

Cotton Outlook- March 2018

For 2017/18, global production and trade are both raised. Production is raised due to expected higher production in Australia and Sudan, partially offset by lower production in Uzbekistan and the United States. Trade is up on higher imports in Turkey, Vietnam, Bangladesh, and China. U.S. exports are raised. World consumption is marginally higher with world ending stocks up reflecting the increased production. The U.S. balance sheet has lower production, higher exports, and lower ending stocks. The forecast U.S. season-average farm price is unchanged at 69 cents per pound.

World Scenario

This month's USDA report featured slight increases to both global production (+566,000 bales, from to 121.4 to 121.9 million 480 lb bales) and mill-use (+290,000, from 120.5 to 120.8 million 480 lb bales). With the addition to the harvest exceeding the addition to consumption, the effect was an increase in ending stocks (+291,000 bales, from 88.6 to 88.8 million 480 lb bales).

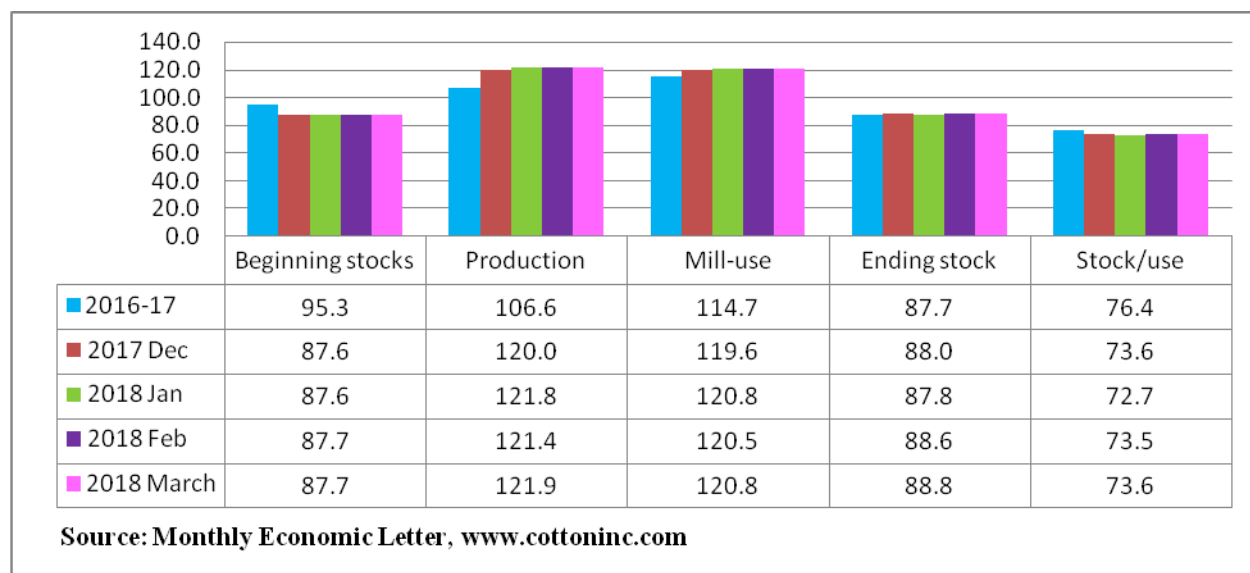


Figure 1: World Cotton Balance sheet (quantity in million 480 lb. bales)

The World cotton exports and imports during March 2018 have risen by 0.6 million 480 lb bales as compared to its previous month. Cotton exports from U.S.A has increased by 0.3 million 480 lb bales and from Uzbekistan decreased by 0.1 million 480 lb bales during this month, while no change was found in exports from India. Around 4.2 million 480 lb bales of

cotton exports from India remain constant in each of last three months from January to March 2018.

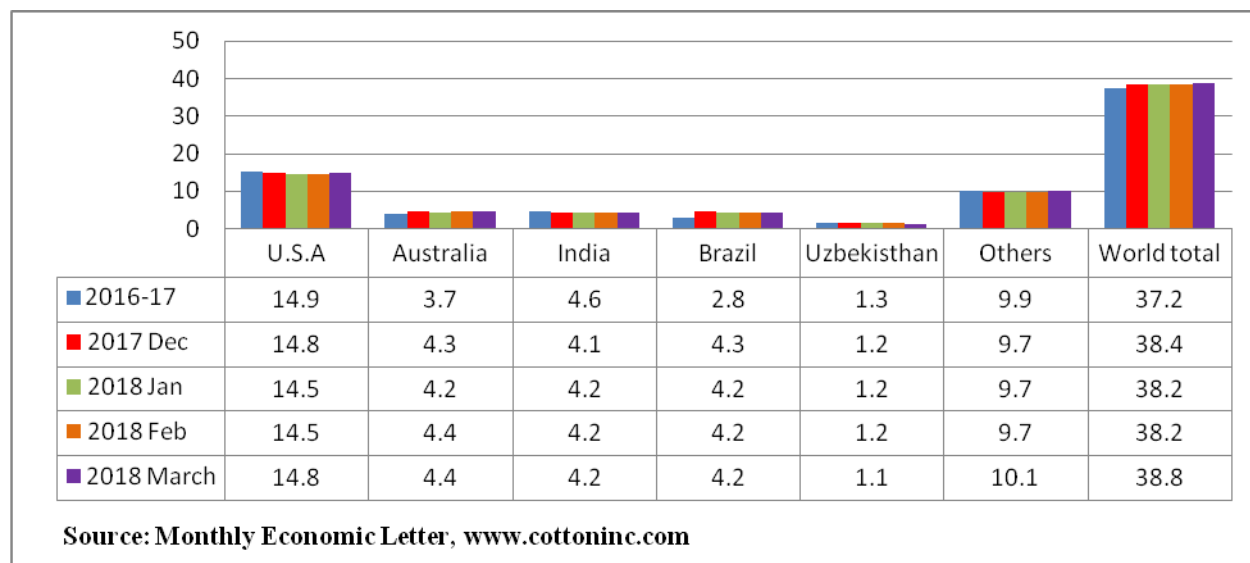


Figure 3: World Cotton Exports (quantity in million 480 lb. bales)

In terms of imports, the largest changes were for Turkey (+300,000 bales, from 3.5 to 3.8 million 480 lb. bales), Bangladesh (+150,000, from 7.3 to 7.4 million 480 lb. bales), China (+100,000, from 5.0 to 5.1 million 480 lb. bales), and Vietnam (+100,000, from 6.6 to 6.7 million 480 lb. bales).

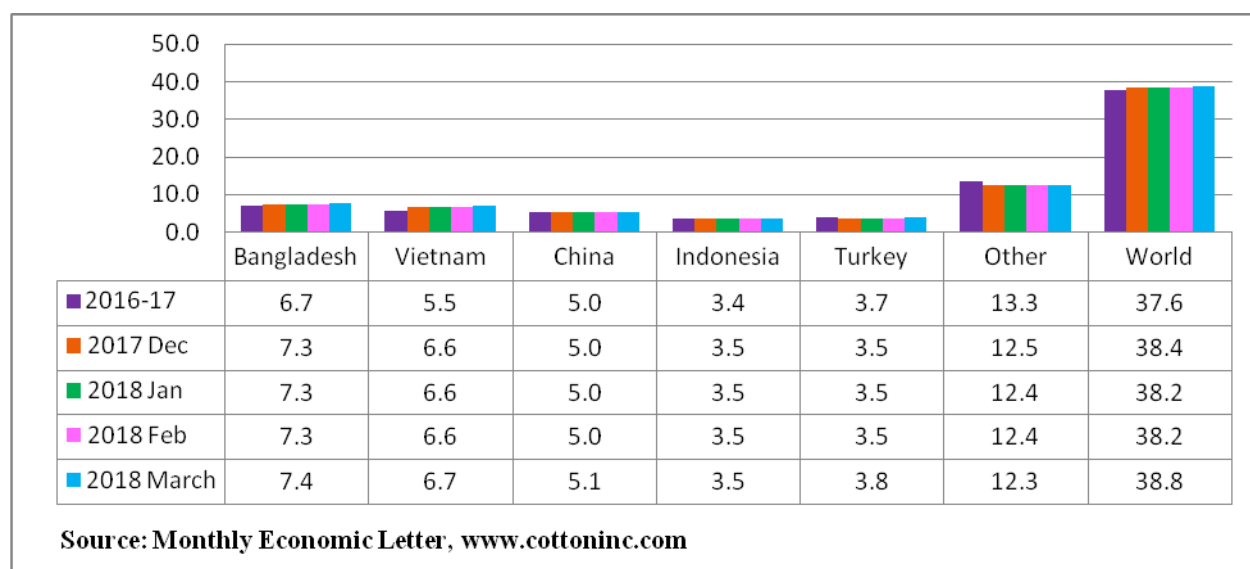


Figure 4: World Cotton Imports (quantity in million 480 lb. bales)

Domestic Scenario

According to all India crop situation report, kharif 2017-18, Ministry of Agriculture, Government of India, the area under cotton in the country has increased by 17% to 119.88 lakh hectares in 2017-18 from 101.71 lakh hectares in 2016-17.

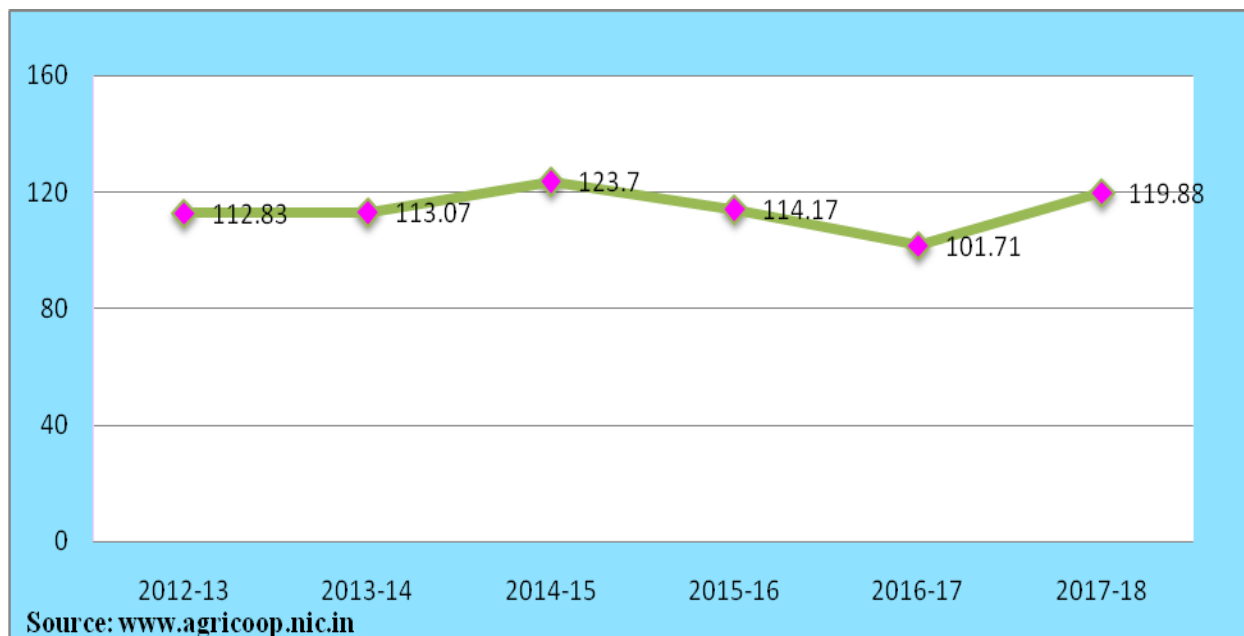


Figure 5: Trend in Area under Cotton (in lakh hectares)

Domestic Demand and Supply

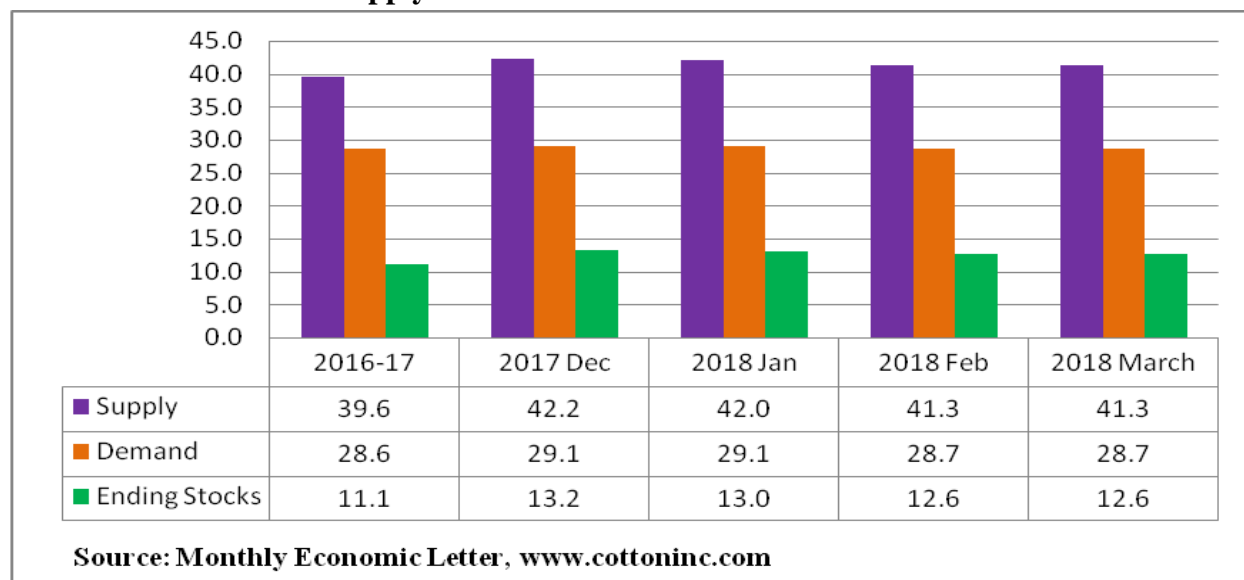


Figure 6: Domestic Demand and Supply of cotton in India (quantity in million 480 lb. bales)

Table 1: Weekly Average Prices of Cotton in all Major Markets of India

State	KAPAS					
	MARKET	VARIETY	2 nd to 8 th Feb 2018	9 th to 15 th Feb 2018	16 th to 22 nd Feb 2018	23 rd to 1 st March 2018
GUJARATH	Ahmedabad	Shankar-6	5142	5195	5167	5250
	Gondal	Shankar-6	5100	NA	NA	NA
	Rajkot	B.T. Cotton	5144	5137	5111	5218
	Patan	B.T. Cotton	5214	5231	5132	5121
	Kadi	B.T. Cotton	5146	5200	5163	5125
	Deesa	B.T. Cotton	4950	NA	NA	NA
	Dhrol	B.T. Cotton	5030	5135	5085	5017
HARYANA	Bhiwani	B.T. Cotton	5338	5304	5235	5225
	Adampur	B.T. Cotton	5263	5192	5113	5072
	Fatehabad	B.T. Cotton	5332	5256	5150	5128
	Jind	B.T. Cotton	5391	5456	NA	5144
	Uchana	B.T. Cotton	5284	5279	5143	5100
	Dabwali	B.T. Cotton	5174	5136	5032	4984
RAJASTHAN	Hanumangarh	B.T. Cotton	5274	5250	5150	5132
	Rawatsar	B.T. Cotton	5230	5131	4983	4994
MAHARASTRA	Amravati	Mech-1	4900	4900	4967	4920
TELANGANA	Adilabad	Un-Ginned	4693	4695	4650	4580
ANDHRA PRADESH	Kurnool	Un-Ginned	NA	4895	4309	3878
KARNATAKA	Bijapur	Bunny	5323	5361	5201	5244
	Hubli	D.C.H	5368	5390	4514	4959
	Raichur	H-44 Cotton	5140	5140	5051	5055

Source: www.agriwatch.com

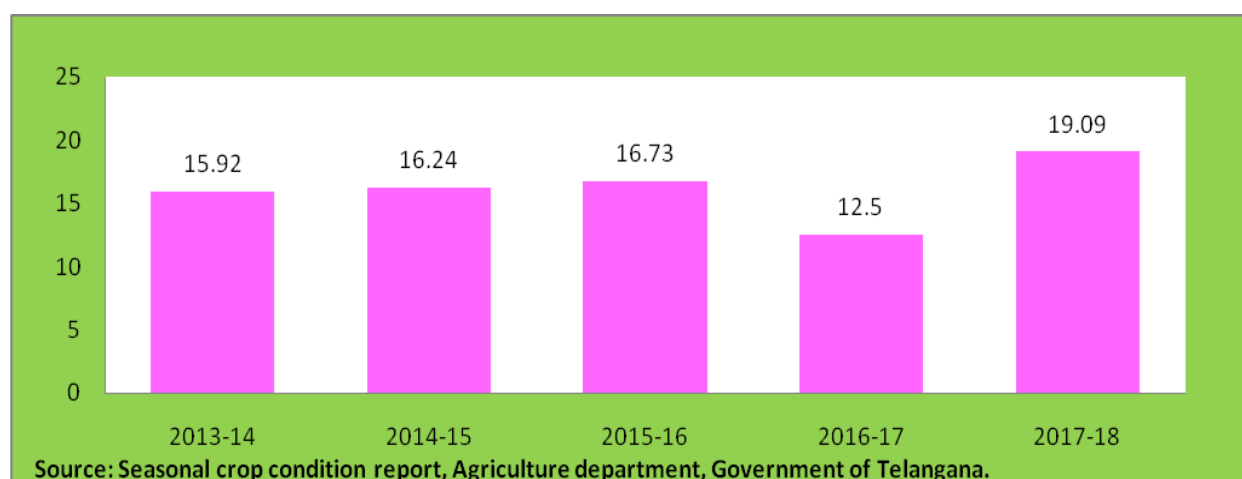
Cotton in Telangana

Figure 7: Trend in area under cotton in Telangana from 2013-14 to 2017-18 (in lakh hectares)

The cotton crop has occupied 19.09 lakh hectares during 2017-18 in Telangana i.e., 52.72% increase from 12.50 lakh hectares in 2016-17.

The overall cotton prices in all major markets of Telangana are ranging between Rs.3900-4700 per quintal. The maximum average model price was recorded at Adilabad for the month of February, while lowest was associated with Peddapalli market during the same period.

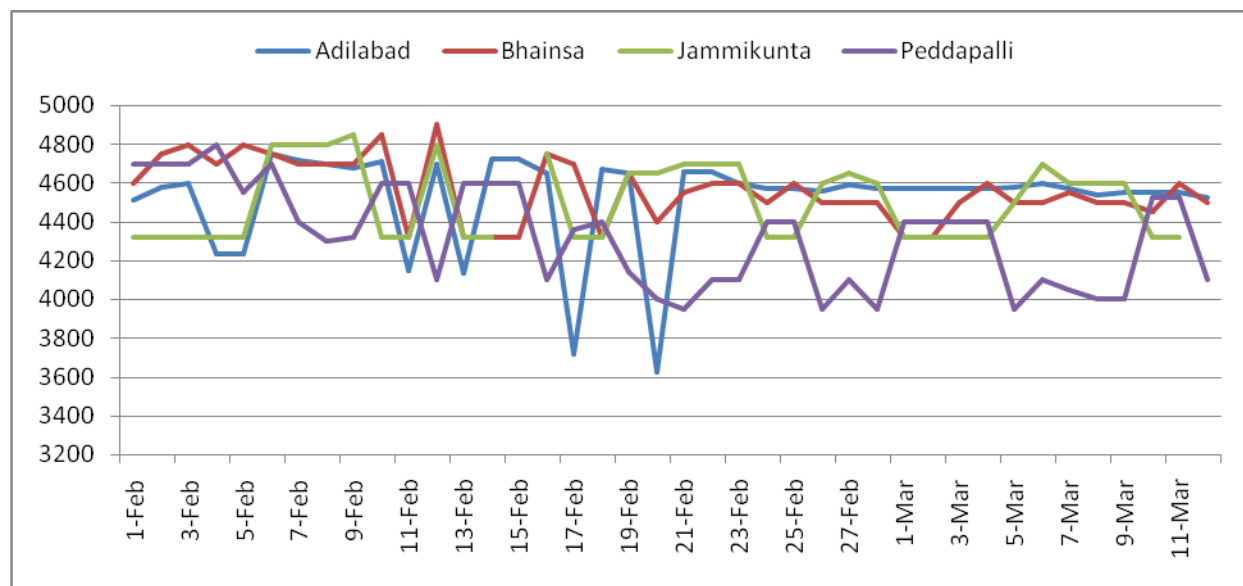


Figure 8: Cotton Model Prices in Major Markets of Telangana during February to March 2018 (Rs / quintal)

Domestic cotton prices were reported slightly higher but adequate supplies and low demand from mills have limited the upside price potential. All India cotton arrivals stood at an average of 130,000 to 135,000 bales per day. It includes 40,000 in Maharashtra, 35,000 in Gujarat, 44,000 in Andhra Pradesh / Telangana state and 16,000 bales in other states.

Kapas (seed cotton) prices in country noticed weak tone during February month when compared to the previous month, and the same is ruling higher compared to the prices during the corresponding month of the previous season.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that Cotton prices are likely to trade in price range between Rs.4000-4500 per quintal during March 2018.