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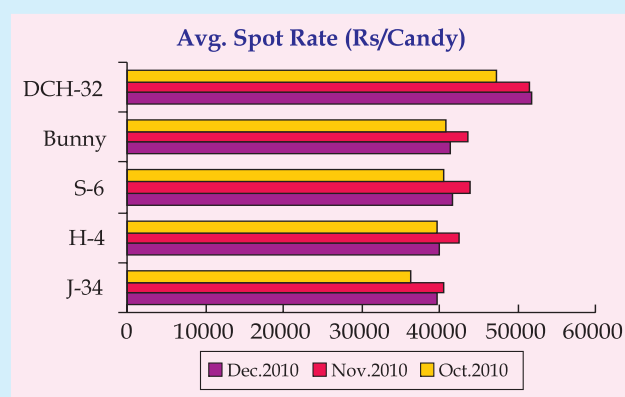
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Cotton Prices Retreat in December

The first two months of the new season 2010-11 had witnessed a steady and steep rise in the price of all cotton varieties during October and November. The trend was reversed in December when prices of all medium and long staple cottons moved down. However, price of the extralong staple cotton, DCH-32, continued to remain firm in December also. The monthly average prices of the leading popular varieties during the last three months are tabulated below:

Variety	Av. Spot Rate (Rs./Candy)		
	Oct. 2010	Nov. 2010	Dec. 2010
J-34	36,400	40,500	39,600
H-4	39,600	42,600	39,900
S-6	40,500	43,900	41,700
Bunny	40,900	43,600	41,500
DCH-32	47,300	51,600	51,900



Compared to November averages, prices in December were lower by Rs. 900 to Rs. 2700 per candy in the case of medium and long staple cottons, the maximum fall being in the case of H-4. In the case of DCH-32, there was a moderate increase of Rs. 300 per candy.

Mainly, two factors appear to have led to the softening of prices in December. One was the significant pick-up in the market arrivals of the new crop. Earlier, the arrivals were sluggish due to the unseasonal late rains at harvest time in a few tracts. With the clearance of skies, farmers began taking cotton to the market in a brisk way. The second factor for prices coming down is apparently the slowing down of demand from both mills and exporters. Having covered their medium term requirements, mills were not in a hurry to build up inventories particularly as the expectation was that prices are want to go down under the pressure of fresh arrivals.

In the case of exporters, there seems to have been a lull as the export registrations were stopped once they reached near the approved cap. Registration have since been revived and it is to

CAB Estimation

The Cotton Advisory Board at its first meeting held on 6th January 2011 has made upward revision in 2010-11 crop to 329 lakh bales as against earlier estimate of 325 lakh bales. The closing stock for 2010-11 is also revised to 44.50 lakh bales mainly due to upward revision in consumption.

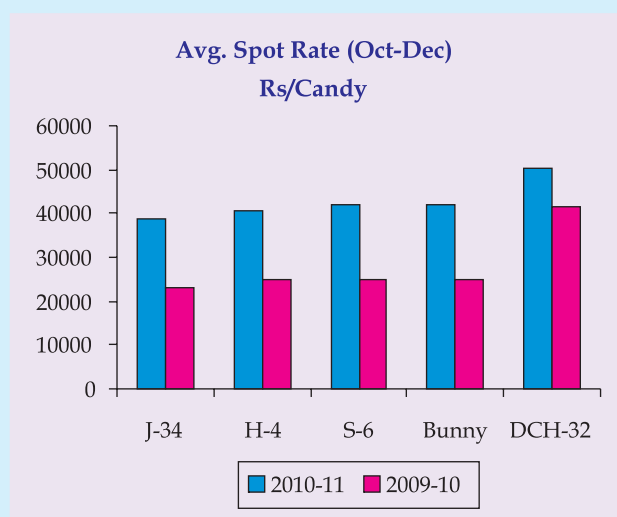
CAB retained last year's cotton crop at 295 lakh bales. While total supply was retained at 373.50 lakh bales, total demand was maintained at 333 lakh bales, leaving a closing stock of 40.5 lakh bales. There was also marginal revision in area under cotton for 2009-10 and 2010-11 seasons.

(The detailed report in next week)

be seen whether this will have any significant effect on prices.

With prices remaining higher than last season in all the three months of the new season, the seasonal average prices during 2010-11 have been substantially higher compared to 2009-10. The seasonal average prices during 2009-10 and 2010-11 are given below in respect of a few representative varieties.

Avg. Spot Rate (Oct. - Dec.) (Rs/Candy)			
Variety	2009-10	2010-11	Increase
J-34	23,300	38,800	15,500
H-4	24,800	40,700	15,900
S-6	25,000	42,000	17,000
Bunny	24,800	42,000	17,200
DCH-32	41,500	50,300	8,800



The increase during the current season has been quite substantial in the case of all varieties with the maximum of Rs. 17,200 being in the case of Bunny.

CAI Retains Cotton Crop Production Estimate at 347.5 Lakh Bales

The Association has retained the current year's cotton production at 347.50 lakh bales as estimated for the month of December 2010. It has made slight revisions in the estimates for individual States as compared to October estimates on the basis of latest inputs from different stakeholders and the arrivals of cotton so far. The State-wise details of the estimate are as under:

(in lakh bales)		
State	Production	Arrivals
Punjab	16.00	10.00
Haryana	15.00	8.00
Rajasthan	10.00	6.00
Total North Zone	41.00	24.00
Gujarat	115.00	43.00
Maharashtra	80.00	33.00
Madhya Pradesh	18.00	8.00
Total Central Zone	213.00	84.00
Andhra Pradesh	60.00	23.00
Karnataka	14.00	4.00
Tamil Nadu	5.50	0.50
Total South Zone	79.50	68.25
Other States	2.00	1.50
Loose Cotton	12.00	5.50
All-India	347.50	142.50

The arrivals as at end of December 2010 is placed at 142.50 lakh bales as compared to 132.75 lakh

bales same time last year. This constitutes approximately 41% of the expected crop. The quantum of daily arrivals is fast increasing widening the gap between the arrivals of the last year and those of the current year. The increasing trend in arrivals clearly indicates a substantially higher crop for the season.

The projected Balance Sheet drawn by the CAI for the year 2010-11 estimated the total cotton supply at 409.00 lakh bales while the domestic consumption is estimated at 266.00 lakh bales, thus leaving the available surplus of 143.00 lakh bales. The cotton Balance Sheet as estimated on 31st December is as under:

(in lakh bales)		
	2010-11	2009-10
Opening Stock	55.00	71.50
Production	347.50	307.50
Imports	6.50	7.00
Total Supply	409.00	386.00
Mill Consumption	226.00	207.00
Consumption by SSI	20.00	23.00
Non-Mill Consumption	20.00	20.00
Total Demand	266.00	250.00
Available Surplus	147.50	136.00

UPCOUNTRY SPOT RATES

Dec. 2010	2009-10 Crop					2010-11 Crop					(Rs. \ Candy)			
	V-797	Jayadhar	Y-1	BD(RG) A. Commila	BD SG	Y-1	J-34	NHH-44	LRA-5166	H-4/ MECH-1		Shankar-6	Bunny/ Brahma	MCU-5/ Surabhi	DCH-32
	ICS-102	ICS-103	ICS-104	ICS-101	ICS-201	ICS-104	ICS-202	ICS-105	ICS-105	ICS-105	ICS-105	ICS-105	ICS-106	ICS-107
	22 mm	23 mm	24 mm	22 mm	22 mm	24 mm	25 mm	25 mm	27 mm	28 mm	29 mm	31 mm	33 mm	35 mm
	4.5-5.9	4.0-5.5	4.0-5.5	5.0-7.0	5.0-7.0	4.0-5.5	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.5-4.9	3.3-4.5	2.8-3.6
	19	19	20	15	15	20	23	22	24	25	26	27	28	31
1	N.A.	N.A.	37500	29800	30300	-	38300	N.A.	N.A.	39500	42000	41000	43000	50000
2	N.A.	N.A.	37500	30800	31100	-	39300	N.A.	N.A.	39500	42200	41000	43000	50000
3	N.A.	N.A.	37500	31100	31400	-	39600	N.A.	N.A.	39800	42700	41300	43200	50000
4	N.A.	N.A.	37600	31200	31500	-	39700	N.A.	N.A.	39900	42800	41400	43300	50100
6	27200	N.A.	37600	31200	31500	-	40200	N.A.	N.A.	40000	42800	41700	43500	50300
7	27200	N.A.	37400	31000	31300	-	39700	N.A.	N.A.	39800	42600	41400	43500	52000
8	26700	N.A.	37000	30500	30800	-	38700	N.A.	N.A.	39500	41800	41100	43300	53000
9	26700	N.A.	37000	30300	30600	-	38400	N.A.	N.A.	38500	40900	40500	43000	53000
10	26500	N.A.	36600	30300	30600	-	38400	N.A.	N.A.	38500	40700	40500	43000	53500
11	...	...	...	H	O	L	I	D	A	Y	...	...	...	...
13	26500	32000	-	30300	30600	36600	38600	38500	38800	39000	40300	40500	43000	52500
14	26500	32500	-	30800	31100	36600	38200	38000	38300	38500	39800	40200	42700	52000
15	26500	32500	-	31000	31400	36600	38000	37700	38100	38200	39800	40000	42700	52000
16	27000	33000	-	31000	31400	37000	38000	37700	38200	38400	40000	40300	42700	52000
17	...	...	...	M	A	K	T	C	L	S	D	...	...	...
18	27500	33200	-	32000	32400	37200	39100	38800	39300	39500	41200	41500	43000	52000
20	28000	33200	-	32500	32900	37200	39700	39000	39500	40000	41600	42000	43000	52000
21	28200	33200	-	33000	33400	37400	40200	39500	40000	40500	42100	42500	43500	52000
22	28200	33200	-	33200	33600	37400	40400	39800	40200	41000	42500	42500	43500	52000
23	28000	33000	-	33000	33400	37200	40200	39600	40000	40800	42300	42300	43300	51800
24	28000	33000	-	34100	34500	37000	40200	39300	39500	40300	41800	42000	43300	51800
25	...	...	...	H	O	L	I	D	A	Y	...	...	...	...
27	N.A.	N.A.	-	34300	34700	37500	40700	39300	39500	40500	41800	42000	43000	52300
28	N.A.	N.A.	-	34300	34700	38300	40700	39300	39500	40900	41800	42000	43300	52300
29	N.A.	N.A.	-	34700	35300	38500	41200	39600	40000	41200	42100	42500	43500	52500
30	N.A.	N.A.	-	34900	35500	38900	41600	40000	40500	42000	43000	43100	44000	53000
31	N.A.	N.A.	-	34900	35800	39000	41800	40000	40500	42200	43000	43100	44000	53000
H	28200	33200	37600	34900	35800	39000	41800	40000	40500	42200	43000	43100	44000	53500
L	26500	32000	36600	29800	30300	36600	38000	37700	38100	38200	39800	40000	42700	50000
A	27200	32900	37300	32100	32500	37500	39600	39100	39500	39900	41700	41500	43200	51900

H = Highest L = Lowest A = Average

SNIPPETS

In contrast to the robust performance of exports in November, the growth in the six infrastructure sectors, viz. crude oil, petroleum refinery products, coal, electricity, cement and finished steel is reported to have fallen to a 21-month low of 2.3 per cent. These six core sector industries have a weightage of 26.7 per cent in the overall industrial output.



Merchandise exports from the country reportedly recorded a robust growth of 26.5 per cent in November. Backed by a strong performance in the case of engineering goods and gems and jewellery, export value touched \$18.9 billion. Total export value during the period April to November is placed at \$140.3 billion as against \$110.7 billion registering a growth of 26.7 per cent over the same period last year. Imports during the above period this year are placed at \$221.96 billion, up 24 per cent from last year's \$179.1 billion during the same

period. It is expected that the total exports in 2010-11 would surpass the target of \$200 billion and may touch \$210-215 billion.



According to an RBI survey, professional forecasters have revised their projections for GDP growth in the current financial year to 8.5 percent from the earlier estimate of 8.4 percent, driven mainly by increased agricultural surge and increased growth in services in the subsequent quarters. The forecasters had also pegged inflation at 6-6.9 percent by the end of this financial year. They also expect economic growth to be 8.5 percent next financial year, lower than the government's estimate of 9 percent. The forecast for agriculture growth this financial year has been revised to 4.9 percent, from 4.1 percent in the last survey. For industry, the growth forecast has been maintained at 9 percent.

Source: Textile Trends Magazine-24.12.2010)



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						
					January 2011						
					1 st	3 rd	4 th	5 th	6 th	7 th	
03.	ICS-102	22mm	V-797	4.5-5.9	19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
04.	ICS-103	23mm	Jayadhar	4.0-5	19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2010-11 CROP											
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	34600	34600	34600	34600	34600	35100
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	35500	35500	35500	35500	35500	36000
05.	ICS-104	24mm	Y-1	4.0-5.5	20	38800	38800	38800	38800	38800	38800
06.	ICS-202	25mm	J-34	3.5-4.9	23	41500	41500	41500	41500	41000	41000
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	39800	N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	40300	40300	40300	40300	40300	40300
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	42000	42000	42000	41700	41400	41200
10.	ICS-105	29mm	S-6	3.5-4.9	26	42500	42500	42500	42500	42200	42000
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	42900	43100	43100	43100	43400	435000
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	43700	45000	45000	45000	45000	45500
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	53000	56000	56000	56000	58000	58500