

02.08.2017

THE HINDU BusinessLine

2017-18 cotton production seen rising 10-15% on higher acreage

Making gains!

(Statewise cotton acreage in lakh ha as on July 27)

State	This year	Last year
Maharashtra	38.47	36.27
Gujarat	25.85	20.38
Telangana	16.80	11.22
Haryana	6.56	4.98
Madhya Pradesh	5.73	5.27
Rajasthan	5.17	3.74
Karnataka	3.85	3.60
Punjab	3.85	2.56
Andhra Pradesh	3.51	2.85
Total*	111.55	92.33



*Includes other states

Favourable monsoon in growing areas will drive increase

Notwithstanding crop damage due to floods in Gujarat, the largest cotton producing state, India's cotton output in the forthcoming 2017-18 season starting October is seen increasing by 10-15 per cent on rise in acreage across the country. Besides, a favourable monsoon in most parts of key growing states such as Maharashtra and Andhra Pradesh, and in North India, is aiding the output.

The cotton trade estimates the output to be higher, by 10-15 per cent, for 2017-18 over last year's output of 337.25 lakh bales of 170 kg each.

Per the Union Ministry of Agriculture, cotton had been sown on 111.55 lakh hectares till July 28, as against 92.33 lakh hectares witnessed for the same time last year, thereby indicating an increase of close to 21 per cent in the acreage.

Maharashtra has registered kharif cotton sowing of over 38.47 lakh hectares, while in Gujarat the area stood at 25.84 lakh hectares.

However, with the recent flooding in the key growing regions of Gujarat, the authorities expect a damage of about 30 per cent to the crop in the State.

“Trade and government estimates put the acreage growth at about 20 per cent. But we still have monsoon days left and it is unpredictable about the rain fury in other parts. Hence, estimating the output may be speculative,” said Nayan Mirani, President, Cotton Association of India (CAI), the apex trade body.

“However, considering the existing factors and the rainfall, the acreage will comfortably increase by 10-12 per cent and we will have almost equal increase in the production volume too,” he added.

Kharif cotton sowing is completed in most parts of the country and fresh arrivals are likely to begin by mid-September.

J Thulasidharan, Chairman, Confederation of Indian Textile Industry, said the cotton crop situation would be clear only by end August. “The crop needs some rain during August-September, and the pest attack also happens after 140 days of the crop. The changes in the crop will have to be assessed at regular intervals,” he said and added that a small portion of the area (around 6 lakh hectares) stood damaged in Gujarat, but re-sowing has commenced. “We will have to wait and see.”

Market looking good

Meanwhile, considering the increase — both in area and production — in the global cotton scenario, the market, he said “looks good at this juncture”.

“Forward contract rates for September–October delivery stand at around ₹39,000-39,500 a candy, while the December delivery quotation is still lower at ₹37,000 a candy,” Thulasidharan said. Mills will benefit only if the rates are stable, he added.

“The situation is comfortable. Mills need not panic,” said K Selvaraju, Secretary-General of the Southern India Mills Association, referring to the current season.

Low availability

However, trade sources revealed that current stock position has deteriorated and cotton availability is low. “The stock position is very weak at present and we fear that if fresh arrivals don't start from Punjab by mid-September there will be a short-term rally in prices. So, in the near term, we do not see prices falling as a result of the higher production outlook,” said Arun Dalal, a cotton expert based in Ahmedabad.

Meanwhile, the International Cotton Advisory Committee (ICAC) has predicted uncertain cotton prices for the year 2017-18. The benchmark Cotlook A index is likely to hover around 69 cents/lb during the year.

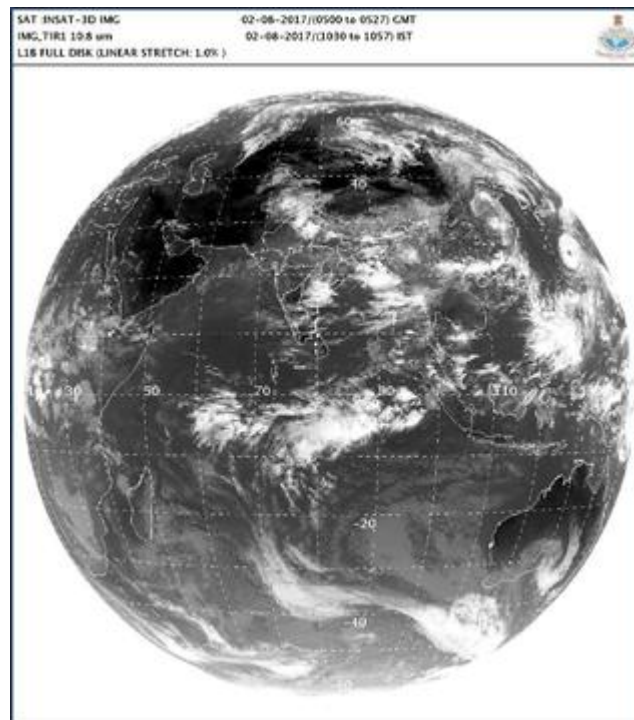
According to ICAC, world cotton production may increase by 8 per cent to 24.9 mt on the increase in the world cotton area by 8 per cent to 31.7 million hectares.

India is expected to remain the world's largest producer in 2017-18 with output rising 6 per cent to 6.1 mt .

On the consumption front, ICAC has predicted world cotton consumption will rise by 2 per cent to 25 mt , while that for India is likely to increase by 2 per cent to 5.3 mt in 2017-18. India's exports are forecast to rise by 2 per cent to 930,000 tonnes, ICAC noted.

(This article was published on August 2, 2017)

Passing showers bring welcome relief to parts of Kerala, TN



Super typhoon Noru over the North-West Pacific has weakened to a conventional typhoon, but a fresh tropical storm named Nalgae has formed in the neighbourhood.

Forecasts suggest that 'Noru' is racing away west-northwest, skirting the west coast of Japan, to re-intensify into a super typhoon and head into the East China Sea and further away.

DIRECTION OF FLOWS

This would mean that monsoon flows from the Arabian Sea and the Bay of Bengal would remain directed into these weather systems for want of one of their own to coax back the flows.

And, now, the monsoon would have to contend with tropical storm Nalgae, though it is not seen as gaining too much strength in the North-West Pacific.

Meanwhile, the India Met Department (IMD) projections show that out-bound flows would hold sway at least until August 5 (Saturday), ruling out any formation of a weather system in its backyard.

The North-West Pacific-bound flows, while negotiating the peninsular tip of India, have triggered isolated moderate to heavy rain over Kerala and Tamil Nadu over the past few days.

This is expected to continue for the time-being and may well sustain into the week ending August 14, according to an outlook from the US Climate Prediction Centre.

WELCOME RELIEF

The rains have already brought welcome relief to areas in and around Kochi in Kerala, coastal Karnataka, parts of Tamil Nadu and Puducherry, which suffer from a serious rain deficit.

According to the US forecaster, these rains could spread to other parts of the South Peninsula next week, prominently along the East Coast - i.e. Tamil Nadu, Andhra Pradesh, Odisha and Bengal.

This represents the weak phase of the monsoon, when rains retreat to the fringes along the West and East coasts and the foothills of the Himalayas. This was evident from this morning's cloud pattern.

There is also a forecast indicating the formation of a circulation in the Bay of Bengal after the typhoons subside in the North-West Pacific.

But this is expected to largely serve a catchment area extending from the North-East to the East and along the foothills of the Himalayas to North-West India.

(This article was published on August 2, 2017)