

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Report Highlights:

Report highlights

Farm to market yard arrivals remain steady while mill buying remains very weak. FAS Mumbai revised the Post MY2014/15 export estimate to 5 million 480 lb. bales to reflect a slowdown in Chinese buying but steady demand from other countries. Procurement under minimum support price (MSP) operations has reached 4.8 million 480 lb. bales. The Cotton Corporation of India (CCI) has commenced with small quantity sales of some of the MSP procured cotton.

General Information:

Cotton India	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Aug 2012		Market Year Begin: Aug 2013		Market Year Begin: Aug 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	12,000	12,000	11,700	11,700	12,700	12,700
Beginning Stocks	10,869	10,819	11,945	10,978	11,515	10,054
Production	28,500	28,500	31,000	31,000	30,500	30,400
Imports	1,187	1,187	675	675	1,100	1,000
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	40,556	40,506	43,620	42,653	43,115	41,451
Exports	7,761	7,761	9,255	9,261	4,700	5,000
Use	21,850	21,767	23,350	23,338	24,000	24,000
Loss	-1,000	0	-500	0	0	0
Total Dom. Cons.	20,850	21,767	22,850	23,341	24,000	24,000
Ending Stocks	11,945	10,978	11,515	10,054	14,415	12,454
Total Distribution	40,556	40,506	43,620	42,653	43,115	41,451

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Arrivals

On January 28, 2015, marketing year (MY) 2014/15 all India cotton arrivals, as reported by the CCI, reached 16.3 million 480 lb. bales (20.9 million 170 kg bales/3.5 mmt). Nationwide, almost 52 percent of the estimated crop has arrived in the market. Farmers are making distressed sales across the country as prices remain lower than MSP. In Maharashtra, because of this, arrivals have picked up pace.

Recent Post interactions with the farmers in Maharashtra indicate concerns over the farm gate prices in the near term as new-crop planting season gets nearer.

CCI Procurement crosses 6 million 170 kg bales mark

Overall procurement of cotton by CCI under MSP operations has reached 4.8 million 480 lb. bales (6.1 million 170 kg bales/ 1 mmt). The procurement by the Maharashtra state marketing federation on behalf of CCI was erroneously reported as 75,000 mt of cotton lint in [IN5005](#). The reported quantity was 75,000 mt of seed cotton equating to almost 25,000 mt of cotton lint. In Maharashtra, total procurement by CCI and the state marketing federation has reached around 1.1 million 480 lb. bales /1.5 million 170 kg bales.

CCI commences stock sales

CCI has started releasing smaller quantities of cotton stocks via e-auction. As on February 3, 2015, CCI has offered between 25,000-30,000 170 kg bales for auction. Trade reports indicate that the actual volumes sold are minimal.

Consumption

The average per month mill consumption rate in MY 2014/15 is 1.9 million 480 lb. bales. The Post forecast anticipates use below these average levels in the remaining year due to large domestic stocks and falling prices. In general, however, as global demand remains sluggish and Indian ex-gin prices are on par with the Cotlook A Index there may be limited buying.

Trade

FAS Mumbai's export forecast is 5 million 480 lb. bales to reflect anticipated Indian global exports over the remainder of the marketing year. This takes into account slower demand in China which were down from last month by more than 50 percent. Additionally, this considers exports to other countries which should remain steady.

Demand for imported cotton has tempered as Indian arrivals have picked up. Imports from Pakistan constituted almost 40 percent of total shipments received in January.

Table 1a. India: Estimate of 2013/14 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	260,571	44,297	203,455
September Exports 1\	132,941	22,600	103,801
October Exports 1\	140,806	23,937	109,942
November Exports 1\	1,915,982	325,717	1,496,006
December Exports 1\	2,460,212	418,236	1,920,943
January Exports 1\	2,055,653	349,461	1,605,062
February Exports 1\	1,419,624	241,336	1,108,448
March Exports 1\	1,308,347	222,419	1,021,562
April Exports 1\	956,671	162,634	746,972
May Exports 1\	661,053	112,379	516,153
June Exports 1\	401,882	68,320	313,791
July Exports 1\	147,647	25,100	115,283
Total Aug-Jul	11,861,388	2,016,436	9,261,418

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

Table 1b. India: Estimate of 2014/15 Cotton Exports

	170 kg	Metric Tons	480 lb.
August Exports 1\	99,671	16,944	77,824
September Exports 1\	128,129	21,782	100,044
October Exports 1\	185,618	31,555	144,931
November Estimated Exports 2\	710,000	120,700	554,371
December Estimated Exports 2\	1,000,000	170,000	780,804
January Estimated Exports 2\	610,000	103,700	476,290
Preliminary Total Aug-Jan	2,733,418	464,681	2,134,263

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

2\ FAS Mumbai estimate

Table 2a. India: Estimate of 2013/14 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	107,824	18,330	84,189
September Imports 1\	96,906	16,474	75,664
October Imports 1\	113,382	19,275	88,529
November Imports 1\	55,024	9,354	42,963
December Imports 1\	17,624	2,996	13,761
January Imports 1\	38,959	6,623	30,419
February Imports 1\	41,576	7,068	32,463
March Imports 1\	48,841	8,303	38,135
April Imports 1\	65,582	11,149	51,207
May Imports 1\	59,471	10,110	46,435
June Imports 1\	71,353	12,130	55,713
July Imports 1\	148,218	25,197	115,729
Total Aug-Jul	864,760	147,009	675,207

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

Table 2b. India: Estimate of 2014/15 Cotton Imports

	170 kg	Metric Tons	480 lb.
August Imports 1\	161,735	27,495	126,283
September Imports 1\	329,041	55,937	256,916
October Imports 1\	197,712	33,611	154,374
November Estimated Imports 2\	126,000	21,420	98,381

December Estimated Imports 2\	51,000	8,670	39,821
January Estimated Imports 2\	49,000	8,330	38,259
Preliminary Total Aug-Jan	914,488	155,463	714,036

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

2\ FAS Mumbai estimate

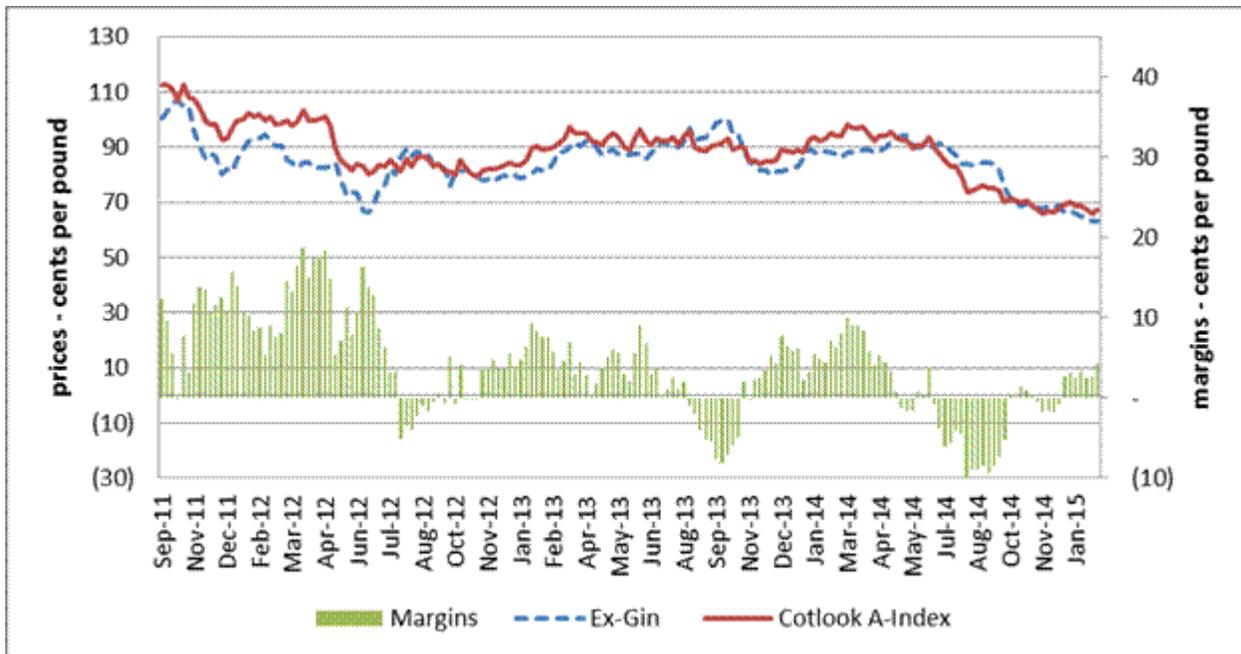
Table 3. India: Monthly Cotton Consumption by the Textile Sector (Million 170 kg bales)

Month	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Aug	1.859	2.173	1.864	2.207	2.423	2.442
Sep	1.829	2.143	2.170	2.146	2.370	2.549
Oct	1.812	2.209	1.776	2.185	2.403	2.429
Nov	1.847	2.110	1.834	2.109	2.296	2.441
Dec	1.949	2.257	2.013	2.264	2.516	
Jan	1.954	2.210	2.033	2.330	2.519	
Feb	1.881	2.023	2.030	2.224	2.323	
Mar	2.001	2.176	2.038	2.361	2.507	
Apr	2.053	2.017	2.031	2.322	2.431	
May	2.093	1.864	2.128	2.285	2.439	
Jun	2.071	1.823	2.117	2.251	2.410	
Jul	2.211	1.900	2.213	2.411	2.453	
Loss*	1.700	1.338	0.500	0.783	0.800	1.000
Total	25.260	26.243	24.747	27.878	29.890	

*Loss estimate from the Cotton Advisory Board

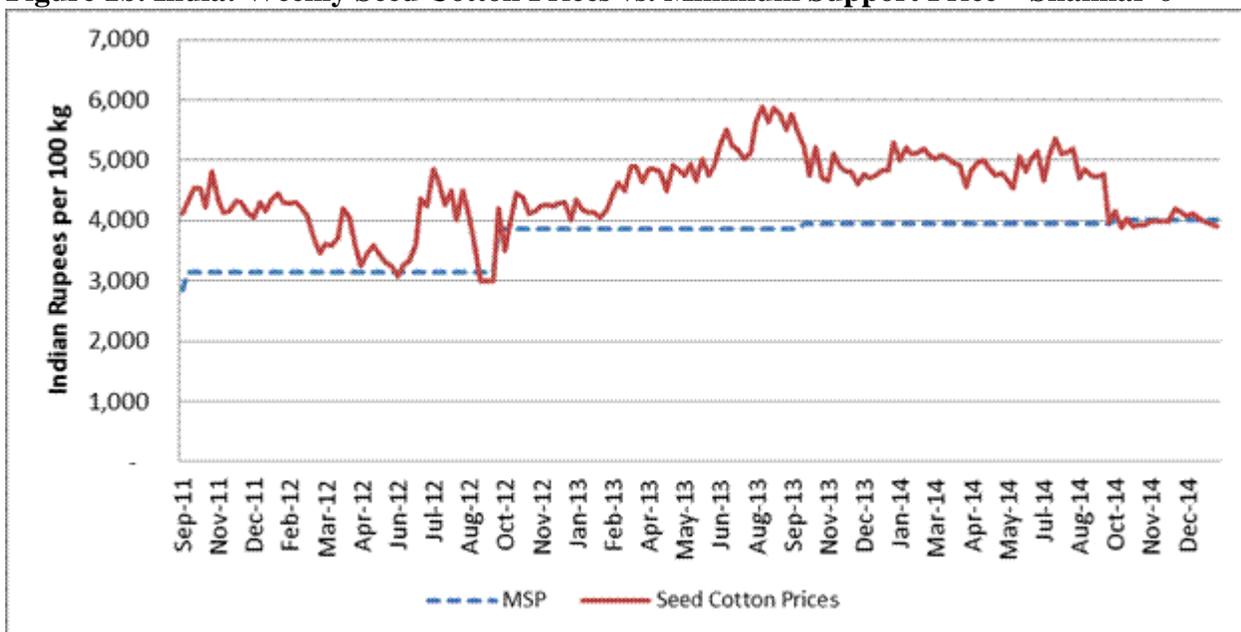
Source: Textile Commissioner

Figure 1a. India: Weekly Shankar 6 Ex-Gin Price vs. Cotlook A-Index



Source: Cotton Association of India
Cotlook A-Index

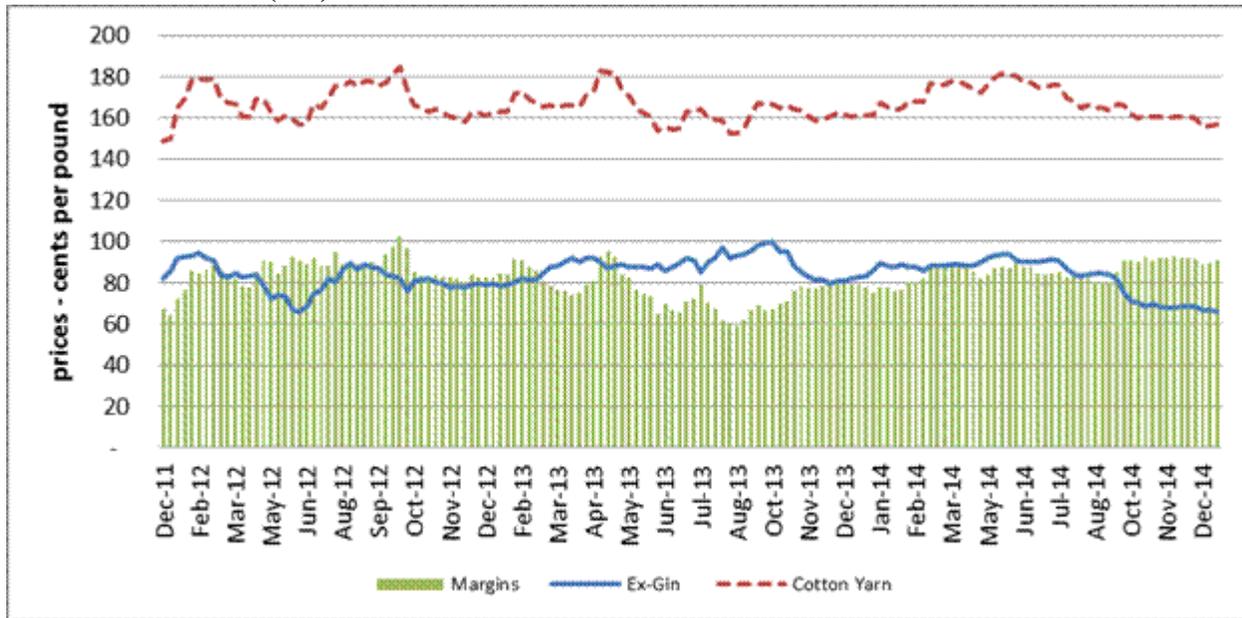
Figure 1b. India: Weekly Seed Cotton Prices vs. Minimum Support Price – Shankar-6



Source: Agriculture Marketing Information Network, Ministry of Agriculture

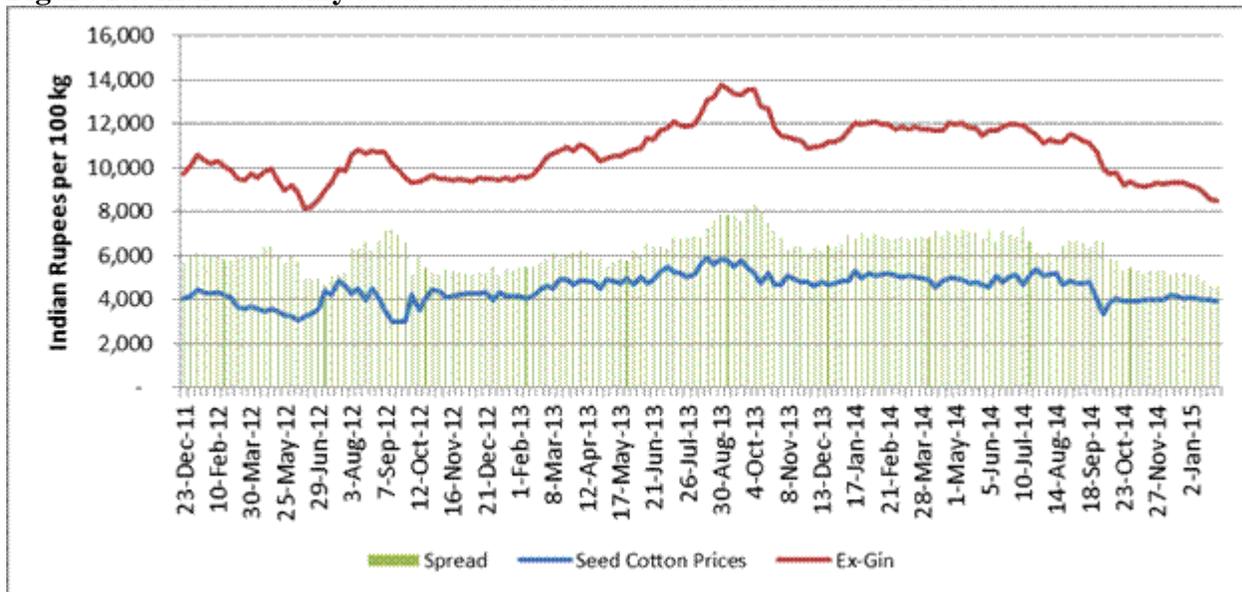
Figure 1c. India: Spinning Margin -- Weekly Shankar 6 Ex-Gin Price vs.

Cotton Yarn Price (40s)



Source: Cotton Association of India
Tecoya Trend

Figure 1d. India: Weekly Seed Cotton Prices vs. Shankar 6 Ex-Gin Prices



Source: Cotton Association of India
Agriculture Marketing Information Network, Ministry of Agriculture

