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

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USDA Report Raises Production Estimates

The U.S. 2012-13 cotton supply and demand estimates include larger production and ending stocks compared with last month. Production is raised 651,000 bales to 17.7 million, up nearly 4 percent, based on USDA's first crop survey. Domestic mill use is unchanged. Exports remain forecast at 12.1 million bales, despite the larger supply, due to reduced import demand by China. Ending stocks are now forecast at 5.5 million bales, equal to 35 percent of total use. The range for the marketing year average price received by producers is narrowed 1 cent on each end to 61 to 79 cents per pound.

This month's world 2012-13 cotton estimates also show larger supplies and ending stocks.

Beginning stocks are raised nearly 2.0 million bales in China as a result of adjustments to 2011-12 which both increase imports and reduce consumption. The higher China stocks are partially offset by lower beginning stocks in Australia, Malaysia, Pakistan, and others, resulting in a net global increase of 1.1 million bales. World production is raised 300,000 bales, as increases for the United States, China, Burkina Faso, and Mali are partially offset by lower production for India, Brazil, Argentina, and others.

World consumption is reduced 820,000 bales, due mainly to reductions for China and Pakistan. World trade is reduced slightly, as lower imports by China are partially offset by small increases for several countries. World stocks are raised to 74.7 million bales, including an increase of nearly 2.4 million bales in stocks held by China; lesser increases for the United States, Pakistan, and Uzbekistan are about offset by decreases for India, Australia, and Brazil. Projected China stocks of 34.2 million bales

account for 46 percent of the world stocks forecast, and assume a net increase in China's national cotton reserve of about 20 percent during 2012/13.

(Cotton International - 14.08.2012)

India's Imports Could Top 1.5 Million Bales

With international cotton prices significantly lower than fiber purchased on the domestic market, it's no surprise that India's import totals are up over last year. But the amount isn't merely higher – it's much higher, and could even triple last year's import totals. With 500,000 bales already brought in and contracts signed for 1 million more, the total imports for the year ending Sept. 30 will dwarf last year's import total of 500,000 bales.

Earlier in the year, Indian government implemented a cotton export ban because exports grew much faster than expected in the early part of the year, leaving government officials concerned that there wouldn't be enough cotton left for the country's powerful textile industry. Now, supplies of domestic cotton are, in fact low, and that has helped to drive prices for local cotton to about 88 cents per pound. Imported fiber – primarily from Africa, Australia and Brazil – is available for 75 to 80 cents per pound.

Heading into the last quarter of the year, India's cotton exports have ground to a halt, although they have already totaled a healthy 11.5 million bales (170 kg each). Even though their purchasing has tailed off in recent months, China is still the top export destination for Indian cotton in 2011-12.

(Cotton International - 07.08.2012)

"ELS Cotton: A Promising Future Ahead in India"

Cotton Outlook magazine's Special Feature issue of July 2012 devoted to World Long Staple Market carries an article entitled as above, authored by I.J. Dhuria, Corporate General Manager of a private company. As the article contains some interesting information and perspective, some of the highlights brought out in the same are given below:

The Indian textile industry has passed through many facets in its history of over five thousand years. Although in terms of the industry life cycle, the industry is in the maturing phase, in the context of post-WTO liberal trade regime, it has the potential of starting a new phase of growth. One of the fundamental strengths of India has been, and will continue to be, the availability of cotton in a wide range of varieties including ELS (extralong staple) cotton. An open trade policy has ensured continued growth of ELS consumption even if production lags behind.

Coming to the trend in cotton production, it is stated that driven by increased production resulting from increased productivity due to varietal replacement, notably the spread of Bt cotton, and wider adoption of scientific farming practices, as also an expansion of cotton area, cotton production in India has grown significantly over the years. Analysis of time series data related to cotton production is stated to reveal that the area rose from 77 lakh hectares in 1991-92 to 88 lakh hectares in 1999-2000, before expanding to 121 lakh hectares in 2011-12. During the same period, cotton output increased from 20.2 lakh to 26.5 lakh tonnes, and then to 58.7 lakh tonnes. The growth has thus been indeed impressive.

More importantly, the increase in productivity has been quite remarkable. In fact, increase in yield is a key factor in the Indian context for raising production. The average cotton lint yield in the country in 1991-92 was 263 kg per hectare. It went up to 278 kg in 2000 before more than doubling to 554 kg per hectare in 2007-08. Since then, it has moderated to some extent and came down to 484 kg in 2011-12. There is, of course, scope to improve the yield further, possibly to reach a level of around 700 kg per hectare by 2020, when it will be close to the world average.

India which was a major cotton importing country in the past is now a major exporter of the fibre.

This status seems set to continue in the long term. The quantum of export has risen from the negligible level of 50,000 bales in 2000-01 to an estimated 115 lakh bales in 2011-12. Obviously, the country is now less dependent on imports than it was earlier before the breakthrough achieved in domestic yield and production. However, the continued import by textile mills of certain varieties and qualities, like Pima or Giza, seems inevitable, so as to meet the requirements for textile products that are linked to specific varieties of cotton. It is, therefore expected that premium cottons like the ones mentioned above will continue to enjoy patronage from the Indian textile mills in future, states the author.

While, in the past, India was dominated by short and medium staple cottons, for the last few decades, the country has been dominated by long and extralong staple cottons which have been the mainstays of the domestic textile industry alongwith value added fibres for the products needed to meet the traditional dress code. From the late eighties and early nineties, exports of fine count yarn also increased with the result that the volume of ELS imports has also risen.

(To be continued)

Industrial Output Fell by 1.8 Percent in June - CSO

Data released by the Central Statistics office is reported to have shown that the country's industrial output fell by 1.8 percent in June compared to 9.5 percent growth in the same month a year earlier. The sector had risen by 2.5 percent in May this year and it fell by 0.9 percent in April. The sector posted a 0.1 percent decline in April-June quarter compared to 6.9 percent growth in the first quarter of last fiscal. The poor performance by the industrial sector is expected to adversely impact the first quarter economic performance with services sector also impacted by the global economic slow down, says a report.

New CAI Testing Laboratory Inaugurated at Indore, M.P

CAI has set up one more new Laboratory at Indore in Madhya Pradesh in furtherance of its objective to expand the network of Cotton Testing Laboratories at all important cotton growing centres.

CAI President, Shri Dhiren N. Sheth welcoming Shri Nandalaji Lunia



Shri Nandalaji Lunia lighting the Lamp at the opening of Indore Laboratory



Sanjay V. Udeshi and Shri Vijay Shah, Member, CAI welcomed the guests present on the occasion.

Shri Nandalaji Lunia congratulated CAI for launching the project of setting up of Cotton Testing Laboratories in the cotton producing and consuming areas. He stated that this will enable the local cotton community to avail of the cotton testing facilities of international standards at affordable rates. He wished CAI great success in its endeavour to provide testing facilities at various cotton growing centres.

Shri Sheth made a presentation on CAI's activities and benefits of its membership to the guests at the inaugural ceremony.

Shri Nandalaji Lunia inaugurating the Indore Laboratory



A cross section of members at the Inaugural of Indore Laboratory

The Indore Laboratory was inaugurated on 4th August 2012 by Shri Nandalaji Lunia, President, M.P. Cotton Brokers' Association, Indore. A large number of members from the local cotton trade were also present on the occasion of the inauguration. CAI President, Shri Dhiren N. Sheth along with Shri



A new Indore Laboratory

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) 2011-12 Crop August 2012					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Strength /GPT	13th	14th	15th	16th	17th	18th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	11895 (42300)	11895 (42300)	M	11895 (42300)	11838 (42100)	11782 (41900)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	12120 (43100)	12120 (43100)	A	12120 (43100)	12063 (42900)	12007 (42700)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	8436 (30000)	8436 (30000)		8436 (30000)	8436 (30000)	8436 (30000)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	9280 (33000)	9280 (33000)	R	9280 (33000)	9280 (33000)	9280 (33000)
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	N.Q.	N.Q.		N.Q.	N.Q.	N.Q.
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	9954 (35400)	9954 (35400)	K	9954 (35400)	9983 (35500)	9926 (35300)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	9842 (35000)	9842 (35000)	E	9842 (35000)	9842 (35000)	9842 (35000)
8	M/M/A	ICS-105	Fine	26mm	3.5 – 4.9	25	N.Q.	N.Q.		N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 – 4.9	26	10236 (36400)	10236 (36400)	T	10236 (36400)	10264 (36500)	10208 (36300)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	9898 (35200)	9898 (35200)		9983 (35500)	9983 (35500)	9983 (35500)
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	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)	10292 (36600)	C	10292 (36600)	10320 (36700)	10264 (36500)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	10461 (37200)	10461 (37200)		10517 (37400)	10517 (37400)	10517 (37400)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	10461 (37200)	10404 (37000)	L	10489 (37300)	10489 (37300)	10545 (37500)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	10714 (38100)	10714 (38100)	O	10742 (38200)	10742 (38200)	10742 (38200)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	10742 (38200)	10629 (37800)		10686 (38000)	10686 (38000)	10742 (38200)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	11079 (39400)	11079 (39400)	S	11107 (39500)	11107 (39500)	11107 (39500)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	11389 (40500)	11389 (40500)	E	11389 (40500)	11389 (40500)	11389 (40500)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	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)	D	15185 (54000)	15044 (53500)	15044 (53500)

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