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Cotton Association of India

# COTTON STATISTICS & NEWS

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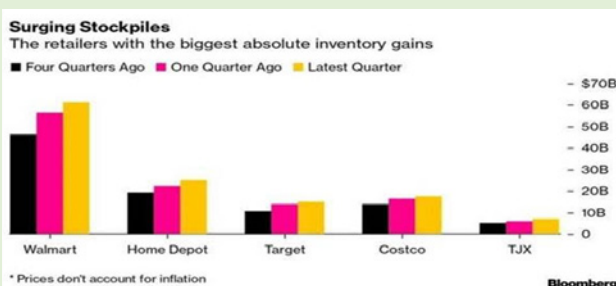
## The Month That Was - Snippets for June 2022

### Inflation Watch

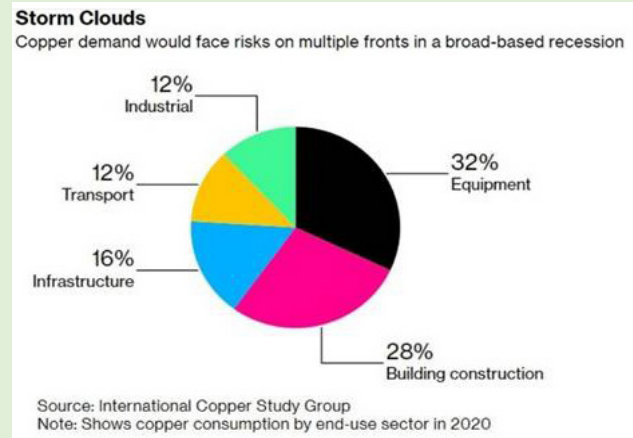


The ECB is planning to raise rates by 25bp in July and again in September, although some members want to consider a 50bp hike. Recent euro-region inflation readings have only intensified calls to act. Meanwhile, fears of stagflation will be fueled by a separate report out of Paris showing the French economy contracted 0.2% in the first quarter from the previous three months. That's a downward revision from an initial reading of no growth.

### US Retailers with Monster Inventory

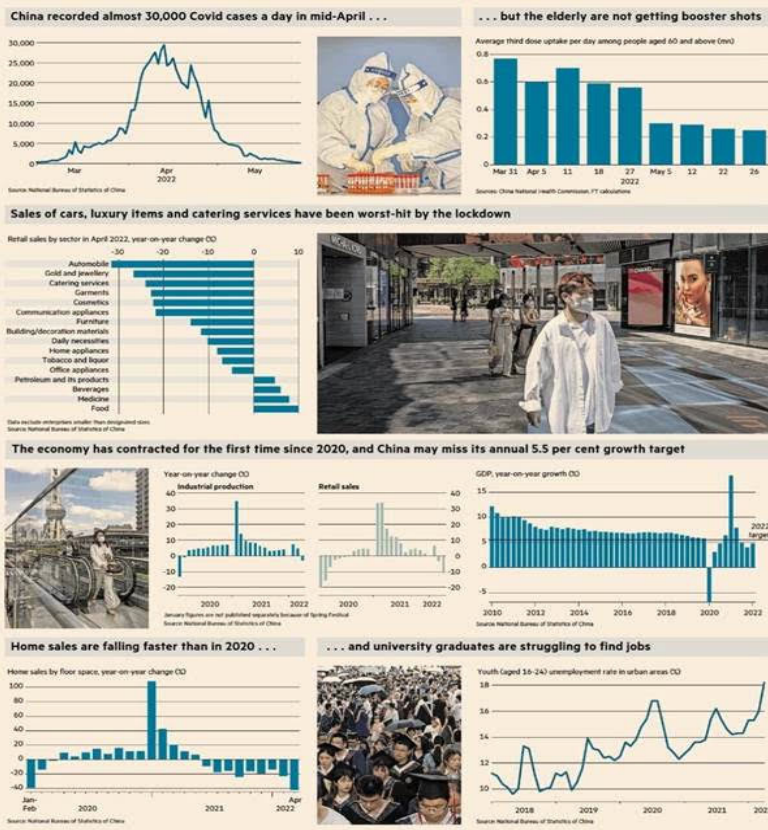


### Metals Haven't Crashed This Hard Since the Great Recession



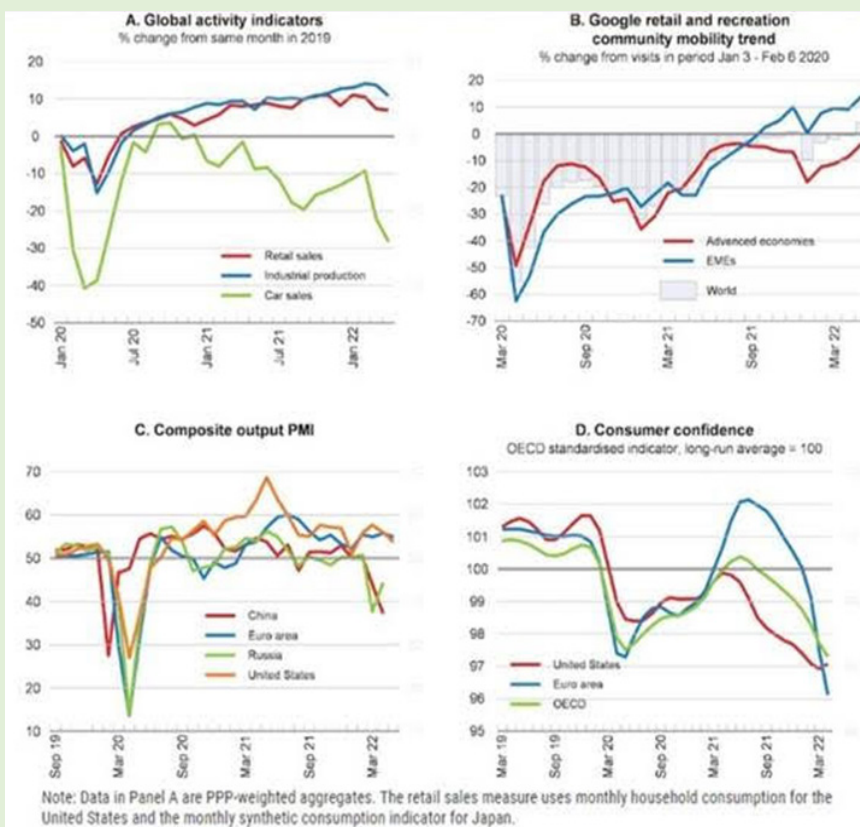
Prices for copper, tin and other metals plummeted as recession fears grew. Industrial metals are on track for the worst quarter since the 2008 financial crisis as prices are pummeled by recession worries. Copper, the great economic bellwether, has ricocheted into a bear market from a record four months ago, while tin just tumbled 21% in its worst week since a 1980s crisis froze London trading for four years. It's a dramatic reversal from the past two years, when metals surged on a wave of post-lockdown optimism, inflationary predictions and supply snarls. Now, inflation is here and supplies are still tight. But prices are plummeting as worries about a slowdown in industrial activity across major economies dovetail with slumping demand in China.

# How Zero-Covid Policy is Crippling China



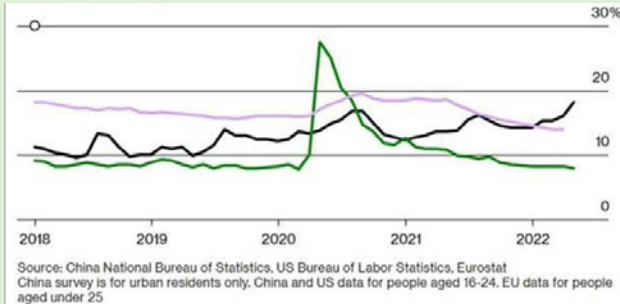
The cost of Xi Jinping’s efforts to keep the country free of coronavirus, has caused widespread damage to the economy. Chinese leaders have long believed they can bend nature to their will. In the 1950s, Mao Zedong demanded rats, flies, mosquitoes and sparrows be eradicated. Now, President Xi Jinping, the most powerful leader in a generation, is battling another force of nature as he tries to keep the country free of Covid-19. China’s official death toll from the pandemic stands at 5,226, compared with more than 1mn in the US and 179,000 in the UK. The deteriorating conditions have divided Chinese society and sparked rare criticism of the government from the middle class and some business leaders, including Pony Ma, founder of social network giant Tencent. Among the hardest hit are the 380mn migrant labourers, who are the first to be laid off when companies are hit by downturns.

# Gloomy Outlook for Global Economic Growth



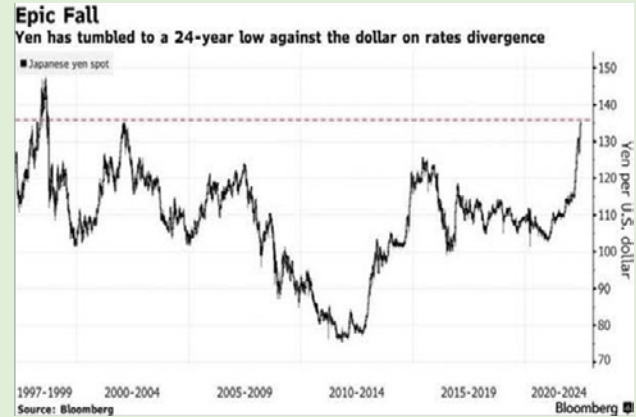
Economic outlook expects global growth to slow sharply to 3% in 2022 and 2.8% in 2023, from 5.8% last year. The world is paying a heavy price for Russia’s war in Ukraine. It is a humanitarian disaster, killing thousands and forcing millions from their homes. The war has also triggered a cost-of-living crisis, affecting people worldwide. When coupled with China’s zero-COVID policy, the war has set the global economy on a course of slower growth and rising inflation - a situation not seen since the 1970s. Rising inflation, largely driven by steep increases in the price of energy and food, is causing hardship for low-income people and raising serious food security risks in the world’s poorest economies.

## Youth Unemployment Rates Across China, US and EU



Fears are growing that joblessness will get worse in China, surpassing even the peak in 2020 when the coronavirus first began spreading. The latest wave of omicron outbreaks and crippling lock-downs in places such as Shanghai have forced companies to cut headcount or reduce wages if they were fortunate enough to stay in business. Millions of people who were fired from internet companies, edutech firms, and property businesses, are still trying to find work. And a record 10.76 million university students will graduate in 2022 and flood the labour market. The angst of young people is being vented on social media and spilling over into rare protests about Covid control at some universities. These are tensions the Communist Party would be highly sensitive to as it prepares for a twice-a-decade Congress in the fall, when President Xi Jinping is expected to secure an unprecedented third term as leader.

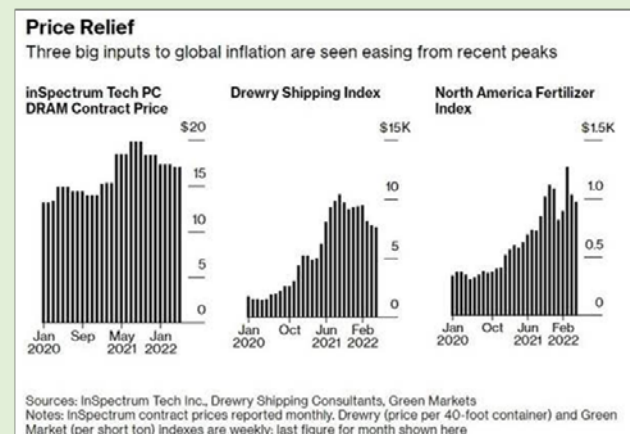
## Five Pressure Points to Watch in Asia After Fed's Uncommon Hike



Yen and Asia tech stocks are among most volatile assets recently. Risky Indonesian bonds are the most sensitive to US rate moves. Asia traders are waking up to a relief rally across the Pacific after Federal Reserve Chair Jerome Powell promised the biggest rate hike since 1994 won't be the rule. But nerves are frayed after this month's market volatility and his warning that growth will slow and unemployment climb, could still result in new bouts of risk asset selling. Here are five key pressure points to watch in Asian markets as the yen, pushed to a 24-year low against the dollar is caught between a hawkish Fed and dovish Bank of Japan, will be in the cross-hairs of macro traders once more. It did strengthen in the aftermath of the Fed meeting.

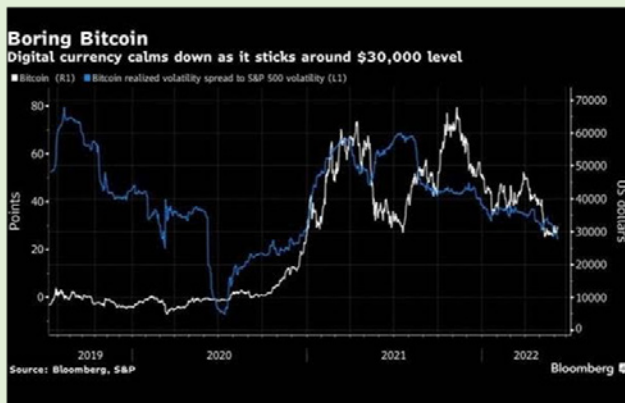
## Signs That Inflation May Have Peaked in Chips, Shipping and Fertilizer

Prices for chips and shipping containers have come off peaks. Central bankers are scrambling to snuff out soaring inflation. Three of the key supply-side factors driving today's global inflation levels have already turned around, meaning relief could be on the horizon for shoppers worldwide. A bellwether semiconductor price -- a barometer of costs of finished electronics products as diverse as laptops, dishwashers, LED bulbs, and medical devices delivered worldwide -- is now half its July 2018 peak and down 14% from the middle of last year. The spot rate for shipping containers -- which tells us more about expenses we can expect later in the pipeline for apparel in Chicago, luxury items in Singapore or home furnishings in Europe



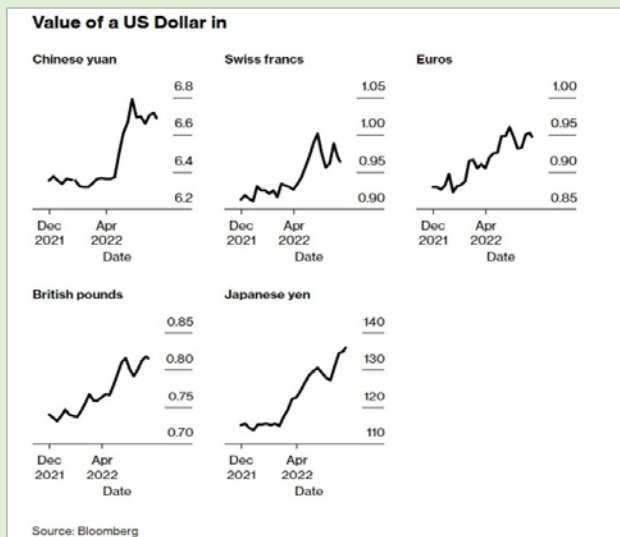
-- has declined 26% since its Sep 2021 all-time high. North America's fertilizer prices -- an indicator of where global food inflation is going, including bills for tomatoes.

## Will Bitcoin Get Back Its Mojo?



It's been a grim year for markets as inflation and recession fears arm wrestle for pride of narrative place. Adding to the gloom has been Bitcoin, not just because it has come crashing down by more than 30%, but because it's threatening to do something unprecedented – it looks like it's becoming boring. Bitcoin has become well and truly stuck around the \$30,000 mark, with realised volatility dropping toward the lows it reached during the pandemic, relative to equities. Part of the tedium is that the virtual currency has barely gained in 2022 – it peaked near the end of March up a mere 3.5% for the year. The question is whether Bitcoin can get back its mojo as rate hikes boost the dollar.

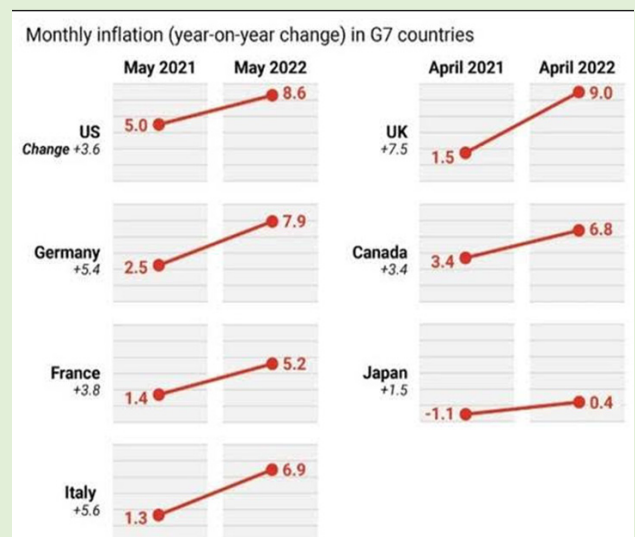
## The Global Currency Wars Have Begun



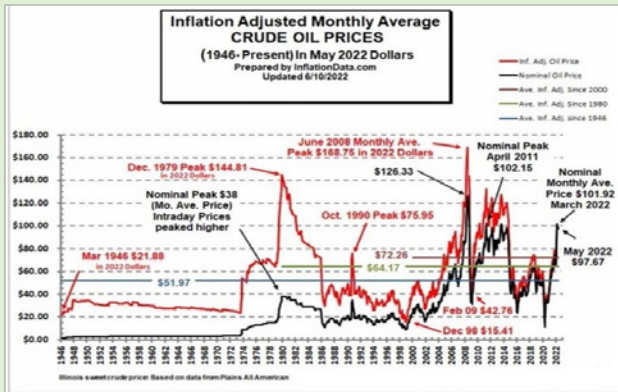
Desperate to tame rising prices, central bankers are vying to boost domestic buying power at the expense of exporters. The US dollar had been soaring—now up 7% for the year—as the Federal Reserve prepared to aggressively combat inflation. And so one by one, central bankers elsewhere, just as desperate to tame the relentless march of inflation in their own backyards, began sending not-so-subtle signals that they would for once welcome a stronger currency—which helps reduce the cost of imports by boosting buying power abroad. It's a form of intervention so rare that their jawboning alone moved markets. The value of currencies has emerged as an ever-larger part of the inflation equation. Goldman Sachs Group Inc. economist Michael Cahill says he can't recall a time when the central banks of developed nations have ever targeted stronger currencies so aggressively.

## Rich Countries Feel Inflation Pinch

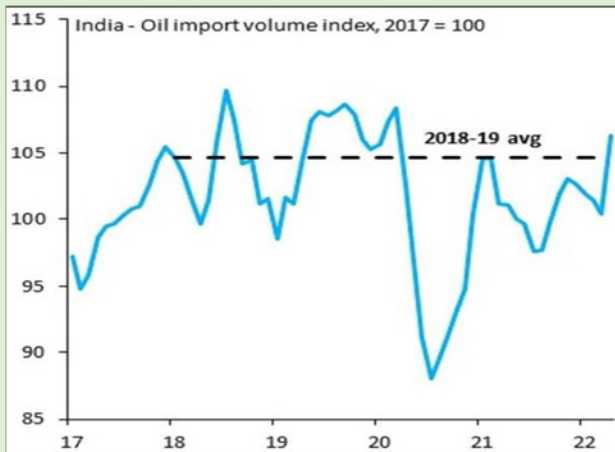
In almost all advanced economies, consumer prices have risen substantially compared to pre-COVID times. The international media have been intently focused on the dire inflationary trend in the United States, where inflation recently hit 8.6% – a 40-year high. Indeed, this swing prompted the Federal Reserve to step in this week and implement its largest interest rate hike since 1994. But the US is just one of many advanced economies feeling the burn of sluggish growth and inflation. In fact, several large economies have experienced even bigger rises in inflation over the past year.



## Inflation Adjusted Monthly Average Crude Oil Prices

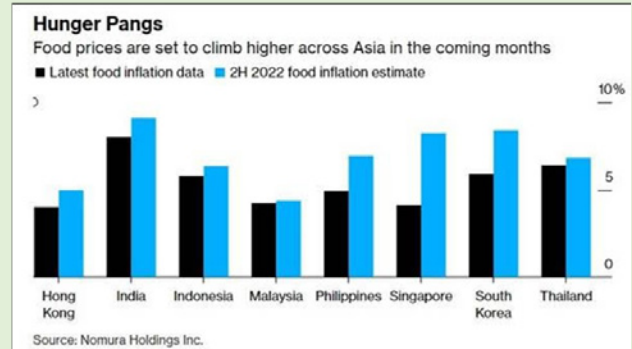


## India Oil Import Index



As the economy recovers, India’s oil import volume surpassed the 2018-19 average. Even though there’s still slack in the economy, the current account deficit will widen to 3.5% of GDP. Possibly more when growth recovers fully. This means persistent rupee depreciation pressure.

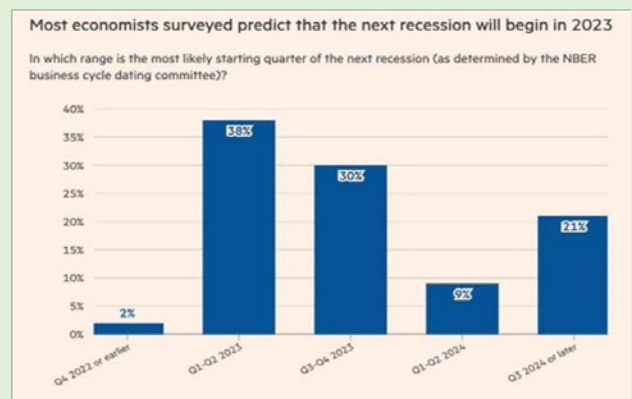
## Hunger Pangs Across Asia as Food Prices Climb Higher



Asia’s red-hot food prices will likely heat up further in the coming months, with Singapore, South Korea and the Philippines set to see the sharpest price increases, according to Nomura Holdings Inc. Food prices in Asia ex-Japan rose 5.9% annually in May, from 2.7% in December, Nomura said in a report Monday. That rate should accelerate in the second half of the year given the roughly six-month lag between the movement of global food costs and their impacts in Asia. Issues like China’s pandemic lockdowns, Thailand’s swine fever outbreak and India’s heat wave add to woes. “Consumers’ perception of inflation is strongly influenced by the prices of frequently purchased necessities, such as food, and can lead to higher inflation expectations,” it said, adding that Jakarta and Manila have already had to raise minimum wage levels to account for the higher cost of living. Inflation is already spreading beyond cereals and edible oils to other categories like meat, processed food and even dining out,” Nomura said.

## US Economists Predict Next Recession in 2023

When asked when the next recession will strike the US, 68% of US economists now think in 2023, a plurality in 1st half. FT-IGM Survey forecasts downturn in 2023 as Fed tries to stamp out worst inflation in 40 years. The US economy will tip into a recession next year, according to nearly 70 per cent of leading academic economists polled. 40 per cent of the 49 respondents project that the National Bureau of Economic Research – the arbiter of when recessions begin and end – will declare one in the first or second quarter of 2023. 1/3rd believe it after 2nd Q of 2023.



## The World's Bubbiest Housing Markets Are Flashing Warning Signs

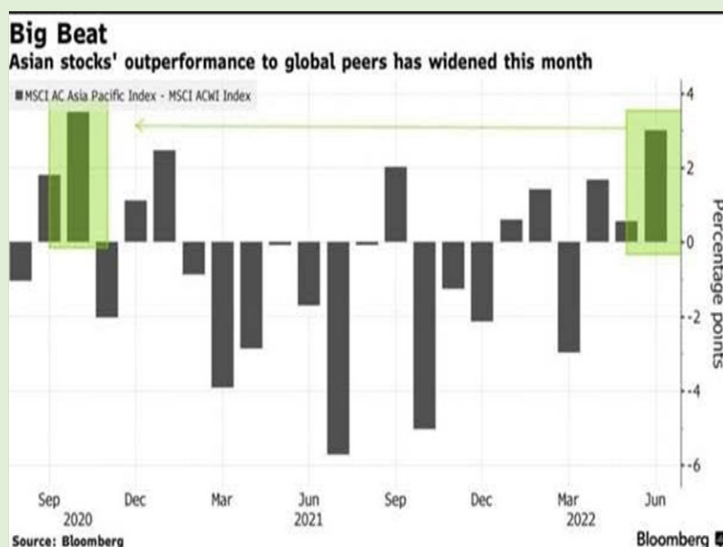
### New Zealand at Top of Risk Ranking

Five gauges of property risk for OECD member and accession countries

	Rank	Price-to-Rent Ratio	Price-to-Income Ratio	Real Price Growth (%)	Nominal Price Growth (%)	Credit Growth (%)
New Zealand	1	156.8	143.9	27.6	23.1	1.5
Czech Republic	2	169.7	140.9	25.8	20.2	2.4
Hungary	3	160.5	131.4	19.5	11.2	-0.5
Australia	4	141.5	119.7	23.7	21.1	-3.3
Canada	5	154.9	143.0	17.6	12.2	-4.7
Portugal	6	156.0	146.8	11.6	9.4	-2.0
US	7	139.2	135.9	18.7	11.7	-2.5
Austria	8	134.1	140.9	14.9	11.9	-1.3
Russia	9	157.6	99.8	22.8	11.6	-1.4
Luxembourg	10	166.5	143.7	12.1	8.2	-5.7
Netherlands	11	148.8	137.8	16.7	7.8	-3.3
Germany	12	147.6	135.9	12.2	7.2	-0.9
Sweden	13	129.2	116.3	11.1	8.0	-1.2
Switzerland	14	121.7	121.2	8.3	7.0	-1.7
UK	15	126.8	120.1	10.5	6.0	-4.1
Chile	16	132.3	124.5	11.9	6.9	-7.8
South Korea	17	113.5	100.4	9.9	6.7	3.1
Japan	18	114.8	109.1	7.3	7.4	1.3
France	19	127.3	112.6	7.3	4.5	-2.3
Spain	20	129.5	124.7	6.3	2.2	-6.4
Poland	21	121.4	108.2	12.1	3.4	-6.4
Greece	22	129.6	103.7	7.9	6.4	-7.0
Ireland	23	124.6	114.8	13.9	7.0	-12.6
Colombia	24	121.8	114.1	7.7	2.2	-6.2
Denmark	25	126.4	114.1	4.1	0.6	-6.4
Belgium	26	117.3	108.3	6.0	1.4	-5.6
Norway	27	122.4	111.0	8.1	4.3	-13.6
Finland	28	101.0	101.6	3.9	0.7	-2.3
Italy	29	103.0	94.7	4.1	0.9	-3.3
South Africa	30	103.6	100.0	3.4	-2.2	-7.1

Global monetary tightening is squeezing homebuyers, adding risks that a slowdown could ripple through the economy. As central banks around the globe rapidly increase interest rates, soaring borrowing costs mean people who were already stretching to buy property are finally reaching their limits. The effects are being seen in countries such as Canada, the US and New Zealand, where once-hot residential real estate markets have suddenly turned cold. It's a sharp reversal from years of surging prices fuelled by rock-bottom mortgage rates and government stimulus, along with a pandemic that popularized remote work and sent homebuyers on the hunt for bigger spaces. An analysis by Bloomberg Economics shows that 19 OECD countries have combined price-to-rent and home price-to-income ratios that are higher today than they were ahead of the 2008 financial crisis – an indication that prices have moved out of line with fundamentals.

## China's Stock Rally Is Becoming a Lifeline for Asian Portfolios



MSCI Asia Pacific Index is faring better than world gauge in June. China's easing stance, lifting of lockdowns to help region and Chinese stocks' outstanding resilience in a global selloff, is giving Asia investors hopes that regional equities will get a lift in the second half. In a brutal month that's seen the world's major stock indexes tumble into bear markets, Chinese shares have jumped. Their high weighting has helped put the Asian benchmark on track to beat a global gauge by the most since October 2020 this month. It's "very likely that China stocks will help Asia outperform given that China's stimulus effect will be more pronounced in the second half," said Kerry Goh, chief investment officer at Kamet Capital Partners Pte. "Economically, Asia is more dependent on China than the rest of the world."

# COTTON ASSOCIATION OF INDIA



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DON'T USE THEIR CHILDHOOD FOR EARNING  
SAY NO TO CHILD LABOUR**

UPCOUNTRY SPOT RATES													
								(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [ By law 66 (A) (a) (4) ]								Spot Rate (Upcountry) 2021-22 Crop June 2022					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	20th	21st	22nd	23rd	24th	25th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	19965 (71000)	19825 (70500)	19543 (69500)	19122 (68000)	17716 (63000)	17434 (62000)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	20162 (71700)	20021 (71200)	19740 (70200)	19318 (68700)	17912 (63700)	17631 (62700)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	16984 (60400)	16872 (60000)	16731 (59500)	16450 (58500)	15888 (56500)	15747 (56000)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	18559 (66000)	18419 (65500)	18278 (65000)	17997 (64000)	17434 (62000)	17294 (61500)
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	20246 (72000)	20162 (71700)	19965 (71000)	19684 (70000)	19122 (68000)	18981 (67500)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	25505 (90700)	24942 (88700)	24380 (86700)	23816 (84700)	22412 (79700)	21849 (77700)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	20949 (74500)	20809 (74000)	20528 (73000)	19965 (71000)	19262 (68500)	19122 (68000)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	25786 (91700)	25477 (90600)	24914 (88600)	24071 (85600)	22102 (78600)	21540 (76600)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	21709 (77200)	21427 (76200)	21090 (75000)	20387 (72500)	19825 (70500)	19403 (69000)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	23480 (83500)	23199 (82500)	22918 (81500)	22355 (79500)	21793 (77500)	21652 (77000)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	26264 (93400)	25983 (92400)	25420 (90400)	24717 (87900)	23030 (81900)	22496 (80000)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	27276 (97000)	27079 (96300)	26798 (95300)	26152 (93000)	25589 (91000)	25449 (90500)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	27333 (97200)	27136 (96500)	26855 (95500)	26208 (93200)	25645 (91200)	25505 (90700)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	27079 (96300)	26855 (95500)	26573 (94500)	26011 (92500)	25308 (90000)	25308 (90000)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	26995 (96000)	26573 (94500)	26152 (93000)	25449 (90500)	24043 (85500)	23761 (84500)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	27979 (99500)	27839 (99000)	27417 (97500)	26855 (95500)	26292 (93500)	26152 (93000)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	28036 (99700)	27895 (99200)	27473 (97700)	26911 (95700)	26348 (93700)	26208 (93200)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	27839 (99000)	27698 (98500)	27417 (97500)	26855 (95500)	26152 (93000)	25870 (92000)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	28823 (102500)	28682 (102000)	28261 (100500)	27558 (98000)	26995 (96000)	26555 (95500)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	28964 (103000)	28823 (102500)	28401 (101000)	27698 (98500)	27136 (96500)	26995 (96000)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	29526 (105000)	29245 (104000)	28823 (102500)	28120 (100000)	27558 (98000)	27417 (97500)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	29666 (105500)	29385 (104500)	28964 (103000)	28261 (100500)	27698 (98500)	27558 (98000)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	30369 (108000)	30369 (108000)	29948 (106500)	29526 (105000)	29245 (104000)	29104 (103500)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	31354 (111500)	31354 (111500)	30932 (110000)	30510 (108500)	30229 (107500)	30088 (107000)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	31635 (112500)	31635 (112500)	31213 (111000)	30791 (109500)	30510 (108500)	30369 (108000)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	32478 (115500)	32478 (115500)	32057 (114000)	31635 (112500)	31354 (111500)	31213 (111000)

(Note: Figures in bracket indicate prices in Rs./Candy)