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Cotton Statistics And News

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World Cotton Prices Continue to Rise - ICAC

Only minor revisions have been made by the International Cotton Advisory Committee (ICAC) in its forecast on the statistical position of world cotton in its release of February 01 as compared to that of January 01.

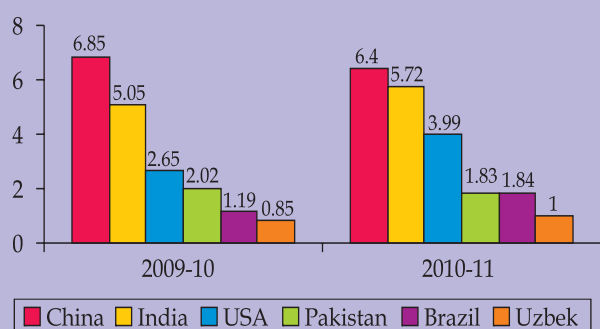
The latest release projects world cotton production to rise by 15 per cent during 2010-11 as compared to the previous year to touch 25 million tonnes (mt). This will be almost equal to the projected world mill use. It is stated that world cotton mill use started to recover in 2009-10 mainly because of the improved global environment, and a robust demand from spinning mills was observed during the first half of 2010-11. However, very high cotton prices and shortages of supply are expected to limit mill use expansion during 2010-11 close to 25 mt, almost unchanged from 2009-10. While no growth in mill use is projected for major consuming countries, mill use in India is expected to post a growth of 8 per cent to touch 4.6 mt.

Touching upon cotton prices, ICAC states that world cotton prices continued to rise during the first month of 2011, reaching records high and nearly the two-dollar per pound level. Between December 31,2010 and January 28, 2011, the Cotlook A Index rose by 25.5 cents per pound, an increase of 15 per cent, and reached 197.5 cents per pound. During the first half of 2010-11, the Cotlook A Index gained almost 130 per cent, adding 111 cents per pound. The season average reached close to 140 cents per pound, 80 per cent higher than the 2009-10 average of 77.5 cents per pound.

Very low world stocks of cotton, limited supply, robust demand and a depreciation of US dollar might have caused the surge in cotton prices during 2010-11, states the ICAC. The year is estimated to have started with a very low level of cotton stocks, estimated at 8.9 mt, the lowest since 1993-94. The world ending stocks-to-use ratio in 2010-11 is estimated at 37 per cent, the only seasons with lower levels were 2009-10 and 1990-91 when a ratio of 36 per cent was recorded. By the end of 2011-12, stocks are expected to increase to 11.2 mt equalling 44 per cent of expected use.

ICAC states that purchases of cotton by importers are unusually advanced during 2010-11 and the scarce uncommitted supply may provide strong pressure on prices and cause increased volatility through the rest of the season. For instance, as of January 2011, export commitments by USA the world's highest exporter, are stated to have reached 3.4 mt or 97 per cent of the projected exports for the whole

**World Cotton Production
(in million tonnes)**

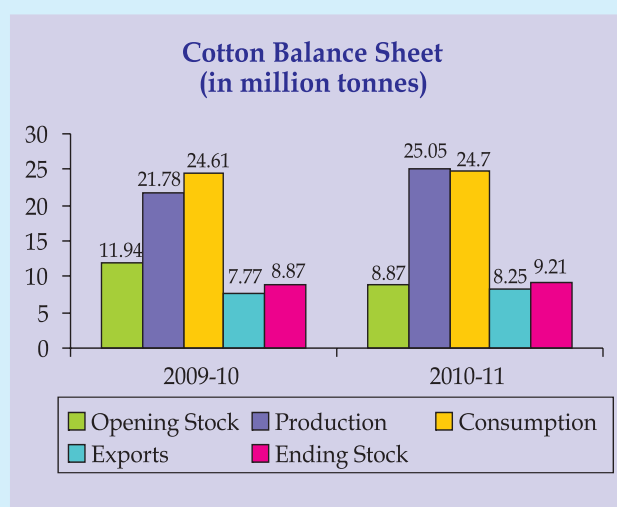


season. By the same time in 2009-10, US export commitments were at 65 per cent of the total exports. All other major exporters are also stated to have committed most of their crops as well, including major exporters in the Southern Hemisphere such as Brazil and Australia where crop potentials were reduced by unfavourable weather conditions. Further, Southern Hemisphere cotton will not become physically available until April this year. In 2010-11, exports by India, the world's second largest exporter, have been capped by the Government below one million tonnes, all of which have been committed.

ICAC Secretariat acknowledges that in the current environment of volatility, its price model may be less relevant than in other seasons. The Secretariat's season-average projection for the 2010-11 Cotlook A Index is 156 cents per pound. The projection, it is stated, is not based on the ICAC Price Model, but on the average price for the first six months of the season and the ICAC's own judgement that during the rest of the season, prices would remain close to the average recorded during January 2011.

The world cotton balance sheet drawn up by ICAC is as under:

	(In metric tonnes)	
	2009-10	2010-11
Beginning Stocks	11.94	8.87
Production	21.78	25.05
Supply	33.72	33.92
Consumption	24.61	24.70
Exports	7.77	8.25
Ending Stocks	8.87	9.21



T & C Industry Expected to Register 10 p.c. Growth in 2011-12

India's textile and clothing industry is expected to register a growth of 10 percent in 2011-12. The stimulus for the growth, it is stated, will be coming from the economic growth of 8 to 8.5 percent which has significantly improved the prospects of the domestic textile market. In the case of the overseas textile market, it is claimed that the demand from leading markets like US and Europe has grown substantially in recent months. This trend is likely to continue further and the demand from the other traditional export destinations is also expected to increase.

The clothing exports were down until June 2010 but had started growing from July onwards. The total textile exports managed to register a growth of 11.5 percent to touch \$ 7.57 billion year on year in the four-month period of April to July of fiscal 2010-11 with the pick-up of

demand from western markets where the bulk of the consignments were shipped. During the same period, apparel exports declined by an annualised 6 percent to \$ 5.75 billion. However, the situation appears to have been improving since August.

The Textile Ministry has fixed a target of \$ 20 billion for 2011-12 compared to \$ 22.41 during the last fiscal. The challenges in the global market had aggravated as incentives for textile exports were increased by the competing countries while in India they were scaled down. Also, Indian exporters faced potential challenges in getting duty refund on all exports contributed by them. Further, low demand resulting from the slowdown in economic growth also handicapped the textile and clothing industry, it is stated.

Field Trip to Nagpur

The CAI organised its first field trip of cotton season 2010-11 on 5th February, 2011. This field trip included visit to CICR, CIRCOT and the M/s. Bajaj Steel Industries Ltd. The CAI members/ participants, visited the research farms of CICR, Nagpur interacted with Dr. K. R. Kranthi, Director, CICR and the entire CICR team to know more about their organizational set up, their ongoing projects and facilities. The field visit provided excellent opportunity to the participants to understand the basic and the strategic research being carried out by CICR to ensure sustained improvement in productivity of cotton in India.

Shri Dhiren N. Sheth, President of the Association made a presentation, inter alia, highlighting the cotton development work being



Bajaj family which hosted the CAI team also arranged an elaborate lunch.

Thereafter, the CAI members / participants visited the CIRCOT Ginning Training Centre at Nagpur and interacted with their team.



carried out by the Association through its research wing, COTAAP Research Foundation, cotton promotion, setting up of cotton museum and cotton school of international standards at CAI which received a very positive response from CICR team.

The CAI members / participants also visited factories of M/s. Bajaj Steel Industries Ltd., interacted with their team and gained the first hand knowledge of the intricacies of the manufacturing of latest ginning equipment. The

“The CAI field trip to Nagpur was extremely informative and interesting. It was very useful to meet with industry participants who work “behind the scenes” (viz. scientists at CICR and CIRCOT) and make an invaluable contribution to the cotton industry of India. It was a great experience to visit Bajaj Steel Ginning manufacturing facility and interact with their officials and learn on advancements being made in ginning technology. I congratulate CAI for organising the trip and hope that such trips will be organised by CAI more often to help the members / participants understand the entire cotton value chain better”.



Shri Manek Gupta

Trader, GLENCORE, GRAIN B.V

SNIPPETS

India's growth in industrial production reportedly fell to an 18-month low of 2.7 percent year-on-year in November 2010. The growth was much higher at 11.3 percent in October 2010. Although growth in capital goods was maintained, the fall in November seems to have been in the output of consumer goods and intermediate goods.



It is estimated by the Government that the country's gross domestic product (GDP)

would grow by 8.6 per cent during 2010-11, marginally higher than the earlier estimate of 8.5 per cent. The GDP growth in 2009-10 was 8.0 per cent. The estimate for 2010-11 was buoyed up by a strong rebound in the farm sector. Overall, the data is stated to have indicated that strong demand was driving growth in India despite some industrial sluggishness, while the growth in developed countries is bumpy.



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						
					February 2011						
					5 th	7 th	8 th	9 th	10 th	11 th	
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	12148 (43200)	12570 (44700)	12991 (46200)	13272 (47200)	13779 (49000)	13779 (49000)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	12401 (44100)	12682 (45100)	13104 (46600)	13385 (47600)	14004 (49800)	13947 (49600)
03.	ICS-102	22mm	V-797	4.5-5.9	19	11248 (40000)	11810 (42000)	12232 (43500)	12513 (44500)	13216 (47000)	13132 (46700)
05.	ICS-104	24mm	Y-1	4.0-5.5	20	12654 (45000)	12795 (45500)	13498 (48000)	13779 (49000)	14622 (52000)	14622 (52000)
06.	ICS-202	25mm	J-34	3.5-4.9	23	13919 (49500)	14482 (51500)	15044 (53500)	15325 (54500)	16028 (57000)	15888 (56500)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	13779 (49000)	14622 (52000)	15325 (54500)	15607 (55500)	16591 (59000)	16310 (58000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	14482 (51500)	14763 (52500)	15466 (55000)	15747 (56000)	16591 (59000)	16591 (59000)
10.	ICS-105	29mm	S-6	3.5-4.9	26	14763 (52500)	14904 (53000)	15607 (55500)	15888 (56500)	16872 (60000)	16731 (59500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	15185 (54000)	15185 (54000)	15888 (56500)	16169 (57500)	17294 (61500)	17153 (61000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28	15747 (56000)	15747 (56000)	16310 (58000)	16310 (58000)	17716 (63000)	17716 (63000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31	22496 (80000)	22496 (80000)	22777 (81000)	22777 (81000)	24464 (87000)	23902 (85000)

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