

**Cotton Outlook – December 2018****World Scenario**

Global 2018-19 cotton area and production are projected at 33.4 million hectares (82.00 million acres) and 121.7 million bales, which were nearly 2 and 1 percent less than that of 2017-18 estimates respectively. Cotton production in most of the major producing countries except Brazil and Pakistan is expected to decline. India is projected to produce 28.7 million bales of cotton in 2018-19, which was 1 percent less than the production in 2017-18, but still one of the country's largest crops on record. Although yield is expected to rebound above the 5-year average, a 4 percent reduction in area is forecast in 2018-19. China is projected to produce 27.5 million bales of cotton in 2018-19. Meanwhile, production increases of 3.5 lakh bales for Brazil and 3.0 lakh bales for Pakistan in 2018-19 are projected to push their estimates to 10 and 8.5 million bales respectively.

**International Price Movement****Table 1: International Price of Cotton (cents/lb)**

	Latest Value (Nov 8)	Latest Month (Oct 2018)	Last 12 Months (Nov 17 - Oct 18)
NY Nearby	79.00	77.50	81.30
A Index	88.35	86.80	90.80
CC Index	102.80	104.80	110.50
Indian Spot	80.50	80.90	81.90
Pakistani Spot	81.00	78.30	79.50

Source: Cotton monthly economic letter, November 2018, [www.cottoninc.com](http://www.cottoninc.com)

Most benchmark prices were unchanged over the past month. An exception was the CC Index, which moved lower. Values for the December NY futures contract were range-bound, generally trading between 76 and 80 cents/lb. The A Index has been steady since mid-October, maintaining levels near 87 cents/lb. The Chinese Cotton Index (CC Index 3128B) moved lower in both international and domestic terms, dropping from 105 to 102 cents/lb and from 16,000 to 15,700 RMB/ton. Indian spot prices (Shankar-6 quality) were stable in international and domestic terms, holding to levels near 81 cents/lb and near 46,400 INR/maund. Pakistani spot prices were also stable. In international terms, values held near 80 cents/lb. In local terms, values held near 8,750 PKR/candy.

The USDA Foreign Agricultural Service has projected India's Cotton production in 2018-19 (Aug-Jul) at 36.5 million bales, down nearly by 2% against 37.2 million bales in previous year, where one Indian bale equals 170 kg.

**Table 2: Top 10 Cotton Importing Countries from India during 2018-19**

<b>Importing Countries</b>	<b>Qty (Metric Tonnes)</b>	<b>Rs. Crore</b>
<b>Bangladesh</b>	110318	2065.92
<b>Pakistan</b>	81603	983.33
<b>China</b>	74997	912.74
<b>Vietnam</b>	79834	882.97
<b>Malaysia</b>	23560	272.44
<b>Indonesia</b>	20178	228.36
<b>Taiwan</b>	17527	154.22
<b>Thailand</b>	11507	125.00
<b>Belgium</b>	5267	46.13
<b>Turkey</b>	3517	42.28
<b>Top 10 Total</b>	428308	5713.39
<b>Other Countries</b>	24573	266.57
<b>Total</b>	452881	5979.96
<b>% Share of Top 10 Countries</b>	94.57	95.54

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS)

China revised down its forecast for imports of cotton in 2018-19 crop year to 1.5 million tonnes, compared with last month's forecast of 2 million tonnes. Output of the fibre in 2018-19 is forecast to be 5.94 million tonnes versus last month's 5.8 million tonnes, according to the ministry's monthly China Agriculture Supply and Demand Estimates. Cotton ending stocks are forecast at 6.38 million tonnes versus a previous forecast of 6.74 million tonnes.

### Indian Scenario

As on 20<sup>th</sup> September 2018, the area covered under cotton during current season was 120.64 lakh hectares, which was 124.44 lakh hectares during corresponding period of last year. Cotton production during 2018-19 was estimated as 358.70 lakh bales. Among the states Gujarat stood first with 107.37 lakh bales followed by Maharashtra with 83.30 lakh bales and Telangana with 52.07 lakh bales, above three states combined contributing nearly 67% to total cotton production during 2018-19.

However, Cotton Association of India (CAI) has decreased its crop estimate to 343.25 lakh bales (each of 170 kg) for the season 2018-19 beginning from October over last month's 348 lakh bales. CAI cited water shortage and climatic adversities as factors affecting the crop in the key growing regions of Gujarat, Maharashtra and Karnataka. The revised downward estimates for Gujarat by 2 lakh bales, Maharashtra by 1 lakh bales, Karnataka by 1 lakh bales and Orissa by 75 thousand bales as compared to its previous estimate due to unfavorable weather conditions.

Table 3: State wise area and production of cotton

State	2017-18		2018-19 Estimated	
	Area in lakh ha	Production in lakh bales	Area in lakh ha	Production in lakh bales
Andhra Pradesh	6.44	20.50	5.51	17.54
<b>Gujarat</b>	<b>26.23</b>	<b>104.00</b>	<b>27.08</b>	<b>107.37</b>
Haryana	6.69	22.50	6.65	22.37
Karnataka	5.46	18.00	5.48	18.07
Madhya Pradesh	6.03	20.50	6.97	23.70
<b>Maharashtra</b>	<b>42.07</b>	<b>85.00</b>	<b>41.23</b>	<b>83.30</b>
Odisha	1.45	3.50	1.57	3.79
Punjab	2.91	11.50	2.84	11.22
Rajasthan	5.84	22.00	4.96	18.68
Tamilnadu	1.85	5.50	0.21	0.62
<b>Telangana</b>	<b>18.97</b>	<b>55.00</b>	<b>17.96</b>	<b>52.07</b>
Others	0.50	2.00	0.17	0.68
<b>India</b>	<b>124.44</b>	<b>370.00</b>	<b>120.64</b>	<b>358.70</b>

Source: <http://agricoop.nic.in/all-india-crop-situation>

Table 4: Domestic Cotton Demand and Supply (in lakh bales of 170 kg)

Supply			
	2016-17	2017-18	2018-19**
Opening Stock	36.5	30	20
Production	337.25	365	353
Imports	27	15	27
<b>Total Supply</b>	<b>400.75</b>	<b>410</b>	<b>400</b>
Demand			
Mill	265	275	280
Small Mill	27	30	35
Non Mill	15.75	15	20
<b>Total Consumption</b>	<b>307.75</b>	<b>320</b>	<b>335</b>
Exports	63	70	60
<b>Total Consumption</b>	<b>370.75</b>	<b>390</b>	<b>395</b>
Ending Stocks	30	20	5

Source: Agriwatch, \*\* 2018-19 projections

### Domestic Trade information

Most cotton spot market prices expected to trade sideways to lower on steady demand but expectation of higher arrivals may keep prices under pressure in coming weeks. Moreover, export demand from China, Bangladesh, Vietnam and opening up of Pakistan market to keep prices high this season. Average price of lint at Sirsa during the week was Rs. 4461 per maund

(of 37.32 Kg each), slightly lower compared to the previous week price of Rs 4560. Cotton fiber (Shankar-6) prices noticed weak this week. Average price was Rs. 44260 per candy (of 355.6 kg each) during the week, which was Rs. 45550 per candy previous week.

**Table 5: Cotton Prices in Major Markets of India (Rs/q)**

State	Market	Variety	22-Nov-18	15-Nov-18	22-Oct-18	22-Nov-17
Gujarat	Ahmedabad	Shankar-6	5750	5875	6050	4700
Rajasthan	Hanumangarh	B.T. Cotton	5600	5700	5400	4800
	Rawatsar	B.T. Cotton	5500	5450	5280	4625
Madhya Pradesh	Khandwa	Mech-1	5400	5635	5600	4600
	Khargaon	Mech-1		5620	5705	4800
Maharashtra	Amravati	Mech-1	5850	-	-	4650
Uttar Pradesh	Hathras	B.T. Cotton	5800	6000	6000	NA
	Hathras	Desi	5050	4800	4700	NA
Telangana	Adilabad	Un-Ginned			5650	4520
Andhra Pradesh	Kurnool	Un-Ginned	NA	NA		NA
	Krishna	Un-Ginned	NA	NA	NA	4320
	East Godavari	Un-Ginned	NA	NA	NA	4320
Karnataka	Bijapur	Bunny	5979	6023	6119	4989
		D.C.H.	5819	5805	6007	5081
	Hubli	B.T. Cotton	6789	6639	NA	6109
	Raichur	H-44 Cotton	5700	5780	5911	4650

### Cotton in Telangana

**Table 6: District wise area under cotton in Telangana**

District	2017-18 ( area in ha)	2018-19 ( area in ha)	Change in area over last year	2018-19 Expected Production in thousand bales
<b>Nalgonda</b>	224955	231965	7010	672.53
<b>Adilabad</b>	146960	135249	-11711	392.12
<b>Nagarkurnool</b>	125967	113320	-12647	328.54
<b>Khammam</b>	108571	96701	-11870	280.36
<b>Asifabad (K. bheem)</b>	101373	92773	-8600	268.97
<b>Sangareddy</b>	83472	92728	9256	268.84
<b>Mahabubnagar</b>	80827	77697	-3130	225.26
<b>Siddipet</b>	86258	71497	-14761	207.29
<b>Warangal (Rural)</b>	80827	70087	-10740	203.20
<b>Rangareddy</b>	70172	68677	-1495	199.11
<b>Other</b>	799893	745777	-54116	2162.22
<b>Total</b>	1909275	1796471	-112804	5208.49

Source: [www.agri.telangana.gov.in](http://www.agri.telangana.gov.in)

As on 26<sup>th</sup> September 2018 the area under cotton was 17,96,471 hectares as against 19,09,275 hectares during corresponding period of last year. Among the districts, Nalgonda and Sangareddy recorded increased area under cotton as compared to last year, while in all other districts the same was reduced.

### Cotton Prices in Telangana

**Table 7: Prices and Arrivals of Cotton at Warangal Market in the Month of November 2018**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	10,931	5,350	5,500	5,450
2	12,778	5,250	5,450	5,425
3	9,773	5,300	5,460	5,450
5	11,004	5,300	5,460	5,450
9	3,725	5,300	5,510	5,450
10	3,913	5,300	5,510	5,450
12	9,943	5,300	5,460	5,430
13	7,322	5,200	5,475	5,450
14	8,595	5,250	5,480	5,430
15	8,047	5,200	5,470	5,440
16	9,119	5,325	5,495	5,450
17	6,281	5,250	5,500	5,470
19	10,060	5,250	5,470	5,450
20	7,286	5,200	5,460	5,425
22	12,524	5,100	5,450	5,350
26	11,542	5,000	5,350	5,300
27	10,952	5,000	5,300	5,250

Source: <http://agrimarketing.telangana.gov.in/indexnew.jsp>

Cotton prices traded lower in the domestic market on rising supplies, low demand from spinning mills and a stronger Indian rupee. Slow off take in yarn prompted mills to buy on hand to mouth basis. Arrivals are at 160000 bales per day approximately and are expected to surge from early December onwards.

In Telangana, procurement is being carried out at centers in Khammam, Warangal, Mahabubnagar, and Adilabad districts. In Adilabad market cotton was traded at Rs. 5450 – 5680 with 10,000 quintals per day which was slightly low compared to last month Rs. 5700-5800. In Bhainsa market of Adilabad also traded around Rs. 5550 - 5600 compared to last month Rs. 5650. In Warangal market, cotton was traded around Rs. 5250 – 5470, i.e., with 9,000 quintals of arrivals per day. Moisture levels are around 17-18% due to fog.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs. 5150-5450** per quintal during December 2018.