



Cotton Statistics And News

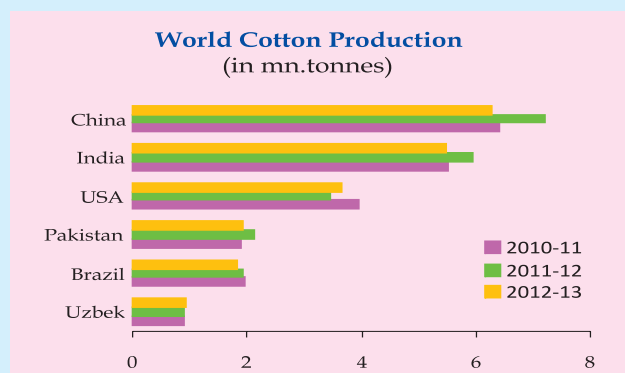
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China's National Reserve to Absorb Large Portion of World Cotton Crop - ICAC

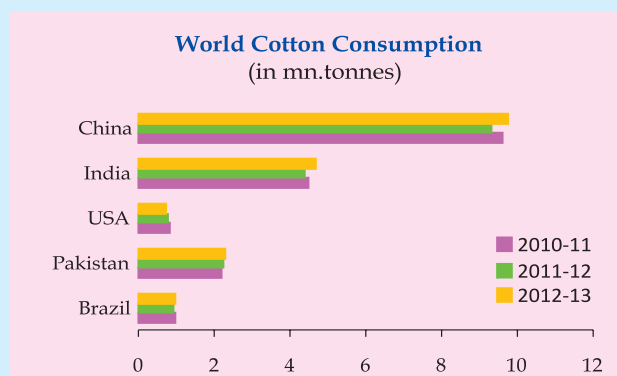
The global cotton production is forecast 8 per cent higher at 26.8 million tonnes (mt) in 2011-12, states the International Cotton Advisory Committee (ICAC) in its latest release of January 3, 2012. As against this, the world cotton consumption is likely to decline by two per cent to 23.9 mt. Thus, a surplus of about 2.9 mt is anticipated which would raise the global cotton stocks to 11.9 mt as against 9 mt at the end of 2010-11.

It is visualised that almost 40 per cent of the gain in global stocks this season would take place in China, due to the rebuilding of its national reserve. The Chinese Government is said to have bought large volumes of domestic cotton on the basis of its new support price policy of the Government buying domestic cotton if cotton prices in China fall below a specific threshold.



It is stated that between October 8 and December 30, 2011, a total of 2.1 mt of domestic cotton was purchased by the national reserve this season. Daily purchases are said to be continuing and it is claimed that there is no limit to the amount of purchases for the national reserve. In addition, it is reported that about one million tonnes of non-Chinese cotton has

been bought for the reserve which will be shipped to China over the next few months. Overall, the national reserve which was almost exhausted by the end of 2010-11, could grow by at least 3 mt or 11 per cent of 2011-12 global cotton production. Outside of China, cotton stocks are expected to grow by 26 per cent to 8.7 mt in 2011-12, the largest in four years. ICAC adds that most of the increase will take place in India, Australia, US and Brazil.



The lack of demand and ample supplies are stated to be placing downward pressure on prices, with the Cotlook A Index dropping from 114 cents per pound in early August to 93 cents per pound in late December, the first time the Index fell below 95 cents in 16 months. The average Index for the first five months of 2011-12 is 109 cents per pound or a third lower than the full season average in 2010-11. As a consequence of the sharp drop in prices, cotton area in many countries is expected to decline in 2012-13. The ICAC has projected the global cotton area to contract by 8 per cent to 33.1 million hectares and production to decrease by 7 per cent to 24.9 mt.

After two years of depressed levels, global cotton mill use is forecast to start growing again in 2012-13.

This, however, is highly dependent on the assumption of a recovery in global economic growth that would stimulate purchases of textile products and consumption of raw fibres. ICAC has forecast global cotton mill use to rise by 3 per cent in 2012-13 to 24.7 mt, driven by Asia.

It is stated that rising mill use and lower cotton prices could fuel a rebound in world cotton trade in 2012-13. Imports are expected to jump by 11 per cent to 8.5 mt, with Chinese imports continuing to increase to touch 3.6 mt. As global production and consumption are expected to roughly balance in 2012-13, global cotton stocks are forecast to increase only slightly to 12.1 mt.

The world cotton balance sheet as drawn up by the ICAC is given below:

WORLD COTTON SUPPLY AND DEMAND			
(in mt.)			
	2010-11	2011-12	2012-13
Beginning Stock	8.674	9.010	11.93
Production	24.872	26.788	24.91
Total Supply	33.546	35.798	36.84
Consumption	24.459	23.866	24.69
Exports	7.625	7.624	8.48
Ending Stocks	9.010	11.931	12.15

(Source: ICAC Monthly - January 2012)

Glimpses of Makar Sankranti - A Festival of Kite Flying was celebrated at the terrace of the Cotton Exchange Building on 14th January 2012



SUPPLY AND DISTRIBUTION OF COTTON

January 03, 2012						
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	8.674	9.010	11.93
China (Mainland)	3.653	3.321	3.585	2.780	2.165	3.28
USA	2.064	2.188	1.380	0.642	0.566	0.88
PRODUCTION*						
WORLD TOTAL	26.073	23.455	22.170	24.872	26.788	24.91
China (Mainland)	8.071	8.025	6.925	6.400	7.194	6.26
India	5.219	4.930	5.185	5.525	5.950	5.49
USA	4.182	2.790	2.654	3.942	3.446	3.64
Brazil	1.602	1.214	1.194	1.960	1.934	1.84
Pakistan	1.900	1.926	2.070	1.907	2.140	1.91
Uzbekistan	1.206	1.000	0.850	0.910	0.880	0.92
Others	3.894	3.569	3.292	4.229	5.244	4.86
CONSUMPTION*						
WORLD TOTAL	26.532	23.685	25.248	24.459	23.866	24.69
China (Mainland)	10.900	9.265	10.099	9.594	9.306	9.77
India	4.053	3.872	4.300	4.483	4.393	4.66
Pakistan	2.649	2.519	2.393	2.200	2.222	2.29
East Asia & Australia	1.829	1.674	1.861	1.772	1.678	1.67
Europe & Turkey	1.744	1.409	1.550	1.484	1.486	1.50
Brazil	0.993	1.000	1.024	0.990	0.941	0.96
USA	0.998	0.771	0.773	0.849	0.784	0.74
CIS	0.664	0.596	0.605	0.576	0.572	0.58
Others	2.703	2.579	2.643	2.511	2.485	2.53
EXPORTS						
WORLD TOTAL	8.356	6.596	7.776	7.625	7.624	8.48
USA	2.968	2.887	2.621	3.130	2.351	2.83
India	1.530	0.515	1.420	1.100	1.119	0.93
Uzbekistan	0.900	0.630	0.820	0.600	0.554	0.63
Australia	0.265	0.261	0.460	0.545	0.856	1.09
CFA Zone	0.603	0.469	0.561	0.477	0.552	0.57
Brazil	0.486	0.596	0.433	0.435	0.850	0.90
IMPORTS						
WORLD TOTAL	8.380	6.506	7.756	7.600	7.624	8.48
China (Mainland)	2.511	1.523	2.374	2.609	2.233	3.63
East Asia & Australia	1.860	1.665	1.894	1.763	1.678	1.67
Europe & Turkey	1.081	0.861	1.176	0.986	0.871	0.98
Pakistan	0.851	0.417	0.342	0.314	0.257	0.48
CIS	0.267	0.231	0.210	0.137	0.152	0.14
TRADE IMBALANCE 1/	0.025	-0.090	-0.021	-0.026	0.000	0.00
STOCKS ADJUSTMENT 2/	-0.105	0.007	-0.123	-0.051	0.000	0.00
ENDING STOCKS						
WORLD TOTAL	12.210	11.895	8.674	9.010	11.931	12.15
China (Mainland)	3.321	3.585	2.780	2.165	3.281	3.39
USA	2.188	1.380	0.642	0.566	0.879	0.96
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	58	39	46	59	59
CHINA (MAINLAND) 4/	30	39	28	23	35	35
Cotlook A Index 5/	72.90	61.20	77.54	164.26	109**	

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.

** Average for the first five months of 2011/12 (August to December 2011).

(Source : ICAC Monthly January 2012)

SNIPPETS

The country's manufacturing sector rose at its fastest pace in December on the back of a robust domestic and overseas orders, according to a recent survey, says a report. The HSBC Purchasing Manager Index (PMI), a reliable index designed to measure the overall health of the manufacturing sector, is said to have registered 54.2 in December as compared to 51.0 in November. The 50-mark in the Index separates growth from contraction. Activity in the manufacturing sector is claimed to have rebounded in December led by demand from both domestic and foreign clients.

As against the good growth in the manufacturing sector, India's exports are stated to have reportedly recorded the slowest pace in November as the slowdown in the key markets of USA and Europe hurt demand. Exports are said to have grown by 3.87 per cent into \$ 22.3 billion in November 2011 compared to \$ 21.49 billion in November 2010. In contrast, imports are stated to have been up 24.5 per cent to touch \$ 35.92 billion in November 2011 as against \$ 28.84 billion in November 2010.



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
January 2012

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	14 th	16 th	17 th	18 th	19 th	20 th
03.	ICS-102	22mm	4.5-5.9	19	V-797	6889 (24500)	6889 (24500)	6889 (24500)	6889 (24500)	6889 (24500)	6889 (24500)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	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.
2011-12 CROP											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Desi (RG)	10264 (36500)	10432 (37100)	10432 (37100)	10432 (37100)	10404 (37000)	10348 (36800)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Desi (SG)	10545 (37500)	10714 (38100)	10714 (38100)	10714 (38100)	10686 (38000)	10629 (37800)
05.	ICS-104	24mm	4.0-5.5	20	Y-1	9139 (32500)	9139 (32500)	9139 (32500)	9139 (32500)	9139 (32500)	9139N (32500)
06.	ICS-202	25mm	3.5-4.9	23	J-34	9533 (33900)	9758 (34700)	9673 (34400)	9729 (34600)	9673 (34400)	9673 (34400)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	10039 (35700)	10264 (36500)	10236 (36400)	10179 (36200)	10067 (35800)	9983 (35500)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10376 (36900)	10601 (37700)	10573 (37600)	10517 (37400)	10461 (37200)	10376 (36900)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10404 (37000)	10601 (37700)	10601 (37700)	10545 (37500)	10461 (37200)	10348 (36800)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	10714 (38100)	10967 (39000)	10967 (39000)	10967 (39000)	10967 (39000)	10882 (38700)
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	12654 (45000)	12935 (46000)	13216 (47000)	13216 (47000)	13498 (48000)	13498 (48000)

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