

Weekly
Publication of



**Cotton
Association
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Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 2370 4401/02/03
Fax: 2370 0337
Email: eica@eica.in
www.caionline.in

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Cotton Statistics And News

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Edited & Published by : O. P. Agarwal

Findings From Cotton Outlook Survey on Business Confidence

The international Weekly, Cotton Outlook, has recently published the findings from its survey conducted at the end of June on business confidence of the textile mills in major countries. The survey is said to suggest that while yarn business remains in robust health in many parts of the world, business confidence is tinged with increased uncertainty over the outlook for the second half of the year. As may be anticipated, the continuity of raw cotton supply through the months ahead is also said to be a preoccupation. Compared with recent surveys, greater evidence of investment is stated to be discernible. Another noteworthy fact is said to be that despite palpable price advantages in spinning alternatives to the natural fibre, a continued preference for cotton yarn persists in many countries. The trend reported in some of the major countries is said to be on the following lines :

In China, mill sentiment appears to have continued to improve with the index on the scale of confidence regarding the business outlook having moved up. A brisker demand for yarn seems to have been reported and many mills are stated to have indicated that they have been operating at full capacity. Indications also appear to have been forthcoming that the decline in active capacity has eased. Further, there is stated to have been a greater inclination to expand. In the previous two surveys, 25 and 30 per cent of participants seem to have reported that they had reduced their operational capacity during the fourth quarter of 2009 and first quarter of this year.

Moreover, only 12 and 14 percent had invested in new spindles. This time, only two percent are said to have curtailed their capacity during the past three months and 35 percent had bought machinery. It is stated that despite the contrasting price trends with cotton prices rising and those of polyester ruling weak, a continued preference for the natural fibre has been noticed among yarn buyers. It appears that cotton products are still favoured by most customers.

In contrast to China, it is stated that a slightly less buoyant mood is discernible in responses from South Asia. The average response in India seems to be slightly lower in the scale of confidence in the latest survey compared to the earlier one. Nonetheless, clear evidence is stated to be forthcoming of recent additions to spinning capacity, as well as plans to invest in new ring spindles and open end rotors during the next few months. As a consequence, optimism is said to be evident regarding raw cotton consumption prospects for the coming marketing year.

The response from Pakistan spinners is also said to be slightly lower in the confidence scale as compared to the buoyancy in the previous survey. However, expansion in operating spindleage is said to be evident, although raw cotton consumption is said to have decreased somewhat in recent months.

*(Source : Cotton Outlook, Weekly Bulletin
dated 9th July 2010)*

Indian Economy to grow at 9.4 p.c. in 2010 - IMF

The International Monetary Fund (IMF) has predicted a growth of 9.4 per cent for Indian economy during 2010, states a report quoting the latest report of IMF on World Economic Outlook. This would be higher than the growth of 8.5 per cent forecast by the Government of India and 8 per cent estimated by the Reserve Bank of India. According to the IMF Report, the projected growth would be buoyed by healthy profits of Corporations that go ahead with their expansions to meet rising domestic demand. The rate projected by IMF is second only to China's 10.5 per cent. It is stated that these two Asian countries will lead the global economic recovery that has been battered by two years of crisis.

In the meanwhile, the Centre for Monitoring Indian Economy (CMIE) has estimated the country's economic growth at 9.2 per cent, based on its expectations of better performance in the industrial and allied fields, as well as agriculture provided the behaviour of monsoon is favourable. It is stated that while industry recorded 17.6 per cent growth in April which is almost equal to the 20-year record of 17.7 per cent in December 2009, this robust growth is seen in both capital goods and consumer durables. Also, exports registered a growth of 35 per cent in May touching \$ 16.1 billion mark. In April also

exports had clocked a growth of 35 per cent. All this makes a case for optimism. Economists characterise the present status of the economy as less volatile with a sound financial sector.

There are, however, concerns on inflation and fiscal deficit front. This needed to be tackled, although it cannot be done overnight. The Government is dealing with the situation in a calibrated manner, both on the supply and demand sides. The Reserve Bank has raised the key rates twice this year so far to check food inflation from spreading to manufacturing goods. On the supply side, much will depend on the monsoon. The Government has also allowed duty free imports of some commodities to increase their supply in the market. However, much more will have to be done on the farm sector which had been neglected in the past, states the CMIE.

The Planning Commission has started working on the 12th Five Year Plan beginning from 2012 and is aiming at a growth of 10 per cent compared to the revised target of 8.1 per cent during the 11th Plan, the original target of which was fixed at 9 per cent.

*(Source : Hindustan Times 09.07.2010
and Tecoya Trend of 26.06.2010)*

Fall in Global Yarn and Fabric Production - ITMF Report

According to the latest report of the International Textile Manufacturers Federation (ITMF), the strong recovery in global yarn and fabric production observed since the low level reached in the first quarter of 2009, came to an end in the first quarter of 2010. Both yarn and fabric production in this year's first quarter is stated to have dropped significantly compared to the fourth quarter of 2009, although levels were still considerably higher as compared to the first quarter of 2009. Yarn and fabric production appears to have fallen especially in Asia and Europe whereas South and North America recorded stable or higher output levels in comparison to the previous quarter.

There is said to have been a slight fall in global yarn stocks mainly due to lower inventories in South America while those in the other regions remained almost unchanged. On the other hand,

stocks of fabrics are stated to have increased as a consequence of higher inventories in Asia, South America and a modest increase in Europe.

It is stated that there has been a drop of 12.8 per cent in yarn production in the first quarter of 2010 in comparison to the previous one. This significant drop is said to have been mainly due to a 17.3 per cent fall in the output in China as also a decrease of 4 per cent in Europe. Production in North and South America appears to have gone up by 5.1 per cent, 17.4 per cent respectively. In comparison to the last year's corresponding quarter, however, all regions are stated to have recorded higher output levels. Yarn production in South America is stated to have surged by 60.4 per cent, and in Europe and Asia by 20.1 per cent and 14.6 per cent respectively.

(Source : International Textile Manufacturers Federation, Zurich)

CAI VALUE DIFFERENCES
As on 22nd July 2010

(Figures in Rs/Candy)

Parameters	Grade			Micronaire Off Allowance
	On Allowance		Off Allowance	
	Extra Super Fine	Super Fine	Fully Good	
ICS-101 (Staple length: Below 22 mm Micronaire : 5.0-7.0 Grade: Fine) (Trade Name : Bengal Deshi RG)	+300	+200	-100	Nil
ICS-201 (Staple length: Below 22 mm Micronaire : 5.0-7.0 Grade: Fine) (Trade Name : Bengal Deshi SG)	+300	+200	-100	Nil
ICS-102 (Staple length: 22 mm Micronaire : 4.5-5.9 Grade: Fine) (Trade Name : V-797)	N.A.	+500	-200	N.A.
ICS-103 (Staple length: 23mm Micronaire : 4.0-5.5 Grade: Fine) (Trade Name : Jayadhar)	N.A.	+300	-100	N.A.
ICS-104 (Staple length: 24mm Micronaire : 4.0-5.5 Grade: Fine) (Trade Name : Y-1)	+500	+200	-200	N.A.
ICS-202 (Staple length: 25mm Micronaire : 3.5-4.9 Grade: Fine) (Trade Name : J-34)	+300	+200	-100	N.A.
ICS-105 (Staple length: 25mm-31mm) (Micronaire : 3.5-4.9 Grade: Fine) (Trade Names : NHH-44, LRA-5166, H-4/MECH-1/Shankar-6/Bunny/Brahma)	+500	+200	-300	-500 (Low Mic)
ICS-106 (Staple length: 33 mm Micronaire : 3.3-4.5 Grade: Fine) (Trade Name : MCU-5/Surabhi)	N.A.	N.A.	N.A.	N.A.
ICS-107 (Staple length: 35 mm Micronaire : 2.8-3.6 Grade: Fine) (Trade Name : DCH-32)	+1000	+600	-600	-500 (Low Mic)
ICS-301 (Staple length: 26 mm Micronaire : 3.7-4.3 Grade: Fine) (Trade Name : ICC)	N.A.	N.A.	N.A.	N.A.

