

Cotton Outlook – April 2018

World Scenario

World cotton production in 2017/18 is forecast at 121.9 million bales, which is 14 percent above last season and the largest production since 2012/13. Global harvested area in 2017/18 is estimated at 33.5 million hectares (82.8 million acres), 13 percent above 2016/17 as returns from cotton were more favorable than those for alternative crops. Additionally, the global yield is forecast slightly better at 792 kg per hectare in 2017/18, the highest in 4 years and the third highest on record.

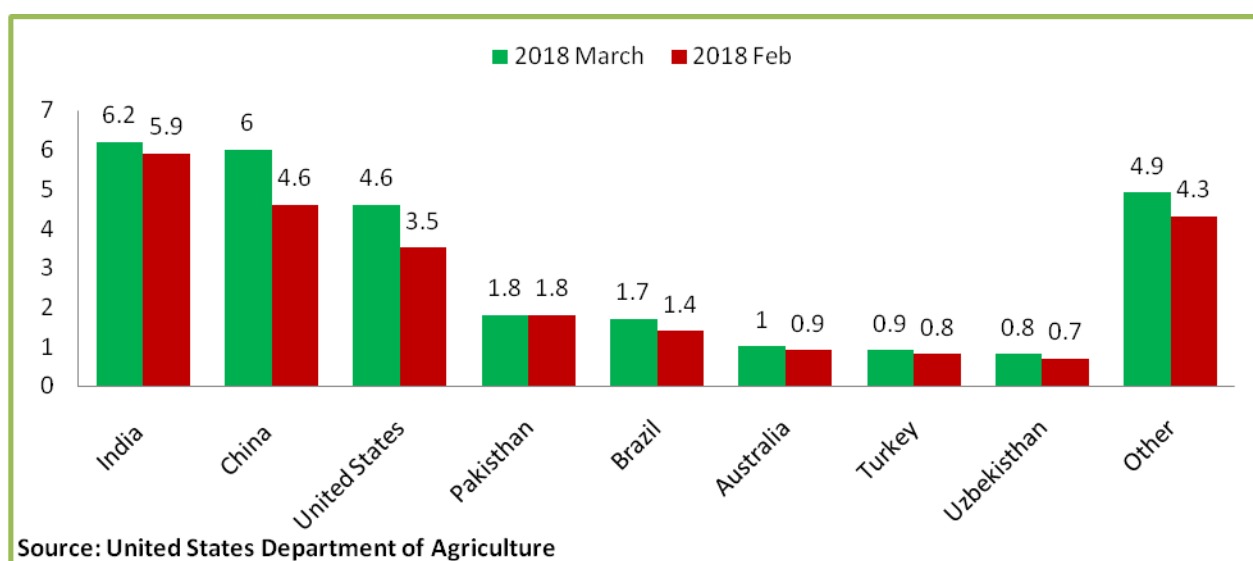


Fig 1: World cotton production (in million metric tonnes)

Indian scenario

India, the world's second biggest cotton exporter, is hoping to treble shipments of the fibre to China next year as Beijing seeks to replenish stockpiles and imposes a 25 percent import tax on cargoes from the United States.

According to trade sources, Cotton prices which are currently ruling in the range of Rs.40,000 - 40,800 per candy (each of 356 kg) may cross Rs. 45,000 by the end of May. Foreign buyers are interested in sourcing cotton from India as they find it cost effective and less expensive in comparison to other countries.

Domestic cotton balance sheet

As per the latest estimates by Cotton Association of India, country's cotton output during the season 2017-18 would be around 362 lakh bales (of 170 kg each) which is higher compared to production of last season. Following higher production, cotton imports will fall marginally to 22 lakh bales as against 27 lakh bales in previous season.



Fig 2: Domestic cotton supply (in lakh bales of 170 kg)

Due to lower opening stocks, imports, and higher production of cotton, availability would be standing higher this season at 414 lakh bales compared to 400 lakh bales during the previous season.

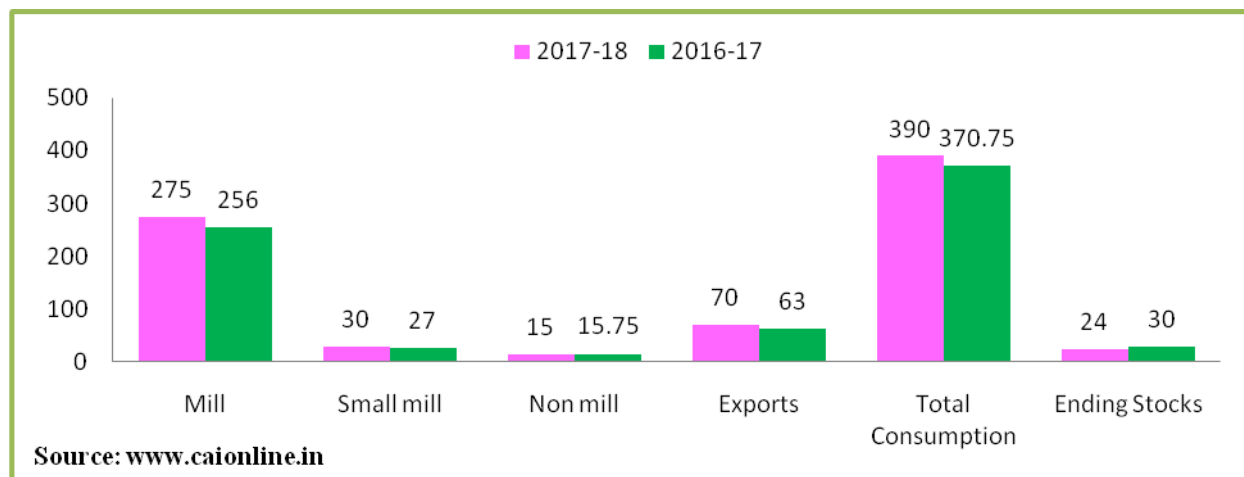


Fig 3: Domestic cotton demand (quantity in lakh bales of 170)

Total domestic consumption (including mill, small mill and non-mill consumption) would be around 320 lakh bales compared to 307 lakh bales during the previous season. Cotton exports are expected to remain higher as that of previous year. It is expected that country would

export around 70 lakh bales of cotton in the season 2017-18. Ending stocks are expected to be around 24 lakh bales; that is lower compared to the ending stocks of previous season.

There is good demand for Indian cotton from overseas markets in this current season. Bangladesh, Pakistan, Vietnam, Indonesia and various other countries are buying cotton from India. As per the Cotton Association of India statement, during this cotton production and marketing season (October 2017 - March 2018), India has sold 55 lakh bales of cotton, of which 17 lakh bales have been shipped to Bangladesh followed by 11 lakh bales to Pakistan, 10 lakh bales to Vietnam, 7 lakh bales to China, 7 lakh bales to Indonesia and Taiwan, and 3 lakh bales to other countries including Sri Lanka, Turkey and Thailand, among others.

Among the states maximum cotton arrivals were from Maharashtra (6484 thousand bales of 170 kg) followed by Gujarat (5923 thousand bales of 170 kg) and Telangana (3830.6 thousand bales of 170 kg).

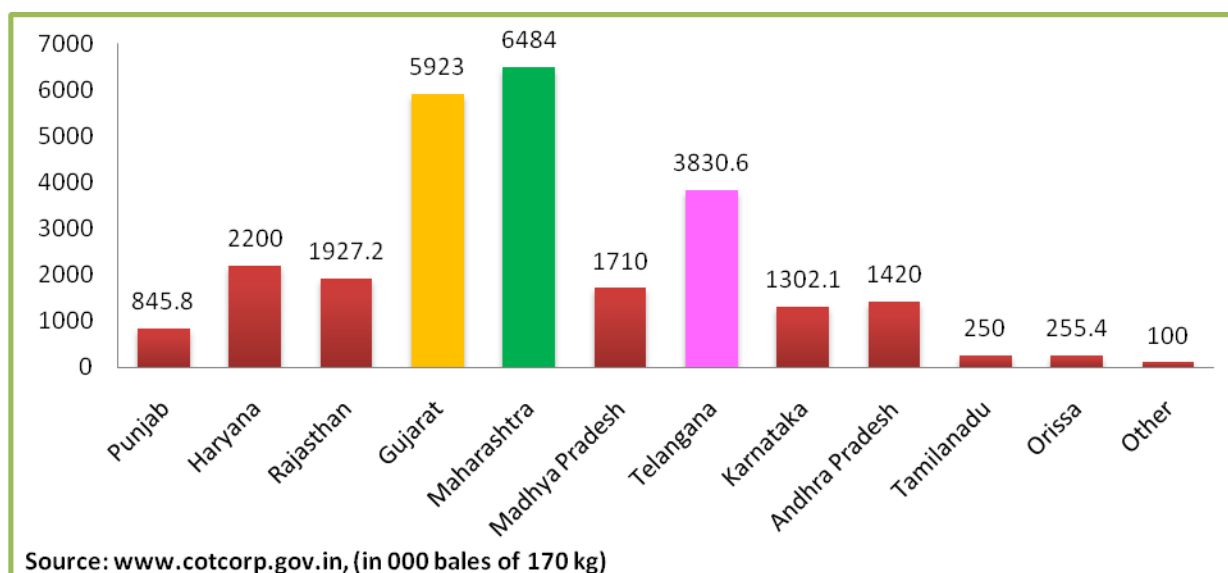


Fig 4: Cotton arrivals at major cotton assembling areas in India up to March 2018

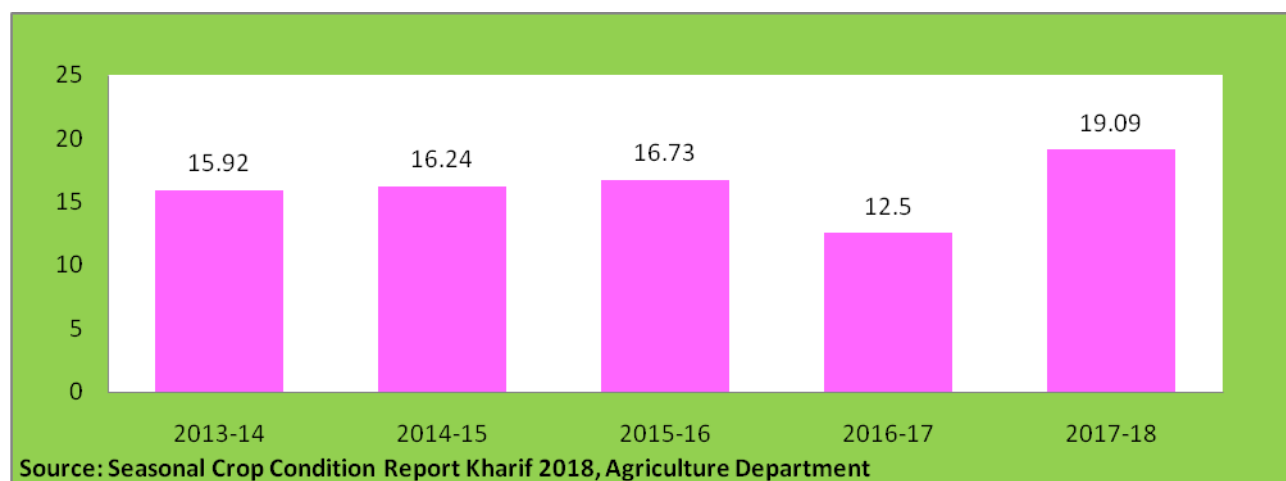
Domestic cotton Prices

Kapas (seed cotton) prices noticed slightly weak tone during the March month as compared to February and the same is ruling lower compared to the prices during the corresponding month of the previous season. Currently, cotton prices are ranging between Rs.5000 - 5250/quintal in all major producing states except in Telanagana and Andhra Pradesh as price is restricted to the range of Rs 4300 - 4900.

Table 1: Weekly Average Prices of Cotton in all Major Markets of India (Rs/quintal)

State	KAPAS					
	MARKET	VARIETY	3 rd to 8 th March 2018	9 th to 15 th March 2018	16 th to 22 nd March 2018	23 rd to 29 th March 2018
GUJARATH	Ahmadabad	Shankar-6	5240	5221	5175	5250
	Gondal	Shankar-6	NR	5023	5014	5025
	Rajkot	B.T. Cotton	5153	5113	5115	5155
	Patan	B.T. Cotton	5123	5135	5187	5230
	Kadi	B.T. Cotton	5120	5163	5183	5226
	Deesa	B.T. Cotton	NA	NA	NA	NA
	Dhrol	B.T. Cotton	5072	5107	5010	NA
HARYANA	Bhiwani	B.T. Cotton	5208	5076	5032	5030
	Adampur	B.T. Cotton	5098	4939	4912	4893
	Fatehabad	B.T. Cotton	5129	4988	4967	4936
	Jind	B.T. Cotton	5300	5212	5109	5067
	Uchana	B.T. Cotton	5143	4966	4934	4950
	Dabwali	B.T. Cotton	4993	4933	4857	4767
RAJASTHAN	Hanumangarh	B.T. Cotton	5181	5036	4948	4900
	Rawatsar	B.T. Cotton	5025	NA	4802	4749
MAHARASTRA	Amravati	Mech-1	5013	5000	5010	5090
TELANGANA	Adilabad	Un-Ginned	4573	4543	4453	4457
ANDHRA PRADESH	Kurnool	Un-Ginned	4908	4835	4333	NA
KARNATAKA	Bijapur	Bunny	5241	5315	5028	5172
	Hubli	D.C.H	4533	4323	4317	4453
	Raichur	H-44 Cotton	5067	5068	5025	5044

Source: www.agriwatch.com

Cotton in Telangana

Source: Seasonal Crop Condition Report Kharif 2018, Agriculture Department

Fig 5: Trend in area under cotton in Telangana from 2013-14 to 2017-18 (in lakh hectares)

Cotton prices in major markets of Telangana state were declined from January to March, 2018. However, slight improvement in prices was observed during last week of March 2018 as compared to previous month and it seems to extend further due to export demand and decline in arrivals. But these prices are not higher than the prices that are prevailed in the month of January 2018. The prices of cotton in major markets of Telangana are ranging between Rs 4100 – 4600 per quintal.

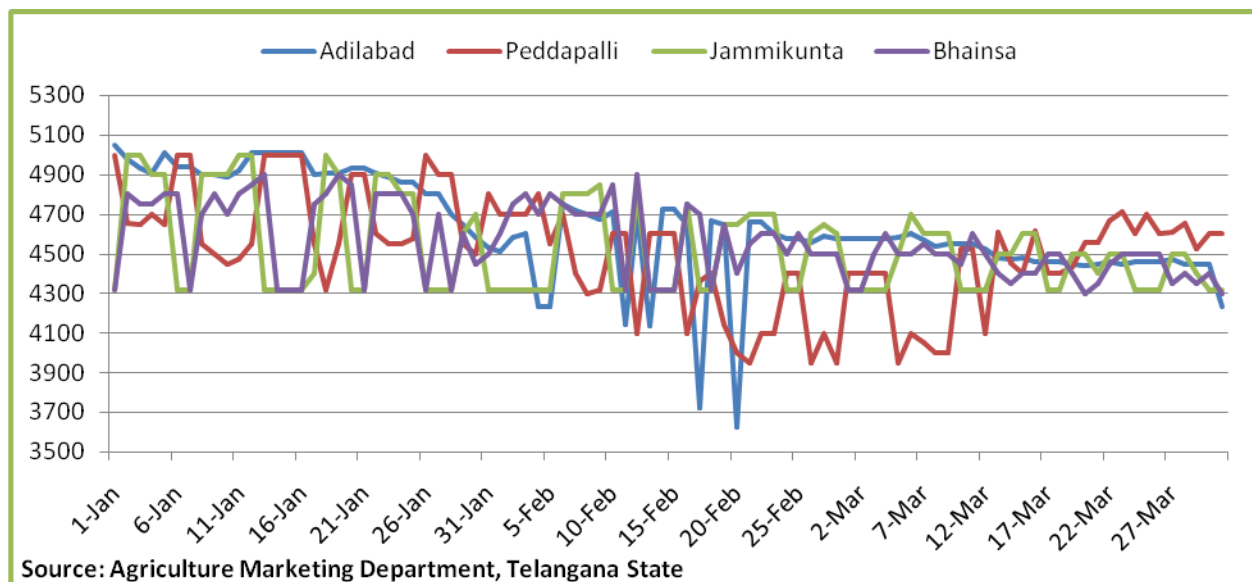


Fig 6: Cotton Model Prices in Major Markets of Telangana during January to March 2018 (Rs /q)

Under these circumstances of raising export demand, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between Rs.4300-4700 per quintal during April 2018.