

Voluntary Report – Voluntary - Public Distribution

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Report Name: Cotton and Products Update - October 2019

Country: India

Post: New Delhi

Report Category: Cotton and Products

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Report Highlights:

Post estimates marketing year (MY) 2019/20 cotton production at 29.7 million 480 lb. bales (37.6 million 170-kilogram bales/6.3 MMT) with a planting area of 13 million hectares. Heavy rains in September are likely to impact the yields with reports of pest infestation across various states. Textile sector shows early signs of revival as exports of cotton yarn and cotton fabric improve.

Production, Supply and Demand Data Statistics:

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	-	-	-	-	-	-
Area Harvested (a)	12,600	12,600	12,600	12,600	12,900	13,000
Beginning Stocks	7,880	7,880	9,225	9,037	10,025	9,937
Production	29,000	29,000	26,500	26,500	30,500	29,700
Imports	1,677	1,667	1,800	1,800	1,600	1,300
MY U.S. Imports	-	-	-	-	-	-
Total Supply	38,557	38,547	37,525	37,337	42,125	40,937
Exports	5,182	5,200	3,500	3,500	4,000	4,000
Use	24,150	24,310	24,000	23,900	24,750	24,600
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,150	24,310	24,000	23,900	24,750	24,600
Ending Stocks	9,225	9,037	10,025	9,937	13,375	12,337
Total Distribution	38,557	38,547	37,525	37,337	42,125	40,937
Stock to Use (b)	31	31	36	36	47	43
Yield (c)	501	501	458	458	515	497
Figures in Thousand 480-lb Bales, Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares						

Area

Post estimates India's marketing year (MY) 2019/20 cotton planted area at 13 million hectares, 100,000 hectares higher than the official USDA estimate. According to the [weekly planting progress](#) report published on September 27, 2019 by the Ministry of Agriculture and Farmers Welfare (MOAFW), cotton planted area across the country has reached 12.8 million hectares, five percent higher than same period last year, and eight percent higher than the five-year average. However, the final planting data for *Kharif 2019* season has not been finalized yet. Preliminary estimates indicate that planted area at the end of September had surpassed 12.9 million hectares.

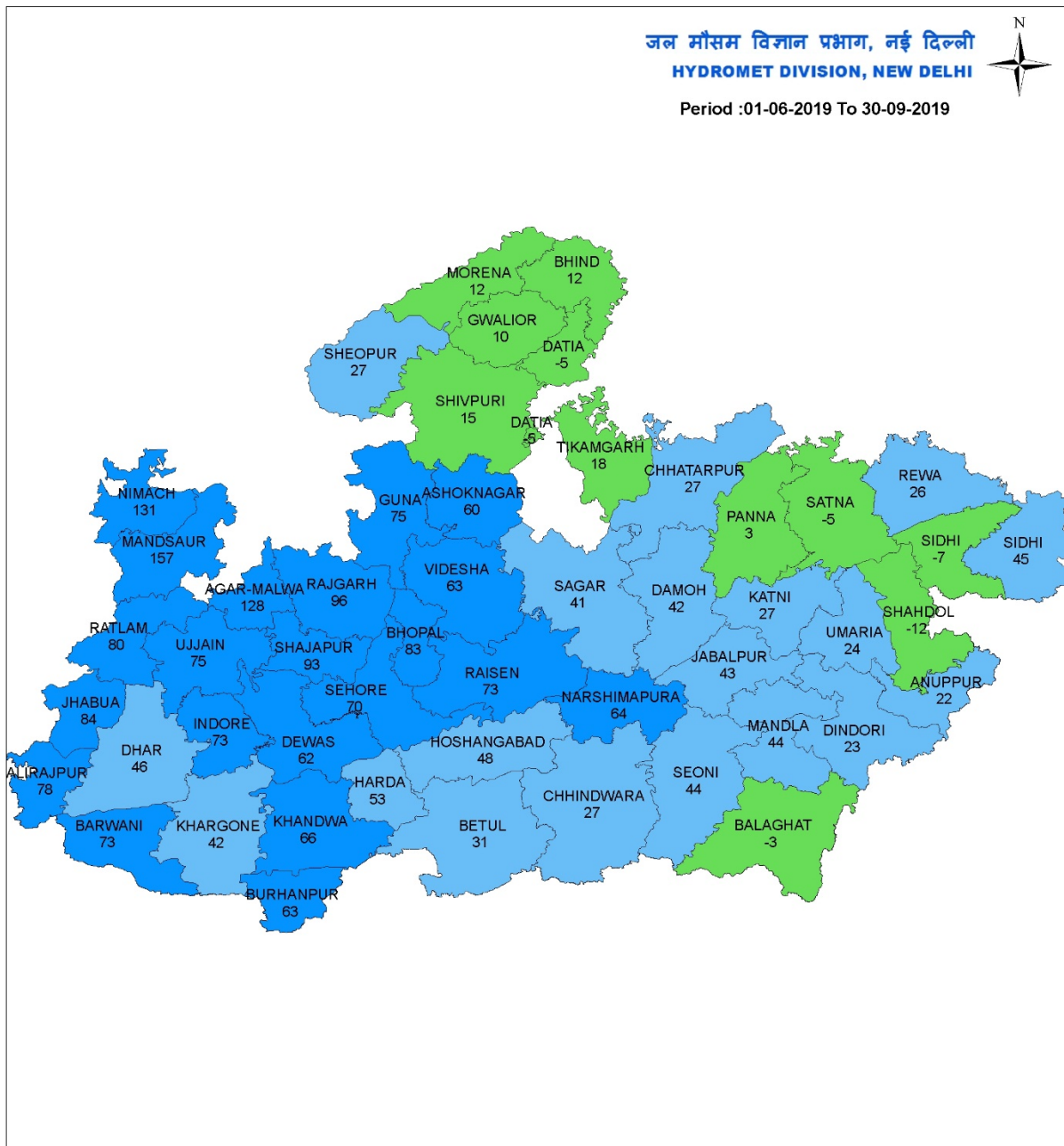
Production

Post estimates marketing year (MY) 2019/20 cotton production at 29.7 million 480 lb. bales (38 million 170-kilogram bales/6.4 MMT). Post's MY 2019/20 production estimate is 800,000 480 lb. bales lower than the official USDA estimate. Post's production estimate is lower due to the late southwest monsoon rains that impacted the standing crop in the state of Madhya Pradesh which was affected by floods. The western part of Madhya Pradesh which is the primary cotton growing region reported large excess rains 61 percent above normal fifty-year average. Government advisories warned farmers of the possibility of water logged fields and advised them to ensure proper drainage. There were also incidence of sucking pests and boll rot/leaf spot reported so farmers were advised to spray insecticides. Persistent rain, moisture and/or cloudy weather with cooler temperatures are major contributors to boll rot incidence. Additionally, heavy vegetative growth and a dense closed canopy can create persistent moist, humid conditions in the bottom of the crop. The disease can cause rotted seed and discolored lint leading to significant reduction in yields. Similar advisories have been issued in the state of Maharashtra for managing boll rot and sucking pests. The southern state of Telangana has reported damage to

around 12,750 hectares due to sucking pest and pink bollworm and issued advisories to take plant protection measures accordingly.



DISTRICT RAINFALL DEPARTURE MAP - MADHYA PRADESH



Legend

Large Excess [60% or more] Excess [20% to 59%] Normal [-19% to 19%] Deficient [-59% to -20%] Large Deficient [-99% to -60%] No Data [-100%] No Rain

Consumption

Post estimates MY 2019/20 cotton consumption at 24.6 million 480-lb. bales (31.5 million 170-kilogram bales/ 5.4 MMT), 150,000 480-lb. bales lower than official USDA estimate. Mills continue to stock limited cotton and maintain lean inventories. The trend is expected to continue for the new season due to price uncertainty.

The wholesale seed cotton market prices continue to show a declining trend in major cotton growing states, as the pace of market arrivals is expected to increase by early November post Indian festival weekend. Trade sources indicate initial arrivals of seed cotton having high moisture levels leading to discounting, and limited interest from trade as well as government procurement agencies. Effective October 1, 2019, the new [Minimum Support Price \(MSP\)](#) will be available for various grades of cotton. The new MSP price for long staple (length 27.5-29 mm) Shankar 6/10 (indicative trade name) is ten percent higher than current seed cotton prices.

Trade

Post estimates MY 2019/20 exports at 4 million 480-lb bales (5.1 million 170-kilogram bales/870,000 MT) same as the official USDA estimate. Indian ex-gin prices are currently on par with Cotlook A-Index, making Indian cotton competitive in the international markets. However, the demand in international markets remains weak and Bangladesh remains the major market for Indian cotton. There is also a preference for machine picked cotton from United States, Brazil and Australia which is unlikely to change in the coming months despite increased availability of Indian supplies with new arrivals.

Cotton yarn exports in August increased by 14 percent from July but were 38 percent lower than August last year. Similarly cotton fabric exports increased by eight percent from July, and two percent higher from August last year. The positive increase in exports of cotton products indicates early signs of revival but will need to sustain for the first half of the 2019-20 season to have a short-medium impact on supporting the sector. China, Bangladesh, Portugal and Egypt were the major export markets for cotton yarn, while Senegal, Sri Lanka, Bangladesh and Korea were the major markets for cotton fabric exports.

Post estimates MY 2019/20 imports at 1.3 million 480 lb. bales (1.7 million 170-kilogram bales / 283,000 MT), 300,000 480 lb. bales lower than USDA's official estimate. Shipments from the United States continue to drive up bulk import volumes followed by small quantities of West African cotton. Mills are increasingly importing lower grades of U.S. upland cotton for blends.

Arrivals

On October 16, 2019, the Cotton Corporation of India (CCI) reported new crop MY 2019/20 cotton arrivals at 616,174-lb. bales (789,153 170-kilogram bales/134,156 MT). The higher volumes of new crop arrivals have begun in the northern states of Rajasthan and Haryana and smaller quantities from Central India. MY 2018/19 arrivals as of end of September 30, 2019 are estimated at 25.8 million 480-lb bales (33 million 170-kilogram bales/ 5.6 MMT).

Table 1: India's Kharif 2019 Cotton Sowing Position (area in hectares)

State	2019/20 as of September 27, 2019	2018/19 as of September 27, 2018	Normal Area**	Y-o-Y Change	Change from Normal
Andhra Pradesh	633,000	569,000	592,800	11%	7%
Telangana	1,859,500	1,796,400	1,656,000	4%	12%
Gujarat	2,666,800	2,712,000	2,704,100	-2%	-1%
Haryana	701,000	665,000	611,400	5%	15%
Karnataka	593,200	435,000	541,200	36%	10%
Madhya Pradesh	609,000	697,000	604,200	-13%	1%
Maharashtra	4,405,200	4,254,000	4,057,200	4%	9%
Odisha	169,600	157,900	137,800	7%	23%
Punjab	402,000	284,000	365,000	42%	10%
Rajasthan	644,500	496,100	441,200	30%	46%
Tamil Nadu	56,500	21,700	53,900	160%	5%
Others	27,100	17,200	23,000	58%	18%
All India	12,767,400	12,105,300	11,787,800	5%	8%

Source: Ministry of Agriculture and Farmers Welfare, Government of India

** Normal Area is the five-year average during 2014 through 2018

**Table 2. India: State monthly wholesale prices for seed cotton in September 2019
(Prices in Indian Rupees per 100 kilograms)**

State	Prices October, 2019	Prices September, 2019	Prices October, 2018	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	5,326	6,098	5,850	-12.7%	-9.0%
Gujarat	4,749	5,400	5,669	-12.0%	-16.2%
Haryana	5,259	5,333	5,406	-1.4%	-2.7%
Karnataka	5,491	5,301	5,812	3.6%	-5.5%
Madhya Pradesh	4,592	3,800	5,237	20.9%	-12.3%
Maharashtra	4,621	-	5,767	-	-19.9%
Punjab	5,010	5,111	5,298	-2.0%	-5.5%
Rajasthan	5,296	5,473	5,435	-3.2%	-2.6%
Tamil Nadu	4,897	5,665	5,485	-13.6%	-10.7%
Telangana	5,362	6,054	5,477	-11.4%	-2.1%
Uttar Pradesh	5,140	5,224	5,209	-1.6%	-1.3%
Average	5,068	5,234	5,513	-3.2%	-8.1%

Source: Directorate of Marketing and Inspection, Ministry of Agriculture and Farmers Welfare

Table 3a. India: Estimate of 2018/19 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	192,083	32,654	149,979
September Exports 1\	96,376	16,384	75,251
October Exports 1\	228,609	38,863	178,499
November Exports 1\	653,622	111,116	510,351
December Exports 1\	901,197	153,204	703,658
January Exports 1\	689,854	117,275	538,640
February Exports 1\	546,924	92,977	427,040
March Exports 1\	703,311	119,563	549,148
April Exports 1\	208,549	35,453	162,836
May Exports 1\	136,122	23,141	106,285
June Exports 1\	60,056	10,209	46,892
July Exports 1\	79,969	13,595	62,440
Total	4,496,672	764,434	3,511,019

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

Table 3b. India: Estimate of 2019/20 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	75,381	12,815	58,858
Preliminary Total	75,381	12,815	58,858

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

Table 4a. India: Estimate of 2018/19 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	153,248	26,052	119,656
September Imports 1\	134,210	22,816	104,792
October Imports 1\	87,296	14,840	68,161
November Imports 1\	57,035	9,696	44,533
December Imports 1\	59,322	10,085	46,319
January Imports 1\	86,485	14,702	67,528
February Imports 1\	85,275	14,497	66,583
March Imports 1\	151,137	25,693	118,008
April Imports 1\	177,345	30,149	138,472
May Imports 1\	246,676	41,935	192,606
June Imports 1\	408,421	69,431	318,896
July Imports 1\	658,936	112,019	514,499
Total	2,305,386	391,916	1,800,055

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

Table 4b. India: Estimate of 2019/20 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	974,913	165,735	761,216
Preliminary Total	974,913	165,735	761,216

1\ Official total reflects estimates from the Directorate General of Foreign Trade, for Harmonized Tariff Schedule code 5201 – raw cotton.

Table 5: India's Cotton Yarn* Exports by Month
(Figures in thousand Metric Tons)

Month/Year	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19	2019/20
Aug	113	94	117	66	79	108	67
Sep	108	98	112	77	99	98	
Oct	119	101	106	76	98	97	
Nov	106	125	105	103	111	95	
Dec	113	125	115	173	116	92	
Jan	131	113	104	132	87	91	
Feb	108	119	100	107	95	100	
Mar	117	122	112	89	118	117	
Apr	94	104	105	66	106	89	
May	93	99	94	65	109	76	
Jun	76	103	92	78	117	58	
Jul	87	118	75	71	101	59	
TOTAL	1,266	1,321	1,237	1,102	1,236	1,081	

*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 6: India's Cotton Fabric* Exports by Month
(Figures in thousand square meters)

Month/Year	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19	2019/20
Aug	78,908	92,491	101,473	114,071	107,441	147,647	150,762
Sep	101,017	98,636	103,974	104,661	123,603	126,499	
Oct	101,327	108,182	117,801	105,404	109,572	142,259	
Nov	85,897	103,471	95,082	87,723	118,218	119,215	
Dec	100,335	105,335	120,598	111,927	132,634	132,049	
Jan	91,169	93,192	116,656	107,512	125,357	136,898	
Feb	87,377	96,586	107,487	115,131	113,085	135,493	
Mar	98,696	105,169	120,461	112,033	133,115	162,702	
Apr	88,629	86,833	109,559	94,314	114,876	126,012	
May	81,581	103,443	103,401	89,070	119,820	141,107	
Jun	94,572	103,909	97,017	93,372	122,381	131,548	
Jul	87,284	97,115	98,890	94,360	113,614	139,866	
TOTAL	1,095,904	1,194,361	1,292,397	1,229,577	1,433,717	1,641,296	

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Attachments: No Attachments.