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Cotton Statistics And News

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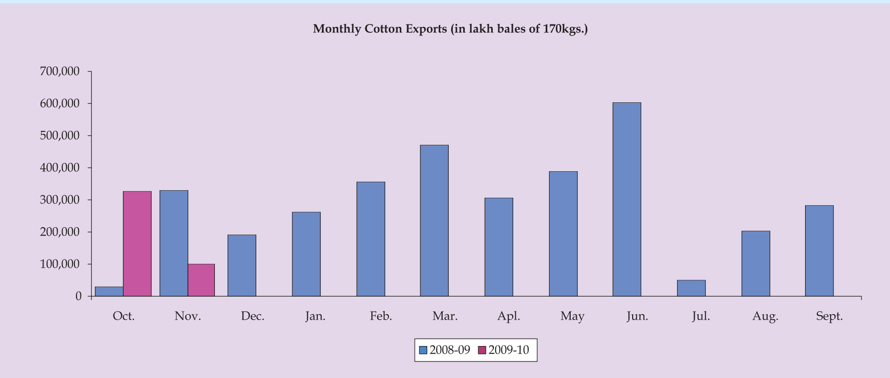
Spurt in Cotton Export Registrations But Shipments Lower in November

According to the data maintained by the office of the Textile Commissioner, registrations for raw cotton export during November 2009 stood at about 31 lakh bales compared to 8.3 lakh bales during October. Registrations during September were only 4.2 lakh bales. Although there has been a spurt in registrations for export, the actual shipments in November appear to have been lower at about one lakh bales as against 3.3 lakh bales in October. Shipments in September amounted to 2.8 lakh bales.

While the actual shipments remained lower in November than in October, indications from registrations point to an uptrend in exports. As per reports, there has been a perceptible improvement in overseas demand for Indian cotton. Owing to a fall in production, traditional exporters like US and Brazil are reported to have lesser surplus cotton to offer for export. On the other hand, import by China is expected to be higher owing to the same reason. As per reports, overseas buyers find Indian cotton competitive, price-wise also. In fact, the International Cotton Advisory Committee has projected that Indian export could reach as high a level as 81 lakh bales, although the Cotton Advisory Board has estimated this year's exports at 55 lakh bales.

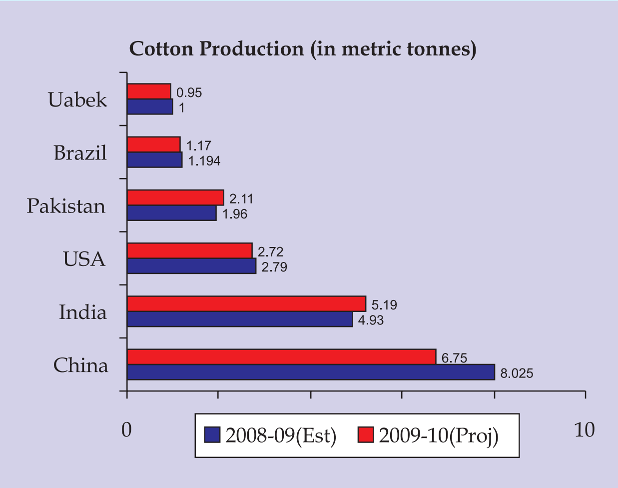
The total cotton shipments from India stood at 34.67 lakh bales while the registrations for export stood at 37.77 lakh bales during 2008-09, as per data maintained by the Textile Commissioner. The peak shipments at 6.02 lakh bales were in June 2009.



World Cotton Prices May Remain High This Year - ICAC

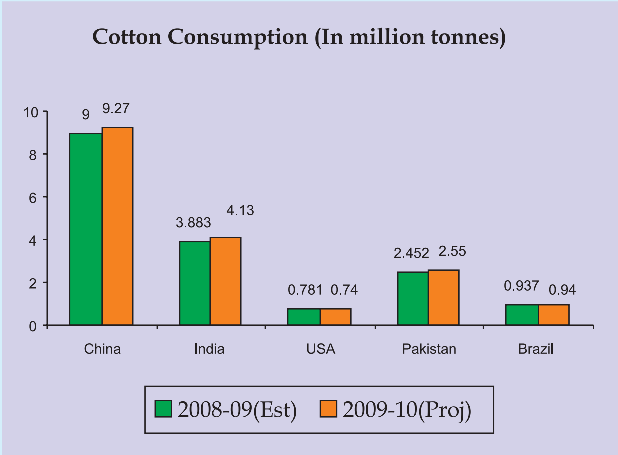
Based on a lower stocks-to-mill use ratio in the World-less-China, the International Cotton Advisory Committee (ICAC) has forecast world cotton prices to remain higher this year compared to 2008-09. According to its December 1 release, ICAC has projected world cotton production at 22.2 million tonnes (mt) in 2009-10, 5 per cent lower than the estimated production of 23.4 mt in 2008-09. This would be the third year in succession that global cotton production registers a decline. Two main reasons for this are identified as a decrease in the price competitiveness of cotton and a weakening of per hectare yields. The world average yield had gone up from 566 kg per hectare in 1998-99 to a record 792 kg in 2007-08, driven by factors such as introduction of new technologies, expanded use of existing techniques and shifts in areas used for cotton production. However, since 2007-08 the yield has declined and it is projected down by 5 per cent to 726 kg in 2009-10.

ICAC has estimated India's cotton production during 2009-10 at 5.19 mt (approx. 305 lakh bales), up from previous year's 4.93 mt (290 lakh bales). Chinese crop is projected down by 16 per cent to 6.75 mt from last year's 8.03 mt. US production is expected to be only marginally lower than in 2008-09 while Pakistan crop is projected slightly higher.

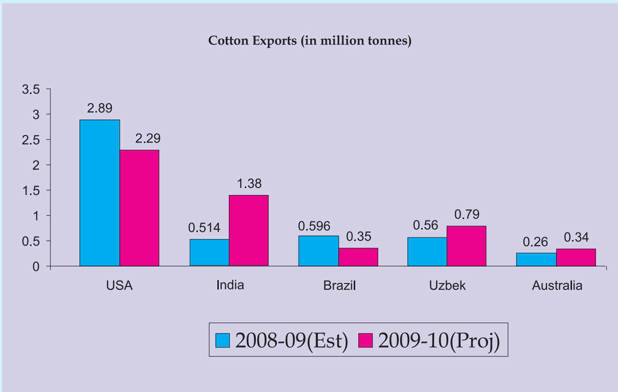


Driven by the global economic recovery, world cotton mill use is projected to be higher by 2 per cent at 23.8 mt in 2009-10. Among the seven largest cotton consumers, only the Asian consumers, viz. China, India, Pakistan and Bangladesh are expected to experience growth in cotton mill use during 2009-10. Their combined share of world cotton mill use is forecast at 70 per cent. ICAC has forecast a 7 per cent increase in India's cotton mill use from last year's 3.86 mt (approx. 227 lakh bales) to 4.13 mt (approx. 243 lakh bales) in 2009-10. China is also expected to consume slightly more cotton this year at 9.27 mt against 9.0 mt last year. The steady decline in cotton mill use witnessed in US since 2005-06 is expected to continue in 2009-10 also, although the rate of decline has decelerated.

Boosted by stronger mill use, a 7 per cent increase in cotton imports from last year's 6.63 mt to 7.0 mt this year is forecast by ICAC. Chinese imports are expected to see a 15 per cent increase to touch 1.76 mt compared to last year's 1.52 mt consequent on a much lower crop this year. Driven by a large exportable surplus, ICAC states that India's exports could rebound to 4.38 mt (approx. 81 lakh bales) in 2009-10. This would be much higher than the estimate of 55 lakh bales made by the Cotton Advisory Board. ICAC foresees a 21 per cent drop to 2.3 mt in US exports.



With a fall in production and a rise in consumption, global cotton ending stocks are projected to be lower by 13 per cent to touch 10.7 mt in 2009-10 compared to 12.3 mt in 2008-09. It is stated that this would be the steepest decline since 2002-03. Half of this decline is expected to take place in China and half in the rest of the world. Like the ending stocks, the global stocks-to-mill use ratio is also forecast to drop from 53 per cent in 2008-09 to 45 per cent in 2009-10.



As for world cotton prices, ICAC states that the Cotlook A Index continued to increase during November to touch 74.05 US Cents per pound on November 30, or 10 cents higher than at the beginning of this season. Based on the lower stocks-to-mill use ratio in the World-less-China, ICAC has forecast a season average Cotlook A Index of 69 US Cents per pound in 2009-10, a 13 per cent increase from the 2008-09 average of 61.2 USC.

Encouraging GDP Growth During Q-2

According to Government data released recently, the growth of gross domestic product (GDP) during the second quarter (July-September) of 2009-10 exceeded all expectations and forecasts, to touch 7.9 percent. This was the highest growth during the last six quarters, it is reported. The growth is stated to have been driven by higher consumer spending and private investment. The Finance Minister is quoted to have stated that although it is too early to predict, it is hoped that it may be possible for the country to achieve 7 percent plus growth during 2009-10.

The GDP growth had slowed to 6.7 percent in 2008-09 after registering a growth of around 9 percent for four straight years, before the financial crisis in US impacted the global economy. As per reports, the acceleration in the growth during July-September quarter was led by the manufacturing segment which grew 9.2 percent from a year ago. This, it is stated, was helped largely by a slew of stimulus measures since last October. Services sector is also stated to have registered a robust growth of 9.3 percent in the above period.

According to experts, the latest GDP growth figure is a further confirmation of the recovery of the country's economy. However, there are concerns about the rising inflation and a widening deficit in the Government's budget. The impact of the drought on farm output is also expected to show up in the next quarter, offsetting some of the serge in manufacturing and services segments. Reports add that the immediate challenge is the lower agricultural output which is likely to be a drag in the next, October-December, quarter.

Trade Gap Comes Down in October

With a steeper fall in imports compared to that in exports, India's trade deficit is reported to have come down in October. Merchandise exports from India during October 2009 are placed at $ 13.19 billion a drop of 6.6 per cent compared to exports worth $ 14.13 billion in the same month last year. This is said to be the lowest fall during the last ten months. The main reason for the fall in exports is the lower demand in overseas markets because of the global economic crisis. Exports have, however, been improving since April this year although they continue to be lower than last year. The months fall in exports ranged from 13.8 per cent to 33.2 per cent till September but it was only 6.6 per cent in October, less than half of the fall in September.

Imports have also been lower this year compared to last year owing to a fall in domestic demand. Although imports exceeded last year's level in June and July, they remained lower in all other months with the fall ranging from 31.3 per cent to 39.2 per cent till September. Imports in October are valued at $ 21.9 billion, down by only 15 per cent from $ 25.8 billion during October last year. Consequent on the steeper fall in imports compared to that in exports, the country's trade deficit is reported to have come down to $ 8.8 billion in October this year from $ 11.7 billion in October 2008.

According to the official trade data, the country's exports during the seven-month period from April to October 2009 stood at $91 billion, a dip of 26 per cent compared to last year. Imports during April-October 2009 are valued at $ 148.36 billion, a contraction of 29.6 per cent compared to the same period last year.

Cotton Arrivals

According to the Cotton Corporation of India, cotton arrivals by the first week of December stood at 73.1 lakh bales, marginally above the arrivals of 71.55 lakh bales by the same period last year. The maximum arrivals were in Gujarat at 27 lakh bales, about 11.75 lakh bales more than in the same period last year. Compared to last year, arrivals are said to have been lower in most other States.

Price Trend

	ICS-202 **(25 mm)** (J-34)	ICS-105 **(27 mm)** (LRA)	ICS-105 **(28 mm)** (H-4)	ICS-105 **(29 mm)** (S-6)	ICS-107 **(35 mm)** (DCH-32)
This week	25000	25100	25900	27000	43300
Last week	24700	24300	25300	26300	43300
MonthAgo	23300	23000	23300	24500	-
Year Ago	20000	-	21900	22000	30000

(Average spot price Rs/candy)

SNIPPETS

According to a survey made by the Confederation of Indian Industry (CII), the country's manufacturing sector is showing clear signs of revival and was on a higher growth trajectory during the first half of 2009-10, says a report. Growth rates in a majority of sectors are stated to have shown positive trends in the first half of this fiscal as compared to last year. There is also said to be a significant shift in the trends, from the negative and moderate growth category to the high and excellent growth one. This improvement in manufacturing growth has been a result of the stimulus packages provided by the Government, it is reported.

India's six key infrastructure industries are reported to have posted a growth of 3.5 per cent in October due to better performance by petroleum refinery products, electricity and finished steel. The growth by the six industries during the seven-month period from April to October reportedly stood at 4.7 per cent as against 3.3 per cent during the corresponding period of 2008-09. The six infrastructure industries account for about 27 per cent of the Index of industrial production.

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) 2008-09 CROP December 2009					
						5th	7th	8th	9th	10th	11th
03.	ICS-102	22mm	V-797	4.5-5.9	19	21200	21200	21200	21200	21200	21200
04.	ICS-103	23mm	Jayadhar	4.0-5.5	19	21200	21200	21200	21200	21200	21200
2009-10 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0	15	25000	24600	24500	24500	24500	24000
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0	15	26000	25600	25500	25500	25500	25000
05.	ICS-104	24mm	Y-1	4.0-5.5	20	23700	23700	23900	23900	23900	23900
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9	23	25500	25300	25200	24700	24700	24700
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	N.A.	N.A.	N.A	N.A	N.A
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	25200	25500	25300	24800	24800	24900
09.	ICS-105	28mm	H-4 / MECH-1	3.5-4.9	25	26000	26200	26000	25600	25600	25700
10.	ICS-105	29mm	S-6	3.5-4.9	26	27100	27400	27200	26700	26700	27000
11.	ICS-105	31mm	Bunny / Brahma	3.5-4.9	27	26900	27200	27000	26500	26500	26500
12.	ICS-106	33mm	MCU-5 / Surabhi	3.3-4.5	28	27900	27900	27900	27400	27400	27400
13.	ICS-107	35mm	DCH-32	2.8-3 .6	31	43500	43500	43500	43000	43000	43000
14.	ICS-301	26mm	ICC	3.7-4.3	25	25000	25300	25300	25300	25300	25300