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Report Name: Cotton Production Forecast At 15-Year Low

Country: India

Post: Mumbai

Report Category: Cotton and Products

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Report Highlights:

FAS Mumbai forecasts marketing year (MY) 2024/25 cotton production at 25 million 480 lb. bales on 11.8 million hectares, unchanged from the previous forecast. The official government production forecast of 23.4 million 480 lb. bales is lower due to a lower planted area estimate of 11.4 million hectares, and expected lower yields. As a result of this forecast, textile mills are importing large quantities of raw cotton to augment insufficient domestic supplies. Mill consumption remains robust at 25.5 million 480 lb. bales, due largely to strong export volumes of valued added textile products. As a result, raw cotton exports are forecast to remain unchanged at 1.2 million 480 lb. bales, due to limited exportable supplies.

Production, Supply and Distribution

Cotton	2022/2023		2023/2024		2024/2025	
Market Year Begins	Aug 2022		Aug 2023		Aug 2024	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	12,927	12,927	12,680	12,700	11,800	11,800
Beginning Stocks 1000 480 lb. Bales	8,396	8,396	10,824	10,824	9,299	10,599
Production 1000 480 lb. Bales	26,300	26,300	25,400	26,000	25,000	25,000
Imports 1000 480 lb. Bales	1,727	1,727	885	885	2,300	2,000
Total Supply 1000 480 lb. Bales	**36,423**	**36,423**	**37,109**	**37,709**	**36,599**	**37,599**
Exports 1000 480 lb. Bales	1,099	1,099	2,310	2,310	1,300	1,200
Domestic Use 1000 480 lb. Bales	24,500	24,500	25,500	24,800	26,000	25,500
Loss 1000 480 lb. Bales	-	-	-	-	-	-
Domestic Use and Loss 1000 480 lb. Bales	24,500	24,500	25,500	24,800	26,000	25,500
Ending Stocks 1000 480 lb. Bales	10,824	10,824	9,299	10,599	9,299	10,899
Total Distribution 1000 480 lb. Bales	**36,423**	**36,423**	**37,109**	**37,709**	**36,599**	**37,599**
Stock to Use % (PERCENT)	42	42	33	39	34	41
Yield (KG/HA)	443	443	436	446	461	461
(1000 HA),1000 480 lb. Bales, (PERCENT), (KG/HA)						

Area and Production

FAS Mumbai forecasts MY 2024/25 India cotton production at 25 million 480 lb. bales on an area of 11.8 million hectares, unchanged from the previous forecast. All India yields also remain forecasted at 461 kilograms per hectare. As mentioned in GAIN report IN2024-0065, *Rabi* sowing in south India continues through December, and additional area is expected to be reported at the end of India's marketing year (October/September).

On November 28, the Committee on Cotton Production and Consumption published their MY 2024/25 cotton production estimate at 23.4 million 480 lb. bales (29.9 million 170-kilogram bales/5 million metric tons) on 11.4 million hectares, the lowest production forecast since MY 2008/09. All-India yields are forecast at 448 kilograms per hectare, three percent lower than post's estimate. Persistent pest issues and lower prices in the last two years have led farmers to shift to competing crops, however, productivity on reduced acreage is likely to improve yields in central and south India due to favorable monsoon rains. Production discrepancies between government and post forecasts are attributable to the former not including cotton acreage sown during the winter season in south India.

While harvest in the north zone is complete, cotton picking is underway in central Indian states of Gujarat, Maharashtra, and Madhya Pradesh. In Karnataka, the majority of planted crop is at boll opening stage and farmers have been advised to pick fully opened matured cotton bolls. In Telangana, farmers were advised to complete picking by December. In Odisha, the crop is at boll bursting/harvesting stage with final picking in progress.

Stocks

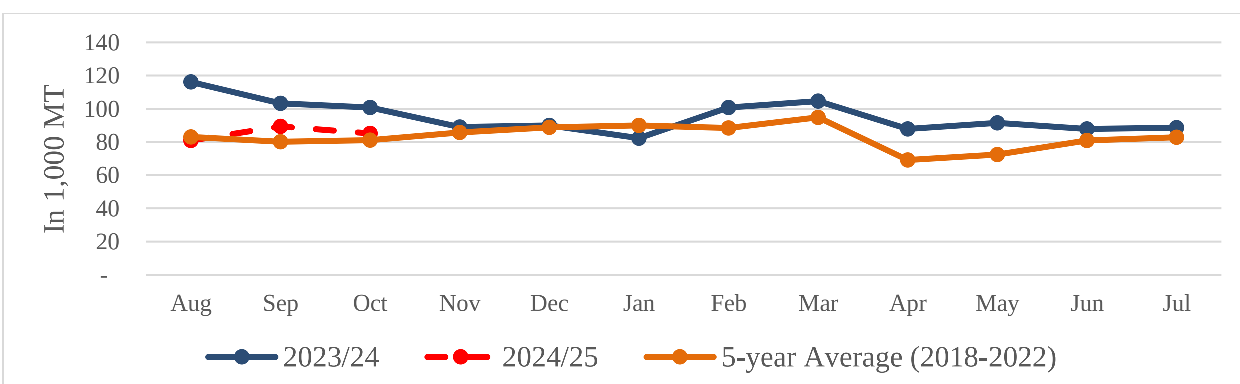
Cumulative cotton arrivals as of December 31 were reported at 10 million 480 lb. bales (13 million 170-kilogram bales), 22 percent higher than last year. Farmers are transporting raw cotton to market yards in a phased manner, as farmgate prices are currently trading below the minimum support price (MSP). The Cotton Corporation of India (CCI) has procured 4.4 million 480 lb. bales (5.6 million 170-kilogram bales/949,000 MT) under MSP operations to date. CCI is also holding unsold stock of 488,000 480 lb. bales (625,000 170-kilogram bales/106,000 MT) from the previous year. Given price volatility, textile mills are not stockpiling cotton and are maintaining stocks between 30-45 days.

Consumption

Post forecasts MY 2024/25 mill consumption to remain at 25.5 million 480 lb. bales (32.6 million 170-kilogram bales/5.6 million metric tons), on industry resilience through strong exports of value-added textile products. The second half of 2025 is expected to see a pickup in demand, as retailers gear up for the festive season. Since October, both Indian cotton lint prices and Cotlook A-Index have declined by ten percent and seven percent respectively, encouraging mills to cover immediate fiber requirements. In addition, the Indian rupee has weakened by two percent during the same period, resulting in competitive apparel and textile exports.

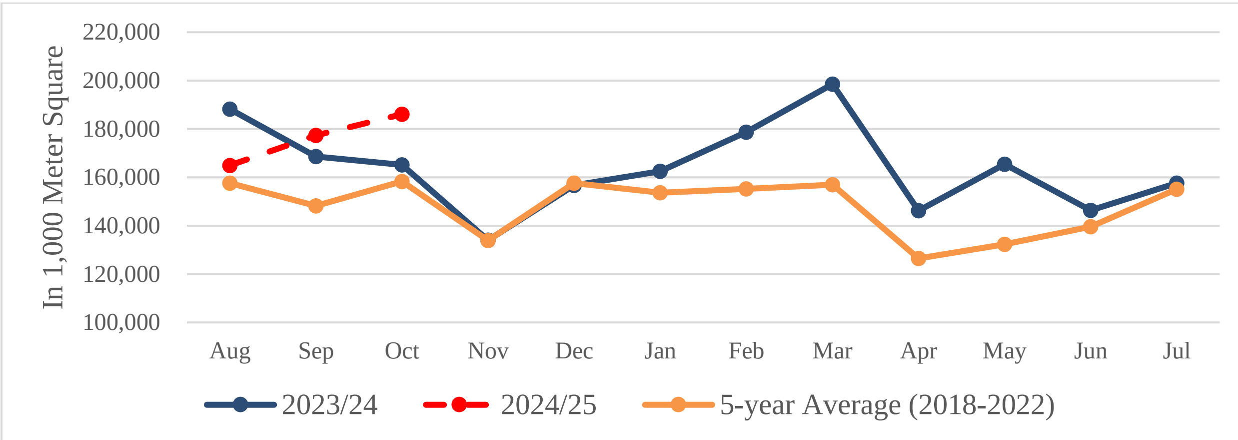
MY 2024/25 cotton yarn exports are five percent higher than the five-year average, but down 20 percent from last year. Bangladesh is the largest export market with 53 percent market share followed by China with eight and Peru with six. MY 2024/25 cotton fabric exports are one percent higher than last year, and 14 percent higher than the five-year average with Bangladesh, Senegal and Sri Lanka as the top export markets. Preliminary November export data indicates that cotton yarn and readymade garment shipments have risen by two percent and nine percent respectively from last year. Trade sources indicate that export activity is also expected to gain momentum in 2025, signaling a potential recovery for the sector.

Figure 1. Cotton Yarn* Exports by Month



*Harmonized Tariff Schedule code - 5204, 5205 and 5207
Source: Trade Data Monitor LLC

Figure 2. Cotton Fabric* Exports by Month

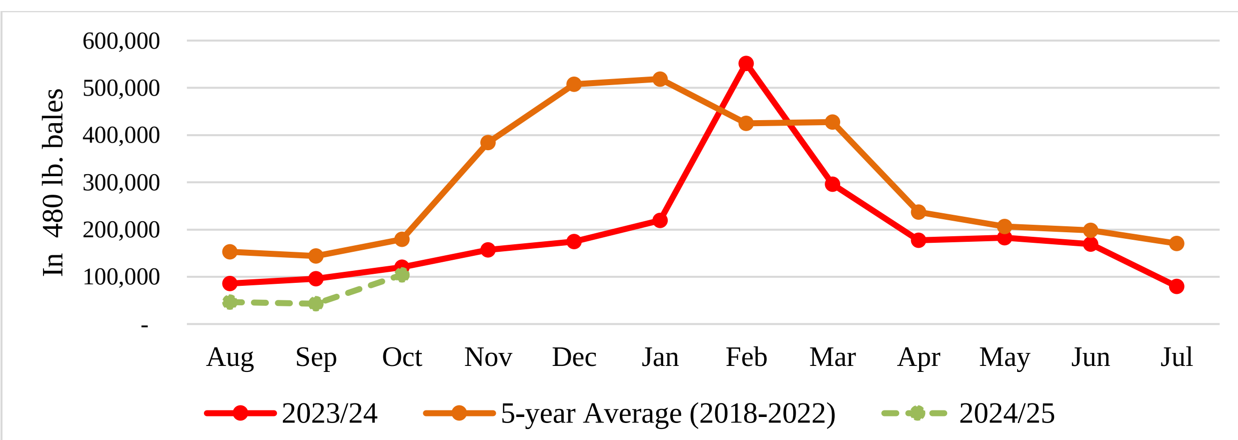


*Harmonized Tariff Schedule code - 5208 and 5209
Source: Trade Data Monitor LLC

Exports

The Post forecast for MY 2024/25 raw cotton exports remains at 1.2 million 480 lb. bales (1.5 million 170-kilogram bales/262,000 metric tons). Cotton lint prices are trading one to two cents higher than the Cotlook A-Index, prompting larger mills to import cotton for the foreseeable future. Preliminary export data for November shows a 109 percent jump in shipments from previous month, and nine percent higher from the same period last year. Bangladesh remained the top export market with 91 percent market share followed by Vietnam with four and Indonesia with three. Cumulatively, MY 2024/25 shipments between August and November witnessed a 26 percent drop.

Figure 3: Cotton* Exports by Month

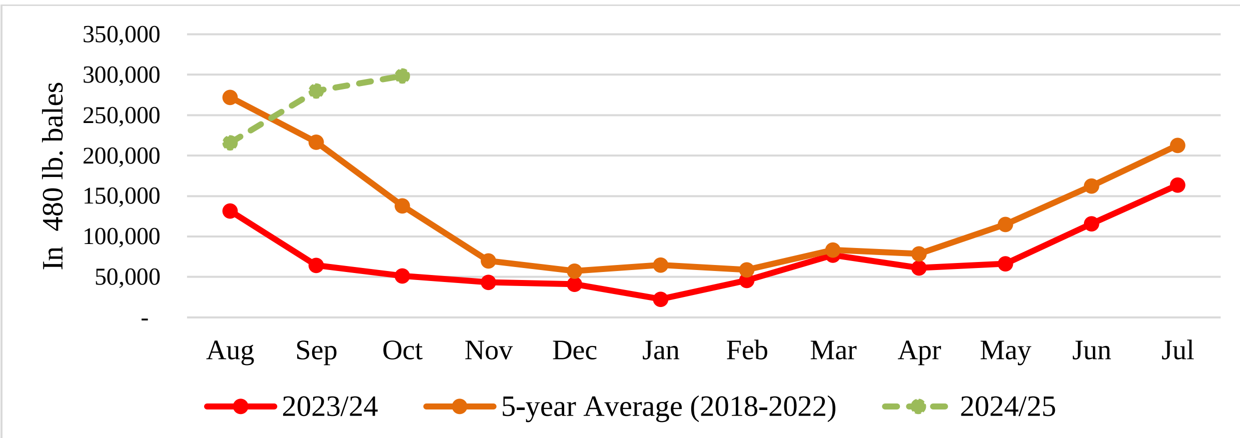


*Harmonized Tariff Schedule code 5201 – raw cotton.
Source: Trade Data Monitor LLC

Imports

Post forecasts MY 2024/25 cotton imports at two million (480 lb.) bales (2.6 million 170-kilogram bales/436,000 metric tons), unchanged from the previous forecast, as mills target imported cotton due to a shortage in domestic supplies. Preliminary import data indicates raw cotton shipments in November are up 900 percent in volume from last year. Cumulatively, MY 2024/25 shipments between August and November surged by 324 percent. Top suppliers of imported cotton in November were Australia, Mali, Brazil, and the United States. According to U.S. trade data, U.S. exports between August and October have risen by 416 percent by volume, and 154 percent by value as compared to last year due to strong demand for duty free extra-long staple (Pima) cotton for value added products.

Figure 4: Cotton Imports by Month



*Harmonized Tariff Schedule code 5201 – raw cotton.
Source: Trade Data Monitor LLC

Attachments:

No Attachments.