

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Cotton and Products

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Report Highlights:

2012/13 cotton production is estimated higher at 34.0 million 170 kg bales (26.5 million 480 lb bales / 5.7 mmt). The Cotton Corporation of India has released 25,000 170 kg bales for sale in the domestic market, but interest among buyers was poor. Cotton exports in April were the lowest since October 2012, but 2012/13 exports are expected slightly higher at 7.2 million 480 lb bales. Indian mills have reportedly secured significant volumes of foreign cotton for import. Cotton imports could lower Indian cotton prices just as farmers are making their planting 2013 planting decisions.

Cotton India	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Aug 2011		Market Year Begin: Aug 2012		Market Year Begin: Aug 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	12,200	12,200	11,800	11,800		12,000
Beginning Stocks	11,174	10,964	8,944	8,584		7,134
Production	27,500	27,500	25,500	26,500		26,900
Imports	600	400	1,700	1,250		1,500
MY Imports from U.S.	0	0	0	0		0
Total Supply	39,274	38,864	36,144	36,334		35,034
Exports	11,080	11,080	7,000	7,200		5,800
Use	19,750	19,700	22,000	22,000		22,000
Loss	-500	-500	0	0		0
Total Dom. Cons.	19,250	19,200	22,000	22,000		21,500
Ending Stocks	8,944	8,584	7,144	7,134		7,734
Total Distribution	39,274	38,864	36,144	36,334		35,534
1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA						

2012/13 Production Higher

On April 17, 2013, the Cotton Advisory Board (CAB) in its meeting revised the cotton production estimate for MY 2012/13 to 34.0 million 170 kg bales (26.5 million 480 lb bales / 5.7 mmt). That revised estimate is included in this report in keeping with the prior practice of adopting CAB production estimates as historical estimates. Through April 30, cotton arrivals had reached 29 million 170 kg bales, almost even with the year-ago pace and three percent behind the 2010/11 pace. To the extent that the pace of arrivals is a predictor of production, it appears that the late monsoon and late-season storm in Andhra Pradesh were not as detrimental to yields as initially expected. Cotton planting will begin in May in Punjab and Haryana, regions with irrigation, while sowing in the rest of the country will begin with the onset of the monsoon rains in June. According to the Indian Meteorological Department forecast, India is expected to receive normal monsoon rains (June - September).

CCI Stocks, Imports and Planting Intentions

The Cotton Corporation of India (CCI) is currently holding 2.1 million 170 kg bales (1.6 million 480 lb bales / 357,000 mt) of unsold stocks. On April 26, 2013, CCI started the process of releasing the stocks

by auctioning 25,000 170kg bales (19,520 480 lb bales / 4,250 mt). CCI and the textile industry have reportedly been seeking the release of the stocks for several weeks. However, initial interest in the auction was limited and CCI does not currently have permission to auction more than 25,000 bales. Nearly all of the cotton is in Andhra Pradesh which is relatively close to the major textile area around Coimbatore in Tamil Nadu, but there are reported concerns about the quality of the CCI cotton. While CCI maintained high procurement standards despite the damage from the late-season storm in Andhra Pradesh, the micronaire value is reportedly not as high as spinners would like. The longer CCI hangs on to these stocks, the greater the likelihood that future auctions will depress prices just as farmers are making their 2013/14 cotton planting decisions.

Seed cotton prices have dropped to the lowest level since February, seemingly in response to the CCI auction and the CAB's expectation that 1.7 million 170 kg bales will be imported between May and September (2.5 million 170 kg bales for the entire 2012/13 Oct/Sep marketing year). Trade estimates of the amount of foreign cotton that has been secured range from 1.0 to 1.7 million 170 kg bales. Larger volumes of imports are expected to begin in either May or June, well ahead of the surge in imports that took place prior to the onset of the 2012 harvest. An analysis of India's monthly cotton supply and demand position using CAB stock levels and higher USDA-Washington stock levels suggests that respective cotton supplies are either a relatively comfortable 8.8 or 11.2 million 170 kg bales as of May 1. Given adequate supplies, reduced exports, and the potential for more CCI stocks to be auctioned, FAS Mumbai believes that the bulk of imports will occur during the start of the 2013/14 (July/June) marketing year. If that analysis proves incorrect, a surge in imports at planting, especially if coupled with continued CCI auctions, could drive seed cotton prices lower and reduce planted area.

Exports

Export registrations have reportedly reached 8.9 million (6.9 million 480 lb bales / 1.5 mmt) bales with shipments surpassing 8.5 million 170 kg bales for MY 2012/13. FAS Mumbai has revised the export forecast to 9.2 million 170 kg bales (7.2 million 480 lb bales / 1.6 mmt) for MY 2012/13 (Aug/Jul). Exports in April were significantly lower as exports to China came to a near halt.

Consumption

Consumption remains steady on account of strong demand for yarn from China and Bangladesh. Yarn export registrations for February have risen by more than 35 percent on a year-to-year basis. Spinning margins have reduced slightly but industry continues to enjoy good margins. Domestic mills are also looking to cover their cotton requirements for the remaining season. Trade sources indicate that larger mills are looking to cover supplies between 2-3 months with smaller mills only covering for a month.

Table 1a: Estimate of 2011/12 Cotton Exports

	170 kg	Metric Tons	480 lb
August	436,447	74,196	340,780
September	948,859	161,306	740,873
October	696,324	118,375	543,692
November	2,095,165	356,178	1,635,913
December	1,621,682	275,686	1,266,216
January	2,524,159	429,107	1,970,873
February	2,324,518	395,168	1,814,992
March	512,088	87,055	399,840
April	1,369,700	232,849	1,069,467
May	798,494	135,744	623,467
June	590,165	100,328	460,803
July	261,000	44,370	203,790
Official Total Aug-Jul 1\	14,178,600	2,410,362	11,070,705

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

Table 1b: Estimate of 2012/13 Cotton Exports

	170 kg	Metric Tons	480 lb
August Exports 1\	56,894	9,672	44,423
September Exports 1\	104,329	17,736	81,460
October Exports 1\	160,506	27,286	125,324
November Exports 1\	767,124	130,411	598,973
December Exports 1\	1,816,541	308,812	1,418,362
January Exports 1\	2,229,753	379,058	1,741,000
February Preliminary Exports 2\	2,135,953	363,112	1,667,760
March Estimated Exports 3\	1,080,000	183,600	843,268
April Estimated Exports 3\	200,000	34,000	156,161
Preliminary Total Aug-Apr	8,551,100	1,453,687	6,676,732

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

2\ Preliminary official data from the Directorate of Commercial Intelligence and Statistics. These data are subject to revision, but are considered a fairly reliable predictor of final official data.

3\ FAS Mumbai estimate

Table 2a: Estimate of 2011/12 Cotton Imports

	170 kg	Metric Tons	480 lb
August	8,735	1,485	6,821
September	2,518	428	1,966
October	12,647	2,150	9,875
November	14,665	2,493	11,450
December	12,847	2,184	10,031
January	37,265	6,335	29,096
February	80,224	13,638	62,639
March	92,535	15,731	72,252
April	98,447	16,736	76,868
May	79,324	13,485	61,936
June	34,006	5,781	26,552
July	26,312	4,473	20,545
Official Total Aug-Jul 1\	499,524	84,919	390,030

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

Table 2b: Estimate of 2012/13 Cotton Imports

	170 kg	Metric Tons	480 lb
August Exports 1\	62,935	10,699	49,140
September Exports 1\	203,265	34,555	158,710
October Exports 1\	313,253	53,253	244,589
November Exports 1\	213,159	36,237	166,435
December Exports 1\	104,247	17,722	81,396
January Exports 1\	61,194	10,403	47,781
February Preliminary Exports 2\	45,806	7,787	35,766
March Estimated Exports 3\	53,000	9,010	41,383
April Estimated Exports 3\	56,000	9,520	43,725
Preliminary Total Aug-Apr	1,112,859	189,186	868,925

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

2\ Preliminary official data from the Directorate of Commercial Intelligence and Statistics. These data are subject to revision, but are considered a fairly reliable predictor of final official data.

3\ FAS Mumbai estimate

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

Month	2009/10	2010/11	2011/12	2012/13
Aug	1.859	2.173	1.864	2.207
Sep	1.829	2.143	2.170	2.146
Oct	1.812	2.209	1.776	2.182
Nov	1.847	2.110	1.834	2.090
Dec	1.949	2.257	2.013	2.275
Jan	1.954	2.210	2.033	2.279
Feb	1.881	2.023	2.030	
Mar	2.001	2.176	2.038	
Apr	2.053	2.017	2.031	
May	2.093	1.864	2.128	
Jun	2.071	1.823	2.117	
Jul	2.211	1.900	2.213	
Loss*	1.700	1.338	1.000	2.000
Total	25.260	26.243	25.247	

Source: Textile Commissioner

*Loss estimate from the Cotton Advisory Board

Table 4: Cotton Yarn Export Registration Data

Month	Quantity	Month	Quantity
	(Million kg)		(Million kg)
Aug-11	97.734	Aug-12 (P)	83.055
Sep-11	77.157	Sep-12 (P)	64.269
Oct-11	43.69	Oct-12 (P)	94.462
Nov-11	76.362	Nov-12 (P)	100.769
Dec-11	83.005	Dec-12 (P)	100.778
Jan-12	79.148	Jan-13 (P)	117.143
Feb-12	60.518	Feb-13 (P)	103.955
Mar -12 (P)	64.227	Mar-13 (P)	88.685
Apr -12 (P)	62.811		
May -12 (P)	74.455		
Jun -12 (P)	82.419		
Jul -12 (P)	94.507		

(P) – Provisional

Source: Directorate General of Foreign Trade, Export Cell