

Weekly Publication of



Cotton
Association
of India

COTTON STATISTICS & NEWS

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The Month That Was - Snippets for May 2022

The Era of Cheap and Plenty May Be Ending



Supplies of goods are coming up short in the pandemic, and prices have jumped. Some economists warn that the changes could linger. "Demography and the reversal of globalization mean that a great deal of it is likely to be permanent. There will be structural forces raising inflation for probably the next two to three decades." For the past three decades, companies and consumers benefited from cross-border connections that kept a steady supply of electronics, clothes, toys and other goods so abundant, that it helped prices stay low. But as the pandemic and the war in Ukraine continue to weigh on trade and business ties, that period of plenty appears to be undergoing a partial reversal. Economists are debating whether recent supply chain turmoil and geopolitical conflicts will result in a reversal or reconfiguration of global production where by factories that were sent offshore return back to US and other countries?

Shrinking Portions to Cut Costs

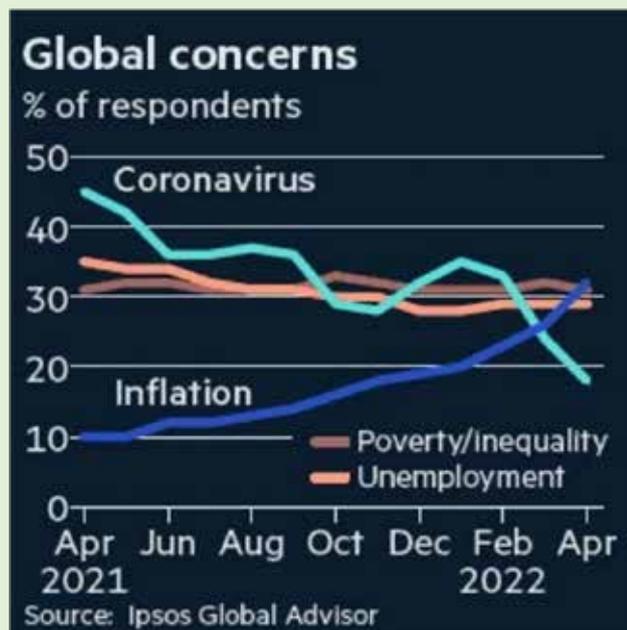
Bloomberg

You're not imagining it. That pack of aloo bhujia is smaller as shrinkflation hits Indian snacks.



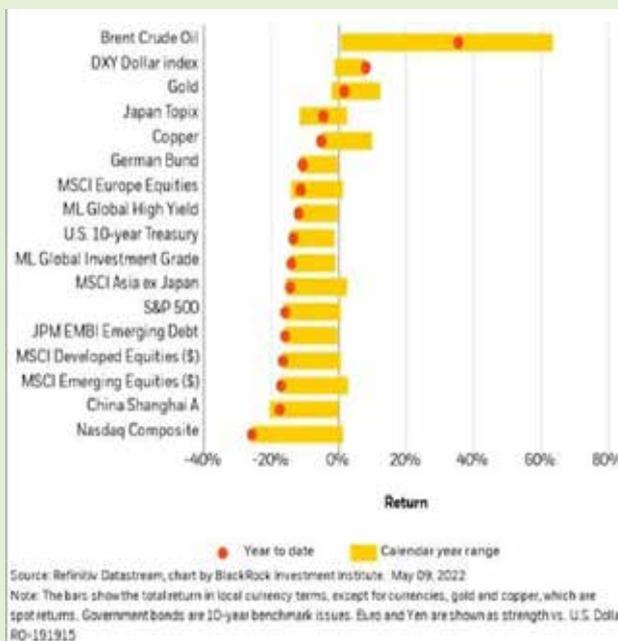
As India's inflation surges, the cheap single-serving packets of staples like soap and cookies aren't budging in price -- they're just getting lighter. By paring the weight of fixed-price items -- popular among lower income and rural areas at the equivalent of roughly a penny, nickel or a dime -- firms are using "shrinkflation" to cope with higher input prices while keeping customers. Companies including Unilever Plc's India unit and domestic consumer goods firms Britannia Industries Ltd. and Dabur India Ltd. have moved toward lighter loads in their cheapest packages amid rising costs of edible oils, grains and fuel. The development isn't unique to India. Eateries in the US, including Subway Restaurants and Domino's Pizza Inc., have taken similar steps to shrink portions in order to cut costs.

Inflation Biggest Worry



One in three people say inflation is the biggest worry facing their country, according to a 27-nation survey, with poverty and jobs ranking second and third. Concern over the pandemic has fallen to eighth place.

Asset Performance. Year-To-Date And Range



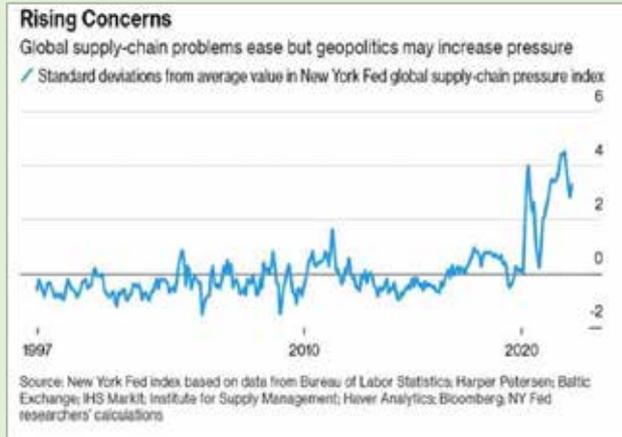
Global Central Bank Update

G-20 Inflation

Economy	Inflation Rate	Month	G20- Inflation			
			Q2/22	Q3/22	Q4/22	Q1/23
Turkey	69.97	Apr-22	74	60	55	45
Argentina	58	Apr-22	55	60.1	61.9	50.3
Russia	17.8	Apr-22	20	24	22	15
Brazil	12.13	Apr-22	12.97	11.03	10.24	9.15
Netherlands	9.6	Apr-22	9.5	6.5	5.8	5
United Kingdom	9	Apr-22	9.1	8.4	8.5	5.4
Spain	8.3	Apr-22	7.6	6.3	4.2	2
United States	8.3	Apr-22	7	5.8	4.3	2.9
India	7.79	Apr-22	6.3	5.8	5.4	5.1
Mexico	7.68	Apr-22	7.6	7.03	6.4	5.3
Euro Area	7.4	Apr-22	6.3	5.8	5	3.4
Germany	7.4	Apr-22	7	6.3	6.1	4.2
Canada	6.8	Apr-22	5.9	5.1	4.5	3.5
Italy	6	Apr-22	4.4	4.2	3.8	3.5
South Africa	5.9	Apr-22	6.5	5.7	5.8	4.7
Singapore	5.4	Mar-22	4.3	4	3.6	2.5
Australia	5.1	Mar-22	5	5	4.2	4
France	4.8	Apr-22	3.7	3	2	1.8
South Korea	4.8	Apr-22	5.3	5	4	3
Indonesia	3.47	Apr-22	3.2	2.8	2.6	2.2
Switzerland	2.5	Apr-22	2.3	1.8	1.6	1.2
Saudi Arabia	2.3	Apr-22	1.6	1.9	1.7	1.5
China	2.1	Apr-22	2	1.9	1.8	1.3
Japan	1.2	Mar-22	0.7	0.7	0.5	0.5

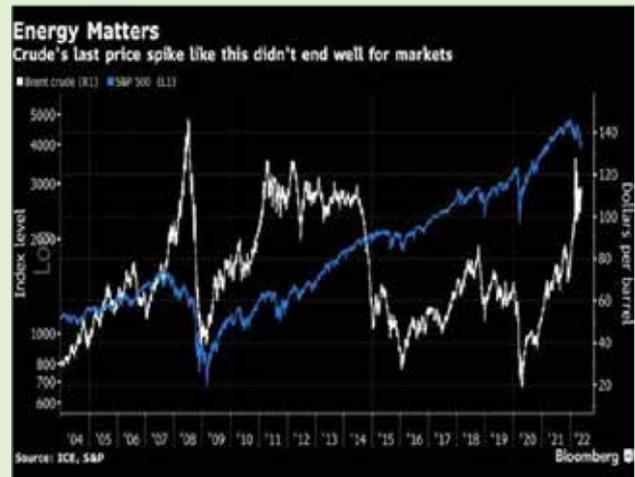
Global Central Bank Policy Rates						
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	Last Move	Last Move Date
Switzerland	Target Rate	-0.75%	2.5%	-3.3%	Cut	Jan-15
Denmark	Deposit Rate	-0.60%	6.7%	-7.3%	Cut	Sep-21
Eurozone	Deposit Rate	-0.50%	7.4%	-7.9%	Cut	Sep-19
Japan	Policy Rate Bal	-0.10%	2.5%	-2.6%	Cut	Jan-16
Sweden	Repo Rate	0.25%	6.4%	-6.2%	Hike	Apr-22
Australia	Cash Rate	0.35%	5.1%	-4.8%	Hike	May-22
Thailand	Policy Rate	0.50%	4.7%	-4.2%	Cut	May-20
Norway	Deposit Rate	0.75%	5.4%	-4.7%	Hike	Mar-22
US	Fed Funds	0.88%	8.3%	-7.4%	Hike	May-22
UK	Bank Rate	1.00%	9.0%	-8.0%	Hike	May-22
Canada	Overnight	1.00%	6.8%	-5.8%	Hike	Apr-22
Hong Kong	Base Rate	1.25%	1.3%	0.0%	Hike	May-22
Taiwan	Discount Rate	1.37%	3.4%	-2.0%	Hike	Mar-22
South Korea	Repo Rate	1.75%	4.6%	-3.1%	Hike	May-22
Saudi Arabia	Repo Rate	1.75%	2.3%	-0.6%	Hike	May-22
New Zealand	Cash Rate	2.00%	6.9%	-4.9%	Hike	May-22
Malaysia	Policy Rate	2.00%	2.3%	-0.3%	Hike	May-22
Philippines	Key Policy Rate	2.25%	4.9%	-2.7%	Hike	May-22
Indonesia	Repo Rate	3.50%	3.5%	0.0%	Cut	Feb-21
China	Loan Prime Rate	3.70%	2.1%	1.6%	Cut	Jan-22
India	Repo Rate	4.40%	7.8%	-3.4%	Hike	May-22
South Africa	Repo Rate	4.75%	5.9%	-1.2%	Hike	May-22
Peru	Policy Rate	5.00%	8.0%	-3.0%	Hike	May-22
Poland	Repo Rate	5.25%	12.4%	-7.2%	Hike	May-22
Czech Republic	Repo Rate	5.75%	14.2%	-8.5%	Hike	May-22
Colombia	Repo Rate	6.00%	9.2%	-3.2%	Hike	Apr-22
Mexico	Overnight Rate	7.00%	7.7%	-0.7%	Hike	May-22
Chile	Base Rate	8.25%	10.5%	-2.3%	Hike	May-22
Russia	Key Policy Rate	11.00%	17.8%	-6.8%	Cut	May-22
Brazil	Target Rate	12.75%	12.1%	0.6%	Hike	May-22
Turkey	Repo Rate	14.00%	70.0%	-56.0%	Cut	Dec-21
Argentina	Benchmark Rate	49.00%	58.0%	-9.0%	Hike	May-22

New York Fed Warns of Worrisome New Pressure on Global Supply Chain



New York Fed releases April update to its new logistics gauge. Factors like slower euro-area, Chinese delivery times affect the April reading. Global supply-chain pressures increased for the first time this year in April, with the potential for heightened geopolitical tensions to further stoke logistics bottlenecks over the near term, the Federal Reserve Bank of New York said. The Global Supply Chain Pressure Index rose to 3.29 last month from 2.8 in March, the New York Fed said in a statement. It peaked at 4.45 in December. The gauge brings together 27 variables that take the temperature of everything from cross-border transportation costs to country-level manufacturing data in the euro area, China, Japan, South Korea, Taiwan, the UK and the US. It is all driven by Chinese Covid policy, longer lead times in EU due to war and higher air freight from US to Asia.

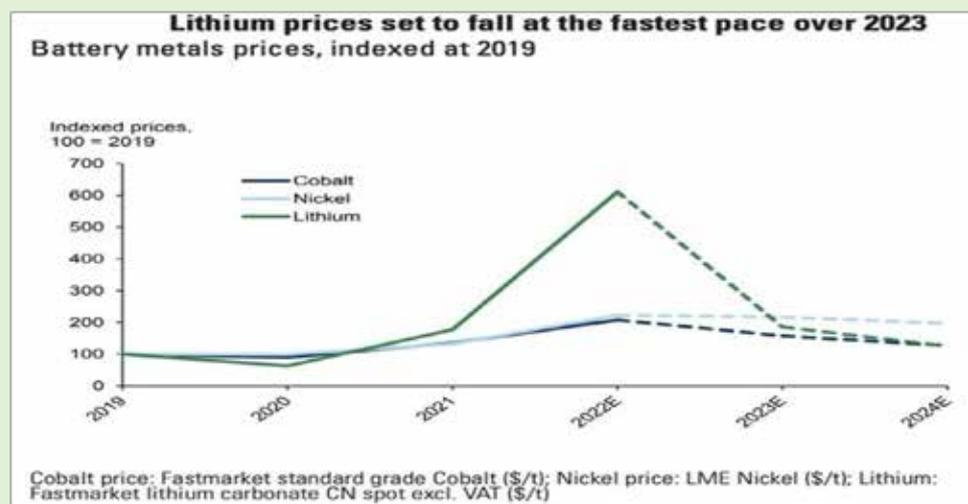
Energy Matters



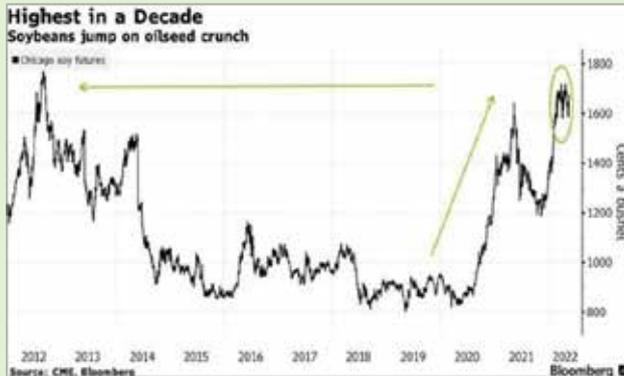
The way energy prices are staying so high is another strong headwind for economies and markets. Just look at the way Brent crude has surged from the depths of 2020's collapse to above \$120 a barrel – rivaling the rally that peaked in 2008 at record levels close to \$150. That pop in crude back then was soon followed by the Lehman Brothers-fueled collapse in stocks. Each rally in crude and the accompanying slide in stocks, had its own drivers, but elevated energy prices put an enormous strain on economies. And the concern is that this era's supply-chain shocks will endure longer and hit harder than in 2007-08. Crude's spike pales in comparison to what is going on with natural gas, and there are plenty of signs already that global power grids are soon to face their biggest test in decades with electricity generation strangled across the globe. The economic hit from that adds to the likelihood that equities have further to fall.

Is Bull Market in Battery Metals Over?

Goldman says bull market in battery metals is finished for now. Cobalt, Lithium, Nickel will fall in the next two years. A new bull market may start in the second half of this decade.

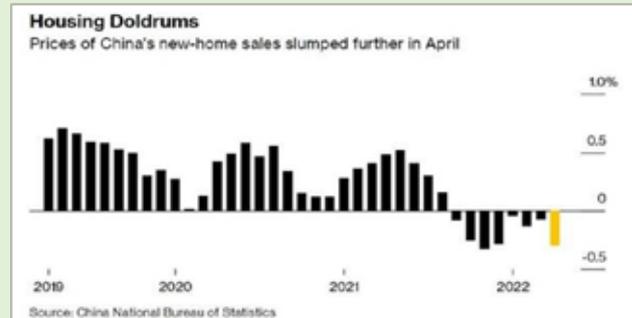


China's Covid Zero Policy Is an Anchor on Commodities Prices



The boost from government stimulus may not show up until 2023. China's dependence on foreign soybeans is an inflation worry. The monetary easing looks to have been aimed at the embattled housing market in particular, which would be helpful to metals demand. But it's still difficult for stimulus to gain much traction if large swathes of the economy -- including, now, Beijing -- are threatened by the kind of disruptions that have engulfed Shanghai for two months and counting. In that vein, Macquarie Group analyst Serafino Capoferri told an iron ore conference in Singapore last week that he doesn't expect Chinese stimulus to provide a big boost for commodities prices until next year. For as long as the government persists with Covid Zero, it seems unlikely that raw materials markets can make much headway.

China's \$16 Trillion Cash Hoard Shows Deepening Household Gloom

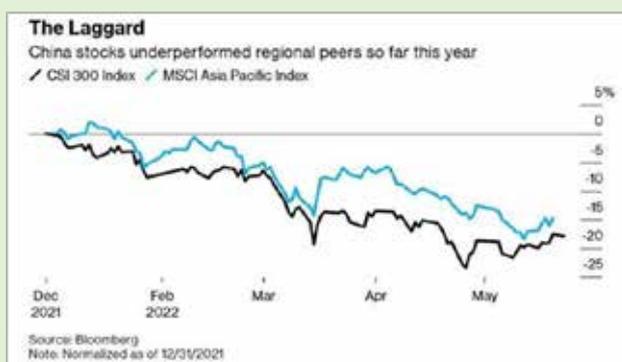


For decades, the surest way for ordinary Chinese families to grow their wealth and guarantee future financial stability was to put most of their money into real estate, and the rest into the stock market.

Now, even those with money to spare are clutching onto their cash, not willing to take a chance in the Covid-battered Chinese economy. Home prices in China have been falling since September, Chinese stocks and mutual funds aren't great bets these days either, there's little access to international markets and cryptocurrencies are officially illegal. Instead, people are increasingly shelving their money in savings accounts, despite benchmark deposit rates staying at record low levels. People in China are living through one of the most difficult and uncertain environments to plan for the future, as Covid-related restrictions ensnare most of the country's biggest cities with no certain end in sight.

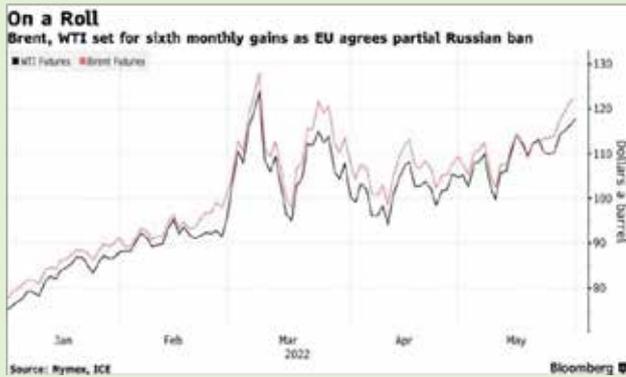
Underperforming Chinese Stocks

Some say China grew by 4% while Bloomberg economists are forecasting a growth rate of just 2% — well below the government's target of 5.5%. Chinese equities are in a bear market, and



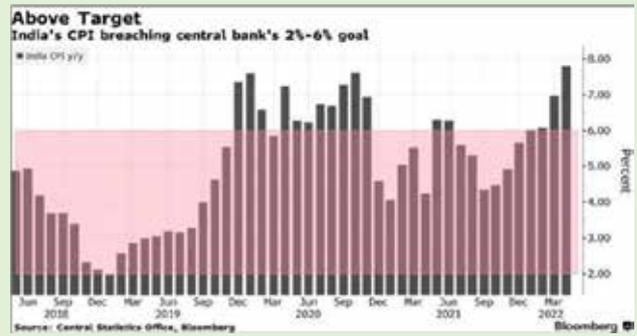
the benchmark CSI 300 Index has plunged 18% so far this year as the stringent Covid Zero policy and crackdowns on private enterprise combine to sap investor confidence. Beijing has been trying to develop China's capital markets, and a curb in property speculation could potentially allow more money to flow into stocks or other financial products in the long term. But it's unlikely to be an immediate effect of the current environment for wealth generation, according to He, the economist at Gavekal. The recent stock-market rout isn't helping either. Part of that market downturn was due to President Xi Jinping's push for "common prosperity," a wide-ranging campaign that led to crackdowns on certain industries and some of China's elites in order to address the wealth gap.

Oil on a Roll

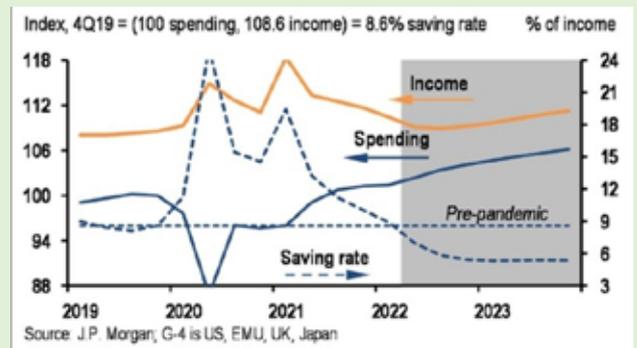


Oil headed for the longest run of monthly gains in more than a decade as European Union leaders agreed to pursue a partial ban on imports of crude from Russia to increase pressure on Moscow for its invasion of Ukraine. Global benchmark Brent topped \$122 a barrel, hitting a two-month high. The latest round of EU sanctions would forbid buying oil from Russia delivered by sea but includes a temporary exemption for pipelines, European Council President Charles Michel said. The package also proposes a ban on insurance related to shipping oil to third countries, people familiar with the deal said. Crude has soared this year as the conflict in Europe tightened global supplies at a time of rising demand, depleting stockpiles and boosting product prices to all-time highs. Brent and US benchmark West Texas Intermediate are on course to close out a sixth monthly climb in May.

India's CPI Breaching Central Bank's 2%-6% Goal

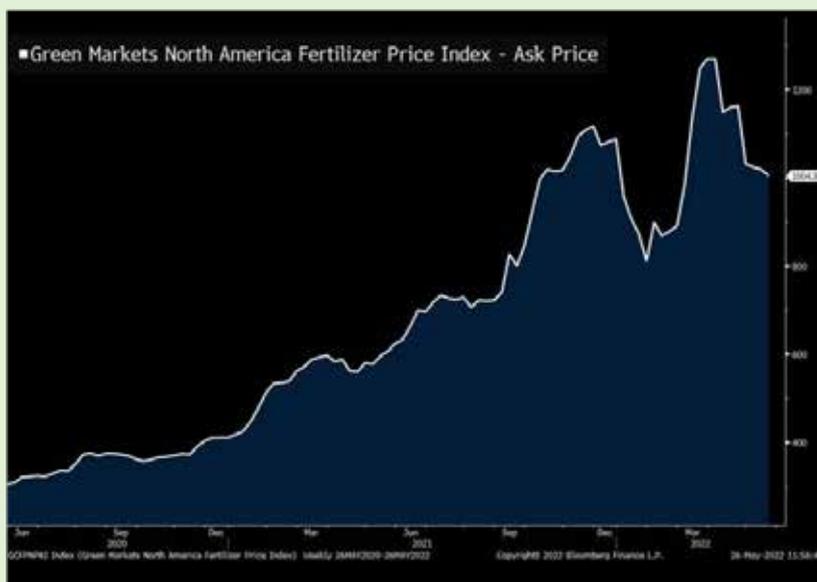


Household Income, Spending and Saving, G-4



Developed economies' consumption recovery comes mostly from depleting savings to new low levels.

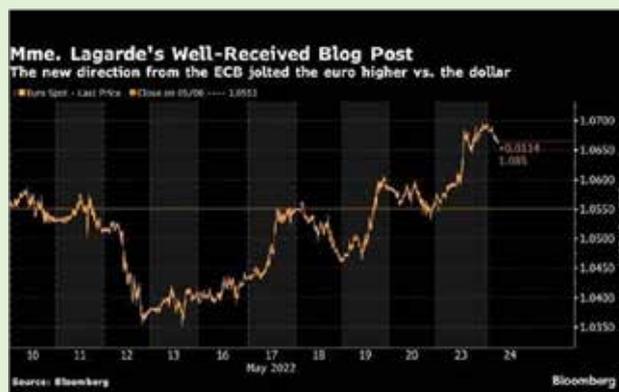
Fertilizer Prices Plunge



Fertilizer prices have plunged 30% this month. Ammonia has seen some demand destruction as buyers balk at record prices. Fertilizer prices that had hit records are now plunging as buyers reel from sticker shock. The June spot price in Tampa, Florida for the nitrogen fertilizer ammonia settled at \$1,000 per metric ton, a drop of 30% from May's \$1,425 per metric ton, according to Green Markets, a Bloomberg company. Demand destruction is part of the decline. Places like Southeast Asia are seeing buyers unwilling to pay the record high prices that were posted in April and May, said Green Markets analyst Alexis Maxwell.

Did A Blog Post Help Strengthen the Euro Against the Dollar?

The US dollar might just have peaked, and if it has then a blog post by Christine Lagarde has a lot to do with it. The president of the European Central Bank chose the morning of May 23rd to post an essay to the ECB website, effectively setting out a new and more hawkish policy. Both the policy itself and the fact that she had felt the matter so urgent that she needed to launch it online between meetings helped strengthen the euro significantly against the dollar. The leap almost to \$1.07 is clear from a currency chart. Effectively, she outlined a rationale for the ECB to turn away from



a decade of aggressively dovish monetary policy and committed the bank to two interest rate hikes by September, which would bring its overnight interest rate back up to zero. That is still a lenient monetary policy by any definition, but after years of negative rates it's a big deal.

Compiled by Shri. Kunal Thakkar

International Delegates Finish ICA Bremen's Fibre Quality Training

Six representatives from Association of Cotton Producers (ABRAPA) and the Brazilian Ministry of Agriculture (MAPA) successfully completed ICA Bremen's bespoke best practices training in fibre quality, delivered in Bremen, Germany on 19 - 22 April.

Two ABRAPA and four MAPA representatives took part in the training, which followed on from online cotton instrumental testing training delivered by Axel Drieling (FIBRE Institute) last January with more than 30 Brazilian participants.

During their visit to Bremen, delegates were presented with the processes of the ICA Bremen laboratory by Axel Drieling. Karsten Froese (ICA Bremen) further demonstrated the manual classing area. There was also the opportunity to meet with two cotton traders from Otto Stadtlander GmbH and Cotton Service International GmbH for an exchange on Brazilian cotton and recent trends in the cotton industry. Taken off site the visitors met with two industry leading expert textile machine producers, Trützschler Group and Murata Machinery Europe GmbH, to discuss their latest developments.



ABRAPA and MAPA representatives pictured with Karsten Froese (ICA Bremen) Claudia Hagedorn (ICA Bremen) and Axel Drieling (Fibre Institute)

Speaking on this visit, Hugo Caruso (general coordinator of Plant Quality, from Ministry of Agriculture, Livestock and Supply (Mapa) Department of Inspection of Plant Origin Products) stated, "The trainings carried out in partnership with ICA Bremen and Abrapa are helping the development of the certification process by Mapa. We want to ensure that the quality of the fibre is properly assessed and with transparent and reliable results, both for the domestic and international markets. In this way, we add value to the product."

Axel Drieling (FIBRE Institute) said, "There was an interesting exchange all through the days and we hope to continue the close cooperation with the team from Brazil."

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**A CHILD'S CHILDHOOD IS FOR LEARNING
DON'T USE THEIR CHILDHOOD FOR EARNING
SAY NO TO CHILD LABOUR**

UPCOUNTRY SPOT RATES								(Rs./Qtl)					
Standard Descriptions with Basic Grade & Staple in Millimetres based on Upper Half Mean Length [By law 66 (A) (a) (4)]								Spot Rate (Upcountry) 2021-22 Crop May 2022					
Sr. No.	Growth	Grade Standard	Grade	Staple	Micronaire	Gravimetric Trash	Strength /GPT	23rd	24th	25th	26th	27th	28th
1	P/H/R	ICS-101	Fine	Below 22mm	5.0 – 7.0	4%	15	20781 (73900)	20781 (73900)	20781 (73900)	20781 (73900)	20218 (71900)	20218 (71900)
2	P/H/R (SG)	ICS-201	Fine	Below 22mm	5.0 – 7.0	4.5%	15	20977 (74600)	20977 (74600)	20977 (74600)	20977 (74600)	20415 (72600)	20415 (72600)
3	GUJ	ICS-102	Fine	22mm	4.0 – 6.0	13%	20	18559 (66000)	18559 (66000)	18278 (65000)	17997 (64000)	17434 (62000)	16872 (60000)
4	KAR	ICS-103	Fine	23mm	4.0 – 5.5	4.5%	21	19122 (68000)	19122 (68000)	18981 (67500)	19262 (68500)	18700 (66500)	18559 (66000)
5	M/M (P)	ICS-104	Fine	23mm	4.5 – 7.0	4%	22	24043 (85500)	24043 (85500)	23902 (85000)	23902 (85000)	23340 (83000)	23058 (82000)
6	P/H/R (U) (SG)	ICS-202	Fine	27mm	3.5 – 4.9	4.5%	26	27558 (98000)	27558 (98000)	27558 (98000)	27558 (98000)	26714 (95000)	26573 (94500)
7	M/M(P)/SA/TL	ICS-105	Fine	26mm	3.0 – 3.4	4%	25	23199 (82500)	23199 (82500)	23058 (82000)	23058 (82000)	22496 (80000)	22355 (79500)
8	P/H/R(U)	ICS-105	Fine	27mm	3.5 – 4.9	4%	26	28289 (100600)	28289 (100600)	28289 (100600)	28289 (100600)	27445 (97600)	27164 (96600)
9	M/M(P)/SA/TL/G	ICS-105	Fine	27mm	3.0 – 3.4	4%	25	23902 (85000)	23902 (85000)	23761 (84500)	23761 (84500)	23199 (82500)	23058 (82000)
10	M/M(P)/SA/TL	ICS-105	Fine	27mm	3.5 – 4.9	3.5%	26	25870 (92000)	25870 (92000)	25730 (91500)	25730 (91500)	25167 (89500)	25027 (89000)
11	P/H/R(U)	ICS-105	Fine	28mm	3.5 – 4.9	4%	27	28682 (102000)	28682 (102000)	28682 (102000)	28682 (102000)	27839 (99000)	27558 (98000)
12	M/M(P)	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	28682 (102000)	28682 (102000)	28542 (101500)	28542 (101500)	27979 (99500)	27839 (99000)
13	SA/TL/K	ICS-105	Fine	28mm	3.7 – 4.5	3.5%	27	28739 (102200)	28739 (102200)	28598 (101700)	28598 (101700)	28036 (99700)	27895 (99200)
14	GUJ	ICS-105	Fine	28mm	3.7 – 4.5	3%	27	28261 (100500)	28261 (100500)	28120 (100000)	28120 (100000)	27558 (98000)	27417 (97500)
15	R(L)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	28542 (101500)	28542 (101500)	28401 (101000)	28401 (101000)	27558 (98000)	27558 (98000)
16	M/M(P)	ICS-105	Fine	29mm	3.7 – 4.5	3.5%	28	29245 (104000)	29245 (104000)	29104 (103500)	29104 (103500)	28542 (101500)	28401 (101000)
17	SA/TL/K	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	29301 (104200)	29301 (104200)	29160 (103700)	29160 (103700)	28598 (101700)	28457 (101200)
18	GUJ	ICS-105	Fine	29mm	3.7 – 4.5	3%	28	28682 (102000)	28682 (102000)	28542 (101500)	28542 (101500)	27979 (99500)	27839 (99000)
19	M/M(P)	ICS-105	Fine	30mm	3.7 – 4.5	3.5%	29	30229 (107500)	30229 (107500)	30088 (107000)	30088 (107000)	29807 (106000)	29807 (106000)
20	SA/TL/K/O	ICS-105	Fine	30mm	3.7 – 4.5	3%	29	30369 (108000)	30369 (108000)	30229 (107500)	30229 (107500)	29948 (106500)	29948 (106500)
21	M/M(P)	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	30651 (109000)	30651 (109000)	30510 (108500)	30510 (108500)	30229 (107500)	30229 (107500)
22	SA/TL/K/TN/O	ICS-105	Fine	31mm	3.7 – 4.5	3%	30	30791 (109500)	30791 (109500)	30651 (109000)	30651 (109000)	30369 (108000)	30369 (108000)
23	SA/TL/K/TN/O	ICS-106	Fine	32mm	3.5 – 4.2	3%	31	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)	N.A. (N.A.)
24	M/M(P)	ICS-107	Fine	34mm	2.8 - 3.7	4%	33	31635 (112500)	31635 (112500)	31354 (111500)	31354 (111500)	30791 (109500)	30791 (109500)
25	K/TN	ICS-107	Fine	34mm	2.8 - 3.7	3.5%	34	32760 (116500)	32760 (116500)	32478 (115500)	32478 (115500)	31916 (113500)	31916 (113500)
26	M/M(P)	ICS-107	Fine	35mm	2.8 - 3.7	4%	35	32900 (117000)	32900 (117000)	32619 (116000)	32619 (116000)	32057 (114000)	32057 (114000)
27	K/TN	ICS-107	Fine	35mm	2.8 - 3.7	3.5%	35	33884 (120500)	33884 (120500)	33603 (119500)	33603 (119500)	33041 (117500)	33041 (117500)

(Note: Figures in bracket indicate prices in Rs./Candy)