

Cotton Outlook – September 2019

World Scenario

Global 2019-20 cotton area, production and productivity are projected at 34.7 million hectares (85.8 million acres), 125.6 million bales and 787 Kg/ha, which were nearly 4 and 5 percent greater than that of 2018-19 estimates respectively. The increase in production was expected due to larger estimates in USA and India i.e., 3.6 and 3 million bales more than the previous year respectively. However, production in China (27.75 million bales) and Pakistan (8 million bales) is expected to remain same.

India's cotton crop is projected at 29 million bales which were 9 percent above the previous year. India is forecast to account for 23 percent of the world's cotton production in 2019-20. World cotton trade is forecast at nearly 43.9 million bales in 2019-20, compared with 40.8 million bales in 2018-19. China, Vietnam and Bangladesh are expected to remain as the leading raw cotton importers this season, with a combined increase of 2.2 million bales.

International Price Movement

The China Cotton Index (CC Index 3128B) decreased from 94 to 88 cents/lb between mid-July and early August. In domestic terms, values dropped from 14,200 to 13,600 RMB/ton. Over the same period, the RMB declined 2.7% against the USD (from 6.87 to 7.05 RMB/USD). Indian cotton prices (Shankar-6 quality) fell from 82 to 75 cents/lb in international terms and from 43,900 to 41,700 INR/candy domestically. Over the same period, the INR declined 3.4% against the USD (from 68.5 to 70.8 INR/USD). Pakistani prices fell from 64 to 60 cents/lb in international terms and from 8,400 to 7,750 PKR/maund in domestic terms.

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

	Latest Value (12 th August 2019)	Latest Month (July 2019)	Last 12 Months (August 18 th - July 19 th)
NY Nearby	58	63.8	74.4
A Index	70.4	74.6	74.6
CC Index	87.4	93.5	102.6
Indian Spot	75.3	82.1	81.5
Pakistani Spot	59.6	64	75.7

Source: www.cottoninc.com

Monthly cotton yarn exports fell by 24% at a 5 year low during April- July. The data released by the textile industry for the first three weeks of August also showed a decline of 25 per cent month-on-month, while garment and made up exports have shown a growth. Exports to major markets such as China has halved, and exports to Bangladesh and Korea has fallen 38 per cent and 45 per cent. While Vietnam has increased its exports of cotton yarn to China by 17 per cent during the last four months, India's share has declined by 16 per cent in the same period. Due to which many production units are shutting down and need urgent policy support.

Indian Scenario

As on 6th August 2019, area under cotton during 2019-20 was 125.85 lakh ha as against 118.09 lakh ha in 2018-19 i.e., 6.16 percent more than the previous year. Among the states, higher area was reported from Maharashtra 43.76 lakh ha followed by Gujarat (26.64 lakh ha), Telangana (18.12 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	41.02	34.74	43.76	34.77
Gujarat	26.9	22.78	26.64	21.17
Telangana	18.42	15.60	18.12	14.40
Haryana	6.65	5.63	7.01	5.57
Rajasthan	4.96	4.20	6.44	5.12
Others	20.14	17.05	23.88	18.97
All India	118.09	100.00	125.85	100.00

Source: www.agricoop.nic.in

Domestic Trade information

The domestic prices were expected to go up but it has fallen to Rs.41,000/ candy against the beginning of the season which stood at Rs.46,000/candy in the Indian market due to crash in demand amid US and China trade war despite the prevailing shortage conditions. Average price of Lint at Sirsa during the month was Rs. 4,390.6 per maund (of 37.32 Kg each), weaker compared to the previous month price of Rs 4,666.1. Cotton fiber (Shankar-6) prices noticed highest this month in this season. Average price was Rs 41,650 per candy (of 355.6 kg each) during the month, which was Rs 44,123 per candy previous month.

Table 3: Average Monthly Prices of Cotton (Rs/Quintal)

Commodity	Kapas		Montly Prices Average (Rs./Quintal)		Change
	State	Centre	Variety	Aug,2019	
Gujarat	Ahmedabad	Shankar-6	0	6150	-6150
	Gondal	Shankar-6	5981	5884	98
	Rajkot	B.T. Cotton	6084	5930	153
Haryana	Adampur	B.T. Cotton	5903	6093	-191
Rajasthan	Hanumangarh	B.T. Cotton	4483	6204	-1721
Telangana	Adilabad	Un-Ginned	5893	6071	-178
Karnataka	Bijapur	Bunny	6336	6249	86

Source: www.agriwatch.com

Cotton in Telangana

As on 4th September 2019 area under cotton during 2019-20 in the state was 18,12,832 hectares as against 17,88,670 hectares during 2018-19. Among the districts, Nalgonda stood first with 2,18,241 ha followed by Adilabad (1,32,047 ha), Nagarkurnool (1,16,766 ha), Sangareddy (1,10,161ha) and Asifabad (1,05,009ha).

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	229290	12.82	218241	12.04
Adilabad	135249	7.56	132047	7.28
Nagarkurnool	111204	6.22	116766	6.44
Sangareddy	92728	5.18	110161	6.08
Asifabad	92773	5.19	105009	5.79
Others	1127426	63.03	1130608	62.37
Total	1788670	100.00	1812832	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 August 2019

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	629	5,600	6,125	6,050
3	159	5,800	6,070	6,000
5	1,480	5,600	6,055	6,000
6	428	5,500	5,955	5,900
7	208	5,600	6,015	5,950
8	361	5,200	6,015	5,900
9	469	5,600	6,015	5,950
13	1,050	5,000	6,005	5,900
14	1,030	5,600	6,025	5,975
16	662	5,600	6,030	5,975
17	459	5,000	6,085	6,000
19	665	5,000	6,060	5,800
20	1,487	5,000	6,050	5,600
21	1,414	5,150	6,050	5,775
23	872	5,100	6,100	5,650
26	2,176	5,100	6,075	5,600
27	1,592	5,000	6,090	5,900
28	1,924	5,000	6,105	6,000
29	1,322	5,150	6,110	6,050

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

According to the trade sources, the Indian cotton exports for the July'19 were reported at 68,509 bales against 44,600 bales in the previous month. The total exports of India from the starting of the marketing year in Oct'18 till July'19 reached to a total of 43.13 lakh bales around 23% lower compared to 56.13 lakh bales during the corresponding period in 2017-18. In July'19, Bangladesh was the largest importer, importing 54,740 Indian bales.

Pink bollworm attack was noticed in Maharashtra districts of Akola, Nanded, few parts of Amaravati. It is noticed that early sown crop in these regions were more prone to the pink bollworm attack where 1-1.5 lakh ha of area was under the above category in the state. Punjab and Haryana is expecting to get 10-15% higher production as per the increased area in both the states this year. The new crop is expected to arrive from 2nd week of September from few districts of Punjab and Haryana. Cotton crop in Gujarat has been observed healthy as per date but if excess rainfall occurs after 15th of September it might damage the crop.

In Telangana, presently cotton crop is at vegetative to flowering stage. Sucking pest (below ETL level) attack was noticed in Jangaom and Jagtial districts.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton is likely to trade in price range between **Rs. 5850-6150** per quintal during September 2019.