

## Cotton Outlook – February 2020

### World Scenario

Global 2019-20 cotton area, production and productivity are projected at 34.90 million hectares (86.20 million acres), 121.10 million bales and 756 Kg/ha, which were nearly 4 and 2.5 percent greater than that of 2018-19 estimates respectively. According to the Cotton and Wool Outlook, December 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 (27.25 million bales), United States (20.02 million bales), Brazil (12.50 million bales) and Pakistan (6.20 million bales).

The Indian cotton exports for December 2019 were reported higher at 5.36 lakh bales as against 3.47 lakh bales in the previous month. In December 2019 also, Bangladesh was the largest importer, importing 3.82 lakh bales with an average FOB of 1.64 \$/Kg steady compared to previous month followed by China at an average FOB \$1.6/Kg for 54,850 bales, Indonesia importing 42,672 bales at 1.51 \$/Kg and Vietnam (32,690 bales at an average FOB \$1.57/Kg). China has started importing cotton from India and the quantity of purchasing is increasing gradually. Mauritius, Iran, Turkey, Philippines & Thailand also imported raw cotton from India in December contributing to the Indian exports of around 21,854 bales at an average FOB of 1.40-1.63\$/Kg.

### International Price Movement

Indian and Pakistani prices were stable over the past month, while other benchmark prices increased. The China Cotton Index (CC Index 3128B) climbed from 85 to 91 cents/lb. In domestic terms, prices increased from 13,100 to 13,800 RMB/ton. The RMB increased slightly against the dollar over the past month, from 7.00 to 6.93 RMB/USD. Indian cotton prices (Shankar-6 quality) were generally stable around 71cents/lb. In domestic terms, values were hovered around 39,500 INR/candy. The Indian rupee traded close to 71 INR/USD. Pakistani prices were mostly steady around 69 cents/lb in international terms. In domestic terms, values were hovered around 8,900 PKR/maund. The Pakistani rupee was stable near 155 PKR/USD.

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

	Latest Value (Jan 10 <sup>th</sup> 2020)	Latest Month (December 2019)	Last 12 Months (Jan 2019- Dec 2019 )
<b>NY Nearby</b>	<b>71.30</b>	<b>67.00</b>	<b>67.40</b>
<b>A Index</b>	<b>79.20</b>	<b>75.80</b>	<b>77.90</b>
<b>CC Index</b>	<b>90.60</b>	<b>85.20</b>	<b>94.00</b>
<b>Indian Spot</b>	<b>72.60</b>	<b>70.70</b>	<b>77.90</b>
<b>Pakistani Spot</b>	<b>70.80</b>	<b>69.20</b>	<b>70.50</b>

Source: [www.cottoninc.com](http://www.cottoninc.com)

**Indian Scenario**

As on 26<sup>th</sup> 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](http://www.agricoop.nic.in)

**Domestic Trade information**

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

State	Centre	Variety	25-Jan-20	18-Jan-20	25-Dec-19	25-Jan-19
Gujarat	Ahmedabad	Shankar-6	5550	5650	5550	5600
	Gondal	Shankar-6	5530	NR	5530	5500
	Rajkot	B.T. Cotton	NR	5550	NR	5530
	Patan	B.T. Cotton	5360	5615	5360	5515
	Kadi	B.T. Cotton	5450	5500	5450	5550
Haryana	Bhiwani	B.T. Cotton	5450	5470	5450	5600
	Adampur	B.T. Cotton	5320	5370	5320	5350
	Fatehabad	B.T. Cotton	5350	5380	5350	5350
	Jind	B.T. Cotton	5500	5450	5500	5700
Rajasthan	Rawatsar	B.T. Cotton	5300	5480	5300	Closed
Madhya Pradesh	Khandwa	Mech-1	5300	Closed	5300	5491
	Khargaon	Mech-1	NR	0	NR	5427
Maharashtra	Amravati	Mech-1	5350	5325	5350	5300
Telangana	Adilabad	Un-Ginned	5450	5050	5450	5400
Karnataka	Bijapur	Bunny	NR	5579	NR	5929
	Raichur	H-44 Cotton	NR	5300	NR	5470

Source: [www.agriwatch.com](http://www.agriwatch.com)

### Cotton in Telangana

In Telangana state during 2019 area under cotton as on 25<sup>th</sup> 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
<b>Telangana State</b>	<b>1796471</b>	<b>100.00</b>	<b>1859518</b>	<b>100.00</b>

Source: [www.agri.telangana.gov.in](http://www.agri.telangana.gov.in)

### Cotton Prices in Telangana

**Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of January 2020**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	5,338	4,001	5,070	4,990
3	6,840	4,001	5,075	4,975
4	5,180	4,001	5,030	4,950
6	9,297	4,001	5,035	4,975
7	7,355	4,001	5,015	4,950
9	10,501	4,001	5,070	5,000
10	8,645	4,001	5,060	5,000
11	6,722	4,001	5,175	5,100
13	6,220	4,001	5,170	5,100
17	2,770	4,001	5,175	5,100
18	4,315	4,001	5,230	5,150
20	10,125	4,001	5,175	5,105
21	9,142	4,001	5,150	5,100
22	8,370	4,001	5,090	5,005
23	9,990	4,001	5,170	5,100
27	12,834	4,001	5,015	4,950
28	10,850	4,001	5,010	4,925
29	10,150	3,300	4,965	4,900
30	7,345	3,200	4,925	4,850
31	6,830	4,001	5,020	4,950

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

CCI procured around 24% of the total cotton arrived in the market till 28<sup>th</sup> January 2020. CCI bought the major quantity of cotton (57% of total procurement) from Telangana (about 27 lakh bales out of total procurement of around 48 lakh bales) followed by Maharashtra (8 lakh bales), Gujarat (2.57 lakh bales) and Punjab, Haryana and Rajasthan combined (4.63 lakh bales).

Cotton exports are expected to remain slightly higher as that of previous year. It is expected that country would export around 45.7 lakh bales of cotton in the season 2019-20 due to slightly higher crop compared to 2018-19. Ending stocks are expected to be around 48.54 lakh bales, which is higher compared to the ending stocks of previous season.

Average price of lint at Sirsa during the week was Rs.4088 per maund (of 37.32 Kg each), higher from the previous week price of Rs. 4101 due to the good quality of cotton. Average price for Shankar-6 (29 mm) was Rs.39667 per candy (of 355.6 kg each) during the week stood low, which was Rs. 39900 per candy previous week.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs. 4800 - 5000** per quintal during February 2020.