

Cotton Outlook – April 2020

World Scenario

Global 2019-20 cotton area, production and productivity are projected at 34.60 million hectares (85.50 million acres), 121.60 million bales and 765 Kg/ha, which were nearly 3.5 and 2.5 percent greater than that of 2018-19 estimates respectively. According to the Cotton and Wool Outlook, March 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 (13.00 million bales) and Pakistan (6.60 million bales).

Indian cotton exports for the February'20 were reported higher at 4.54 lakh bales against 9.8 lakh bales in the previous month. In February'20, the shipments were stopped to China due to the cancellations from their part due to the outbreak of Covid-19 virus. China imported only 1.03 lakh bales of raw cotton, 75% less compared to the previous month. Bangladesh was the largest importer of Indian raw cotton in Feb'20 that imported 2.96 lakh bales at an average FOB \$1.65/Kg against 3.96 lakh bales in last month, followed by Indonesia importing 35,313 bales at \$1.54/Kg and Vietnam (10,601 bales at an average FOB \$1.62/Kg). Philippines, Iran, Thailand & Japan also imported raw cotton from India in February contributing to the Indian exports of around 7,474 bales at an average FOB ranging between 1.58 and 1.73\$/Kg.

International Price Movement

Most benchmark prices declined over the past month. The China Cotton Index (CC Index 3128B) decreased from 87 to 85 cents/lb. In domestic terms, prices eased from 13,400 to just below 13,000 RMB/ton. The RMB strengthened slightly against the dollar over the past month, from 6.98 to 6.94 RMB/USD. Indian cotton prices (Shankar-6 quality) slipped from 71 to 67 cents/lb. In domestic terms, values fell from 39,400 to 38,900 INR/candy. The Indian rupee weakened from 71 to 74 INR/USD. Pakistani prices were comparatively stable at levels held near 71 cents/lb in international terms. In domestic terms, values slipped a little, from 9,100 to 9,000 PKR/maund. The Pakistani rupee was also steady, consistently trading near 154 PKR/USD.

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

	Latest Value (Mar 10 th 2020)	Latest Month (Feb 2020)	Last 12 Months (Mar 2019- Feb 2020)
NY Nearby	61.4	67.1	66.8
A Index	70.7	76.6	77.2
CC Index	83.4	87.1	91.5
Indian Spot	66.8	70.5	77.0
Pakistani Spot	69.4	71.4	69.7

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, Maharashtra was reported as leading in cotton acreage (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)

State	Centre	Variety	Mar'20	Feb'20	Change
Gujarat	Ahmedabad	Shankar-6	5275	5448	-173
	Gondal	Shankar-6	5290	5443	-153
	Rajkot	B.T. Cotton	5243	5313	-70
	Patan	B.T. Cotton	5115	5168	-52
Haryana	Bhiwani	B.T. Cotton	5128	5255	-126
	Adampur	B.T. Cotton	5138	5198	-60
	Uchana	B.T. Cotton	5232	5228	3
	Dabwali	B.T. Cotton	5438	5450	-12
Rajasthan	Hanumangarh	B.T. Cotton	5106	5265	-160
	Rawatsar	B.T. Cotton	5115	5219	-104
Madhya Pradesh	Khandwa	Mech-1	5038	5257	-219
	Khargaon	Mech-1	4965	4994	-29
Maharashtra	Amravati	Mech-1	5173	5195	-21
Telangana	Adilabad	Un-Ginned	4782	4782	-1
Karnataka	Bijapur	Bunny	5192	5402	-210
	Hubli	D.C.H.	5279	5306	-27
	Hubli	B.T. Cotton	6675	6563	112
	Raichur	H-44 Cotton	5177	5193	-17

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 March 2020

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	9,215	3,100	4,860	4,775
3	7,900	3,100	4,860	4,775
4	9,230	3,100	4,850	4,775
5	6,850	3,100	4,880	4,800
6	6,470	3,100	4,900	4,825
11	6,268	3,300	4,870	4,800
12	6,028	3,200	4,850	4,750
13	4,857	3,250	4,935	4,875
14	4,300	3,300	4,900	4,825
16	5,486	3,200	4,855	4,755
17	5,111	3,200	4,855	4,755
18	4,404	3,100	4,830	4,730
19	4,386	3,100	4,850	4,775
20	2,150	3,200	4,800	4,725
21	2,023	3,100	4,850	4,775

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

The trade has been halted in the major markets due to lack of demand from the buyers globally due to the outbreak of corona virus in India. All the local cotton markets in Maharashtra, Rajasthan, Punjab, Haryana, Andhra Pradesh and Telangana have been affected due to the outbreak of Covid-19. Markets have been shut down with no trade for the couple of weeks.

Average price of Lint at Sirsa during the month was Rs. 3958 per maund (of 37.32 Kg each), significantly firm compared to the previous month price of Rs 3993. Average price was weaker at Rs. 38425 per candy (of 355.6 kg each) of premium quality during the month, which was Rs 39296 per candy previous month.

CCI has procured around 78.50 lakh bales of cotton i.e., 28% of the total arrivals so far till 31st Mar'20 this season. The total stock with CCI has crossed 105 lakh bales as CCI procured around 78.5 lakh bales from the current season (2019-20) along with around 10 lakh bales procured by Maharashtra federation.

Export contracts of around 1,50,000 bales of cotton have been halted to Bangladesh and few to China due to the obstruction causing in trade and transport services because of the spread of corona virus. There are no new contracts signed by India in last 15 to 20 days due to the disruptions caused in the banking activity and closure of ports in India as well as in the other importing countries. Even if the trade resumes in few days, the exports activity would be sluggish due to the weakening global prices.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs. 4700 - 4900** per quintal during April 2020.