

Weekly
Publication of



**Cotton
Association
of India**

Cotton Exchange Building, 2nd Floor,
Cotton Green, Mumbai - 400 033
Phone: 2370 4401/02/03
Fax: 2370 0337
Email: eica@eica.in
www.caionline.in

Regd.No.MH/MR/EAST/96/2009-11

Registered with the Registrar of Newspapers for India under R.No.18844/69

Price: Rs.30 per copy

Cotton Statistics And News

2009 * No. 7 * 19/05/2009

Edited & Published by : O. P. Agarwal

World Cotton Price May Move down in 2009-10 - ICAC Forecast

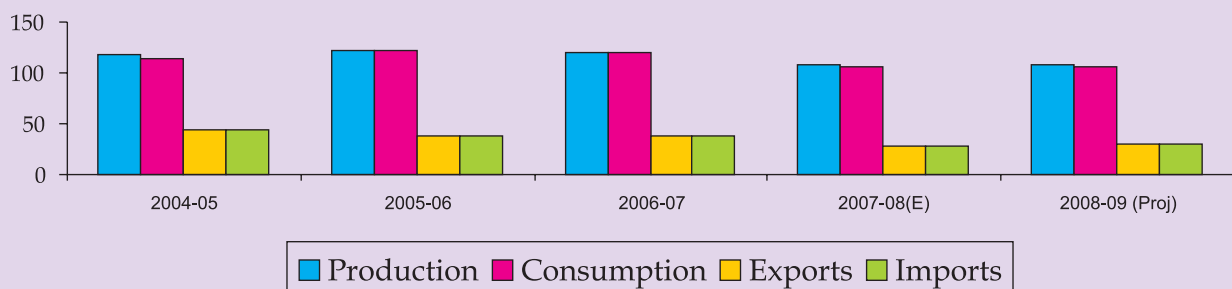
In its latest release, the Cotton Advisory Committee, (ICAC) has made only minor changes in its estimates of world cotton area, production, consumption, trade etc. compared to its April release. World cotton area in 2009-10 is now projected to shrink by 3 percent to 29.9 million hectares, the second lowest level since 1950-51. Decreasing returns from cotton, more attractive prices for competing crops and expected difficulties in financing inputs are said to be discouraging farmers from planting cotton. The maximum drop of 9 percent to 5.7 million hectares is expected in China, followed by CFA zone with 7 percent decline to 13 million hectares and 5 percent to 1.3 million hectares in Uzbekistan. In the case of India, ICAC expects a one percent increase in area to 9.5 million hectares consequent on the higher prices realised by cotton farmers this year. Although a 7 percent decline in planted area is projected for US, harvested cotton area is expected to remain stable at 3.2 million hectares, assuming that the abandonment rate will be lower.

The world cotton yield in 2009-10 is projected at 781 kg per hectare, slightly higher than in 2008-09. As a result, world cotton production is expected to be 23.4 mt, only slightly lower than in 2008-09, although there has been a decline in area. Increases in production in India and US are expected to be more than offset by the fall in China and Brazil.

A one percent increase in world cotton mill use to reach 23.1 mt is projected by ICAC for 2009-10. This projection is based on a modest recovery in world economic growth in 2010. While mill use is expected to partially recover in China, India and Pakistan, it may continue to decline in smaller consuming countries in Asia, North America and Europe.

A partial recover is projected in case of world cotton trade also during 2009-10. Owing to an expected increase in imports by China to 1.7 mt, world cotton imports are expected to reach 6.6 mt, an increase of 11 percent over 2008-09.

Supply and Distribution of Cotton



Imports by Pakistan and Turkey are also forecast to go up next year. Significantly, India is expected to account for most of the rise in exports with its shipments forecast to more than double to 1.2 mt. India's share in world cotton exports is thus expected to recover to 18 percent in 2009-10, similar to the one in 2007-08. In contrast, exports by US are expected to decline by 11 percent to 2.3 mt next year.

With world cotton production forecast to exceed mill use for the fifth time in six seasons, world cotton stocks in 2009-10 are expected to go up by two percent to touch a record 13.4 mt, accounting for 58 percent of world cotton mill use. While stocks outside China are forecast to be 3 percent higher than in 2008-09 at 9.7 mt, Chinese stocks are expected to decline by one percent to 3.7 mt.

Taking into account the stocks to mill use ratio and other relevant factors, including the average Cotlook A Index between August 2008 and April 2009, the ICAC has projected the season-average Cotlook A Index at 59 US cents per pound in 2008-09, down by 19 percent from last season. Based on this forecast for 2008-09, the season average Cotlook A Index projected for 2009-10 is 57 US cents per pound. It is, however, stated that major uncertainties regarding projected cotton trade in 2009-10 pose substantial downward risks to the forecast.

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

	(In million tonnes)	
	2008-09	2009-10
Beginning Stocks	12.49	13.13
Production	23.58	23.39
Consumption	22.88	23.11
Imports/ Exports	6.06	6.64
Ending Stocks (after adjustments)	13.13	13.41

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.

Sharp Decline in Exports and Imports During March

Merchandise exports from India declined by a sharp 33 percent in March while imports declined a sharper 34 percent, according to latest reports. The value of exports during March this year amounted to \$ 11.5 billion as against \$17.2 billion in last March. With shipments contracting for six months in a row, the country's exports during 2008-09 aggregated to \$ 168.7 billion registering a marginal growth of 3.4 percent compared to exports worth \$ 174.4 billion during 2007-08.

In the case of imports, they were worth \$ 15.5 billion in March 2009 as against \$ 23.6 billion in March 2008. Imports had been declining for the last three months but because of the higher imports earlier, the total for 2008-09 amounted

to \$ 287.7 billion, a growth of 14.3 percent over imports worth \$ 251.6 billion in 2007-08.

Because of the sharp fall in imports, the trade deficit in March 2009 declined to \$4.1 billion as against \$ 6.3 billion in March 2008. However, for the whole year 2008-09, trade deficit rose to \$ 119 billion from \$ 88.7 billion in 2007-08. As per reports, economists are of the view that it would take a few more months before the contraction in exports and imports bottoms out. The President of Federation of Indian Export Organisation is quoted to have stated that exports will pick up from July onwards and they may touch the \$ 185 billion mark in 2009-10 on the back of diversification to countries in Latin America, Africa and Asia.

Data on Area, Production, Yield and Consumption of Cotton for the period from 1991-92 season onwards

Cotton Year	Area in Lakh Hectares	Cotton prodn In lakh bales 170 kgs each	Production in 000's tones (mn.kg)	Cotton yield in kg/Hectare	Cotton Consump. in lakh bales of 170 kg.each (mill + non-Mill +small spinning)
1991-1992	76.01	119.00	2023.00	266.14	111.09
1992-1993	75.41	138.00	2346.00	311.00	125.01
1993-1994	74.40	121.50	2065.00	278.00	127.00
1994-1995	78.61	138.50	2354.50	300.00	135.00
1995-1996	90.63	170.70	2901.90	320.00	154.29
1996-1997	91.66	177.90	3004.30	330.00	170.16
1997-1998	88.29	158.00	2686.00	307.00	159.01
1998-1999	92.87	165.00	2805.00	302.00	165.36
1999-2000	87.31	156.00	2652.00	304.00	173.36
2000-2001	85.76	140.00	2380.00	277.52	173.03
2001-2002	87.30	158.00	2686.00	307.67	171.76
2002-2003	76.67	136.00	2312.00	301.55	168.83
2003-2004	76.30	179.00	3043.00	398.82	177.10
2004-2005	87.86	243.00	4131.00	470.11	195.03
2005-2006	86.77	241.00	4097.00	472.17	217.00
2006-2007	91.44	280.00	4760.00	520.56	232.03
2007-2008 (as per CAB 13/02/2009)	94.39	315.00	5355.00	567.33	241.00
2008-2009 (as per CAB 13.02.2009)	93.73	290.00	4930.00	525.98	230.00

Source: Office of the Textile Commissioner (February 2009)

S N I P P E T S

The Group of seven major economies, viz, Britain, Canada, France, Germany, Italy, Japan and the US, is reported to have claimed that the recent data suggest that the pace of decline in these leading economies has slowed and that some signs of stabilising are emerging. Although the outlook remained clouded and difficult, the worst seemed to be finally over. It is stated that economic activity should begin to recover later this year even though continued weak outlook and downside risks persisted.



To counter the demand contraction in key markets like the US and Europe, Indian textile exporters are said to be exploring alternative markets such as Japan, South Africa and Latin America. Presently, these markets take a share of just four percent of Indian Textile exports. Although it is expected that the situation will improve by October, attempts are being made by the Indian exporters to reduce the dependency on US and European markets, it is stated.



The six infrastructure sectors reportedly showed a growth of 2.9 percent in March, marginally higher than the 2.2 percent recorded in February, signalling, although faintly, a possible economic recovery. The overall growth of the sectors, however, declined to 2.7 percent during 2008-09 from 5.9 percent registered in 2007-08, because of the slowdown in the second half of 2008-09.



ADVERTISEMENT RATES

Quarter Page **Rs.2,500** per insertion

Half Page **Rs.5,000** per insertion

Discount for those who release advertisement for 3 months and above at a time:

3 months and above but less than 6 months: **5%**

6 months and above but less than 12 months: **10%**

12 months: **20%**

Subscription for Cotton Weekly Rs.1,500/- p.a

For further details please contact on
Tel.No.23704401 or e.mail to eica@eica.in

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) 2008-09 CROP May 2009					
					9th	11th	12th	13th	14th	15th
01.	ICS-101	Below 22mm	Bengal Deshi(RG)	5.0-7.0 15		23500	23500	23500	23500	23500
02.	ICS-201	Below 22mm	Bengal Deshi(SG)	5.0-7.0 15	H	24200	24200	24200	24200	24200
03.	ICS-102	22mm	V-797	4.5-5.9 19		17600	17600	17600	17600	17800
04.	ICS-103	23mm	Jayadhar	4.0-5.5 19	O	18500	18500	18500	18500	18500
05.	ICS-104	24mm	Y-1	4.0-5.5 20		20900	20900	20900	20900	20900
06.	ICS-202	25mm	J-34 (SG)	3.5-4.9 23	L	23200	23200	23200	23200	23200
07.	ICS-105	25mm	NHH-44	3.5-4.9 22		20700	20900	20900	20900	20900
08.	ICS-105	27mm	LRA-5166	3.5-4.9 24	I	21200	21500	21500	21500	21500
09.	ICS-105	28mm	H-4/ MECH-1	3.5-4.9 25	D	21800	22100	22100	22200	22200
10.	ICS-105	29mm	S-6	3.5-4.9 26		23900	24100	24100	24000	24000
11.	ICS-105	31mm	Bunny/ Brahma	3.5-4.9 27	A	23200	23200	23200	23300	23300
12.	ICS-106	33mm	MCU-5/ Surabhi	3.3-4.5 28	Y	23900	24000	24000	24000	24000
13.	ICS-107	35mm	DCH-32	2.8-3.6 31		32000	32200	32400	32500	32500
14.	ICS-301	26mm	ICC	3.7-4.3 25		22000	22400	22400	22400	22400