



Cotton Statistics And News

2011-12 * No. 15 * 12/07/2011

Edited & Published by Amar Singh

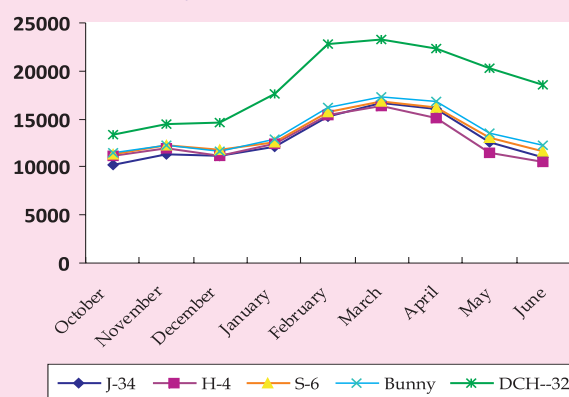
Further Steep Fall in Cotton Prices During June

After steadily, and sometimes steeply, rising upto March and touching record levels, cotton prices had taken a reverse turn in April when they moved slightly down. They fell steeply in May and this bearish trend persisted in June also with prices steeply falling further. The monthly average prices since the commencement of the current season, along with the corresponding prices during last year, in respect of a few representative varieties 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)
June'11	11,019 (8,070)	10,481 (7,986)	11,658 (8,267)	12,197 (8,523)	18,486 (11,754)

Note: Figures in brackets denote corresponding prices last year.

Monthly Avg. Spot Rate (Rs/Qtl.)



The fall in prices during June compared to May has ranged from Rs. 920 to Rs. 1724 per quintal. The maximum decline was in the case of DCH-32 and the minimum in the case of H-4. When compared to April prices, the fall in June has been as high as Rs. 3919 to Rs. 5054 per quintal, the maximum being in the case of J-34 and the minimum in the case of the ELS cotton, DCH-32. Percentage-wise, the fall in June compared to April was 31 per cent each in the case of J-34 and H-4, 28 per cent each in the case of S-6 and Bunny and 17 per cent in the case of DCH-32.

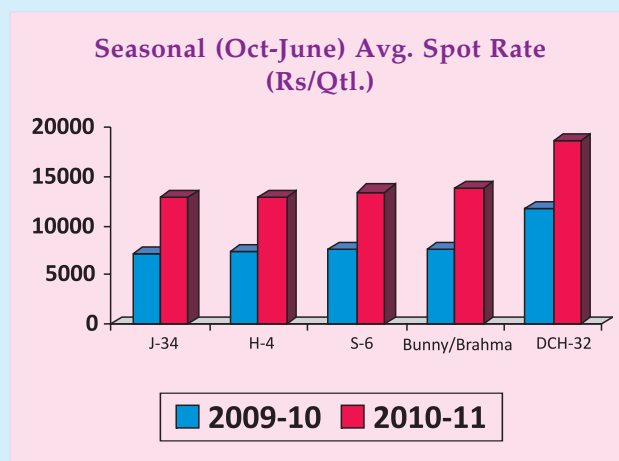
Fluctuations in cotton prices are, of course, the general rule but the volatility witnessed this year has perhaps been unprecedented, and not witnessed in recent years atleast. Interestingly, at the global level also, this year has been marked by extreme volatility in prices and this has been specifically pointed out by the International Cotton Advisory Committee in its recent review of the world cotton situation. The volatility in this year's domestic cotton prices can be gauged from the fact

that the increase from the lowest price that prevailed in October 2010, the beginning of the season, to the peak level reached in March 2011 ranged from 46 per cent in the case of H-4 and 63 per cent in the case of J-34.

There have been quite a few reasons for the steep fall in prices witnessed in June. Primarily, it was the depression in demand. The spinners have been in doldrums since a few months now owing to the unprecedented rise in cotton prices while the yarn prices remained quite low. Even the better off mills are reported to have been struggling to survive. Consequently, spinning mills decided to cut yarn production by 30 per cent. As per reports, their cash reserves had been totally eroded and the working capital was negative. Mills had been nursing huge inventories of yarn and they refrained from buying cotton, leading to the sharp drop in cotton prices in the market. Another reason was the initial reports about the prospects of the 2011-12 cotton crop. In some States, rains were received ahead of the normal period. This and the realisation of good prices for cotton, tempted farmers to step up the area under the crop. Although rains receded later, initial reports were that the average would be up by 15-20 per cent. The production was thus forecast to be correspondingly higher. Traders, ginners and exporters had already been holding huge stocks of cotton and thus there was no move to add to the inventory.

Despite the fall in May and June, the average prices during the current season were much higher compared to the average prices of 2009-10. The relevant data are given below:

Seasonal (Oct-June) Avg. Spot Rate (Rs/Qtl.)			
Variety	2009-10	2010-11	Difference
J-34	7,196	12,952	5,756
H-4	7,413	12,839	5,426
S-6	7,583	13,477	5,894
Bunny	7,621	13,808	6,187
DCH-32	11,652	18,597	6,945



Record Week for Cotton Arrivals; Big 2010/11 Crop Could Grow Bigger

Widespread gains in arrivals across much of India last week are reported to have boosted season-to-date volume, suggesting a record harvest is in the offing. For the week ending July 3rd, arrivals to gins across India followed their seasonal norm and tapered to 144,000 bales, the lowest so far this marketing year. However, this volume is the highest for this same week in history, reflecting broad-based increases across several of the country's largest cotton-producing States. While northern States' arrivals are concluded, Karnataka arrivals jumped to 43,000 bales, the biggest volume on record for this same week. Gujarat volume also climbed, up 75.6% from a year earlier to 72,000, also the most ever for this same week. In fact, of all cotton-producing States, only Maharashtra saw a decline from the same week last year, off a modest 2,000 bales.

The additional 144,000 bales last week pushed season-to-date volume even further ahead of the

same point last year, supporting the outlook for a record harvest this year. At 30.6 million bales (170-kg), marketing year-to-date arrivals now are up 5.0% from this point last year. In fact, this report marks the eleventh time in the last twelve weeks that weekly arrivals outpaced the same week last year, helping season-to-date volume gradually pull further ahead of the same period last year. With a few more weeks' reporting left in 2010/11, this tally already is within just 100,000 bales of the record 30.7 million-bale 170-kg harvest (24.0 million 480 bales) the USDA expects. In fact, given the delayed trend with arrivals this year and the bigger-than-normal volumes over recent weeks, we would not be surprised to see final volume exceed 30.7 million 170-kg bales, suggesting the record harvest size could grow incrementally larger still.

(Source: Globecotnews.com)

UPCOUNTRY SPOT RATES

2010-11 Crop

(Rs. \ Quintal)

June 2011	BD(RG) A. Commila	BD SG	V-797	Jayadhar	Y-1	J-34	NHH-44	LRA-5166	H-4/MECH-1	Shankar-6 Brahma	Bunny/Surabhi	MCU-5/ICS-106	DCH-32
1	11951	12007	7030	8858	N.A.	11951	8717	9561	11248	12935	13216	14904	19122
2	11951	12007	6889	8858	N.A.	11810	8717	9561	11248	12795	12935	14763	19122
3	11951	12007	6889	8858	N.A.	11810	8717	9561	11248	12795	12935	14763	19122
4	11951	12007	6749	8858	N.A.	11810	8577	9420	11107	12513	12795	14622	18981
6	11810	11867	6468	8717	N.A.	11670	8436	9280	10967	12373	12654	14341	18670
7	11810	11867	6468	8717	N.A.	11670	8436	9280	10967	12373	12654	14341	18670
8	12092 N	12148 N	6327	8577	N.A.	11529	8295	9280	10686	12092	12373	14060	18559
9	12232 N	12288 N	6327	8577	N.A.	11529	8295	9280	10826	12232	12373	14060	18559
10	12232 N	12288 N	6327	8577	N.A.	11529	8295	9280	10826	12232	12373	14060	18559
11	....	....	....	....	....	....	HOLIDAY	....	....	....	....	....	....
13	12373 N	12429 N	6186	8436	N.A.	11642	8436	9420	10826	12232	12373	14060	18840
14	12373 N	12429 N	6186	8436	N.A.	11585	8436	9420	10826	12232	12373	14060	18840
15	12429 N	12485 N	6046	8295	N.A.	11445	8436	9139	10686	12092	12232	14060	18700
16	12373 N	12485 N	5905	8295	N.A.	11304	8436	8998	10545	11810	12232	14060	18700
17	12373 N	12485 N	5765	8295	N.A.	10882	7874	8436	10404	11389	11951	13779	18700
18	12429 N	12541 N	5765	8295	N.A.	10657	7874	8436	10264	11248	11810	13779	18700
20	12317 N	12373 N	5765	8295	N.A.	10236	7452	8295	10123	10967	11810	13779	18700
21	12317 N	12373 N	5624	8295	N.A.	10123	7452	8295	9842	10686	11810	13498	18278
22	12317 N	12373 N	5624	8295	N.A.	10123	7452	8295	9842	10686	11810	13498	18278
23	12317 N	12373 N	5624	8295	N.A.	10123	7452	8577	9842	10686	11810	13498	18278
24	12317 N	12373 N	5624	8295	N.A.	10123	7452	8717	9842	10686	11810	13498	18278
25	....	....	....	....	....	....	HOLIDAY	....	....	....	....	....	....
27	12317 N	12373 N	5624	8295	N.A.	10264	7733	8717	9842	10686	11810	13216	17716
28	12317 N	12373 N	5624	8295	N.A.	10264	7733	8717	9842	10686	11810	13216	17716
29	12317 N	12373 N	5624	8295	N.A.	10264	7592	8577	9842	10686	11529	12935	17434
30	12317 N	12373 N	5624	8295	N.A.	10123	7452	8436	9842	10686	11248	12654	17153
H	12429	12541	7030	8858	-	11951	8717	9561	11248	12935	13216	14904	19122
L	11810	11867	5624	8295	-	10123	7452	8295	9842	10686	11248	12654	17153
A	12216	12279	6087	8471	-	11019	8073	8957	10481	11658	12197	13896	18486

H = Highest L = Lowest A = Average N.A. = Not Available N = Nominal

SNIPPETS

Pakistan is reported to be expecting its cotton production during 2011-12 to be a record 150 lakh bales as against 110 lakh bales this year. Consequently, it is stated that imports of cotton by Pakistan in the year 2011-12 starting from July may come down by as much as 75 per cent to five lakh bales compared to an estimated 20 lakh bales this year.



The Union Textiles Secretary is quoted to have stated that the Centre has given consent to 25 new textile parks while the Government has received 55 applications. At present, the existing 40 textile parks are said to generate more than Rs. 29,000 crore a year.



Merchandise exports from India reportedly grew by 57 per cent to \$ 26 billion in May due to greater demand for India's engineering, oil and electronic goods in overseas markets. However, imports rose to a four-year high of \$ 41 billion, resulting in the gap between imports and exports widening to \$ 15 billion or a rise of 67 per cent, the largest since September 2008. Exports during the first two months of the current fiscal, April and May, are stated to have grown by 45.3 per cent to \$49.8 billion, while imports rose by 33.3 per cent to \$ 73.7 billion. This is stated to have taken the trade deficit to \$ 23.9 billion, up from \$ 21 billion.



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					
						July 2011					
						2 nd	4 th	5 th	6 th	7 th	8 th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	12317N (43800)	12317N (43800)	12317N (43800)	12317N (43800)	12317N (43800)	12317N (43800)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	12373N (44000)	12373N (44000)	12373N (44000)	12373N (44000)	12373N (44000)	12373N (44000)
03.	ICS-102	22mm	V-797	4.5-5.9	19	5483 (19500)	5483 (19500)	5483 (19500)	5483 (19500)	5483 (19500)	5483 (19500)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	8295 (29500)	8155 (29000)	8155 (29000)	8155 (29000)	8014 (28500)	8014 (28500)
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	10123 (36000)	9842 (35000)	9842 (35000)	9701 (34500)	9701 (34500)	9701 (34500)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	7452 (26500)	7452 (26500)	7452 (26500)	7452 (26500)	7452 (26500)	7452 (26500)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	8295 (29500)	8295 (29500)	8295 (29500)	8295 (29500)	8295 (29500)	8295 (29500)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	9701 (34500)	9561 (34000)	9561 (34000)	9420 (33500)	9420 (33500)	9420 (33500)
10.	ICS-105	29mm	S-6	3.5-4.9	26	10545 (37500)	10404 (37000)	10404 (37000)	10404 (37000)	10404 (37000)	10404 (37000)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	11107 (39500)	11107 (39500)	11107 (39500)	11107 (39500)	11107 (39500)	11107 (39500)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)	12654 (45000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	17153 (61000)	17153 (61000)	17153 (61000)	17153 (61000)	17153 (61000)	17153 (61000)

Note: Figures in bracket indicate prices in Rs./candy N - Nominal