

Cotton Outlook – July 2019

World Scenario

Global 2019-20 cotton area and production are projected at 34.5 million hectares (85.1 million acres) and 125.3 million bales, which were nearly 4 and 5 percent greater than that of 2018-19 estimates respectively. The increase in production was expected due to larger estimates in USA and India i.e., 3.6 and 2.5 million bales more than the previous year respectively. However, production in China (27.75 million bales) and Pakistan (8 million bales) is expected to remain same. India's cotton crop is projected at 28.5 million bales which were 10 percent above the previous year. India is forecast to account for 23 percent of the world's cotton production in 2019-20.

International Price Movement

Most benchmark prices decreased over the past month. Chinese prices moved sharply lower. Open interest has shifted from July and December contract. After moving lower in early May, values for the July contract were volatile but range-bound between 65 and 70 cents/lb for most of the past month. A Index fell in early May, but has been more stable in recent weeks, holding to levels between 76 to 81 cents/lb.

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

	Latest Value (11 th June 2019)	Latest Month (May 2019)	Last 12 Months (June '18-May '19)
NY Nearby	65.6	69.5	78.3
A Index	76.8	80.1	87.8
CC Index	92.1	100.3	105.9
Indian Spot	83.9	82.9	82.3
Pakistani Spot	70.9	73.3	78.1

Source: www.cottoninc.com

China Cotton Index (CC Index 3128B) posted its sharpest declines in nearly five years. In international terms, values decreased from 104 to 92 cents/lb (-12%). In domestic terms, values fell from 15,600 to 14,000 RMB/ton (-10%). Indian cotton prices (Shankar-6 quality) were stable, generally holding to values near 83 cents/lb in international terms and near 45,000 INR/candy in domestic terms. Pakistani prices fell from 76 to 71 cents/lb in international terms but were stable in domestic terms (near 8,800 PKR/maund). The decrease expressed in USD was a result of the PKR falling about 5% against the dollar since early May.

Indian Scenario

As on 28th June 2019, area under cotton during 2019-20 was 27.08 lakh ha as against 32.19 lakh ha in 2018-19 i.e., 15 percent less than the previous year. Among the states, higher area was reported from Haryana 6.76 lakh ha followed by Gujarat (5.06 lakh ha), Punjab (4.02 lakh ha), Rajasthan (3.45) and Telangana (3.44 lakh ha).

Table 2: State wise area under cotton in India

State	2018-19		2019-20	
	Area (lakh ha)	% to total area	Area (lakh ha)	% to total area
Haryana	6.65	20.66	6.76	24.96
Gujarat	2.42	7.52	5.06	18.69
Punjab	2.84	8.82	4.02	14.84
Rajasthan	4.05	12.58	3.45	12.74
Telangana	5.78	17.96	3.44	12.70
Others	10.45	32.46	4.35	16.06
All India	32.19	100.00	27.08	100.00

Source: www.agricoop.nic.in

Domestic Trade information

Currently prices are ruling above MSP and maintained steadiness in the market due to lack of demand from textile industry. Average price of Lint at Sirsa during the month was Rs. 4806 per maund (of 37.32 Kg each), i.e., lower as compared to the previous month's price of Rs. 4798.14. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs. 45491 per candy (of 355.6 Kg each) during the month, which was Rs. 45,303.7 per candy previous month.

Table 3: Average Monthly Prices of Cotton (Rs/Quintal)

State	Kapas		Average Monthly Prices (Rs./Quintal)		Change
	Centre	Variety	June,2019	May,2019	
Gujarat	Ahmedabad	Shankar-6	6244	6233	10
	Gondal	Shankar-6	6245	6178	67
	Rajkot	B.T. Cotton	6275	6234	41
	Dhrol	B.T. Cotton	2961	5320	-2359
Haryana	Adampur	B.T. Cotton	6275	6127	148
Rajasthan	Hanumangarh	B.T. Cotton	6384	6247	137
	Rawatsar	B.T. Cotton	3645	4287	-642
Maharashtra	Amravati	Mech-1	4634	6348	-1714
Telangana	Adilabad	Un-Ginned	6059	5976	83
Karnataka	Bijapur	Bunny	6543	5876	667
	Raichur	H-44 Cotton	6156	5053	1103

Source: www.agriwatch.com

Cotton in Telangana

As on 3rd July 2019 area under cotton during 2019-20 was 7,89,516 hectares as against 7,70,768 hectares during 2018-19. Among the districts, Adilabad stood first with 93,820 ha followed by Asifabad (79,381 ha), Sangareddy (62,050 ha), Warangal (Rural) (56,974 ha) and Nagarkurnool (56,474 ha).

Table 4: District wise area under cotton in Telangana

District	2018-19		2019-20	
	Area (ha)	% to total area	Area (ha)	% to total area
Adilabad	98125	12.73	93820	11.88
Asifabad (K. Bheem)	30012	3.89	79381	10.05
Sangareddy	34135	4.43	62050	7.86
Warangal(Rural)	60702	7.88	56974	7.22
Nagarkurnool	26132	3.39	56474	7.15
Others Districts	521662	67.68	440817	55.83
Telangana	770768	100.00	789516	100.00

Source: www.agri.telangana.gov.in

Cotton Prices in Telangana

Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of June 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
4	2,590	5,500	6,115	6,050
7	2,484	5,500	6,120	6,050
10	3,208	5,600	6,050	6,000
11	2,018	5,600	6,050	6,000
13	1,514	5,680	6,080	6,000
14	2,150	5,500	6,125	6,000
17	1,735	5,500	6,160	6,100
18	1,512	5,600	6,110	6,020
20	1,472	5,600	6,200	6,100
21	336	5,500	6,185	6,100
24	1,260	5,500	6,220	6,100
25	1,440	5,500	6,180	6,100
27	1,567	5,600	6,230	6,100
28	1,160	5,600	6,220	6,100

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

Indian imports are in continuous process and still exports are on hold due to less parity. US export sales were lower compared to previous week. Cotton sowing progress seemed to be slow in June due to delay in monsoon especially in Gujarat, Maharashtra, Telangana and Andhra Pradesh but now monsoon has advanced to major cotton growing states encouraging farmers to pick up to pace for sowing. Government has fixed the MSP of cotton (long staple) as Rs. 5550 per quintal for 2019-20.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs.5800-6100** per quintal during July 2019.