

Weekly
Publication of



**Cotton
Association
of India**

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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. 03 * 19/04/2011

Edited & Published by Amar Singh

Cotton Prices to Remain Strong in 2011-12 — ICAC

Global cotton production is expected to rise by 12 per cent to a record 27.4 million tonnes (mt) in 2011-12, driven by an expansion in plantings in most producing countries, according to the latest release of the International Cotton Advisory Committee (ICAC). However, it is stated that the projected increase in production from last year's 24.6 mt is relatively small having regard to the doubling of prices in 2010-11. Competition from food crops and limited resources, including land, seeds, water and equipment, are said to be preventing cotton area from rising further next season. Rising cotton supplies, it is stated, will feed demand in 2011-12 but high prices and competition from synthetic fibres are expected to limit growth in mill use to 3 per cent as against 11 per cent growth in production.

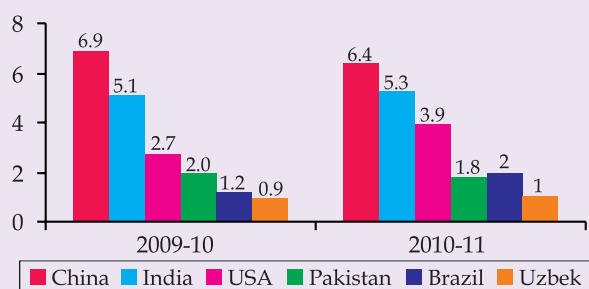
The ICAC Price Model is said to forecast a season-average Cotlook A Index of \$1.38 per pound. The 95 per cent confidence level extends from \$1.10 to \$1.59 per pound. It is stated that this forecast implies a 15 per cent decline with respect to the 2010-11 expected average of \$1.62 per pound but would remain considerably higher than the ten-year average of 80 cents per pound prevailing from 2000-01 to 2009-10. However, ICAC states that caution must be exercised since all commodity markets are subject to great uncertainty.

The world cotton Supply and Demand Balance Sheet as drawn up by the ICAC is given below:

World Cotton Supply and Distribution (In million tonnes)

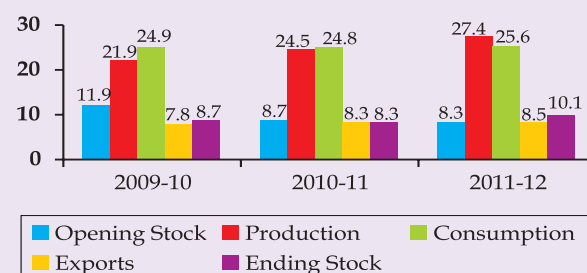
	2009-10	2010-11	2011-12
Production	21.9	24.5	27.4
Consumption	24.9	24.8	25.6
Exports	7.8	8.3	8.5
Ending Stocks	8.7	8.3	10.1

Cotton Production (in mn.tonnes)



As a result of world cotton production projected to exceed mill use in 2011-12 by 1.8 mt, ending stocks are expected to increase to 10.1 mt as against 8.27 mt in 2010-11. The world ending stocks-to-use ratio is now projected to rebound from 33 per cent in 2010-11 to 40 per cent in 2011-12, still well below the ten-year average of 50 per cent.

World Cotton Supply and Distribution (in mn.tonnes)



(Source : ICAC Monthly April 2011)

CAI to Organise a Major International Meet in September-October

The Association will hold a major international meet in Mumbai from September 28 to October 01, 2011. The event will have several purposes one of which is to celebrate the beginning of India's cotton crop year which commences on October 01 and ends on September 30 each year. Another major factor when deciding on the timing of the event was the fact that there will be clarity about the size and quality of the country's cotton crop, as well as what the Government's policy will be regarding exports.

Given its standing as one of the most important countries in the world of cotton, it is appropriate that India host an event of this magnitude. The Association's President would like to extend a

personal invitation to all the cotton and textile colleagues around the globe and would like everyone to be there: international merchants, representatives from textile mills, and professionals involved in cotton research and promotion.

Having regard to the volatility and uncertainty being experienced in the market, it is more important than ever that the Association shares its thoughts and ideas with colleagues from around the world. The Association takes pride and is excited to provide a dynamic and powerful forum for the discussion. The event will consist of both educational sessions and networking events.

Pakistani Growers Plant Cotton Three Months Early

According to report, many Pakistani cotton growers, in an attempt to regain some of what they lost in 2010's devastating floods, began planting their cotton as early as January 2011. Although they don't normally begin the process until April, farmers started unusually early this year in the hopes that the crop will be more resistant to damage from flooding, as well as leaf-curl virus, which also hurt cotton crops in 2010.

The result of this extra precaution--combined with a rise in cotton acreage and increased use of genetically modified seed could result in total production that approaches all-time highs. Currently projected at 10.9 million bales, it will represent the second-highest output ever for Pakistan behind the 11.1 million-bale total from 2003-04.

The country hasn't been cotton-sufficient since the 1990s, but if it meets expectations, it will be a large step in that direction, especially since domestic consumption is still lagging behind its normal pace. Sources say that Pakistan will likely increase both imports (due to quality concerns about the domestic supply) and exports (to take advantage of high prices) in 2011-12.

Last year's cotton shortage led to a big bump in mills' synthetic fiber imports. From July 2010 through January 2011, Pakistani mills imported 53 percent more synthetic fibers than the previous year due to the dearth of natural fiber.

(Source: Cotton International- 6.4.2011)

India's Nonwoven Textiles Sector to Witness Phenomenal Growth

The Indian nonwoven sector has grown 367 percent in the past five years, exceeding even the most optimistic predictions for this major growth area for cotton.

Mr. Ian Butler, Director of Market Research and Statistics for the U.S.-based Association of the Nonwoven Fabrics Industry (INDA), says that India's recent growth in the nonwoven sector has been nothing short of phenomenal. Butler estimates India's nonwoven production to be about 125,000 to 140,000 tonnes, likely on the higher end of that range.

India's current market position is similar to China's from 20 years ago. Mr. Butler estimates China's nonwoven production to be about 1.1 million to 1.2 million tonnes, and the number frequently quoted by Chinese nonwoven-related associations 1.6 million tonnes is an overestimate. The current growth rate for this segment (12 percent to 14 percent annually) is unsustainable, he adds.

Mr. Butler predicts production will come down as the industry matures. China produces shopping bags by the billion, and when the conventional apparel industry goes through a slump, labour is redirected to develop converted products (like shopping bags), thus resulting in huge production increases.

(Source: Cotton International)

SUPPLY AND DISTRIBUTION OF COTTON

April 01, 2011

Years Beginning August 1	Million Metric Tons					
	2006/07	2007/08	2008/09	2009/10 Est.	2010/11 Proj.	2011/12 Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.550	12.767	12.213	11.924	8.69	8.31
China(Mainland)	3.991	3.653	3.321	3.585	2.78	2.41
USA	1.321	2.064	2.188	1.380	0.64	0.37
PRODUCTION						
WORLD TOTAL	26.747	26.020	23.324	21.853	24.46	27.40
China (Mainland)	7.975	8.071	8.025	6.925	6.40	7.19
India	4.760	5.219	4.930	5.050	5.30	5.74
USA	4.700	4.182	2.790	2.654	3.94	4.12
Pakistan	2.121	1.876	1.891	2.019	1.76	2.24
Brazil	1.524	1.602	1.214	1.194	1.95	1.99
Uzbekistan	1.171	1.206	1.000	0.850	1.00	1.05
Others	4.496	3.864	3.474	3.161	4.11	5.05
CONSUMPTION						
WORLD TOTAL	26.465	26.501	23.527	24.854	24.83	25.57
China (Mainland)	10.600	10.900	9.265	10.099	10.00	10.30
India	3.944	4.053	3.872	4.232	4.61	4.93
Pakistan	2.633	2.649	2.428	2.307	2.10	2.16
East Asia & Australia	1.864	1.835	1.680	1.829	1.76	1.77
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	0.78	0.76
CIS	0.681	0.664	0.596	0.605	0.58	0.58
Others	2.598	2.657	2.502	2.477	2.48	2.51
EXPORTS						
WORLD TOTAL	8.066	8.372	6.619	7.766	8.31	8.51
USA	2.821	2.968	2.887	2.621	3.43	3.27
India	0.960	1.530	0.515	1.420	1.00	0.78
Uzbekistan	0.980	0.900	0.630	0.790	0.75	0.75
CFA Zone	0.924	0.595	0.464	0.553	0.48	0.54
Australia	0.465	0.265	0.261	0.460	0.63	0.76
Brazil	0.283	0.486	0.596	0.433	0.61	0.75
IMPORTS						
WORLD TOTAL	8.141	8.396	6.523	7.713	8.31	8.51
China	2.306	2.511	1.523	2.374	3.23	3.54
East Asia & Australia	1.899	1.860	1.665	1.888	1.80	1.92
Europe & Turkey	1.340	1.081	0.861	1.174	0.91	0.95
Pakistan	0.502	0.851	0.417	0.344	0.35	0.18
CIS	0.322	0.271	0.236	0.215	0.15	0.16
TRADE IMBALANCE 1/	0.074	0.024	-0.096	-0.053	0.00	0.00
STOCKS ADJUSTMENT 2/	-0.140	-0.097	0.011	-0.181	-0.01	0.00
ENDING STOCKS						
WORLD TOTAL	12.767	12.213	11.924	8.689	8.31	10.14
China (Mainland)	3.653	3.321	3.585	2.780	2.41	2.85
USA	2.064	2.188	1.380	0.642	0.37	0.47
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	57	58	40	40	48
CHINA (MAINLAND) 4/	34	30	39	28	24	28
Cotlook A Index 5/	59.15	72.90	61.20	77.54	162*	138**

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 not based on the ICAC price model.

** The price projection for 2011/12 is based on two ending stocks/consumption ratios, one in the world-less-China and the other in China, in 2009/10 (estimates), in 2010/11 (projections) and in 2011/12 (projections).

95% confidence interval: \$1.19 to \$1.59 per pound.

(Source : ICAC Monthly April 2011)

SNIPPETS

As per data released by the Ministry of Commerce and Industry, merchandise exports from the country rose by as much as 49.7 percent during February this year to reach \$ 23.6 billion as against \$ 15.75 billion during the same month last year. The total value of exports during the period April 2010 to February 2011 is placed at \$ 208.12 billion, a rise of 31.4 percent compared to the corresponding period of 2009-10. The growth in imports was 21.2 percent in February 2011, at 31.7 billion compared to \$ 26.2 billion in last February. The value of cumulative imports during April 2010 to February 2011 is said to

have been \$ 305.3 billion as against \$ 258.7 billion, an increase of 18 percent.



It is reported that India's industrial growth moderated to 3.6 percent in February 2011 compared to 15.1 percent a year ago, on account of a slowdown in manufacturing and mining sectors. However, consumption driven sectors like consumer goods including automobiles and goods, recorded a more rapid growth during the month compared to a year ago.



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					
					April 2011					
					9 th	11 th	12 th	13 th	14 th	15 th
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0 15	H	14622 (52000)	H	13919 (49500)	M	13751 (48900)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0 15		14904 (53000)		14201 (50500)	A	14032 (49900)
03.	ICS-102	22mm	V-797	4.5-5.9 19	O	12935 (46000)	O	12232 (43500)	R	11529 (41000)
04.	ICS-103	23mm	Jayadhar	4.0-5 19		N.A.		13779 (49000)	K	13610 (48400)
05.	ICS-104	24mm	Y-1	4.0-5.5 20	L	N.A.	L	N.A.	E	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9 23		17238 (61300)		16535 (58800)	T	16366 (58200)
07.	ICS-105	25mm	NHH-44	3.5-4.9 22	I	N.A.	I	N.A.		N.A.
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24		15888 (56500)		15325 (54500)	C	15185 (54000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	D	16394 (58300)	D	16028 (57000)	L	15888 (56500)
10.	ICS-105	29mm	S-6	3.5-4.9 26		17097 (60800)		16535 (58800)	O	16253 (57800)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	A	17716 (63000)	A	17153 (61000)	S	16872 (60000)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28		18278 (65000)		17716 (63000)	E	17434 (62000)
13.	ICS-107	35mm	DCH-32	2.8-3.6 31	Y	23340 (83000)	Y	23340 (83000)	D	23340 (83000)

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