which made several pleas with the concerned authorities to look into the matter critically and initiate suitable steps so that the estimates become more realistic and reliable. The problem with the estimates of the Agriculture Ministry stems from the fact that the method of gathering and compiling the yield data is flawed. According to the prescribed procedure, the yields from the plots selected randomly and in a statistically correct manner for assessing production are not recorded properly and fully. Unlike most other crops which are harvested in one go, there are four or five pickings in cotton. It often so happens that while the yield in one picking may be recorded, that from the other pickings are not. The concerned functionary substitutes the actual data with his own estimate that often goes wrong. Ultimately, the production reported turns out to be invariably inaccurate. There are also wide differences in the yield from an irrigated and a rainfed crop but in the final compilation of yield data this difference does not come into the picture. These are only some flaws but there may be quite a few others also which had been pointed out by a team of statistical experts which examined the matter quite a number of years ago.

Although corrective steps had been suggested, it has not been possible to implement them for want of adequate staff and other facilities with the State Departments which furnish the data and pass on the same to the Centre for releasing the official estimates at the national level after compilation of figures from all the States. According to the information available, the present position is that the Centre is making fresh initiatives involving the Indian Institute of Statistical Research for laying down a specific and foolproof procedure for compilation of accurate and realistic data.

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

The members of the Association are not required to pay any subscription amount as they are entitled to a complimentary copy of this publication.

We solicit your co-operation.

Incidentally, it would appear that this problem of disparity between different estimates is not confined to India alone. A recent report in the international weekly, Cotton Outlook, states that at the recently held China Cotton Summit 2010, a recurring theme throughout the Conference was the lack of confidence in current official production and consumption figures, and the need to develop a more rigorous analytical system. The Vice President of the China Cotton Association reportedly drew attention to the differences between the official estimates as published by the National Bureau of Statistics (NBS) and the estimates of supply and demand accepted by the industry.

A senior functionary of the Reform Commission is stated to have informed the conference that a special project team has been established to consider how to improve the output statistics. The spokesman of the Ministry of Agriculture (MOA) appears to have clarified that the MOA collects data from provincial departments and carries out cross checks against the data received. However, the NBS has many more survey points, according to the spokesman while there is acknowledgement that more accuracy is required. Inaccuracy was also the term applied about consumption data, with diverse views expressed by a number of speakers.

In any case, it appears that the situation regarding production estimates in China is similar to that in India and discussions on the subject also appear to be on the same lines.

Cotton Arrivals

According to the data compiled by the Cotton Corporation of India (CCI), market arrivals of cotton upto the third week of May aggregated to 285 lakh bales. Arrivals by the same date last year were slightly lower at nearly 278 lakh bales.

Allocation under TUFs

According to a report, the Union Textile Ministry proposes to allocate Rs. 3,600 crore for modernisation of the Textile industry, under the Technology Upgradation Fund Scheme (TUFs), during 2010-11. This would also be used for clearing the backlog of Rs. 1,884 crore in industry's claims for 2008-09, it is stated.

Textile Exports to US Show Growth in February/March

It is reported that after being on the decline for several months because of the global financial melt-down, textile exports from India to the US are finally back on track, recording growth in both February and March. Textile and apparel exports to the US, which account for more than a quarter of shipments made by the industry, reportedly recorded a growth of 7.7 per cent year-on-year in February to \$ 443.5 million in February, according to the data with the office of textiles and apparel, US Department of Commerce. The growth made by exports of these in March was 8.3 per cent year-on-year to \$ 487.8 million. Apparel exports to the US, however, posted only a modest growth of 2.8 per cent in March to \$ 315.1 million.

Exporters are said to claim that demand has started to pick up in US and bookings are quite reasonable and trade enquiries have also been quite good, the Chairman of the Apparel Export Promotion Council (AEPC) is quoted to have stated. Managing Directors of some reputed mills are also stated to have concurred that there has been a real improvement across all segments of the industry. Orders are said to be coming in and after two years of slowdown, a recovery is being witnessed of late, in both domestic and international markets. The consensus seems to be that the current financial year, 2010-11, would definitely be better than the last one.

Although US market is showing an appreciable improvement, garment exports to the European Union (EU), the largest market bloc for India for apparel, is said to be continuing to remain weak, especially because of the uncertainty faced by some countries of the region. Relative to US, orders from EU countries are stated to be still meagre. Apparel exports to EU are estimated to have come down by 16.8 per cent to \$ 4.5 billion in 2009-10.

In the case of US also, officials are stated to advise caution. Although enquiries are good, exporters are said to be finding it difficult to convert them into orders as they have been adversely hit by rising raw material prices and the rupee appreciation against US dollar.

World Cotton Stocks to Remain Tight in 2010-11

2010/11 cotton plantings are well underway in the northern hemisphere, which accounts for 90% of global production. World cotton area is expected to increase in 2010-11 for the first time in four seasons, to 32.7 million hectares. This expansion of 8% in cotton area is the direct result of a significant increase in cotton prices during 2009-10 and coinciding with declining prices of major competing crops mainly grains and oilseeds. Cotton area will increase in most major producing countries, with the United States and India accounting for over half of the projected world increase.

World cotton production is forecast up by 13% in 2010-11 to 24.8 million tons. The United States alone is expected to account for 37% of the projected global increase. In several other regions, including Turkey, Greece, and the CFA zone, cotton production is expected to increase for the first time in at least five seasons. India's cotton crop is expected to reach a record of 5.5 million tons, driven by an expansion in plantings and assuming more favourable weather than last season. Pakistan's crop is forecast at 2.2 million tons, up by 5% from 2009-10 and driven by an expansion in plantings. Production in China is expected to increase only slightly to 7.1 million tons, despite the considerable increase in domestic cotton prices during 2009-10. The decline in cotton yields experienced in 2009-10, perceived cotton price instability, cotton's high requirements in terms of labour and inputs, and an increase in minimum procurement prices for grains, are among factors that are preventing a significant rebound in cotton area in China in 2010-11. In addition, cool temperatures and generally unfavourable weather during the spring have

necessitated some replanting and have delayed the Chinese cotton crop.

World cotton mill use is projected to continue to recover in 2010-11, growing by 2% to 24.8 million tons, pushed by continued improvement in global economic growth but limited by high cotton prices. The Chinese and Indian textile sectors are expected to drive global cotton consumption up in 2010-11; their cotton mill use being forecast to grow to 9.9 and 4.3 million tons, respectively.

As global cotton production and mill use are forecast to balance in 2010-11, world ending stocks are expected to remain stable at 10.5 million tons. This implies a global stocks-to-use ratio of 42%, down from 43% in 2009-10 and a five-year average of 50% (2004-05 to 2008-09). This would be the lowest stocks-to-use ratio since 2003-04. Stocks are expected to remain low in many large producing countries, due to sustained demand. Chinese stocks are expected to contract a little bit more to 3.0 million tons, after a significant drop already in 2009-10.

World cotton trade is expected to continue to recover to 7.7 million tons, up by 3% from this season. The increase in imports will be driven by China, which is forecast to increase its imports by 21% to 2.7 million tons to fill the gap between production and consumption. However, imports by Turkey, Pakistan and Mexico could decline as a result of larger domestic production. Exports from the United States are projected up by 8% to 2.9 million tons, fueled by increased production, whereas Indian exports could decrease to 1.2 million tons.

World Cotton Prices

Monthly Average Cotlook A Index (FE) from 2004-05 onwards

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
	FE Index in US Cents per lb.					
August	51.91	53.23	59.88	66.62	78.04	64.14
September	55.03	53.94	58.82	68.12	77.09	63.99
October	50.89	57.74	57.03	68.93	62.30	66.82
November	47.71	55.87	57.39	69.68	54.96	71.78
December	47.51	56.09	59.43	69.52	55.47	76.78
January	50.23	58.36	59.06	73.21	57.71	77.39
February	48.69	59.66	57.86	75.05	55.21	80.05
March	55.34	57.59	58.42	80.18	51.50	85.80
April	55.99	56.23	57.13	75.44	56.78	88.08
May	54.90	54.35	55.57	74.12	61.95	
June	52.66	55.14	60.61	77.04	61.39	
July	53.17	55.42	67.84	77.29	64.80	

'LEARN WITH CAI'
Programme No.2009-10/3
'Letter of Credit under UCP-600'

The Association is organising Programme No.3 for the season 2009-10 in the 'Learn with CAI' series on 'Letter of Credit under UCP-600' on Saturday, the 26th June, 2010 in the Conference Room of the Association.

The details of the programme, faculty, timing, etc. are as follows:

Timing: 8.30 a.m. to 6.00 p.m.

Faculty: Shri K. Parmeswaran

Fees: For CAI Members Rs.2,500/-

**For Members of
 Affiliated Assons. Rs.3,000/-**

For Non-Members..... Rs.3,500/-

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 Weekly Bulletin**

We accept advertisements for insertion in our publication "Cotton Statistics and News" to enable the advertisers to benefit from reaching the subscribers of the publication who represent all the segments of domestic and global cotton interests.

The Advertisement Tariff is as follows. The material for the advertisement such as the names of the company, telephone numbers, fax numbers and some important features of the company can be included in the advertisement.

Full Page - Rs.7,500/- per insertion

Half Page - Rs.4,500/- per insertion

Quarter Page - Rs.2,500/- per insertion

Kindly send your cheque drawn in favour of Cotton Association of India with the advertisement material of your company.

For further details, please contact on
 Tel. No.2370 4401/2/3 or E-mail to eica@eica.in

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						
					22nd	24th	25th	26th	27th	28th	
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	23000	23300	23400	M	23400
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	O	23400	23700	23800	A	23800
03.	ICS-102	22mm	V-797	4.5-5.9	19		20600	20600	20600	R	20600
04.	ICS-103	23mm	Jayadhar	4.0-5	19		22500	22000	22000		22000
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	24700	24700	24800	K	24800
06.	ICS-202	25mm	J-34	3.5-4.9	23		28500	29100	29200		29200
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		N.A.	N.A.	N.A.	E	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	I	28500	27500	27600		27600
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		29200	28500	28500	T	28500
10.	ICS-105	29mm	S-6	3.5-4.9	26	D	29200	29400	29700		29700
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27		29700	30000	30300	C L	30300
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	A	N.A.	N.A.	N.A.	O S	N.A.
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		42500	42500	42500	E	42500
14.	ICS-301	26mm	ICC	3.7-4.3	25	Y	N.A.	N.A.	N.A.	D	N.A.