

**Cotton Outlook – October 2020****World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 32.9 million hectares (81.26 million acres) and 117.20 million bales of 217.72 kg, which were nearly 6 and 4.5 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, September estimates, India is the largest cotton producer in the world with 30.0 million bales compared to 30.50 million bales in previous year followed by China (27.30 million bales), United States (17.10 million bales), Brazil (12 million bales) and Pakistan (6.20 million bales).

According to the trade sources, India in August'20 would likely to have exported cotton significantly higher, about 7-8 lakh bales. Bangladesh has imported most of it at around 6-7 lakh bales at an average FOB of \$1.39/kg followed by China buying around 55,000 bales at \$1.33/kg FOB followed by Vietnam (39,000 bales at \$1.29/kg), Oman (9,800 bales at \$1.39/kg) and Turkey (6,300 bales at \$1.36/kg). The Indian exports are likely to have continued at good pace in September due to the increasing yarn and garments demand in China and producing nations like Bangladesh and Vietnam sought Indian raw material to fulfill the demand.

**International Cotton Price Movement**

The NY Nearby and the A Index were stable over the past month. Asian benchmarks increased. The NY December futures contract held to levels near 64 cents/lb. Cotlook's A Index was steady near 70 cents/lb.

The China Cotton Index (CC Index 3128B) increased in international terms, from 81 to 84 cents/lb. In domestic terms, values increased from 12,400 to 12,600 RMB/ton. The RMB strengthened against the dollar over the past month, from 6.95 to 6.84 RMB/USD.

Indian cotton prices (Shankar-6 quality) rose from 60 to 63 cents/lb in international terms. In domestic terms, values increased from 35,100 to 36,300 INR/candy. The Indian rupee strengthened from 75 to 73 INR/USD over the past month. In international terms, Pakistani prices increased from 59 to 63 cents/lb. In domestic terms, prices climbed from 8,300 to 8,700 PKR/maund. The Pakistani rupee strengthened slightly against the dollar, from 168 to 166 PKR/USD.

**Table 1: International Price of Cotton (cents/lb)**

	<b>Latest Value<sup>th</sup> (Sep 11 2020)</b>	<b>Latest Month (Aug 2020)</b>	<b>Last 12 Months (Sep 2019- Aug 2020)</b>
<b>NY Nearby</b>	<b>64.10</b>	<b>63.60</b>	<b>62.20</b>
<b>A Index</b>	<b>70.50</b>	<b>69.90</b>	<b>71.20</b>
<b>CC Index</b>	<b>84.00</b>	<b>81.90</b>	<b>81.30</b>
<b>Indian Spot</b>	<b>63.10</b>	<b>60.70</b>	<b>66.70</b>
<b>Pakistani Spot</b>	<b>62.70</b>	<b>60.90</b>	<b>66.70</b>

Source: [www.cottoninc.com](http://www.cottoninc.com)

### **Indian Cotton Scenario**

As on 18<sup>th</sup> September 2020, area under cotton during 2020-21 was 129.46 lakh ha as against 127.08 lakh ha in 2019-20 compared to the previous year. Among the states, Maharashtra is leading in cotton acreage (42.25 lakh ha) followed by Telangana (24.13 lakh ha), Gujarat (22.78 lakh ha), Haryana (7.37 lakh ha) and Karnataka (6.88 lakh ha).

**Table2: State wise area under cotton in India**

State	2019-20			2020-21		
	Area (lakh ha)	Area (lakh acres)	% to total area	Area (lakh ha)	Area (lakh acres)	% to total area
<b>Maharashtra</b>	43.83	108.31	34.49	42.25	104.40	32.64
<b>Telangana</b>	18.59	45.94	14.63	24.13	59.63	18.64
<b>Gujarat</b>	26.66	65.88	20.98	22.78	56.29	17.60
<b>Haryana</b>	7.01	17.32	5.52	7.37	18.21	5.69
<b>Karnataka</b>	5.75	14.21	4.52	6.88	17.00	5.31
<b>Others</b>	25.24	62.37	19.86	26.05	64.37	20.12
<b>All India</b>	127.08	314.02	100.00	129.46	319.90	100.00

Source: www.agricoop.nic.in

### **Domestic Trade information**

**Table 3: State wise Wholesale Prices Monthly Analysis for Cotton September, 2020 (Rs/Quintal)**

State	Prices September, 2020	Prices August, 2020	Prices September, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
<b>Andhra Pradesh</b>			6098.46	—	—
<b>Gujarat</b>	4434.27	4267	5400.02	3.92	-17.88
<b>Haryana</b>	5019.15		5332.66	—	-5.88
<b>Karnataka</b>	5003.18	4727.79	5302.71	5.82	-5.65
<b>Madhya Pradesh</b>	3544.67		3799.53	—	-6.71
<b>Maharashtra</b>	4401.5	5183.9		-15.09	—
<b>Pondicherry</b>	4309	4305.92	4118.18	0.07	4.63
<b>Punjab</b>	4857.85		5111.26	—	-4.96
<b>Rajasthan</b>	5291.97		5472.73	—	-3.3
<b>Tamil Nadu</b>	4538.36	4727.39	5664.81	-4	-19.89
<b>Telangana</b>			6053.58	—	—
<b>Uttar Pradesh</b>	4753.99	4677.94	5224.48	1.63	-9.01
<b>Average</b>	4615.39	4648.32	5234.4		

Source: www.agriwatch.com

**Cotton in Telangana**

In Telangana state during 2020 area under cotton as on 30<sup>th</sup> September was 60,22,127 acres as against 54,45,88 acres during 2019-20. Among the districts, Nalgonda stood first with 7,29,115 acres followed by Nagarkurnool (4,56,114 acres), Adilabad (4,23,601 acres), Sangareddy (3,99,154 acres) and Asifabad (3,37,586 acres).

**Table 4: District wise area under cotton in Telangana**

District	2019-20			2020-21		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	288886.10	713852	13.11	295062.83	729115	12.11
Nagarkurnool	147191.68	363718	6.68	184583.07	456114	7.57
Adilabad	160587.20	396819	7.29	171425.51	423601	7.03
Sangareddy	140451.63	347063	6.37	161532.14	399154	6.63
Asifabad	136601.85	337550	6.20	136616.42	337586	5.61
Others	1330157.63	3286886	60.36	1487852.13	3676557	61.05
Telangana State	2203876.09	5445888	100.00	2437072.09	6022127	100.00

Source: [www.agri.telangana.gov.in](http://www.agri.telangana.gov.in)

**Cotton Prices in Telangana**

**Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of September 2020**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	5,630	3,575	4,760	4,700
2	6,558	3,550	4,700	4,645
3	4,510	3,590	4,760	4,695
4	4,425	3,500	4,705	4,625
7	4,468	3,525	4,710	4,655
8	6,440	3,500	4,670	4,620
9	5,550	3,550	4,760	4,700
10	5,184	3,525	4,730	4,675
11	3,150	3,500	4,750	4,675
14	3,200	3,500	4,730	4,675
15	3,965	3,525	4,760	4,695
16	3,509	3,525	4,800	4,750
18	3,057	3,525	4,770	4,625
21	6,240	3,525	4,770	4,695
22	3,775	3,525	4,755	4,695
23	4,480	3,525	4,770	4,705
24	5,570	3,575	4,775	4,715
25	3,860	3,575	4,850	4,795
28	4,160	3,575	4,750	4,695
29	5,485	3,590	4,765	4,700

Source: <http://tsmarketing.in/>

## Cotton Outlook

According to the first advance estimates, cotton production is estimated to be at 371.2 lakh bales (of 170kg each) i.e., higher by 16.3 lakh bales than the production of 354.91 lakh bales during 2019-20.

Pakistan is facing shortage of cotton but with the increasing number of cases of corona virus in India is shifting the international yarn market towards Pakistan. However, due to the shortage of cotton in Pakistan, there has been a rise in raw cotton import on month on month basis, which grew by 30 percent since July 2020.

The Corona pandemic has affected the textile industries in India and Bangladesh, therefore, even though sudden rise in garment export orders were reported, these neighboring countries are not able to produce and deliver goods to European and American markets on time. But the challenge to the country is to combat the shortage of raw material, especially yarn.

The Brazilian cotton started flowing in the market and the new crop is expected to fulfill export orders in the Asian markets by late October and November. Both Brazilian and Indian cotton is expected to arrive in the market at the same time.

The cotton arrivals from Gujarat (Saurashtra), Maharashtra (Vidarbha, Khandesh region), and Telangana are likely to get delayed by 10-15 days due to the continuous rainfall.

The Cotton Corporation of India (CCI) has started procuring cotton in North India (Punjab, Haryana and Rajasthan) from 1<sup>st</sup> Oct'20 as officially the new season has started. Whereas, the arrivals in Central India are expected to increase after the 2<sup>nd</sup> week of October as the farmers are advised to bring dried kapas for better price realization. Similarly, the arrivals in South India are likely to pick up after 10<sup>th</sup> October as the southern region is expecting rains before.

Due to the hike in MSP, the raw cotton prices are expected to rise and accordingly lint prices also in the coming season (2020-21). However, CCI cotton sales were weaker as the prices were surged significantly by around Rs.700/candy. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood firm around Rs.36,700/ candy in Sep'20.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that cotton prices are likely to trade in price range between **Rs.4550 – 4800** per quintal during October 2020.