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Cotton Statistics And News

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Avg. Cotton Prices Lower in July Compared to June

The downtrend in cotton prices witnessed from April onwards was noticed in July also with the average prices being significantly lower compared to June. The movement of average cotton prices since the commencement of the season in the case of a few leading varieties along with the corresponding prices during last season is depicted 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)
July'11	9,078 (8,099)	8,655 (7,930)	9,439 (8,267)	10,000 (8,605)	16,415 (11,557)

Note: Figures in brackets denote corresponding prices last year.

The fall in the average prices during July has ranged from Rs.1,333 to Rs.2,197 per quintal, the maximum being in the case of Bunny. When compared to the average prices in March when they had reached their peak during the season, the decline has been quite substantial ranging from Rs.6,913 to Rs.7,642 per quintal, the maximum being in the case of H-4. In terms of percentage, the drop in July compared to March was as high as 30 to 47 percent, the highest being in the case of H-4.

The volatility in prices has been quite acute this season and was perhaps unprecedented. It may be mentioned here that the International Cotton Advisory Committee in its recent review of world cotton situation has pointed out that the volatility witnessed this year in world cotton prices was never experienced in the past. The extent of volatility in domestic prices also during the current season can be judged from the fact that the average prices rose by as much as 46 to 75 percent in March 2011 from the levels that prevailed during the commencement of the season in October 2010, while the decline since March 2011 to July 2011 has also been high, ranging from 30 to 47 percent in the case of the leading varieties.

Mainly, the reason for the steep fall in prices since March was the drying up of demand from spinners and exporters. The mills had been experiencing a harrowing time in the last several months owing to the unprecedented rise in cotton prices, as against a sluggish yarn market with relatively low yarn prices and

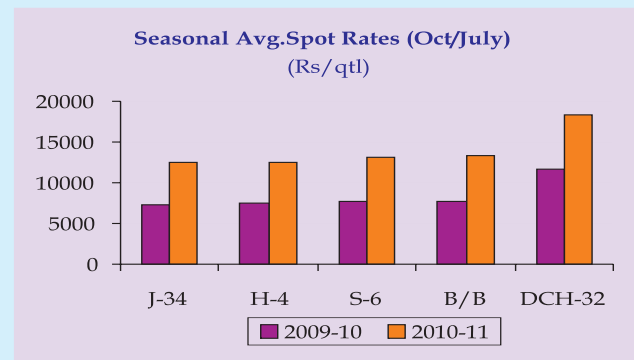
virtually no demand at prices considered fair by them to protect their margins. Mills had therefore been nursing huge yarn stocks and according to reports, their cash reserves had been eroded and the working capital was negative. Cotton exporters have also been shying away from the market since they had reached the ceiling in the quota allotted from exports.

A scrutiny of the daily spot rates during July indicates that the domestic cotton prices have been looking up at the end of the month. Plausibly, this is due to the fact that curbs on cotton exports have recently been removed and exporters seem to have entered the market once again.

With cotton prices rising in most of the months, the seasonal average prices during 2010-11 have been substantially higher compared to last year. The comparative

figures for the seasonal average prices in 2009-10 and 2010-11 are given below:

Seasonal (Oct-July) Avg. Spot Rates (Rs/Qtl.)			
Variety	2009-10	2010-11	Difference
J-34	7,286	12,564	5,278
H-4	7,471	12,420	4,949
S-6	7,652	13,073	5,421
Bunny	7,719	13,427	5,708
DCH-32	11,641	18,380	6,739



Government Removes Curbs on Cotton Exports

With huge stocks and decline in the domestic price, the Government removed restrictions on the export of cotton and allowed the commodity to be shipped under the Open General Licence (OGL) for remaining part of the season.

The cotton season is between October and September. Cotton exports for the remaining two months (August and September) have now been put under OGL, Commerce Secretary, Shri Rahul Khullar said.

Now, exporters only have to register with the Directorate General of Foreign Trade (DGFT) he said, according to an official statement.

With Agriculture Minister Shri Sharad Pawar consistently urging for allowing more cotton exports, the issue was reviewed at a meeting of Secretaries in the Ministries of Commerce, Textiles and Agriculture.

In October last year, the Government had capped cotton exports at 5.5 million bales (170 kg a bale) to protect the domestic textile industry in the wake of rising raw material prices. Additional 1 million bales were allowed in June, after prices had corrected sharply.

Prices have declined to about Rs.31,000 per candy now from the peak of Rs. 62,500 per candy in March. The restrictions on cotton yarn were removed from April 1, after the manufacturers found themselves with huge inventories following the curbs on exports. According to the estimates of the Cotton Advisory Board (CAB), the cotton surplus at the end of the current season would be 5.25 million bales on account of lower industry demand. In February, the CAB had estimated it at 2.75 million bales.

Likewise, the projection for domestic consumption of cotton this season has been lowered to 23.6 million bales, as against the earlier estimate of 26.5 million bales, on account of high inventories. The cotton production projection, however, has been increased to 32.5 million bales for the current season.

(The Financial Express) – 01.08.2011

(The office of the Directorate General of Foreign Trade has issued a Notification bearing No. 62(RE-2010)/2009-2014 dated 2nd August 2011 notifying that cap on export of cotton has been removed and the contracts for export of cotton during the season 2010-11 shall have to be registered with the DGFT prior to shipment).

UPCOUNTRY SPOT RATES

2010-11 Crop

(Rs. \ Quintal)

July 2011	BD(RG) A. Commla	BD SG	V-797	Jayadhar	Y-1	J-34	NHH-44	LRA-5166	H-4/ MECH-1	Shankar-6 Brahma	Bunny/ Surabhi	MCU-5/	DCH-32
1	ICS-101 22 mm 5.0-7.0 15	ICS-201 22 mm 5.0-7.0 15	ICS-102 22 mm 4.5-5.9 19	ICS-103 23 mm 4.0-5.5 19	ICS-104 24 mm 4.0-5.5 20	ICS-202 25 mm 3.5-4.9 23	ICS-105 25 mm 3.5-4.9 22	ICS-105 27 mm 3.5-4.9 24	ICS-105 28 mm 3.5-4.9 25	ICS-105 29 mm 3.5-4.9 26	ICS-105 31 mm 3.5-4.9 27	ICS-106 33 mm 3.3-4.5 28	ICS-107 35 mm 2.8-3.6 31
2	12317 N	12373 N	5483	8295	N.A.	10123	7452	8295	9701	10545	11107	12654	17153
4	12317 N	12373 N	5483	8295	N.A.	10123	7452	8295	9701	10545	11107	12654	17153
5	12317 N	12373 N	5483	8155	N.A.	9842	7452	8295	9561	10404	11107	12654	17153
6	12317 N	12373 N	5483	8155	N.A.	9842	7452	8295	9561	10404	11107	12654	17153
7	12317 N	12373 N	5483	8014	N.A.	9701	7452	8295	9420	10404	11107	12654	17153
8	12317 N	12373 N	5483	8014	N.A.	9701	7452	8295	9420	10404	11107	12654	17153
9	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
11	12373 N	12513 N	5483	8014	N.A.	9561	7452	8014	9139	10264	10826	12654	17153
12	12373 N	12513 N	5343	8014	N.A.	9420	7311	7874	8858	9983	10686	12513	17153
13	12232 N	12373 N	5343	7874	N.A.	8998	7311	7733	8717	9701	10404	12513	17153
14	12232 N	12373 N	5343	7592	N.A.	8858	7311	7733	8717	9561	10264	12373	16591
15	12176 N	12317 N	5343	7452	N.A.	8717	7255	7677	8577	9420	10123	12373	16310
16	12176 N	12317 N	5343	7311	N.A.	8717	7114	7536	8436	9280	9983	12373	16169
18	12176 N	12317 N	5343	6749	N.A.	8717	7311	7733	8155	8998	9842	12373	16169
19	11895 N	12035 N	5343	6749	N.A.	8577	7311	7592	8155	8858	9280	12373	15888
20	11895 N	12035 N	5343	6749	N.A.	8577	7311	7592	8155	8717	9139	12373	15888
21	11895 N	12035 N	5343	6749	N.A.	8577	7311	7592	8155	8717	9139	12373	15888
22	11895 N	12035 N	5343	6749	N.A.	8577	7311	7592	8155	8717	9139	12373	15888
23	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
25	11895 N	12035 N	5343	6468	N.A.	8577	7114	7311	7874	8436	8858	12092	15888
26	11895 N	12035 N	5343	6468	N.A.	8577	7114	7396	7874	8436	8858	12092	15888
27	11895 N	12035 N	5343	6468	N.A.	8577	7114	7452	7874	8436	8858	12092	15888
28	11895 N	12035 N	5343	6468	N.A.	8577	7255	7536	7958	8520	8858	12092	15325
29	11895 N	12035 N	5343	6468	N.A.	8577	7339	7620	8042	8661	8998	12092	15325
30	11895 N	12035 N	5343	6468	N.A.	8661	7396	7677	8099	8717	8998	12092	15325
H	12373	12513	5483	8295	-	10123	7452	8295	9701	10545	11107	12654	17153
L	11895	12035	5343	6468	-	8577	7114	7311	7874	8436	8858	12092	15325
A	12121	12237	5390	7329	-	9078	7325	7822	8655	9439	10000	12408	16415

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

SNIPPETS

The latest data on cotton market arrivals indicate that arrivals upto July 26, 2011 are quite close to the crop estimate of 325 lakh bales during 2010-11, with the arrivals being about 320 lakh bales.

In the north zone, crop estimate has nearly matched the arrivals while in the case of the south zone, arrivals have somewhat surpassed the crop estimate already and with the arrivals expected to continue in this zone upto September or so, they may well go beyond the production estimate. In the central zone, arrivals are behind the production estimate by about six lakh bales. This gap is expected to be bridged once the arrivals come to an end. All in all, the crop estimate by the CAB seems to be the actual crop

size. Presently, daily arrivals are stated to be around 7,000 bales.



With the receipt of rains recently in several States, after an uncertain start of the monsoon, cotton sowings have picked up pace. According to data compiled by the Union Ministry of Agriculture, the area covered so far is reported to be 105.6 lakh hectares, about 4.2 lakh hectares higher than the coverage of 101.4 lakh hectares by the same period last year. Most of the major States have reportedly covered higher area - Gujarat 25.8 lakh ha. v/s 23.7 lakh ha., Madhya Pradesh 7.06 lakh ha. v/s 6.20 lakh ha., Haryana 5.98 lakh ha. v/s 4.92 lakh ha., Punjab 5.75 lakh ha. v/s 5.59 lakh ha., Rajasthan 4.39 lakh ha. v/s 3.35 lakh ha. and Karnataka 3.47 lakh ha. v/s 3.03 lakh ha.



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 - August 2011

					30 th	1 st	2 nd	3 rd	4 th	5 th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0 15	11895N (42300)	11895N (42300)	11895N (42300)	11895N (42300)	12176N (43300)	12738N (45300)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0 15	12035N (42800)	12035N (42800)	12035N (42800)	12035N (42800)	12317N (43800)	12879N (45800)
03.	ICS-102	22mm	V-797	4.5-5.9 19	5343 (19000)	5343 (19000)	5343 (19000)	5483 (19500)	5624 (20000)	5905 (21000)
04.	ICS-103	23mm	Jayadhar	4.0-5 19	6468 (23000)	6468 (23000)	6468 (23000)	6608 (23500)	6608 (23500)	6608 (23500)
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	8661 (30800)	8802 (31300)	8802 (31300)	8942 (31800)	9083 (32300)	9364 (33300)
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	7396 (26300)	7536 (26800)	7536 (26800)	7733 (27500)	7874 (28000)	8155 (29000)
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24	7677 (27300)	7874 (28000)	7874 (28000)	8070 (28700)	8155 (29000)	8436 (30000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	8099 (28800)	8239 (29300)	8239 (29300)	8436 (30000)	8717 (31000)	8998 (32000)
10.	ICS-105	29mm	S-6	3.5-4.9 26	8717 (31000)	8998 (32000)	8998 (32000)	9195 (32700)	9617 (34200)	9842 (35000)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	8998 (32000)	9280 (33000)	9280 (33000)	9420 (33500)	9842 (35000)	9983 (35500)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	12092 (43000)	12092N (43000)	12092N (43000)	12092N (43000)	12092N (43000)	12373N (44000)
13.	ICS-107	35mm	DCH-32	2.8-3.6 31	15325 (54500)	15325 (54500)	15325 (54500)	15466 (55000)	15747 (56000)	15747 (56000)

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