

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

2012 * No. 15 * 10/07/2012

Edited & Published by Amar Singh

World Cotton Trade to Decline Significantly in 2012/13 - ICAC

In its latest release on July 2, the International Cotton Advisory Committee (ICAC) states that after a 20 percent jump to 9.2 million tons in 2011-12, the volume of cotton traded internationally is expected to drop by 18 percent to 7.6 million tons in 2012-13.

The leap in global cotton trade in 2011-12 does not reflect improved demand for cotton. In fact, global cotton mill use is estimated down by 7 percent to 22.7 million tons, the smallest in eight years. High and volatile prices and a slowing global economy drove demand for cotton yarn down. Increased cotton trade in 2011-12 is due to a near doubling of shipments to China to 5.1 million tons. Chinese mills have turned to imports to compensate for the shortage of domestic cotton caused by the rebuilding of the national reserve. In addition, large quantities of cotton were imported by the Chinese government specifically to help rebuild that national reserve. In contrast, cotton deliveries to other countries than China have fallen by 18 percent in 2011-12.

A small rebound in global cotton mill use is projected in 2012-13, on the basis of lower prices and a more robust global economy. This improved demand will boost cotton imports, but not enough to offset the expected drop in demand by China, which now holds large stocks. Imports by China are projected to fall by almost half to 2.7 million tons in 2012-13, whereas imports by the rest of the world could rebound by 18 percent to 4.9 million tons.

Exports from the United States and Francophone Africa are expected to increase in 2012-13, due to

increased production. However, most other large exporting countries will experience a decline in their shipments due to a smaller crop and increased competition for a reduced export pie.

Global 2012-13 cotton production is forecast at 24.9 million tons, down by 8 percent from this season: the decline in prices during 2011-12 has driven cotton plantings down this year in many countries. Global stocks are expected to expand by 10 percent in 2012-13 to 15.1 million tons.

By the end of July 2013, global cotton stocks could represent 64 percent of global consumption, the highest stocks-to-use ratio since the mid-1980s. The projected accumulation of cotton stocks will weigh on international cotton prices in 2012-13. The world cotton balance sheet as projected by the ICAC is given below:

World Cotton Supply and Distribution			
	2010/11	2011/12	2012/13
	Million Tons		
Production	25.103	27.161	24.87
Consumption	24.490	22.743	23.53
Imports	7.675	9.237	7.56
Exports	7.624	9.170	7.56
Ending Stocks	9.308	13.792	15.13
Cotlook A Index*	1.64	1.02**	

* Season-average (US \$ per pound)

** Average for first eleven months of the season August 2011 to June 2012)

(Source: ICAC Press Release)

Exports Dip 4.16 Percent in May on Global Slowdown; Manufacturing Woes

Global slowdown and deceleration in domestic manufacturing pulled down India's exports by 4.16 per cent to USD 25.68 billion in May.

According to the provisional data released by the Commerce Ministry, imports dipped by a sharper pace of 7.36 per cent to USD 41.9 billion.

The contraction in imports reflects slowdown in fresh investments as inward shipments of plant and machinery fell by 8 per cent during the month under review. The trade deficit narrowed to USD 16.2 billion in May, from USD 18.4 billion a year ago.

Dismal export performance comes at a time when India's economic growth slipped to 9-year low of 6.5 per cent in 2011-12 and flat industrial output growth in April. Commerce Secretary has stated that contraction of demand in India's traditional markets particularly in Euro zone economies was hurting exports. The decline in exports is mainly due to the global slowdown and deceleration in domestic manufacturing. Many countries are facing huge setback in exports and India is no exception to it. During April-May 2012, India's shipments contracted

by 0.69 per cent to USD 50.13 billion from USD 50.48 billion in the same period last year. Decline in exports in May were particularly witnessed in top exporting commodities like petroleum products (-26 per cent), engineering goods (-15.67 per cent), gems and jewellery (-9 per cent) and readymade garments (-15.82 per cent). On the import front, gold and silver was down by about 51 per cent, while plant and machinery dropped 8 per cent. However, imports of crude oil were up 14 per cent.

During the first two months of the current fiscal, imports contracted by 2.42 per cent to USD 79.88 billion from USD 81.87 billion. Trade deficit during the period declined to USD 29.75 billion, from USD 31.38 billion in April-May 2011.

While oil imports in May grew by 14.02 per cent to USD 14.98 billion, non-oil imports declined by 16.11 per cent to USD 26.95 billion. During April-May 2012, oil imports rose by 10.51 per cent to USD 28.89 billion from USD 26.14 billion in the corresponding period last year. However, non-oil imports declined by 8.49 per cent to USD 50.99 billion.

(Source: Tecoya Trend - 02.07.2012)

CONSUMPTION OF COTTON BY TEXTILE MILLS (COTTON YEAR – WISE) – Non SSI (lakh bales)

Months	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11(P)	2011-12
NON SSI									
October	10.92	12.97	13.97	15.74	16.40	14.93	16.44	19.88	16.01
November	11.90	12.49	13.60	16.15	15.20	15.26	16.71	19.04	16.47
December	12.97	13.83	14.75	16.74	16.91	16.23	17.66	20.30	18.17
January	12.95	13.16	14.84	16.52	16.69	15.43	17.71	20.01	18.55
February	12.44	12.77	13.80	15.41	16.33	14.66	16.96	18.22	18.49
March	13.04	13.75	15.49	16.56	16.59	15.74	18.08	19.48	18.51
April	12.52	13.60	14.87	16.29	16.18	15.45	18.68	18.17	18.49
May	12.75	14.05	15.30	16.08	17.05	16.12	19.03	17.73	
June	12.61	13.89	15.17	16.07	16.66	16.27	18.81	16.31	
July	12.94	14.04	15.78	16.52	16.63	17.26	20.07	16.95	
August	12.86	15.73	16.30	16.70	15.88	16.91	19.72	16.15	
September	12.49	13.70	16.23	16.13	15.15	16.68	19.30	19.77	
TOTAL	150.39	163.98	180.10	194.91	195.67	190.87	219.16	221.11	124.68
SSI Units	12.99	16.57	18.85	21.27	22.08	20.22	22.72	24.70	21.00
Non-Mill consumption*	13.71	14.32	20.00	15.85	19.13	18.94	20.00	22.00	20.00
Total Consumption	177.09	194.95	218.95	232.03	236.88	230.09	257.76	267.40	252.00
Production*	179.00	243.00	241.00	280.00	307.00	290.00	305.00	339.00	347.00

Note : * - As per CAB meeting P = Provisional .
Source: Office of the Textile Commissioner, Mumbai.

States Plan to Promote Cotton Output

With funds for cotton from the central government shrinking, some of the cotton producing states are devising schemes to promote production of the commodity.

States like Gujarat, Maharashtra and Haryana have either launched separate schemes or have joined hands with private companies to boost the area under production.

The Central annual allocation for the technical mission on cotton now hovers around Rs 12-15 crore against an allocation of Rs 60-70 crore earlier. Official sources say the government is in the process of winding up the mission. The centre will focus on areas of national importance, mostly from the point of view of high-end agriculture and food security, said an official source.

Gujarat, where cotton is one of the major commercial crops, for instance, has launched a separate project called "intensive project for distribution of Bt cotton seeds with micro nutrients" for 2012-13. "The project is run with funds from the state and the centre. It is aimed at developing the crop intensity per area rather than increasing the overall acreage," said a state government official.

Maharashtra, meanwhile, has adopted the public-private partnership mode for all major commercial crops like oilseeds, cotton and sugarcane. Under this mode, funds have been pooled in from the state, centre (Rashtriya Krishi Vikas Yojana), private companies and farmers. The farmers will pay a subsidised rate for utilities like seed distribution and drip irrigation, among others.

Haryana, on the other hand, has launched a state-specific technical mission on cotton fearing discontinuation of the present central government sponsored mission. According to officials, this will be the first time a state has gone ahead with a state-sponsored technical mission for a crop.

In fact, Punjab and Haryana have shifted focus on cotton and sunflower as commercial crops, since the soil productivity of these states for rice and wheat has been declining. Moreover, for food crops, the focus of the central government has shifted to the eastern region where the states are being given incentives to increase food crop production as part of the second green revolution in eastern India.

According to the latest data from the Union ministry of agriculture, cotton sowing across the country at the start of the kharif season for 2012-13 has taken a beating. It has fallen to 1.3 million hectares, down 200,000 hectares from 1.5 million hectares in the previous year.

To cope with the decline in sowing, the government is looking to increase production per unit area rather than increase the absolute area of cotton production.

Taking a cue from Brazil, India is aiming at high density planting with a target production per unit area of 550 kg/hectare.

In collaboration with the government of Maharashtra, a pilot project in this regard has already been launched in Nagpur.

(Source: Business Standard - 05.07.2012)

Gujarat Kharif Sowing Down 21 Percent on Delayed Rains

Delayed rains have hampered sowing of kharif crops, such as groundnut, cotton and paddy in Gujarat, bringing it down by 21 per cent this season.

According to the state agriculture department, till July 2, sowing was recorded at 949,000 hectares, against 1.2 million hectares in the same period a year ago.

Cotton has been sown on about 537,000 hectares, down from 600,000 hectares in the corresponding period last year. Paddy sowing has not been taken up till now. Kharif crop is sown between May and August.

The India Meteorological Department data shows rainfall deficit between 60 per cent and 90 per cent in most parts of the state. The southwest monsoon usually hits Gujarat by June 15. The Met department has forecast light to moderate rains across Gujarat over the next one-two days.

The agriculture department has noted that last week only two per cent area was added to kharif crop sowing.

Cotton sowing is lower compared to last year. Also, lower prices of cotton this year would prompt farmers to shift to other crops like castor and guar. So, the total cotton acreage may fall by 10-15 per cent this year, a cotton trader in Ahmedabad informed.

(Source: Business Standard - 05.07.2012)

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) 2011-12 Crop July 2012					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	2nd	3rd	4th	5th	6th	7th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	10967 (39000)	11164 (39700)	11332 (40300)	11332 (40300)	11389 (40500)	11389 (40500)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	11332 (40300)	11529 (41000)	11698 (41600)	11698 (41600)	11754 (41800)	11754 (41800)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	7620 (27100)	7677 (27300)	7677 (27300)	7677 (27300)	7677 (27300)	7649 (27200)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	8183 (29100)	8323 (29600)	8436 (30000)	8436 (30000)	8436 (30000)	8436 (30000)
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	9195 (32700)	9280 (33000)	9251 (32900)	9251 (32900)	9195 (32700)	9167 (32600)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	8605 (30600)	8717 (31000)	8858 (31500)	8858 (31500)	8858 (31500)	8830 (31400)
8	M/M/A	ICS-105	Fine	26mm	3.5 – 4.9	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 – 4.9	26	9420 (33500)	9533 (33900)	9505 (33800)	9505 (33800)	9448 (33600)	9420 (33500)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	8745 (31100)	8858 (31500)	8998 (32000)	8998 (32000)	8998 (32000)	8970 (31900)
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 – 4.9	27	9533 (33900)	9701 (34500)	9561 (34000)	9561 (34000)	9505 (33800)	9476 (33700)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	9476 (33700)	9561 (34000)	9701 (34500)	9701 (34500)	9701 (34500)	9673 (34400)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	9505 (33800)	9645 (34300)	9589 (34100)	9589 (34100)	9589 (34100)	9561 (34000)
15	M/M/ A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	9701 (34500)	9701 (34500)	9842 (35000)	9842 (35000)	9842 (35000)	9814 (34900)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	9701 (34500)	9758 (34700)	9701 (34500)	9701 (34500)	9701 (34500)	9673 (34400)
17	M/M/ A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	9842 (35000)	9983 (35500)	9983 (35500)	9983 (35500)	9983 (35500)	9954 (35400)
18	M/M/A/ K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	10404 (37000)	10489 (37300)	10545 (37500)	10545 (37500)	10545 (37500)	10545 (37500)
19	K/A/ T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	10686 (38000)	10826 (38500)	10882 (38700)	10882 (38700)	10882 (38700)	10882 (38700)
20	M(P)/ K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	14060 (50000)	14060 (50000)	14060 (50000)	14060 (50000)	14060 (50000)	14060 (50000)

(Note: Figures in bracket indicate prices in Rs./Candy) N.Q. = Not Quoted