



Cotton Statistics And News

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Further Steep Fall in Cotton Prices During May

On top of a steep fall in April, cotton prices tumbled in May. After displaying firmness in recent months, prices plummeted in April and this downtrend persisted in May also. The data on monthly average spot rates of five representative varieties since the commencement of the season are given below:

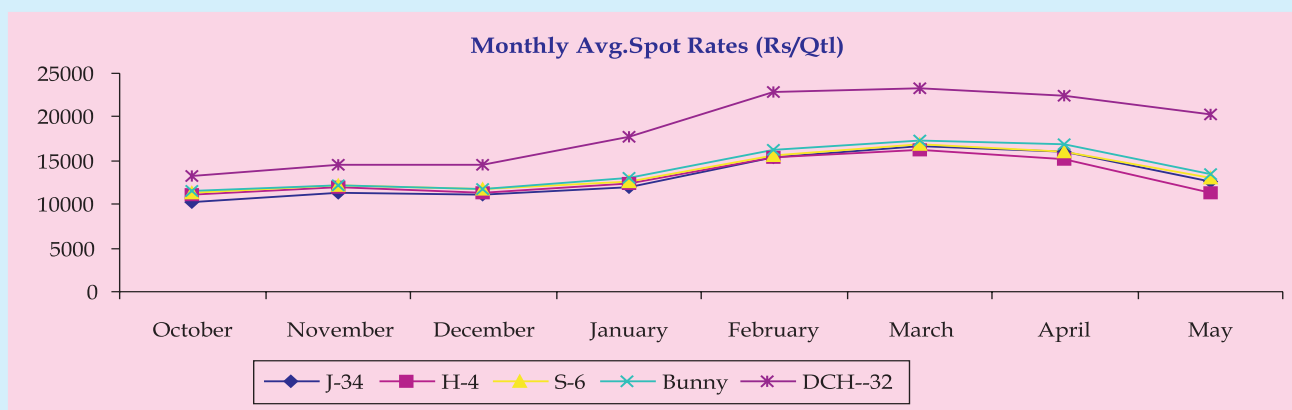
Monthly Avg. Spot Rate (Rs/Qtl.)					
Month	J-34	H-4	S-6	Bunny	DCH-32
Oct.'10	10,236 (6,046)	11,135 (-)	11,389 (6,552)	11,501 (6,524)	13,301 (-)
Nov.'10	11,389 (6,608)	11,979 (6,693)	12,260 (7,030)	12,260 (6,689)	14,510 (11,529)
Dec.'10	11,135 (7,002)	11,220 (7,227)	11,726 (7,536)	11,670 (7,536)	14,594 (11,810)
Jan.'11	12,063 (7,199)	12,457 (7,199)	12,598 (7,509)	12,963 (7,536)	17,687 (11,332)
Feb.'11	15,287 (7,002)	15,442 (7,143)	15,671 (7,452)	16,134 (7,480)	22,876 (11,164)
Mar.'11	16,702 (7,339)	16,297 (7,508)	16,790 (7,846)	17,250 (7,874)	23,328 (11,782)
Apl.'11	16,073 (7,592)	15,137 (7,761)	16,128 (7,958)	16,842 (8,042)	22,405 (11,838)
May.'11	12,649 (7,902)	11,401 (7,789)	12,991 (8,099)	13,455 (8,183)	20,210 (12,007)

Note: Figures in brackets denote corresponding prices last year

Compared to March, average prices had declined by Rs. 409 to Rs. 1160 per quintal. The fall in prices during May compared to April has ranged from Rs. 2195 to Rs. 3736 per quintal, the highest being in the case of H-4. In other words, the decline in prices during the last two months has been in the range of Rs. 3118 to Rs. 4896 per quintal. In terms of percentages, the fall amounted to 30 per cent in the case of H-4 and 13 to 24 per cent in the case of other varieties.

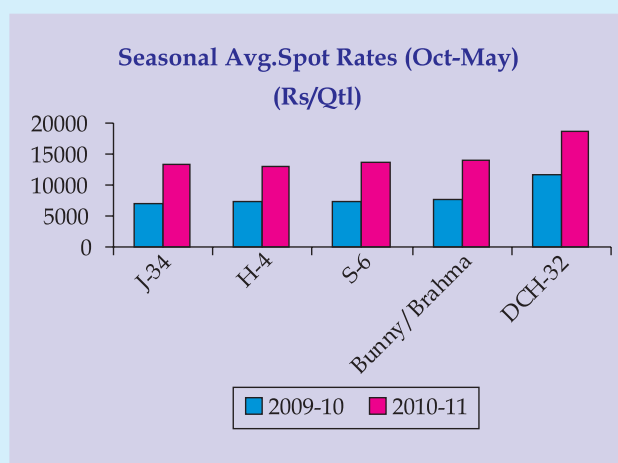
The main reason for such a steep decline in cotton prices has been the lack of demand. It has been reported that due to the huge unsold stock of cotton yarn with them all over the country, spinning mills, led by the Confederation of Indian Textile Industry (CITI), have decided to cut yarn production by one-third with immediate effect. It is stated that faced with cash losses and negligible working capital, mills are finding it impossible to buy cotton and this has led to such a steep fall in cotton prices.

Despite the steep fall in recent months, the seasonal average prices during the current season remain substantially higher than during the last



season as may be observed from the following data:

Seasonal (Oct-May) Avg. Spot Rate (Rs/Qtl.)			
Variety	2009-10	2010-11	Increase
J-34	7,086	13,193	6,107
H-4	7,331	13,134	5,803
S-6	7,498	13,705	6,207
Bunny	7,508	14,009	6,501
DCH-32	11,637	18,610	6,973



Brazil Set to Reach Record Cotton Production

The saga of cotton development in India is nothing but an outstanding success story. Over the years, production and productivity have gone up several fold and not only the chronic deficit of the past in this vital raw material of the textile industry has been wiped out but more importantly, the country has also emerged as a major exporter of the commodity. In fact, during 2007-08, India was the second highest exporter of cotton in the world, next only to the traditional exporter, USA. Interestingly, the Government has to resort to controls on exports lest the domestic textile industry may not be handicapped for want of cheaper, home-grown cotton.

It is also really remarkable that the quality gap has almost been bridged except for a small deficit in the superfine styles. The development of high yielding hybrid cotton in the 1970s and the introduction of Bt cottons in the 1990s have played a key role in these commendable achievements. Besides high yield potential, Bt cottons have the added advantage of being resistant to bollworm, the most pernicious pest in cotton. They also possess long staple and have become extremely popular because of a combination of all the desirable attributes. According to the available information, about 85 per cent of the cotton area in the country is now covered by Bt cottons.

It now appears that Brazil is also looking forward to raise its cotton production substantially. According to the Brazilian Agriculture Ministry, the country is set to harvest a record crop of two million tonnes (approx. 11.8 million bales) in 2010-11. If this materialises, Brazil will be the fourth highest cotton producer in the world. The

projected crop in 2010-11 will surpass the previous record of 1.6 million tonnes in 2007-08 and 70 per cent above the previous year's crop of nearly 1.2 million tonnes. It was only seven years ago that Brazil crossed the one million tonne mark in cotton production.

As in other countries, high cotton prices have triggered the expansion of cotton area. The total area now planted with cotton is estimated to be 1.36 million hectares, up 63 per cent from the 8,35,700 hectares planted in the previous season. In recent years, the State of Mato Grosso has emerged as the leading State of Brazil in cotton area and production. As per reports, the State farmers have ploughed up their current soybean crop which was adversely affected by untimely rains, and planted cotton although it was much later than the ideal planting time. Farmers expect that even the lower yields due to late planting will be compensated by the higher prices.

Brazil's own cotton consumption is estimated to be about one million tonnes. Thus, with a projected production of two million tonnes, there will be a surplus of about a million tonnes for export. One of the major handicaps in export is stated to be the limited transportation infrastructure. The bottlenecks in roads and at the existing shipping port of Santos are said to be notorious. In order to relieve the existing bottlenecks in transport and also reduce the shipping costs, Brazil is stated to be upgrading all facilities at the other port of Salvador. This port is claimed to be ideally situated for shipping cotton produced in Bahia, the second leading cotton producing State in Brazil after Mato Grosso.

(Source: Cotton International)

UPCOUNTRY SPOT RATES

(Rs. \ Quintal)

May 2011	2010-11 Crop												
	BD(RG) A. Commila	BD SG	V-797	Jayadhar	Y-1	J-34	NHH-44	LRA-5166	H-4/ MECH-1	Shankar-6	Bunny/ Brahma	MCU-5/ Surabhi	DCH-32
	ICS-101 22 mm 5.0-7.0 15	ICS-201 22 mm 5.0-7.0 15	ICS-102 22 mm 4.5-5.9 19	ICS-103 23 mm 4.0-5.5 19	ICS-104 24 mm 4.0-5.5 20	ICS-202 25 mm 3.5-4.9 23	ICS-105 25 mm 3.5-4.9 22	ICS-105 27mm 3.5-4.9 24	ICS-105 28 mm 3.5-4.9 25	ICS-105 29 mm 3.5-4.9 26	ICS-105 31 mm 3.5-4.9 27	ICS-106 33 mm 3.3-4.5 28	ICS-107 35mm 2.8-3.6 31
2	12963	13104	8295	10686	N.A.	13919	10686	10967	11810	14060	14904	16310	20528
3	12963	13104	8155	10404	N.A.	13919	10545	10826	11810	13779	14622	16310	20528
4	12963	13104	8155	10404	N.A.	13919	10545	10826	11810	13779	14622	16310	20528
5	12823	12963	8155	9842	N.A.	13638	10264	10545	11529	13498	14341	16169	20528
6	12541	12682	8014	9280	N.A.	13076	9983	10264	11389	12935	13779	15888	20528
7	12541	12682	8014	9139	N.A.	12935	9983	10264	11389	12795	13498	15747	20528
9	12092	12232	7311	8858	N.A.	12232	9701	9983	10967	12232	12654	15185	19965
10	12092	12232	7311	8858	N.A.	12373	9701	9983	10967	12232	12654	15185	19965
11	12232	12373	7452	8998	N.A.	12513	9842	10123	11107	12373	12795	15325	20106
12	12232	12373	7452	8998	N.A.	12513	9842	10123	11248	12654	12935	15466	20246
13	12232	12373	7452	8998	N.A.	12513	9842	10123	11107	12373	12795	15325	20106
14	.....	.....	.....	.....	.....	HOLIDAY			.....	.....	.....	.....	.....
16	12092	12317	7311	8717	N.A.	12288	9420	9842	11248	12654	13076	15607	20246
17	.....	.....	.....	.....	.....	MARKET CLOSED			.....	.....	.....	.....	.....
18	11810	11979	7030	8717	N.A.	11867	8858	9139	10967	12654	13076	15607	20246
19	12232	12401	7030	8717	N.A.	12035	8858	9280	10967	12654	13076	15607	20246
20	12288	12429	7030	8717	N.A.	12092	8858	9280	11248	12991	13216	15607	20246
21	12429	12570	7311	8998	N.A.	12176	8858	9280	11389	13076	13216	15607	20246
23	12513	12654	7311	8998	N.A.	12317	8858	9842	11670	13076	13357	15607	20246
24	12570	12710	7592	9083	N.A.	12457	8858	10123	11670	13216	13498	15607	20246
25	12626	12766	7733	9364	N.A.	12513	8858	10123	11810	13216	13638	15607	20246
26	12654	12795	7874	9561	N.A.	12654	8858	10123	11810	13273	13638	15607	20246
27	12654	12795	7874	9561	N.A.	12654	8858	10123	11810	13273	13638	15607	20246
28	.....	.....	.....	.....	.....	HOLIDAY			.....	.....	.....	.....	.....
30	12429	12570	7592	8998	N.A.	12373	8155	9561	11248	13076	13216	15185	19684
31	11951	12007	7030	8858	N.A.	11951	8717	9561	11248	12935	13216	14904	19122
H	12963	13104	8295	10686	-	13919	10686	10967	11810	14060	14904	16310	20528
L	11810	11979	7030	8717	-	11867	8155	9139	10967	12232	12654	14904	19122
A	12431	12575	7586	9250	-	12649	9433	10013	11401	12991	13455	15625	20210

H = Highest L = Lowest A = Average

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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 June 2011						
					4 th	6 th	7 th	8 th	9 th	10 th	
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	11951 (42500)	11810 (42000)	11810 (42000)	12092N (43000)	12232N (43500)	12232N (43500)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	12007 (42700)	11867 (42200)	11867 (42200)	12148N (43200)	12288N (43700)	12288N (43700)
03.	ICS-102	22mm	V-797	4.5-5.9	19	6749 (24000)	6468 (23000)	6468 (23000)	6327 (22500)	6327 (22500)	6327 (22500)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	8858 (31500)	8717 (31000)	8717 (31000)	8577 (30500)	8577 (30500)	8577 (30500)
05.	ICS-104	24mm	Y-1	4.0-5.5	20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23	11810 (42000)	11670 (41500)	11670 (41500)	11529 (41000)	11529 (41000)	11529 (41000)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	8577 (30500)	8436 (30000)	8436 (30000)	8295 (29500)	8295 (29500)	8295 (29500)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	9420 (33500)	9280 (33000)	9280 (33000)	9280 (33000)	9280 (33000)	9280 (33000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	11107 (39500)	10967 (39000)	10967 (39000)	10686 (38000)	10826 (38500)	10826 (38500)
10.	ICS-105	29mm	S-6	3.5-4.9	26	12513 (44500)	12373 (44000)	12373 (44000)	12092 (43000)	12232 (43500)	12232 (43500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	12795 (45500)	12654 (45000)	12654 (45000)	12373 (44000)	12373 (44000)	12373 (44000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	14622 (52000)	14341 (51000)	14341 (51000)	14060 (50000)	14060 (50000)	14060 (50000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	18981 (67500)	18670 (66500)	18670 (66500)	18559 (66000)	18559 (66000)	18559 (66000)

Note: Figures in bracket indicate prices in Rs./Candy), N= Nominal