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Cotton Exchange Building, 2nd Floor,  
Cotton Green, Mumbai - 400 033  
Phone: 2370 4401/02/03  
Fax: 2370 0337  
Email: cai@caionline.in  
[www.caionline.in](http://www.caionline.in)

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# Cotton Statistics And News

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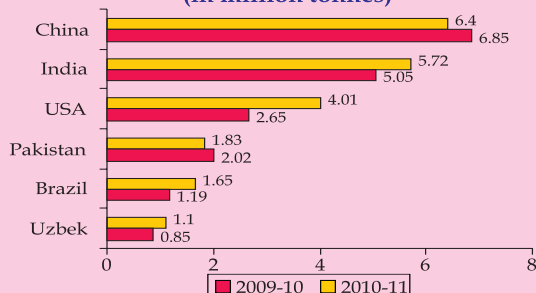
## World Cotton Production This Year to Slightly Exceed Consumption - ICAC

World cotton production is expected to slightly exceed consumption during the current season, states the International Cotton Advisory Committee (ICAC) in its latest monthly release on December 1. As a result, global ending stocks of cotton are projected to increase to 9.3 million tonnes (mt). The increase will be in the countries of Southern Hemisphere while there may be decline in those of the Northern Hemisphere. Because of the slight increase in stocks, the global stock-to-use ratio is likely to increase from 36 percent to 38 percent, states the ICAC.

The world production of cotton is estimated to be 24.98 mt in 2010-11, a rise of 14.7 percent compared to 21.78 mt in 2009-10. Most of the increase is expected to be in US and to some extent in India. US cotton production in 2010-11 is projected to be 4.01 mt, an increase of 51.3 percent from 2.65 mt in 2009-10. A rise of 13.3 percent from 5.05 mt in 2009-10 to 5.72 mt in 2010-11 is expected in Indian crop also. Production is forecast to decline in China and Pakistan.

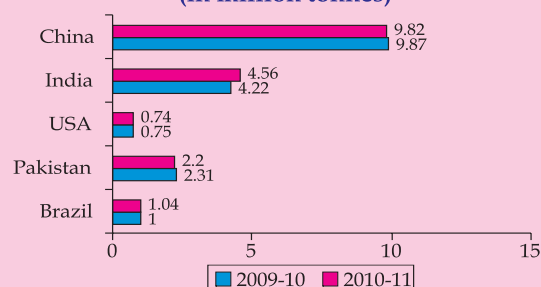
ICAC, mill use is expected to remain stable in 2010-11 due to limited supplies and high prices. Cotton mill use in China, which is the leading cotton consumer accounting for about 40 percent of the world consumption, is likely to slightly decrease to 9.82 mt in 2010-11 from 9.87 mt last year. This is said to be due to difficulties in sourcing both domestic and imported cotton. Cotton consumption in India is, however, projected higher at 4.56 mt this year compared to 4.22 mt in 2009-10 as a drop in domestic supplies may be prevented by the Government control on exports. ICAC states that cotton spinning in other major importing countries including Bangladesh, Turkey, Pakistan, Indonesia, Thailand and Vietnam is expected to be restrained.

**Country-wise Cotton Production  
(in million tonnes)**



Global cotton mill use had rebounded by 5 percent to 24.6 mt in 2009-10. According to the

**Country-wise Cotton Consumption  
(in million tonnes)**



ICAC adds that global cotton stocks fell by 25 percent in 2009-10 to 8.9 mt, the smallest in seven seasons. They are expected to be higher at 9.25 mt in 2010-11 because of the production surpassing consumption.

World cotton trade is projected to be higher by 8 percent to touch 8.3 mt in 2010-11, the largest in

five years. The trade could have been higher had there been no limits imposed on exports by some countries. China, the leading importer, is expected to import 3.2 mt of cotton while US is likely to export 3.4 mt, up by 30 percent compared to 2.6 mt in 2009-10. The share of exports by US to the world total is thus expected to rise from 34 percent last year to 41 percent this year.

As regards prices, they have risen steeply since the beginning of this season. The Cotlook A Index doubled from 86.30 US cents (USC) per pound on August 2, 2010 to a historic high of 172.40 USC per pound on November 10 of this year. Since then it has fallen back to around 150 USC per pound. The decline is said to have coincided with the encouragement of tighter monetary policies and firm control on speculation in commodity markets by the Chinese government, as well as a strengthening of the US dollar. The average A Index over the first four months of the season is 120 USC per pound, almost twice as high as the average over the same period last year. It is also well above the current ICAC 2010-11 average projection of 95 USC per pound. The ICAC states

that it wishes to acknowledge that in the current environment of volatility, its price model may be less relevant than in other seasons. It is also stated that cotton prices rose much faster than polyester prices over the last few months. This is said to have already resulted in some shifts in the blends at the spinning level at the cost of cotton. The share of cotton in global fibre use, estimated at 36.5 percent in 2009 is likely to continue to decline in 2010 and 2011 states the ICAC.

World Cotton Supply and Demand (Million tonnes)		
	2009-10	2010-11
Beginning Stock	11.95	8.91
Production	21.78	24.98
<b>Supply</b>	<b>33.73</b>	<b>33.89</b>
Consumption	24.61	24.63
Exports	7.77	8.31
Ending Stock	8.91	9.25

(Source: ICAC Monthly December 2010)

## Share of Textile Mills in Total Cloth Production Shrinks

The share of organised textile sector in the total production of cloth in the country has been coming down in recent years with the decentralised sector, particularly powerlooms, gaining ascendancy. As per the data available from the office of the Textile Commissioner, its share is only about 3 per cent at present. The relevant data for 2009-10 are reproduced below:

Sector	(in mn. sq. mtrs.)		
	Cotton	Blended and Non-cotton	Total
Mills	1419 (4.9)	542 (1.8)	1961 (3.3)
Handlooms	5825 (20.2)	944 (3.1)	6769 (11.5)
Powerlooms	10167 (35.3)	26477 (87.7)	36644 (62.1)
Hosiery	11379 (39.5)	2244 (7.4)	13623 (83.1)
All Sectors	28790 (100)	30207 (100)	58997 (100)

*Note: Figures in brackets denote percentage to total*

It may be noticed that as much as 62 per cent of the total production of cloth in the country is contributed by powerlooms. While their share in the production of cotton cloth is about 35 per cent, they take a huge share of about 88 per cent in the production of blended and non-cotton cloth. Next to powerloom sector comes the hosiery sector with a share of 39.5 per cent in the production of cotton cloth and 23 per cent in the total cloth production.

While these two sectors have been raising their share in cloth production, handloom sector appears to have been losing ground like the organised mill sector. The data show that while the share of this sector in the production of cotton cloth is about a fifth of the total, its share in the total cloth production is only about 11.5 per cent.

(Source: Office of the Textile Commissioner)

## 88th Annual General Meeting of CAI

The 88th Annual General Meeting of the Cotton Association of India will be held on Friday, the 31st December 2010 at 3.00 p.m. in the Conference Room of the Association, 2nd Floor, Cotton Exchange Building, Cotton Green, Mumbai 400 033.

**SUPPLY AND DISTRIBUTION OF COTTON****December 01, 2010**

Years Beginning August 1

Million Metric Tons

	2006/07	2007/08	2008/09	2009/10 Est.	2010/11 Proj.	2011/12 Proj.
<b>BEGINNING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.555</b>	<b>12.788</b>	<b>12.233</b>	<b>11.952</b>	<b>8.91</b>	<b>9.25</b>
China(Mainland)	3.991	3.653	3.321	3.585	2.94	2.72
USA	1.321	2.064	2.188	1.380	0.64	0.49
<b>PRODUCTION</b>						
<b>WORLD TOTAL</b>	<b>26.747</b>	<b>26.020</b>	<b>23.324</b>	<b>21.778</b>	<b>24.98</b>	<b>27.30</b>
China (Mainland)	7.975	8.071	8.025	6.850	6.40	7.21
India	4.760	5.219	4.930	5.050	5.72	6.01
USA	4.700	4.182	2.790	2.654	4.01	4.13
Pakistan	2.121	1.876	1.891	2.019	1.83	2.18
Brazil	1.524	1.602	1.214	1.194	1.65	1.89
Uzbekistan	1.171	1.206	1.000	0.850	1.10	1.10
Others	4.496	3.864	3.474	3.161	4.28	4.78
<b>CONSUMPTION</b>						
<b>WORLD TOTAL</b>	<b>26.417</b>	<b>26.496</b>	<b>23.517</b>	<b>24.614</b>	<b>24.63</b>	<b>25.31</b>
China (Mainland)	10.600	10.900	9.265	9.867	9.82	10.11
India	3.908	4.050	3.863	4.222	4.56	4.88
Pakistan	2.633	2.649	2.428	2.307	2.20	2.27
East Asia & Australia	1.864	1.835	1.680	1.829	1.78	1.79
Europe & Turkey	2.084	1.744	1.409	1.550	1.48	1.49
Brazil	0.987	1.001	0.994	1.002	1.04	1.06
USA	1.074	0.998	0.781	0.754	0.74	0.69
CIS	0.681	0.664	0.596	0.607	0.56	0.55
Others	2.586	2.655	2.501	2.476	2.45	2.46
<b>EXPORTS</b>						
<b>WORLD TOTAL</b>	<b>8.068</b>	<b>8.375</b>	<b>6.616</b>	<b>7.767</b>	<b>8.31</b>	<b>8.41</b>
USA	2.821	2.968	2.887	2.621	3.42	3.21
India	0.960	1.530	0.515	1.420	1.03	0.97
Uzbekistan	0.980	0.900	0.630	0.790	0.83	0.76
CFA Zone	0.924	0.595	0.464	0.553	0.57	0.56
Australia	0.465	0.265	0.261	0.460	0.57	0.73
Brazil	0.283	0.486	0.596	0.433	0.52	0.69
<b>IMPORTS</b>						
<b>WORLD TOTAL</b>	<b>8.147</b>	<b>8.396</b>	<b>6.526</b>	<b>7.712</b>	<b>8.31</b>	<b>8.41</b>
China	2.306	2.511	1.523	2.374	3.21	3.60
East Asia and Australia	1.899	1.860	1.665	1.888	1.81	1.83
Europe & Turkey	1.340	1.081	0.861	1.174	0.96	0.95
Pakistan	0.502	0.851	0.417	0.336	0.37	0.18
CIS	0.322	0.271	0.239	0.219	0.17	0.16
<b>TRADE IMBALANCE 1/</b>	<b>0.078</b>	<b>0.021</b>	<b>-0.090</b>	<b>-0.055</b>	<b>0.00</b>	<b>0.00</b>
<b>STOCKS ADJUSTMENT 2/</b>	<b>-0.176</b>	<b>-0.100</b>	<b>0.002</b>	<b>-0.147</b>	<b>-0.01</b>	<b>0.00</b>
<b>ENDING STOCKS</b>						
<b>WORLD TOTAL</b>	<b>12.788</b>	<b>12.233</b>	<b>11.952</b>	<b>8.913</b>	<b>9.25</b>	<b>11.23</b>
China (Mainland)	3.653	3.321	3.585	2.937	2.72	3.42
USA	2.064	2.188	1.380	0.642	0.49	0.72
<b>ENDING STOCKS/MILL USE (%)</b>						
<b>WORLD-LESS-CHINA(M) 3/</b>	<b>58</b>	<b>57</b>	<b>59</b>	<b>41</b>	<b>44</b>	<b>51</b>
<b>CHINA (MAINLAND) 4/</b>	<b>34</b>	<b>30</b>	<b>39</b>	<b>30</b>	<b>28</b>	<b>34</b>
<b>Cotlook A Index 5/</b>	<b>59.15</b>	<b>72.90</b>	<b>61.20</b>	<b>77.54</b>	<b>95*</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

\* The price projection for 2010/11 is based on the ending stocks/consumption ratio in the world-less-China in 2008/09 (estimate), in 2009/10 (estimate) and in 2010/11 (projection), on the ratio of Chinese net imports to world imports in 2009/10 (estimate) and 2010/11 (projection), and on the average price for the first four months of 2010/11.

95% confidence interval: 85 to 107 cents per pound

(Source : ICAC Monthly December 2010)

## SNIPPETS

India's merchandise exports reportedly posted an impressive growth of 26.8 per cent during November at \$ 18.9 billion. Imports during the month were valued at \$ 27.8 billion, up by 11.2 per cent. During the eight month period from April to November, exports are placed at \$ 140.3 billion registering a growth of 26.7 per cent giving indications of the total exports during 2010-11 crossing the target set at \$ 200 billion for the year, and may be around \$ 210-215 billion, it is stated. Imports during this period were valued at \$ 222 billion clocking a growth of 24 per cent. The trade deficit reportedly stood at \$ 81 billion and going by the current trend it is likely that by the year end, trade deficit may be around \$ 120 billion.



After a period of sluggishness, apparel exports from the country are reported to have regained the growth trajectory. Exports in September this year are placed at \$ 743 million, 2.5 per cent higher than the exports worth \$ 725 million in September last

year. According to the Apparel Export Promotion Council the increase has been helped by strong demand from US. There are said to be good orders from US market owing to the Christmas season.



After a gap of three months, the industrial growth is reported to have bounced back to a double-digit growth of 10.8 per cent during October. The growth had decelerated to 4.39 per cent in August and 6.92 per cent in September. The available indications are said to be pointing to even a better growth in November. The Purchasing Managers' Index, based on a survey of 500 manufacturing firms, appears to have been supportive of the optimism that the growth in November would be the highest in several months. Encouragingly, the manufacturing sector which accounts for 80 per cent of the overall industrial output, grew by 11.3 per cent during October compared to 10.8 per cent a year ago, it is stated.



## 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 December 2010					
						11 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	15 <sup>th</sup>	16 <sup>th</sup>	17 <sup>th</sup>
03.	ICS-102	22mm	V-797	4.5-5.9	19	H	26500	26500	26500	27000	
04.	ICS-103	23mm	Jayadhar	4.0-5	19		32000	32500	32500	33000	
<b>2010-11 CROP</b>											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	O	30300	30800	31000	31000	M A
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	L	30600	31100	31400	31400	R K
05.	ICS-104	24mm	Y-1	4.0-5.5	20		36600	36600	36600	37000	E
06.	ICS-202	25mm	J-34	3.5-4.9	23		38600	38200	38000	38000	T
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	I	38500	38000	37700	37700	
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24		38800	38300	38100	38200	C
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	D	39000	38500	38200	38400	L O
10.	ICS-105	29mm	S-6	3.5-4.9	26		40300	39800	39800	40000	S
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	A	40500	40200	40000	40300	E D
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		43000	42700	42700	42700	
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	Y	52500	52000	52000	52000	