

## Cotton Outlook – March 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).

According to the trade sources, the Indian cotton exports for the January'20 were reported higher at 9.86 lakh bales against 5.36 lakh bales in the previous month. In January'20 also, China was the largest importer, importing 4.4 lakh bales with an average FOB of 1.61 \$/Kg followed by Bangladesh at an average FOB \$1.67/kg for 3.96 lakh bales, Indonesia importing 77,394 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 while the scenario is likely to reverse due to the halted export contracts in February month due to the outbreak of corona virus. Vietnam, Mauritius, Iran, Philippines, Turkey & Thailand also imported raw cotton from India in January contributing to the Indian exports of around 69,570 bales at an average FOB between 1.48 and 1.72\$/kg.

### International Price Movement

Most benchmark prices decreased over the past month. The China Cotton Index (CC Index 3128B) decreased from 91 to 87 cents/lb. In domestic terms, prices eased from 13,800 to 13,400 RMB/ton. The RMB weakened slightly against the dollar over the past month, from 6.93 to 6.98 RMB/USD. Indian cotton prices (Shankar-6 quality) slipped from 73 to 71 cents/lb. In domestic terms, values fell from 40,500 to 39,400 INR/candy. The Indian rupee was stable near 71 INR/USD. Pakistani prices were stable near 71 cents/lb in international terms. In domestic terms, values held close to 9,000 PKR/maund. The Pakistani rupee was also steady, consistently trading near 155 PKR/USD.

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

	Latest Value th (Feb 11 2020)	Latest Month (January 2020)	Last 12 Months (Feb 2019- Jan 2020)
<b>NY Nearby</b>	<b>68.2</b>	<b>70.1</b>	<b>67.2</b>
<b>A Index</b>	<b>77.2</b>	<b>79.1</b>	<b>77.6</b>
<b>CC Index</b>	<b>87.5</b>	<b>90.7</b>	<b>92.9</b>
<b>Indian Spot</b>	<b>70.8</b>	<b>71.7</b>	<b>77.4</b>
<b>Pakistani Spot</b>	<b>71.8</b>	<b>70.8</b>	<b>70.0</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).

**Table2: 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	Monthly Prices Average (Rs./Quintal)		Change
		Feb'20	Jan'20	
Gujarat	Ahmedabad	5448	5603	-155
	Gondal	5443	5523	-79
	Rajkot	5313	5515	-202
	Patan	5168	5493	-325
Haryana	Bhiwani	5255	5451	-197
	Adampur	5198	5316	-118
	Fatehabad	5213	5316	-103
Rajasthan	Hanumangarh	5265	5433	-168
	Rawatsar	5219	5332	-113
Madhya Pradesh	Khandwa	5257	5377	-120
	Khargaon	4994	5560	-566
Maharashtra	Amravati	5195	5275	-81
Telangana	Adilabad	4782	5014	-232
Karnataka	Bijapur	5402	5539	-137
	Hubli	5306	5422	-115
	Raichur	5193	5327	-134

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 (1,22,344 ha) 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 February 2020**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	3,652	4,001	5,030	4,950
3	6,905	3,150	4,950	4,800
4	3,480	3,150	4,965	4,900
10	4,191	3,150	5,000	4,001
11	7,455	3,100	4,855	4,800
12	8,157	3,100	4,845	4,750
13	3,883	3,100	4,940	4,875
14	6,118	3,075	4,975	4,001
15	2,599	3,100	4,990	4,925
17	8,682	3,125	5,000	4,950
18	9,320	3,100	4,970	4,900
19	7,455	3,100	4,940	4,875
20	9,415	3,100	4,935	4,855
24	11,198	3,000	4,860	4,800
25	7,420	3,000	4,835	4,775
26	5,300	3,075	4,840	4,775
27	4,500	3,025	4,900	4,850
28	4,530	3,075	4,850	4,775
29	3,330	3,100	4,850	4,000

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

According to the 2<sup>nd</sup> advance estimate released by the government recently, the total cotton production in India might reach up to 348.91 lakh bales against the target of 357.5 lakh bales.

Cotton prices in China have fallen by 4-5% from 13,592 RMB/Ton to 12,887 RMB/Ton since 2nd Feb'20 to 2nd Mar'20 while the Indian domestic prices also fallen (-1 to 2%) to Rs.38,600/ candy from Rs.39,400/candy due to the uncertainty after the outbreak of corona virus in China.

The prices of cotton yarn is likely to hit severely if the fall in demand continues from China, one of the leading buyer from India. As India exports around 300 million kg of cotton yarn to China annually worth \$ 3-5 billion. As a result of low demand, cotton yarn prices have fallen by 3%- 4% to Rs 185 to Rs 200 per kilogram, for export quality in the last 10 days in the Feb'20 end.

Indian cotton traders have been imported 6-7 lakh bales of extra-long staple cotton so far out of 0.9 to 1.0 million bales of total contract signed. Mills in north India have contracted another 150,000 bales of Egyptian cotton, the consignments would arrive in June-August months.

Nearly 65% of the cotton arrivals have come into the market. CCI may buy up to 96 lakh bales subject to market conditions under MSP. So far 70 lakh bales of cotton were procured in this season till date. Nearly 53% of cotton was procured from Telangana.CCI is having 9 lakh bales of stock of previous year.

Average price of Lint at Sirsa during the month was Rs. 3993 per maund (of 37.32 Kg each), significantly firm compared to the previous month price of Rs 4068. Average price was weaker at Rs 39296 per candy (of 355.6 kg each) of premium quality during the month, which was Rs 39546 per candy previous month.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between **Rs.4900 – 5100** per quintal during March 2020.