



भारतीय कपास निगम लिमिटेड

THE COTTON CORPORATION OF INDIA LTD.

(भारत सरकारका उपक्रम/A Government of India Undertaking)

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REPORT FOR THE WEEK ENDED 24th JULY 2010

Cotton sowing for cotton season 2010-11 begins:

The cotton sowing in Northern states of Punjab, Haryana and Rajasthan, the sowing has been over. In Punjab, with favourable agro-climatic conditions, the cotton acreage has increased by around 16% to 5.75 lakh hectares as against previous year due to switching over from paddy crop. However, in Haryana and Rajasthan, due to unfavourable agro-climatic conditions and shortage of water both rain water and canal/tube well water, the acreage has decreased as compared to last year.

In Central zone in Gujarat, nearly 90% sowing is over in around 26.00 lakh hectares and the same is in progress. The acreage under cotton in Gujarat during the ensuing season is expected to increase by around 10% as against previous year. In Maharashtra, sowing is almost over in around 37.50 lakh hectares and the balance is in progress. The acreage in Maharashtra is expected to increase by around 10% as against previous year due to switching over from soybean and pulses. In Madhya Pradesh, 93% sowing is over in around 6.50 lakh hectares. The acreage under cotton is expected to increase due to switching over from other crops viz., soybean, chilli, maize etc. by around 10% as compared to last year. Thus, with satisfactory monsoon rains, favourable agro-climatic conditions and due to switching over from other crops, the overall acreage in central zone is expected to increase by around 10% as against previous year.

In Southern zone, in Andhra Pradesh, with good rains, sowing is over in around 14.50 lakh hectares. The acreage under cotton in AP is expected to increase by around 7% as against last year. In Karnataka, sowing is over in around 3.50 lakh hectares and same is in progress. The acreage in Karnataka is expected to increase by around 15% as against previous year. In Tamil Nadu as per preliminary report sowing is over in around 1.00 lakh hectares as against 1.04 lakh hectares in 2009-10. The acreage is expected to increase by around 15% due to switching over from maize. The overall acreage under cotton in Southern states is likely to go up by around 10% in Southern zone. In Orissa, with adequate rains nearly 80% sowing is reported in around 0.60 lakh hectares area and the balance is in progress.

Thus, out of expected acreage of 108.70 lakh hectares, nearly 94% sowing is over in around 102.35 lakh hectares. The agro-climatic condition in most of the cotton growing areas is reported satisfactory and there are no reports of any major pest/disease.

Cotton production in cotton season 2009-10 at 292 lakh bales

The Cotton Advisory Board, in its meeting held on 8th April 2010 has placed the cotton acreage in the country during 2009-10 to 101.71 lakh hectares during the cotton season 2009-10 as against the acreage of 94.06 lakh hectares during the previous year. The cotton production in the country during cotton season 2009-10 has been revised downward from the earlier estimate of 295.00 lakh bales to 292.00 lakh bales as against cotton production of 290.00 lakh bales in the previous year.

Per day kapas arrivals reduced further to around 4,000 bales

The per day arrivals are now ranging around 3000 to 4000 bales per day comprising of around 3000 bales in Gujarat and around 1000 bales in Karnataka. **As on 24th July 2010, 294.65 lakh bales have already reported arrived in various upcountry markets as against 288.75 lakh bales during the corresponding period last year.**

Higher domestic lint prices

The current lint prices are higher by 8% to 24% in almost all the varieties except Bengal Desi and DCH-32 as compared to the prices during the corresponding period last year.

International cotton situation for 2009-10

As per ICAC release dated 1st July 2010, world cotton acreage during 2009-10 is estimated to decline by around 1% to 30.24 million hectares as against 30.67 million hectares during 2008-09. The world average yield in 2009-10 is projected down by 5% to 726 kgs/hectare as against 763 kgs/hectare in 2008-09.

Due to lower yields, the world cotton production during 2009-10 is expected to decrease by around 5% to 21.96 million tons as against 23.46 million tons in 2008-09. As per ICAC reports, with world economy gradually stabilises and economic prospects for 2010 improve in most parts of the world, consumption of cotton products and spinning of cotton are expected to slowly recover. Global cotton mill use is forecast to grow by 3% in 2009-10 to 24.49 million tons as against 23.22 millions tons in 2008-09, driven mainly by a rebound in Asia, particularly in China, India and Pakistan.

As a result of continued decline in world production and concurrent rebound in global mill use, 2009-10 global cotton ending stocks are projected 9.6 million tons, down by 21% from the previous season. The World cotton balance sheet as drawn by ICAC as follows:

	In million metric tons				
	2005-06	2006-07	2007-08	2008-09	2009-10*
World beginning stock	11.61	12.59	12.82	12.28	12.08
World cotton production	25.64	26.76	26.02	23.36	21.96
World cotton consumption	24.98	26.47	26.56	23.46	24.49
World cotton exports	9.73	8.10	8.38	6.63	7.75
World cotton imports	9.61	8.21	8.46	6.65	7.76
World ending stocks	12.59	12.82	12.28	12.08	9.56

Source: ICAC release dated 1st July 2010

*Projected

International cotton prices

- **Cotlook 'A' Index**

In US Cents per lb		
2006-07	2007-08	2008-09
59.00	73.00	61.14

- The opening prices of Cotlook 'A' Index on 3rd August 2009 for cotton season 2009-10 was 63.90 US Cents/lb during 2008-09.
- Till last week of August 2009, the Cotlook Index was ruling easy and had reached the season lowest level of 62.05 on 28th August 2009.

- Subsequently, the Cotlook started increasing and had reached a highest level of 95.70 US Cents/lb on 18-06-10, which was higher by around 49% than the opening price of 63.90 and 46% higher as against corresponding period last year.
- Due to paucity of offers for certain Index-eligible qualities, the Cotlook A index has been withdrawn with effect from 23-6-2010 prior to its normal withdrawal date of 31st July.
- For cotton season 2009-10, the Cotlook A Index has averaged at 78.00 US Cents/lb, as against the average of 61 US Cents per lb in previous year
- The movement of New York futures during the last one week has been as follows:

	In US Cents/lb				
	19.07.10	20.07.10	21.07.10	22.07.10	23.07.10
Oct	78.77	77.78	78.77	79.57	80.32
Dec	73.62	73.01	73.93	74.71	75.34
Mar	74.61	73.52	74.31	74.11	74.14

Source: Cotlook

- **Yarn prices**

(Figures in US Cents per kg)			
This week	Last week	Last month	Last year
165.38	166.40	167.60	102.94

Outlook for July 2010

The domestic cotton prices for popular variety of S-6 ruled steady in the range of around Rs. 29100/29300 per candy. The quantum of raw cotton arrivals in various upcountry markets has reduced ranging around 6,000 bales per day. Looking to the demand in quality cotton vis-à-vis lower ending stocks, some recovery has started in cotton coverage by the textile mills due to which the cotton prices may remain steady to firm in the coming week.

ANNEXURE-A

Statement showing cotton production and arrivals during 2009-10 vis-à-vis 2008-09

States	(Figures in lakh bales of 170 kgs each.)				
	2009-10			2008-09	
	Crop as per CAB	CCI Revised	Arrivals	Crop as per CAB	Arrivals as on
	08-04-10	Estimate	24-07-10	29-08-09	24-07-09
Punjab	14.25	14.25	14.25	17.50	17.50
Haryana	14.75	14.75	14.75	14.00	14.00
Rajasthan	11.00	11.00	11.00	7.50	7.50
North Total	40.00	40.00	40.00	39.00	39.00
Gujarat	98.00	98.00	97.85	90.00	89.00
Maharashtra	61.00	63.00	63.00	62.00	62.00
Madhya Pradesh	14.50	14.75	14.75	18.00	18.00
Central Total	173.50	175.75	175.60	170.00	169.00
Andhra Pradesh	50.00	51.75	51.75	53.00	53.00
Karnataka	9.50	9.50	9.40	9.00	8.80
Tamil Nadu	5.00	5.00	4.90	5.00	4.95
South Total	64.50	66.25	66.05	67.00	66.75
Others	2.00	1.00	1.00	2.00	2.00
Total	280.00	283.00	282.65	278.00	276.75
Plus Loose cotton	12.00	12.00	12.00	12.00	12.00
Grand Total	292.00	295.00	294.65	290.00	288.75

State-wise area, production and yield

Area in lakh hectares/Production in lakh bales/Yield in kgs per hectare

State	2008-09			2009-10*		
	Area	Production	Yield	Area	Production	Yield
Punjab	5.27	17.50	565	4.96	14.25	488
Haryana	4.56	14.00	522	5.07	14.75	495
Rajasthan	3.02	7.50	422	4.44	11.00	421
North total	12.85	39.00	516	14.47	40.00	470
Gujarat	23.54	90.00	650	26.24	98.00	635
Maharashtra	31.42	62.00	335	35.03	61.00	296
Madhya Pradesh	6.25	18.00	490	6.46	14.50	382
Central total	61.21	170.00	472	67.73	173.50	435
Andhra Pradesh	13.99	53.00	644	13.19	50.00	644
Karnataka	4.08	9.00	375	4.27	9.50	378
Tamil Nadu	1.09	5.00	780	1.04	5.00	817
South total	19.16	67.00	594	18.50	64.50	593
Others	0.84	2.00	405	1.01	2.00	337
Total		278.00			280.00	
Plus loose lint		12.00			12.00	
Grand total	94.06	290.00	524	101.71	292.00	488

Source: Cotton Advisory Board meeting dated 08-04-2010 *Estimated

COTTON BALANCE SHEET

Quantity in lakh bales of 170 kgs each

	2008-09	2009-10*
SUPPLY		
Opening stock	35.50	71.50
Crop size	290.00	292.00
Imports	10.00	7.00
Total availability	335.50	370.50
DEMAND		
Mill consumption	190.00	207.00
Small Mill consumption	20.00	23.00
Non-Mill consumption	19.00	20.00
Total consumption	229.00	250.00
Exports	35.00	80.00
Total disappearance	264.00	330.00
Carry forward	71.50	40.50

Source: As per CAB meeting held on 8th April 2010