

## Cotton Outlook – March 2019

### 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 (February 8)	Latest Month (January 2019)	Last 12 Months (Feb18-Jan19)
NY Nearby	72.60	73.10	81.40
A Index	82.00	82.40	90.70
CC Index	104.60	103.30	108.60
Indian Spot	75.70	77.40	82.20
Pakistani Spot	75.60	76.50	79.40

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

Most cotton prices were stable over the past month. Chinese cotton prices represented by the CC Index (3128B) drifted slightly higher in international (from 102 to 105 cents/lb) and domestic terms (from 15,400 to 15,500 RMB/ton).

Indian spot prices (Shankar-6 quality) drifted slightly lower in international (from 78 to 75 cents/lb) and domestic terms (from 43,200 to 42,200 INR/candy). Pakistani spot prices were steady at values near 76 cents/lb or 8,700 PKR/maund. Cotton production in Pakistan up to 15<sup>th</sup> February stood short by 6.83 per cent at 10.7 million bales over the corresponding period of last year.

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

Importing Countries	Quantity (Metric Tonnes)	Value (Rs. Crore)
<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)

India halts cotton exports to Pakistan amid Pulwama attack tensions. The unease between India and Pakistan, exporters see a temporary slump in flow of consignments for a few days. According to Cotton Association, that 8 lakh bales had been contracted by Pakistan and nearly 6.5 lakh bales have already been shipped which means barely 75,000 bales are remaining. Pakistan is expected to import around 10 lakh bales of cotton from India in the current financial year.

Cotton exports to China from India are on the upswing. About 4 lakh bales have already been shipped to China in the last 10 days and another 10 lakh bales are expected to be shipped from the country soon. So far, some 32 lakh bales have been shipped out of the country and the total exports are expected to touch 50-53 lakh bales.

Till date, the total cotton stock in the country is 80 lakh bales, of which 44 lakh bales is with spinning mills, 36 lakh bales with ginners and the remaining with CCI. CAI, in its January 2019 estimate of the cotton crop for the season 2018-19 beginning from October 1, 2018, has estimated cotton crop for 2018-19 season at 330 lakh bales of 170 kg each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made last month.

### 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.

**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)**

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 are witnessed weak trend during the February Month. The 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.

Average price of lint at Sirsa during February month was Rs. 4341 per maund (of 37.32 Kg each), lower compared to the previous month price of Rs 4386. Cotton fiber (Shankar-6) prices noticed weak this February month. Average price was Rs 41850 per candy (of 355.6 kg each) during February month, which was Rs 442846 per candy previous month. Cotton spot market prices have been higher this season compared to last season on reports of production cut by the Cotton Association and USDA. However, cotton spot market prices are expected to trade lower side due to sluggish demand.

**Table 5: State wise Cotton Prices in India (Rs/q)**

State	Centre	Variety	21-Feb-19	14-Feb-19	21-Feb-19
Gujarat	Ahmedabad	Shankar-6	5550	5550	5550
	Gondal	Shankar-6	5520	5550	5520
	Rajkot	B.T. Cotton	5500	5625	5500
	Patan	B.T. Cotton	5510	5530	5510
	Kadi	B.T. Cotton	5500	5500	5500
	Dhrol	B.T. Cotton	5225	5055	5225
Haryana	Bhiwani	B.T. Cotton	5650	5650	5650
	Adampur	B.T. Cotton	5500	5460	5500
	Fatehabad	B.T. Cotton	5450	5460	5450
	Uchana	B.T. Cotton	5420	5450	5420
	Dabwali	B.T. Cotton	5370	5350	5370
Rajasthan	Hanumangarh	B.T. Cotton	5470	5480	5470
	Rawatsar	B.T. Cotton	5470	5500	5470
Madhya Pradesh	Khandwa	Mech-1	5410	5500	5410
	Khargaon	Mech-1	5455	5445	5455
Maharashtra	Amravati	Mech-1	5425	5425	5425
Telangana	Adilabad	Un-Ginned	5450	5450	5450
Karnataka	Bijapur	Bunny	5589	5669	5589
	Raichur	H-44 Cotton	5350	5300	5350

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	2018-19 Expected Production in 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: Prices and Arrivals of Cotton at Warangal Market in the Month of February 2019**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	7,821	4,500	5,325	5,300
2	4,736	4,500	5,325	5,300
5	15,381	4,500	5,250	5,200
6	8,452	4,500	5,250	5,200
7	7,318	4,500	5,205	5,175
8	6,559	4,500	5,205	5,150
9	4,526	4,800	5,230	5,200
11	5,854	4,500	5,230	5,150
12	5,289	4,500	5,210	5,150
13	5,109	4,500	5,200	5,150
14	6,598	4,300	5,125	5,000
15	5,280	4,300	5,125	5,050
16	3,441	4,200	5,150	5,075
18	8,254	4,200	5,200	5,100
19	4,010	4,200	5,200	5,150
20	5,245	4,200	5,185	5,100
21	4,503	4,200	5,205	5,100
22	4,497	4,200	5,210	5,150
23	2,396	4,200	5,235	5,100
25	4,380	4,500	5,300	5,200

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

Cotton Association of India has reduced the crop estimate for Telangana by 2.50 lakh bales, Andhra Pradesh by 50,000 bales and Karnataka by 2 lakh bales. The main reason for reduction in cotton crop is that farmers have uprooted more than 50% of their cotton crop after second picking and foregone the third and fourth pickings due to moisture deficiency and pest attacks. Dry spells in the initial stages of the crop, too, led to stunted growth of bolls, were the major reasons to decline in cotton yield in India.

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 March 2019.