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# Cotton Statistics And News

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## **Cotton Price Volatility Lower in 2011-12 - ICAC**

Cotton prices volatility may be lower in 2011-12 compared to 2010-11, the International Cotton Advisory Committee (ICAC) has forecast in its latest monthly release on October 3, 2011. During the first two months of 2011-12, the Cotlook A Index ranged between 109 and 122 cents per pound, with an average of 116. As measured by percentage change from the mean, volatility in cotton prices so far during 2011-12 was approximately one-third of the volatility during the first two months of 2010-11 and was close to the average level of volatility in prices during the first two months of each season since the 1970s.

Volatility in cotton prices was the highest in decades during 2010-11, and cotton was the single most volatile commodity out of 53 tracked by the International Monetary Fund (IMF) during 2010. However, special factors contributed to uncertainty, and thus volatility, during 2010-11, including historically tight world beginning stocks relative to use, unexpectedly rapid global economic recovery from a severe recession, and Government interventions that disrupted trade patterns.

During 2011-12, world cotton production is projected to exceed consumption and ending stocks will rise, both in absolute terms and as a share of use. Economic uncertainty continues, but market participants now have an additional year of experience on which to draw in managing such uncertainty. And Governments are unwinding the special interventions implemented last season, thus allowing market forces to determine trade patterns.

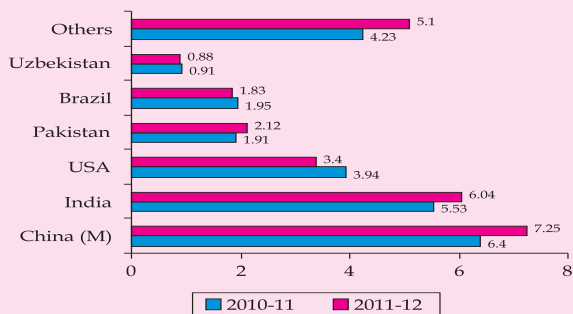


During 2011-12, world cotton production is projected at 26.6 million tonnes (mt), consumption at 24.7 mt and trade at 8.1 mt. Ending stocks are forecast at 10.9 mt, an increase of nearly two million tonnes from the previous season. The ratio of world ending stocks outside China to world use outside China will climb from 46 to 52.

Production in India is forecast at a record 6 mt on an area of 12.3 million hectares and a national yield of 490 kg per hectare. Indian cotton area will not only be record high in 2011-12 but will rise by more than one million hectares from last season and will be nearly double the level of cotton area two decades ago. Production in both China and Pakistan may be higher in 2011-12 but that in Uzbekistan may be lower. Production in US may also be lower at 3.4 mt in US during 2011-12, a fall of 540,000 tonnes from that in 2010-11, because of higher abandonment of area due to damage to crop resulting from inclement weather.

The world cotton Balance Sheet, as drawn up by the ICAC, is given below:

**Cotton Production- Major Countries**  
(in mn.tonnes)



### World Cotton Supply and Demand

(in million tonnes)

	2009-10	2010-11	2011-12
Beginning Stocks	11.90	8.64	9.02
Production	22.17	24.87	26.61
Total Supply	34.97	33.51	35.63
Consumption	25.28	24.38	24.72
Exports	7.78	7.70	8.07
Ending Stocks	8.64	9.02	10.92

(Source: ICAC Monthly - October 2011)



**World Cotton Research Conference**  
November 7-11, 2011



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The Renaissance Mumbai Hotel and Convention Centre  
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### Important deadlines

Submission of Abstracts : 25th May, 2011  
Acceptance & notification: 15th June, 2011  
Receipt of Full Length Paper : 31st July, 2011  
Online Registration: 25th May, 2011

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## Cotton in Tanzania - A Brief Look

Tanzania, located in East Africa, is one of the major cotton producing countries of Africa. The cotton industry in Tanzania blossomed in the beginning of the 19th century and continues to produce and export cotton although the quantities are not very high. According to the data published by the International Cotton Advisory Committee (ICAC), the area under cotton in Tanzania during 2010-11 was 460,000 hectares and the production 90,000 tonnes with a relatively low average yield of 196 kg per hectare. It exported 40,000 tonnes in the same year. All the cotton in Tanzania is hand-picked.

Cotton plays a significant role in Tanzanian agriculture which comprises of 41.6 per cent of the country's GDP. Cotton's share in total exports from Tanzania is 85 per cent and it employs 80 per cent of the workforce. The tropical climate is conducive to cotton growing with some long rainy periods. The quality of cotton produced in Tanzania is comparable to that of most other origins. The staple length is medium ranging from 34 to 36 mm. About 70 per cent of Tanzanian cotton is of grade middling and above. More than 50 per cent of Tanzanian cotton is roller ginned with low reps and short fibre content. More importantly, new crop from Tanzania becomes available earlier than from most countries in the region. Since liberalisation of cotton, the total monthly ginning capacity comes to 40,000 bales or roughly 80,000 tonnes of lint cotton.

Tanzania exports cotton to many countries around the world including India, China, Bangladesh, Thailand, Vietnam, Malaysia, Indonesia, Korea and Kenya. Cotton from Tanzania is shipped from Dar es Salam coastal port which is favourable location for many importers. Cotton exports are mainly distributed through international trading companies in Tanzania. Most ginning companies export indirectly and deliver baled cotton to exporting companies who assume ownership of goods. Payment depends on terms from different parties. Forward contracts are not unusual in Tanzania when most ginners sell cotton crops even before harvesting. This ensures a certain amount of pre-financing to maximise efficiency.

Many organisations in Tanzania oversee the cotton production and transactions. The

Tanzanian Cotton Board (TCB), one of the prominent organisations, maintains good relationships among stakeholders and the Government. The Board was created from the Cotton Industry Act of 2001. Members of the Board have many responsibilities such as advising the Government on policies relating to cotton, promoting the development of the cotton industry and protecting the interests of farmers from outside influences. In addition, TCB is also responsible for quality control of cotton and works closely with other international organisations including International Cotton Association (ICA), Bremen Fiber Institute, ICAC and United States Department of Agriculture (USDA). TCB has two HVI testing laboratories in Dar es Salam and Mwanza to ensure that Tanzanian cotton is of high quality. Because of the number of organisations involved, Tanzanian cotton is quickly proving to be well known in the world cotton industry, it is claimed.

(Based on article entitled "A Brief Look at Tanzanian Cotton" published in July 2011 issue of "Cotton - A Global Textile Magazine").

### CAI to expand its network of cotton testing labs

To meet the growing demand from the trade, CAI has firmed up its plans to expand the network of laboratories across the country. The move has been taken with a view to increasing the instrument-based testing of cotton in India to be at par with international standards by providing cotton testing facilities to all segments of cotton value chain in all parts of the country in a cost effective manner. The Association is intends to make the testing results of its laboratories a seal of approval with world wide acceptance.

Continuing its efforts towards this end, the association has already set up laboratories in Mumbai, Rajkot, Aurangabad, Akola and Warangal. Further, the association is in advance stage of setting up one more laboratory in Indore, Madhya Pradesh which will soon be operational.

## SNIPPETS

Pakistan's cotton production this crop year is likely to be around 13.5 million bales, down 10 percent from an earlier forecast, as severe flooding in Sindh province lowered the average yield for the region, an official source stated. Arrivals as on October 1 totalled at 2.8 million bales, 7 percent higher than a year earlier. Although arrivals are higher, they are still 20 percent lower than an earlier forecast for the period. Cotton arrivals started in July this year, a month earlier than usual, as some genetically modified cotton started coming in, source added.



India's exports surged by 36.3% on-year to touch \$24.8 billion in September. India's imports increased by 17.2% on-year to \$34.6 billion in September, with the trade deficit working out to \$9.8 billion for the month. During April-September period of this fiscal

year 2011-12, the country's exports increased by 52.1% on-year to \$160 billion, while imports shot up by 32.4% on-year to \$233.5 billion.

Of the total exports, engineering exports more than doubled, and rose by 103% to \$46.4 billion, petroleum shipments by 53% to \$27 billion, and gems and jewellery consignments by 23% to \$18.5 billion in the April-September period against the same period a year ago. India's petroleum imports during the six months ending September increased by 42% on-year to \$70.4 billion.

India's exports for the full fiscal year 2010-11 soared by 37.8% on-year to \$245.6 billion, while imports increased by 21.9% on-year to \$350.5 billion.



## 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	8 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>
03.	ICS-102	22mm	4.5-5.9	19	V-797	6889 (24500)	6974 (24800)	7030 (25000)	7114 (25300)	7114 (25300)	7114 (25300)
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.
07.	ICS-105	25mm	3.5-4.9	22	NHH-44	9280 (33000)	9280 (33000)	9280 (33000)	9336 (33200)	9336 (33200)	9336 (33200)
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	9701 (34500)	9786 (34800)	9786 (34800)	9842 (35000)	9842 (35000)	9842 (35000)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	10404* (37000)	10629* (37800)	10629* (37800)	10714* (38100)	10714* (38100)	10686* (38000)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10967 (39000)	11023 (39200)	11023 (39200)	11107 (39500)	11107 (39500)	11135 (39600)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	11107 (39500)	11164 (39700)	11164 (39700)	11248 (40000)	11248 (40000)	11192 (39800)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	11670* (41500)	11726 (41700)	11726 (41700)	11810 (42000)	11810 (42000)	11754 (41800)
<b>2011-12 CROP</b>											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	10264 (36500)	10264 (36500)	10264 (36500)	10404 (37000)	10404 (37000)	10461 (37200)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	10264 (36500)	10348 (36800)	10348 (36800)	10489 (37300)	10489 (37300)	10545 (37500)
06.	ICS-202	25mm	3.5-4.9	23	J-34	10011 (35600)	10011 (35600)	10011 (35600)	10151 (36100)	10151 (36100)	10151 (36100)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	14060 (50000)	14060 (50000)	14060 (50000)	14060 (50000)	14060 (50000)	13919 (49500)

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