

## Cotton Outlook – April 2019

### World Scenario

Global 2018-19 cotton area and production are projected at 33.1 million hectares (82 million acres) and 118.9 million bales, which were nearly 2 and 4 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 27.0 million bales of cotton in 2018-19, which was 7 percent less than the production in 2017-18. 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 11.75 and 7.7 million bales respectively.

### International Price Movement

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

	Latest Value (March 2019)	Latest Month (February 2019)	Last 12 Months (March 2018 – Feb 2019)
NY Nearby	73.8	71.5	80.9
A Index	80.8	81.1	90.1
CC Index	105.1	104.6	107.9
Indian Spot	75.2	75.1	81.8
Pakistani Spot	75.6	75.7	79.2

Source: Cotton monthly economic letter, March 2019, [www.cottoninc.com](http://www.cottoninc.com)

Cotton benchmark prices were flat or slightly higher over the past month. Prices for the May NY futures contract increased over past month, climbing from levels just below 70 cents/lb in mid-February to those near 74 cents/lb recently. The A Index also rose, increasing from values below 80 to those near 83 cents/lb.

Chinese cotton prices represented by the CC Index (3128B) were essentially steady in both international and domestic terms (near 105 cents/lb or 15,500 RMB/ton). Indian spot prices (Shankar-6 quality) moved slightly higher in international (from 75 to 77 cents/lb) and domestic terms (from 41,700 to 42,400 INR/candy). Pakistani spot prices were steady at values equal to 76 cents/lb or 8,600 PKR/maund.

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

<b>Importing Countries</b>	<b>Quantity (Metric Tonnes)</b>	<b>Value (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)

Indian domestic prices traded firm during last week of March, mainly due to lower daily arrivals and good demand for Indian cotton from China. All India cotton supplies are reported to be about 135 thousand bales per day. According to trade estimates, Indian traders have contracted for export of 5 lakh bales to China for shipments in the next two months.

Cotton price in Indian market is higher than that internationally. This is backed by higher MSP and purchases by CCI. The market may move up only through larger off take by exporters or by domestic industry. This may occur gradually over the next few months.

### 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 at 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, all these three states combined contributing nearly 67% to total cotton production during 2018-19.

However, the latest estimates by the Indian Cotton Association pegs domestic cotton production at 328 lakh bales for 2018-19 season, compared to its preliminary estimates of 348 lakh bales. The current year output is 10 percent lower than the 2017-18 season.

Table 3: State wise area and production of cotton

State	2017-18		2018-19 Estimated	
	Area (lakh ha)	Production (lakh bales)	Area (lakh ha)	Production (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)

	2016-17	2017-18	2018-19**
<b>Supply</b>			
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>
<b>Demand</b>			
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: [www.agriwatch.com](http://www.agriwatch.com) \*\* 2018-19 projections

### Domestic Trade information

The current price of 29 mm good quality cotton is Rs. 44,300 per candy in the spot trade, which was Rs. 41,000 per candy during same period of previous year. At this rate Indian cotton is having good parity for export. If this rate continues for another 45 days, India will achieve its export target of 50-53 lakh bales very easily.

Average price of lint at Sirsa during the 4<sup>th</sup> week of March was Rs. 4569 per maund (of 37.32 Kg each), slightly stronger from the previous week price of Rs. 4375. Cotton fiber (Shankar-6) average price was noticed slightly up trend in 4<sup>th</sup> week of March, Rs. 43360 per candy (of 355.6 Kg each), which was Rs. 41983 per candy previous week.

Cotton acreage fell drastically, due to water shortage, in key growing regions of Gujarat, Maharashtra and Karnataka, which together account for about half of the country's production. Cotton prices are steadily moving up even as about 70 per cent of the estimated crop has already arrived in the market. According to CCI, about 235 lakh bales (of 170 kg each) cotton have arrived in the market as on March 15.

**Table 5: Monthly Prices Average (Rs./Quintal)**

State	Centre	Variety	Mar 2019	Feb 2019	Change (Rs./Q)
Gujarat	Ahmedabad	Shankar-6	5736	5550	186
	Gondal	Shankar-6	5675	5535	140
	Rajkot	B.T. Cotton	5779	5552	227
	Patan	B.T. Cotton	5717	5518	199
	Kadi	B.T. Cotton	5863	5569	294
	Dhrol	B.T. Cotton	5485	4989	496
Haryana	Bhiwani	B.T. Cotton	5697	5656	41
	Adampur	B.T. Cotton	5740	5461	279
	Fatehabad	B.T. Cotton	5756	5443	313
	Jind	B.T. Cotton	5438	5683	-245
	Uchana	B.T. Cotton	5745	5449	296
Rajasthan	Hanumangarh	B.T. Cotton	4170	5486	-1316
	Rawatsar	B.T. Cotton	4100	5467	-1367
Madhya Pradesh	Khandwa	Mech-1	5761	5511	250
	Khargaon	Mech-1	5767	5442	325
Maharashtra	Amravati	Mech-1	5567	5410	157
Telangana	Adilabad	Un-Ginned	4716	4945	-229
Andhra Pradesh	Guntur	Un-Ginned	5799	5436	363
	East Godavari	Un-Ginned	5249	5185	64
Karnataka	Bijapur	Bunny	6373	6054	319
	Hubli	D.C.H.	4734	3833	901
	Raichur	H-44 Cotton	5775	5581	194

Source: [www.agriwatch.com](http://www.agriwatch.com)

### Cotton in Telangana

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.

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

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

### Cotton Prices in Telangana

Table 7: Arrivals and Prices of Cotton at Warangal Market in the Month of March 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	4,886	4,200	5,265	5,131
2	3,429	4,500	5,270	5,150
7	5,612	4,500	5,360	5,250
8	6,941	4,500	5,260	5,230
9	2,748	4,100	5,285	5,200
11	5,145	4,500	5,335	5,200
12	4,945	4,500	5,440	5,375
13	3,909	4,500	5,500	5,300
14	3,265	5,000	5,600	5,500
15	3,545	5,000	5,600	5,500
16	2,934	5,000	5,685	5,600
18	4,688	5,000	5,715	5,600
19	3,809	5,000	5,810	5,700
20	2,012	5,000	5,835	5,700
22	1,195	5,000	5,900	5,800
25	3,039	5,000	6,010	5,900
26	3,700	5,000	6,020	5,900
27	5,040	5,000	5,915	5,700
28	7,666	5,000	5,900	5,800
29	8,584	5,000	5,855	5,700

Source: <http://tsmarketing.in/>

Cotton Association of India had estimated exports for the 2018-19 season to decline by 27 per cent to 50 lakh bales, compared with the estimated exports of 69 lakh bales during last year. India's total cotton exports shipment is around 32 lakh bales up to February 2019. According to Cotton Association of India, cotton prices may rebound and rise around 10% by July 2019.

Cotton prices are expected to stay firm as the crop has been short by 10-12% over last year and due to exports, demand from International markets especially from China. Moreover, raising domestic demand and procurement by CCI also support prices. Currently prices are ruling above MSP which depicts that the traders are actively procuring cotton at competitive rates. However, the start of selling of its stock from last week of March by CCI may keep prices in range.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs.5450-5900** per quintal during April 2019.