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Cotton Statistics And News

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CAI's Monthly Estimates of 2009-10 Cotton Crop is Marginally Lower at 301 Lakh Bales in February

In its latest monthly estimate, the Association has made a marginal downward revision of its cotton production estimate for the current season. Looking at the pace of arrivals so far and the expected balance arrivals during the season, the Committee was of the view that the total crop would be marginally lower than the earlier estimate of 302 lakh bales made in January. The Association's current estimate of the crop is 1 lakh bales lower at 301 lakh bales as at end of February 2010.

The projected Balance Sheet drawn up by the Association for 2009-10 has estimated the total cotton supply at 381.50 lakh bales, while the domestic consumption has been retained at 247 lakh bales, leaving a surplus of 134.50 lakh bales. Cotton exports have been estimated higher by 3 lakh bales at 68 lakh bales during 2009-10 as compared to last month. As per the latest available information from the office of the Textile Commissioner, the registration of exports has been around 61 lakh bales and shipment was around 41 lakh bales.

The arrivals as at end of February 2010 constitute approximately 76% of the expected crop. The quality and the pace of arrivals continue to be good. Cotton prices have remained steady mainly because of higher international prices of cotton and good realisation by Spinners of yarn.

The State-wise production estimates and the Balance Sheet as drawn up by the Statistics Committee of the Association for 2009-10 are given in the accompanying table.

(in lakh bales of 170 kg)

State	Crop Estimates	Arrivals (As on Feb'10)
	2009-10	2009-10
Punjab	14.50	13.25
Haryana	15.50	13.75
Upper Rajasthan	7.50	6.75
Lower Rajasthan	3.00	2.75
Total North zone	40.50	36.50
Gujarat	98.00	74.00
Maharashtra	66.00	46.00
Madhya Pradesh	15.00	11.50
Total Central zone	179.00	131.50
Andhra Pradesh	53.00	39.00
Karnataka	10.00	6.50
Tamil Nadu	4.50	2.25
Total South zone	67.50	47.75
Orissa	1.00	1.00
Others	1.00	1.00
Total	289.00	217.75
Loose production (Survey)	+12.00	+10.00
All India	301.00	227.75

Balance Sheet (2009-10)
(in lakh bales of 170 kg)

	2009-10
Opening Stock	71.50
Crop	301.00
Imports	9.00
Total Supply	381.50
Mill Consumption	207.00
Consumption by SSI Units	21.00
Non-Mill consumption	19.00
Exports	68.00
Total Demand	315.00
Carry over stock	66.50

Higher Production in 2010-11 May Soften World Cotton Prices – ICAC

Only some minor revisions have been made by the International Cotton Advisory Committee (ICAC) regarding the supply and distribution of world cotton in its March release compared to the previous one. World cotton production in 2009-10 is now projected to be 22.22 million tonnes (mt), a five per cent drop from the 2008-09 crop of 23.41 mt. The major fall is in China with the current year's crop estimated at 6.8 mt as against 8.03 mt in 2008-09. India's production is projected slightly higher at 5.1 mt compared to 4.9 mt of last year.

In contrast to the fall in production, world cotton mill use this year is projected higher at 24.1 mt as against 23.2 mt of last year. All the three leading countries of China, India and Pakistan have been estimated to consume more cotton this year than last year. With several countries including China expected to step up their imports, world cotton trade is estimated to be higher at 7.3 mt this year compared to 6.6 mt last year. India has been projected to double its exports from last year's 0.52 mt to 1.17 mt this year.

With production falling short of consumption, world ending stock of cotton is expected to shrink from last year's 12.33 mt to 10.46 mt this year. This can exert pressure on cotton prices. ICAC has projected the seasonal average Cotlook A Index at 74 US Cents (USC) per pound this year, a 21 per cent rise from last year's 61.2 Cents. This is the highest Index during the past five years.

According to ICAC, higher prices paid for 2009-10 cotton, combined with the recent decline in prices of grains and oil seeds in some countries and relatively stable production costs, will encourage farmers to increase cotton plantings in 2010-11. Thus, world cotton area is forecast to be up by 6 per cent at 32.3 million hectares next season. Assuming a four per cent increase in average yield, world cotton production is expected to rebound by 10 per cent to 24.4 mt in 2010-11. Production increases are forecast in most major producing countries, US and China in particular, with US crop going up to 3.51 mt from this year's 2.70 mt and Chinese crop touching 7.40 mt compared to 6.80 mt this year. A small rise is forecast in India's production next year.

Regarding consumption, ICAC states that world cotton mill use is expected to continue to recover in 2010-11, growing by 2.6 per cent to 24.8 mt due to continued improvement in global economic growth. Asia is expected to contribute mostly to this growth while spinning may remain flat in the rest of the world. It is stated that the share of Asia in world cotton mill use could climb to 78 per cent of the world total in 2010-11.

Driven by a 15 per cent increase in Chinese imports due to expanding mill use, a slight increase in world cotton trade to 7.5 mt is forecast for next year. While exports from US are expected to increase by 9 per cent to 2.7 mt fuelled by higher production, Indian exports are projected to remain stable at 1.1 mt.

A small reduction in cotton ending stock is expected next year accompanied by a further decline in the stocks-to-mill use ratio in the World-less-China which may fuel price rise. There was a sharp increase in cotton prices during February with the Cotlook A Index going up 85.55 USC per pound towards the end of the month compared to 75.35 USC at the beginning. ICAC states that it is likely that the daily Index may remain above 80 USC per pound for some time. However, according to the ICAC, increased competition with polyester and the higher production in 2010-11 may cause prices to return to lower levels.

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

(In m. tonnes)

World Cotton Supply and Demand

	2008-09	2009-10
Beginning Stock	12.03	12.33
Production	23.41	22.22
Supply	35.44	34.55
Consumption	23.23	24.09
Exports	6.56	7.30
Ending Stock	12.33	10.46

SUPPLY AND DISTRIBUTION OF COTTON

March 01, 2010

Years Beginning August 1					Million Metric Tons	
	2005/06	**2006/07**	**2007/08**	**2008/09Est**	**2009/10Proj.**	**2010/11proj.**
BEGINNING STOCKS						
WORLD TOTAL	***11.611***	***12.271***	***12.601***	***12.029***	12.33	10.46
China(Mainland)	2.622	3.991	3.653	3.321	3.85	3.13
USA	1.196	1.321	2.064	2.187	***1.38***	***0.83***
PRODUCTION						
WORLD TOTAL	***25.646***	***26.763***	***26.035***	***23.406***	***22.22***	***24.37***
China (Mainland)	6.616	7.975	8.071	8.025	6.80	7.40
India	4.097	4.760	5.219	4.930	5.10	5.33
USA	5.201	4.700	4.182	2.790	2.70	3.51
Pakistan	2.194	2.147	1.894	1.960	2.13	2.23
Brazil	1.038	1.524	1.602	1.214	1.24	1.34
Uzbekistan	1.210	1.171	1.206	1.000	0.95	0.99
Others	5.290	4.486	3.861	3.487	3.30	3.57
CONSUMPTION						
WORLD TOTAL	***24.985***	***26.434***	***26.484***	***23.229***	***24.09***	***24.76***
China (Mainland)	9.439	10.600	10.900	9.000	9.45	9.71
India	3.655	3.908	4.050	3.863	4.15	4.40
Pakistan	2.532	2.633	2.637	2.400	2.52	2.60
East Asia & Australia	1.884	1.869	1.843	1.690	1.71	1.73
Europe & Turkey	2.117	2.087	1.751	1.433	1.42	1.44
Brazil	0.973	0.992	1.007	0.974	0.96	1.01
USA	1.278	1.074	0.999	0.781	0.74	0.70
CIS	0.633	0.682	0.664	0.602	0.59	0.58
Others	2.473	2.589	2.632	2.485	2.56	2.59
EXPORTS						
WORLD TOTAL	9.737	8.101	8.358	6.557	7.30	7.54
USA	8.821	2.833	2.973	2.890	2.51	2.74
Brazil	0.429	0.283	0.486	0.596	0.41	0.37
Uzbekistan	1.020	0.980	0.887	0.560	0.85	0.88
CFA Zone	1.010	0.924	0.589	0.470	0.53	0.51
India	0.751	0.960	1.530	0.515	1.17	1.14
Australia	0.628	0.465	0.265	0.262	0.35	0.37
IMPORTS						
WORLD TOTAL	9.613	8.187	8.392	6.606	7.30	7.54
East Asia and Australia	1.774	1.899	1.860	1.665	1.72	1.73
China	4.200	2.306	2.511	1.523	1.95	2.24
Europe & Turkey	1.275	1.344	1.085	0.870	1.01	0.97
Pakistan	0.352	0.502	0.851	0.459	0.55	0.54
CIS	0.333	0.322	0.271	0.242	0.23	0.21
TRADE IMBALANCE 1/	***-0.124***	***0.087***	***0.034***	***0.049***	***0.00***	***0.00***
STOCKS ADJUSTMENT 2/	***0.123***	***-0.086***	***-0.157***	***0.076***	***0.00***	***0.00***
ENDING STOCKS						
WORLD TOTAL	***12.271***	***12.601***	***12.029***	***12.330***	***10.46***	***10.07***
China (Mainland)	3.991	3.653	3.321	3.850	3.13	3.05
USA	1.321	2.064	2.187	1.379	0.83	0.90
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	***53***	***57***	***56***	***60***	***50***	***47***
CHINA (MAINLAND) 4/	***42***	***34***	***30***	***43***	***33***	***31***
Cotlook A Index 5/	***56.15***	***59.15***	***72.90***	***61.20***	***74****	

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 (Mainland) 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 2009-10 is based on the ending stocks/consumption ratio in the world-less-China in 2007-08(estimate), in 2008-09 (estimate) and in 2009-10(projection), on the ratio of Chinese net imports to world imports in 2008-09(estimate) and 2009-10 (projection), and on the average price for the first seven months of 2009-10
95% confidence interval: 69 to 79 cents per pound

SNIPPETS

Compared to last January, industrial output reportedly rose by 16.7 per cent in January this year. The growth had been quite robust and slightly higher in December 2009 also at 17.6 per cent. Encouragingly, much of the surge in the industrial production was led by capital goods and consumer durable sectors. The former, an indicator of investment activity, reportedly posted a growth of 56.2 per cent in January after a growth of 39.1 per cent in December. The high industrial growth in both December and January is said to indicate that the economy is on the path of fast recovery, and the expectation is that the GDP would post a growth of 7.2 per cent in 2009-10.

The Indian textile companies, one of the worst hit by the global economic slowdown two years ago as export demand shrunk have started hiring workforce again after orders picked up from key markets like the US and EU. Being one of the top employing sectors in the country, this is expected to translate into more consumption demand in the economy.

Total textile exports from India had dropped 1.7% to $21.75 billion for the year ended March 2009 over the year-ago period due to slump in demand from the key markets. Currently, the textile industry employs around 35 million people making it the single largest employer in India. With rising demand, the industry is expected to grow about 1% in next one year.

Issue of Certificates of Origin (Non-Preferential)

The CAI has been enlisted by the Director General of Foreign Trade, New Delhi and is authorized us to issue Certificates of Origin (Non-Preferential). This service has already been commenced by CAI from 20th November 2008.

The purpose of this is to serve all the stakeholders in cotton value chain better and more effectively. We invite all of you to avail of these services.

The interested parties may contact the CAI Secretariat or visit our website: www.caionline.in for more details.

UPCOUNTRY SPOT RATES

(Rs./Candy)

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 March 2010					
						13th	15th	16th	17th	18th	19th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	21100	H	20800	20800	20800
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15	O	22100	O	21700	21500	21500
03.	ICS-102	22mm	V-797	4.5-5.9	19		19900		20100	20200	20300
04.	ICS-103	23mm	Jayadhar	4.0-5	19		21900		22000	22000	22000
05.	ICS-104	24mm	Y-1	4.0-5.5	20	L	24500	L	24500	24500	24500
06.	ICS-202	25mm	J-34	3.5-4.9	23		25700		26200	26600	26600
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	I	25800	I	25800	25900	26000
09.	ICS-105	28mm	H-4 / MECH-1	3.5-4.9	25		26300		26400	26500	26800
10.	ICS-105	29mm	S-6	3.5-4.9	26	D	27600	D	27700	27800	28000
11.	ICS-105	31mm	Bunny / Brahma	3.5-4.9	27		27700		27800	27800	28000
12.	ICS-106	33mm	MCU-5 / Surabhi	3.3-4.5	28	A	N.A.	A	N.A.	N.A.	N.A.
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		41500		41500	41500	41500
14.	ICS-301	26mm	ICC	3.7-4.3	25	Y	26000	Y	26100	26100	26300