

Weekly  
Publication of



**Cotton  
Association  
of India**

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)

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

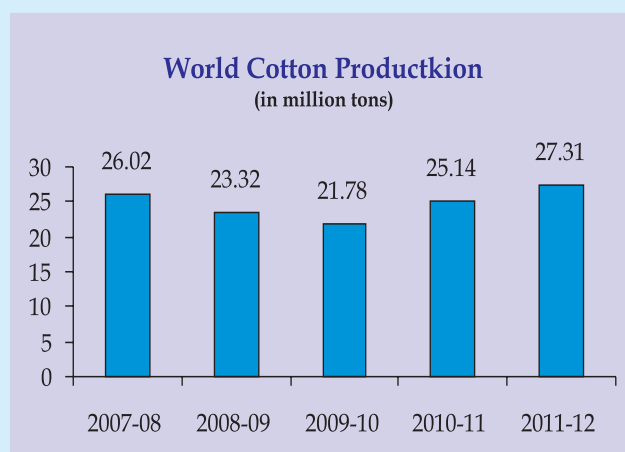
# Cotton Statistics And News

2010-11 \* No. 44 \* 01/02/2011

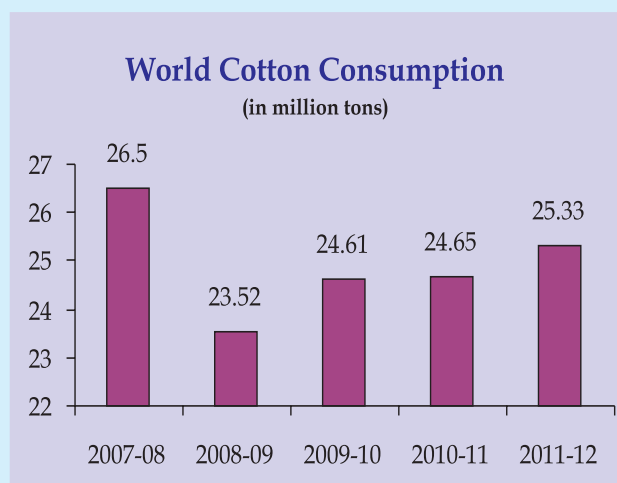
Edited & Published by Amar Singh

## 2010-11 World Cotton Supply Almost Sold Out - ICAC

According to the January 3 release of the International Cotton Advisory Committee (ICAC), world cotton production is now projected to rise by 15 per cent in 2010-11 to touch 25 million tonnes (mt), but only slightly above the expected mill use. World cotton mill use is stated to have started to recover in 2009-10 and is continuing to grow in 2010-11, due to improved global economic environment. However, very high cotton prices and shortages of supply are expected to limit expansion during 2010-11 close to 25 mt, almost unchanged from 2009-10. No growth in mill use is projected for China and also most of the other major consuming countries except for India where mill use may grow by 8 per cent to touch 4.6 mt.



World cotton stocks at the start of the 2010-11 season were estimated at 8.9 mt, the lowest since 1993-94. It is stated that world beginning stocks-to-use ratio of 36 per cent in 2010-11 was the lowest since 1990-91 and the ratio is projected to increase slightly to 37 per cent at the start of 2011-12. By the end of 2011-12, stocks are expected to equal 45 per cent of the use.



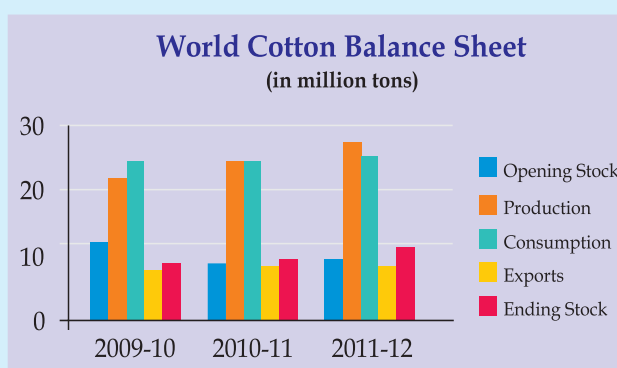
ICAC has dwelt at length on the world cotton prices probably because the price behaviour has been quite unique in 2010-11. It is stated that during the first five months of the season Cotlook A Index surged from 86 cents per pound at the start of the season on August 2, 2010 to a record 186 cents per pound on December 22, 2010. The Index retreated to 172 cents per pound on December 31, 2010. Just during December 2010 the Index is said to have risen by 17 per cent. The season average Index reached 129 cents per pound, 66 per cent higher than the 2009-10 average of 77.5 cents per pound.

Relatively low world stocks of cotton, limited supply, robust demand and a very low level of uncommitted cotton is stated to have caused the surge in prices in 2010-11. It is estimated that as of end-December 2010, export commitments by USA, world's largest exporter, exceeded 3.1 mt, or 90 per cent of the projected exports for the season. In 2010-11, exports by India, the world's

second largest exporter were capped by the Government below one mt, all of which have been committed. Although Australia and Brazil are expanding production substantially responding to record prices, and are expected to offer 1.1 mt for export, this cotton will not become physically available until April 2011. These estimates as stated to indicate that only about 10 per cent of projected world trade of 8.3 mt is still available for purchase at this relatively early stage of the season. The scarce uncommitted supply may provide strong pressure on prices and cause increased volatility through the rest of the season, states the ICAC. The current ICAC season average projection of the 2010-11 Cotlook A Index is 101 cents per pound, the 95 per cent confidence interval extending from 93 to 111 cents per pound.

The world cotton balance sheet for 2009-10, 2010-11 and 2011-12, as drawn up by the ICAC is given below:

| World Cotton Supply and Demand (In mt.) |         |         |         |
|---|---------|---------|---------|
|   | 2009-10 | 2010-11 | 2011-12 |
| Beginning Stocks                        | 11.95   | 8.88    | 9.36    |
| Production                              | 21.78   | 25.14   | 27.31   |
| Supply                                  | 33.73   | 34.02   | 36.67   |
| Consumption                             | 24.61   | 24.65   | 25.33   |
| Exports                                 | 7.77    | 8.25    | 8.41    |
| Ending Stocks                           | 8.88    | 9.36    | 11.34   |



(Source: ICAC Monthly, January 2011)

## Next Plenary Meeting of ICAC to be held in Argentina in September

The next (70th) Plenary Meeting of the International Cotton Advisory Committee (ICAC) is scheduled to be held in Buenos Aires (Argentina) from 4th to 10th September 2011, including a special workshop to focus on opportunities for investment in the cotton value chain.

The proposed theme of the Plenary is "The Role of the State in the Cotton Value Chain : Ensuring Both Efficiency and Justice". The theme is said to ensure a comprehensive focus on linkages between all segments of the cotton value chain and encompassing concerns about the economic efficiency and competitiveness of different producer strata (large, medium, small and family) in a sustainable economic and social manner. The theme is also said to encompass strategies implemented by national, provincial and municipal governments to support and ensure the permanence of the most vulnerable producer segments, while also drawing attention to the importance of the cotton sector as a foundation for value added processing and as a source of employment in input and output sectors.

The topics presently suggested for discussion are said to be the following:-

1. The Role of the State in Technology Change

2. Organisation of the Cotton Value Chain to Benefit all Producers
3. The Role of Governments in Ensuring Access to Knowledge for all Members of the Cotton Chain
4. Commodity based Economic Development: The role of Agriculture and Cotton in National Economic Growth
5. Co-operatives, Farmers' Associations and Farmers' Organisations - What are the Success Factors?
6. International Co-operation in Pest Management: The Roles of Governments, Research Organisations and Producers in Ensuring Effective Integrated Pest Management Across National Borders
7. Technical Seminar on Technological Innovations for Sustainable Development of the Cotton Value Chain
8. The Role of Trade in Promoting Justice and Growth
9. Ensuring Just Labour Standards in the Cotton Value Chain
10. Organic Cotton Production: The Reality of Costs and Benefits

(Source: ICAC)

**SUPPLY AND DISTRIBUTION OF COTTON****January 03, 2011**

Years Beginning August 1

Million Metric Tons

|                                   | 2006/07       | 2007/08       | 2008/09       | 2009/10<br>Est. | 2010/11<br>Proj. | 2011/12<br>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>8.88</b>      | <b>9.36</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             | 0.46             |
| <b>PRODUCTION</b>                 |               |               |               |                 |                  |                  |
| <b>WORLD TOTAL</b>                | <b>26.747</b> | <b>26.020</b> | <b>23.324</b> | <b>21.778</b>   | <b>25.14</b>     | <b>27.31</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           | 3.98             | 4.05             |
| Pakistan                          | 2.121         | 1.876         | 1.891         | 2.019           | 1.83             | 2.18             |
| Brazil                            | 1.524         | 1.602         | 1.214         | 1.194           | 1.84             | 1.95             |
| Uzbekistan                        | 1.171         | 1.206         | 1.000         | 0.850           | 1.10             | 1.10             |
| Others                            | 4.496         | 3.864         | 3.474         | 3.161           | 4.28             | 4.81             |
| <b>CONSUMPTION</b>                |               |               |               |                 |                  |                  |
| <b>WORLD TOTAL</b>                | <b>26.417</b> | <b>26.496</b> | <b>23.517</b> | <b>24.614</b>   | <b>24.65</b>     | <b>25.33</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           | 0.75             | 0.71             |
| 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>8.25</b>      | <b>8.41</b>      |
| USA                               | 2.821         | 2.968         | 2.887         | 2.621           | 3.41             | 3.12             |
| India                             | 0.960         | 1.530         | 0.515         | 1.420           | 1.01             | 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             | 0.77             |
| Brazil                            | 0.283         | 0.486         | 0.596         | 0.433           | 0.53             | 0.75             |
| <b>IMPORTS</b>                    |               |               |               |                 |                  |                  |
| <b>WORLD TOTAL</b>                | <b>8.147</b>  | <b>8.396</b>  | <b>6.526</b>  | <b>7.712</b>    | <b>8.25</b>      | <b>8.41</b>      |
| China                             | 2.306         | 2.511         | 1.523         | 2.374           | 3.20             | 3.61             |
| 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           | 0.91             | 0.95             |
| Pakistan                          | 0.502         | 0.851         | 0.417         | 0.336           | 0.37             | 0.16             |
| 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>-0.184</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>8.877</b>    | <b>9.36</b>      | <b>11.34</b>     |
| China (Mainland)                  | 3.653         | 3.321         | 3.585         | 2.937           | 2.72             | 3.42             |
| USA                               | 2.064         | 2.188         | 1.380         | 0.642           | 0.46             | 0.69             |
| <b>ENDING STOCKS/MILL USE (%)</b> |               |               |               |                 |                  |                  |
| <b>WORLD-LESS-CHINA(M) 3/</b>     | <b>58</b>     | <b>57</b>     | <b>59</b>     | <b>40</b>       | <b>45</b>        | <b>52</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>101*</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 five months of 2010/11.

95% confidence interval: 93 to 111 cents per pound

(Source : ICAC Monthly January 2011)

## SNIPPETS

Arrivals in the new cotton crop are picking up fast in different States, especially in Punjab, Maharashtra, Madhya Pradesh and Andhra Pradesh. Presently, the per day arrivals are reported to be around 1,90,000. According to Cotton Corporation of India, cotton arrivals as on 23rd January 2011 stood at 176.8 lakh bales, about 7.2 percent higher than the arrivals of 165 lakh bales by the same period last year. The maximum arrivals were in Maharashtra at 44.95 lakh bales, about 13.95 lakh bales more than the same period last year. As compared to last year, arrivals in Andhra Pradesh is also higher at 27.68 lakh bales, 20 percent more at 23.05 lakh bales.



Our Association is organising its first Field Visit of 2010-11 season to Nagpur on 5th February 2011.

This field trip will include visit to CICR, factory of M/s. Bajaj Steel Industries Ltd., and CIRCOT. Besides, a visit to Rashtrapita Mahatma Gandhi's Ashram (Sevagram) in Wardha has also been planned.

All members of the Association are requested to join and actively participate in the programme and intimate their names to the Association.



## 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) 2009-10 CROP |                  |                  |                  |                  |                  |                  |
|--|---------|------------|-------------------|---------|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|  |         |            |                   |         | January 2011                         |                  |                  |                  |                  |                  |                  |
|  |         |            |                   |         | 22 <sup>nd</sup>                     | 24 <sup>th</sup> | 25 <sup>th</sup> | 26 <sup>th</sup> | 27 <sup>th</sup> | 28 <sup>th</sup> |                  |
| 04.  | ICS-103 | 23mm       | Jayadhar          | 4.0-5   | 19                                   |                  | N.A.             | N.A.             | N.A.             | N.A.             |                  |
| <b>2010-11 CROP</b>  |         |            |                   |         |                                      |                  |                  |                  |                  |                  |                  |
| 01.  | ICS-101 | Below 22mm | Bengal Deshi (RG) | 5.0-7.0 | 15                                   | H                | 10967<br>(39000) | 11079<br>(39400) | H                | 11360<br>(40400) | 11445<br>(40700) |
| 02.  | ICS-201 | Below 22mm | Bengal Deshi (SG) | 5.0-7.0 | 15                                   | O                | 11135<br>(39600) | 11304<br>(40200) | O                | 11614<br>(41300) | 11698<br>(41600) |
| 03.  | ICS-102 | 22mm       | V-797             | 4.5-5.9 | 19                                   | .                | 8998<br>(32000)  | 9280<br>(33000)  |                  | 9448<br>(33600)  | 9448<br>(33600)  |
| 05.  | ICS-104 | 24mm       | Y-1               | 4.0-5.5 | 20                                   | L                | 11670<br>(41500) | 11810<br>(42000) | L                | 12092<br>(43000) | 12232<br>(43500) |
| 06.  | ICS-202 | 25mm       | J-34              | 3.5-4.9 | 23                                   | I                | 12232<br>(43500) | 12513<br>(44500) | I                | 12823<br>(45600) | 13048<br>(46400) |
| 07.  | ICS-105 | 25mm       | NHH-44            | 3.5-4.9 | 22                                   | .                | N.A.             | N.A.             |                  | N.A.             | N.A.             |
| 08.  | ICS-105 | 27mm       | LRA-5166          | 3.5-4.9 | 24                                   | D                | 12513<br>(44500) | 12513<br>(44500) | D                | 12935<br>(46000) | 12935<br>(46000) |
| 09.  | ICS-105 | 28mm       | H-4/<br>MECH-1    | 3.5-4.9 | 25                                   |                  | 12935<br>(46000) | 13104<br>(46600) |                  | 13610<br>(48400) | 13694<br>(48700) |
| 10.  | ICS-105 | 29mm       | S-6               | 3.5-4.9 | 26                                   | A                | 13020<br>(46300) | 13244<br>(47100) | A                | 13891<br>(49400) | 14060<br>(50000) |
| 11.  | ICS-105 | 31mm       | Bunny/<br>Brahma  | 3.5-4.9 | 27                                   | Y                | 13357<br>(47500) | 13638<br>(48500) | Y                | 14285<br>(50800) | 14341<br>(51000) |
| 12.  | ICS-106 | 33mm       | MCU-5/<br>Surabhi | 3.3-4.5 | 28                                   |                  | 13779<br>(49000) | 14060<br>(50000) |                  | 14763<br>(52500) | 14847<br>(52800) |
| 13.  | ICS-107 | 35mm       | DCH-32            | 2.8-3.6 | 31                                   |                  | 19122<br>(68000) | 19543<br>(69500) |                  | 20246<br>(72000) | 20246<br>(72000) |

Note: Figures in bracket indicate prices in Rs./candy)