

Cotton Outlook – November 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 29.50 million bales compared to 26.50 million bales in previous year followed by China (27.8 million bales), United States (21.90 million bales), Brazil (12.00 million bales) and Pakistan (8 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) as the monsoon has improved planting expectations, and relative domestic prices favor 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 3 million bales to 29.5 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) decreased from 83 to 80 cents/lb between early September and the present. Over the same period, the RMB was nearly unchanged against the USD (near 7.13 RMB/USD). Indian cotton prices (Shankar-6 quality) held to values near 75 cents/lb in international terms over the past month. In domestic terms, Indian prices were relatively stable at levels between 41,600 and 42,000 INR/candy. Since early September, the INR has been steady against the USD at levels near 71 INR/USD. Pakistani prices increased from 63 to 68 cents/lb in international terms and from 8,100 to 8,700 PKR/maund in domestic terms.

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

	Latest Value (10 th October 2019)	Latest Month (Sept 2019)	Last 12 Months (Oct 2018- Sept 2019)
NY Nearby	61.4	59.6	70.5
A Index	72.5	71.3	80.8
CC Index	80.6	82.9	98.8
Indian Spot	74.8	74.9	79.9
Pakistani Spot	68.3	65.0	72.6

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	Oct 2019	Sep 2019	Change
		Gondal	Shankar-6	5730	5892	-162
		Rajkot	B.T. Cotton	5905	6329	-425
Haryana		Bhiwani	B.T. Cotton	5397	5228	169
		Adampur	B.T. Cotton	5203	5440	-237
		Fatehabad	B.T. Cotton	5204	4017	1187
		Jind	B.T. Cotton	5499	4930	569
		Uchana	B.T. Cotton	5277	4825	452
		Dabwali	B.T. Cotton	5169	4791	378
		Hanumangarh	B.T. Cotton	5169	4254	914
Rajasthan		Rawatsar	B.T. Cotton	5133	3813	1320
		Khargaon	Mech-1	4206	829	3377
Uttar Pradesh		Hathras	B.T. Cotton	5743	5628	115
		Hathras	Desi	5009	3925	1084
Telangana		Adilabad	Un-Ginned	5299	6062	-763
Karnataka		Bijapur	Bunny	4863	5403	-540

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 October 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	708	5,000	6,070	6,000
3	1,000	5,383	6,100	6,025
4	633	5,383	6,165	6,075
5	1,618	4,851	6,200	6,100
10	217	5,383	6,160	6,100
11	522	5,383	6,120	6,000
12	732	5,383	6,210	6,150
14	2,169	4,711	6,230	5,383
15	2,061	5,300	6,080	5,500
16	2,238	5,500	6,070	6,000
17	4,011	5,500	5,775	5,700
18	4,538	5,500	5,930	5,850
21	7,091	3,500	5,100	4,500
22	5,382	3,500	4,900	4,600
23	4,197	3,500	4,900	4,600
24	3,968	3,500	4,911	4,200
25	4,783	3,500	4,900	4,600
26	3,635	3,500	4,900	4,200
29	3,471	3,500	5,111	4,400
30	7,366	3,400	4,850	4,700
31	7,500	3,500	4,710	4,600

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

Pakistan is expecting shortfall in cotton production and around 3.5 – 4.0 million bales would have to be imported. Cotton production for current season (2019-20) would not be more than 11 million bales as estimated by the country earlier. The production from Punjab having sharply declined due to excessive rains and use of inferior quality pesticides made the situation uncontrollable.

China's consumption in 2019-20 is expected to lower (8.6 million tons) as same as in 2018-19, due to decline in global demand and imposition of US trade tariffs on China's textile exports. Although China is largest importer of cotton from US, but the country has found its alternate Brazil, Australia and Pakistan other than US.

Average price of lint at Sirsa during the month was Rs. 3877 per maund (of 37.32 Kg each), weaker compared to the previous month price of Rs. 4139. Average price was weaker at Rs. 41239 per candy (of 355.6 Kg each) of premium quality during the month, which was Rs. 41752 per candy previous month.

There was around 50-60% excessive rainfall in Maharashtra, Telangana and Andhra Pradesh during last 2 – 3 weeks. The southern parts of Madhya Pradesh also recorded heavy rainfall at one or two places. These rains have badly affected the standing cotton crop i.e., both the quantity and quality of bolls to be harvested. Because of its poor quality the market prices were steeply fallen down to Rs. 3500 to Rs. 4500 per quintal.

In Telangana, the fiber output is expected to be around 45-50 lakh bales as against 36-40 lakh bales in a normal year because of extended area under cotton crop. However, the stagnant water from incessant rains during past few days in the cotton fields across Telangana state would affect the overall production of the state if the rains continue up to 2nd picking.

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 November 2019.