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Cotton Statistics And News

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Cotton Prices in August Shed Some of the Gains of July

Cotton prices in the domestic market have been zig-zagging for the last ten months. After a flare-up at the commencement of the season in October 2008, they remained subdued till March 2009. There was a spurt in April-May but prices moved down in June. The trend was again reversed in July with prices shooting up breaching even the high levels reached in May. Then again, prices during the penultimate month of the season in August, lost ground and shed some of the gains of July. The data on monthly average prices of some of the popular varieties are given in the accompanying table.

It will be seen that compared to July, the average price in August was lower by Rs. 100 per candy in the case of J-34 and H-4 and Rs. 400 per candy in the case of the much-in-demand S-6. However, the average price firmed up by Rs. 100 per candy in the case of the extralong staple cotton DCH-32.

Apparently, the movement of prices in August was in accordance with the market fundamentals. During August, mill demand for cotton had waned in contrast to a spurt in the preceding month. Mills seem to have covered their short term requirements to take care of the increased demand for textile products during the forthcoming festive season. However, they were not keen to build up inventories beyond the needed level, especially as interest rates are high. With the domestic crop for 2008-09 being a reasonably good one and the production prospects for 2009-10 brightening after receipt of the much needed rains in some tracts, the expectation was that rather than hardening, prices would remain soft or at least at the current level.

Month	Avg. Spot Rate (Rs/Candy)			
	J-34	H-4	S-6	DCH-32
October '08	22500 (17200)	23100 (19100)	23300 (19700)	31900 (29800)
November '08	20400 (18000)	21900 (19100)	22200 (19700)	30600 (28500)
December '08	20400 (18400)	21600 (18900)	21800 (19700)	29000 (28500)
January '09	21000 (19300)	21000 (19800)	21500 (20800)	28200 (29100)
February '09	20100 (19700)	20100 (20500)	20600 (21300)	26800 (30000)
March '09	20600 (20200)	20100 (21200)	20700 (22300)	26500 (31000)
April '09	22400 (20400)	21100 (21600)	22400 (22300)	32100 (31000)
May '09	23100 (22300)	21800 (22700)	23600 (23500)	32200 (31900)
June '09	22900 (25300)	21800 (24700)	23200 (25600)	32000 (32600)
July '09	23100 (27300)	22500 (27800)	23800 (27900)	33000 (33100)
August '09	23000 (26700)	22400 (27700)	23400 (27900)	33100 (33000)

Note : Figures in brackets are prices during 2007-08.

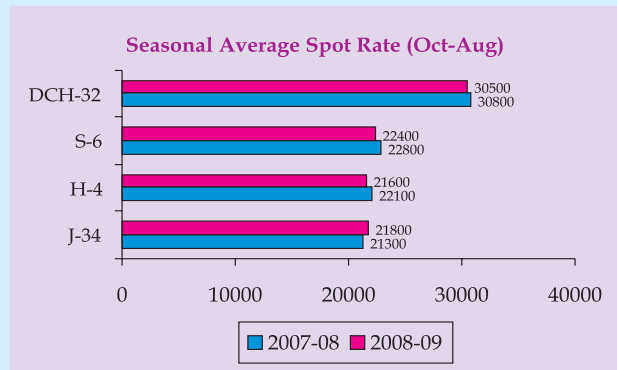
The improved crop prospects in 2009-10 have since been confirmed by the estimates made by the Cotton Advisory Board (CAB). In fact, the CAB placed the carry-over stock in 2008-09 to be slightly more than double the opening stock. The price of DCH-32 rose appreciably mainly because of the demand-supply gap in the extra long staple category.

Significantly, the seasonal average prices during the first eleven months of the 2008-09 season have been lower compared to last year except in the case of the medium staple cotton, J-34.

The relevant data are given below:

Seasonal Av. Spot Rate (Oct. - August) (Rs/Candy)			
Variety	2007-08	2008-09	Difference
J-34	21,300	21,800	500
H-4	22,100	21,600	- 500
S-6	22,800	22,400	- 400
DCH-32	30,800	30,500	- 300

As is well known, the production of medium staple cotton in the country has come down after the extensive and rapid spread of the long staple Bt cottons, rarely meeting the demand. Hence, prices of J-34 remained firm in most of the months during 2008-09.



"Better Cotton Initiative" Set to Expand

"Better Cotton Initiative" (BCI) is a partnership of cotton producers, brands, retailers and environmental groups. It views its standards as complimentary to other efforts like organic and fairtrade cotton. The BCI standard calls for phasing out pesticides categorised as WHO Class I, ensuring water extraction does not have adverse effect on ground water and water bodies, using productive practices that minimise erosion, and protecting drinking water sources and other bodies of water from run-off.

Projects growing cotton to the BCI standards are planned for Brazil, India, Pakistan and Western and Central Africa. The BCI plans for all of its members to account for 15 per cent of global cotton production and have better cotton account for 1.3 per cent of global cotton production.

(Based on an item published in Cotton International Magazine of July-August 2009).

Merchandise Exports Decline for the 10th Month in a Row

With main markets like US, Europe and Japan still reeling under recession, India's merchandise exports were down by 28.4 per cent in July to \$ 13.6 billion as against \$ 19 billion in the same month last year. July is the tenth month in a row when exports have been registering decline. During the four-month period from April to July, exports reportedly fell by 34.1 per cent to \$ 49.6 billion compared to \$ 75.3 billion during the same period of last fiscal.

Not only exports but imports also declined during 2009-10 owing to slowdown in the

domestic economy. The fall was 37 per cent in July to \$ 19.6 billion as against \$ 31.2 billion in July last year. The sharper fall in imports has narrowed down the trade deficit to \$ 6 billion from \$ 12.15 billion a year ago.

The Planning Commission is reported to have indicated that exports would pick up after 2010 when developed economies are expected to return to positive growth. Exports are expected to recover also as industrialised countries return to positive growth of 1 per cent in 2010 with further acceleration in 2011, it is stated.

87th Annual General Meeting of CAI

The 87th Annual General Meeting of the Cotton Association of India will be held on Thursday, the 24th September 2009 at 3.00 p.m. in the Conference Room of the Association, 2nd Floor, Cotton Exchange Building, Cotton Green, Mumbai 400 033.

UPCOUNTRY SPOT RATES

2008-09

August 2009	BD(RG) A.Commla	BD SG	V-797	Jayadhar	Y-1	J-34	NHH-44	LRA-5166	H-4 / MECH-1	Shankar-6	Bunny/ Brahma	MCU-5 / Surabhi	DCH-32	ICC
	ICS-101 22 mm 5.0-7.0 15	ICS-201 22 mm 5.0-7.0 15	ICS-102 22mm 4.5-5.9 19	ICS-103 23 mm 4.0-5.5 19	ICS-104 24 mm 4.0-5.5 20	5CS-202 27 mm 3.3-4.9 23	IICS-105 25 mm 3.5-4.9 22	ICS-105 27 mm 3.5-4.9 24	ICS-105 28 mm 3.5-4.9 25	ICS-105 29 mm 3.5-4.9 26	ICS-105 31 mm 3.5-4.9 27	ICS-106 33 mm 3.3-4.5 28	ICS-107 35 mm 2.8-3.6 31	ICS-301 26 mm 3.7-4.3 25
1	23300	23800	18300	18400	21500	23100	21500	21900	22500	23600	23700	24200	33100	22700
3	23300	23800	18300	18400	21500	23100	21500	21700	22500	23400	23500	24200	33100	22400
4	23300	23800	18300	18400	21500	23100	21500	21700	22500	23400	23500	24200	33100	22400
5	23300	23800	18300	18400	21500	23100	21500	21700	22500	23400	23500	24200	33100	22400
6	23300	23800	18300	18400	21500	23100	21500	21700	22500	23400	23500	24200	33100	22400
7	23300	23800	18300	18400	21500	23100	21500	21700	22500	23400	23500	24200	33100	22400
8	...	...	...	...	...	...	HOLIDAY	...	...	...	...	...	...	...
10	23300	23800	18300	18400	21500	23100	21500	21700	22500	23400	23500	24200	33100	22400
11	23300	23800	18300	18400	21500	23100	21500	21700	22600	23500	23500	24200	33100	22400
12	23300	23800	18300	18400	21500	23100	21500	21700	22600	23500	23500	24200	33100	22400
13	23300	23800	18300	18200	21500	23100	21500	21700	22500	23500	23500	24200	33100	22400
14	23300	23800	18300	18200	21500	23100	21500	21700	22500	23500	23500	24200	33100	22400
15	....	...	...	...	...	...	HOLIDAY	...	...	...	...	...	...	...
17	23300	23800	18300	18200	21500	23100	21500	21700	22500	23500	23500	24200	33100	22400
18	23300	23800	18300	18200	21500	23100	21500	21700	22500	23500	23500	24200	33100	22400
19	...	...	...	...	...	...	MARKET CLOSED	...	...	...	...	...	...	...
20	23300	23800	18300	18200	21500	23100	21500	21700	22500	23500	23500	24200	33100	22400
21	23300	23800	18300	18200	21500	23100	21500	21700	22500	23500	23500	24200	33100	22400
22	....	...	...	...	...	...	HOLIDAY	...	...	...	...	...	...	...
24	23300	23800	18200	18200	21500	22800	21300	21600	22300	23300	23500	24200	33100	22400
25	23300	23800	18200	18200	21500	22800	21300	21600	22300	23300	23500	24200	33100	22400
26	23300	23800	18200	18200	21500	22800	21300	21600	22300	23300	23500	24200	33100	22400
27	23300	23800	18200	18200	21500	22700	21300	21600	22200	23300	23500	24200	33100	22400
28	23300	23800	18200	18200	21500	22700	21300	21600	22200	23300	23500	24200	33100	22400
29	23300	23800	18200	18200	21500	22700	21300	21600	22200	23300	23500	24200	33100	22400
31	23300	23800	18200	18200	21500	22700	21300	21600	22200	23100	23500	24200	33100	22400
H	23300	23800	18300	18400	21500	23100	21500	21900	22600	23600	23700	24200	33100	22700
L	23300	23800	18200	18200	21500	22700	21300	21600	22200	23100	23500	24200	33100	22400
A	23300	23800	18300	18300	21500	23000	21400	21700	22400	23400	23500	24200	33100	22400

H = Highest L = Lowest A = Average

S N I P P E T S

With raw cotton exports from India taking a plunge in 2008-09, the share of India in Chinese market, world's largest importer, has also registered a steep decline. The fall has been from 37 per cent of the total Chinese imports in 2007-08 to just 9 per cent in 2008-09. Obviously, the price factor has deterred China from buying Indian cotton and it has turned to US for a major share of its cotton imports. Consequently, the share of US in Chinese imports rose from 39 per cent in 2007-08 to 64 per cent in 2008-09.



Based on a survey conducted towards the end of July, the China Cotton Association

(CCA) has projected the Chinese crop to be around 7.1 million tonnes in 2009-10, a fall of 8.9 per cent from the previous year. The indicated average yield at 1370 kg per hectare in 2009-10, is higher than in 2008-09.



Cotton and cotton based industry in US have been witnessing a steady decline in production, consumption and exports during the last five years. From about 5.2 million tonnes (mt) in 2005-06, production is projected to drop to 2.97 mt in 2009-10, consumption from 1.28 mt to 0.76 mt and exports from 3.62 mt to 2.32 mt.



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) 2008-09 CROP September 2009					
					5th	7th	8th	9th	10th	11th
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15	23300	22900	22900	22900	22900	22900
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	23800	23400	23400	23400	23400	23400
03.	ICS-102	22mm	V-797	4.5-5.9 19	18200	18000	18000	18000	18000	18000
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19	18200	18000	18000	18000	18000	18000
05.	ICS-104	24mm	Y-1	4.0-5.5 20	21500	21200	21200	21200	21200	21200
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23	22700	22400	22400	22400	22400	22400
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	21300	21100	21100	21100	21100	21100
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24	21600	21300	21300	21300	21300	21300
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	22000	21800	21800	21800	21800	21800
10.	ICS-105	29mm	S-6	3.5-4.9 26	22900	22400	22400	22400	22400	22400
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	23400	22900	22900	22900	22900	22900
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	24200	24000	24000	24000	24000	24000
13.	ICS-107	35mm	DCH-32	2.8-3 .6 31	33100	32900	32900	32900	32900	32900
14.	ICS-301	26mm	ICC	3.7-4.3 25	22200	22100	22100	22100	22100	22100