



# 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 19<sup>th</sup> FEBRUARY 2012

#### CAB reduced cotton production to 345.00 lakh bales

Looking to the damages caused to the standing crop due to high temperature, moisture stress, absence of winter rains/dews, the Cotton Advisory Board in its meeting held on 24<sup>th</sup> January 2012 has revised the cotton crop for cotton season 2011-12 to 345.00 lakh bales as against earlier estimate of 356.00 lakh bales. The CAB also revised the cotton production estimates for 2010-11 based on the survey carried out by ATIRA on loose lint cotton to 339.00 lakh bales as against earlier estimate of 325.00 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, the pace of arrivals has been increased as compared to earlier weeks, however, the cumulative arrivals are still lower as compared to previous year. The per day arrivals are now in the range of around 1,60,000 to 1,65,000 as against 1,70,000 to 1,75,000 lakh bales corresponding period last year. As on 20<sup>th</sup> February 2012, the progressive arrivals are 213.37 lakh bales as against 224.61 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 30% to 42% in all the varieties as compared to the prices during the corresponding period last year.

#### International cotton situation for 2011-12

As per ICAC release dated 1<sup>st</sup> February 2012, world cotton acreage during 2011-12 is estimated to increase by around 8% to 36.08 million hectares as against 33.33 million hectares during 2010-11. The world average yield in 2011-12 is projected at 742 kgs/hectare as against 753 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 23.73 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 7% to 26.78 million tons in 2011-12 as against 25.10 million tons in previous year. The global production increase in 2011-12 will be driven primarily by China, India, Pakistan, Australia and Turkey. However, global production could drop to 24.9 million tons in 2012-13 due to the lower prices received by farmers this season, improving attractiveness of grains and soyabeans, and rising agricultural production costs.

Global cotton trade is almost stable at 7.70 million tons this season, supported by significant imports from China in (7.68 million tons) 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 12.30 million tons by the end of 2011-12 as against 9.25 million tons in 2010-11. The World cotton balance sheet as drawn by ICAC as follows:

	(In million metric tons)				
	07-08	08-09	09-10	10-11	11-12*
World beginning stock	12.74	12.21	11.89	8.67	9.25
World cotton production	26.07	23.45	22.17	25.10	26.78
World cotton consumption	26.53	23.68	25.24	24.45	23.73
World cotton exports	8.35	6.59	7.77	7.62	7.68
World cotton imports	8.38	6.50	7.75	7.60	7.68
World ending stocks	12.21	11.89	8.67	9.25	12.30

Source: ICAC release dated 1<sup>st</sup> February 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 1<sup>st</sup> August 2011 was 113.80 US C/lb. At present, as on 17<sup>th</sup> February 2012, the Cotlook A index was ruling at 101.00 US C/lb, which was lower by around 55% as compared to the corresponding period last year. The Cotlook A Index prices have also declined by around 9% as against the opening price. The movement of New York futures during the last one week has been as follows:

	(In US Cents/lb)				
	13-02-2012	14-02-2012	15-02-2012	16-02-2012	17-02-2012
<b>Mar</b>	91.52	92.25	92.50	92.45	91.45
<b>May</b>	92.54	92.84	93.48	93.71	92.65
<b>July</b>	94.02	93.96	94.58	94.86	93.65

Source: Cotlook -

### Yarn Index

This week	Last week	Last month	Last year
163.39	163.54	157.66	254.36

### Outlook for February 2012

During the week, the domestic cotton prices of popular variety of S-6 had been in the range of **Rs.36000 to Rs.36300 per candy**. The cumulative arrivals are still lagging behind than the last years' arrivals. The demand in export is slowed down due to limited demand from overseas buyers. The domestic mills having covered inventory for further 2-3 months, have restricted their buying for immediate and short term requirements. Hence, looking to this situation, it is felt that the domestic cotton prices in the coming days may rule easy.

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**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
		24-01-12	20-02-2012	24-01-12	20-02-2011
1	Punjab	19.50	12.98	18.50	14.85
2	Haryana	20.00	14.05	17.00	11.78
3	Rajasthan	17.10	11.96	10.10	8.70
<b>A</b>	<b>North Total* (1+2+3)</b>	<b>56.60</b>	<b>38.99</b>	<b>45.60</b>	<b>35.33</b>
4	Gujarat	117.20	67.58	106.20	72.90
5	Maharashtra	74.75	43.72	87.75	57.30
6	Madhya Pradesh	17.70	13.38	17.70	12.60
<b>B</b>	<b>Central Total (4+5+6)</b>	<b>209.65</b>	<b>124.68</b>	<b>211.65</b>	<b>142.80</b>
7	Andhra Pradesh	54.50	37.05	59.50	34.83
8	Karnataka	13.10	7.43	11.10	6.14
9	Tamil Nadu	7.20	2.54	7.20	2.77
<b>C</b>	<b>South Total (7+8+9)</b>	<b>74.80</b>	<b>47.02</b>	<b>77.80</b>	<b>43.74</b>
10	Orissa	2.05	1.30	2.05	1.53
11	Others	2.00	1.38	2.00	1.21
<b>D</b>	<b>Total (10+11)</b>	<b>4.05</b>	<b>2.68</b>	<b>4.05</b>	<b>2.74</b>
<b>Grand Total (A+B+C+D)</b>		<b>345.10</b>	<b>213.37</b>	<b>339.10</b>	<b>224.61</b>

\* 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	18.50	593	5.60	19.50	592
Haryana	4.92	17.00	587	6.05	20.00	562
Rajasthan	3.35	10.10	513	5.30	17.10	548
<b>North Total</b>	<b>13.57</b>	<b>45.60</b>	<b>571</b>	<b>16.95</b>	<b>56.60</b>	<b>568</b>
Gujarat	26.33	106.20	686	30.23	117.20	659
Maharashtra	39.32	87.75	379	40.95	74.75	310
Madhya Pradesh	6.50	17.70	463	7.06	17.70	426
<b>Central Total</b>	<b>72.15</b>	<b>211.65</b>	<b>499</b>	<b>78.24</b>	<b>209.65</b>	<b>456</b>
Andhra Pradesh	17.84	59.50	567	18.54	54.50	500
Karnataka	5.45	11.10	346	5.49	13.10	406
Tamil Nadu	1.22	7.20	1003	1.21	7.20	1012
<b>South Total</b>	<b>24.51</b>	<b>77.80</b>	<b>540</b>	<b>25.24</b>	<b>74.80</b>	<b>504</b>
Others	0.74	2.05	471	1.02	2.05	342
Orissa	0.45	2.00	756	0.46	2.00	739
<b>TOTAL</b>		<b>339.10</b>			<b>345.10</b>	
<b>GRAND TOTAL</b>	<b>111.42</b>	<b>339.10</b>	<b>517</b>	<b>121.91</b>	<b>345.10</b>	<b>481</b>

\*Project as per CAB Meeting held on 24<sup>th</sup> January 2012

Source: Cotton Advisory Board

**COTTON BALANCE SHEET**

(As drawn by the Cotton Advisory Board)

Quantity in lakh bales of 170 kgs		
Item	2010-11(P)*	2011-12(Proj)*
<b>SUPPLY</b>		
Opening Stock	40.50	48.30
Crop size	339.00	345.00
Imports	5.00	6.00
<b>Total Availability</b>	<b>384.50</b>	<b>399.30</b>
<b>DEMAND</b>		
Mill consumption	220.70	216.00
Small mill consumption	24.70	24.00
Non-Mill consumption	22.00	20.00
<b>Total consumption</b>	<b>267.40</b>	<b>260.00</b>
Exports	68.80	84.00
<b>Total disappearance</b>	<b>336.20</b>	<b>344.00</b>
<b>Carry Forward</b>	<b>48.30</b>	<b>55.30</b>

\*As estimated by CAB in its last meeting held on 24-01-2012

P-Provisional