

[Cotton yarn](#) prices have jumped a little over 10 per cent in two weeks, due to a sharp increase in demand from [markets](#) abroad, following [rupee](#) depreciation.

Along with yarn, there has been an increase in orders for Indian cotton from [China](#), following a build-up in its trade war with the US. In a retaliatory measure, [China](#) has imposed 25 per cent duty on import of cotton from the US and is meeting its demand by sourcing more from India.

As of Tuesday, the benchmark 40-count of [cotton yarn](#) was trading at Rs 240 a kg, up from Rs 215-218 earlier this month. The [rupee](#) depreciated by nearly one per cent to below 68 a [dollar](#) during this period, from Rs 67.41 earlier this month. During the past few months, the [rupee](#) has fallen by nearly five per cent.

The sharp increase in yarn prices has revived sentiment in the spinning sector in this ongoing lean season. As a rule, demand for [cotton yarn](#) is lacklustre for about five months starting from the summer vacation.

"The surge in yarn prices is backed by a sudden spurt in demand from importing countries, including [China](#) and [Bangladesh](#). Depreciation in the rupee has helped exporters contract more orders and execute past ones at better margins," said Ashok Patel, managing director, Angel Fibers, a Rajkot-based yarn maker.

# COTTON SHANKAR 6

₹/quintal



Source: Cotton Association of India  
Compiled by BS Research Bureau

China has contracted to import 500,000 bales (one bale = 170 kg) of cotton from India, after raising tariffs on import from the US. The new orders are in addition to the regular ones. China produces nearly 32 million bales of cotton annually, against its consumption of 45 mn bales. India exported nearly a million bales to China last year.

As a result, our overall cotton export is likely to rise 21 per cent to seven million bales for the cotton year ending this September, from 5.8 mn bales the previous year.

The price of the benchmark Shankar-6 variety of cotton has risen by 6.5 per cent in June so far, to Rs 13,160 a quintal from Rs 12,373 a qtl. In the course of a month, the price has risen 12 per cent.