

Cotton Outlook – December 2020**World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 32.6 million hectares (80.55 million acres) and 116.10 million bales of 217.72 kg each, which were nearly 6 and 4.5 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, November estimates, India is the largest cotton producer in the world with 30.0 million bales compared to 29.50 million bales in previous year followed by China (27.50 million bales), United States (17.10 million bales), Brazil (12 million bales) and Pakistan (5 million bales).

According to Cotton Association of India (CAI), India's cotton exports could increase by 40% in 2020-21 season. A surge in exports is expected in view of depreciation in Indian rupee and a rise in global cotton prices that led to the demand for Indian cotton in the international market. Therefore, India could achieve a target of 70 lakh bales cotton exports against 50 lakh bales in 2019-20 according to the association. Most of the demand is emerging from China and Bangladesh. In October, traders have expected to have exported around 7-8 lakh bales and around 10 lakh bales contract have been signed for November month.

International Cotton Price Movement

All international benchmark prices increased over the past month. The NY December futures contract climbed from 67 to as high as 72 cents/lb near the end of October. More recently, prices eased back to 70 cents/lb.

Cotlook's A Index rose from 73 to 76 cents/lb over the past month. In international terms, the China Cotton Index (CC Index 3128B) increased from 88 to 100 cents/lb. In domestic terms, values rose from 12,900 to 14,500 RMB/ton. The RMB strengthened against the dollar, from 6.74 to 6.57 RMB/USD.

Indian cotton prices (Shankar-6 quality) increased from 66 to 69 cents/lb in international terms. In domestic terms, values increased from 37,900 to 40,200 INR/candy. The Indian rupee weakened against the USD from 73.2 to 74.2 INR/USD. In international terms, Pakistani prices increased from 69 to 74 cents/lb. In domestic terms, prices climbed from 9,400 to 9,700 PKR/maund. The Pakistani rupee strengthened against the dollar, from 164 to 159 PKR/USD.

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

	Latest Value th (Nov 10 th 2020)	Latest Month (Oct 2020)	Last 12 Months (Nov 2019- Oct 2020)
NY Nearby	69.8	69.2	63.1
A Index	77.6	74.8	71.3
CC Index	99.5	94.2	82.6
Indian Spot	69.3	67.9	65.2
Pakistani Spot	72.1	72.6	66.8

Source: www.cottoninc.com

Indian Cotton Scenario

As on 18th 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
Maharashtra	43.83	108.31	34.49	42.25	104.40	32.64
Telangana	18.59	45.94	14.63	24.13	59.63	18.64
Gujarat	26.66	65.88	20.98	22.78	56.29	17.60
Haryana	7.01	17.32	5.52	7.37	18.21	5.69
Karnataka	5.75	14.21	4.52	6.88	17.00	5.31
Others	25.24	62.37	19.86	26.05	64.37	20.12
All India	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 (Rs/Quintal)

State	Prices November, 2020	Prices October, 2020	Prices November, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh			5027.06	—	—
Gujarat	5290.87	4730.81	4700.36	11.84	12.56
Haryana	5150	5150	5308.41	0	-2.98
Karnataka	4992.88	4799.88	5083.01	4.02	-1.77
Madhya Pradesh	5093.77	4819.01	4911.6	5.7	3.71
Maharashtra	5435.44	4503.52	4830.79	20.69	12.52
Odisha			5055.02	—	—
Punjab	5585.56	5447.35	5154.55	2.54	8.36
Rajasthan	5403.02	5279.68	5247.14	2.34	2.97
Tamil Nadu	4595.87	4627.98	4868.55	-0.69	-5.6
Telangana	5478.24		4804.87	—	14.01
Uttar Pradesh	5873.53	5147.08	4811.51	14.11	22.07
Average	5289.92	4945.03	4983.57		

Source: <https://agmarknet.gov.in>

Cotton in Telangana

In Telangana state during 2020 area under cotton as on 30th 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

Cotton Prices in Telangana

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

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	13,583	3,000	4,905	4,800
3	6,752	3,000	5,050	4,800
4	7,334	3,000	5,100	4,800
5	6,802	3,000	5,110	4,900
6	7,864	3,000	5,205	5,000
9	10,486	3,000	5,110	4,900
10	13,617	3,000	5,305	5,100
11	6,508	3,000	5,300	5,000
12	7,951	3,000	5,360	5,000
13	5,939	3,000	5,365	5,100
17	3,026	3,000	5,365	5,100
18	4,247	3,000	5,390	5,100
19	4,978	3,000	5,360	5,100
20	5,371	3,000	5,475	5,200
23	9,669	3,000	5,605	5,300
24	8,079	3,500	5,650	5,400
25	8,529	4,000	5,640	5,400
27	5,420	4,000	5,570	5,200

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

Cotton Outlook

The China cotton fiber imports have reached 9.65 lakh bales and the import volume was reached with the arrival of US Reserve purchases amounting to 6.70 lakh bales. Also, cotton yarn imports have reached the equivalent of more than 9 lakh bales of cotton fiber. Such a surge in imports was driven by the revival of domestic demand and the competitive cotton yarn import prices and duties.

Major cotton growing districts in south Punjab of Pakistan are facing critical decline in production as more than 50% crop has been damaged resulting in decrease in production at 8.59 million bales against the target of 10.89 million bales.

Cotton Market is likely to remain firm. Cotton market in India has stabilized in recent weeks. As unlocking rolls out, demand prospects of Indian cotton continue to improve both in local and overseas. Indian cotton is being offered at around 75 cents per lb, cost and freight basis, to buyers in china, Bangladesh and Vietnam for November shipments.

Due to heavy rains in Telangana the moisture content in cotton crop has increased. Government officials have requested CCI to purchase cotton of more than 12 percent moisture. CCI has lifted only 9.2 lakh bales of cotton out of 40.56 lakh bales of cotton stored in godowns so far.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that cotton prices are likely to trade in price range between **Rs.5150 – 5450** per quintal during December 2020.