



भारतीय कपास निगम लिमिटेड

THE COTTON CORPORATION OF INDIA LTD.

(भारत सरकार का उपक्रम/A Government of India Undertaking)

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LATEST WEEKLY REPORT UPTO 8th JANUARY 2012

CAB placed cotton acreage at 121.91 lakh hectares and cotton production at 356.00 lakh bales

The salient feature of the cotton crop season 2011-12 has been the significant increase in cotton acreage under cotton in cotton season 2011-12 due to receipt of good prices by the cotton farmers for their produce in previous cotton season as against other competing crops. The Cotton Advisory Board (CAB) has placed cotton acreage at 121.91 lakh hectares for 2011-12 as against 111.41 lakh hectares in previous year.

Despite delayed sowing and subsequent continuous rains in the first fortnight of September 2011 in Northern and Central zone, with subsequent favourable agro-climatic conditions, the crop progress is satisfactory in all the cotton growing States except Vidharbha region of Maharashtra and Telangana region of Andhra Pradesh, where crop was facing moisture stress. However, in the second week of October 2011, there had been adequate rains across the cotton belt in Andhra Pradesh as also Maharashtra. Though these rains were reported beneficial to the crop still due to high temperature during the day and in the absence of dews in the night, the crop in Vidharbha region of Maharashtra and Telangana region of Andhra Pradesh is facing moisture stress, which is likely to adversely affect the standing crop. There had been no winter rains in central and southern zone which has affected the standing cotton crop. However, the isolated light to medium rains over last weekend across parts of Andhra Pradesh, Tamil Nadu, Karnataka, Maharashtra and Madhya Pradesh are expected to be helpful in enhancing yields in the remaining crop period. The arrivals of early sowing crop had commenced almost in all the cotton growing States, except Tamil Nadu. However, the pace of arrival has been slow as compared to last year due to harvesting/marketing of paddy and sowing wheat in Northern States, agitations by the cotton farmers for increasing MSPs in Maharashtra and hoarding of kapas by the cotton farmers in anticipation of better prices. Since second fortnight of December 2011, the pace of kapas arrivals have started picking momentum.

As per CAB dated 15th November 2011, the cotton production in the country for cotton season 2011-12 has been estimated at 356.00 lakh bales. The State-wise details of area, production and yield as also the cotton balance sheet, as finalized by the CAB in the aforesaid meeting are enclosed at **Annexure A**.

Kapas arrivals picking momentum

Due to delayed sowings, prolonged rains as also subsequent Festival days, the pace of crop arrivals had been less as compared to last year. Presently, though the pace of arrivals has been has increased as compared to earlier weeks, still the same is as compared to previous year due to anticipation of better prices by the cotton farmers. The per day arrivals are now in the range of around 2,20,000 to 2,25,000 as against 2,35,000 to 2,40,000 lakh bales corresponding period last year. As on **8th January 2012**, the progressive arrivals are **119.50 bales** as against **148.51 lakh bales** in previous year. The State-wise details of arrivals during the current season vis-à-vis corresponding period last year are enclosed at **Annexure B**.

Domestic lint prices

The current lint prices are lower by 11% to 26% in all the varieties (except Bengal Desi) as compared to the prices during the corresponding period last year.

International cotton situation for 2011-12

As per ICAC release dated 3rd January 2012, world cotton acreage during 2011-12 is estimated to increase by around 7% to 35.82 million hectares as against 33.33 million hectares during 2010-11. The world average yield in 2011-12 is projected at 748 kgs/hectare as against 746 kgs/hectare in 2010-11.

The projected slowdown in global economic growth in 2011 and 2012 is expected to affect the cotton consumption of textile products and therefore demand for cotton fibre. As a result, the global cotton mill use in 2011-12 is expected to remain stable at 23.86 million tons as against 24.45 million tons in 2010-11.

However, the world cotton production in 2011-12 is expected to increase in reaction to the high cotton prices received by the farmers last season. The global cotton production is expected to rise by around 8% to 26.78 million tons in 2011-12 as against 24.87 million tons in previous year. The global production increase in 2011-12 will be driven primarily by China, India, Pakistan, Australia and Turkey. However, US cotton production in 2011-12 is forecast down by 13% due to severe drought.

Global cotton trade is expected to increase by a moderate level of 7.62 million tons in 2011-12 as against 7.60 million tons in 2010-11, driven by an increase in Chinese imports. US exports are projected to drop by 25% due to reduced supplies. The global cotton stocks are expected to rebound to 11.93 million tons by the end of 2011-12 as against 9.01 million tons in 2010-11. The World cotton balance sheet as drawn by ICAC as follows:

	(In million metric tons)				
	2007-08	2008-09	2009-10	2010-11	2011-12*
World beginning stock	12.74	12.21	11.89	8.67	9.01
World cotton production	26.07	23.45	22.17	24.87	26.78
World cotton consumption	26.53	23.68	25.24	24.45	23.86
World cotton exports	8.35	6.59	7.77	7.62	7.62
World cotton imports	8.38	6.50	7.75	7.60	7.62
World ending stocks	12.21	11.89	8.67	9.01	11.93

Source: ICAC release dated 3rd January 2012

*Projected

International cotton prices

Cotlook 'A' Index

	(In US Cents/lb)		
	2008-09	2009-10	2010-11
	61.14	78.00	165.00

The opening price of Cotlook A index, a measure for international prices, for cotton season 2011-12 on 1st August 2011 was 113.80 US C/lb. At present, as on 6th January, 2012, the Cotlook A index was ruling at 99.65 US C/lb, which was lower by around 43% as compared to the corresponding period last year. The Cotlook A Index prices have also declined by around 12% as against the opening price. The movement of New York futures during the last one week has been as follows:

	(In US Cents/lb)				
	02-01-12	03-01-12	04-01-12	05-01-12	06-01-12
Mar	N.Q.	95.80	95.92	94.74	95.86
May	N.Q.	95.57	95.72	94.48	95.52
July	N.Q.	95.16	95.67	94.52	95.47

Source: Cotlook -

Yarn Index

This week	Last week	Last month	Last year
156.19	152.03	154.50	227.92

Outlook for January 2012

During the week, the domestic cotton prices of popular variety of S-6 had been stable in the range of **Rs.36000 to Rs.36300 per candy**. Continuous rains across especially in the Northern States of Punjab, Haryana and Rajasthan in the first fortnight of September 2011 had delayed the new crop arrivals by 15-20 days. The arrivals which were delayed, due to expectation of better prices by the cotton farmers as also due to harvesting/marketing of paddy and sowing of wheat in Northern States as also due to agitation by cotton farmers for increase in MSPs, have started picking up. Presently, due to weakening of Rupee vis-à-vis US Dollar and with generating demand for cotton internationally, the exporters are active in covering cotton for adhering to the shipment schedule. With deterioration in quality of present arrivals and picking up of demand for yarn, domestic mills have also become active in covering cotton requirements both for immediate and lean season requirements. Hence, it is felt that the cotton prices may rule steady to firm in the coming days.

ANNEXURE –A

Statement showing cotton production and estimated arrivals during 2011-12 vis-à-vis 2010-11

Sl. No.	States	(Figures in lakh bales of 170 kgs each.)			
		2011-12		2010-11	
		Production as per CAB	Arrivals * as on	Production as per CAB	Arrivals as on
		15-11-11	08-01-12	30-08-11	08-01-11
1	Punjab	17.00	8.98	16.00	11.10
2	Haryana	16.00	8.53	14.00	8.08
3	Rajasthan	15.00	7.47	9.00	6.19
A	North Total* (1+2+3)	48.00	24.98	39.00	25.37
4	Gujarat	115.00	38.74	103.00	49.13
5	Maharashtra	85.00	20.82	82.00	35.32
6	Madhya Pradesh	18.00	7.96	17.00	8.39
B	Central Total (4+5+6)	218.00	67.52	202.00	92.84
7	Andhra Pradesh	55.00	19.00	53.00	23.56
8	Karnataka	14.00	3.76	10.00	4.31
9	Tamil Nadu	5.00	0.84	5.00	1.20
C	South Total (7+8+9)	74.00	23.60	68.00	29.07
10	Orissa	2.00	0.52	2.00	0.74
11	Others	2.00	0.93	2.00	0.49
12	Plus Loose cotton	12.00	1.95	12.00	0.00
	Total (10+11+12)	16.00	3.40	16.00	1.23
	Grand Total (A+B+C)	356.00	119.50	325.00	148.51

* Inclusive of new crop arrivals in Sept.2011

**STATE-WISE AREA, PRODUCTION AND YIELD IN INDIA
2011-12 vis-à-vis 2010-11**

Area in lakh hectare, Prod in lakh bales 170 kgs, Yield kgs per hect						
Year	2010-11			2011-12*		
State	Area	Prod	Yield	Area	Prod	Yield
Punjab	5.30	16.00	513	5.60	17.00	516
Haryana	4.92	14.00	484	6.05	16.00	450
Rajasthan	3.35	9.00	457	5.30	15.00	481
North Total	13.57	39.00	489	16.95	48.00	481
Gujarat	26.33	103.00	665	30.23	115.00	647
Maharashtra	39.32	82.00	355	40.95	85.00	353
Madhya Pradesh	6.50	17.00	445	7.06	18.00	433
Central Total	72.15	202.00	476	78.24	218.00	474
Andhra Pradesh	17.84	53.00	505	18.54	55.00	504
Karnataka	5.45	10.00	312	5.49	14.00	434
Tamil Nadu	1.22	5.00	697	1.21	5.00	702
South Total	24.51	68.00	472	25.24	74.00	498
Others	0.74	2.00	459	1.02	2.00	333
Orissa	0.45	2.00	756	0.46	2.00	739
TOTAL		313.00			344.00	
Loose lint		12.00			12.00	
GRAND TOTAL	111.42	325.00	496	121.91	356.00	496
*Project as per CAB Meeting held on 15 th November 2011				Source: Cotton Advisory Board		

COTTON BALANCE SHEET
(As drawn by the Cotton Advisory Board)

Quantity in lakh bales of 170 kgs			
Item	2009-10	2010-11(P)*	2011-12(Proj)*
SUPPLY			
Opening Stock	71.50	40.50	47.50
Crop size	305.00	325.00	356.00
Imports	6.00	5.00	5.00
Total Availability	382.50	370.50	408.50
DEMAND			
Mill consumption	219.00	215.00	210.00
Small mill consumption	23.00	21.00	20.00
Non-Mill consumption	17.00	17.00	20.00
Total consumption	259.00	253.00	250.00
Exports	83.00	70.00	80.00
Total disappearance	342.00	323.00	330.00
Carry Forward	40.50	47.50	78.50
*As estimated by CAB in its last meeting held on 15-11-2011		P-Provisional	