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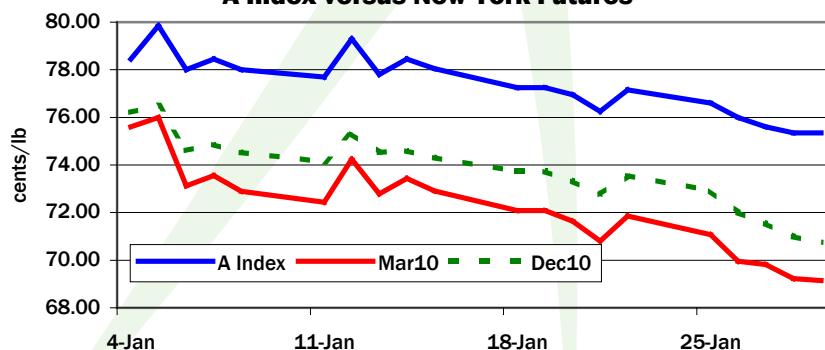
Merchants generally welcomed the opportunity provided by weakness in New York futures during January to increase sales and brisk trading was witnessed on many of the major Asian import markets, including China. However, spinners appeared slightly less optimistic about the yarn business outlook, as demand failed to regain the momentum witnessed towards the end of last year. Meanwhile, the start of the new year has brought 2010/2011 supply and demand prospects into sharper focus and we highlight the timing of some key estimate releases in the month ahead, including the publication of our own initial forecasts for the coming season. These issues, as well as news of some key industry appointments, are all included in the latest issue of the Cotlook Monthly.

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## JANUARY

The recent upward trend in international raw cotton rates was reversed in January. Throughout the course of the month, prices declined steadily and, in New York, the March 2010 futures contract dropped below 70.00 cents per lb, from recent highs close to 76.00 cents. A rally in the value of the US dollar was influential in the downward direction of commodity futures markets in general. The A Index partially mirrored movements in the No. 2 contract, though physical prices became less responsive to downward adjustments as the month progressed. The A Index fell by 310 cent points per lb during the course of the month, to 75.35 cents per lb, compared with the drop in March futures of 646 cent points.

**A Index versus New York Futures**

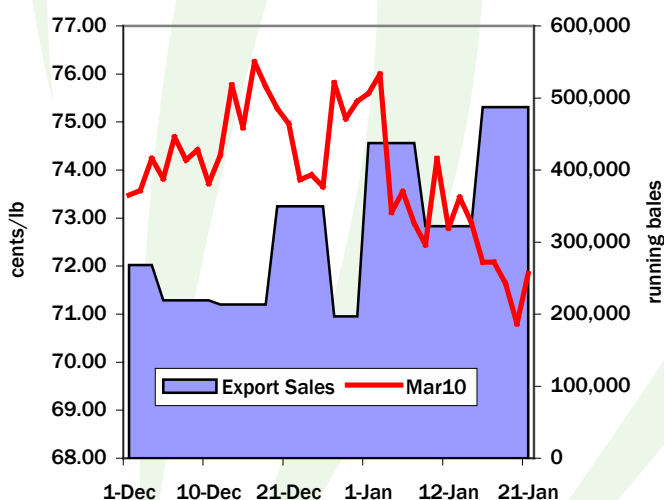


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The impression gleaned was that the weakness in futures provided basis traders (those that hedge on the futures market) with a competitive edge that had hitherto been somewhat lacking. In the run-up in futures during the latter months of last year, many traders were thought to have accumulated sizeable 'long' positions, not least in Indian cotton. The downward correction provided an opportunity to liquidate a portion of those positions and afforded mills a chance to cover outstanding nearby requirements at levels which doubtless appeared more in line with the prices obtainable for yarn (see comments below).

Net US upland export sales registrations recorded in the four reports posted during the month totalled 1,443,733 running bales, against 1,050,382 in the four previous reports. If sales continued at a similar pace during the remainder of the season (and are matched by shipments), the USDA's current export forecast of 11,000,000 bales (480 lbs) would easily be surpassed, and the US supply situation would tighten much sooner than was previously envisaged.

**US Export Sales versus New York Futures**



Indian cotton also appeared competitive and was available in volume for nearby shipment, unlike many competing growths. Export registrations had risen to 5,081,000 bales (170 kilos) by January 27, against 4,646,800 by the end of December. Shipments executed by

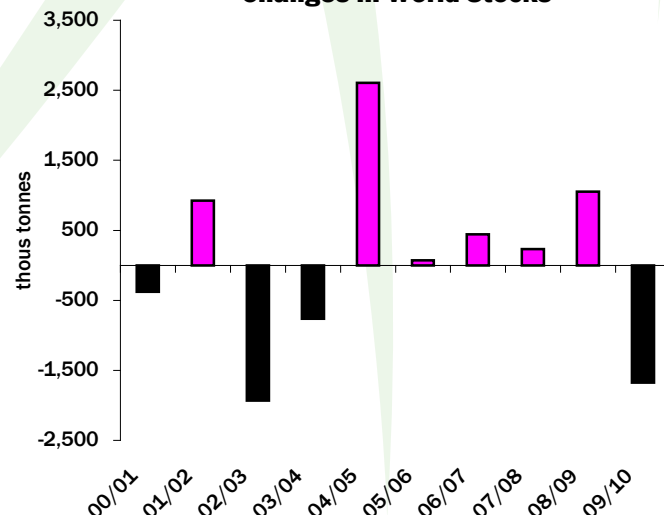
January 27 amounted to 2,688,000 bales. Some observers continue to question how many of the current registrations will be shipped within the 45-day limit

China was among the principal sources of import enquiry, as continued firmness in that country's domestic prices and the availability of 2010 import quotas encouraged mills to fill a greater proportion of their requirements with foreign growths. The slow pace of railway deliveries of Xinjiang cotton to eastern consuming regions contributed to the greater attention paid to import offers. Consignment stocks were reported to have risen during the early part of the month as traders sought to take advantage of what was expected to be a sustained upturn in import demand before and after the Spring Festival in February. However, a slightly more cautious buying attitude emerged during the course of January as the government moved to control inflation and credit flows tightened.

As merchants accumulated sales during the month, traders appeared increasingly reluctant to reflect fully the declines in New York futures, citing the difficulty and high cost of replacing supplies at many of the major origins as a factor. The volume left uncommitted in Uzbekistan, West Africa and Pakistan for instance had become much depleted. Greater volumes were thought still to be available from India, but domestic prices remained strong, supported to some degree by a robust demand from local mills.

Only relatively modest changes were made to our production and consumption estimates during January and, by the end of the month, we continued to show a substantial net reduc-

**Changes in World Stocks**



tion in world stocks during the course of 2009/2010 of more than 1,600,000 tonnes.

The general tone of reports from the main yarn-producing countries remained encouraging. Sentiment was buoyed by the strength of demand through the end of last year and indications from events like *Heimtextil* (a major trade fair for the home textiles sector) were that offtake by textiles and clothing buyers in the US and Europe was improving. However, the upward trend in prices faltered somewhat during the reporting period. Some mills remained well sold in January and felt less pressure to discount their prices, but others came under pressure from their clients to reduce their quotations, in face of weakening raw cotton replacement costs.

The **Cotton Association of India** met on December 31 and re-appointed the following office bearers:



Mr. Dhiren N. Sheth,  
President



Mr. Nayan C. Mirani,  
Vice-President

Mr. Sanjay V. Udeshi, Addl. Vice-President

Mr. Shirish R. Shah, Treasurer

## PEOPLE IN THE NEWS

The new board of **Alcotexa** (the Egyptian exporters' association) met in January for the first time after its formation last October and, as per the association's by-laws, the following executive officers were elected:

President –  
Mr. Ahmed Elbosaty,  
Modern Nile Cotton  
Company



1<sup>st</sup> Vice President –  
Dr. Ahmed Mostafa,  
Eastern Cotton  
Company



2<sup>nd</sup> Vice President – Mr. Ibrahim Abdel  
Moneim, United Cotton Company

Treasurer – Dr. Mifreh El Beltagy, El Wady  
Ginning Company

## 'CHINA COTTON' TRADEMARK LAUNCHED

On January 15, the China Cotton Association launched a promotional campaign under the registered trademark of "China Cotton", which it hopes will come to stand for "high-quality, pure cotton, and environmental protection". The aim of the campaign is to improve quality throughout the domestic cotton industry and promote consumption of locally manufactured cotton products.

The Association is seeking to stress the advantages of local cotton, indicating that hand-picking preserves its innate characteristics of good colour, staple length and low short fibre content and ensures that it expresses fewer neps. The campaign also hopes to heighten awareness of the almost limitless range of cotton textile goods produced by the local industry and marks a shift in focus towards value-addition and the development of domestic brands.

Products marked with the green "China Cotton" symbol are manufactured with at least 95 percent cotton fibre, of which at least 60 percent is of Chinese origin, and the products themselves meet high quality standards and are environmentally friendly.





international  
cotton  
association



### Limited places available for 'Singapore 2010'

With just one month to go before Singapore 2010, places are filling up fast. More than 300 delegates have signed up and registration will close at 400 (due to venue capacity). If you plan to attend, event organisers recommend that you book now to avoid disappointment. Taking place at the Fullerton Hotel on March 4/5, this all-new event will focus on protecting your cotton business and provide you with an opportunity to meet potential customers in one location. You will also hear from top international speakers and learn how to minimise your trading risk. The two-day event ticket price (including presentations, cocktail reception and banquet) is US\$295.

[Click here](#) to find out more, download the agenda/delegate list and book your place.

### Updated Bylaws and Rules now online

The ICA Bylaws and Rules have been updated for 2010 and the English language version is now available on our website. All amendments are highlighted with a vertical line on the right-hand-side of the document. The 2010 updates will also be available in the following languages very soon: Arabic, Chinese, French, Portuguese, Russian and Spanish. Watch this space.

[Click here](#) to download a copy.

### Date for your diary

The ICA International Trade Conference and Dinner event will take place on 30<sup>th</sup> September - 1<sup>st</sup> October 2010 at the Crowne Plaza Hotel and St George's Hall in Liverpool, UK. Last year's event attracted over 450 delegates, representing 48 countries. Delegate feedback was very positive - with the overall event achieving a 92% good/excellent score. The 2010 programme is currently being finalised. More details will be made available later this spring - including online registration and accommodation booking. Information will be posted on the 'events' page of our website. Watch this space.

### Developing new links in India, Bangladesh and Pakistan

The ICA President, Cliff White and Managing Director, Kai Hughes visited India, Bangladesh and Dubai during mid-January to host a number of workshops and meet with leading cotton officials from the Cotton Association of India, Bangladesh Textile Mills Association and the Karachi Cotton Association. The aim of the trip was to hear the views of mill owners about ICA Rules and to encourage more companies to join the Association. Speaking about the trip, Cliff White said: "The meetings were productive. We listened to what was said and gained a better understanding about the issues facing mills. We have now set the foundations for us to work in partnership and will act on the concerns that were raised - looking to further strengthen the trading Rules and improve the arbitration system."

### Your chance to train to become an ICA Arbitrator

Over the coming months, the ICA Arbitrator Exams (Basic Level 1) will be taking place in Singapore, Bangladesh, Pakistan, China, USA and Turkey. To sit the exam you'll first need to review the course material, which is available as a FREE download from our website. Internationally recognised in the cotton community, the course will provide you with an introduction to the basic principles of the ICA technical arbitration process. The course is open to ICA members and non-members. If you would like to sit the exam, please contact us for further information regarding locations, dates and times.

[Click here](#) for more information and to download the course.

For more information about the ICA and its services

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## AFRICAN COTTON ASSOCIATION WORKING TO IMPROVE QUALITY

Between January 14 and 16, the African Cotton Association held a "Quality Workshop" in Cotonou, Benin. The theme of the meeting was **"Together, let us free African cotton from contamination"**. This was the second such event (the first having been held in November 2006), and enjoyed the patronage of the government of Benin.

Representing the country's Head of State, Dr. Thomas Boni Yayi, the host of the event, the Minister of State for Defence, Dr. Issifou Koogui N'Douro, opened the event with the following words: *"I am delighted to observe that, through the holding of this second edition, the ACA is giving us an additional proof that it is effectively playing its role of harnessing and harmonising our countries' research and development efforts, with the aim of attaining a sustainable, productive, competitive and environment-conscious cotton farming."*

Mr. Mathieu Adjovi, Benin's representative on the ACA's Management Committee summarised the aims of a meeting *"designed to share ideas and thoughts on the quality of African cotton, a key asset for positioning our cotton products on the world market."*

ACA President Mr. Ahmed Bachir Diop spoke both of the difficulties facing Africa's cotton sector, and of the crop's importance for the continent. He assured the gathering that *"the ACA will spare no effort in order to eradicate contaminants and enhance the quality of our cotton."*



**Middle of the front row:** His Excellency, Dr. Issifou KOGUI N'DOURO, Minister of State in charge of National Defense, representing the Head of State, His Excellency, Dr. Thomas Boni YAYI, the host of the event.

**To the left of the Minister:** Dr Christine OUINSAVI Minister of Commerce, followed by Mr Ahmed Bachir Diop, Président of A.C.A, Mr Adéyèmi Achamou FAHALA, Permanent Secretary of A.C.A and Mr OROU BOKO KOUNSE, Executive Secretary of National Cotton Producers Organization of Benin

**To the right of the Minister:** Mr Mathieu ADJOVI, Président of AIC (Benin) & Member of the Steering Committee of A.C.A followed by Mr. YOROU Gaston Technical Advisor of the Minister of Agriculture, Mr DJAGNI KOKOU Koumagli, DG/NSCT (Ex-SOTOCO) of Togo and Mr Samuel AMEHOU Former Ambassador of Benin in Geneva.

A series of papers was presented regarding various aspects of cotton quality. Some of these were offered by consumers of African cotton from markets including China, Thailand, Bangladesh and Turkey. Thereafter, working groups discussed the issues arising, and a draft list of actions was adopted, intended to raise the quality of African cotton, and eliminate contamination.

The event was closed by Mrs Christine Ouinsavi, Minister of Commerce, who pledged the government of Benin's commitment to effective cooperation between the countries that comprise Africa's cotton sector.

## FORTHCOMING EVENTS

### China Cotton Summit and Trade Seminar

The 2010 China Cotton Summit and International Cotton Trade Seminar, organised by the China Cotton Association, the China National Cotton Exchange and Cotlook Limited, will be held on May 7 and 8 in Sanya city, Hainan province.

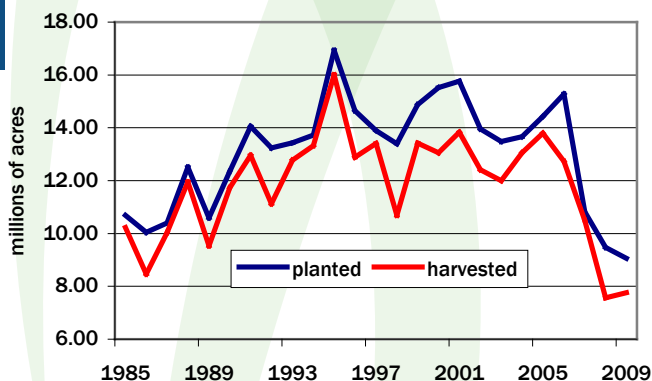
The theme of this summit is "Emerging from crisis - a need for creativity". The speakers from China and overseas will discuss the development of the cotton industry after the financial crisis with the delegates. The previous session of this biennial summit was held in Hangzhou, Zhejiang province in 2008, and attracted more than 600 delegates.

Beijing Cotton Outlook will manage the event and registration will be opened shortly. A banner link to the registration pages will be added to [www.cotlook.com](http://www.cotlook.com) as soon as these are available.

**US acreage estimates released shortly**

Early planting forecasts for the United States will start to emerge shortly with the National Cotton Council's (NCC) Annual Planting Intentions Survey data released on February 5, at the NCC Annual Meeting in Memphis. Surveys were mailed to producers in mid-December and respondents were asked to list actual plantings for cotton, corn, soybeans, wheat and other crops for 2009, along with intentions for the 2010 crop year. In 2009, the NCC survey placed cotton plantings at 8.1 million acres. Actual acres planted, as reported by USDA in the June 2009 acreage report, totalled 9.05 million acres.

**US Cotton Area (USDA estimates)**



The USDA Outlook Forum on February 18 and 19 in Washington will include the release of the Department of Agriculture's initial forecast on crop acreage and production for the 2010/2011 year. The February 2009 USDA estimate pegged last year's crop at 8.5 million acres, against the 9.05 million in actual plantings.

**Cotlook will publish its initial global 2010/2011 estimates in February.**

**FACT OF THE MONTH**

**Indian Shankar-6 – a name from the gods?**

Lord Shankar is the most popular Indian god, who is worshipped in each and every household from one part of the country to the other.

"Shankar-6" is a generic name for cotton that has specified fibre properties. However, the origin of the name "Shankar" has no direct connection with Lord Shankar. In fact, it is derived from "Sankar", a local word meaning "Hybrid" in English. Since hybrid (H-4) was developed in Gujarat, perhaps the first in the world, rural folks used to call it "Sankar".

The name gradually got distorted into "Shankar". It may not be fanciful to suppose that this occurred as a result of the immense popularity of Lord Shankar and the bountiful yield of this hybrid, which was thought to be his blessing. Furthermore, it may not be an exaggeration to mention here that Shankar-6 cotton has ushered in an era of cotton surplus in India, which a few years ago used to knock on the doors of others to meet its appetite.

(with thanks to Mr. Dhuria and Mr. Singh, Vardhman Textiles Limited, India)

**SUDUKO**

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