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Cotton Statistics And News

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Cotton Prices Continue their Northward March

Cotton prices have been rising steadily during the last few months. This uptrend continued during October also, the first month of the new season. The monthly average prices of some representative varieties during the last three months were as under:

Variety	Avg. Spot Rates (Rs/Candy)		
	Aug'10	Sept. '10	Oct. '10
J-34	30,700	34,500	36,400
H-4	30,300	36,000	39,600
S-6	31,800	37,100	40,500
Bunny	32,400	38,000	40,900
DCH-32	42,200	44,500	47,300

Prices had already risen by substantial margins in September compared to August. The prices rose further in October by hefty margins. The price rise in September compared to August ranged from Rs.2,300 to Rs.5,700 per candy, the highest being in the case of H-4 and the lowest in the case of DCH-32. Between September and October the increase ranged from Rs.2,800 to Rs.3,600 per candy, the highest being again in the case of H-4 and the lowest being in the price of J-34.

A comparison between the average prices in October and August shows that the rise during the two-month period was as high as Rs.5,100 to Rs.9,300 per candy, the highest being in the case of H-4 and the lowest in the case of DCH-32. The increase had been quite substantial in the case of the long staple cottons S-6 and Bunny also, being Rs.8,700 to Rs.8,500 per candy respectively.

A combination of several factors seems to have led to the unprecedented rise in domestic cotton prices. The demand from mills was quite heavy and they were eager to go in for good quality lots of the new crop. This increased demand coincided with the demand from exporters who had to cover their requirements keeping in view the deadline fixed for registration of export contracts.

Another contributory factor for the price rise was the steady and strident increase in world cotton prices as the supply was quite short of demand. Traditional suppliers like USA had smaller quantities to export while demand from countries like China was heavy. Owing to the loss sustained by their crop due to severe floods, Pakistan was also keen to buy higher than normal quantities. In fact, many importers were looking to India to meet their requirements.

	New York Futures (08.11.2010)			
	Open	High	Low	Settle
Dec	143.15	146.23	143.15	146.23
Mar	140.30	142.11	140.00	142.11
May	136.25	138.54	136.25	138.54
Jly	132.00	134.80	132.00	134.80
Oct	115.00	118.49	115.00	118.49
Dec	97.45	98.97	96.80	97.05
Mar	92.25	92.25	92.25	92.37
May	-	-	-	90.87
Jly	-	-	-	90.37

2009-10 Cotton Season - A Brief Review

(Continued from Issue No. 31)

Production

Cotton production had scaled an all-time high peak of 307 lakh bales in 2007-08 due to a rare favourable combination of several factors including seasonal conditions and expansion in area. However, the conditions were not so conducive in 2008-09 leading to a fall in production to 290 lakh bales. During 2009-10, there was a minor recovery in production to 295 lakh bales, mostly due to a sizable increase in area. The State-wise estimates of production during 2009-10 and the previous year are given below:

Estimated Production (lakh bales)		
State	2008-09	2009-10
Punjab	17.50	14.25
Haryana	14.00	14.75
Rajasthan	7.50	11.00
Total North Zone	39.00	40.00
Gujarat	90.00	98.00
Maharashtra	62.00	63.00
Madhya Pradesh	18.00	15.00
Total Central Zone	170.00	176.00
Andhra Pradesh	53.00	52.00
Karnataka	9.00	9.00
Tamil Nadu	5.00	5.00
Total South Zone	67.00	66.00
Other States	2.00	1.00
Loose Production	12.00	12.00
All-India	290.00	295.00

The only State which recorded some appreciable increase in production was Gujarat while there were only marginal differences, both ways, in the case of other States. Even so, it needs to be noted that Gujarat had reached a record production of

110 lakh bales in 2007-08 and as in the case of other States, production in this State has also shown a fall since then.

Productivity

Productivity of cotton in India had been making only slow to moderate progress until the beginning of the new millennium. In contrast to the progress till then, the growth in productivity was much more rapid in the 2000s. For instance, the average yield moved up from 206 kg in 1990-91 to 304 kg per hectare in 1999-2000, a growth of 48 per cent. In contrast, the average yield exactly doubled from 277 kg in 2000-01 to 554 kg per hectare in 2007-08, although in the subsequent two years there was a slight decline, mainly due to adverse seasonal conditions.

There are several factors that influence the yield. Some of them are the seasonal conditions, the variety cultivated, the standard of cultivation or the agronomic regime adopted, etc. Apart from other factors, the varietal change paved the way for the accelerated growth of yield during the current decade. To be specific, the introduction of the high yielding, bollworm resistant Bt cottons since 2002-03 and their rapid spread in all the States was a major contributory factor for the high yield per hectare during the last few years. During 2009-10, as much as 80 per cent of the total cotton area in the country is estimated to have been covered by Bt cottons. Since Bt cottons normally give about 40-50 per cent higher yield than the conventional varieties, the impact of this large scale coverage can be realised.

Another major contributory factor for the high yield per hectare in recent years was the higher standard of cultivation adopted by a majority of farmers. The awareness of farmers about the need for adopting scientific and modern cultivation practices is now much greater than before due to the intensive efforts being made under major schemes like the Technology Mission on Cotton (TMC). Also, farmers' net income has gone up due to high per hectare yield and high market prices for cotton which enables them to make increased investments on essential inputs which are the key for good yields.

The State-wise average yield in 2008-09 and 2009-10 has been as under:

State	Average Yield (kg/ha)	
	2008-09	2009-10
Punjab	565	452
Haryana	522	495
Rajasthan	422	421
Total North Zone	516	457
Gujarat	650	635
Maharashtra	335	306
Madhya Pradesh	490	422
Total Central Zone	472	444
Andhra Pradesh	644	596
Karnataka	375	358
Tamil Nadu	780	746
Total South Zone	594	554
All-India	524	486

With the surge in yields in recent years, the wide gap between the Indian average yield and the world average yield is being narrowed down. While the gap was about 350 to 400 kg in the past, the average yields in India are at present only about 200 kg lower than the world average which is now in the range of about 700 to 720 kg.

(To be continued)

Cotton Arrivals

According to Cotton Corporation of India, cotton arrivals by end of October 2010 stood at 21.07 lakh bales, about 23 percent higher than the arrivals of 17.15 lakh bales by the same period last year. The maximum arrivals were in Maharashtra at 3.65 lakh bales, about 1.90 lakh bales more than the same period last year. As compared to last year, arrivals are said to have been marginally lower in northern States.

Govt. to Review Cap on Cotton Exports in December

According to a report, the Government will review the cap on cotton exports in December. The Union Agriculture Minister is quoted to have stated that a committee under the Finance Minister will review the decision by the year end, well before the US cotton crop comes into the market in February.

Production of Spun Yarn (SSI & Non- SSI)

(In Mn. Kgs)

Month	Production of Yarn			
	Cotton	Blended	100% N.C.	G. Total
		2009-10 (P)		
April-09	244.49	54.11	33.51	332.11
May-09	247.76	54.92	32.84	335.52
June-09	248.76	58.79	32.33	339.88
July-09	257.65	61.98	34.02	353.65
August-09	256.19	60.58	34.55	351.32
September-09	253.03	59.62	33.50	346.15
October-09	253.67	58.86	33.59	346.12
November-09	259.97	58.75	34.30	353.02
December-09	268.28	62.05	34.97	365.30
January-10	263.64	60.96	34.95	359.55
February-10	254.67	56.12	33.61	344.40
March-10	265.00	58.82	35.87	359.69
		2010-11 (P)		
April-10	263.00	61.00	35.00	359.00
May-10	263.47	62.01	36.87	362.35
June-10	264.25	50.77	31.85	346.87
July-10	276.62	61.90	33.09	371.61
August-10	266.46	62.07	35.00	363.53

P - Provisional

Source: Office of the Textile Commissioner

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DO YOU KNOW ?

.....
Marine Insurance also covers
air and land transits.

.....
"All Risks" cover does not
cover all the losses!

.....
"Warehouse to Warehouse policy
is rarely Warehouse to Warehouse!

.....
In the event of a loss You can
claim more than invoice value !

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) 2009-10 CROP October 2010						
					30 th	1 st	2 nd	3 rd	4 th	5 th	
03.	ICS-102	22mm	V-797	4.5-5.9	19	26300	26000	26000	26500	26500	
04.	ICS-103	23mm	Jayadhar	4.0-5	19	28500	27500	28500	29000	29000	H
05.	ICS-104	24mm	Y-1	4.0-5.5	20	34500	34500	34500	35200	35200	
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	N.A.	N.A.	N.A.	N.A.	O
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	27800	27500	27700	28400	28500	L
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	28000	28000	28500	29200	29400	
06.	ICS-202	25mm	J-34	3.5-4.9	23	38300	38000	38000	38700	39300	I
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	39400	39000	39000	40000	40000	
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	41500	40800	41300	42300	42300	D
10.	ICS-105	29mm	S-6	3.5-4.9	26	42200	41600	42300	44000	43500	
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	42300	42000	42600	43600	43100	A
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	43500	43200	43700	44700	44700	
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	50000	50000	50000	50000	50000	Y