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Cotton Statistics And News

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Results of 2011 World Apparel Fibre Consumption Survey

The Trade and Markets Division of the Economic and Social Department of the Food and Agriculture Organisation of the United Nations (FAO) and the International Cotton Advisory Committee (ICAC) have reportedly completed the 2011 World Apparel Fibre Consumption Survey. This Survey is said to be the third joint edition since the Survey done by the FAO alone was discontinued in 1995. The 2011 Survey provides data on cotton, wool, flax cellulosic and non-cellulosic fibres available for consumption within each of 112 countries for 1992, 1996 and 2000 through 2008, covering 96 per cent of world end-use consumption of textile fibres and 98 per cent of world mill consumption of textile fibres. A summary of the 2011 Survey has now been published. Some of the findings from the Survey are given below:

World fibre consumption has been steadily trending up over several decades. Per capita consumption was about 3.7 kg in 1950 and it climbed to 10.4 kg in 2008. Given the nature of the final products of fibres, clothing and textiles, fibre consumption is said to be sensitive to the global economic situation. The 2011 Survey is stated to have revealed the latest developments in world fibre consumption. It is stated that final products of fibres can be grouped into three major categories, viz. clothing, textiles for home and for industrial uses. These final products respond differently to changes in income and prices, depending on whether they are consumed as necessary goods, luxury goods or durable goods. Therefore, world total fibre consumption is exposed to the influence of global economic developments. Encompassing an annual average growth of world gross domestic product (GDP) of 4.2 per cent during 2000-2008, per capita world fibre consumption increased by nearly 35 per cent, from 8.3 kg in 2000 to 11.1 kg in 2007. However, the economic stagnation in developed countries in 2008 resulted in a reduced rate of GDP growth for the world (3 per cent) and a 6.4 per cent contraction in per capita world fibre consumption to 10.4 kg.

Furthermore, it is stated that two important developments came about in 2008. First, per capita fibre consumption in developed countries experienced a fall in excess of 8 per cent but developing countries witnessed a less than 5 per cent decline. It is stated that some developing countries even saw their per capita consumption increase slightly in 2008. Second, world cotton consumption dropped sharply, over 7 per cent but man-made fibres production declined by less than 5 per cent. Primary analysis is said to suggest that world fibre consumption experienced a significant rebound from its 2008 decline. In 2009, man-made fibre production increased by 3.6 per cent, reversing the loss of 2008, while natural fibre production continued to decline, although at a slower pace. As a result, world fibre consumption it is stated that world fibre consumption might have gone up slightly in 2009 compared with the previous year.

Developed countries had been the major driver of growth in world fibre consumption over the past few decades. However, over the most recent decade, per capita consumption of fibres in developing countries increased at a much more rapid pace. Compared with 2004, per capita consumption of fibres in developing countries is increased by about 20 per cent, but only by 8 per cent in developed countries. By regions, Far Eastern countries recorded the highest growth of about 27 per cent, largely due to China where per capita consumption increased by 50 per cent between 2004 and 2007.

The increase in fibre consumption in developing countries has been largely met by man-made fibres. While total per capita consumption increased by 20 per cent, consumption of man-made fibres went up by 28 per cent during 2004-2007. As a result, the share of man-made fibres in total fibre consumption in developing countries climbed from 56 per cent in 2000 to 65 per cent in 2008. The per capita consumption of man-made fibres in developing countries increased from 2.8 kg in 2000 to 4.9 kg in 2008. Total cotton consumption in developed countries in 2008 accounted for about 50 per cent of world consumption with a per capita consumption of 9.5 kg which was nearly four times the 2.4 kg consumed in developing countries.

Cotton has been rapidly losing its market share. In 1990, natural fibres accounted for more than 60 per cent of global fibre consumption while in 2000 that share declined to 45 per cent and fell further to 40 per cent in 2008. It has been hypothesised that natural fibres, cotton in particular, would regain their market share after the rapid and sustained economic growth in the most populous developing countries such as China and India over the last decade. However, while the total quantity of natural fibre consumption has trended upward in these countries, per capita consumption of cotton has experienced little increase. Preliminary analyses suggest that limited land resources and competition with food crops put upward pressure on natural fibre prices and this induced substitution in the textile industry towards relatively cheaper man-made fibres. The rapid technological advances in the man-made fibre industry, cotton-like fibres in particular, drove away demand for natural fibres. In fact, per capita consumption of cotton in developing countries only increased from 2.2 kg in 1996 to 2.4 kg in 2008 while per capita consumption of man-made fibres in developing countries increased from 2.3 kg to 4.9 kg over the same period.

Developed countries continued to be the major consumers of cotton with per capita consumption at 9.5 kg in 2008, just slightly above the 9.2 kg in 2004. Such a small growth was considerably below the annual growth of two per cent observed during 1996-2004. On the contrary, per capita consumption of man-made fibres in developed countries experienced a slight decline between 2004 and 2008, from 12 kg to 11.8 kg. At the world level, synthetic fibres consumption in 2009 amounted to 35.8 million tonnes, substantially exceeding 23.3 million tonnes of cotton in that year. Per capita consumption of synthetic fibres increased by 21 per cent between 2004 and 2009, while that of cotton grew only by 11 per cent over the same period.

Cottoning on to a Problem

Policy confusion has once again created uncertainty in cotton trade. Cotton prices have plunged by more than 30 per cent in the past couple of months and inventories of both cotton and cotton yarn have begun to pile up. Little wonder then that a section of the cotton ginning industry recently went on strike and spinning mills downed their shutters for a day in protest against the government's apathy towards their plea that cotton and cotton yarn exports be further liberalised. The entire quantity of 5.5 million bales of cotton that the government had allowed to be shipped abroad has been fully dispatched. Sizeable stocks of cotton are either lying unsold with farmers or awaiting processing at ginning units. The spinning industry has, for the time being, decided to cut down production by one-third to prevent yarn inventories from increasing any more. At home the textile industry, notably garment manufacturers, faces an uncertain market with domestic demand not picking up adequately, despite the dip in raw material prices. The industry is, therefore, lukewarm about any suggestion that it pass on the advantage of lower costs to consumers.

Time is of the essence because the cotton sowing season has already begun. If the downturn in prices is not stemmed soon, growers may consider cutting down cotton plantings. That will impact the next season's sowing and in the new cotton season beginning October 2011 supplies would dwindle. Union Agriculture Minister Sharad Pawar has already cautioned the government against any further delay in taking a call on reopening exports. Clearly, Mr. Pawar does not want a repeat of what happened in the case of sugar. Controls on sugar exports at a time when international prices ruled high hurt domestic industry. Should cotton meet with the same fate?

China is the biggest gainer from India's absence in the international cotton and cotton yarn bazaar.

Ironically, uncertainty on this count has been allowed to persist despite all the ministries concerned, including those of textile, commerce and finance, being favourably inclined to increase cotton export quotas. However, none of them seems sure of the quantity of additional cotton or cotton yarn that can be allowed to be shipped without jeopardising supplies for the local industry or hurting interests of the suicide-prone cotton growers. Misgivings on this count arise largely because of the ambiguity on cotton production and the amount of surplus available for export even at this late stage in the 2010-11 season.

The estimates of cotton output made by the Union agriculture ministry and the Cotton Advisory Board (CAB) differ sharply, as always. While Krishi Bhawan is certain that the cotton harvest in 2010-11 was a record 33.93 million bales, the CAB had pitched this number at 32.9 million bales in February but subsequently lowered it to 31.2 million bales. However, even taking the lower estimate of production into account, and keeping in view the likely consumption by the mill sector and the stocks held by farmers, net availability of an additional 1.5 to 2.0 million bales of cotton for exports seems like a good idea to pursue. Rather than offer fiscal subsidies, that the industry will inevitably seek if faced with a weak home market, it is best to allow export trade to bridge the gap between demand and earnings.

(Source: Business Standard - 2.6.2011)

Traders Stop Buying Cotton-Report

It is reported that following the sharp fall of about 30 per cent in cotton prices during the last two months, cotton traders in many parts of the country have stopped buying the commodity from farmers. The major States where traders have stopped buying of cotton since the middle of May are said to be Gujarat, Andhra Pradesh, Maharashtra and Karnataka.

The traders are believed to be mounting pressure on the Government to release additional quantity of cotton for exports since the ceiling of 55 lakh bales fixed earlier has been reached quite a while ago. Government had fixed the ceiling on exports with the purpose of softening domestic cotton prices which had been on the rise hurting the user industry. Since the stoppage of exports, raw cotton and yarn stocks have been piling up in the warehouses across the country and traders have been forced to stop fresh buying, it is stated. Reports are current that unless Government permits additional quantity for exports traders may not be resuming cotton purchases. Presently, it is claimed that apart from the quantity accumulated from the current season's purchases, traders are holding around 45 lakh bales of carryover stock from the previous season.

Now that the prices have crashed, farmers are stated to be hopeful that the Government will allow further export of cotton to stabilise the prices at reasonable levels and protect farmers' interests. According to some official sources, there is a likelihood of the Centre allowing export of additional 15 lakh bales of cotton, adds the report.

(Source: Financial Express - 26.05.2011)

Carry Forward Stock May Rise if Cotton Exports not Allowed

India can see higher carry forward stock for cotton this season if demand remains subdued and the Centre does not release further export quota. As per the Cotton Advisory Board (CAB)'s February estimates, the country could see 40 lakh bales (one bale is 170 kg) of opening stock for new season (2011-12). However, sharp correction in cotton as well as yarn prices has impacted the demand which can lead to higher carry forward stock.

At present, demand is very low. If this trend continues for a few more weeks then there will be more stocks on hand than last year. Farmers are holding significant stocks with them which will be sold in the market when new sowing begin. Expectations of timely monsoon will see sowing beginning in next fortnight. Big farmers could not sell their stocks during the February-March period when prices were ruling at Rs 60-62k per candy (1 candy is 356 kg), an all-time high levels. They will be ready to off-load their stocks if prices see even a 10% bounce from the current level even it is believed.

Last year there was a carry forward of 35 lakh bales due to higher export dispatches. To retain domestic availability, government put ban on the cotton export in April, 2010 and lifted it on October 1 after releasing 55 lakh bales quota.

(Source: Economic Times - 2.06.2011)

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 - June 2011					
						28th	30th	31st	01st	02nd	03rd
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	12429 (44200)	11951 (42500)	11951 (42500)	11951 (42500)	11951 (42500)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15		12570 (44700)	12007 (42700)	12007 (42700)	12007 (42700)	12007 (42700)
03.	ICS-102	22mm	V-797	4.5-5.9	19	O	7592 (27000)	7030 (25000)	7030 (25000)	6889 (24500)	6889 (24500)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	L	8998 (32000)	8858 (31500)	8858 (31500)	8858 (31500)	8858 (31500)
05.	ICS-104	24mm	Y-1	4.0-5.5	20		N.A.	N.A	N.A	N.A	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23	I	12373 (44000)	11951 (42500)	11951 (42500)	11810 (42000)	11810 (42000)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		8155 (29000)	8717 (31000)	8717 (31000)	8717 (31000)	8717 (31000)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	D	9561 (34000)	9561 (34000)	9561 (34000)	9561 (34000)	9561 (34000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	A	11248 (40000)	11248 (40000)	11248 (40000)	11248 (40000)	11248 (40000)
10.	ICS-105	29mm	S-6	3.5-4.9	26		13076 (46500)	12935 (46000)	12935 (46000)	12795 (45500)	12795 (45500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	Y	13216 (47000)	13216 (47000)	13216 (47000)	12935 (46000)	12935 (46000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		15185 (54000)	14904 (53000)	14904 (53000)	14763 (52500)	14763 (52500)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		19684 (70000)	19122 (68000)	19122 (68000)	19122 (68000)	19122 (68000)

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