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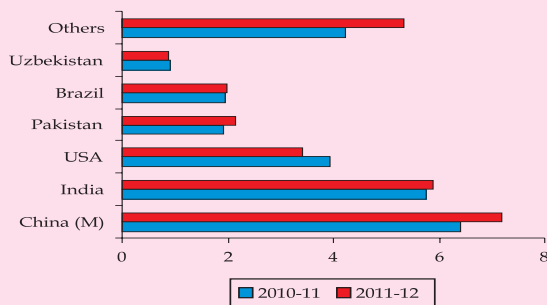
Edited & Published by Amar Singh

Global Cotton Mill Use May Sustain During Medium Term - ICAC

The major highlights of the latest release dated February 1, 2012 of the International Cotton Advisory Committee (ICAC) are given below.

World cotton production is expected to rise by 7 percent in 2011-12 to 26.8 million tonnes (mt) as against 25.1 mt in 2010-11. Chinese crop is projected at 7.19 mt in 2011-12, a rise of 11.6 percent compared to 6.4 mt in 2010-11. Production in India is placed at 5.87 mt, a marginal increase compared to 5.76 mt estimated for 2010-11. The crop in Pakistan is placed higher than last year at 2.14 mt as against 1.91 mt in 2010-11. On the other hand, production in US is estimated to be lower in 2011-12 at 3.41 mt compared to 3.94 mt in 2010-11.

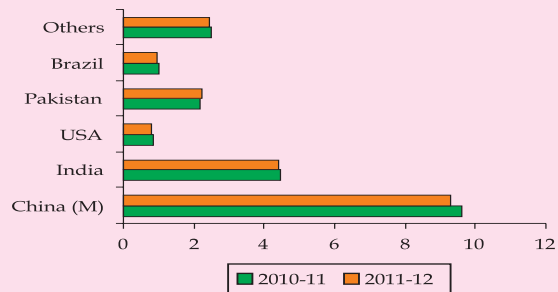
World Cotton Production (in mt)



ICAC has forecast a drop of 3 percent in global cotton mill use at 23.7 mt in 2011-12. This is said to be the second consecutive year of lower consumption. The present level is close to the level of mill use reached in 2008-09. The ICAC is, however, of the view that world cotton mill use could resume increasing in 2012-13 by 2 percent if the health of global economy improves. However,

ICAC has stated that the medium term outlook regarding world cotton mill use is still overcast. World economic growth, which is the main factor affecting end-use textile consumption and cotton mill use is projected to decelerate in 2012.

World Cotton Consumption (in mt)



The projection made by the International Monetary Fund in January 2012 is said to indicate world economic growth at 3.3 percent in 2012, down from 3.8 percent in 2011 and 5.2 percent in 2010. The likelihood of a mild recession in the euro area is stated to have cast a shadow on world economic growth.

International cotton prices have stabilised in January 2012 after falling continuously for almost ten months due to lack of demand and ample supplies, states the ICAC. The Cotlook A Index decreased from 114 US cents per pound in early August 2011 to 93 cents per pound in late December 2011. However, A Index has since recovered slightly, averaging around \$1.00 per pound in January 2012. The main reasons behind this price stabilization seem to be the support provided by

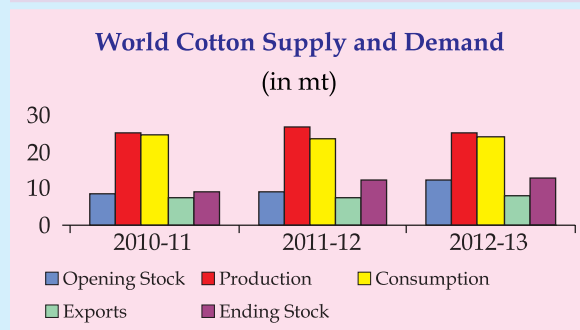
the Chinese Government through significant purchases from both the domestic and world markets, and an improvement in demand for cotton, as previously accumulated stocks of cotton yarn have diminished.

As a result of the large excess supplies in 2011-12, global cotton stocks are said to be rebounding by a third to 12.3 mt, following two seasons at relatively high levels. Over 40 percent of the gain in global stocks in 2011-12 could take place in China, according to the ICAC. At this stage, global cotton production is again expected to exceed consumption in 2012-13, which could translate into further increase in global cotton stocks to 12.9 mt. This outlook, it is stated, is not conducive to keeping cotton prices at current levels.

World cotton trade is stated to be almost stable at 7.7 mt this season supported by significant imports by China whereas imports by the rest of the world are down. During next season, rising mill use and lower cotton prices could fuel a rebound in world trade. According to the ICAC, imports are expected to increase by 7 percent to 8.2 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	9.252	12.30
Production	25.107	26.787	24.94
Total Supply	33.781	36.040	37.25
Consumption	24.454	23.737	24.31
Exports	7.625	7.689	8.24
Ending Stocks	9.252	12.303	12.93



(Source: ICAC Monthly - February 2012)

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(Amar Singh)
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Glimpses of the Mahashivratri Festival Celebrated at Colaba on 20th February 2012



Textile Ministry Moves Proposal to Recast Industry Loan of Rs 1 Trillion

Seeking a bailout for the troubled textile industry, the ministry has moved a revised proposal for recasting textile loans worth over Rs 1 trillion.

Textile Commissioner Shri A.B. Joshi has stated that the initial consultation with the Reserve Bank has been done, but the outcome was negative. The RBI has already given its opinion to the Finance Ministry and the banking division of the ministry will try to do some more consultations with the RBI. Shri Joshi further stated that the government feels there is a need to give some relief to the textile industry, hence the second revised debt recast proposal to the ministry of finance. He, however, refused to reveal details of the new proposal.

The textile sector first saw a sudden rise in cotton and cotton yarn prices in the season beginning October, 2010. And then there was a massive crash in yarn prices from April, 2011 on poor demand following indications of a slowdown in the US and the sovereign credit crisis in the Euro zone nations, leading to a massive credit crisis in the industry. These two markets account for almost 65 percent of the country's textile exports.

Admitting that RBI had expressed reservations against first proposal as it had come within the two years after the FY 2009 recast, Shri Joshi, who was addressing a buyer-seller meet of the powerloom industry, said, "we are approaching the RBI again through the ministry of finance."

The new proposal comes after the RBI turned down a government proposal to restructure textile loans worth Rs 1 trillion, largely from public sector lenders, towards the end of the last month, saying the move is not in the best international practice. Late last year the textile ministry had sent a debt recast (CDR) proposal to the finance ministry seeking a recast of the loans of the textile industry which is undergoing difficult times due to unfavourable global scenario and demand slowdown.

The first proposal included a call for a moratorium on repayment of loans. According to data from the Confederation of Indian Textile Industry, out of 287 textile companies listed on the BSE, as many as 122 firms had posted a net loss in the first quarter of this fiscal.

A recent Fitch Ratings report noted that while the government's debt recast proposal for the textile sector would provide temporary relief to them from liquidity pressure, it will not stem the deterioration in the capital structure of cotton textile firms as they are heavily geared.

The industry was demanding relief from the government saying high interest rates have hit them hard, especially the silk, spinning and powerloom units. The first CDR in 2008-09, when dozens of mills were allowed to recast their debts, was prompted by the 2008-09 global credit crisis.

(Source: Tecoya Trend - 21.02.2012)

Paraguay Cotton Output Hit by Drought

Paraguay's cotton output has declined by nearly 70 percent over the past few months, owing to lack of rainfall, the National Farmers Federation has said.

A member of the Federation informed that the harvest season is already going on, and by now they have already registered a loss of around 60 to 70 percent in cotton output.

Following scarce rains during the peak cultivation period, the average cotton output for the current season has been recorded at around 300 kg to 400 kg per hectare, as against the domestic cotton

cultivators' earlier prediction of 1800 kg per hectare, it is said.

According to the estimates of the Ministry of Agriculture and Cattle Raising, cotton was cultivated on around 70,000 hectares in the country during the current season, which is almost 40 percent higher than last season's cultivation acreage.

The Federation member lamented about low market prices of cotton and called upon the Government to introduce steps to stop them from plummeting further.

Source: Fibre2fashion news - 22.02.2012)

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
February 2012

Sr. No.	Grade Standard	Staple	Micronaire	Strength/GPT	Trade Name	18 th	20 th	21 st	22 nd	23 rd	24 th
03.	ICS-102	22mm	4.5-5.9	19	V-797	7255 (25800)	H	7255 (25800)	7255 (25800)	7255 (25800)	7255 (25800)
04.	ICS-103	23mm	4.0-5.5	19	Jayadhar	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.
08.	ICS-105	27mm	3.5-4.9	24	LRA-5166	N.A.	O	N.A.	N.A.	N.A.	N.A.
2011-12 CROP											
01.	ICS-101	Below 22mm	5.0-7.0	15	Bengal Deshi (RG)	9758 (34700)	L	9701 (34500)	9505 (33800)	9420 (33500)	9336 (33200)
02.	ICS-201	Below 22mm	5.0-7.0	15	Bengal Deshi (SG)	10039 (35700)		9983 (35500)	9786 (34800)	9701 (34500)	9617 (34200)
05.*	ICS-104	24mm	4.0-5.5	20	Y-1	9280 (33000)	I	9280 (33000)	9280 (33000)	9280 (33000)	9280 (33000)
06.	ICS-202	25mm	3.5-4.9	23	J-34	9448 (33600)	D	9223 (32800)	8942 (31800)	8745 (31100)	8548 (30400)
09.	ICS-105	28mm	3.5-4.9	25	H-4/ MECH-1	9729 (34600)		9533 (33900)	9448 (33600)	9336 (33200)	9251 (32900)
10.	ICS-105	29mm	3.5-4.9	26	Shankar-6	10011 (35600)	A	9954 (35400)	9870 (35100)	9701 (34500)	9589 (34100)
11.	ICS-105	31mm	3.5-4.9	27	Bunny/ Brahma	10179 (36200)	Y	10123 (36000)	10039 (35700)	9898 (35200)	9786 (34800)
12.	ICS-106	33mm	3.3-4.5	28	MCU-5/ Surabhi	N.A.		N.A.	N.A.	N.A.	N.A.
13.	ICS-107	35mm	2.8-3.6	31	DCH-32	13779 (49000)		13723 (48800)	13723 (48800)	13441 (47800)	13301 (47300)

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