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CAI Places Cotton Crop During 2012-13 at 353.75 Lakh Bales

According to a Press Note issued on 7th February 2013, the Cotton Association of India has projected its current season's cotton crop at 353.75 lakh bales. The State-wise production estimates of the Association along with the market arrivals are given below:

CAI's Estimates of Cotton Crop as on 7th February 2013

State	(in lakh bales)		
	Production 2012-13	2011-12	Arrivals as on 31.01.13
Punjab	15.00	18.00	10.50
Haryana	22.50	27.50	14.50
Upper Rajasthan	8.25	10.00	5.75
Lower Rajasthan	8.00	7.75	5.25
Total North Zone	53.75	63.25	36.00
Gujarat	80.00	114.00	38.00
Maharashtra	80.00	72.00	33.00
Madhya Pradesh	18.00	18.00	9.00
Total Central Zone	178.00	204.00	80.00
Andhra Pradesh	73.00	58.00	40.00
Karnataka	13.00	13.00	6.00
Tamil Nadu	5.00	5.00	2.00
Total South Zone	91.00	76.00	48.00
Orissa	3.00	2.00	1.50
Others	2.00	2.00	1.00
Total	327.75	347.25	166.50
Loose Cotton	26.00	26.00	11.00
All-India	353.75	373.25	177.50

The Association has also drawn the Cotton Balance Sheet for 2012-13 and 2011-12 which is reproduced below:

Details	(in lakh bales)	
	2012-13	2011-12
Opening Stock	53.21	53.27
Production	353.75	373.25
Imports	12.00	9.00
Total Supply	418.96	435.52

Mill Consumption	235.00	217.68
Consumption by SSI Units	20.00	21.63
Non-Mill Use	16.00	16.00
Exports	-	127.00
Demand	271.00	382.31
Available Surplus	147.46	-
Closing Stock	-	53.21

In its press communique, the Association stated that the average daily arrivals continued at an impressive pace of over 2,50,000 bales and as on 31st January 2013 cotton arrivals crossed 175 lakh bales mark. The cotton crop continues to look promising this year despite the reduction in cotton acreage. The mill sector too continues to perform well, it is added.

Scientists Developed a Special Surface Modified Cotton Fabric that Absorbs Exceptional Amounts of Water

Scientists at the Hong Kong Polytechnic University and Eindhoven University of Technology in the Netherlands are reported to have developed a special surface modified cotton fabric that absorbs exceptional amounts of water from misty air upto 340 per cent of its own weight. What makes this coated cotton so interesting is said to be that the cotton releases the collected water as the temperature rises.

This unique property apparently makes the coated cotton materials a potential solution to provide water to the desert regions for agricultural purposes, etc. This coated fabric is reported to have been obtained by the scientists by grafting a layer of polymer called PNIPAA to a common cotton fabric. At low temperatures the cotton modified in this way has a sponge-like structure.

Global Cotton Output to Outstrip Use - ICAC

In its latest Press Release of February 1, 2013, the International Cotton Advisory Committee (ICAC) states that among other things, cotton prices during the first five months of 2012-13 did not exhibit the usual level of volatility.

However, cotton prices rose in mid-January. The Cotlook A Index fluctuated around an average of 83 cents per pound from early June 2012 to early January 2013. It then increased quickly, from 83.10 cents per pound on January 10, 2013 to 90.35 cents per pound on January 31, 2013, the highest price for the current season. In 2012-13, global cotton production is estimated down by 5 percent, while cotton mill use is expected to rise by 2 percent.

However, production at 25.9 million ton remains much larger than consumption at 23.3 million tons. As a result, global stocks at the end of July 2013 are forecast at a record 16.7 million tons, up 19 percent from the previous year. China is holding a large percentage of world stocks in a national reserve, while “free” global ending stocks are forecast at only 9.7 million tons.

At this time, 2012-13 plantings in the Southern Hemisphere are finished for the most part. Farmers have reduced cotton area in order to switch to profitable competing crops, and cotton production is estimated down by about one-fifth in both Brazil and Australia. In the Northern Hemisphere, cotton area and production during 2013-14 are expected to decrease by 8 percent to 28.4 million hectares and 11 percent to 20.5 million tons for the same reason.

World Cotton Supply and Distribution, as projected by the ICAC is given below.

	(in mt)		
	2011-12	2012-13	2013-14
Production	27.444	25.949	23.20
Consumption	22.783	23.287	24.02
Imports	9.708	8.298	7.87
Exports	9.934	8.298	7.87
Ending Stocks	14.053	16.715	15.90

(Source: ICAC Monthly February 2013)

Cotton Exports Showing Signs of Recovery

Cotton exports are showing signs of recovery with registrations for shipments jumping 20 lakh bales since the beginning of the year.

According to sources, registration for cotton exports has increased to 58 lakh bales from 38 lakh bales. However, cotton trade and analysts say that it may be less than 50 lakh bales only. Sources said that exporters are now buying half of the two lakh bales (of 170 kg) that are arriving daily in the market. While the Cotton Corporation of India is procuring some 40,000 bales, domestic textile mills are buying 60,000 bales. However, views of cotton prices looking are unanimous.

Till January end, 42-43 lakh bales had been registered for exports. Maybe, it could have touched 50 lakh bales, a cotton trade analyst stated. It is not sure if so much would have been registered because if that is a case, it would be seeing unusual movement. That doesn't seem to be happening, a source added.

Chinese import

It is reported that exporters could be buying ahead of the annual import quota that China would release soon after the Chinese New Year. China will be

releasing an import quota of 682,000 tonnes under the tariff rate quota and Indian cotton could get a sizeable chunk of it. China has to compulsorily release the tariff quota under which cotton imports would be imposed with 1 per cent Customs duty. Otherwise in the normal course, China imposes 40 per cent duty. Still Indian cotton is cheaper compared with the prices in the domestic market there, it is reported.

Currently, cotton in Chinese domestic market costs around 19,000-20,000 yuan a tonne. In comparison, the landed cost of Indian cotton after paying the Customs duty is 17,000 yuan. Besides, Pakistan and Bangladesh are seeking some 35 lakh bales. This is something that can keep prices firm. The exporters to China are taking a calculated risk by buying stocks and moving it to bonded warehouses in China. Some Chinese buyers with deep pockets have bought Indian cotton and moved them closer to their shores. On the other hand, a sizeable quantity of cotton from the US has also been moved close to the Chinese shores. Export buying is keeping the market firm though there is no flare-up in prices, the report added.

(Source: Business Line - 16.02.2013)

SUPPLY AND DISTRIBUTION OF COTTON						
February 01, 2013						
Seasons begin on August 1						Million Metric Tons
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
				Est.	Proj.	Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.257	11.942	8.676	9.605	14.053	16.72
China (Mainland)	3.321	3.585	2.688	2.087	6.181	7.77
USA	2.188	1.380	0.642	0.566	0.729	1.04
PRODUCTION*						
WORLD TOTAL	23.403	22.247	25.368	27.444	25.949	23.20
China (Mainland)	8.025	6.925	6.400	7.400	7.000	6.15
India	4.930	5.185	5.865	6.001	5.610	5.59
USA	2.790	2.654	3.942	3.391	3.703	2.89
Brazil	1.214	1.194	1.960	1.877	1.443	1.39
Pakistan	1.926	2.070	1.907	2.294	2.093	1.95
Uzbekistan	1.000	0.850	0.910	0.880	1.000	0.87
Others	3.617	3.369	4.385	5.601	5.100	4.36
CONSUMPTION*						
WORLD TOTAL	23.862	25.520	24.502	22.783	23.287	24.02
China (Mainland)	9.265	10.192	9.580	8.635	8.290	8.12
India	3.872	4.300	4.509	4.358	4.707	5.18
Pakistan	2.519	2.393	2.100	2.163	2.336	2.55
East Asia & Australia	1.714	1.892	1.796	1.646	1.829	1.89
Europe & Turkey	1.458	1.600	1.549	1.495	1.509	1.55
Brazil	1.000	1.024	0.958	0.888	0.897	0.91
USA	0.771	0.773	0.849	0.718	0.740	0.74
CIS	0.596	0.604	0.577	0.576	0.602	0.62
Others	2.666	2.743	2.583	2.303	2.377	2.46
EXPORTS						
WORLD TOTAL	6.609	7.798	7.612	9.934	8.298	7.87
USA	2.887	2.621	3.130	2.526	2.656	2.33
India	0.515	1.420	1.085	2.410	0.878	0.75
Brazil	0.261	0.460	0.545	1.010	0.907	0.93
Australia	0.596	0.433	0.435	1.043	0.750	0.59
CFA Zone	0.650	0.820	0.600	0.550	0.572	0.57
Uzbekistan	0.469	0.560	0.476	0.585	0.832	0.97
IMPORTS						
WORLD TOTAL	6.647	7.928	7.725	9.708	8.298	7.87
China	1.523	2.374	2.609	5.342	2.900	1.99
East Asia & Australia	1.714	1.989	1.825	1.895	2.152	2.12
Europe & Turkey	0.862	1.170	0.972	0.710	0.933	1.10
Pakistan	0.417	0.342	0.314	0.191	0.410	0.70
CIS	0.231	0.209	0.132	0.129	0.102	0.60
TRADE IMBALANCE 1/	0.038	0.130	0.114	-0.226	0.000	0.00
STOCK ADJUSTMENT 2/	0.007	-0.122	-0.051	0.013	0.000	0.00
ENDING STOCKS						
WORLD TOTAL	11.942	8.676	9.605	14.053	16.715	15.90
China (Mainland)	3.585	2.688	2.087	6.181	7.771	7.77
USA	1.380	0.642	0.566	0.729	1.037	0.85
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	39	50	56	60	51
CHINA (MAINLAND) 4/	39	26	22	72	94	96
Cotlook A Index 5/	61.20	77.54	164.26	100.01	87*	

1/ The inclusion of linters and waste, changes in weight during transit, differences in reporting 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 2012/13 is based on the ending stock/mill use ratio in the world-less-China in 2010/11(estimate), in 2011/12(estimate) and in 2012/13(projection), on the ratio of Chinese net imports to world imports in 2011/12(estimate) and 2012/13(projection), and on the average price for the first six months of 2012/13.

(Source : ICAC Monthly February 2013)

UPCOUNTRY SPOT RATES (Rs./Qtl)												
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]							Spot Rate (Upcountry) 2012-13 Crop February 2013					
Sr. No.	Growth Standard	Grade /GPT	Grade	Staple	Micronaire	Strength	11th	12th	13th	14th	15th	16th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	15	9533 (33900)	9589 (34100)	9533 (33900)	9476 (33700)	9476 (33700)	9533 (33900)
2	P/H/R	ICS-201	Fine	Below 22mm	5.0 – 7.0	15	9645 (34300)	9701 (34500)	9758 (34700)	9758 (34700)	9758 (34700)	9814 (34900)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	20	7396 (26300)	7396 (26300)	7396 (26300)	7396 (26300)	7396 (26300)	7452 (26500)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	21	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
5	M/M	ICS-104	Fine	24mm	4.0 – 5.5	23	8998 (32000)	8998 (32000)	8998 (32000)	8998 (32000)	9055 (32200)	9111 (32400)
6	P/H/R	ICS-202	Fine	26mm	3.5 – 4.9	26	9729 (34600)	9729 (34600)	9786 (34800)	9786 (34800)	9842 (35000)	9870 (35100)
7	M/M/A	ICS-105	Fine	26mm	3.0 – 3.4	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
8	M/M/A	ICS-105	Fine	26mm	3.5 – 4.9	25	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
9	P/H/R	ICS-105	Fine	27mm	3.5 – 4.9	26	9814 (34900)	9814 (34900)	9870 (35100)	9870 (35100)	9926 (35300)	9954 (35400)
10	M/M/A	ICS-105	Fine	27mm	3.0 – 3.4	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
11	M/M/A	ICS-105	Fine	27mm	3.5 – 4.9	26	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.	N.Q.
12	P/H/R	ICS-105	Fine	28mm	3.5 – 4.9	27	9870 (35100)	9870 (35100)	9926 (35300)	9954 (35400)	10011 (35600)	10039 (35700)
13	M/M/A	ICS-105	Fine	28mm	3.5 – 4.9	27	9589 (34100)	9533 (33900)	9533 (33900)	9533 (33900)	9589 (34100)	9673 (34400)
14	GUJ	ICS-105	Fine	28mm	3.5 – 4.9	27	9617 (34200)	9561 (34400)	9561 (34000)	9561 (34000)	9617 (34200)	9673 (34400)
15	M/M/A/K	ICS-105	Fine	29mm	3.5 – 4.9	28	9617 (34200)	9561 (34000)	9561 (34000)	9561 (34000)	9617 (34200)	9729 (34600)
16	GUJ	ICS-105	Fine	29mm	3.5 – 4.9	28	9729 (34600)	9673 (34400)	9673 (34400)	9673 (34400)	9729 (34600)	9786 (34800)
17	M/M/A/K	ICS-105	Fine	30mm	3.5 – 4.9	29	9758 (34700)	9729 (34600)	9729 (34600)	9729 (34600)	9786 (34800)	9870 (35100)
18	M/M/A/K/T/O	ICS-105	Fine	31mm	3.5 – 4.9	30	9898 (35200)	9870 (35100)	9870 (35100)	9870 (35100)	9926 (35300)	9983 (35500)
19	K/A/T/O	ICS-106	Fine	32mm	3.5 – 4.9	31	10123 (36000)	10095 (35900)	10095 (35900)	10095 (35900)	10151 (36100)	10208 (36300)
20	M(P)/K/T	ICS-107	Fine	34mm	3.0 - 3.8	33	12879 (45800)	12879 (45800)	12879 (45800)	12879 (45800)	12963 (46100)	13020 (46300)

(Note: Figures in bracket indicate prices in Rs./Candy) N.Q. = Not Quoted