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Cotton Statistics And News

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World Cotton Consumption to be Lower in 2010-11 - ICAC

Some of the highlights of the latest release of July 5 by the International Cotton Advisory Committee are given below:

Production

World cotton production is estimated to be 24.8 million tonnes (mt) in 2010-11, about 12.7 per cent lower than the estimated production of 22 mt in 2009-10. Production is projected to increase by 11 per cent to 27.4 mt in 2011-12, driven by the high cotton prices received by farmers in 2010-11. Increase in production is expected in most large producing countries, with the exception of the United States. It is stated that production could reach record levels in India, Brazil and Australia. Brazilian production which jumped by 72 per cent to 2.1 mt in 2010-11 could reach 2.2 mt in 2011-12, while production in Australia which more than doubled to 0.9 mt in 2010-11 could reach 1.1 mt in 2011-12. Despite a significant increase in planted area in US, severe drought conditions in Texas are likely to not only increase abandonment but also limit yield, it is stated. US production is forecast at 3.9 mt in 2011-12, two per cent lower than in 2010-11.

Consumption

World cotton consumption is estimated at 24.5 mt in 2010-11, three per cent lower than in 2009-10, despite firm global economic growth. Current season started with a strong demand from spinning mills looking to rebuild their stocks depleted in 2009-10 and to satisfy rebounding retail textile sales. However, it is ending with very weak demand. Spinners, faced with high

prices of cotton and difficulties to access credit on the one side, and declining cotton yarn prices on the other, are stated to have reduced their activity. Stocks of cotton yarn are believed to have accumulated at many mills. Prices of chemical fibres have remained much lower than cotton prices, encouraging an increased switch to chemical fibres. Cotton mill use in 2010-11 is estimated to be down in several countries like China, Pakistan, Turkey, Bangladesh, Indonesia, Mexico and Thailand. However, it is expected to be higher in India and the United States.

Cotton mill use is expected to resume increasing in 2011-12 driven by projected global economic growth and boosted by increased production of cotton, but moderated by relatively high cotton prices and competition from chemical fibres. Cotton mill use in 2011-12 is forecast at 25.2 mt, three per cent higher than in 2010-11. It would remain lower than the pre-2008 crisis level which was 26.5 mt in both 2006-07 and 2007-08.

Global Trade

Global cotton trade is projected up by five per cent to 8.2 mt in 2011-12 as compared to 7.8 mt in 2010-11. The rise will be triggered by larger production and consumption. Imports by China are expected to increase by 0.5 mt to 3.3 mt, assuming a rebound in mill use and a rebuilding of stocks from historically low levels. The increase in exports will be fuelled by Brazil and Australia, each expected to ship over 800,000 tonnes from their considerably larger production in 2010-11. However, US shipments could decrease by 12 per cent to 2.8 mt in 2011-12 due to reduced exportable surplus.

Ending Stock

As world production is expected to roughly equal consumption, the current season could end with almost the same small level of stocks at 8.7 mt as at the start. The global stocks-to-use ratio is estimated at 34 per cent in 2009-10 and at 35.6 per cent in 2010-11. This is said to be only the third and fourth times since the 1950s that the ratio fell below 36 per cent. Since world production is expected to surpass consumption by 2.2 mt in 2011-12, ending stocks are expected to recover to 10.9 mt next year or 43 per cent of projected global mill use. However, the ratio would be lower than the 10-year average of 49 per cent prevailing before 2009-10.

Prices

The Cotlook A Index averaged \$ 1.64 in 2010-11, 112 per cent higher than in the previous season and significantly higher than the ten-year average of \$ 0.60 per pound from 2000-01 to 2009-10. It is believed that the season-average Cotlook A Index will decline significantly in 2011-12, although it will probably remain above the ten-year average. It is also likely that price volatility, which has been the highest on record in 2010-11, will decline in 2011-12 as increased global cotton

supplies may give more confidence to market players.

The world cotton balance sheet as drawn up by the ICAC is given below:

World Cotton Supply and Demand (in m. tonnes)			
	2009-10	2010-11	2011-12
Beginning Stock	11.91	8.55	8.73
Production	22.01	24.77	27.42
Total Supply	33.92	33.33	36.15
Consumption	25.20	24.53	25.22
Exports	7.77	7.80	8.15
Ending Stock	8.55	8.73	10.94



Cotton Planting By June Falls Marginally Short of Last Year

The official cotton planting data are reported to be as under:

State	Planted Area by June 23 (in '000 hectares)			Year Ago
	Bt Cotton	Non-Bt	Total	
Andhra Pradesh	192.0	-	192.0	380.0
Gujarat	296.0	30.0	326.0	555.5
Haryana	581.0	17.0	598.0	492.0
Karnataka	114.0	24.0	138.0	140.0
Madhya Pradesh	185.0	15.0	200.0	240.0
Maharashtra	260.0	14.0	274.0	204.0
Punjab	546.0	29.0	575.0	559.0
Rajasthan	150.0	134.0	284.0	155.0
Tamil Nadu	7.2	2.3	9.5	6.1
All India	2331.2	265.3	2596.5	2731.6

The total area planted upto the third week of June is placed at 25.97 lakh hectares, nearly five per cent lower than the coverage of 27.32 lakh hectares by the same period last year. Barring Maharashtra and Rajasthan, plantings in other States appear to be lagging behind last year's level. Monsoon had been playing truant in some States and probably this has caused a temporary setback to sowings in those States. The expectation is that the final planted area may catch up with last year's level if not surpass it. Owing to good prices received by cotton during the major part of the 2010-11 season, farmers are likely to bring slightly larger area under cotton in 2011-12.

In plantings upto the third week of June, Bt cotton has taken a share of about 89 per cent of the total, about the same as last year.

(Source: Cotton Outlook of 01.07.2011)

SUPPLY AND DISTRIBUTION OF COTTON

July 05, 2011

Years Beginning August 1	Million Metric Tons					
	2006/07	2007/08	2008/09	2009/10 Est.	2010/11 Proj.	2011/12 Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.536	12.753	12.222	11.914	8.55	8.73
China (Mainland)	3.991	3.653	3.321	3.585	2.78	2.26
USA	1.321	2.064	2.188	1.380	0.64	0.51
PRODUCTION						
WORLD TOTAL	26.766	26.074	23.455	22.014	24.77	27.42
China (Mainland)	7.975	8.071	8.025	6.925	6.40	7.19
India	4.760	5.219	4.930	5.050	5.30	5.78
USA	4.700	4.182	2.790	2.654	3.94	3.87
Pakistan	2.121	1.900	1.926	2.070	1.91	2.17
Brazil	1.524	1.602	1.214	1.194	2.05	2.15
Uzbekistan	1.171	1.206	1.000	0.850	0.90	0.97
Others	4.514	3.895	3.570	3.272	4.27	5.28
CONSUMPTION						
WORLD TOTAL	26.487	26.540	23.690	25.198	24.53	25.22
China (Mainland)	10.600	10.900	9.265	10.099	9.59	9.88
India	3.944	4.053	3.872	4.328	4.50	4.77
Pakistan	2.633	2.649	2.519	2.393	2.20	2.27
East Asia & Australia	1.858	1.829	1.674	1.825	1.79	1.78
Europe & Turkey	2.084	1.744	1.409	1.550	1.48	1.49
Brazil	0.987	1.001	0.994	1.002	1.00	1.02
USA	1.074	0.998	0.781	0.754	0.83	0.83
CIS	0.681	0.664	0.596	0.605	0.57	0.57
Others	2.625	2.703	2.579	2.643	2.57	2.62
EXPORTS						
WORLD TOTAL	8.044	8.348	6.590	7.774	7.80	8.15
USA	2.821	2.968	2.887	2.621	3.24	2.85
India	0.960	1.530	0.515	1.420	1.03	0.81
Uzbekistan	0.980	0.900	0.630	0.820	0.60	0.65
CFA Zone	0.924	0.595	0.464	0.553	0.48	0.56
Australia	0.465	0.265	0.261	0.460	0.60	0.83
Brazil	0.283	0.486	0.596	0.433	0.44	0.88
IMPORTS						
WORLD TOTAL	8.122	8.380	6.506	7.760	7.75	8.15
China	2.306	2.511	1.523	2.374	2.70	3.35
East Asia & Australia	1.899	1.860	1.665	1.894	1.79	1.82
Europe & Turkey	1.340	1.081	0.861	1.176	0.97	0.89
Pakistan	0.502	0.851	0.417	0.344	0.33	0.30
CIS	0.319	0.267	0.231	0.210	0.14	0.14
TRADE IMBALANCE 1/	0.078	0.032	-0.084	-0.014	-0.05	0.00
STOCKS ADJUSTMENT 2/	-0.140	-0.097	0.011	-0.170	-0.01	0.00
ENDING STOCKS						
WORLD TOTAL	12.753	12.222	11.914	8.546	8.73	10.94
China (Mainland)	3.653	3.321	3.585	2.780	2.26	2.91
USA	2.064	2.188	1.380	0.642	0.51	0.71
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	57	58	38	43	52
CHINA (MAINLAND) 4/	34	30	39	28	24	29
Cotlook A Index 5/	59.15	72.90	61.20	77.54	164	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. Cents per pound

(Source : ICAC Monthly July 2011)

SNIPPETS

Merchandise exports from India reportedly rose by 46.4 per cent in June to \$ 29.2 billion. Exports have been robust during the current fiscal with a rise of 57 per cent in May. However, it is likely that the acceleration would moderate in the coming months as demand remains sluggish in major global markets, according to official circles. Imports in June are stated to have shown a growth of 42.4 per cent from the year ago period to touch \$ 36.9 billion. Trade deficit during June stood at \$ 7.7 billion. During the first three months of the current fiscal, exports reportedly rose 45.7 per cent year-on-year to \$ 79 billion while imports grew 36 per cent and the trade deficit stood at \$ 31.6 billion.



Planting for the new cotton crop in Pakistan is virtually complete except for some small pockets of Upper Sindh and Southern Punjab. Across most districts, sowings are reported to be higher than last year. It is stated that weather conditions, availability of inputs and water supply have been generally satisfactory.



The Government has set a target of \$14 billion for garments exports in the 2011-12 financial year as demand is on the rise in the western markets. The exports is expected to touch \$ 14 billion as there is good demand not only in traditional markets but also from new markets, the Secretary, Textile Ministry stated.

(Source: Business Standard - 13.7.2011)



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					
						July 2011					
						9 th	11 th	12 th	13 th	14 th	15 th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	12373N (44000)	12373N (44000)	12232N (43500)	12232N (43500)	12176N (43300)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15		12513N (44500)	12513N (44500)	12373N (44000)	12373N (44000)	12317N (43800)
03.	ICS-102	22mm	V-797	4.5-5.9	19	O	5483 (19500)	5343 (19000)	5343 (19000)	5343 (19000)	5343 (19000)
04.	ICS-103	23mm	Jayadhar	4.0-5	19		8014 (28500)	8014 (28500)	7874 (28000)	7592 (27000)	7452 (26500)
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	N.A.	N.A.	N.A.	N.A.	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23		9561 (34000)	9420 (33500)	8998 (32000)	8858 (31500)	8717 (31000)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	I	7452 (26500)	7311 (26000)	7311 (26000)	7311 (26000)	7255 (25800)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24		8014 (28500)	7874 (28000)	7733 (27500)	7733 (27500)	7677 (27300)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	D	9139 (32500)	8858 (31500)	8717 (31000)	8717 (31000)	8577 (30500)
10.	ICS-105	29mm	S-6	3.5-4.9	26		10264 (36500)	9983 (35500)	9701 (34500)	9561 (34000)	9420 (33500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	A	10826 (38500)	10686 (38000)	10404 (37000)	10264 (36500)	10123 (36000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		12654 (45000)	12513 (44500)	12513 (44500)	12373 (44000)	12373 (44000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	Y	17153 (61000)	17153 (61000)	17153 (61000)	16591 (59000)	16310 (58000)

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