

Weekly
Publication of



**Cotton
Association
of India**

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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. 38 * 20/12/2011

Edited & Published by Amar Singh

Global Cotton Production to Decline in 2012-13 - ICAC

Global cotton area and production may be lower in 2012-13 as compared to 2011-12. This has been forecast by the International Cotton Advisory Committee (ICAC) in its December 1 release. The situation in the last two years as indicated by the ICAC is given below.

Area

Global cotton area rose by 7.3 percent to 36.01 million hectares (mha) in 2011-12 from 33.56 mha in 2010-11. Coming to the leading four cotton growing countries, the area rose appreciably from 11.14 mha to 12.19 mha in India and marginally from 5.22 mha to 5.53 mha in China and from 3.00 mha to 3.24 mha in Pakistan. On the other hand, there was a drop from 4.33 mha to 3.91 mha in USA. The main reason for the higher plantings in 2011-12 was the good prices that farmers realised in 2010-11.

Production

World cotton production rose by about eight percent in 2011-12, going up to 26.88 million tonnes (mt) in 2011-12 from 24.88 mt in the previous year. The increase in production was mostly due to the higher area as there was hardly any change in the yield, being 746 kg per hectare in 2011-12 as compared to 741 kg per hectare in 2010-11.

All the four leading cotton producing countries recorded increase in production barring US where there was a marginal decline in production from 3.94 mt in 2010-11 to 3.43 mt in 2011-12. The maximum rise of 0.79 mt in production was in China, from 6.40 mt in 2010-11 to 7.19 mt in 2011-12. Next in order in production increase was India where it went up to 6.05 mt from 5.53 mt in 2010-11, an increase of 0.52 mt. Pakistan crop in 2011-12 was higher by 0.17 mt in 2011-12 going up to 2.08 mt in 2011-12 from 1.91 mt in 2010-11.

Projection for 2012-13

Regarding the coming season, 2012-13, the ICAC states that cotton plantings for the season will start in a few months. After jumping to record highs in 2010-11, cotton prices dropped sharply in the current season, reducing farmers' incomes, and decreasing for the first time in three years the attractiveness of this crop when compared to that of its main alternatives. In addition, agricultural production costs have increased since 2011-12 plantings. As a result, cotton area in many countries is expected to decline in 2012-13. ICAC Secretariat projects global cotton area to contract by 8 percent to 33.3 mha and production to decrease by 6 percent to 25.1 mt in 2012-13.

ICAC states that the anticipated reduction in cotton area is consistent with the magnitude of the decline in cotton prices experienced since last season. The Cotlook A Index dropped by a third, from an average of 164 cents/lb in 2010-11 to an average of 112 cents/lb in the first four months of 2011-12. The data for the last several seasons indicate that there was a positive correlation between year-to-year variations in the world cotton area and cotton prices. An increase of 10 percent in the Cotlook A Index was followed by an increase of 3 percent in world cotton area and vice-versa. Based on this historical relationship, world cotton area would be

89th Annual General Meeting of CAI

The 89th Annual General Meeting of the Cotton Association of India will be held on Friday, the 30th December 2011 at 3.00 p.m. in the Conference Room of the Association, 2nd Floor, Cotton Exchange Building, Cotton Green, Mumbai 400 033.

expected to fall by 9 percent in 2012-13. If cotton prices decline further over the next few months, this might translate into a larger decline in cotton area in 2012-13.

According to ICAC, cotton harvested area is expected to decline in 2012-13 in most large producing countries, including China, India, Pakistan, Brazil, and Turkey. Three exceptions are said to be the United States, Uzbekistan, and Australia. Although US planted area is projected down, a drop from the record high abandonment rate in 2010-11 could translate into a similar harvested area. In the case of Australia, it is stated that irrigation water is expected to be in adequate supply, which could maintain cotton area stable. ICAC adds that planting intentions for 2012-13 are likely to change over the next few months, depending on farmers' returns from the 2011-12 crop and evolving commodity price relationships.

According to ICAC, after two seasons at depressed levels, global cotton mill use is forecast to start

growing again in 2012-13. However, the expectation is highly dependent on the assumption of a recovery in global economic growth that would stimulate purchases of textile products, and consumption of raw fibers. The ICAC forecasts global cotton mill use to rise by 3 percent in 2012-13 to 25.0 mt, driven by Asia.

Rising mill use and lower cotton prices could fuel a rebound in world cotton trade in 2012-13, according to ICAC. Imports may jump by 9 percent to 8.4 mt. Chinese imports could continue to increase to 3.6 mt, as the gap between production and consumption is projected larger in 2012-13. Exports of cotton from the US could rebound to 2.8 mt. as a result of higher production, after a sharp drop this season.

With global production and consumption expected to roughly balance in 2012-13, global cotton stocks are forecast to increase only slightly to 11.6 mt. during the next season.

World Economic Growth May Slow Down Further in 2012 - UN Report

The UN "World Economic Situation and Prospects 2012" is quoted to have forecast that global economic growth will slowdown further in 2012 and that even emerging powerhouses like India and China, which led the recovery last time, will get bogged down. The Report is stated to have cut the global growth forecast for next year to 2.6 per cent from 4.0 per cent in 2010. It has called 2012 a 'make-or break' year for the global economy which, it is stated, will face a "muddle-through" scenario and continue to grow at a slow pace.

The Report is stated to have added that following two years of anaemic and uneven recovery from the financial crisis, the world economy is teetering on the brink of another major downturn, warning that the risks for another double-dip recession have heightened. It blames the failure of policy-makers, especially those in Europe and the US, to address the jobs crisis and prevent debt distress. Escalation of financial sector fragility poses the most acute risk for the global economy in 2012-13. With the United Nations warning on double-dip recession and the projection of a further slowdown in 2012, the fears that the world is staring at another economic meltdown are said to have become starker.

Further, it is apprehended that growth in developing countries like India and China, which had stoked the engine of the world economy so far, will also slowdown to 5.6 per cent in 2012 from 7.5

per cent in 2010. The developing countries are expected to be further affected by the economic woes in developed countries through trade and financial channels, the UN Report is quoted to have forecast. Although GDP growth in China and India is expected to remain robust, it will decelerate according to the UN Report - India's economy is expected to expand by between 7.7 and 7.9 per cent in 2012-13, down from 9 per cent in 2010. In China, growth slowed down from 10.4 per cent in 2010 to 9.3 per cent in 2011, and is projected to slow further to below 9 per cent in 2012-2013.

Notably, UN is stated to have revised its 2012 prediction downward for every major country. Thus, the projected growth in US is 1.3 per cent (down 0.7 per cent from its last forecast), 1.5 per cent for Japan (down 1.3 per cent), 0.5 per cent for the 27 nation European Union (down 0.8 per cent) and 8.7 per cent for China (down 0.2 per cent). A serious, renewed global downturn is said to be looming because of persistent weakness in major developed countries on account of problems left unresolved in the aftermath of the recession of 2008-09, the UN Report is said to have pointed out. Most developed country Governments have indiscriminately switched from fiscal stimulus to premature austerity measures. This is claimed to have further weakened global aggregate demand already nurtured by persistent high unemployment.

(Source: Financial Express 03.12.2011)

SUPPLY AND DISTRIBUTION OF COTTON

December 01, 2011

Seasons begin on August 1	Million Metric Tons					
	2007/08	2008/09	2009/10	2010/11 Est.	2011/12 Proj.	2012/13 Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.749	12.210	11.895	8.673	9.006	11.50
China (Mainland)	3.653	3.321	3.585	2.780	2.165	3.02
USA	2.064	2.188	1.380	0.642	0.566	0.84
PRODUCTION*						
WORLD TOTAL	26.073	23.455	22.170	24.879	26.879	25.14
China (Mainland)	8.071	8.025	6.925	6.400	7.194	6.33
India	5.219	4.930	5.185	5.525	6.052	5.49
USA	4.182	2.790	2.654	3.942	3.425	3.64
Brazil	1.602	1.214	1.194	1.960	2.102	2.00
Pakistan	1.900	1.926	2.070	1.907	2.080	2.00
Uzbekistan	1.206	1.000	0.850	0.910	0.880	0.92
Others	3.894	3.569	3.292	4.236	5.147	4.77
CONSUMPTION*						
WORLD TOTAL	26.532	23.685	25.247	24.496	24.387	25.02
China (Mainland)	10.900	9.265	10.099	9.594	9.546	9.83
India	4.053	3.872	4.300	4.483	4.483	4.75
Pakistan	2.649	2.519	2.393	2.200	2.222	2.29
East Asia & Australia	1.829	1.674	1.861	1.772	1.741	1.74
Europe & Turkey	1.744	1.409	1.550	1.486	1.490	1.51
Brazil	0.993	1.000	1.024	0.990	0.960	0.98
USA	0.998	0.771	0.773	0.849	0.827	0.78
CIS	0.664	0.596	0.605	0.576	0.581	0.59
Others	2.703	2.579	2.642	2.546	2.538	2.56
EXPORTS						
WORLD TOTAL	8.356	6.596	7.776	7.624	7.725	8.40
USA	2.968	2.887	2.621	3.130	3.325	2.76
India	1.530	0.515	1.420	1.100	1.174	0.86
Uzbekistan	0.900	0.630	0.820	0.600	0.573	0.64
Australia	0.265	0.261	0.460	0.545	0.889	1.10
CFA Zone	0.603	0.469	0.561	0.477	0.548	0.56
Brazil	0.486	0.596	0.433	0.435	0.823	1.03
TRADE IMBALANCE 1/	0.025	-0.090	-0.021	0.001	0.000	0.00
STOCKS ADJUSTMENT 2/	-0.105	0.007	-0.125	-0.051	0.000	0.00
ENDING STOCKS						
WORLD TOTAL	12.210	11.895	8.673	9.006	11.497	11.62
China (Mainland)	3.321	3.585	2.780	2.165	3.019	3.08
USA	2.188	1.380	0.642	0.566	0.841	0.95
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	58	39	46	57	56
CHINA (MAINLAND) 4/	30	39	28	23	32	31
Cotlook A Index 5/	72.90	61.20	77.54	164.26		

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.

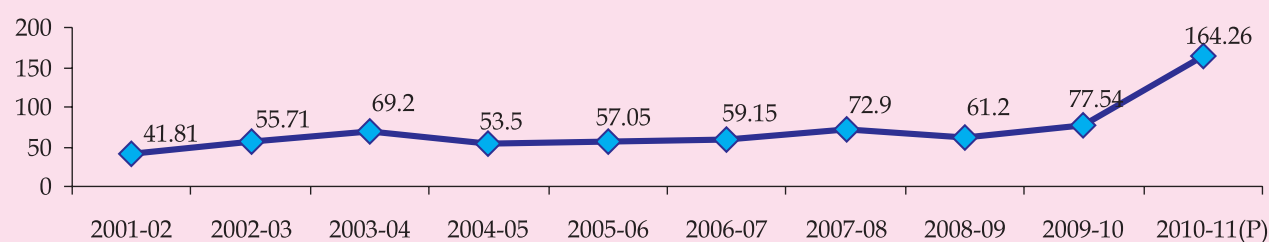
4/ China's ending stocks divided by China's mill use, multiplied by 100.

5/ U.S. Cents per pound

* Turkey's production and consumption estimates are currently under review within the Secretariat.

(Source : ICAC Monthly December 2011)

Cotlook A Index (US Cents per pound)



SNIPPETS

Led by decline in the output of Coal, the eight infrastructure industries forming the core sector, are reported to have registered a dismal growth of 0.1 percent in October, the lowest in the last five years. The sector had recorded a growth of 7.2 percent in October last year. The industries in the core sector are crude oil, petroleum refinery products, natural gas, fertilisers, coal, electricity, cement and finished steel. The sharp decline is said to indicate slowdown in economy which has recorded a GDP growth of 6.9 percent during July-September quarter, lowest in nine quarters. During October this year, barring electricity, cement and steel, all the segments reportedly registered negative growth. The infrastructure

industries have a weightage of 37.9 percent in the overall industrial production.



Given the recent uncertainty in the European market, India will face difficulties in achieving the export target of \$ 300 billion for 2011-12, it is reported by an official source. The US and Europe account for over 25 percent of the country's total merchandise exports. However, the government has taken measures such as product and market diversification to deal with the problems arising out of the uncertainty.



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
December 2011

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	10 th	12 th	13 th	14 th	15 th	16 th
03.	ICS-102	22mm	4.5-5.9	19	V-797	6552 (23300)	6552 (23300)	6552 (23300)	6552 (23300)	6552 (23300)	6552 (23300)
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	9195 (32700)	9195 (32700)	9195 (32700)	9195 (32700)	9195 (32700)	9195 (32700)
2011-12 CROP											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	9392 (33400)	9448 (33600)	9280 (33000)	9223 (32800)	9167 (32600)	9167 (32600)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	9645 (34300)	9701 (34500)	9533 (33900)	9476 (33700)	9420 (33500)	9420 (33500)
06.	ICS-202	25mm	3.5-4.9	23	J-34	8633 (30700)	8633 (30700)	8492 (30200)	8492 (30200)	8492 (30200)	8520 (30300)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9505 (33800)	9420 (33500)	9364 (33300)	9420 (33500)	9420 (33500)	9448 (33600)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	9870 (35100)	9786 (34800)	9673 (34400)	9701 (34500)	9673 (34400)	9701 (34500)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	9983 (35500)	9898 (35200)	9842 (35000)	9842 (35000)	9842 (35000)	9842 (35000)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	10545 (37500)	10489 (37300)	10432 (37100)	10432 (37100)	10432 (37100)	10432 (37100)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	12654 (45000)	12654 (45000)	12373 (44000)	12373 (44000)	12373 (44000)	12373 (44000)

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