

Weekly Publication of



Cotton  
Association  
of India

# COTTON STATISTICS & NEWS

Edited & Published by Amar Singh

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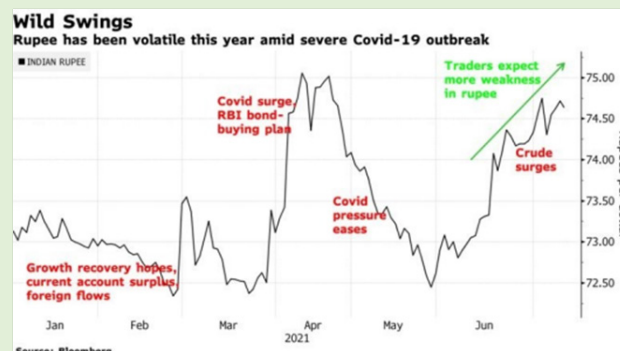
## The Month That Was - Snippets for July 2021

### Covid Proves Costly for Tourism



The slump in tourism caused by Covid-19 will cost the global economy more than \$4 trillion for 2020 and 2021, much worse than anticipated, as an uneven vaccination rollout crushes developing countries that are highly dependent on international visitors. The losses this year alone could amount to \$1.7 trillion to \$2.4 trillion, even as international tourism rebounds in the second half in countries like the U.S., the U.K. and France, which have higher vaccination rates, the United Nations Conference on Trade and Development (UNCTAD) said in a report. The study highlights the costly impact from an unequal access to vaccines around the world. Developing countries may account for as much as 60% of the estimated losses to global gross domestic product, according to the UNCTAD.

### Rupee Slides Toward Year's Low as India's Trade Deficit Widens



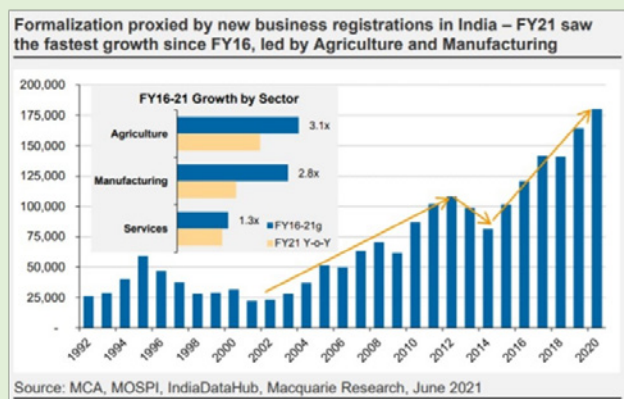
After months of wild volatility in the rupee, India's widening trade deficit and elevated commodity prices are bearing down on the currency, reinforcing a recent downward bias and pushing it toward a new low for the year. That's the view of traders who've seen the rupee whipsaw from being Asia's best performer in the first quarter to its worst in April, when another wave of Covid-19 infections took hold. This volatility and the prospect of tapering by the Federal Reserve have also reduced the attractiveness of India's currency for carry trades, adding to its headwinds. "We expect oil and broader commodity complex prices to remain elevated in the short term, which will weigh on India's trade balance," said Standard Chartered Plc's Parul Mittal Sinha. "We maintain a bearish view on the rupee," said Sinha, who heads the bank's India financial markets and macro trading for South Asia.

## China's Image Problem



Negative views of China remain near record highs across the developed world, according to a latest survey, as higher marks for Beijing's handling of the corona virus were offset by concerns about its human rights record. Majorities in 15 of the 17 advanced economies surveyed this year by the Pew Research Center hold an unfavourable opinion of China, including record highs in Canada, Germany, South Korea and the U.S. Some 76% of Americans said they viewed the world's most populous nation unfavourably in February, up three percentage points from last year.

## Agriculture and Marketing Lead the Way in India



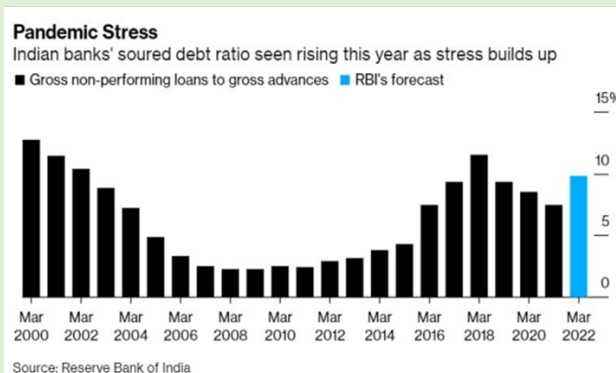
Despite all the gloomy macro data India has been seeing for a few years, FY21 saw new business registrations growing by 24%. Even with the 45% drop in June quarter, FY21 sees fastest annual growth since FY16. Cumulatively, over the past five years, 770,000 new firms were registered.

## Labour Inequality



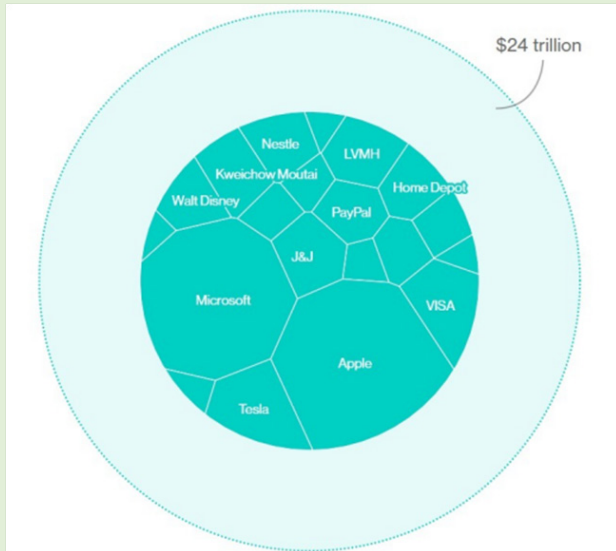
It takes eight employees to generate \$1 million in sales among US department stores. It takes less than one employee to generate the same amounts of sales in e-commerce. What is surprising, is that brick and mortar retail isn't going out of business faster.

## Indian Banks Need to Lend More



India's risk-averse lenders are emerging as one of the biggest hurdles to the speed of the nation's recovery from the pandemic-induced downturn, as they hold back credit when the economy needs it the most. Loans to companies and individuals has been growing at a subdued 5.5%-6% in recent months, which is half the pace seen before the pandemic struck, Reserve Bank of India data shows. The nation's biggest lender State Bank of India wants to nearly double its credit growth rate to 10% in the year started April 1, but is willing to miss the goal.

## A \$9 Trillion Binge Turns Central Banks into the Market's Biggest Whales



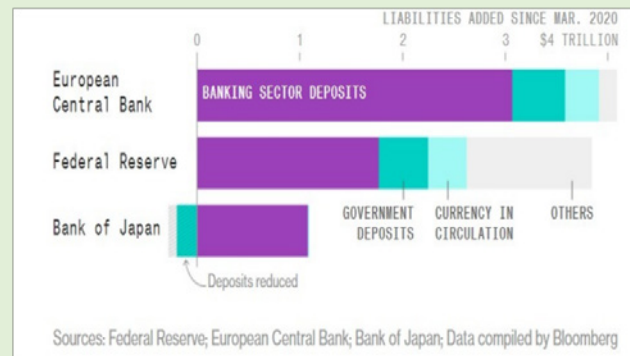
Since the start of the pandemic, central banks in the U.S., Europe and Japan have been on a \$9 trillion spending spree. That binge has turned the U.S. Federal Reserve, the European Central Bank and the Bank of Japan into the ultimate market whales, swelling their combined assets to \$24 trillion. Now, talk is shifting to winding down the banks' massive monetary stimulus and the challenge that presents for the economies they support.

## Turkish Lira Stands Up to The Dollar



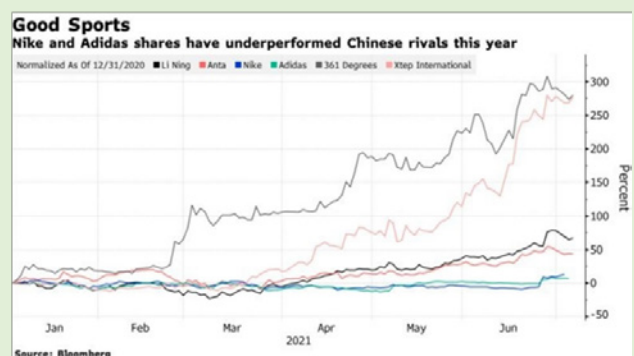
Turkish Lira is the ONLY emerging markets currency that's up against the Dollar so far in July, even as building fear of the COVID delta mutation drags everyone else down.

## What Do Central Banks Actually Owe?



Central banks follow basic accounting rules, just like the rest of us, so all those trillions of dollars in assets have liabilities to match. During the pandemic, a lot of that has ended up as bank deposits, keeping lenders flush with liquidity. Getting that money pumping through the economy will be key to sustaining the recovery as central banks dial back stimulus. Government deposits and currency in circulation have also climbed in Europe and the U.S.

## Local Chinese Sneakers Race Past Nike and Adidas

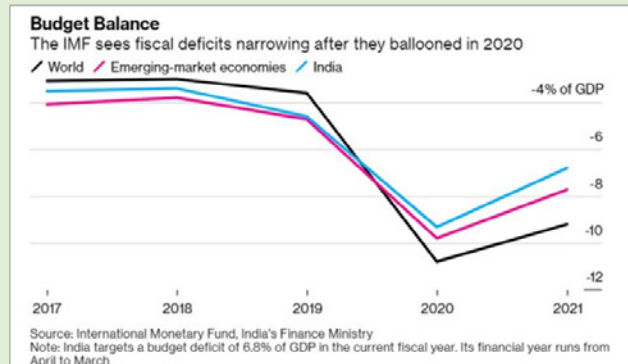


A wave of patriotic buying fuelled by the Xinjiang cotton controversy is helping shares of Chinese sportswear makers outperform global peers. Chinese consumer support in response to the alleged human-rights issues in Xinjiang region has boosted some local sneaker makers by some 275% this year. A Bloomberg gauge of Hong Kong-listed apparel and retail stocks touched the highest level since 2015. Meanwhile, Nike Inc. and Adidas AG have risen less than 15%. Rising geopolitical tensions over accusations of forced labour in Xinjiang have become a serious threat for global companies trying to operate in China.

## The World's Tech Giant's Market Cap, Compared to Countries' GDP



## India's Budget Gap Doubles



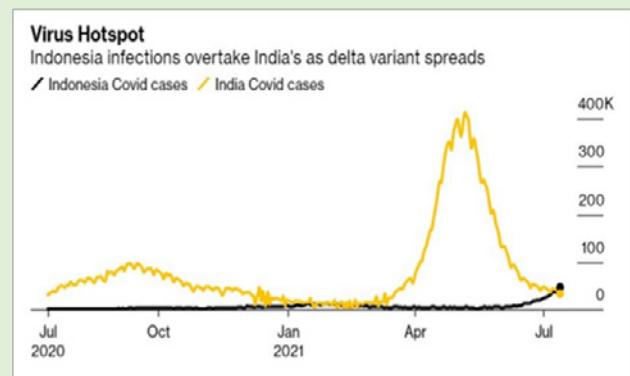
Not only Niti-Ayog, but The International Monetary Fund too is of the view that nations should continue to spend to support health-care systems and households until the Covid-19 spread is controlled globally and the economic recovery strengthens. While India's budget gap more than doubled to 9.3% of gross domestic product in the year ended March as it spent more to cushion its economy against the pandemic, it aims to narrow the deficit to 6.8% of GDP this year.

## Delay at Sea



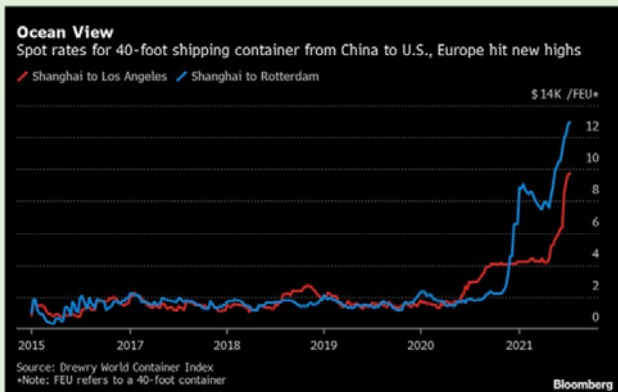
Continued stress in shipping world as only ~39% of container ships globally were arriving on time in May (well down from 75% in May 2020 and 80% in May 2019).

## Indonesia New Hotspot for Delta Variant



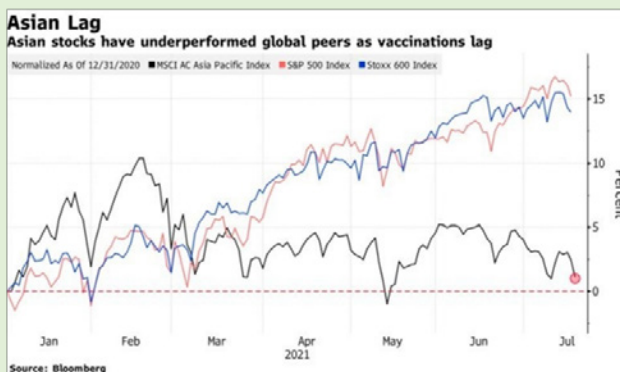
Indonesia surpassed India's daily Covid-19 case numbers, marking a new Asian virus epicentre as the spread of the highly-contagious delta variant drives up infections in Southeast Asia's largest economy. The country has seen its daily case count cross 40,000 for two straight days - including a record high of 47,899 up from less than 10,000 a month ago. Officials are concerned that the more transmissible new variant is now spreading outside of the country's main island, Java, and could exhaust hospital workers and supplies of oxygen and medication.

## Shipping Crunch has Tightened Further



Container rates from Asia to U.S. & Europe reached record levels over past week. The spot rate for 40-foot container from Shanghai to LA increased to \$9,733, while that for the Shanghai-to-Rotterdam route climbed 1.2% to \$12,954

## Asia Fears Summer of Virus as Stocks Selloff on Delta Concern



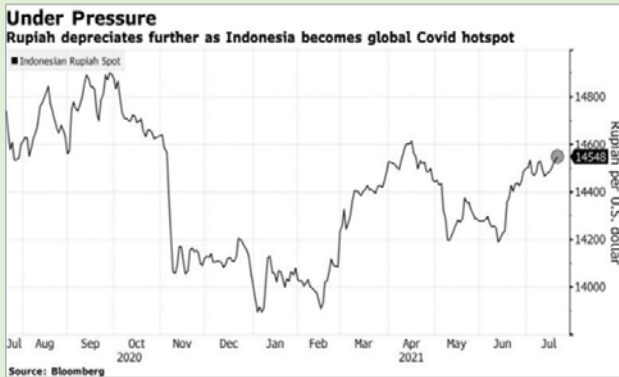
The spread of the highly-contagious Delta variant continued to weigh on risk assets, with Asian markets in the cross-hairs as the region struggles with worsening outbreaks amid a slow vaccine roll-out. The regional stock benchmark dropped as much as 1.4% with bourses in Southeast Asia leading declines. The main Philippine gauge fell the most since March after the country reported its first local cases of the variant recently, while Vietnam's VN Index is on track to fall into a technical correction on fresh restrictions. Risk sentiment toward Asian asset markets remain poor, due to the worsening Covid-19 situation particularly in Southeast Asia.

## Big Mac Not So Cheap in the U.S.



Indeed, the Big Mac's birthplace is one of the priciest places to buy it, according to our comparison of over 70 countries around the world. In Vietnam, for example, the burger costs 69,000 dong. Although that sounds like an awful lot, you can get a lot of dong for your dollar and, therefore, a lot of bang for your buck in Vietnam. You can buy 69,000 dong for only \$3 on the foreign-exchange market. And so a Big Mac in Vietnam works out to be 47% cheaper than in America. When The Economist introduced its Big Mac index 35 years ago, the ubiquitous McDonald's hamburger cost just \$1.60 in America. Now it costs \$5.65. The increase comfortably outstrips inflation over the same period.

# Indonesia to Hold Rates as Covid Crisis Worsens



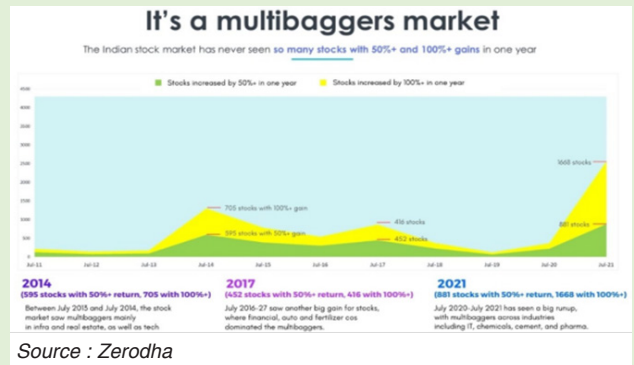
Bank Indonesia will likely keep the policy rate at a record low for a fifth straight meeting Thursday as the nation becomes one of the world’s corona virus hot-spots. Indonesia’s central bank is expected to hold its seven-day reverse repurchase rate at 3.5% on Thursday, according to all 29 economists surveyed by Bloomberg. Governor Perry Warjiyo slashed the bank’s 2021 economic growth estimate earlier this month as a sharp spike in Covid-19 cases and fatalities triggered lock down measures in parts of the country. While weakening demand sent inflation to a 10-month low in June, Indonesia has little room to lower rates further without undercutting the rupiah.

# FANGMAN Rules



In case you missed it: The combined market cap of FANGMAN (Facebook, Apple, Netflix, Google, Microsoft, Amazon, Nvidia) has topped \$10 trillion for the first time ever.

# The Scorecard for the Indian Stock Market



# The U.S. - China Trade War

**The U.S.-China Tariffs**  
Tariffs, by percentage rate, imposed by the U.S. and China on each other since March 2018

□ Imposed by the U.S. on China    ■ Imposed by China on the U.S.

<p><b>March/April 2018</b></p> <p>□ \$40B ■ \$3B</p> <p>Steel and aluminum products from most countries (10% aluminum, 25% steel) Wine, pork, nuts, steel pipes, recycled aluminum (15% to 25%)</p>	<p><b>July 2018</b></p> <p>□ \$34B ■ \$34B</p> <p>Aircraft parts, semiconductors, microscopes (25%) Soybeans, wheat, electric vehicles, whiskey, seafood, cigars (25%)</p>	<p><b>Aug. 2018</b></p> <p>□ \$16B ■ \$16B</p> <p>Motorcycles, steam turbines, railway cars (25%) Beef, poultry, fiber-optic cables, motorcycles (25%)</p>
<p><b>Sept. 2018</b></p> <p>□ \$200B ■ \$60B</p> <p>Fabric, modems, chemicals, furniture, seafood (10%, raised to 25% in May 2019) Cosmetics, vodka, reptiles, wigs, diamonds, video games (5% to 10%, raised to 5% to 25% in May 2019)</p>	<p><b>Sept. 2019</b></p> <p>□ \$110B ■ \$25B</p> <p>Agricultural products, antiques, clothes, kitchenware, footwear (15%, dropping to 7.5% under an agreement announced Dec. 13 in which China promised a "corresponding" amount of tariff rollbacks) Agricultural goods (5% to 10% on top of existing tariffs ranging up to 25%), crude oil (5%)</p>	

Sources: Office of the U.S. Trade Representative, Bloomberg

With tariffs in place on more than \$300 billion in imports from China, from footwear and clothing to electronics and bicycles and even pet food, many U.S. retailers are choosing to absorb the cost and squeezing their profit margins, the NRF’s Gold said. Some are passing these along to consumers. Firms also are dealing with backlogs and bottlenecks at U.S. ports and increased shipping costs. “Between the cost of the tariffs and the increased cost of transportation that we’re seeing, that’s having an impact on companies’ bottom line,” Gold said. “They’ve seen significant cost increases as a result of both the trade war and the transportation crisis we’re facing.”

Compiled by Shri. Kunal Thakkar



**Since 1921,**  
**we are dedicated to the cause of Indian cotton.**  
 Just one of the reasons, you should use our Laboratory Testing Services.

The Cotton Association of India (CAI) is respected as the chief trade body in the hierarchy of the Indian cotton economy. Since its origin in 1921, CAI's contribution has been unparalleled in the development of cotton across India.

The CAI is setting benchmarks across a wide spectrum of services targeting the entire cotton value chain. These range from research and development at the grass root level to education, providing an arbitration mechanism, maintaining Indian cotton grade standards, issuing Certificates of Origin to collecting and disseminating statistics and information. Moreover, CAI is an autonomous organization portraying professionalism and reliability in cotton testing.

The CAI's network of independent cotton testing & research laboratories are strategically spread across major cotton centres in India and are equipped with:

- State-of-the-art technology & world-class Premier and MAG cotton testing machines
- HVI test mode with trash% tested gravimetrically

#### LABORATORY LOCATIONS

**Current locations :** • **Maharashtra :** Mumbai; Yavatmal; Aurangabad; Jalgaon • **Gujarat :** Rajkot; Ahmedabad • **Andhra Pradesh :** Adoni  
 • **Madhya Pradesh :** Khargone • **Karnataka :** Hubli • **Punjab :** Bathinda • **Telangana:** Warangal, Adilabad



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#### COTTON ASSOCIATION OF INDIA

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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) 2020-21 Crop July 2021					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	19th	20th	21st	22nd	23rd	24th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	11726 (41700)	11726 (41700)	11782 (41900)	11838 (42100)	11895 (42300)	11895 (42300)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	11895 (42300)	11895 (42300)	11951 (42500)	12007 (42700)	12063 (42900)	12063 (42900)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	9758 (34700)	9758 (34700)	9814 (34900)	9870 (35100)	10011 (35600)	10011 (35600)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	10348 (36800)	10348 (36800)	10404 (37000)	10461 (37200)	10545 (37500)	10545 (37500)
5	M/M (P)	ICS-104	Fine	24mm	4.0 – 5.5	4%	23	11867 (42200)	11867 (42200)	11895 (42300)	11923 (42400)	11951 (42500)	11951 (42500)
6	P/H/R(U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	14144 (50300)	14144 (50300)	14201 (50500)	14285 (50800)	14341 (51000)	14369 (51100)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	12429 (44200)	12429 (44200)	12457 (44300)	12513 (44500)	12570 (44700)	12570 (44700)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	14285 (50800)	14257 (50700)	14341 (51000)	14426 (51300)	14482 (51500)	14510 (51600)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	12710 (45200)	12710 (45200)	12766 (45400)	12823 (45600)	12851 (45700)	12879 (45800)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	13919 (49500)	13919 (49500)	13976 (49700)	14060 (50000)	14144 (50300)	14172 (50400)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	14538 (51700)	14510 (51600)	14594 (51900)	14707 (52300)	14791 (52600)	14819 (52700)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	14566 (51800)	14566 (51800)	14622 (52000)	14735 (52400)	14847 (52800)	14904 (53000)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	14594 (51900)	14594 (51900)	14650 (52100)	14763 (52500)	14875 (52900)	14932 (53100)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	14791 (52600)	14847 (52800)	14904 (53000)	15044 (53500)	15157 (53900)	15185 (54000)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	14791 (52600)	14791 (52600)	14819 (52700)	14904 (53000)	15044 (53500)	15072 (53600)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	14960 (53200)	15016 (53400)	15072 (53600)	15157 (53900)	15325 (54500)	15410 (54800)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	14988 (53300)	15044 (53500)	15100 (53700)	15185 (54000)	15353 (54600)	15438 (54900)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	15297 (54400)	15353 (54600)	15438 (54900)	15494 (55100)	15635 (55600)	15691 (55800)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	15466 (55000)	15522 (55200)	15578 (55400)	15663 (55700)	15832 (56300)	15832 (56300)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	15494 (55100)	15550 (55300)	15607 (55500)	15691 (55800)	15860 (56400)	15860 (56400)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	15691 (55800)	15747 (56000)	15832 (56300)	15916 (56600)	16028 (57000)	16028 (57000)
22	SA/TL/K / TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	15719 (55900)	15775 (56100)	15860 (56400)	15944 (56700)	16056 (57100)	16056 (57100)
23	SA/TL/K/ TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	15972 (56800)	15972 (56800)	16028 (57000)	16169 (57500)	16310 (58000)	16310 (58000)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	24858 (88400)	24858 (88400)	24942 (88700)	25027 (89000)	25139 (89400)	25139 (89400)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	25561 (90900)	25561 (90900)	25730 (91500)	25870 (92000)	26011 (92500)	26011 (92500)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	26123 (92900)	26123 (92900)	26292 (93500)	26433 (94000)	26573 (94500)	26573 (94500)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	26545 (94400)	26545 (94400)	26714 (95000)	26855 (95500)	26995 (96000)	26995 (96000)

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