



acsa e-news

From the Chairman

There were no sad farewells to 2008 from the cotton industry. Australia's lowest crop number in 30 years at around 680,000 bales, the ICE No 2 Futures debacle that left the world cotton trade without a viable futures contract for a number of months and the world economic slowdown that has hit all sectors of the cotton industry

Despite extremely adverse seasonal and market conditions that have affected our member businesses to varying degrees over the course of 2008, ACSA as an organisation has made several inroads that will hold the industry in good stead as we get back on our feet. The challenge will be to maintain the momentum as we deal with the reality of a declining member base and the difficulties of "resource allocation" amongst our individual businesses that an anticipated rebound in production in 2008/09 and beyond will bring.



The role of ACSA will be more important than ever over the coming seasons as we aim to reposition ourselves in traditional markets, and strive to differentiate our product in order to reclaim market share. At the pointy end of the business chain, ACSA also has a role to play in developing and directing efficiencies at industry level. We have gone some way towards that this year with the successful amalgamation of the ACSA and ACGRA conferences.

ACSA has continued to work closely with the CSIRO Textile and Fibre Technology Division – who are turning out more and more commercially relevant projects. Through the "Blending Project" and hopefully the Premium Cotton Pilot Project, we have some genuine data that can assist with the marketing and end user differentiation of Australian Cotton. ACSA needs to continue to actively engage ACGRA and the CRDC to ensure we have adequate input into the development of projects that have clear and specific commercially relevant outcomes in mind.

ACSA has also been working to further differentiate our product at the consumer and brand-owner level by the development and launch of the dedicated website www.bmpcotton.com.au. There is still a great deal of work to be done on the development of the BMP concept at consumer level, and talks have begun with stakeholders to commence a "Domestic Market Development" program with a series of presentations to local brand-owners highlighting the eco and social credentials of the audited BMP process.

Whilst ACSA did not embark on an EMD trip during the course of 2008, a number of customers, including representatives from Izumiya, were present at the Australian Cotton Conference via assistance from the EMD program.

The ACSA/ACGRA joint Cotton Conference can only be described as an enormous success. The combination of resources created a program worthy of attracting close to 900 delegates, despite the difficult business circumstances. From ACSA's perspective the conference provided a platform to promote our industry to international guests. It also gave us an opportunity to show leadership in the rationalisation process that is inevitable at industry level.

ACSA Executive

ACSA's AGM was held in Sydney on November 14 and the following Executive Committee was elected:

Phill Ryan (Queensland Cotton)	Chairman
Arthur Spellson (Auscott Limited)	Senior Vice Chairman
Brett Duczmal (Ecom Commodities)	Vice Chairman

The Committee will continue to be supported by Tracey Byrne-Morrison.

2008/09 Prospects

Planting of the 2008/09 crop is now complete and around 158,000 hectares have been planted to cotton, including 18,500 ha of raingrown cotton. We expect that production from this area could reach 1.3 million bales provided the growing conditions are favorable over the next few months. This is a vast improvement on the 2007/08 crop but still well off the 3 million plus bales that the industry is capable of producing given full water allocation.

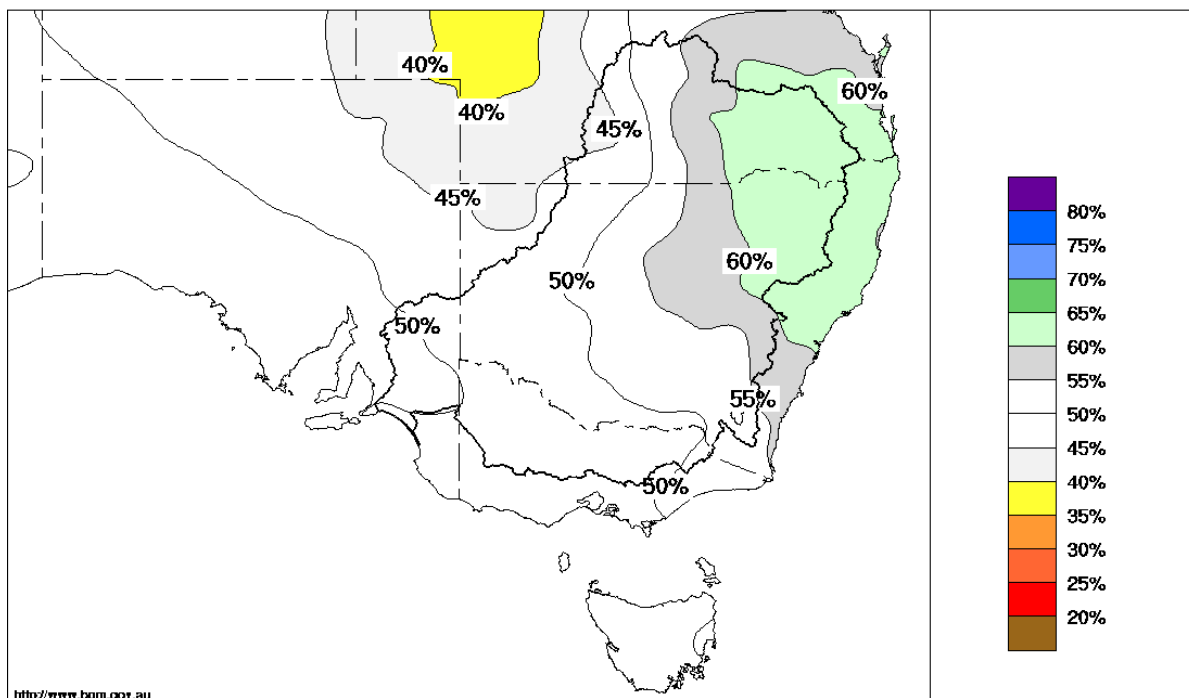
Storage levels are indicated in the table below which shows the Queensland dams in much better shape than the NSW storages which are still in need of significant inflows before irrigation allocations can be increased.

Dam Levels		Dec 21	Jan 5
North Queensland	Burdekin Falls Dam	91%	100%
Central Queensland	Fairburn Dam	78%	88%
St George	Beardmore Dam	75%	75%
Darling Downs	Leslie Dam	16%	16%
Macintyre Valley	Glenlyon Dam	27%	45%
Macintyre Valley	Pindari Dam	31%	40%
Gwydir Valley	Copeton Dam	18%	25%
Namoi Valley	Keepit Dam	40%	45%
Namoi Valley	Split Rock	5%	7%
Macquarie Valley	Burrendong Dam	27%	30%
Lachlan Valley	Wyangala Dam	12%	20%
Murrumbidgee	Burrinjuck Dam	50%	60%
Menindee	Menindee Lakes	0%	40%

The latest outlook from the Bureau of Meteorology indicates that there is a 60% chance of above average rainfall across much of the cotton belt and in the catchments of the major storages over the next three months. If these above average rains do materialise it would not only boost yields from the 2008/09 crop but decent inflow to the water storages would also bolster prospects for a larger crop in 2009/10. Let's hope that the drought cycle is over and we do return to more normal seasonal conditions.

Cotton prices have again fallen to very low levels as the impact of the global financial crisis has put a dampener on consumption and seriously damaged the financial capacity of some of our spinning mill customers. However in August and September the weaker Aussie dollar provided some good pricing opportunities for growers before the cotton price collapsed and a good portion of the 2009 crop was sold forward at prices above A\$400 per bale.

Chance of exceeding the median Rainfall January to March 2009
Product of the National Climate Centre



Hang on a Mo



Phill Ryan, Arthur Spellson and outgoing Chairman Pete Johnson got into the swing of Movember.

Movember is a moustache growing charity event that raises funds and awareness for men's health. This year's beneficiaries are the Prostate Cancer Foundation of Australia and BeyondBlue. Oh Errol...