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Cotton Statistics And News

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Global Cotton Stocks to Rebound in 2011-12 - ICAC

The International Cotton Advisory Committee (ICAC) in its June 1 release states that after seven consecutive months of increase, cotton prices fell in April 2011. The Cotlook A Index is stated to have attained a record \$2.44 per pound on March 8, 2011, but decreased sharply in the last three weeks of April and the first week of May to reach \$1.64 per pound on May 6 and have since stabilised at levels that remain very high by historical standards. The Cotlook A index averaged \$0.60 per pound in the decade preceding 2010-11, it is stated.

The main reason for the drop in prices in April is said to be slowing demand. Cotton spinners, faced with high prices of raw materials and difficulties to access credit on the one side, and declining prices of cotton yarn on the other side, have reduced their activity. Prices of chemical fibres have remained much lower than cotton prices, encouraging an increased switch to chemical fibres.

The season started with a firm demand from spinning mills which were looking to rebuild their stocks depleted in 2009-10, but is ending with weaker demand, mainly due to high cotton prices. Global cotton mill use is projected to reach 25 million tonnes in 2010-11, almost unchanged from 2009-10. Global mill use is expected to resume increasing in 2011-12 driven by a projected robust global economic growth and boosted by increased production, but moderated by relatively high cotton prices and competition from chemical fibres. Cotton mill use is forecast at 25.8 million tonnes next season, 3 percent higher than in 2010-11.

As a result of higher prices in 2010-11, ICAC states that global cotton area is forecast to be up by 8 per cent to 36.3 million hectares in 2011-12. Most cotton producing countries will experience an increase in cotton area, the major exceptions being the USA and Uzbekistan. Assuming a small increase in yield, global cotton production could reach 27.3 million tonnes, nine per cent more than in 2010-11.

World cotton production is projected to exceed mill use by 1.6 million tonnes in 2011-12. As a result, ending stocks are expected to recover to 10.2 million tonnes by the end of July 2012. The world ending stock-to-use ratio could rebound to 40 percent. This would remain lower than the 10-year average of 49 percent prevailing before 2009-10.

The ICAC Secretariat opines that the season-average Cotlook A Index will decline significantly in 2011-12, although it will probably remain above ten-year average of \$0.60 per pound. It is also possible that price volatility which has been extremely high in 2010-11 will decline in 2011-12 as increased global cotton supplies may give more confidence to market buyers.

The world cotton supply and Distribution as estimated by the ICAC is given below:

	2009-10	2010-11	2011-12
	(Million Tonnes)		
Production	22.0	25.1	27.3
Consumption	25.0	25.0	25.8
Exports	7.8	8.0	8.3
Ending Stock	8.6	8.7	10.2

(Source: ICAC Monthly, June 2011)

Estimates Indicate Record-High Cotton Crop for Pakistan

Pakistan will set an all-time high in cotton production, potentially surpassing 15 million bales with the 2011/12 crop. Farmers have planted more than 3.2 million hectares of land. Cotton is one of Pakistan's most important cash crops, according to an article published June 16 by The Nation newspaper, and contributes 1.4 percent of the country's gross domestic product (GDP).

Higher domestic prices have encouraged farmers to increase their land dedicated to cotton, where spot rates touched a peak of \$1.94 per pound this year due to short supplies and high international prices.

If Pakistan is to reach its economic target of 4.2 percent growth for the fiscal year beginning on July 1,

increased cotton production will be one of the primary drivers. There are high hopes for the industry, which suffered terribly through last year's flowing. The inclement weather decreased 2010/11 production by 2.4 percent over the previous year, dropping the predicted 14 million-bale crop to 11.7 million bales.

If Pakistan reaches its target of 15 million bales, it could reverse the trend of decreasing cotton production in Punjab, one of the largest and most important agricultural regions in the country. Over the last three years, the province's cotton production has decreased by almost 12 percent, falling from 8.8 million bales to 7.8 million.

(Source: Cotton International)



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SUPPLY AND DISTRIBUTION OF COTTON

Years Beginning August 1	June 01, 2011				Million Metric Tons	
	2006/07	2007/08	2008/09	2009/10 Est.	2010/11 Proj.	2011/12 Proj.
BEGINNING STOCKS						
WORLD TOTAL	12.536	12.753	12.222	11.914	8.63	8.65
China(Mainland)	3.991	3.653	3.321	3.585	2.78	2.40
USA	1.321	2.064	2.188	1.380	0.64	0.38
PRODUCTION						
WORLD TOTAL	26.766	26.074	23.455	22.014	25.05	27.33
China (Mainland)	7.975	8.071	8.025	6.925	6.65	7.19
India	4.760	5.219	4.930	5.050	5.30	5.78
USA	4.700	4.182	2.790	2.654	3.94	3.92
Pakistan	2.121	1.900	1.926	2.070	1.91	2.17
Brazil	1.524	1.602	1.214	1.194	2.04	2.12
Uzbekistan	1.171	1.206	1.000	0.850	0.95	1.02
Others	4.514	3.895	3.570	3.272	4.26	5.12
CONSUMPTION						
WORLD TOTAL	26.487	26.540	23.690	25.047	25.01	25.76
China (Mainland)	10.600	10.900	9.265	10.099	10.00	10.30
India	3.944	4.053	3.872	4.232	4.57	4.89
Pakistan	2.633	2.649	2.519	2.393	2.20	2.27
East Asia & Australia	1.858	1.829	1.674	1.825	1.77	1.76
Europe & Turkey	2.084	1.744	1.409	1.550	1.47	1.49
Brazil	0.987	1.001	0.994	1.002	1.04	1.06
USA	1.074	0.998	0.781	0.754	0.83	0.83
CIS	0.681	0.664	0.596	0.605	0.57	0.57
Others	2.625	2.703	2.579	2.588	2.56	2.60
EXPORTS						
WORLD TOTAL	8.044	8.348	6.590	7.774	8.01	8.34
USA	2.821	2.968	2.887	2.621	3.37	3.05
India	0.960	1.530	0.515	1.420	1.00	0.84
Uzbekistan	0.980	0.900	0.630	0.820	0.68	0.72
CFA Zone	0.924	0.595	0.464	0.553	0.49	0.55
Australia	0.465	0.265	0.261	0.460	0.64	0.79
Brazil	0.283	0.486	0.596	0.433	0.44	0.82
TRADE IMBALANCE 1/	0.078	0.032	-0.084	-0.072	-0.01	0.00
STOCKS ADJUSTMENT 2/	-0.140	-0.097	0.011	-0.181	-0.01	0.00
ENDING STOCKS						
WORLD TOTAL	12.753	12.222	11.914	8.628	8.65	10.21
China (Mainland)	3.653	3.321	3.585	2.780	2.40	2.81
USA	2.064	2.188	1.380	0.642	0.38	0.43
ENDING STOCKS/MILL USE (%)						
WORLD-LESS-CHINA(M) 3/	57	57	58	39	42	48
CHINA (MAINLAND) 4/	34	30	39	28	24	27
Cotlook A Index 5/	59.15	72.90	61.20	77.54	165*	

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.

(Source : ICAC Monthly June 2011)

Hike in MSP

The Cabinet Committee on Economic Affairs is reported to have approved of a hike in the minimum support price (MSP) of medium staple and long staple by Rs. 300 per quintal each to Rs. 2800 and Rs. 3300 per quintal respectively. The new MSP is stated to have been approved as per recommendation of the Commission for Agricultural Costs and Prices (CACP).

Cotton Sowing Commences in Maharashtra and Andhra Pradesh

South west monsoon has set in about a week earlier this year and the rains are reported to have facilitated taking up cotton sowings in States like Maharashtra and Andhra Pradesh. Conditions are reportedly favourable for advance of monsoon in South Gujarat where also cotton sowings are expected to commence soon.

SNIPPETS

Cotton arrivals in wholesale markets rose by 3.4 per cent compared to last year to touch 298.2 lakh bales by the first week of June, according to the Cotton Corporation of India. Arrivals in the leading producer State of Gujarat are placed at 96.6 lakh bales, 3.4 per cent increase on year-on-year basis. Arrivals in Maharashtra are stated to have been 75.9 lakh bales and in Andhra Pradesh 51.8 lakh bales.



China's cotton planting area this year is likely to increase 6.6 percent from a year earlier to 5.47 million hectares, the China Cotton Association said in its monthly report for May, revising down the forecast from 5.56 million hectares in April. Weak cotton prices, which have fallen nearly 30 percent from a record of around

CNY34,000 a tonne in November last year, and a prolonged drought in the Yangtze River valley have led some Chinese farmers to give up plans to shift to cotton, the Association said in the report. Cotton planting is almost complete, but the severe drought in the midstream and downstream areas of the Yangtze River, a major cotton producing region, may affect growth in output this year.



The country's industrial growth reportedly slowed to a three-month low of 6.3 per cent in April, dragged down by sluggish manufacturing and electricity sectors. The capital goods sector is said to have posted a growth of 14.5 per cent.



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						
					June 2011						
					11 th	13 th	14 th	15 th	16 th	17 th	
01.	ICS-101	Below 22mm	Bengal Deshi (RG)	5.0-7.0	15	H	12373N (44000)	12373N (44000)	12429N (44200)	12373N (44000)	12373N (44000)
02.	ICS-201	Below 22mm	Bengal Deshi (SG)	5.0-7.0	15		12429N (44200)	12429N (44200)	12485N (44400)	12485N (44400)	12485N (44400)
03.	ICS-102	22mm	V-797	4.5-5.9	19	O	6186 (22000)	6186 (22000)	6046 (21500)	5905 (21000)	5765 (20500)
04.	ICS-103	23mm	Jayadhar	4.0-5	19	L	8436 (30000)	8436 (30000)	8295 (29500)	8295 (29500)	8295 (29500)
05.	ICS-104	24mm	Y-1	4.0-5.5	20		N.A.	N.A.	N.A.	N.A.	N.A.
06.	ICS-202	25mm	J-34	3.5-4.9	23	I	11642 (41400)	11585 (41200)	11445 (40700)	11304 (40200)	10882 (38700)
07.	ICS-105	25mm	NHH-44	3.5-4.9	22		8436 (30000)	8436 (30000)	8436 (30000)	8436 (30000)	7874 (28000)
08.	ICS-105	27mm	LRA-5166	3.5-4.9	24	D	9420 (33500)	9420 (33500)	9139 (32500)	8998 (32000)	8436 (30000)
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9	25	A	10826 (38500)	10826 (38500)	10686 (38000)	10545 (37500)	10404 (37000)
10.	ICS-105	29mm	S-6	3.5-4.9	26		12232 (43500)	12232 (43500)	12092 (43000)	11810 (42000)	11389 (40500)
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9	27	Y	12373 (44000)	12373 (44000)	12232 (43500)	12232 (43500)	11951 (42500)
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5	28		14060 (50000)	14060 (50000)	14060 (50000)	14060 (50000)	13779 (49000)
13.	ICS-107	35mm	DCH-32	2.8-3.6	31		18840 (67000)	18840 (67000)	18700 (66500)	18700 (66500)	18700 (66500)
<i>Note: Figures in bracket indicate prices in Rs./candy</i>					N - Nominal						