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. 23 * 06/09/2011

Edited & Published by Amar Singh

CAB Retains Crop Estimate at 325 Lakh Bales in 2010-11

The Cotton Advisory Board (CAB) met in Mumbai on August 30, 2011 under the Chairmanship of Shri A.B. Joshi, Textile Commissioner, to take stock of the latest cotton situation in 2009-10 and 2010-11. After due deliberations, in which all cotton segments participated, the Board retained both the area and production estimates for 2010-11 at the same levels as its estimates made at the previous meeting held on July, 25, 2011. However, based on the pressing figures, it has revised its previous estimates for 2009-10, in the case of production while retaining the estimates of area at the same level. As against its production estimate of 295 lakh bales, it has now revised it upward to 305 lakh bales, an increase of ten lakh bales. It has also brought down its estimate of imports during 2009-10 from the earlier 7.00 lakh bales to 6.00 lakh bales now. The State-wise details of the estimates for 2009-10 and 2010-11 are given in the accompanying table.

On the basis of the above, the CAB has revised the Cotton Balance Sheet. It is given below along with the projections made for 2011-12.

COTTON BALANCE SHEET
(in lakh bales)

	2009-10	2010-11	2011-12
Supply			
Opening Stock	71.50	40.50	47.50
Production	305.00	325.00	355.00
Imports	6.00	5.00	5.00
Total Supply	**382.50**	**370.50**	**407.50**
Demand			
Mill Consumption	219.00 }		
Consumption by	}	264.00	236.00
SSUs	23.00 }		
Non-mill Use	17.00	17.00	17.00
Exports	83.00	70.00	70.00
Total Demand	**342.00**	**323.00**	**351.00**
Carryover Stock	40.50	47.50	56.50

As against the opening stock of 40.50 lakh bales, the closing stock is estimated to be higher by seven lakh bales at 47.50 lakh bales. It is likely that this may have a bearish influence on domestic cotton prices in September 2011, the last month of current season, 2010-11.

	2009-10		2010-11	
	Area	**Produ.**	**Area**	**Prod.**
Punjab	5.11	13.00 (14.25)	5.30	16.00
Haryana	5.07	15.25(14.75)	4.92	14.00
Rajasthan	4.44	12.00 (11.00)	3.35	9.00
North Zone	14.62	40.25 (40.00)	13.57	39.00
Gujarat	26.25	98.00(98.00)	26.33	103.00
Maharashtra	15.03	65.75(63.00)	39.32	82.00
M.P.	6.11	15.25(15.00)	6.50	17.00
Central Zone	67.39	179.00 (176.00)	72.15	202.00
A.P.	14.75	54.50(52.00)	17.84	53.00
Karnataka	4.55	12.25(9.00)	5.45	10.00
Tamil Nadu	1.04	5.00 (5.00)	1.22	5.00
South Zone	**20.34**	**71.75 (66.00)**	**24.51**	**68.00**
Other States	0.75	2.00(1.00)	1.19	4.00
Total	103.10	293.00 (283.00)	111.42	313.00
Loose Cotton	-	12.00(12.00)	-	12.00
All-India	**103.10**	**305.00(295.00)**	**111.42**	**325.00**

(Area in lakh hectares; Production in lakh bales - Figures in brackets denote the estimates at the previous meeting of CAB).

As for 2011-12, the Directorate of Cotton Development has projected the area as on 25.08.2011 at 118.05 lakh hectares as against 111.42 lakh hectares in 2010-11. Since the cotton farmers had been able to realise good returns from the crop this year owing to high cotton prices, there is every possibility of cotton area going up as projected by the Cotton Directorate. The weather conditions have also been generally conducive barring some minor aberrations in a few States. Thus, all in all, the production may be up in 2011-12 and may touch the record level of 355 lakh bales now forecast by the CAB.

Bulk of Cotton Mill Consumption Belongs To Long Staple

A study of the staple-wise consumption of cotton by mills of the organised sector indicates that a major share of the total consumption is taken by long staple cotton. The relevant data for the last two years as published by the Textile Commissioner are given below.

Mill Consumption (lakh bales)

Staple Group	2008-09	2009-10
Short Staple (below 20mm)	4.87 (2.5)	4.84 (2.3)
Medium Staple (20.5 to 25.5mm)	46.87 (24.6)	49.14 (23.1)
Medium Long Staple (26.0 to 27.5mm)	16.93 (8.9)	18.43 (8.7)
Long Staple (28.0 to 33.5mm)	108.29 (56.8)	124.43 (59.9)
Extralong Staple (34mm and above)	5.10 (2.7)	6.80 (3.2)
Foreign Cotton	8.89 (4.7)	6.16 (2.9)
Total	**190.75**	**212.80**

Note : (Figures in brackets denote percentages to total)

It will be seen that mill consumption of long staple cotton was about 56.8% of the total in 2008-09 and about 60% of the total in 2009-10. The next major staple group in mill consumption was medium long staple cotton which took a share of 8.9% in 2008-09 and 8.7% in 2009-10. Between them, these two groups accounted for about 65.7% of the total in 2008-09 and 68.6% in 2009-10. The share of extralong staple cotton in total mill consumption has ranged from 2.7 % in 2008-09 and 3.2% in 2009-10. The domestic supply of extralong staple cotton of the required fibre parameters is limited and mills usually rely on foreign cotton to bridge the gap. The share of foreign cotton in the total mill consumption of cotton shows variation from year to year depending on several factors including international prices for such cotton. Its share in total mill consumption was 4.7% in 2008-09 which came down to 2.9% in 2009-10.

It may be mentioned here that the present pattern of staple-wise cotton production is also in tune with the pattern of mill consumption. Concurrent with the rise in demand for long staple cotton, its domestic production has also zoomed particularly after the advent of Bt Cottons.

(Source: Office of the Textiles Commissioner, Mumbai)

Garments Export May Reach $14 Billion in 2011-12 - AEPC

Shipments of clothing reportedly showed a hefty increase of 42% in June touching $1.2 billion as against $853 million in June 2010. Garment exports during the first three months of the current fiscal from April to June 2011 are stated to have reached $3.58 billion, a rise of 34.5% compared to last year's exports. Garment exports may reach $14 biiion during 2011-12, according to the Apparel Exports Promotion Council.

Steady Decline in the Production of Long Staple Cotton in Central Asia

The Special Issue of Cotton Outlook published in August 2011 is devoted to the World Long Staple Cotton market. It has presented the long staple cotton situation in the major countries. Some of the points highlighted in respect of the Central Asian countries are given below:

Of the five cotton producing countries in Central Asia, long staple varieties are grown in three, viz. Uzbekistan, Turkmenistan and Tajikistan. The aggregate cotton production in these countries during 2010-11 is estimated to have been around 1.36 million tonnes. Of this, long staple cotton production consisted of less than 1.6 per cent or about 21,530 tonnes. It is expected that production of long staple cotton in 2011-12 would be even lesser, according to initial projections, although the aggregate production of cotton is set to show an increase to 1.39 million tonnes. The output of long staple cotton in 2011-12 is placed at 17,850 tonnes as against 21,530 tonnes in 2010-11.

It is stated that the question of sustaining long staple cotton in these countries has been an issue for quite some time. In fact, the decline in long staple cotton production has been going on for the last two decades or so. For instance, long staple cotton output was around 3.25 lakh tonnes in 1990-91 which came down to less than 50,000 tonnes in 2000-01 and was only 17,850 tonnes in 2011-12. The most common factors causing the steady decline are said to be poor quality planting seed, lack of resources for research and development of new varieties superior to the traditional varieties, poor incentives for farmers to cultivate the long staple varieties which are long in duration and also labour intensive, non-fixation of official targets for annual production, poor ginning facilities and the requirement of ideal weather conditions for a longer period. The situation in the three countries is stated to be as under:

Turkmenistan

This is the largest producer of long staple cotton among the three Central Asian countries. The reason for the decline in this country is attributed to the same factors as are cited above. Lesser area appears to have been devoted to long staple cotton this year and consequently the output may be lower at 15,000 tonnes. Most of Turkmenistan's production, it is stated, would go for export barring a small quantity consumed domestically. Due to marketing difficulties especially because of the high prices demanded, which are not acceptable to international buyers, a large quantity would have to be carried forward to next season, it is stated. The main consuming markets are South Asia and Far East and to a lesser extent, Turkey.

Uzbekistan

This is the largest cotton producer in the region and one of the biggest exporters of cotton to the international market. However, it produces only a small quantity of long staple cotton, the output in 2010-11 being only about 1500 tonnes out of a total production of over nine lakh tonnes. While there is a defined target and rigid control over total cotton production, there is said to be no such targets for long staple cotton. Although the long staple cotton produced has good staple and strength, it is stated that quality is sometimes marred by poor ginning.

Tajikistan

Here also, production of long staple cotton has declined steeply over the years and it touched the lowest level of just 180 tonnes in 2010-11. As elsewhere, the main reason are the resource constraint faced by farmers and a lack of basic inputs, besides the weather proving deterrent at times. Although the intention originally was to plant 10,000 hectares, the actual coverage is said to be only 2,000 hectares, while the overall area under cotton went up from last year's 164,000 hectares to 200,000 hectares in 2010-11. The yields in Tajikistan are said to be the lowest in the region. The key export market for Tajikistan is Turkey.

Coming to the future prospects in the three countries it is stated that there is no real evidence to suggest that revitalisation of long staple cotton is possible in the short to medium term. Only with significant changes in the production methodologies, improvement in returns to farmers and greater attention by Governments could there be possibility of better prospects.

(Note: While in India, cotton of 27.5 mm to 32 mm are termed as long staple cottons, only cotton of 32.5 mm and above are termed as long staple cotton in other countries).

(Source: Published in Cotton Outlook August 2011)

World Cotton Prices

Monthly average Cotlook A Index (FE) from 2005-06 onwards
(Cotlook Index in US Cents per lb.)

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
August	53.23	59.88	66.62	78.04	64.14	90.35
September	53.94	58.82	68.12	77.09	63.99	104.73
October	57.74	57.03	68.93	62.30	66.82	126.55
November	55.87	57.39	69.68	54.96	71.78	155.47
December	56.09	59.43	69.52	55.47	76.78	168.22
January	58.36	59.06	73.21	57.71	77.39	178.93
February	59.66	57.86	75.05	55.21	80.05	213.18
March	57.59	58.42	80.18	51.50	85.80	229.67
April	56.23	57.13	75.44	56.78	88.08	216.52
May	54.35	55.57	74.12	61.95	90.07	165.52
June	55.14	60.61	77.04	61.39	93.04	167.16
July	55.42	67.84	77.29	64.80	--	--

Source: CCI

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 - September 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/ GPT	Trade Name	27th	29th	30th	31st	1st	2nd
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	14144* (50300)	14144* (50300)	14144* (50300)	14144* (50300)	H	14144* (50300)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Deshi (SG)	14285* (50800)	14285* (50800)	14285* (50800)	14285* (50800)		14285* (50800)
03.	ICS-102	22mm	4.5-5.9	19	V-797	6749 (24000)	6608 (23500)	6608 (23500)	6608 (23500)	O	6608 (23500)
04.	ICS-103	23mm	4.0-5.0	19	Jayadhar	N.A.	N.A.	N.A.	N.A.		N.A.
05.	ICS-104	24mm	4.0-5.5	20	Y-1	N.A.	N.A	N.A.	N.A.	L	N.A
06.	ICS-202	25mm	3.5-4.9	23	J-34	10320 (36700)	10039 (35700)	10039 (35700)	10039 (35700)		9898 (35200)
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	8717 (31000)	8436 (30000)	8436 (30000)	8436 (30000)	I	8577 (34500)
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	9280 (33000)	8998 (32000)	8998 (32000)	8998 (32000)		8998 (32000)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9701 (34500)	9561 (34000)	9561 (34000)	9561 (34000)	D	9701 (34500)
10.	ICS-105	29mm	3.5-4.9	26	S-6	10545 (37500)	10264 (36500)	10264 (36500)	10264 (36500)		10404 (37000)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10826 (38500)	10545 (37500)	10545 (37500)	10545 (37500)	A	10686 (38000)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	12092* (43000)	11810* (42000)	11810* (42000)	11810* (42000)		11810* (42000)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	15466 (55000)	15466 (55000)	15466 (55000)	15466 (55000)	Y	15466 (55000)

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