

Cotton Price Analysis

Cotton – World’s one of the most dominant agricultural crop is a blooming business. Countries like USA, India & Pakistan being the major cotton growers dominate the overall cotton market across the world.

Pakistan is the fourth largest cotton producer in the world. Because of its plentiful, indigenous cotton supply, the textile industry is central to the Pakistani economy and is both a source of employment and a source of exports. Pakistan's industrialization began in the 1950s with the textile industry at its center. Cotton is known as the silver fibre of Pakistan. In Pakistan, cotton crop is cultivated in the southern Punjab and Sindh. Punjab and Sindh are the major cotton growing provinces.

Price developments

Differences in cotton prices may be attributable to a number of factors. Cotton prices vary, in particular, depending on the variety grown and the quality of the harvested cotton. For examples, ad hoc quotations are set for long-staple Egyptian cotton.

In addition, cotton-pricing mechanisms are affected by government support programmes, especially in the United States. Subsidization regimes in several producing countries have added to the relative fragmentation of price formation for cotton.

Cotton Price in Pakistan

<u>Cotton Price in Pakistan (2009-10 & 2010-11)</u>			
Month	2010-11	2009 - 10	% age Change
Jul	6,522	3,470	87.95
August	6,556	3,446	90.25
Sep	6,796	3,464	96.19
Oct	7,521	3,597	109.09
Nov	8,776	3,974	120.84
Dec	9,117	4,364	108.91
Jan	10,019	4,605	117.57
Feb	11,577	4,935	134.59
Mar	12,412	5,540	124.04
Apr	11,550	5,930	94.77
May	8,635	6,554	31.75
June	8,544	6,419	33.10
Average	9,002	4,692	91.86
Unit: Rs Per Maund			



Cotton Price in Pakistan (2000 – 2011)

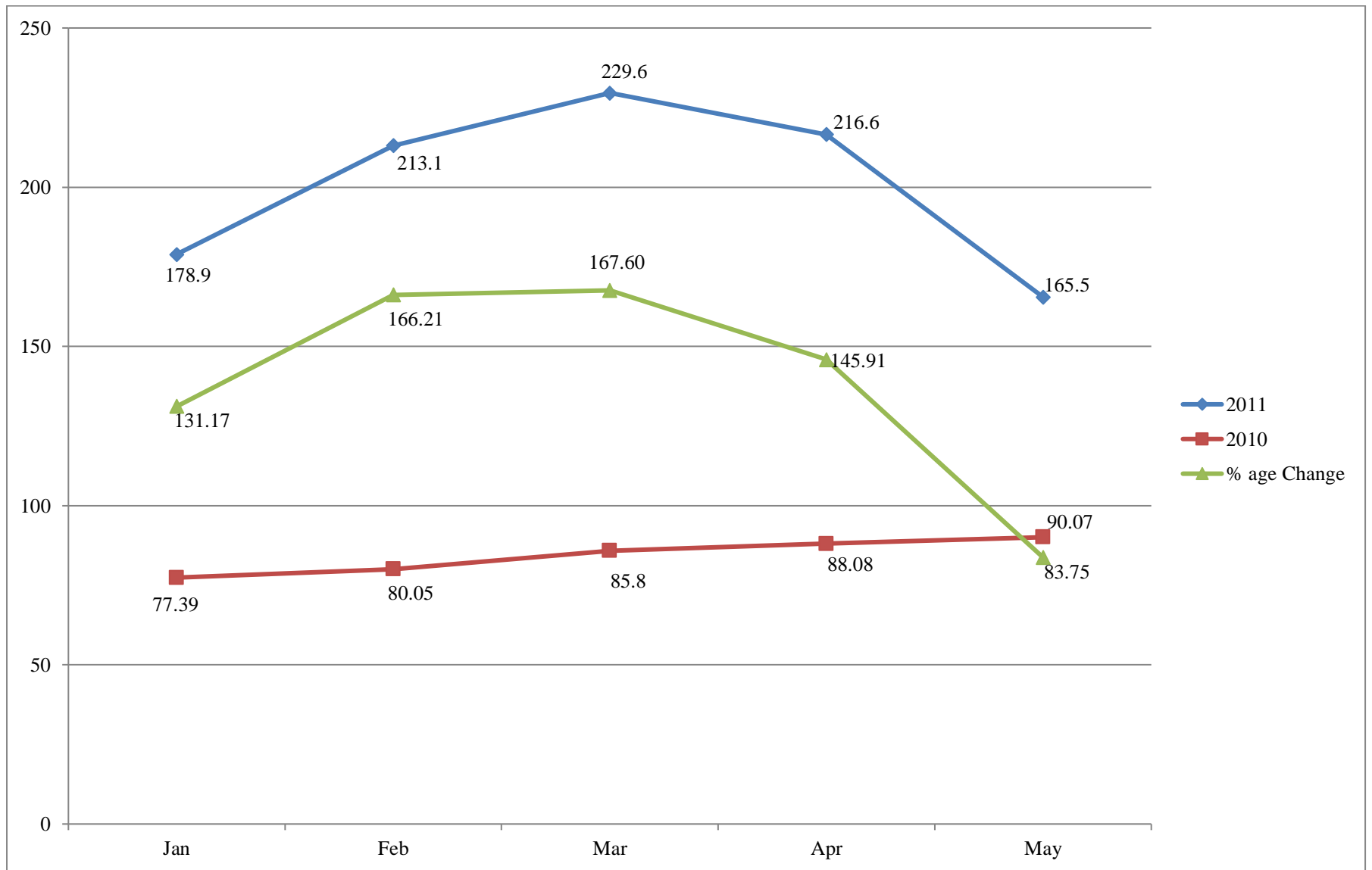
Month	2010-11	2009 - 10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Jul	6,522	3,470	3,752	2,820	2,546	2,341	2,615	2,450	1,900	2,188	1,997
August	6,556	3,446	4,129	2,995	2,485	2,277	2,277	2,570	1,975	2,080	2,029
Sep	6,796	3,464	4,016	2,813	2,567	2,144	2,209	2,475	1,980	1,903	1,883
Oct	7,521	3,597	3,346	2,880	2,403	2,309	1,942	3,094	2,085	1,788	2,108
Nov	8,776	3,974	3,006	3,125	2,399	2,369	1,923	3,247	2,050	2,031	2,394
Dec	9,117	4,364	2,944	3,016	2,523	2,372	1,865	3,160	2,100	2,109	2,587
Jan	10,019	4,605	3,287	3,178	2,524	2,443	2,030	3,245	2,215	1,770	2,430
Feb	11,577	4,935	3,357	3,143	2,527	2,533	2,158	3,165	2,450	1,667	2,228
Mar	12,412	5,540	3,233	3,303	2,566	2,463	2,272	2,999	2,600	1,788	2,227
Apr	11,550	5,930	3,467	3,313	2,700	2,419	2,233	2,864	2,535	1,799	2,261
May	8,635	6,554	3,668	3,476	2,668	2,442	2,217	2,996	2,500	1,703	2,265
June	8,544	6,419	3,469	3,770	2,608	2,539	2,251	3,053	2,425	1,798	2,268
Average	9,002	4,692	3,473	3,153	2,326	2,388	2,166	2,943	2,235	1,885	2,223
	KCA SPOT RATE OF SAWGIN COTTON Month-Wise Average (Excluding Sales Tax) (Rs. Per Maund of 37.32 Kgs.)									Monthly Average (Excluding Sales Tax) Staple Length 1 1/32", Micronaire Value 3.8 to 4.9 NCL Base Grade 3	
Unit: Rs Per Maund											

Min, Max

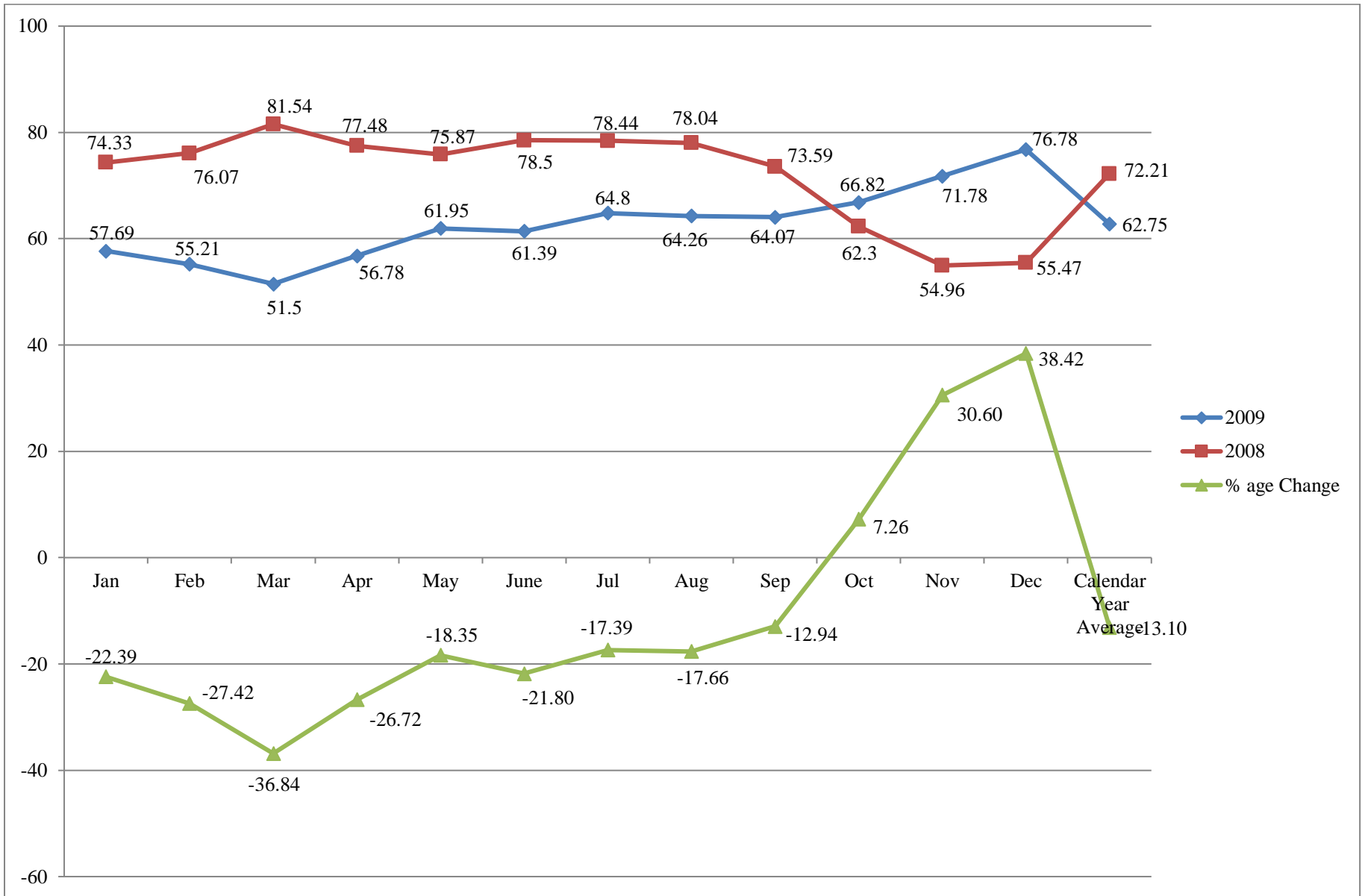
Monthly Cotton Prices in USA						
Month	2011	2010	% age Change	2009	2008	% age Change
Jan	178.9	77.39	131.17	57.69	74.33	-22.39
Feb	213.1	80.05	166.21	55.21	76.07	-27.42
Mar	229.6	85.8	167.60	51.5	81.54	-36.84
Apr	216.6	88.08	145.91	56.78	77.48	-26.72
May	165.5	90.07	83.75	61.95	75.87	-18.35
June		93.04		61.39	78.5	-21.80
Jul				64.8	78.44	-17.39
Aug		90.35		64.26	78.04	-17.66
Sep		104.7		64.07	73.59	-12.94
Oct		126.5		66.82	62.3	7.26
Nov		155.4		71.78	54.96	30.60
Dec		168.2		76.78	55.47	38.42
Calendar Year Average		105.4		62.75	72.21	-13.10

Monthly Prices: "A" Index - (cents/pound)

Cotton Price in USA 2011-2010 (Jan-May)



Cotton Price in USA 2009-2008 (Jan-Dec)



World Cotton Production						
(Millions of 480 lb. bales)	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12
					May	June
China	37	36.7	32	30.5	33	33
India	24	22.6	23	24	27	27
United States	19.2	12.8	12.2	18.1	18	17
Pakistan	8.6	8.7	9.6	8.8	10.3	10.3
Brazil	7.4	5.5	5.5	9.3	9.3	9.3
Uzbekistan	5.4	4.6	3.9	4.2	4.7	4.5
Australia	0.6	1.5	1.8	4.4	4.3	4.3
Turkey	3.1	1.9	1.8	2.1	2.8	2.9
African Franc Zone	2.3	2.2	2.1	2.2	1.8	1.8
EU-27	1.7	1.2	1.1	1.1	1.6	1.6
Turkmenistan	1.3	1.4	1.3	1.6	1.6	1.6
Greece	1.6	1.2	0.9	0.9	1.4	1.4
Argentina	0.7	0.6	1	1.3	1.4	1.4
Mexico	0.6	0.6	0.4	0.7	1	1.1
Burkina	0.7	0.9	0.7	0.7	0.9	0.9
Rest of World	7.8	6.8	5.9	6.1	7.1	7.1
World Total	119.7	107.1	101.4	114.3	124.7	123.8
<i>Source: USDA</i>						

World Cotton Exports						
(Millions of 480 lb. bales)	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12
					May	June
United States	13.6	13.3	12	15	13.5	13
India	7.5	2.4	6.6	5	4.8	4.8
Brazil	2.2	2.7	2	2	4.5	4.6
Australia	1.2	1.2	2.1	2.8	4.3	4.5
Uzbekistan	4.2	3	3.8	2.8	3.4	3.2
African Franc Zone	1.7	1.5	1.4	1.3	1.6	1.6
EU-27	1.6	1	1.1	1	1.3	1.4
Greece	1.3	0.8	0.9	0.8	1.1	1.1
Turkmenistan	0.8	0.6	1.1	1	1.1	1.1
Burkina	0.8	0.8	0.8	0.7	0.8	0.9
Mali	0.5	0.3	0.4	0.5	0.5	0.5
Zimbabwe	0.4	0.3	0.4	0.4	0.5	0.4
Benin	0.5	0.4	0.4	0.3	0.4	0.4
Pakistan	0.3	0.4	0.7	0.5	0.4	0.4
Argentina	0	0.1	0.1	0.4	0.4	0.4
Rest of World	5.4	3.7	4.3	3.8	4.2	4.1
World Total	39	30.1	35.6	35.9	39.9	39.4

Source: USDA

Note: African Franc Zone includes Benin, Burkina Faso, Cameroon, Chad, Cote d'Ivoire, and Mali.

<u>World Cotton Consumption</u>						
(Millions of 480 lb. bales)	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12
					May	June
China	51	44	50	46.5	48	47.5
India	18.6	17.8	19.5	20.5	21.5	21.5
Pakistan	12	11.3	10.8	10.3	10.8	10.8
Turkey	6.2	5.1	5.8	5.9	6.1	6.1
Brazil	4.6	4.2	4.4	4.4	4.6	4.6
Bangladesh	3.5	3.8	3.8	3.9	4	4
United States	4.6	3.6	3.5	3.8	3.8	3.8
Mexico	2	1.9	1.9	1.9	2	2
Indonesia	2.2	2	2.1	1.8	1.9	1.9
Vietnam	1.2	1.3	1.6	1.7	1.8	1.8
Thailand	2	1.6	1.8	1.6	1.7	1.7
Uzbekistan	1	1	1.1	1.3	1.3	1.3
South Korea	1	1	1	1.1	1.1	1.1
Taiwan	1	0.8	1	0.9	1	0.9
Argentina	0.8	0.8	0.8	0.8	0.9	0.9
Rest of World	11.6	10.1	9.5	9.2	9.2	9.3
World Total	123.3	110.1	118.4	115.5	119.5	119

Source: USDA

<u>World Cotton Imports</u>						
(Millions of 480 lb. bales)	2007/08	2008/09	2009/10	2010/11	2011/12	2011/12
					May	June
China	11.5	7	10.9	12.5	16	16
Bangladesh	3.5	3.8	3.8	3.9	4	4
Turkey	3.3	2.9	4.4	3.4	3.5	3.5
Indonesia	2.3	2	2.2	1.8	2	2
Vietnam	1.2	1.3	1.7	1.7	1.9	1.9
Thailand	1.9	1.6	1.8	1.6	1.8	1.7
Pakistan	3.9	1.9	1.6	1.5	1.4	1.3
Mexico	1.5	1.3	1.4	1.4	1.4	1.3
South Korea	1	1	1	1.1	1.1	1.1
Taiwan	1	0.8	1	0.8	1	0.9
Russia	1.1	0.9	0.8	0.6	0.6	0.6
Egypt	0.4	0.4	0.6	0.5	0.6	0.5
India	0.6	0.8	0.5	0.5	0.5	0.5
Hong Kong	0.4	0.3	0.4	0.3	0.4	0.3
Japan	0.6	0.4	0.3	0.4	0.3	0.4
Rest of World	4.8	3.7	3.9	4.2	3.7	3.6
World Total	38.9	30.2	36.2	35.9	39.9	39.4

Source: USDA

Month	Value
Dec-10	168.22
Jan-11	178.93
Feb-11	213.18
Mar-11	229.67
Apr-11	216.62
May-11	165.52

Unit: US cents per Pound

