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Publication of



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CAB Raises Crop Estimate to 325 Lakh Bales in 2010-11

At its last meeting held on 30th July 2010, the Cotton Advisory Board (CAB) had indicated that as a clear picture was not available, it will meet again towards the end of August to make more realistic estimates. Accordingly, the Board met in Mumbai on August 27. As expected, there was considerable discussion on the estimate of production with different cotton segments putting forth their reading of the crop situation. The estimates of production showed wide variation, ranging from 320 to 344.5 lakh bales. Finally, the Board placed the crop at 325 lakh bales in 2010-11 as against its estimate of 295 lakh bales in 2009-10.

The area in 2010-11 is now estimated to be 110.00 lakh hectares, more than six lakh hectares higher than the current season's record area of 103.29

lakh hectares. The CAB has finalised the State-wise details of area but not of production in 2010-11. It has retained its earlier estimates of area and production during 2009-10 without any change.

The State-wise details of Board's estimates are given below:

State	Area (lakh ha)		Production (lakh bales)	
	2009-10	2010-11	2009-10	2010-11
Punjab	5.36	5.30	14.25	-
Haryana	5.07	4.45	14.75	-
Rajasthan	4.44	2.54	11.00	-
North Zone	14.87	12.29	40.00	-
Gujarat	26.25	26.20	98.00	-
Maharashtra	35.03	40.00	63.00	-
M.P.	6.04	6.40	15.00	-
Central Zone	67.32	72.60	176.00	-
A.P.	14.83	17.10	52.00	-
Karnataka	4.27	4.66	9.00	-
Tamil Nadu	1.14	1.60	5.00	-
South Zone	20.24	23.36	66.00	-
Other States	0.86	1.75	1.00	-
Total	103.29	110.00	283.00	-
Loose Cotton	-	-	12.00	-
All-India	103.29	110.00	295.00	325.00

Renewal of Subscription of Cotton Weekly for April 2010-March 2011

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It will be seen that the largest increase of five lakh hectares in area is in Maharashtra followed by

Andhra Pradesh with a rise of about 2.27 lakh hectares. In both these States, the receipt of good rains at the optimum time pushed up cotton sowings apart from the good returns from the crop in 2009-10. The increase in area alongwith the larger coverage under the high yielding Bt cottons at the national level is expected to lead to the significant increase of about 30 lakh bales as estimated by the CAB.

The Board has estimated that both imports and exports of cotton during 2010-11 may be lower than in 2009-10. The imports are estimated to be lower at 5 lakh bales and exports at 49.50 lakh bales. Mill consumption during the coming season is projected to be higher by about 14.5 lakh bales to touch 221.5 lakh bales in 2010-11.

On the basis of these revisions and the higher

production, CAB has reworked the Cotton Balance Sheet which is given below:

	(in lakh bales)	
	2009-10	2010-11
Opening Stock	71.50	40.50
Production	295.00	325.00
Imports	7.00	5.00
Total Supply	373.50	370.50
Mill Consumption	207.00	221.50
Consumption by SSUs	23.00	24.50
Non-mill use	20.00	20.00
Total Demand	333.00	315.50
Closing Stock	40.50	55.00

As may be seen, the closing stock in 2010-11 is expected to be nearly 15 lakh bales higher than the opening stock.

(Source : Cotton Advisory Board)

Tight Stocks Drive Extra-fine Cotton Prices Up

In its latest release of September 2, the ICAC stated that stocks of extra-fine cotton in producing countries were estimated to be down by over half to 136,000 tons in 2009-10, as a result of a rebound in demand coinciding with a further decline in production. Remaining stocks are located primarily in five countries, viz, China, Egypt, India, Turkmenistan and Sudan.

Production is expected to rebound by 18% to 490,000 tons in 2010-11, in reaction to an increase in price in 2009-10. However, harvest will not start before September. The current tight stocks and the lack of exportable supplies have driven extra-fine cotton prices up. The Cotlook quote for 2009-10 American Pima jumped from 132 cents per pound in January 2010 to 151 cents per pound in early June, after which the quote stopped being published due to a lack of offers. The Cotlook quote for 2010-11 American Pima rose from 159 cents per pound in early August to 162 cents per pound at the end of the month.

The rise in global extra-fine cotton production expected in 2010-11 is driven by Egypt, the United States and China. Production is also projected higher in Sudan and India, but could remain stable in Israel and Tajikistan and decline in Turkmenistan and Uzbekistan. The combined share of Egypt and the United States in world production is expected to increase from 44% in 2009-10 to 49% in 2010-11, whereas that of

Central Asian countries is forecast down from 6% to 3%.

After a significant rebound in 2009-10, consumption of extra-fine cotton in producing countries is expected to decrease slightly in 2010-11, to 451,000 tons, due to reduced supplies. Except for China and India, most producing countries are expected to spin less extra-fine cotton in 2010-11 than in the previous season.

Exports of extra-fine cotton are forecast to fall by 18% in 2010-11, to 235,000 tons, due to a reduction in exportable surpluses. U.S. exports are projected at 103,000 tons, 32% down from 2009-10. Egypt's exports are expected to increase to 80,000 tons. The United States and Egypt will account for 78% of global extra-fine cotton exports in 2010-11.

Extra-fine cotton stocks in producing countries are expected to decline further in 2010-11, to 105,000 tons (-22%). Stocks will remain particularly tight in the United States. The stocks-to-use ratio in producing countries is expected to decline from 18% in 2009-10 to 15% in 2010-11, the lowest ratio in at least three decades. Limited stocks should support extra-fine cotton prices during 2010-11. However, as upland cotton prices are expected to increase as well, the ratio between upland cotton prices and extra-fine cotton prices could remain close to 1.9, the 10-year average.

(Source: ICAC statement dt.02.09.2010)

Glimpses of 'Dariya Poojan' on the Occasion of 'Nariali Poornima' Celebrated by CAI

The Association organised 'Dariya Poojan' on the occasion of 'Nariali Poornima' on 24th August 2010. A large number of members participated in the pooja performed for the allround prosperity of the cotton trade.



Merchandise Exports Post Healthy Growth of 13 Percent

Merchandise exports from the country are reported to have posted a healthy growth of 13 per cent to \$ 16 billion in July. During the April-July period, exports are placed at \$ 69 billion, a growth of 30 per cent from the exports during the corresponding period of 2009-10. However, there is apprehension that export growth during second half of the current fiscal may show a deceleration as overall world economic growth may be slowing down. Nevertheless, the expectation is that the total exports in 2010-11 may hit the target of \$ 200 billion. With imports growth continuing to overtake that of exports, trade deficit during April-July is stated to have risen to worrying \$ 43 billion.

Govt. to Allow Duty-Free Export of 55 Lakh Bales of Cotton in 2010-11 Season

It is reported that the government is likely to allow duty-free export of 55 lakh bales of cotton in the 2010-11 season starting next month. The decision on allowing limited cotton exports was taken jointly by the Commerce Department and the Agriculture and Textile Ministries on September 1. The decision is likely to be notified by Directorate General of Foreign Trade soon. Cotton exporters will need to register themselves with the Textile Commissioner and would be allowed to export on a first-come-first-serve basis till the quota amount is met. The Textile Commissioner will start registering export contracts from September 15 while exports would be allowed from October 1.

SNIPPETS

Area planted to cotton is rising steadily. The progressive area covered upto August 26 has been estimated by the Agriculture Ministry at nearly 106.12 lakh hectares as against 103.29 lakh hectares in 2009-10. The major breakthrough has been in Maharashtra and Andhra Pradesh. In Maharashtra, the area has jumped to 39.52 lakh hectares compared to 35.03 lakh hectares last year. Similarly, from 14.83 lakh hectares in 2009-10, the area in Andhra Pradesh has gone up to 17.04 lakh hectares this year. Receipt of good rains and the prospects of good market prices at harvest time have been the major factors that propelled the area. Out of the total area of 106.12 lakh hectares planted, about 93.4 lakh hectares or 88 per cent of the total area covered by Bt cottons. The increased area and the higher coverage by the high yielding Bt cottons can be expected to take total production to record high in 2010-11, provided there are no serious natural calamities to pull down the crop.



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UPCOUNTRY SPOT RATES

(Rs./Candy)

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) 2009-10 CROP August- September 2010					
						28 th	30 th	31 st	1 st	2 nd	3 rd
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	26400	26400	26400	H	26400
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	O	26700	26700	26700	O	26700
03.	ICS-102	22mm	V-797	4.5-5.9	19		23700	24000	24000		24000
04.	ICS-103	23mm	Jayadhar	4.0-5	19		24000	24200	24200		24500
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	27200	27200	27200	L	27200
06.	ICS-202	25mm	J-34	3.5-4.9	23		32700	32700	32700		32700
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		N.A.	N.A.	N.A.		N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	I	31000	31500	31500	I	32000
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25		32700	33000	33000		33500
10.	ICS-105	29mm	S-6	3.5-4.9	26	D	34000	34200	34200	D	34500
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27		35000	35200	35200		35200
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	A	36500	36500	36500	A	36500
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		43500	43500	43500		43500
14.	ICS-301	26mm	ICC	3.7-4.3	25	Y	N.A.	N.A.	N.A.	Y	N.A.