



Cotton Statistics And News

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Cotton Prices Move Up in August

Domestic cotton prices, which had been declining continuously from April to July 2011, reversed the trend in August with prices of all varieties, except the extralong staple cotton, DCH-32, moving up in August. The monthly average prices since the commencement of the current season in October 2010 in the case of a few representative varieties, alongwith the comparative prices during the last season, are given below:

Monthly Avg. Spot Rate (Rs/Qtl.)

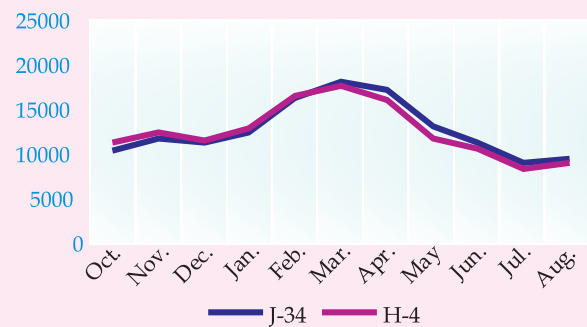
Month	J-34	H-4	S-6	Bunny	DCH-32
Oct.'10	10,236 (6,046)	11,135 (-)	11,389 (6,552)	11,501 (6,524)	13,301 (-)
Nov.'10	11,389 (6,608)	11,979 (6,693)	12,260 (7,030)	12,260 (6,689)	14,510 (11,529)
Dec.'10	11,135 (7,002)	11,220 (7,227)	11,726 (7,536)	11,670 (7,536)	14,594 (11,810)
Jan.'11	12,063 (7,199)	12,457 (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)
Aug.'11	9,561 (8,633)	9,230 (8,520)	10,004 (8,942)	10,219 (9,111)	15,601 (11,867)

Note: Figures in brackets denote corresponding prices last year.

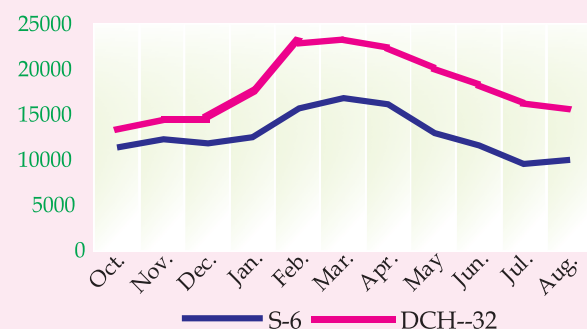
The increase in August compared to July has ranged from Rs. 219 per quintal in the case of Bunny and Rs. 576 per quintal in the case of H-4. In the case of DCH-32, the average price declined further in August by Rs. 814 per quintal compared to July.

The main reason for the rise during August has apparently been the revival of demand from both spinning mills and exporters. The mills were in doldrums since a few months due to

Monthly Avg. Spot Rates (Rs/qtl)



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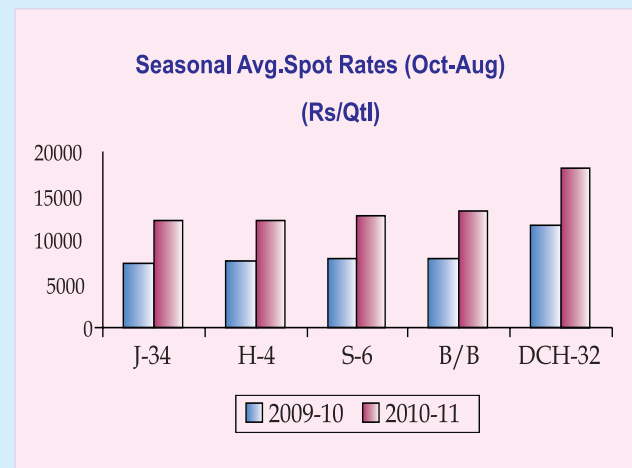


the unprecedented rise in cotton prices in contrast to the yarn prices which remained quite low falling short of the production cost. Even the better off mills were struggling to survive and were planning to cut down production by 30 per cent. They were forced to nurture huge yarn stocks. Their cash reserves had therefore been totally eroded and the working capital was negative. In this plight with heavy yarn inventories, they had withdrawn from cotton market for quite a few weeks. Consequently, cotton prices continued to decline month after month. However, the situation has now distinctly turned for the better with the festive season at hand. Alongwith the steep rise in demand for textiles, the demand for yarn has also picked up perceptibly and mills have re-entered the cotton market and had been on a spree to build up their raw material stock, triggering a rise in cotton prices.

The demand for cotton from exporters has also revived now. Earlier, with the cap allowed for export of cotton having been reached, exporters had stopped buying cotton. However, Government has now removed the restrictions imposed on cotton exports which have been placed under Open General Licence. Exporters have therefore revived booking for shipment giving a stimulus for cotton prices.

The seasonal average prices have continued to remain substantially higher this year compared to last year. The comparative data are given below:

Seasonal (Oct-Aug) Avg. Spot Rates (Rs/Qtl.)			
Variety	2009-10	2010-11	Increase
J-34	7,408	12,291	4,883
H-4	7,576	12,130	4,554
S-6	7,769	12,794	5,025
Bunny	7,846	13,136	5,290
DCH-32	11,664	18,127	6,463



Cotton Industry Avoids Forward Contracts - Report

According to reports, no agreements have been entered into by ginners, millers, traders and exporters this year, unlike last year when forward contracts for cotton had been signed in May. Poor delivery and counterparty default by all players in 2010 have reportedly led to this situation.

President of the Association has also highlighted this fact recently. He has stated that forward contracts have not been signed till date. Exports are not open and hence there is no clarity on pricing. He mentioned that US, whose crop will arrive in September as in India, has sold half of its exportable surplus while even a beginning has not been made in India. Pakistan, whose crop has started arriving from Punjab and Sindh, has already started selling in the international market. The President added that

the confidence of exporters, traders and ginners has been shaken due to the high volatility in prices last year.

It is reported that according to an industry estimate, forward contracts for over 40 to 45 lakh bales had been signed by this date last year. In Gujarat, it is stated that contracts for some 15-17 lakh bales had been signed in 2010 compared to no contracts this year. Poor delivery, non-settlement of contracts by ginners, traders and exporters, increased moisture content and waste in cotton are said to have led to this situation. Reports add that since exports of cotton are now allowed under Open General Licence during the remaining period of the current season, traders are expecting further exports of 15-20 lakh bales by September end.

(Source: Economic Times - 25.08.2011)

UPCOUNTRY SPOT RATES

2010-11 Crop

(Rs. \ Quintal)

Aug. 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/ ICS-106	DCH-32
	ICS-101	ICS-201	ICS-102	ICS-103	ICS-104	ICS-202	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-106	ICS-107
	22 mm	22 mm	22 mm	23 mm	24 mm	25 mm	25 mm	27 mm	28 mm	29 mm	31 mm	33 mm	35 mm
	5.0-7.0	5.0-7.0	4.5-5.9	4.0-5.5	4.0-5.5	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.3-4.5	2.8-3.6
	15	15	19	19	20	23	22	24	25	26	27	28	31
1	11895 N	12035 N	5343	6468	N.A.	8802	7536	7874	8239	8998	9280	12092 N	15325
2	11895 N	12035 N	5343	6468	N.A.	8802	7536	7874	8239	8998	9280	12092 N	15325
3	11895 N	12035 N	5483	6608	N.A.	8942	7733	8070	8436	9195	9420	12092 N	15466
4	12176 N	12317 N	5624	6608	N.A.	9083	7874	8155	8717	9617	9842	12092 N	15747
5	12738 N	12879 N	5905	6608	N.A.	9364	8155	8436	8998	9842	9983	12373 N	15747
6	12738 N	12879 N	5905	6608	N.A.	9364	8155	8436	8998	9701	9983	12373 N	15747
8	13582 N	13723 N	5905	6889	N.A.	9280	8014	8155	8858	9561	9842	12232 N	15747
9	14060 N	14201 N	5905	6889	N.A.	9195	8014	8155	8858	9561	9842	12232 N	15747
10	14060 N	14201 N	5905	7030	N.A.	9055	8014	8155	8858	9561	9842	12232 N	15747
11	14060 N	14201 N	6046	7030	N.A.	8970	8014	8155	8858	9701	9842	12232 N	15747
12	14060 N	14201 N	6046	7030	N.A.	9055	8014	8155	8858	9701	9842	12232 N	15747
13	14144 N	14285 N	6046	7030	N.A.	9139	8014	8155	8858	9701	9842	12232 N	15747
15	....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
16	14144 N	14285 N	6186	N.A.	N.A.	9476	8352	8717	9280	9983	10123	12232 N	15747
17	14144 N	14285 N	6186	N.A.	N.A.	9476	8352	8717	9280	9983	10123	12232 N	15747
18	14144 N	14285 N	6468	N.A.	N.A.	9701	8352	8998	9561	10264	10545	12232 N	15747
19	....	.....	.....	.....	.....	.....	MAKETED CLOSED	.....	.....	.....	.....	.....	.....
20	14144 N	14285 N	6608	N.A.	N.A.	9701	8633	9139	9701	10545	10686	12232 N	15747
22	14144 N	14285 N	6749	N.A.	N.A.	9842	8717	9280	9842	10686	10826	12232 N	15466
23	14144 N	14285 N	6749	N.A.	N.A.	10123	8858	9420	9983	10826	10967	12232 N	15466
24	14144 N	14285 N	6889	N.A.	N.A.	10404	8998	9561	10123	10826	10967	12232 N	15466
25	14144 N	14285 N	6889	N.A.	N.A.	10404	8998	9561	9983	10826	10967	12232 N	15466
26	14144 N	14285 N	6889	N.A.	N.A.	10404	8858	9420	9842	10686	10967	12232 N	15466
27	14144 N	14285 N	6749	N.A.	N.A.	10320	8717	9280	9701	10545	10826	12092 N	15466
29	14144 N	14285 N	6608	N.A.	N.A.	10039	8436	8998	9561	10264	10545	11810 N	15466
30	14144 N	14285 N	6608	N.A.	N.A.	10039	8436	8998	9561	10264	10545	11810 N	15466
31	14144 N	14285 N	6608	N.A.	N.A.	10039	8436	8998	9561	10264	10545	11810 N	15466
H	14144	14285	6889	7030	-	10404	8998	9561	10123	10826	10967	12373	15747
L	11895	12035	5343	6468	-	8802	7536	7874	8239	8998	9280	11810	15325
A	13647	13788	6226	6772	-	9561	8289	8674	9230	10004	10219	12165	15601

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

SNIPPETS

Shipments of clothing reportedly showed a hefty increase of 42 per cent 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 per cent compared to last year's exports. Garment exports may reach \$ 14 billion during 2011-12, according to the Apparel Exports Promotion Council.



The Ministry of Agriculture has proposed to maintain the annual agricultural GDP growth at 4 per cent for the 12th plan period starting 2012-13. The agricultural GDP may go up higher, which will then get revised during the plan period. But now, when the overall gross domestic

product is maintained at 9 per cent for the 12th plan (2012-13 to 2017-18) agricultural GDP will also be maintained at 4 per cent, which was the projection for the 11th plan, said an official source.

Gross domestic product (GDP) refers to the market value of all final goods and services produced in a country within a given time frame.



Global cotton consumption will climb to 24.7 million tonnes(mt) in the year that started August 1, reported ICAC. This compares with 24.4 mt a year earlier. The global production will rise to 26.9 mt from 24.9 mt a year earlier.



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
September 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	3 rd	5 th	6 th	7 th	8 th	9 th
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	14144* (50300)	14144* (50300)	14144* (50300)	14144* (50300)	14144* (50300)	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)	14285* (50800)
03.	ICS-102	22mm	4.5-5.9	19	V-797	6608 (23500)	6749 (24000)	6889 (24500)	6889 (24500)	7030 (25000)	7171 (25500)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	N.A.	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.	N.A.	N.A.
06.	ICS-202	25mm	3.5-4.9	23	J-34	9842 (35000)	10123 (36000)	10348 (36800)	10489 (37300)	10404 (37000)	10686 (38000)
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	8577 (30500)	8717 (31000)	8858 (31500)	8858 (31500)	8998 (32000)	9195 (32700)
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	8998 (32000)	9139 (32500)	9420 (33500)	9420 (33500)	9561 (34000)	9758 (34700)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9758 (34700)	10039 (35700)	10404 (37000)	10404 (37000)	10404* (37000)	10404* (37000)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10461 (37200)	10742 (38200)	10967 (39000)	10967 (39000)	11107 (39500)	11304 (40200)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10686 (38000)	10967 (39000)	11248 (40000)	11107 (39500)	11389 (40500)	11585 (41200)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	11810* (42000)	11810* (42000)	11810* (42000)	11810* (42000)	11810* (42000)	11810* (42000)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	15466 (55000)	15747 (56000)	15747 (56000)	15747 (56000)	15466 (55000)	15185 (54000)

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