

## Cotton Outlook – May 2019

### World Scenario

Global 2018-19 cotton area and production are projected at 33.1 million hectares (82 million acres) and 118.9 million bales, which were nearly 2 and 4 percent less than that of 2017-18 estimates respectively. Cotton production in most of the major producing countries except Brazil and Pakistan is expected to decline. India is projected to produce 27.0 million bales of cotton in 2018-19, which was 7 percent less than the production in 2017-18. Although yield is expected to rebound above the 5-year average, a 4 percent reduction in area is forecast in 2018-19. China is projected to produce 27.5 million bales of cotton in 2018-19. Meanwhile, production increases of 3.5 lakh bales for Brazil and 3.0 lakh bales for Pakistan in 2018-19 are projected to push their estimates to 11.75 and 7.7 million bales respectively.

### International Price Movement

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

Cents/lb	Latest Value (April 9 <sup>th</sup> 2019)	Latest Month (March 2019)	Last 12 Months (Apr 2018 – Mar 2019)
NY Nearby	78.1	75.3	80.3
A Index	88.4	83.8	89.4
CC Index	105.9	105.5	107.3
Indian Spot	85	79.3	81.7
Pakistani Spot	75.9	75.4	78.8

Source: Cotton monthly economic letter, April 2019, [www.cottoninc.com](http://www.cottoninc.com)

The A Index climbed from values near 82 cents/lb in the middle of last month to those near 88 cents/lb most recently. Chinese cotton prices represented by the CC Index (3128B) were comparatively stable in both international and domestic terms, holding to values near 105 cents/lb and 15,600 RMB/ton.

Indian spot prices (Shankar-6 quality) increased in both international (from 77 to 85 cents/lb) and domestic terms (from 42,500 to 46,200 INR/candy). Pakistani spot prices were steady at values close to 75 cents/lb or 8,700 PKR/maund.

**Table 2: Top 10 Cotton Importing Countries from India during 2018**

<b>Importing Countries</b>	<b>Quantity (Metric Tonnes)</b>	<b>Value (Rs. Crore)</b>
<b>Bangladesh</b>	110318	2065.92
<b>Pakistan</b>	81603	983.33
<b>China</b>	74997	912.74
<b>Vietnam</b>	79834	882.97
<b>Malaysia</b>	23560	272.44
<b>Indonesia</b>	20178	228.36
<b>Taiwan</b>	17527	154.22
<b>Thailand</b>	11507	125.00
<b>Belgium</b>	5267	46.13
<b>Turkey</b>	3517	42.28
<b>Top 10 Total</b>	428308	5713.39
<b>Other Countries</b>	24573	266.57
<b>Total</b>	452881	5979.96
<b>% Share of Top 10 Countries</b>	94.57	95.54

Source: Directorate General of Commercial Intelligence and Statistics (DGCIS)

All India daily cotton arrivals are reported to be about 75,000 bales according to Cotton Association of India. India remains in the market for U.S. cotton which supports prices to remain high. China, Vietnam and Turkey were major buyers of Indian cotton.

India's current cotton crop arrivals reached 27.88 million bales until 16<sup>th</sup> April 2019, as per the latest CCI report. Total cotton supply projected is 290.00 lakh bales of 170 Kg each during the period from October 2018 to March 2019 which consists of the arrival of 255.83 lakh bales and imports of 6.17 lakh bales up to 31<sup>st</sup> March 2019 with an opening stock of 28 lakh bales at the beginning of the season.

According to CAI, the balance sheet projects total cotton supply of 37.60 million bales, a domestic consumption of 31.60 million bales, exports of 4.70 million bales and a carry-over stock of 1.3 million bales for 2018-19. New crop planting started in some areas of North India. Good availability of canal water and better prices of seed cotton in the current season against competing crops will likely favor cotton sowing in North India.

### Indian Scenario

As on 20<sup>th</sup> September 2018, the area covered under cotton during current season was 120.64 lakh hectares, which was 124.44 lakh hectares during corresponding period of last year. Cotton production during 2018-19 was estimated at 358.70 lakh bales. Among the states, Gujarat stood first with 107.37 lakh bales followed by Maharashtra with 83.30 lakh bales and Telangana with 52.07 lakh bales, all these three states combined contributing nearly 67% to total cotton production during 2018-19.

Table 3: State wise area and production of cotton

State	2017-18		2018-19 Estimated	
	Area (lakh ha)	Production (lakh bales)	Area (lakh ha)	Production (lakh bales)
Andhra Pradesh	6.44	20.50	5.51	17.54
<b>Gujarat</b>	<b>26.23</b>	<b>104.00</b>	<b>27.08</b>	<b>107.37</b>
Haryana	6.69	22.50	6.65	22.37
Karnataka	5.46	18.00	5.48	18.07
Madhya Pradesh	6.03	20.50	6.97	23.70
<b>Maharashtra</b>	<b>42.07</b>	<b>85.00</b>	<b>41.23</b>	<b>83.30</b>
Odisha	1.45	3.50	1.57	3.79
Punjab	2.91	11.50	2.84	11.22
Rajasthan	5.84	22.00	4.96	18.68
Tamilnadu	1.85	5.50	0.21	0.62
<b>Telangana</b>	<b>18.97</b>	<b>55.00</b>	<b>17.96</b>	<b>52.07</b>
Others	0.50	2.00	0.17	0.68
<b>India</b>	<b>124.44</b>	<b>370.00</b>	<b>120.64</b>	<b>358.70</b>

Source: <http://agricoop.nic.in/all-india-crop-situation>

Table 4: Domestic Cotton Demand and Supply (in lakh bales of 170 kg)

	2016-17	2017-18	2018-19**
<b>Supply</b>			
Opening Stock	36.5	30	20
Production	337.25	365	353
Imports	27	15	27
<b>Total Supply</b>	<b>400.75</b>	<b>410</b>	<b>400</b>
<b>Demand</b>			
Mill	265	275	280
Small Mill	27	30	35
Non Mill	15.75	15	20
<b>Total Consumption</b>	<b>307.75</b>	<b>320</b>	<b>335</b>
Exports	63	70	60
<b>Total Consumption</b>	<b>370.75</b>	<b>390</b>	<b>395</b>
Ending Stocks	30	20	5

Source: [www.agriwatch.com](http://www.agriwatch.com) \*\* 2018-19 projections

### Domestic Trade information

Indian domestic prices traded firm during April month, mainly due to lower daily arrivals which declined by 10-12% and the arrivals are likely to end by mid of May month. The price in Indian market is higher than that internationally. The market may move up only through larger off take by exporters or by domestic industry.

Average price of lint at Sirsa during the month was Rs. 4845 per maund (of 37.32 Kg each), firmer compared to the previous month price of Rs. 4484. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs. 46,045.8 per candy (of 355.6 Kg each) during the month, which was Rs. 41,172 per candy previous month.

**Table 5: Average Monthly Prices of Cotton (Rs/Quintal)**

Commodity	Kapas		Average Monthly Prices (Rs/Quintal)		Change
	State	Centre	Variety	Apr,2019	
Gujarat	Ahmedabad	Shankar-6	5278	5736	-458
	Gondal	Shankar-6	5501	5675	-174
	Rajkot	B.T. Cotton	5798	5779	19
	Patan	B.T. Cotton	5492	5717	-225
	Kadi	B.T. Cotton	6168	5863	305
	Dhrol	B.T. Cotton	5429	5485	-56
Haryana	Bhiwani	B.T. Cotton	4590	5697	-1107
	Adampur	B.T. Cotton	5759	5740	19
	Fatehabad	B.T. Cotton	3979	5756	-1777
	Jind	B.T. Cotton	2547	5438	-2891
	Uchana	B.T. Cotton	5692	5745	-53
	Dabwali	B.T. Cotton	0	1930	-1930
Rajasthan	Hanumangarh	B.T. Cotton	6286	4170	2116
	Rawatsar	B.T. Cotton	6177	4100	2077
Madhya Pradesh	Khandwa	Mech-1	6063	5761	302
	Khargaon	Mech-1	5874	5767	107
Maharashtra	Amravati	Mech-1	6099	5567	532
Uttar Pradesh	Hathras	B.T. Cotton	0	212	-212
	Hathras	Desi	0	192	-192
Telangana	Adilabad	Un-Ginned	4268	4716	-448
Andhra Pradesh	Guntur	Un-Ginned	5544	5799	-255
	Kurnool	Un-Ginned	1504	2464	-960
	Krishna	Un-Ginned	250	0	250
	East Godavari	Un-Ginned	4757	5249	-492
Karnataka	Bijapur	Bunny	6373	6373	0

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

### Cotton in Telangana

As on 26<sup>th</sup> September 2018 the area under cotton was 17,96,471 hectares as against 19,09,275 hectares during corresponding period of last year. Among the districts, Nalgonda and Sangareddy recorded increased area under cotton as compared to last year, while in all other districts the same was reduced.

Table 6: District wise area under cotton in Telangana

District	2017-18 ( Area in ha)	2018-19 ( Area in ha)	Change in area over last year	2018-19 Expected Production in thousand bales
Nalgonda	224955	231965	7010	672.53
Adilabad	146960	135249	-11711	392.12
Nagarkurnool	125967	113320	-12647	328.54
Khammam	108571	96701	-11870	280.36
Asifabad (K. bheem)	101373	92773	-8600	268.97
Sangareddy	83472	92728	9256	268.84
Mahabubnagar	80827	77697	-3130	225.26
Siddipet	86258	71497	-14761	207.29
Warangal (Rural)	80827	70087	-10740	203.20
Rangareddy	70172	68677	-1495	199.11
Other	799893	745777	-54116	2162.22
<b>Total</b>	<b>1909275</b>	<b>1796471</b>	<b>-112804</b>	<b>5208.49</b>

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

### Cotton Prices in Telangana

Table 7: Arrivals and Prices of Cotton at Warangal Market in the Month of April 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	4,884	5,000	6,005	5,500
2	5,380	5,000	5,985	5,850
3	6,256	5,000	5,955	5,875
4	5,944	5,000	5,975	5,900
15	1,984	5,000	6,190	5,800
16	2,359	5,000	6,115	6,075
17	2,880	5,000	6,050	5,950
18	2,990	5,000	6,060	5,960
22	3,838	5,000	6,005	5,905
23	2,799	5,000	6,060	5,900
24	1,840	5,000	6,105	6,000
25	1,912	5,000	6,140	6,025
26	1,830	5,000	6,195	6,100
27	688	5,000	6,150	6,050
29	2,274	5,000	6,135	6,025
30	2,064	5,000	6,135	6,050

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

Till now 40 lakh bales have been shipped according to CAI and expected to reach up to 47 lakh bales till the end of this season. At the moment exports are in halt due to lower availability and lower demand of Indian cotton because of higher prices than the international prices.

Cotton prices expected to rise slowly due to China's state cotton reserve's auction which starts from 5<sup>th</sup> May and would likely to be firmer after two weeks due to increased booked imports rather than exports. Currently prices are ruling above MSP which depicts that the traders are actively procuring cotton at competitive rates. This may occur gradually over the next few months

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs.5500-6000** per quintal during May 2019.