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Cotton Statistics And News

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Further Escalation in Cotton Prices During September

Cotton prices escalated further during September, the last month of the 2010-11 season, on top of the rise in August. The monthly average prices of a few leading varieties since the beginning of 2010-11 season alongwith the corresponding prices in 2009-10 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)
Sept.'11	10,731 (9,701)	10,329 (10,123)	11,097 (10,433)	11,346 (10,686)	15,145 (12,513)

Note: Figures in brackets denote corresponding prices last year.

The rise in September compared to August has ranged from Rs. 1093 to Rs. 1127 per quintal in the case of medium and long staple cotton varieties. However, in the case of the extralong staple cotton, DCH-32, the average price in September was lower than that in August by Rs. 456 per quintal.

Cotton prices had been steadily declining since April 2011 but the trend was reversed in August when prices of all varieties except those of DCH-32 moved down. Earlier, prices were declining continuously mainly due to the drying of demand from spinners and exporters. The spinning industry was in fact passing through a very difficult phase owing to the unprecedented high cost of cotton as against the declining prices of yarn. There was little demand for cotton from exporters also since the cap in shipment fixed by the Government had been reached.

Both these adverse factors are no longer in existence. The textile market has now regained its earlier health with the beginning of the festive season. The demand for textiles has been brisk and that, in turn, for yarn. Likewise, the demand for cotton from exporters has also revived since the Government has permitted cotton shipment under open general licence.

With the revival in demand, cotton prices have also started moving up. However, it is expected that prices may not rise to the unprecedented levels reached in February-March since the production during 2011-12 is projected to set a new record of above 360 lakh bales. Another reason for the rise in domestic cotton prices being kept under check is the subdued trend in the international cotton prices.

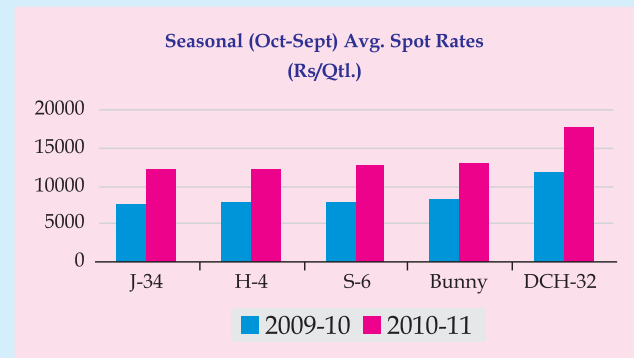
Overall, the average cotton prices during the 2010-11 season were substantially higher than those in

2009-10. The relevant data are given below:

Seasonal (Oct-Sept) Avg. Spot Rates (Rs/Qtl.)			
Variety	2009-10	2010-11	Increase in 2010-11
J-34	7,599	12,161	4,562
H-4	7,807	11,980	4,173
S-6	7,991	12,652	4,661
Bunny	8,082	12,986	4,904
DCH-32	11,741	17,879	6,138

In percentage terms, the increase has ranged from

52 to 61 per cent, the highest being in the case of Bunny and the lowest in the case of DCH-32.



Time of Transition for China Cotton

The world has witnessed economic ups and downs for the last couple of years. Even China, which has been posting exceptionally strong growth for several years is stated to have been affected by them. According to reports, the accumulated problems of the Chinese economy after years of rapid growth have emerged gradually and they include the increased costs of labour, raw materials, capital and energy. The labour-intensive cotton industry is said to be still struggling with this trend, and with few options for mitigating the cost increases, cotton can no longer be considered a "cheap" material, it is stated.

However, high-priced cotton brings both challenges and opportunities to China's cotton industry. The quality of Chinese cotton is better than the world average. The planting area under cotton has seen a 5.2 percent increase in 2010-11 over last year and China's cotton can claim to have a number of high-end characteristics such as fine colour, few impurities and long fibre. It can enhance its reputation with increased engagement with the global community. However, China's one major hurdle is the poor logistics with the primary producing centres being thousands of kilometers from the ports and/or mills. The needed infrastructure is lacking to transport the fibre over long distances. Although not insurmountable, it may take time for rectification.

China Cotton Association has estimated the production during 2010-11 to be 6.65 million tonnes, a 2.2 percent drop from the previous year. Cotton consumption, on the other hand, remains strong and an increase of 3.8 percent over last year to 11 million tonnes is anticipated. Therefore, cotton imports will continue to play a significant role for quite some time. Traditionally, about 70 percent of Chinese imports comes from US and India. China's buyers are wary about potential contract defaults if Indian Government chooses to ban exports again

at some point this year, while estimates of the US crop are dropping due to a combination of droughts and floods in the major cotton producing tracts.

Among the factors impacting the Chinese cotton industry, that will not change are:

- Macro-control policy on inflation pressure.
- The government's reserves policy will lock the support price given to growers.
- Various costs like labour, capital and raw materials will continue to increase.
- Appreciation of the local currency, renminbi.

Some of the factors that might or might not change are stated to be:

- How the weather will impact production
- The export environment for textiles and clothing
- Various government policies, including rebates on textile and clothing exports.

It is claimed that the Chinese government has taken steps to moderate the volatility in cotton prices. Among other things, the government stepped up its supervision of quality, ensured that capital was available and minimised speculation by closely monitoring futures markets and e-trading. In addition to the steps specifically for cotton and textile industries, Chinese government is also claimed to have worked to make the country a more attractive trade partner overall.

(Based on article in the third quarter 2011 edition of Cotton International)

UPCOUNTRY SPOT RATES

2010-11 Crop

(Rs. \ Quintal)

Sept. 2011	*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
	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	.....	.....	.....	.....	.....	.....	HOLIDAY	.....	.....	.....	.....	.....	.....
2	14144	14285	6608	N.A.	N.A.	9898	8577	8998	9701	10404	10686	11810	15466
3	14144	14285	6608	N.A.	N.A.	9842	8577	8998	9758	10461	10686	11810	15466
5	14144	14285	6749	N.A.	N.A.	10123	8717	9139	10039	10742	10967	11810	15747
6	14144	14285	6889	N.A.	N.A.	10348	8858	9420	10404	10967	11248	11810	15747
7	14144	14285	6889	N.A.	N.A.	10489	8858	9420	10404	10967	11107	11810	15747
8	14144	14285	7030	N.A.	N.A.	10404	8998	9561	10404*	11107	11389	11810	15466
9	14144	14285	7171	N.A.	N.A.	10686	9195	9758	10404*	11304	11585	11810	15185
10	14144	14285	7030	N.A.	N.A.	10629	9139	9617	10404*	11248	11529	11810	15185
12	14144	14285	7311	N.A.	N.A.	10770	9420	9842	10545*	11248	11529	11810	15466
13	14144	14285	7311	N.A.	N.A.	10770	9420	9842	10545*	11248	11529	11810	15466
14	14144	14285	7311	N.A.	N.A.	10770	9420	9842	10545*	11248	11529	11810	15466
15	14144	14285	7311	N.A.	N.A.	10911	9701	10123	10686*	11473	11698	11951	15466*
16	14144	14285	7592	N.A.	N.A.	11614	9842	10404	10826*	11585	11810	12092	15466*
17	14144	14285	7592	N.A.	N.A.	11614	9842	10404	10826*	11585	11810	12092	15466*
19	14144	14285	7030	N.A.	N.A.	11248	9701	10264	10545*	11389	11670	11810	15185*
20	14144	14285	6889	N.A.	N.A.	10967	9561	10123	10404*	11248	11529	11670	15044*
21	14144	14285	6889	N.A.	N.A.	10967	9561	10067	10348*	11192	11529	11670	15044*
22	14004	14144	6749	N.A.	N.A.	10826	9420	9926	10208*	11051	11389	11529	14904*
23	14004	14144	6608	N.A.	N.A.	10742	9280	9786	10208*	10826	11248	11529	14763*
24	14004	14144	6552	N.A.	N.A.	10742	9280	9786	10067*	10770	11107	11529	14622*
26	14004	14144	6693	N.A.	N.A.	10882	9280	9786	10151*	10967	11107	11670	14622*
27	14004	14144	6749	N.A.	N.A.	11107	9280	9786	10292*	11192	11332	11670	14622*
28	14004	14144	6749	N.A.	N.A.	10826	9280	9786	10292*	11192	11332	11670	14622*
29	14004	14144	6664	N.A.	N.A.	10545	9223	9729	10151*	11051	11192	11670	14341*
30	14004	14144	6580	N.A.	N.A.	10545	9223	9645	10067*	10967	11107	11670	14060*
H	14144	14285	7592	N.A	N.A	11614	9842	10404	10826	11585	11810	12092	15747
L	14004	14144	6552	N.A	N.A	9842	8577	8998	9701	10404	10686	11529	14060
A	14099	14240	6942	N.A	N.A	10731	9266	9762	10329	11097	11346	11765	15145

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

SNIPPETS

Growth in the country's infrastructure sector reportedly slumped to an 11-month low in August. As against a growth of 7.5 percent in July, the growth in August is stated to have been only 3.5 percent. The infrastructure industries comprise of coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity. They account for 38 percent of the country's factory output.



More than 60 textile companies including some of the leading ones are reported to have indicated losses for the first time during the third quarter of 2011 due to sluggish demand. Further, they do not seem to be expecting the situation to be

any better in the last quarter. The number of defaults in payment is stated to have gone up and are said to be in talks with banks for restructuring their loans.



India's manufacturing sector seems to be in distress as a recent survey reportedly showed that this segment of the economy moved towards contraction. The Purchasing Managers' Index, an index designed to measure the overall health of the manufacturing sector, is stated to have posted a fall to 50.4 in September as compared to 52.6 in August. The 50 point mark is said to separate growth from contraction.



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
October 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	1 st	3 rd	4 th	5 th	6 th	7 th
03.	ICS-102	22mm	4.5-5.9	19	V-797	6524 (23200)	6749 (24000)	6749 (24000)	6749 (24000)		6889 (24500)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	N.A.	N.A.	N.A.	N.A.	H	N.A.
05.	ICS-104	24mm	4.0-5.5	20	Y-1	N.A.	N.A.	N.A.	N.A.		N.A.
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	9139 (32500)	9139 (32500)	9139 (32500)	9223 (32800)	O	9280 (33000)
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	9561 (34000)	9561 (34000)	9561 (34000)	9701 (34500)		9701 (34500)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9983* (35500)	9983* (35500)	9983* (35500)	10123* (36000)	L	10404* (37000)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10686 (38000)	10826 (38500)	10826 (38500)	11023 (39200)	I	10967 (39000)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10967 (39000)	11107 (39500)	11107 (39500)	11107 (39500)		11107 (39500)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	11670* (41500)	11670* (41500)	11670* (41500)	11670* (41500)	D	11670* (41500)

2011-12 CROP

01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	10208 (36300)	9898 (35200)	9898 (35200)	10039 (35700)	A	10404 (37000)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	10348 (36800)	9954 (35400)	9954 (35400)	10095 (35900)	Y	10404 (37000)
06.	ICS-202	25mm	3.5-4.9	23	J-34	9533 (33900)	9954 (35400)	9954 (35400)	10095 (35900)		10095 (35900)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	13919 (49500)	13779 (49000)	13779 (49000)	14060 (50000)		14060 (50000)

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