

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Cotton and Products

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Report Highlights:

FAS Post estimates India's marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT) from 12.45 million hectares of planted area. Official weather forecasts for a near normal monsoon and improved water storage levels from last year should support early cotton planting. Indian farm gate prices increased by six percent from last month, leading to limited mill buying. Cotton exports remain sluggish as Indian cotton remains expensive in the global market.

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)	12,450	12,450	12,250	12,350	-	12,455
Beginning Stocks	7,880	7,880	9,225	9,357	-	9,057
Production	29,000	29,000	27,000	27,300	-	29,300
Imports	1,677	1,677	1,400	1,600	-	1,500
MY U.S. Imports	-	-	-	-	-	-
Total Supply	38,557	38,557	37,625	38,257	-	39,857
Exports	5,182	5,200	4,200	4,200	-	5,200
Use	24,150	24,000	24,800	25,000	-	25,300
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,150	24,000	24,800	25,000	-	25,300
Ending Stocks	9,225	9,357	8,625	9,057	-	9,357
Total Distribution	38,557	38,557	37,625	38,257	-	39,857
Stock to Use (b)	31	32	30	31	-	31
Yield (c)	507	507	480	481	-	512

Figures in Thousand 480-lb Bales,

Except Where Indicated: (a) Thousand Hectares, (b) Percent, (c) Kilograms/Hectares

Area and Production

FAS Post estimates India's marketing year (MY) 2019/20 cotton production at 29.3 million 480 lb. bales (37.5 million 170-kilogram bales/6.4 MMT) from 12.45 million hectares of planted area. Post estimates MY 2019/20 cotton acreage to expand as seed cotton farm-gate prices for MY 2018/19 are almost 26 percent higher than the previous year (refer to Table 1). Assuming a normal monsoon, the nationwide average yield estimate for MY 2019/20 is 512 kilograms per hectare.

In northern India, field preparations are underway for sowing of cotton. The optimum time for sowing cotton in the irrigated regions of the northern states of Punjab, Rajasthan and Haryana is April 15 to May 15. Punjab and Haryana have more than 95 percent area under irrigation. In the rain-fed areas in the state of Rajasthan, planting of indigenous varieties of cotton, also known as desi, is underway. Reservoir storage levels improved over last year (refer table 2), which will support early planting in the irrigated regions.

Post estimates marketing year (MY) 2018/19 production at 27.3 million 480-lb bales (35 million 170-kilogram bales/6 MMT), which is 300,000 480-lb bales higher than the official USDA estimate. Post

estimates are higher by one percent as late planting in the southern states of Karnataka and Tamil Nadu will add to the production albeit market arrivals might be delayed due to late planting. The yield reduction estimate of five percent is similar to the official USDA estimate. Trade sources estimate Indian cotton production between 27.4 million 480-lb bales and 25 million 480-lb bales.

Indian Meteorological Department (IMD) predicts near normal monsoon

On April 16, the IMD forecast a near normal Southwest Monsoon for 2019, which suggests that June to September rainfall would likely be 96 percent of the long period average (LPA) with a model error of plus/minus 5 percent. The fifty-year LPA for the Southwest Monsoon rainfall is 89 cm. The forecast suggests maximum probability (39 percent) for normal rainfall during the season. Overall, the country is expected to have well distributed rainfall during the monsoon season. In addition, IMD forecasts the average seasonal maximum temperatures from April to June to be higher by 0.5 degrees Celsius over most of the northern and central parts of India. The IMD's second forecast is scheduled for release in the first week of June.

Arrivals

On April 8, 2019, as reported by the Cotton Corporation of India (CCI), MY 2018/19 cotton arrivals reached 20.6 million 480-lb. bales (26.4 million 170-kilogram bales/4.5 MMT). CCI reported arrivals constitute 73 percent of the total production estimate of the Cotton Advisory Board (CAB), while industry estimates of market arrivals are ten percent higher than CCI figures. Given slow import arrivals, Indian farm gate prices in April have risen by six percent, which in turn has led farmers and traders to delay further the cotton arrivals in the market in anticipation of additional price increases.

Trade

FAS Post estimates MY 2019/20 exports at 5.2 million 480-lb bales (6.6 million 170-kilogram bales/1.1 MMT). The prospects of a larger crop would allow India to export a large surplus, thus meeting demand of neighboring countries. FAS Mumbai estimates MY 2018/19 exports at 4.2 million 480-lb bales (5.4 million 170-kilogram bales/914,400 MT), similar to the official USDA estimate. As cotton prices have remained high for most of the season, the volume of exports has decreased. The Indian rupee has appreciated by six percent against the dollar since October 2018, which makes cotton exports more expensive in the global market. However, yarn and fabric exports have remained steady with China and Bangladesh buying large quantities of cotton yarn. While yarn exports have supported mill consumption, prices of cotton yarn have also risen in line with fiber prices during April, affecting the already tight margins of the mills. As of February 2019, the United States was the largest export destination for Indian fabrics and made-up textile products, followed by Bangladesh and Sri Lanka.

FAS Post estimates MY 2019/20 imports at 1.5 million 480 lb. bales (2 million 170-kilogram bales / 327,000 MT). Even though a large crop is expected, imports will remain strong as mills import for processing and re-export to cover yarn export commitments. FAS Mumbai estimates MY 2018/19 imports at 1.6 million 480-lb bales (2 million 170-kg bales/348,000 MT), which is 200,000 480-lb bales higher than the official USDA estimate. Post import estimates are higher as the lower market arrivals, coupled with higher domestic cotton prices, and strong Indian currency, prompt mills to import. As domestic prices have risen during the season, mills have augmented their stocks with imports, which is expected to continue for the remainder of the season.

Consumption

FAS Post estimates MY 2019/20 cotton consumption at 25.3 million 480 lb. bales (32.4 million 170-kilogram bales/5.5 MMT). FAS Post estimates mill consumption in MY 2019/20 to be one percent higher than last year. Post anticipates cotton and cotton yarn prices will remain competitive as mills will have ample fiber supplies (domestic and imports) to cater to both the domestic and export markets.

Table 1. India: State wise monthly wholesale prices in April 2019
(Prices in Indian Rupees per 100 kilograms)

State	Prices April, 2019	Prices March, 2019	Prices April, 2018	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	5,689	5,507	-	3.30%	-
Gujarat	5,826	5,479	4,451	6.34%	30.90%
Haryana	6,033	5,684	4,883	6.13%	23.55%
Karnataka	5,493	5,327	4,103	3.11%	33.86%
Madhya Pradesh	5,753	5,443	4,650	5.69%	23.71%
Maharashtra	6,016	5,595	4,564	7.52%	31.82%
Odisha	-	5,227	4,292	-	-
Punjab	6,018	5,704	4,813	5.50%	25.04%
Rajasthan	6,134	5,655	4,877	8.48%	25.79%
Tamil Nadu	5,773	5,393	5,102	7.04%	13.15%
Telangana	5,791	5,512	4,475	5.05%	29.39%
Average	5,852	5,502	4,621	6.36%	26.65%

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

Table 2. India: Storage Status at 91 Major Reservoirs in Billion Cubic Meters (BCM)

Region	Volume on April 11, 2019 (in BCM)	Total Capacity (in BCM)	Percentage of Capacity on April 11, 2019	Percentage of Capacity on April 11, 2018	10-Year Average Capacity Level on April 11
Northern Region	8.75	18.01	49%	20%	26%
Eastern Region	7.45	18.83	40%	42%	38%
Western Region	6.54	31.26	21%	28%	31%
Central Region	13.48	42.30	32%	29%	31%
Southern Region	10.30	51.59	20%	17%	20%
All India	46.52	161.99	29%	25%	28%

Source: Ministry of Water Resources

Table 3a. India: Estimate of 2017/18 Cotton Exports

	170 kg	Metric Tons	480 lb
August Exports 1\	86,664	14,733	67,667
September Exports 1\	78,481	13,342	61,279
October Exports 1\	70,773	12,031	55,260
November Exports 1\	564,847	96,024	441,035
December Exports 1\	1,032,618	175,545	806,272
January Exports 1\	934,086	158,795	729,338
February Exports 1\	830,966	141,264	648,821
March Exports 1\	887,481	150,872	692,948
April Exports 1\	823,273	139,956	642,815
May Exports 1\	569,878	96,879	444,963
June Exports 1\	499,588	84,930	390,080
July Exports 1\	280,885	47,750	219,316
Total	6,659,538	1,132,121	5,199,793

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 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 2\	541,176	92,000	422,553
Preliminary Total (Aug-Dec)	3,302,918	561,496	2,578,931

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

2\ FAS Analysis

Table 4a. India: Estimate of 2017/18 Cotton Imports

	170 kg	Metric Tons	480 lb
August Imports 1\	438,406	74,529	342,309
September Imports 1\	416,553	70,814	325,246
October Imports 1\	85,605	14,553	66,841
November Imports 1\	46,761	7,949	36,511
December Imports 1\	59,805	10,167	46,696
January Imports 1\	72,186	12,272	56,363
February Imports 1\	99,149	16,855	77,416
March Imports 1\	118,180	20,091	92,276
April Imports 1\	212,332	36,096	165,789
May Imports 1\	198,388	33,726	154,902
June Imports 1\	217,114	36,909	169,524
July Imports 1\	182,849	31,084	142,770
Total	2,147,329	365,046	1,676,643

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

2\ FAS Analysis

Table 4b. 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 2\	70,588	12,000	55,116
Preliminary Total (Aug-Dec)	648,185	110,191	506,105

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

2\ FAS Analysis

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

Month/Year	2012-13	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19
Aug	93	113	94	117	66	79	108
Sep	65	108	98	112	77	99	98
Oct	76	119	101	106	76	98	97
Nov	87	106	125	105	103	111	95
Dec	108	113	125	115	173	116	92
Jan	99	131	113	104	132	87	91
Feb	102	108	119	100	107	95	101**
Mar	107	117	122	112	89	118	
Apr	80	94	104	105	66	106	
May	95	93	99	94	65	109	
Jun	103	76	103	92	78	117	
Jul	111	87	118	75	71	101	
TOTAL	1,126	1,266	1,321	1,237	1,102	1,236	

*HS code: 5204, 5205 and 5207

Source: Directorate General of Foreign Trade, Ministry of Commerce

** Provisional estimate

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

Month/Year	2012-13	2013-14	2014/15	2015/16	2016-17	2017/18	2018/19
Aug	77,093	78,908	92,491	101,473	114,071	107,441	147,670
Sep	72,827	101,017	98,636	103,974	104,661	123,563	126,496
Oct	70,553	101,327	108,182	117,801	105,404	109,572	142,180
Nov	66,084	85,897	103,471	95,082	87,723	118,218	119,191
Dec	75,412	100,335	105,335	120,598	111,894	132,634	132,016
Jan	74,008	91,169	93,192	116,656	107,512	125,357	136,852
Feb	65,141	87,377	96,586	107,487	115,131	113,085	
Mar	75,329	98,696	105,169	120,461	112,033	133,115	
Apr	65,683	88,629	86,833	109,559	94,314	114,617	
May	65,469	81,581	103,443	103,401	89,070	119,819	
Jun	67,760	94,572	103,909	97,017	93,372	122,381	
Jul	78,547	87,284	97,115	98,890	94,399	113,613	
TOTAL	853,906	1,095,904	1,194,361	1,292,397	1,229,584	1,433,457	

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce