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Cotton Statistics And News

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Geographical Shift in Cotton Mill Use

As per the latest Press release on 1st November 2012 of International Cotton Advisory Committee (ICAC), the general outlook for cotton supply and use for 2012-13 is bleak: global cotton production and mill use are forecast at 25.9 million tons and 23.4 million tons respectively, resulting in an oversupply of 2.4 million tons.

Despite the sharp fall in cotton prices in 2011-12, global production is projected down by only 5 pcrcent this season.

Cotton plantings did not drop much due to above-average prices at planting time, government policies and favorable weather in some major producing countries. Global cotton mill use could increase by 3 percent in 2012-13, boosted by lower cotton prices. However, global economic growth is expected to remain slow, affecting retail purchases of textile products. Global cotton mill use is also influenced by the weakening spinning sector in China. The high local cotton prices relative to the rest of the world have hurt the profitability of Chinese spinning mills.

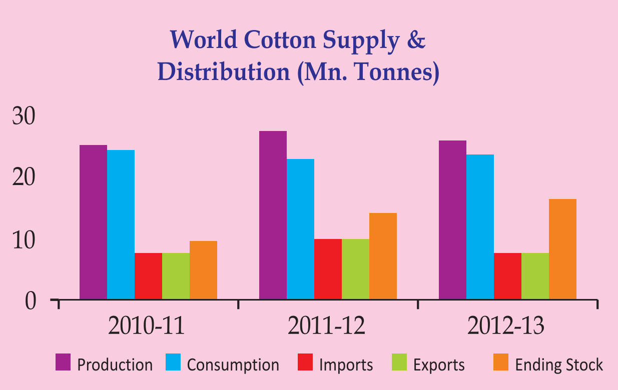
A geographical shift in cotton mill use from China to other Asian countries is currently underway, but estimating its actual extent will take time due to the lag in publication of cotton consumption figures and difficulties in obtaining these data for some countries. Cotton yarn imports by China have increased significantly since the beginning of 2012. The ICAC currently estimates that cotton mill use will increase in 2012-13 in India, Pakistan, Bangladesh, Uzbekistan, Indonesia, Vietnam and Thailand amongst others.

After an unexpected jump in 2011-12, global cotton trade is expected to fall by 21 percent to 7.7 million tons this season due to lower Chinese demand. However, imports by the rest of the world could rebound by 18 percent.

Exports from most large exporting countries will decline, in particular in India due to increased domestic consumption. Global stocks are expected to reach a record of 16.4 million tons in 2012-13, up by 17 percent from last season. In contrast to last season, most of the increase will take place outside of China.

World Cotton Supply and Distribution

	2010/11	2011/12	2012/13
	Million Tons		
Production	25.221	27.274	25.88
Consumption	24.452	22.746	23.44
Imports	7.725	9.714	7.70
Exports	7.625	9.748	7.70
Ending Stocks	9.451	13.957	16.39
Cotlook A Index*	1.64	1.00	0.83**



(Source: ICAC Release)

Mill Consortium to Buy $ 557mn Cotton in Current Season

A consortium made up of textile mills in the state of Tamil Nadu in India will purchase around 2.5 million bales of cotton amounting to Rs 30 billion or about US $557 million in the current cotton season 2012-13.

Towards that end, a public limited company - Cotton Sourcing Company Ltd (COSCO) has been set up which will act as a central hub for sourcing cotton on behalf of member mills and transport the same through the cheapest and most efficient mode.

COSCO is a united effort of a group of industrialists in the textile spinning sector to source cotton from different parts of the country, overcoming the challenges pertaining to the procurement of cotton, CEO of COSCO informed.
Providing details about the consortium, he said, Textile sector of Tamil Nadu is predominantly cotton based, consuming over 40 percent of annual Indian consumption. COSCO will pool the raw material requirements of member mills and act as a facilitator.

Explaining the objective, he informed that the prime objective of this collective effort is to improve the efficiency, by professionalizing the cotton sourcing process and reduce wastage by ensuring quality at the source. This will enable level playing field, wherein every spinning mill, big or small, will have the same advantages in terms of quality and price. Besides, the impacts of speculative forces in the market could be managed collectively by COSCO more effectively than mills operating on standalone basis, he added.

90 percent of the payment will be made by COSCO to ginners within five working days after the goods are inspected and dispatched from the ginners end. The rest of the payment will be made after final inspection of goods at the buyer's premises confirming quality and quantity, which too will be made within 10 days of dispatch.

For the purpose of making payments to ginners, COSCO has secured working capital amounting to Rs 20 billion or around $371 million from State Bank of India. The LC given to mills will be discounted by COSCO with the bank. The mills will then make COSCO the payment in 90 days with interest. Ginners can be rest assured of the payment as they are dealing with COSCO and not individual mills, thereby eliminating their credit risk. We are judicious about selecting COSCO member mills, to ensure there are no defaults, it is stated.

As of date there are around 50 textile mills who have joined the consortium, which together account for around 2 million spindles or 10 percent of the installed spindles in Tamil Nadu.

COSCO will be using information technology to the optimum with the head office being the hub, with all mills and all cotton purchasing centers being connected, to ensure faster transactions beginning from purchase to payment. Accordingly, this model is a win-win for both sellers as well as consumers, as both are benefited and remain unscathed by the vagaries of the speculation and complex market dynamics, he concluded.

(Source: Fibre2fashion - 29.10.2012)

Cotton Exports Come to a Halt

Cotton exports from India have come to a halt, as prices in the global markets are lower than in India. Earlier, the textile commissioner had said this year, cotton exports would stand at seven million bales, compared with 12 million bales last year, as China, which accounts for about 65 per cent of India's cotton exports, was cutting its imports by half. However, considering the current trends in India and global markets, exporting even seven million bales would be difficult.

Though some traders who had received orders earlier have exported the commodity, no new orders are being recorded. Prices of Indian cotton are higher than those of international cotton by Rs 2,000-3,000 a candy, and this has led to the commodity being imported in the past few months. Cotton prices in the Gujarat market currently stand at about Rs 32,500 a candy for the Shankar 6 variety, the benchmark quality.

Cotton exports haven't been affected in India alone. According to report,US export commitments for the 2012-13 cotton year are trailing the five-year average.The International Cotton Advisory Committee has said global cotton trade is expected to shrink significantly this year. After an unexpected jump in 2011-12, global cotton trade is expected to fall 21 per cent to 7.7 million tonnes this season due to lower demand from China.

(Source: Business Standard - 02.12.2012)

Contingency Plan to Procure Cotton Bales under MSP Operations for 2012-13 Season

As per the press release by the Government, the Union Minister for Commerce, industry and Textiles Shri Anand Sharma has held a review meeting for early commencement of minimum support price operations to stabilize cotton prices which have witnessed a sharp decline and are operating around MSP levels.

Government of India has revised MSP prices for medium staple cotton from Rs. 2800 per qtl to Rs. 3600 per qtl and for long staple cotton from Rs. 3300 per qtl to Rs. 3900 per qtl for cotton season 2012-13. The Cotton Advisory Board has estimated cotton production in the country at 334 lakh bales, consumption at 260 lakh bales and an exportable surplus at 70 lakh bales. Although domestic consumption is showing increasing trends, the sharp decline in global trade and increase in world stocks have imposed a downward stress on cotton prices, which is reflected in Indian cotton markets also. Domestic prices have touched MSP levels in some places of the State of Andhra Pradesh and are close to MSP levels in Maharashtra, Punjab, Rajasthan and Madhya Pradesh.

Government has formulated a contingency plan for procurement of 90 lac bales of cotton under MSP operations in cotton season 2012-13 by operationalizing 288 procurement centers in nine cotton growing States. The Cotton Corporation of India has already raised working capital requirement upto Rs. 15000 crores for MSP operations. The distribution of cotton procurement centers has been firmed up in consultation with State Governments. Cotton Corporation of India will operate 20 procurement centers in Punjab, 14 procurement centers in Haryana, 28 procurement centers in Rajasthan, 47 procurement centers in Gujarat, 55 procurement centers in Maharashtra, 17 procurement centers in Andhra Pradesh, 13 procurement centers in Karnataka and 7 procurement centers in Orissa. The criteria for selection of a procurement center include expected arrivals of 50,000 quintals, existence of a functional market yard, availability of a weighbridge in the market yard, availability of ginning and pressing factories and availability of fire fighting facilities. Three procurement centres have already become operationalised in Andhra Pradesh.

A special MSP cell has been created at Cotton Corporation of India's corporate office headed by Director Marketing Shri A. Chokalingam. Textiles Minister Shri Sharma has also directed timely settlement of payments to farmers following procurement.

Shri Sharma and Agriculture Minister Shri Sharad Pawar also met on November 1, 2012 to review the status of MSP operations and current trends in prices. It was agreed that price stabilization operations would be taken up in a coordinated and timely manner to alleviate farmer distress both by Cotton Corporation of India and NAFED in the coming months.

Shri Sharma has also appraised the Prime Minister on the situation and has proposed constitution of a Group of Ministers chaired by Finance Minister to oversee the MSP operations and the sales plan.

(Source: Press Information Bureau - 02.11.2012)

Maharashtra to Brand its Own Cotton Variety

Maharashtra has decided to promote its own cotton variety to compete with Gujarat's Shankar variety in the export markets.

Shankar is the most exported Indian cotton variety from Gujarat. A Chinese delegation of traders is currently on a visit to Jalgaon in Maharashtra.

For the last several years, Maharashtra ginners have been complaining that Gujarat traders buy cotton from Maharashtra and sell it at higher price as Shankar variety.

Gujarat is the top cotton producer in India followed by Maharashtra, which has the highest area under cotton in the country. The Khandesh area of north Maharashtra, consisting of Jalgaon, Dhule and Nandurbar, is bordering Gujarat and has early and irrigated cotton as against Vidarbha and Marathwada, which have rain-fed cotton cultivation.

Two months ago, a delegation of 50 people from Maharashtra visited China with samples of Maharashtra cotton. They have appointed a certification agency for branding their cotton. Specific parameters have been decided for the cotton to be labelled as Mahacot. The length of Mahacot cotton is 29 mm as against 28.5 mm of Shankar cotton, it is reported. The Khandesh traders will also launch online trading of Mahacot cotton under a tie up with the National Spot Exchange. Though the cotton in Khandesh belt is harvested early, actual market arrivals are much less as the farmers wait for the prices to improve.

(Source: Economic Times - 05.11.2012)

UPCOUNTRY SPOT RATES

(Rs./Qtl)

Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]							Spot Rate (Upcountry) 2012-13 Crop October - November 2012					
Sr. No.	Growth Standard	Grade /GPT	Grade	Staple	Micronaire	Strength	29th	30th	31st	1st	2nd	3rd
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	11445 (40700)	11501 (40900)	11501 (40900)	11445 (40700)	11445 (40700)	11304 (40200)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	11557 (41100)	11642 (41400)	11642 (41400)	11585 (41200)	11585 (41200)	11445 (40700)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	7311 (26000)	7311 (26000)	7311 (26000)	7311 (26000)	7311 (26000)	7311 (26000)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	8014 (28500)	8014 (28500)	8155 (29000)	8155 (29000)	8155 (29000)	8155 (29000)
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	8773 (31200)	8858 (31500)	8802 (31300)	8802 (31300)	8746 (31100)	8689 (30900)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	8577 (30500)	8633 (30700)	8633 (30700)	8633 (30700)	8577 (30500)	8548 (30400)
8	M/M/A	ICS-105	Fine	26mm	3.5 – 4.9	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 – 4.9	26	8858 (31500)	8942 (31800)	8886 (31600)	8886 (31600)	8830 (31400)	8773 (31200)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	8745 (31100)	8802 (31300)	8802 (31300)	8802 (31300)	8746 (31100)	8717 (31000)
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 – 4.9	27	9111 (32400)	9195 (32700)	9139 (32500)	9139 (32500)	9083 (32300)	9055 (32200)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	9251 (32900)	9308 (33100)	9308 (33100)	9308 (33100)	9251 (32900)	9223 (32800)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	9280 (33000)	9364 (33300)	9364 (33300)	9364 (33300)	9308 (33100)	9251 (32900)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	9448 (33600)	9505 (33800)	9505 (33800)	9505 (33800)	9448 (33600)	9420 (33500)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	9420 (33500)	9505 (33800)	9505 (33800)	9505 (33800)	9448 (33600)	9392 (33400)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	9476 (33700)	9533 (33900)	9533 (33900)	9533 (33900)	9476 (33700)	9448 (33600)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	9561 (34000)	9617 (34200)	9617 (34200)	9617 (34200)	9561 (34000)	9561 (34000)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	9701 (34500)	9758 (34700)	9758 (34700)	9758 (34700)	9758 (34700)	9758 (34700)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)	12795 (45500)

(Note: Figures in bracket indicate prices in Rs./Candy) *N.Q. = Not Quoted*