

Cotton Outlook – December 2019**World Scenario**

Global 2019-20 cotton area, production and productivity are projected at 34.80 million hectares (85.80 million acres), 124.80 million bales and 781 Kg/ha, which were nearly 4 and 5 percent greater than that of 2018-19 estimates respectively. According to the Cotton and Wool Outlook, October estimates India is the largest cotton producer in the world with 30.50 million bales compared to 26.50 million bales in previous year followed by China (27.75 million bales), United States (21.70 million bales), Brazil (11.60 million bales) and Pakistan (7.6 million bales).

In India, cotton area in 2019-20 is 127.67 million hectares compared to 121.05 lakh ha in previous year (2018-19) because of favorable monsoon, and relative domestic prices of cotton over other crops. In addition, a rebound in yield (506 Kg/ha) closer to the 5-year average is projected to increase the crop output by 4 million bales to 30.50 million bales in 2019-20. China, Vietnam and Bangladesh are expected to remain the leading raw cotton importers this season, with a combined increase of 2.2 million bales.

International Price Movement

In international terms, the China Cotton Index (CC Index 3128B) increased from 80 to 84 cents/lb. In domestic terms, the CC Index increased from 12,600 to 13,000 RMB/ton. The RMB strengthened against the dollar over the past month, from 7.10 to 6.99 RMB/USD (+1.6%). Indian cotton prices (Shankar-6 quality) held to values near 74 cents/lb. In domestic terms, values drifted marginally lower, from 41,600 to 40,800 INR/candy. The Indian rupee was stable near 71 INR/USD over the past month. Pakistani prices rose from 68 to 73 cents/lb between early October and early November. In domestic terms, values increased from 8,700 to 9,400 PKR/maund. The Pakistani rupee was stable near 156 PKR/USD over the past month.

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

	Latest Value (November 8 th 2019)	Latest Month (October 2019)	Last 12 Months (Nov 18 th - Oct 19 th)
NY Nearby	64.70	63.50	69.30
A Index	75.40	73.90	79.70
CC Index	84.90	81.40	96.80
Indian Spot	73.20	74.50	79.30
Pakistani Spot	73.20	69.80	71.90

Source: www.cottoninc.com

Indian Scenario

As on 26th September 2019, area under cotton during 2019-20 was 127.67 lakh ha as against 121.05 lakh ha in 2018-19 i.e., 5.46 percent more than the previous year. Among the states, higher area was reported from Maharashtra (44.05 lakh ha) followed by Gujarat (26.66 lakh ha), Telangana (18.59 lakh ha), Haryana (7.01 lakh ha) and Rajasthan (6.44 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
Maharashtra	42.54	35.14	44.05	34.50
Gujarat	27.12	22.40	26.66	20.88
Telangana	17.96	14.84	18.59	14.56
Haryana	6.65	5.49	7.01	5.49
Rajasthan	4.96	4.10	6.44	5.04
Others	21.82	18.03	24.92	19.52
All India	121.05	100.00	127.67	100.00

Source: www.agricoop.nic.in

Domestic Trade information

Table 3: Major Cotton Markets and Prices in India (Rs/Quintal)

Commodity	Kapas		Monthly Prices Average (Rs./Quintal)			
	State	Centre	Variety	Nov,2019	Oct,2019	Change
Gujarat		Ahmedabad	Shankar-6	5141	5558	-417
		Rajkot	B.T. Cotton	5141	5905	-763
		Patan	B.T. Cotton	5321	5598	-277
Haryana		Bhiwani	B.T. Cotton	5322	5397	-74
		Adampur	B.T. Cotton	5168	5203	-35
		Fatehabad	B.T. Cotton	5169	5204	-35
Rajasthan		Hanumangarh	B.T. Cotton	5190	5169	22
		Rawatsar	B.T. Cotton	5111	5133	-22
Madhya Pradesh		Khandwa	Mech-1	5449	5477	-28
		Khargaon	Mech-1	5299	5374	-75
Maharashtra		Amravati	Mech-1	4908	NA	-
Uttar Pradesh		Hathras	B.T. Cotton	5634	5743	-109
		Hathras	Desi	5100	5009	91
Telangana		Adilabad	Un-Ginned	4998	NA	-
Karnataka		Bijapur	Bunny	5354	5836	-481
		Hubli	D.C.H.	5468	5660	-192
		Hubli	B.T. Cotton	6550	6620	-70

Source: www.agriwatch.com

Cotton in Telangana

In Telangana state during 2019 area under cotton as on 25th September was 18,59,518 hectares as against 17,96,471 hectares during 2018-19. Among the districts, Nalgonda stood first with 2,35,408 ha followed by Adilabad (1,32,047 ha), Nagarkurnool (1,23,055 ha), Sangareddy (1,22,344ha) and Asifabad (1,05,009 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	231965	12.91	235408	12.66
Adilabad	135249	7.53	132047	7.10
Nagarkurnool	113320	6.31	123055	6.62
Sangareddy	92728	5.16	122344	6.58
Asifabad (K.Bheem)	92773	5.16	105009	5.65
Others	1130436	62.93	1141655	61.40
Telangana State	1796471	100.00	1859518	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 November 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	7,330	3,500	4,880	4,800
2	6,090	3,500	4,860	4,700
4	10,058	3,500	4,835	4,700
5	10,146	3,500	4,900	4,800
6	8,865	3,000	4,905	4,400
7	10,009	3,500	4,940	4,800
8	10,385	3,500	4,910	4,675
9	8,025	3,500	4,930	4,725
11	12,515	3,500	4,905	4,700
13	18,599	3,500	4,810	4,700
14	12,995	3,500	4,760	4,500
15	12,703	3,500	4,860	4,600
16	6,174	3,500	4,935	4,700
18	14,157	3,500	5,000	4,875
19	10,010	3,500	5,005	4,825
20	12,620	3,500	5,000	4,800
21	10,031	3,500	5,000	4,875
22	8,886	3,500	4,945	4,825
25	13,222	3,500	4,905	4,800
27	12,170	3,500	4,850	4,800
28	8,951	3,500	4,870	4,800
29	7,839	3,500	4,930	4,875
30	4,736	3,500	4,860	4,800

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

According to Pakistan Cotton Ginners' Association (PCGA), Pakistan cotton production up to November 15, 2019 is at 6.85 million bales, down by around 21% over 8.67 million bales production in same period last year.

The Indian cotton exports for the Oct'19 were reported at 1.33 lakh bales against 71,403 bales in the previous month. In Oct'19, Bangladesh was the largest importer, importing 1.24 lakh Indian bales with an average FOB of 1.75 \$/Kg lower compared to 1.82 \$/kg previous month followed by Vietnam importing 2711 bales at 1.67 \$/Kg, Indonesia at an average of 1.58\$/kg for 2353 bales. China also has started importing cotton from India but in small quantities. India exported around 1316 bales at an average FOB of 1.67\$/kg in the new season in October'19.

The Indian cotton yarn exports declined drastically by 33.3% till Oct'19 from the starting of the financial year in April'19. India exported 753 million kg in 2018 while only 502 million kg in 2019 during April to October.

The top importers of cotton yarn (including raw cotton) were China (- 53%), Bangladesh (-37.9%) and Egypt (-0.73%) so far in 2019 although the exports to these countries were lesser compared to the previous year (2018) because of imparity between domestic and international cotton prices. Decline in raw cotton exports from Bangladesh (-42%), Vietnam (-80.7%), China (-88.6%), and Taiwan (-63.2%) due to lower demand while the exports increased to Iran (837%), Oman and Nepal (22.9%).

Cotton market across India showed steady to weaker trend because weaker demand from the textile mills and also CCI has not been active in all the centers due to the high moisture content in cotton.

According to CCI, total 28.9 lakh bales have been arrived so far from all over India since 1st of Oct'19. Cotton prices are gaining support slightly in domestic market after CCI started procurement but still not all the centers are opened. Whereas international market remained weaker due to lack of any progress on US - China trade front.

Gujarat cotton Shankar 6 variety prices have declined to Rs.38000 to 39000 / candy since last week on quality concerns after the heavy rains whereas, before October month the prices remained firm around Rs.40000 to 43000 / candy.

Cotton prices are getting support in Adilabad district as the farmers are bringing dried cotton to the procurement centers as recommended by CCI. Their produce is attracting the minimum support price (MSP) of Rs 5,550 per quintal. Presently, cotton in Telangana is in 2nd to 3rd picking stage.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs. 5300-5500** per quintal during December 2019.