



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 8TH MARCH 2010

CAB maintains cotton production at 295 lakh bales for cotton season 2009-10:

The Cotton Advisory Board, in its recent meeting held on 18th December 2009 has slightly revised upward the cotton acreage in the country during 2009-10 to 101.52 lakh hectares during the cotton season 2009-10 as against the acreage of 94.06 lakh hectares during the previous year. However, the cotton production in the country during cotton season 2009-10 has been placed at 295.00 lakh bales as against cotton production of 290.00 lakh bales in the previous year.

Kapas arrivals are 1,60,000 bales per day

The per day arrivals are ranging between 2,500 to 3,000 bales in Punjab, 3,000 to 4000 bales in Haryana and around 2000 to 2500 bales in Rajasthan. In Central zone, the arrivals are ranging between 45000 to 50000 bales in Gujarat, 40000 to 45000 bales in Maharashtra and 9000 to 9500 bales in Madhya Pradesh. In Southern zone the per day arrivals are ranging between 40000 to 45000 bales in Andhra Pradesh and around 5000 to 6000 bales in Karnataka. **As on 6th March 2010, 231.00 lakh bales have already reported arrived in various upcountry markets as against 238.00 lakh bales during the corresponding period last year.**

Higher domestic lint prices

The current lint prices are higher by 25% to 62% in almost all the varieties except Bengal Desi as compared the prices during the corresponding period last year.

International cotton situation for 2009-10

As per ICAC release dated 1st March 2010, world cotton acreage during 2009-10 is expected to decline by around 1% to 30.58 million hectares as against 30.67 million hectares during 2008-09. The world average yield in 2009-10 is projected down by 5% to 727 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 22.21 million tons as against 23.40 million tons in 2008-09. The production drop this season is driven by a 16% fall in Chinese production to 6.8 million tons. However, the production is expected to increase in India and Pakistan and the USA.

As per ICAC 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 million tons as against 23.22 millions tons in 2008-09, driven mainly by a rebound in Asia, particularly in China, India and Pakistan.

World cotton stocks during cotton season 2009-10 are expected to decrease by around 14% to 10.46 million tons as against 12.33 million tons in 2008-09. 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	12.27	12.60	12.02	12.33
World cotton production	25.64	26.76	26.03	23.40	22.22
World cotton consumption	24.98	26.43	26.48	23.22	24.09
World cotton exports	9.73	8.10	8.35	6.55	7.30
World cotton imports	9.61	8.18	8.39	6.60	7.30
World ending stocks	12.27	12.60	12.02	12.33	10.46

Source: ICAC release dated 1st February 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 has reached a highest level of 87.00 US Cents/lb on 04-03-10 which was higher by almost 36% than opening price of 63.90 US Cents/lb and was also higher by around 71% as compared to the Cotlook price of corresponding period last year. The Cotlook A index was ruling a 86.10 US Cents/lb on 5-3-2010.
- For cotton season 2009-10, the ICAC has projected the Cotlook A Index to average at 76.00 US Cents/lb, as against earlier projection of 64 US Cents per lb.
- The movement of New York futures during the last one week has been as follows:

In US Cents/lb

	01-03-10	02-03-10	03-03-10	04-03-10	05-03-10
Mar	83.44	81.90	83.19	82.12	82.53
May	83.29	81.85	82.97	81.82	82.43
July	83.42	81.92	83.05	82.13	82.85

Source: Cotlook

- Yarn prices**

(Figures in US Cents per kg)

This week	Last week	Last month	Last year
134.83	133.93	129.89	101.22

Outlook for March 2010

Domestic and International cotton prices had ruled firm in the last week. The Cotlook A Index, a measure of international prices, had reached season highest level of 87.00 US Cents/lb on 4th March 2010. The domestic cotton prices for popular variety of S-6 had also ruled firm at around Rs. 27100/28000 per candy. The quantum of raw cotton arrivals in various upcountry markets has reduced. The domestic mills, especially southern mills had been active and with the keenness of exporters, especially to Bangla Desh & Pakistan, the domestic market had remained steady. Looking to the firmness in international market, the domestic 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 cotton season**

States	(Figures in lakh bales of 170 kgs each.)			
	2009-10		2008-09	
	Crop as per CAB	Arrivals	Crop as per CAB	Arrivals as on
	18-12-09	06-03-10	29-08-09	06-03-09
Punjab	16.00	13.00	17.50	16.00
Haryana	13.00	13.00	14.00	12.80
Rajasthan	10.00	9.75	7.50	7.10
North Total	39.00	35.75	39.00	35.90
Gujarat	95.00	76.00	90.00	62.50
Maharashtra	67.00	48.00	62.00	60.50
Madhya Pradesh	18.00	10.80	18.00	15.75
Central Total	180.00	134.80	170.00	138.75
Andhra Pradesh	48.00	40.00	53.00	44.15
Karnataka	9.00	5.90	9.00	5.60
Tamil Nadu	5.00	2.50	5.00	2.10
South Total	62.00	48.40	67.00	51.85
Others	2.00	1.75	2.00	1.50
Total	283.00	220.70	278.00	228.00
Plus Loose cotton	12.00	10.30	12.00	10.00
Grand Total	295.00	231.00	290.00	238.00

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	5.36	16.00	507
Haryana	4.56	14.00	522	5.20	13.00	425
Rajasthan	3.02	7.50	422	4.44	10.00	383
North total	12.85	39.00	516	15.02	39.00	442
Gujarat	23.54	90.00	650	26.24	95.00	615
Maharashtra	31.42	62.00	335	35.03	67.00	325
Madhya Pradesh	6.25	18.00	490	6.46	18.00	474
Central total	61.21	170.00	472	67.73	180.00	452
Andhra Pradesh	13.99	53.00	644	13.19	48.00	619
Karnataka	4.08	9.00	375	3.95	9.00	387
Tamil Nadu	1.09	5.00	780	0.87	5.00	977
South total	19.16	67.00	594	17.42	62.00	585
Others	0.84	2.00	405	0.78	2.00	436
Total		278.00			281.00	
Plus loose lint		12.00			12.00	
Grand total	94.06	290.00	524	101.52	295.00	494

Source: Cotton Advisory Board meeting dated 18-12-2009

*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	295.00
Imports	10.00	7.00
Total availability	335.50	373.50
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	55.00
Total disappearance	264.00	305.00
Carry forward	71.50	68.50

Source: As per CAB meeting held on 18-12-2009