

Weekly  
Publication of



**Cotton  
Association  
of India**

Cotton Exchange Building, 2nd Floor,  
Cotton Green, Mumbai - 400 033  
Phone: 3006 3400  
Fax: 2370 0337  
Email: [cai@caionline.in](mailto:cai@caionline.in)  
[www.caionline.in](http://www.caionline.in)

Regd.No.MH/MR/EAST/96/2009-11

Registered with the Registrar of Newspapers for India under R.No.18844/69

Published every Tuesday

Price: Rs.30 per copy

# Cotton Statistics And News

2011-12 \* No. 35 \* 29/11/2011

Edited & Published by Amar Singh

## **Global Cotton Production May be Higher but Consumption Lower in 2011-12 - ICAC**

The International Cotton Advisory Committee (ICAC) expects the global cotton production to increase in 2011-12, according to its latest release of November 1, 2011. The production is expected to post an eight percent increase to touch 26.9 million tonnes (mt) in 2011-12 as against 24.9 mt in 2010-11. This is seen as a reaction to the high cotton prices received by farmers in 2010-11. The projected crop in 2011-12 is the largest since 2004-05. Most of the increase is attributed to an expansion in area to 36 million hectares, while the average yield could increase only slightly to 745 kg per hectare. It is stated that since its record of almost 800 kg per hectare reached in 2007-08, the yield has dropped slightly, fluctuating around 740 kg per hectare in the last two seasons. One of the reasons for this is said to be structural. Between 2007-08 and 2011-12, the share of India in global cotton area increased from 29 percent to 34 percent, while that of China decreased from 19 percent to 15 percent. The average yield in India is around 510 kg per hectare while that of China is close to 1300 kg per hectare.

The global increase in production will primarily be led by China and India. Production is also expected to rise significantly in Pakistan, Australia, Francophone Africa and Turkey. China's production is expected to rise by 13 percent to 7.2 mt, India's by 9 percent to 6.0 mt, Pakistan's by 9 percent to 2.1 mt, Australia's by 27 percent to 1.1 mt, Francophone Africa's by a third to 6.6 lakh tonnes and Turkey's by 42 percent to 6.4 lakh tonnes. Production is expected to reach record levels in both India and Australia. On the other hand, due to severe drought in the

south-west of the United States, production is forecast to be down by 12 percent to 3.5 mt.

The global consumption of cotton is likely to be negatively impacted by the lower purchase of textile products owing to the slower global economic growth. Projections of global economic growth have been reduced over the last few months, states the ICAC. The International Monetary Fund is now said to expect world economic growth to increase by four percent in 2011 and 2012, down from 5.1 percent in 2010. Advanced economies in particular, it is stated, are expected to expand very slowly in addition to the risks of a deepening crisis in the Euro area and of a deceleration in US activity could worsen global economic growth prospects. Emerging economies are expected to grow at a relatively fast pace in the next two years but would suffer from any setback in developed economies.

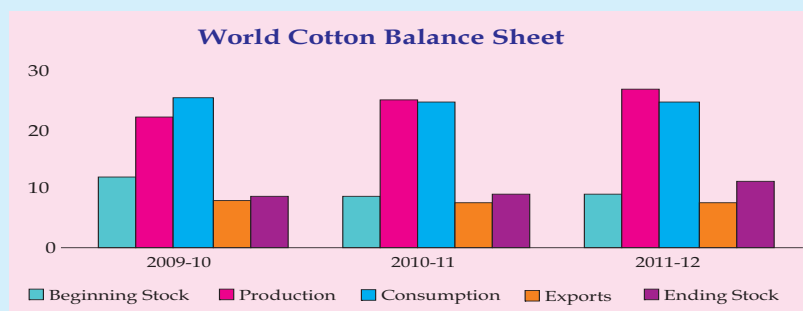
ICAC opines that purchase of textile products will be impacted by slower global economic growth. Many spinning mills are said to be still trying to spend their finances after buying expensive cotton in 2010-11. The steep decline in the market share of cotton in global textile fibre use that took place in 2010, it is stated, will be difficult to reverse. Polyester has remained more competitively priced than cotton since the start of the season. The ICAC forecasts global cotton mill use to remain almost stable at 24.6 mt in 2011-12. China, India and Pakistan which together account for two thirds of global cotton mill use, are expected to industrialise only one percent more cotton in 2011-12 than in 2010-11.

Global cotton trade is expected to increase by a moderate two percent to 7.8 mt. in 2011-12, driven by an expected increase in Chinese imports. ICAC expects that significant purchases of cotton for the Chinese national reserve will cause imports to rise to 3.3 mt, up for the third consecutive season. Significant uncertainty is said to remain regarding Chinese cotton supply and use statistics and government decisions regarding import quotas which may affect the accuracy of the Chinese 2011-12 import, it is stated.

As a result of the projected surplus of 2.3 mt, global cotton stocks could rebound to 11.3 mt by the end of 2011-12. The stock-to-use ratio outside China is expected to rise from 46 percent to 55, which could translate into a significant decline in the season-average Cotlook A Index, according to the ICAC.

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

COTTON BALANCE SHEET			
	(in mt.)		
	2009-10	2010-11	2011-12
Beginning Stock	11.895	8.673	9.021
Production	22.170	24.879	26.865
<b>Total Supply</b>	<b>34.066</b>	<b>33.552</b>	<b>35.886</b>
Consumption	25.247	24.486	24.598
Exports	7.776	7.619	7.770
Ending Stocks	8.673	9.021	11.288



## Cotton Expected to Get a Boost in Turkey

The cotton and textile industries play a key role in the economy of Turkey since they provide large scale employment and also earn sizable foreign exchange. With the textile industry's crucial role in the Turkish economy and its dependence on cotton, the crop forms an important raw material.

The major regions of Turkey which grow cotton are three, viz. Aegean region, the Mediterranean region and the Southeastern Anatolia region, also known as GAP. The last grows the largest area under the crop. Cotton is planted in Turkey from March to May and harvesting takes place in August-September. About 70 per cent of the cotton processing sector consists of roller gins and the rest 30 per cent saw gins. It appears that saw gins are now gaining popularity as also machine harvesting.

Cotton area is on the rise in Turkey and was 3.80 lakh hectares in 2010-11. Production has also been rising but more due to higher productivity than due to area expansion. The average yield in Turkey is comparatively quite high at 1184 kg per hectare. Production touched 4.50 lakh tonnes in 2010-11. The GAP project started in 1971, which will augment the area under irrigation in the Southeast region of Turkey is expected to have a great positive impact on cotton development in the coming years when it is completed.

With the cotton production set to get a boost soon, the Turkish textile sector is confident of greater prosperity in future. It is already in the process of steady expansion in capacity. While the country plans for raising cotton production through the GAP project, the increase in capacity for production of yarn means that the Turkish textile industry will need to continue to import cotton. Turkey is claimed to be the world's second largest importer of cotton because domestic production can meet only 40 per cent of the spinning industry's needs. However, in 2010-11, due to the increase in production, driven by rising prices, cotton imports would be lower. Turkey is stated to be the second largest buyer of US cotton after China. In fact, about 60-65 per cent of Turkey's cotton import is from US and Greece. The remaining quantity is imported from Turkmenistan, India, Brazil, Uzbekistan, several African countries and Syria.

Turkey exports about 75 per cent of the textile garments it produces. In 2010, the value of shipments of garments and apparel products aggregated to \$ 14.64 billion, it is stated. About 80 per cent of Turkey's shipments of garment and textile products is to European Union which has 27 countries. The most important EU markets for Turkey are said to be Germany, England, France, Netherlands, Belgium, Romania and the Czech

Republic. Since these are near to Turkey in location, the delivery time is short, the cost is less and therefore to the EU countries Turkey is an indispensable supplier of textile products. The textile sector of Turkey accounts for 10 per cent of the country's GDP. During 2009, the export value of garments and apparel is said to have been \$ 13.3 billion, about 13 per cent of total exports of the country. The total direct and indirect employment provided by the textile sector is said to be around two million, about 30 per cent of total personnel employed in the manufacturing sector.

About 65 per cent of Turkey's garment production consists of cotton products and forms about 80 per cent of the exported garments. However, this

share may come down slightly since the mill consumption of synthetics has been on the rise. Turkey also imports textile and apparel products and they were worth \$ 12 billion in 2010.

The future of Turkey's garments and apparel sector is said to be bright since highly educated and qualified workforce in the sector is growing and the quality of Turkish products is stated to have earned a good reputation around the world. Further, it is claimed that Turkish businessmen and managers are following the latest trends, affairs, money, and capital markets to keep abreast of the latest developments.

(Source: Cotton International)

## SUPPLY AND DISTRIBUTION OF COTTON

November 01, 2011						
Years Beginning August 1	Million Metric Tons					
	2006/07	2007/08	2008/09	2009/10	2010/11 Est.	2011/12 Proj.
<b>BEGINNING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.536</b>	<b>12.749</b>	<b>12.210</b>	<b>11.895</b>	<b>8.67</b>	<b>9.02</b>
China (Mainland)	3.991	3.653	3.321	3.585	2.78	2.17
USA	1.321	2.064	2.188	1.380	0.64	0.57
<b>PRODUCTION</b>						
<b>WORLD TOTAL</b>	<b>26.766</b>	<b>26.073</b>	<b>23.455</b>	<b>22.170</b>	<b>24.88</b>	<b>26.86</b>
China (Mainland)	7.975	8.071	8.025	6.925	6.40	7.25
India	4.760	5.219	4.930	5.185	5.53	6.04
USA	4.700	4.182	2.790	2.654	3.94	3.46
Brazil	1.524	1.602	1.214	1.194	1.96	1.98
Pakistan	2.121	1.900	1.926	2.070	1.91	2.08
Uzbekistan	1.171	1.206	1.000	0.850	0.91	0.88
Others	4.514	3.894	3.569	3.292	4.24	5.18
<b>CONSUMPTION</b>						
<b>WORLD TOTAL</b>	<b>26.487</b>	<b>26.532</b>	<b>23.685</b>	<b>25.247</b>	<b>24.49</b>	<b>24.60</b>
China (Mainland)	10.600	10.900	9.265	10.099	9.59	9.59
India	3.944	4.053	3.872	4.300	4.48	4.62
Pakistan	2.633	2.649	2.519	2.393	2.20	2.22
East Asia & Australia	1.858	1.829	1.674	1.861	1.77	1.74
Europe & Turkey	2.084	1.744	1.409	1.550	1.49	1.49
Brazil	0.987	0.993	1.000	1.024	0.99	0.98
USA	1.074	0.998	0.771	0.773	0.85	0.83
CIS	0.681	0.664	0.596	0.605	0.57	0.57
Others	2.625	2.703	2.579	2.642	2.55	2.55
<b>ENDING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.749</b>	<b>12.210</b>	<b>11.895</b>	<b>8.673</b>	<b>9.02</b>	<b>11.29</b>
China (Mainland)	3.653	3.321	3.585	2.780	2.17	3.08
USA	2.064	2.188	1.380	0.642	0.57	0.78
<b>ENDING STOCKS/MILL USE (%)</b>						
<b>WORLD-LESS-CHINA(M) 3/</b>	<b>57</b>	<b>57</b>	<b>58</b>	<b>39</b>	<b>46</b>	<b>55</b>
<b>CHINA (MAINLAND) 4/</b>	<b>34</b>	<b>30</b>	<b>39</b>	<b>28</b>	<b>23</b>	<b>32</b>
<b>Cotlook A Index 5/</b>	<b>59.15</b>	<b>72.90</b>	<b>61.20</b>	<b>77.54</b>	<b>164.26</b>	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting periods and measurement error account for differences between world imports and exports.

2/ Difference between calculated stocks and actual; amounts for forward seasons are anticipated.

3/ World-less-China's ending stocks divided by World-less-China's mill use, multiplied by 100.

4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. Cents per pound

(Source : ICAC Monthly November 2011)

## SNIPPETS

According to the preliminary data, growth of merchandise exports from the country is stated to have moderated to 12.4 per cent in October touching \$ 19.91 billion. In contrast, imports are said to have surged 36.7 per cent to \$ 39.5 billion on account of a steep rise in oil, gold and coal imports. Consequent to this, the trade deficit has touched a record \$ 19.6 billion. However, the Commerce Secretary in the Union Government is quoted to have claimed that the deficit is expected to narrow as local producers adjust to the changing demand situation and lower import of inputs.



In its November crop report, USDA projected a 2011-12 US crop of 16.30 million bales, down

310,000 bales from the October report. Upland production was estimated at 15.56 million bales and extra-long staple (ELS) production at 737,000 bales. Harvested area was estimated at 9.85 million acres, implying a non-harvested area of 4.87 million acres based on USDA's revised June acreage report. The resulting abandonment rate is roughly 33.1%. It estimated the national average yield per harvested acre at 794 pounds, 28 pounds lower than the five-year average. The ELS crop is an estimated 737,000 bales. Harvested area is pegged at 288,000 acres with an average yield of 1,231 pounds per harvested acre.

(Source: Cotton International - 16.11.2011)



## 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  
November 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	19 <sup>th</sup>	21 <sup>st</sup>	22 <sup>nd</sup>	23 <sup>rd</sup>	24 <sup>th</sup>	25 <sup>th</sup>
03.	ICS-102	22mm	4.5-5.9	19	V-797	6974 (24800)	6974 (24800)	6974 (24800)	6974 (24800)	6749 (24000)	6693 (23800)
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	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
09*.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9842 (35000)	9758 (34700)	9758 (34700)	9617 (34200)	9505 (33800)	9505 (33800)
<b>2011-12 CROP</b>											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	10067 (35800)	10067 (35800)	10067 (35800)	10067 (35800)	10067 (35800)	10067 (35800)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	10320 (36700)	10320 (36700)	10320 (36700)	10320 (36700)	10320 (36700)	10236 (36400)
06.	ICS-202	25mm	3.5-4.9	23	J-34	8577 (30500)	8577 (30500)	8577 (30500)	8661 (30800)	8661 (30800)	8661 (30800)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	-	9898 (35200)	9983 (35500)	9842 (35000)	9729 (34600)	9729 (34600)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10545 (37500)	10461 (37200)	10461 (37200)	10348 (36800)	10123 (36000)	10123 (36000)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10432 (37100)	10264 (36500)	10264 (36500)	10123 (36000)	10039 (35700)	10039 (35700)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	10939 (38900)	10686 (38000)	10629 (37800)	10489 (37300)	10404 (37000)	10404 (37000)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	13666 (48600)	13498 (48000)	13498 (48000)	13498 (48000)	13413 (47700)	13413 (47700)

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