

Cotton Outlook – August 2019

World Scenario

Global 2019-20 cotton area, production and productivity are projected at 34.7 million hectares (85.8 million acres), 125.8 million bales and 789 Kg/ha, which were nearly 3.5 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 3 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 29 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 spot prices were stable. After maintaining a range between 65 and 69 cents/lb since early May, the NY December contract broke lower in the second week of July and fell to levels near 63 cents/lb. Indian cotton prices (Shankar-6 quality) moved slightly lower over the past month, falling from 84 to 82 cents/lb in international terms and from 45,600 to 43,900 INR/candy in domestic terms.

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

	Latest Value (11 th July 2019)	Latest Month (June 2019)	Last 12 Months (July '18-June '19)
NY Nearby	62.9	65.4	76.3
A Index	74.8	77.6	86.1
CC Index	93.9	93.1	104
Indian Spot	82.1	83.8	82.1
Pakistani Spot	64.7	68.9	77.4

Source: www.cottoninc.com

The Indian market remained firm at 79.54 (cents/lbs) compared to the international prices in US (61.84 cents/lbs) and Brazil stood at 63.59 cents/lbs in the month end, on the back of lower production in India this year the prices stood higher. Cotton prices would remain firm against international prices at least till the beginning of the next season (Oct'19) due to lower arrivals. On the other hand the domestic prices were expected to go up but it has fallen to Rs.43000/candy against the beginning of the season which stood at Rs.46000/candy in the Indian market due to crash in demand amid US and China trade war despite the prevailing shortage conditions.

Indian Scenario

As on 2nd August 2019, area under cotton during 2019-20 was 115.14 lakh ha as against 109.79 lakh ha in 2018-19 i.e., 4.87 percent more than the previous year. Among the states, higher area was reported from Maharashtra 41.98 lakh ha followed by Gujarat (23.76 lakh ha), Telangana (16.78 lakh ha), Rajasthan (6.36 lakh ha) and Punjab (4.02 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
Maharashtra	38.68	35.25	41.98	36.46
Gujarat	25.54	23.28	23.76	20.64
Telangana	16.86	15.36	16.78	14.57
Rajasthan	4.96	4.52	6.36	5.52
Punjab	2.84	2.59	4.02	3.49
Others	20.85	19.00	22.24	19.32
All India	109.73	100.00	115.14	100.00

Source: www.agricoop.nic.in

Domestic Trade information

India cotton yarn exports declined by 32.95% in April-June, major decline in demand were from China (-50.58%). The trade war between China and US has affected the world trade due to which India’s exports has declined and left with declining demand in domestic as well as in International market. Average price of Lint at Sirsa during the month was Rs. 4666.1 per maund (of 37.32 Kg each). Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs 44123 per candy (of 355.6 kg each) during the month, which was Rs 45491per candy previous month.

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

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)		Change
	State	Centre	Variety	July,2019	
Gujarat	Ahmedabad	Shankar-6	6150	6244	-94
	Gondal	Shankar-6	5884	6245	-361
	Rajkot	B.T. Cotton	5930	6275	-345
Haryana	Adampur	B.T. Cotton	6093	6275	-182
Rajasthan	Hanumangarh	B.T. Cotton	6204	6384	-180
Maharashtra	Amravati	Mech-1	0	4634	-4634
Telangana	Adilabad	Un-Ginned	0	0	
	Bijapur	Bunny	6249	6543	-293
Karnataka	Raichur	H-44 Cotton	2448	6156	-3709

Source: www.agriwatch.com

Cotton in Telangana

As on 7th August 2019 area under cotton during 2019-20 was 17,23,965 hectares as against 17,06,504 hectares during 2018-19. Among the districts, Nalgonda stood first with 2,06,801 ha followed by Adilabad (1,32,047 ha), Nagarkurnool (1,16,332 ha), Sangareddy (1,08,350 ha) and Asifabad (1,02,009 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
Nalgonda	224813	13.17	206801	12.00
Adilabad	135249	7.93	132047	7.66
Nagarkurnool	96635	5.66	116332	6.75
Sangareddy	86355	5.06	108350	6.28
Asifabad	91273	5.35	102009	5.92
Others	1072179	62.83	1058426	61.39
Total	1706504	100.00	1723965	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 July 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	1,277	5,600	6,200	6,100
3	2,486	5,600	6,160	6,000
4	1,759	5,600	6,205	6,100
5	2,059	5,600	6,205	6,100
6	589	5,600	6,180	6,100
8	2,688	5,600	6,210	6,100
9	1,673	5,600	6,105	6,000
10	2,132	5,600	6,085	6,000
11	1,864	5,600	6,100	6,000
15	2,283	5,600	6,030	5,900
16	1,900	5,600	6,075	5,900
17	1,510	5,600	6,100	6,000
18	1,800	5,700	6,200	6,100
19	1,605	5,700	6,300	6,200
22	1,847	5,500	6,175	6,000
23	1,866	5,600	6,165	6,100
24	1,700	5,600	6,150	6,100
25	1,270	5,700	6,235	6,150
26	1,320	5,800	6,315	6,250
30	812	5,800	6,265	6,200
31	2,024	5,800	6,200	6,100

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

India's cotton imports is likely to surge at 25 to 28 lakh bales in 2018-19 as against 15 lakh bales in previous year. Shortage of raw cotton has urged the textile mills to import cotton on large scale. Till July'19, around 14 lakh bales is expected to arrive out of the total contracted imports of 27 lakh bales for the season, while the remaining 10 - 11 lakh bales is expected to arrive until the end of season in September month.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs.5850-6150** per quintal during August 2019.