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India

Cotton and Products Update

Post estimates marketing year 2019/20 cotton production at 29 million 480 lb. bales with a planting area of 12.7 million hectares

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Report Highlights:

Post estimates marketing year (MY) 2019/20 cotton production at 29 million 480 lb. bales (37.1 million 170-kilogram bales/6.3 MMT) with a planting area of 12.7 million hectares. MY 2019/20 mill consumption remains weak as mills accumulate greater cotton yarn stocks due to poor demand. Export prospects have diminished while imports are expected to remain stable as they are price competitive against domestic supplies.

Commodities:

Cotton

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	12,600	12,700
Beginning Stocks	7,880	7,880	9,225	9,037	9,125	9,737
Production	29,000	29,000	26,500	26,500	29,000	29,000
Imports	1,677	1,667	1,500	1,600	1,400	1,300
MY U.S. Imports	-	-	-	-	-	-
Total Supply	38,557	38,547	37,225	37,137	39,525	40,037
Exports	5,182	5,200	3,600	3,500	4,200	4,200
Use	24,150	24,310	24,500	23,900	25,000	24,600
Loss	-	-	-	-	-	-
Total Dom. Cons.	24,150	24,310	24,500	23,900	25,000	24,600
Ending Stocks	9,225	9,037	9,125	9,737	10,325	11,237
Total Distribution	38,557	38,547	37,225	37,137	39,525	40,037
Stock to Use (b)	31	31	32	36	35	39
Yield (c)	501	501	458	458	501	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 12.7 million hectares, 100,000 hectares (0.8 percent) higher than the official USDA estimate. According to the [weekly planting progress report](#) published by the Ministry of Agriculture and Farmers Welfare (MOAFW), cotton planted area across the country has reached 12.2 million hectares, six percent higher than same time last year, and eight percent higher than the five-year average. Planting in Central India (Gujarat, Maharashtra and Madhya Pradesh) is three percent higher than last year, while Northern India (Punjab, Haryana and Rajasthan) saw a 19 percent increase in cotton area. Various initiatives of the state governments of Punjab and Haryana to limit planting of paddy rice due to its elevated water requirement has led to increased cotton area. Planting is underway in Southern India (Andhra Pradesh, Telangana, Karnataka and Tamil Nadu) where sowing progress is five percent higher than last year and is expected to remain high due to high cotton prices. Farmer planting decisions are primarily driven by their expected price realization. As such, high farm-gate cotton prices, and higher minimum support prices will encourage higher cotton crop area.

Production:

Post estimates India's marketing year (MY) 2019/20 cotton production at 29 million 480 lb. bales (37.1 million 170-kilogram bales/6.3 MMT). Post's MY 2019/20 production estimate is consistent with the official USDA figure, however Post estimates slightly lower yields at 497 kilograms per hectare. Recent Post travel to the Vijayawada and Guntur districts of the southern state of Andhra Pradesh indicates higher cotton planting than last year, but the delay in rains is likely to impact crop development and lead to lower yields compared to last year.

On August 19, 2019, the Ministry of Agriculture and Farmers Welfare (MOAFW) released the fourth advance estimates of production of major crops for MY 2018/19. Their cotton production estimate for MY 2018/19 is 22.4 million 480-lb bales (28.7 million 170-kilogram bales/ 4.9 MMT), which is 17 percent lower than official Cotton Advisory Board (CAB) provisional estimate of 26.3 million 480-lb bales (33.7 million 170-kilogram bales/5.7 MMT) published on June 18, 2019.

Consumption:

Post estimates MY 2019/20 cotton consumption at 24.6 million 480-lb. bales (31.5 million 170-kilogram bales/ 5.4 MMT), 400,000 480-lb. bales lower than official USDA estimate. According to the [production estimates](#) published by the Textile Commissioners Office (TCO), cotton yarn production has increased by six percent between April – June 2019 as compared to the same period last year. At the same time, blended and 100 percent non-cotton yarn production has increased by 18 percent, while cloth production by the mill sector has fallen by ten percent. The slowdown in the spinning sector is evident from a large number of mills curtailing their operations and accumulating more yarn stocks. The fall in yarn prices due to weak domestic demand, lackluster export market coupled with high alternative fiber prices is negatively affecting the profitability of many small to medium-sized mills. Average domestic wholesale cotton prices have fallen marginally by less than one percent from last month but remain five percent higher than last year. Indian ex-gin cotton prices are almost 5-6 cents higher than Cotlook A-Index, prompting mills to augment their requirements with imports.

Trade:

Post estimates MY 2019/20 exports at 4.2 million 480-lb bales (5.4 million 170-kilogram bales/914,000 MT) same as the official USDA estimate. Indian cotton prices remain almost 5-6 cents higher than Cotlook A-Index. The differential between domestic and international prices has narrowed in the past one month as global demand has also weakened due to slowdown in major cotton consumption countries. The Indian currency has also depreciated by four percent since beginning of August improving export prospects, nonetheless weakened demand is limiting this export opportunity. Shipments to Pakistan may also fall further. Bulk exports in June were limited to Bangladesh, Vietnam, Iran and Taiwan

According to the export data published by the Ministry of Commerce, cotton yarn exports by quantity in MY 2018/19 from August up to June are ten percent lower than last year. Exports in June were down 23 percent from previous month. Domestic yarn prices have also fallen by six percent from June onwards highlighting the weakness in demand. Similarly, most of the cotton yarn exports in June were to China, Bangladesh, Peru and Egypt.

Post estimates MY 2019/20 imports at 1.3 million 480 lb. bales (1.7 million 170-kilogram bales / 283,000 MT), 100,000 480 lb. bales lower than USDA’s official estimate. Shipments from the United States and Egypt continue to drive up bulk import volumes. Almost 44 percent of total quantity of imports in June were from the United States, followed by Egypt. Imports are expected to continue to remain firm as higher domestic prices prompt mills to source cotton from foreign origins with more competitive prices.

Stocks:

The beginning stock for MY 2019/20 is estimated at 9.7 million 480 lb. bales (12.5 million 170 kg bales/2.1 MMT). This stock level adjusted for the Indian marketing year (Oct/Sep) is roughly equivalent to 5.9 million 480 lb. bales (7.6 million 170 kg bales/1 MMT). These stock levels also include the stocks held by government agencies such as the Cotton Corporation of India (CCI).

Arrivals

On July 12, the Cotton Corporation of India (CCI) estimated MY 2018/19 cotton arrivals at 24.3 million 480-lb. bales (31.1 million 170-kilogram bales/5.3 MMT). CCI reports that arrivals represent 92 percent of the total production estimate of the Cotton Advisory Board (CAB). Trades sources indicate that arrivals up to July end were around 24.6 million 480-lb. bales (31.5 million 170-kilogram bales/ 5.4 MMT). Historically, CCI market arrivals from August to September average around 406,000 480 lb. bales (520,000 170-kilogram bales) based on a ten-year average, and around 460,000 480 lb. bales (589,000 170-kilogram bales) based on the five-year average. FAS anticipates two percent of the remaining crop to arrive in the market by end of the Indian marketing year (Oct/Sep).

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

State	2019/20 as	2018/19 as	Normal	Y-o-Y	Change from
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	of July 19, 2019	of July 19, 2018	Area**	Change	Normal
Andhra Pradesh	491,000	452,000	471,800	9%	4%
Telangana	1,724,000	1,706,500	1,563,300	1%	10%
Gujarat	2,599,100	2,674,400	2,659,700	-3%	-2%
Haryana	676,000	665,000	607,800	2%	11%
Karnataka	461,000	376,000	478,400	23%	-4%
Madhya Pradesh	610,000	688,000	596,400	-11%	2%
Maharashtra	4,349,900	3,994,600	3,942,000	9%	10%
Odisha	169,000	157,800	135,600	7%	25%
Punjab	402,000	284,000	363,000	42%	11%
Rajasthan	644,500	496,100	430,000	30%	50%
Tamil Nadu	4,800	5,000	6,700	-4%	-28%
Others	27,100	17,200	23,000	58%	18%
All India	12,158,400	11,516,600	11,277,700	6%	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 August 2019
(Prices in Indian Rupees per 100 kilograms)

State	Prices August, 2019	Prices July, 2019	Prices August, 2018	Change (Over Previous Month)	Change (Over Previous Year)
Andhra Pradesh	5,953	6,010	6,106	-0.94%	-2.50%
Gujarat	5,852	5,896	5,736	-0.75%	2.02%
Haryana	5,905	6,093	5,506	-3.08%	7.25%
Karnataka	5,785	5,861	5,428	-1.29%	6.57%
Madhya Pradesh	-	5,578	5,022	-	-
Maharashtra	5,850	5,850	4,125	0.00%	41.82%
Odisha	4,400	4,793	-	-8.20%	-
Punjab	-	5,026	5,341	-	-
Rajasthan	6,283	6,368	5,795	-1.34%	8.43%
Tamil Nadu	5,578	5,819	5,730	-4.14%	-2.65%
Telangana	5,884	6,051	5,558	-2.76%	5.86%
Average	5,721	5,759	5,420	-0.65%	5.55%

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

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 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 2\	136,122	23,141	106,285
June Exports 2\	60,056	10,209	46,892
Preliminary Total (Aug-Jun)	4,416,703	750,839	3,448,579

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.

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 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 2\	246,676	41,935	192,606
June Imports 2\	408,421	69,431	318,896
Preliminary Total (Aug-Jun)	1,646,451	279,897	1,285,555

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	100
Mar	107	117	122	112	89	118	117
Apr	80	94	104	105	66	106	89
May	95	93	99	94	65	109	76
Jun	103	76	103	92	78	117	58**
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	147,647
Sep	72,827	101,017	98,636	103,974	104,661	123,603	126,499
Oct	70,553	101,327	108,182	117,801	105,404	109,572	142,259
Nov	66,084	85,897	103,471	95,082	87,723	118,218	119,215
Dec	75,412	100,335	105,335	120,598	111,927	132,634	132,049
Jan	74,008	91,169	93,192	116,656	107,512	125,357	136,898
Feb	65,141	87,377	96,586	107,487	115,131	113,085	135,493

Mar	75,329	98,696	105,169	120,461	112,033	133,115	162,702
Apr	65,683	88,629	86,833	109,559	94,314	114,876	126,012
May	65,469	81,581	103,443	103,401	89,070	119,820	141,107
Jun	67,760	94,572	103,909	97,017	93,372	122,381	131,548
Jul	78,547	87,284	97,115	98,890	94,360	113,614	
TOTAL	853,906	1,095,904	1,194,361	1,292,397	1,229,577	1,433,717	

*HS code: 5208 and 5209

Source: Directorate General of Foreign Trade, Ministry of Commerce

Table 7: India's Cotton Consumption (Mill & Small Sector Units) By Month

(Figures in Million 480 lb. Bales)

Month	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Aug	1.723	1.892	1.910	2.019	1.903	1.885	2.209
Sep	1.676	1.851	2.015	1.919	1.807	1.685	1.960
Oct	1.706	1.876	1.886	1.929	1.680	1.728	1.876
Nov	1.647	1.793	1.955	1.822	1.800	1.811	1.822
Dec	1.768	1.965	2.022	1.990	1.920	1.963	1.920
Jan	1.819	1.967	2.012	1.972	1.954	1.960	1.863
Feb	1.737	1.814	1.919	1.924	1.908	1.950	1.838
Mar	1.843	1.957	2.044	2.000	2.022	2.024	1.886
Apr	1.813	1.898	1.997	1.949	1.926	2.003	1.772
May	1.784	1.904	2.000	1.982	1.938	2.061	
Jun	1.758	1.882	2.000	1.982	1.910	2.022	
Jul	1.883	1.916	1.996	1.953	1.929	2.225	
Loss*	0.611	0.493	0.390	1.405	1.679	0.997	0.937
Total	21.767	23.208	24.146	24.847	24.374	24.313	

Figures in Bold are Provisional

*Loss estimate from the Cotton Advisory Board added into total consumption

Source: Textile Commissioner's Office, Government of India

