

Weekly
Publication of



Cotton
Association
of India

Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 3006 3400
Fax: 2370 0337
Email: cai@caionline.in
www.caionline.in

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. 19 * 07/08/2012

Edited & Published by Amar Singh

Global Stocks and Chinese Government Policies Influencing Cotton Prices - ICAC

As per the latest Press Release issued by the International Cotton Advisory Committee (ICAC), considerable increase in global cotton stocks combined with declining mill use triggered a significant decline in international cotton prices in 2011-12. The Cotlook A Index averaged \$1.00 per pound in 2011-12, down by 39 percent from its record of the previous season. Exceptionally high cotton imports by China (5.2 million tons) triggered by domestic policies were the main factor preventing a more pronounced fall in international prices. Most of the considerable gain in global cotton stocks in 2011-12 took place in China as its stocks almost tripled to 6 million tons while in the rest of the world they increased by only 5 percent to 7.6 million tons.

Following the plunge in cotton prices in 2011-12, world cotton production is forecast down by 9 percent to 24.7 million tons in 2012-13. Global cotton mill use is projected to increase only slightly to 23.2 million tons, as the rate of global economic growth is expected to remain slow and because the high domestic cotton support price in China is encouraging mills there to shift toward alternative fibres.

The resulting excess supply of 1.6 million tons will cause global stocks to rise by 11 percent to 15.2 million tons in 2012-13. In contrast with 2011-12, stocks could accumulate at a faster rate outside of China. However, the Chinese government announced a slightly higher minimum support price for 2012-13 and is expected to buy a large portion of the new cotton crop. This suggests that the size of the Chinese national cotton reserve may continue to increase, even if the government rotates some of its old stocks during the season.

Assuming much lower imports by China in 2012-13 (2.6 million tons), global cotton trade is expected to fall by 20 percent to 7.5 million tons in 2012-13. However, imports by countries other than China

could grow, driven by lower cotton prices and a slightly higher level of consumption.

The projected accumulation of cotton stocks will weigh on international cotton prices in 2012-13, but the extent of this downward pressure will depend in large part on how the Chinese national reserve is handled and on the timing and amount of additional import quotas.

World Cotton Supply and Distribution

	2010/11	2011/12	2012/13
	Million Tons		
Production	25.103	27.089	24.74
Consumption	24.517	22.726	23.17
Imports	7.725	9.333	7.50
Exports	7.624	9.342	7.50
Ending Stocks	9.274	13.628	15.19
Cotlook A Index*	1.64	1.00	

* Season-average (US \$ per pound)

(Source: ICAC Press Release - 01.08.2012)

CAB Meeting Postponed

As per communication received from the Office of the Textile Commissioner, the Fourth Meeting of the Cotton Advisory Board for the cotton season 2011-12 (Oct-Sep) scheduled on 09.08.2012 has **now been postponed** due to unavoidable circumstances.

The next date of the meeting will be communicated in due course.

Analysts Expect US Cotton Output to be Below USDA Estimate

Analysts in the US are now projecting that the production of cotton in the US during the current season to be around 15.8 million bales, which is 1.2 million bales less than the 17 million bales estimated by the US Department of Agriculture (USDA) in its report released earlier this month. The projection was made by the analysts at the annual Cotton Round Table of Ag Market Network held in New York City.

As per report, estimates of cotton production in Texas to be around 5.3 million bales, in Oklahoma to be around 436,000 bales, and another 64,000 bales in Kansas.

Thus cotton growers in southwestern states together expected to harvest around 5.8 million bales. A source projected about 4.3 million cotton bales from the country's southeast region, and another 3.8 million bales from the mid-south region. California region might produce a near-record yield this year. It is projected a total of 1.2 million bales from the state, of which Pima cotton would make up about 703,000 bales, while upland cotton would make up another 512,000 bales.

For Arizona, Neeper expects a total of 667,000 bales, with Pima cotton contributing only 8,000 bales to the output. It is projected that the overall cotton production in the Far West to be around 1.9 million bales.

Source: July 31, 2012 - United States Of America

Exports Dip 5.45%; Imports 13.46% in June

India's exports contracted for the second consecutive month in June by 5.45 per cent, year-on-year, to USD 25 billion on account of growing economic uncertainties in the Western markets.

Imports dipped more sharply, by 13.46 per cent to USD 35.37 billion during the month, compared to USD 40.8 billion in June 2011, resulting in a narrower trade deficit of USD 10.3 billion.

According to the data released by the Commerce Ministry, exports during the April-June quarter of 2012-13 fiscal dipped by 1.7 per cent to USD 75.2 billion, from USD 76.5 billion in the same period last fiscal.

Imports during the quarter dipped by 6.10 per cent to USD 115.25 billion from USD 122.74 billion in the first quarter of 2011-23 fiscal.

Trade deficit during the quarter stood at USD 40 billion. Exports are declining because the world over there has been a tremendous dip in trade, in view of global economic slowdown.

(Source: Financial Express - 01.08.2012)

Pakistan's Raw Cotton Exports Touch Record High

With a substantial growth of over 78 per cent, raw cotton export has reached all time high mark of 1.66 million bales at the end of last fiscal year 2011-2012 (FY12) mainly due to bumper cotton crop in the country and high demand in the world market.

Exporters said that bumper cotton crop during the last cotton season has supported to post all time high export. While cheap availability of cotton in the domestic market and high demand on international front has also contributed to achieve this milestone.

In term of volume, Pakistan has exported some 1.66 million bales during last fiscal year as against 0.937 million bales in fiscal year 2010-2011, showing an increase of 77.8 per cent or 0.729 million.

In term of dollar, raw cotton export has registered a healthy growth of over 26.65 per cent at the end of last fiscal year. The country has exported raw cotton worth \$462 million in FY12 compared to \$365 million

in FY11, depicting an increase of \$97 million.

However, month-on-month basis, export of raw cotton posted a decline of 76 percent to \$3.62 million in June 2012 when compared with June 2011, in which \$14.878 million worth raw cotton was exported.

Pakistan's raw cotton is much cheaper than that of other competitors, which forced the international buyers to procure our raw cotton, exporters said. Massive decline in the last month of FY12 was due to slow foreign demand, however remaining eleven months export statistics are very encouraging, they said.

It may be mentioned here that Pakistan is the fourth largest cotton producer in the world, however it is unable to produce very high quality cotton, therefore also importing cotton from different countries. Pakistan has achieved over 14.6 million bales bumper cotton crop last fiscal year and this is expected to achieve 15 million bales mark.

(Source: Fibre2Fashion - 31.07.2012)

Glimpses of the "Dariya Poojan" "on the occasion of 'Nariyali Poornima'



Hybrid Seed Industry Growth May Drop Due to Scanty Rains

Scanty rains in cotton-growing regions of Gujarat, Maharashtra and Tamil Nadu have washed away hopes of hybrid seeds growth in the country. The National Seed Association of India (NSAI) is expecting only a single digit growth between 5-7 percent against its previous estimate of 20 percent early this year.

India's hybrid seed industry, which is pegged at Rs 11,000 crore, grew nearly 15 percent last year. Cotton seed contributes up to 30 percent to the total industry. Cotton farmers have decided to grow sesame, sorghum and other crops that require relatively less water.

The growth of hybrid seed industry may not match up with the last year's growth. In fact, the growth could come down by half in such a difficult condition, an official from NSAI stated. The cotton seed usage has been witnessing a decline this season, signalling a significant fall ahead.

As per the government data, Gujarat's 8 districts, out of 18 districts, are still experiencing scanty

rainfall and the rest got deficit rainfall. Saurashtra and Kutch regions, which produce more than 35 percent of cotton are the worst drought-hit places.

Farmers are advised to sow cluster bean, sesame and castor as soon as rainfall revives. However, the farmers who have already sown cotton are being advised to carry out harrowing and earthing up.

States like Haryana and Karnataka, which are still awaiting rains for its standing crop, are directed for furrow irrigation followed by straw mulching.

Despite widespread rainfall for a few days, Maharashtra's rain deficit is still 26%.

Farmers are expecting low output for cotton this year as deficient rainfall is all set to hamper their standing crops. Some of them have shifted their interest to other crops, Chairman of Maharashtra State Co-operative Cotton Growers Marketing Federation stated. MSCCGM is the largest supplier of cotton, supporting 2.5 million cotton farmers.

(Source: Economic Times - 03.08.2012)

UPCOUNTRY SPOT RATES												
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 - August 2012					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	30th	31st	1st	2nd	3rd	4th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	12120 (43100)	11979 (42600)	11838 (42100)	11838 (42100)	11838 (42100)	11838 (42100)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	12401 (44100)	12288 (43700)	12092 (43000)	12092 (43000)	12092 (43000)	12092 (43000)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	8380 (29800)	8267 (29400)	8239 (29300)	8239 (29300)	8295 (29500)	8436 (30000)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	8998 (32000)	8942 (31800)	8914 (31700)	8914 (31700)	9055 (32200)	9195 (32700)
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	9870 (35100)	9758 (34700)	9729 (34600)	9786 (34800)	9898 (35200)	10038 (35700)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	9561 (34000)	9505 (33800)	9476 (33700)	9448 (33600)	9561 (34000)	9645 (34300)
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	10151 (36100)	10039 (35700)	10011 (35600)	10067 (35800)	10179 (36200)	10320 (36700)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	9758 (34700)	9701 (34500)	9673 (34400)	9645 (34300)	9701 (34500)	9786 (34800)
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	10236 (36400)	10123 (36000)	10095 (35900)	10151 (36100)	10264 (36500)	10404 (37000)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	10264 (36500)	10208 (36300)	10179 (36200)	10151 (36100)	10208 (36300)	10348 (36800)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	10320 (36700)	10264 (36500)	10208 (36300)	10208 (36300)	10264 (36500)	10404 (37000)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	10461 (37200)	10404 (37000)	10376 (36900)	10348 (36800)	10432 (37100)	10573 (37600)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	10404 (37000)	10348 (36800)	10320 (36700)	10320 (36700)	10376 (36900)	10517 (37400)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	10714 (38100)	10686 (38000)	10657 (37900)	10629 (37800)	10686 (38000)	10826 (38500)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	11107 (39500)	11051 (39300)	10967 (39000)	10939 (38900)	10995 (39100)	11135 (39600)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	15185 (54000)	15185 (54000)	15185 (54000)	15185 (54000)	15185 (54000)	15185 (54000)

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