

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

2011-12 * No. 20 * 16/08/2011

Edited & Published by Amar Singh

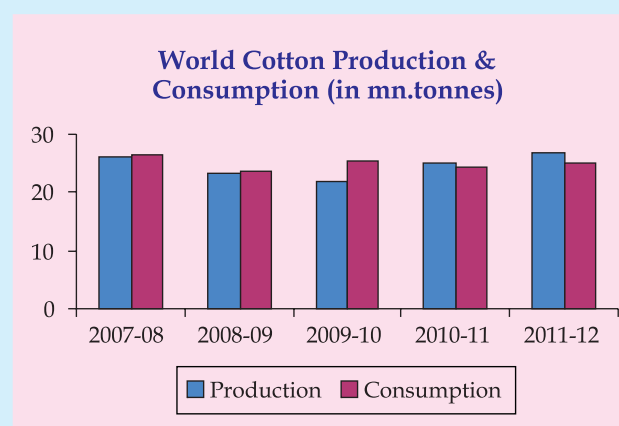
World Cotton Prices to be Lower in 2011-12 - ICAC

The International Cotton Advisory Committee (ICAC) has focussed particularly on prices in its latest release of August 1 pertaining to world cotton situation. It is stated that world cotton prices exploded in 2010-11. Tightening cotton supplies in the first few months of 2010-11, while spinning mills kept receiving new orders, created panic. Mills are stated to have bought cotton earlier and in larger volumes than usual. Firm demand and low stocks are said to have pushed prices up on a steep slope. The Cotlook A Index reached a record \$ 2.44 per pound on March 8, 2011, almost three times its value on the first day of the season.

After their record of early March 2011, international cotton prices fell considerably in April and May. The 2010-11 Cotlook A Index was down to less than \$ 1.60 per pound on June 8, 2011, the last day it was published. The Cotlook 2011-12 Forward A Index, published since late January 2011, continued to decline until the end of the season. It fell from \$ 1.46 per pound on June 9, 2011 to \$ 1.15 per pound on July 29, 2011. The main reason attributed to the drop of cotton prices is slowing demand. Cotton spinners, faced with high prices of raw materials and difficulties to access credit on the one side and declining prices of cotton yarn on the other, reduced their activity. As a result of the loss in competitiveness of cotton compared to polyester at the spinning level, the share of cotton in textile fibre end-use declined from 36 per cent in 2009 to 34 per cent in 2010 and is expected to remain stable in 2011. World cotton mill use was estimated down by 3 per cent to 24.5 million tonnes in 2010-11, states the ICAC.

The season-average Cotlook A Index reached a record of \$ 1.64 per pound in 2010-11, twice as high

as the 2009-10 average. However, the season-average A Index is expected to decline in 2011-12, as an increase in production of cotton will replenish stocks. World cotton production is estimated to rise by 8 per cent to 26.9 million tonnes in 2011-12, driven by the high prices received by farmers in 2010-11. Global cotton area is projected up by 7 per cent to 36.0 million hectares, the largest since the 1990s. The average yield is expected to rise by one per cent to 746 kg per hectare. Production is likely to rise in most of the large producing countries with the exception of US. Production could reach records in India and Australia. It is stated that despite a significant increase in planted area in US, severe drought condition in Texas would not only increase abandonment but also limit yields. Production in US is forecast at 3.6 million tonnes in 2011-12, down 12 per cent from 2010-11.



Cotton mill use is expected to resume rising in 2011-12, if projected global economic growth materialises, boosted by increased availability of cotton, but moderated by relatively high cotton prices and competition from chemical fibres.

Cotton mill use is now forecast at 25.0 million tonnes in 2011-12, two per cent higher than last season. Consequent to the expected surplus of 1.8 million tonnes, world ending stocks could rebound by 20 per cent to 10.9 million tonnes in 2011-12. The global stocks-to-use ratio is likely to recover from 37 per cent in 2010-11 to 43 per cent in 2011-12, according to the ICAC.

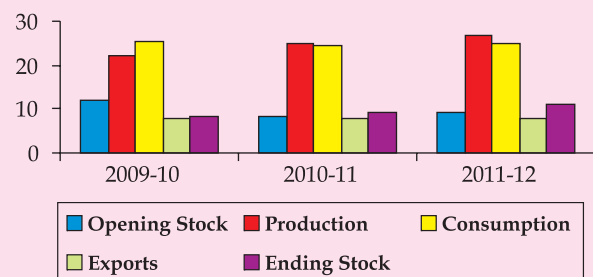
In the two decades preceding 2010-11, the annual change in the season-average Cotlook A Index was significantly correlated with the annual change in the stocks-to-use ratio outside China. This relationship did not hold in 2010-11. However, if return to a similar relationship is assumed in 2011-12, the projected increase in the stocks-to-use ratio outside China (from 46 per cent in 2010-11 to 53 per cent in 2011-12) could translate into a significant decline in the season average Cotlook A Index but it will possibly remain above the ten-year average A Index of 60 cents per pound, supported in part by Chinese imports.

The world cotton Balance Sheet as drawn up by the ICAC is as under:

World Cotton Supply and Demand (in million tonnes)

	2009-10	2010-11	2011-12
Beginning Stock	11.90	8.51	9.02
Production	22.02	24.95	26.86
Total Supply	33.92	33.47	35.88
Consumption	25.24	24.50	25.02
Exports	7.77	7.64	8.03
Ending Stock	8.51	9.02	10.86

World Cotton Supply and Demand (in mn. tonnes)



41 Percent Rise in Per Capita Cloth Availability in this Decade

The per capita availability of cloth has been steadily rising over the years. Between 1999-2000 and 2009-10 it rose by 41 percent. The relevant data as available from the office of the Textile Commissioner are reproduced below:

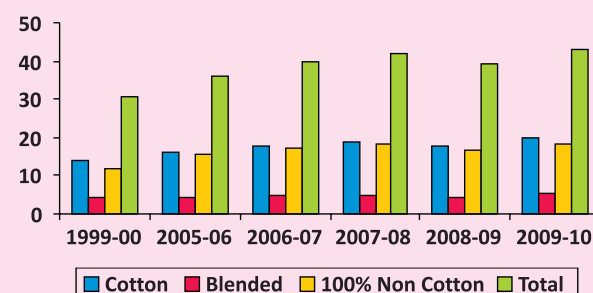
Year	(in Sq.Mtrs.)			
	Cotton	Blended	100% N.C	Total
1999-00	14.16	4.48	11.91	30.55
2005-06	16.37	4.32	15.41	36.10
2006-07	17.90	4.69	17.01	39.60
2007-08	19.01	4.81	18.03	41.85
2008-09	17.89	4.50	16.62	39.01
2009-10	19.71	5.29	18.12	43.12

It will be seen that the per capita availability of total cloth rose from 30.55 sq.mtrs. in 1999-00 to 43.12 sq.mtrs. in 2009-10, an increase of 41 percent. Fibre-wise data on per capita cloth availability indicate that the maximum growth of 52 percent during the decade has been in the case of 100 percent non-

cotton cloth while the growth made by cotton cloth came to about 39 percent. The growth made by blended cloth was only 18 percent.

In comparison, the growth made by total per capita cloth availability was only 23 percent during the previous decade of 1990s as against 41 percent in the 2000s. This is indicative of the comparatively better growth made by the textile industry during the 2007s. The growth made in per capita total cloth availability from 1991-92 to 2009-10 was 88.5 percent. In this period, per capita cotton cloth availability grew by 44 percent, blended cloth by 82 percent and 100 percent non-cotton cloth by a hefty 189 percent.

Per Capita Cloth Availability (Sq.Mtrs)



SUPPLY AND DISTRIBUTION OF COTTON

August 01, 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	12.749	12.210	11.895	8.51	9.02
China (Mainland)	3.991	3.653	3.321	3.585	2.78	2.16
USA	1.321	2.064	2.188	1.380	0.64	0.64
PRODUCTION						
WORLD TOTAL	26.766	26.073	23.455	22.030	24.95	26.86
China (Mainland)	7.975	8.071	8.025	6.925	6.40	7.19
India	4.760	5.219	4.930	5.050	5.53	5.77
USA	4.700	4.182	2.790	2.654	3.94	3.46
Pakistan	2.121	1.900	1.926	2.070	1.91	2.19
Brazil	1.524	1.602	1.214	1.194	2.05	2.05
Uzbekistan	1.171	1.206	1.000	0.850	0.91	0.92
Others	4.514	3.894	3.569	3.287	4.22	5.27
CONSUMPTION						
WORLD TOTAL	26.487	26.540	23.690	25.239	24.50	25.02
China (Mainland)	10.600	10.900	9.265	10.099	9.59	9.83
India	3.944	4.053	3.872	4.328	4.46	4.64
Pakistan	2.633	2.649	2.519	2.393	2.20	2.24
East Asia & Australia	1.858	1.829	1.674	1.861	1.78	1.77
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	0.58
Others	2.625	2.703	2.579	2.648	2.59	2.62
EXPORTS						
WORLD TOTAL	8.048	8.356	6.596	7.772	7.64	8.03
USA	2.821	2.968	2.887	2.621	3.11	2.50
India	0.960	1.530	0.515	1.420	1.03	1.03
Uzbekistan	0.980	0.900	0.630	0.820	0.60	0.62
CFA Zone	0.928	0.603	0.469	0.561	0.48	0.52
Australia	0.465	0.265	0.261	0.460	0.60	0.88
Brazil	0.283	0.486	0.596	0.433	0.44	0.91
IMPORTS						
WORLD TOTAL	8.122	8.380	6.506	7.768	7.71	8.03
China	2.306	2.511	1.523	2.374	2.60	3.28
East Asia & Australia	1.899	1.860	1.665	1.894	1.78	1.81
Europe & Turkey	1.340	1.081	0.861	1.176	0.98	0.88
Pakistan	0.502	0.851	0.417	0.344	0.33	0.28
CIS	0.319	0.267	0.231	0.210	0.14	0.15
TRADE IMBALANCE 1/	0.075	0.025	-0.090	-0.005	0.06	0.00
STOCKS ADJUSTMENT 2/	-0.140	-0.097	0.011	-0.166	-0.01	0.00
ENDING STOCKS						
WORLD TOTAL	12.749	12.210	11.895	8.515	9.02	10.86
China (Mainland)	3.653	3.321	3.585	2.780	2.16	2.79
USA	2.064	2.188	1.380	0.642	0.64	0.78
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	57	58	38	46	53
CHINA (MAINLAND) 4/	34	30	39	28	22	28
Cotlook A Index 5/	59.15	72.90	61.20	77.54	164.26	

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 August 2011)

SNIPPETS

Market arrivals of cotton are placed at 320 lakh bales by the beginning of August this year as against 295 lakh bales by the same period last year. Apparently, production during 2010-11 would be the same as the Cotton Advisory Board estimate of 325 lakh bales when the final figures are available.



Cotton imports by China during the current season, starting from August, are reported to be about 2.45 million tonnes upto June 2011. The imports during the same period last year were 2.21 million tonnes. Of the total imports upto June this year, imports from India at 629,250 tonnes were the second highest while those from India took the top position at 1.14 million tonnes.



As against the growth target of 4 percent in the agriculture and allied sector fixed for the 11th Five Year Plan, the average annual growth during the first four years of the Plan Period, 2007-08 to 2010-11 has been 3.2 percent. This is mainly due to severe drought conditions in most parts of the country during 2009-10 and drought/deficient rainfall in some States namely Bihar, Jharkhand, East UP and West Bengal in 2010-11. However, low level of investment in agriculture sector is also one of the underlying factors for slow growth.

Through the conscious efforts of the Government, the investment in Agriculture and Allied sectors as a percentage of agriculture sector GDP increased from 13.5 percent in 2004-05 to 20.3 percent in 2009-10 at constant prices.



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
August 2011

Sr. No.	Grade Standard	Staple	Trade Name	Micronaire	Strength/GPT	6 th	8 th	9 th	10 th	11 th	12 th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	12738N (45300)	13582N (48300)	14060N (50000)	14060N (50000)	14060N (50000)	14060N (50000)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	12879N (45800)	13723N (48800)	14201N (50500)	14201N (50500)	14201N (50500)	14201N (50500)
03.	ICS-102	22mm	V-797	4.5-5.9	19	5905 (21000)	5905 (21000)	5905 (21000)	5905 (21000)	6046 (21500)	6046 (21500)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	6608 (23500)	6889 (24500)	6889 (24500)	7030 (25000)	7030 (25000)	7030 (25000)
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	9364 (33300)	9280 (33000)	9195 (32700)	9055 (32200)	8970 (31900)	9055 (32200)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	8155 (29000)	8014 (28500)	8014 (28500)	8014 (28500)	8014 (28500)	8014 (28500)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	8436 (30000)	8155 (29000)	8155 (29000)	8155 (29000)	8155 (29000)	8155 (29000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	8998 (32000)	8858 (31500)	8858 (31500)	8858 (31500)	8858 (31500)	8858 (31500)
10.	ICS-105	29mm	S-6	3.5-4.9	26	9701 (34500)	9561 (34000)	9561 (34000)	9561 (34000)	9701 (34500)	9701 (34500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	9983 (35500)	9842 (35000)	9842 (35000)	9842 (35000)	9842 (35000)	9842 (35000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	12373N (44000)	12232N (43500)	12232N (43500)	12232N (43500)	12232N (43500)	12232N (43500)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)	15747 (56000)

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