

Cotton Outlook – November 2020**World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 32.6 million hectares (80.55 million acres) and 116.30 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, October 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 million bales), Brazil (12 million bales) and Pakistan (5.80 million bales).

According to the trade sources, India exported around 5 lakh bales in September 2020. China and Bangladesh have imported sizable quantities of raw cotton from India at around 2 lakh bales each, at an average FOB of \$1.41/kg and \$1.49/kg, respectively. Vietnam was also a major importing country after China & Bangladesh buying around 54,000 bales at \$1.34/kg FOB followed by Mauritius (3,500 bales at \$1.42/kg), and Oman (2,450 bales at \$1.42/kg). The demand from China has increased significantly in September surpassing the demand from Bangladesh. The demand for organic cotton has also risen during September especially from Bangladesh, China and Indonesia.

International Cotton Price Movement

All international benchmark prices increased over the past month. The NY December futures contract climbed from 64 to 67 cents/lb. Cotlook's A Index raised from 70 to 73 cents/lb.

The China Cotton Index (CC Index 3128B) was comparatively stable in international terms, holding near 85 cents/lb. In domestic terms, values increased slightly, from 12,600 to 12,900 RMB/ton. The RMB strengthened against the dollar over the past month, from 6.84 to 6.81 RMB/USD.

Indian cotton prices (Shankar-6 quality) rose from 63 to 66 cents/lb in international terms. In domestic terms, values increased from 36,300 to 37,900 INR/candy. The Indian rupee was steady against the USD near 73 INR/USD. In international terms, Pakistani prices increased from 63 to 69 cents/lb. In domestic terms, prices climbed from 8,700 to 9,300 PKR/maund. The Pakistani rupee strengthened slightly against the dollar, from 166 to 164 PKR/USD.

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

	Latest Value (Oct 9 th 2020)	Latest Month (Sep 2020)	Last 12 Months (Oct 2019- Sep 2020)
NY Nearby	67.60	64.20	62.60
A Index	73.00	70.80	71.20
CC Index	87.30	85.40	81.50
Indian Spot	66.20	63.70	65.80
Pakistani Spot	69.90	64.20	66.60

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. 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.gov.in (as on 18th September 2020)

Domestic Trade information

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

State	Prices October, 2020	Prices September, 2020	Prices October, 2019	% Change (Over Previous Month)	% Change (Over Previous Year)
Andhra Pradesh			5256.95	---	---
Gujarat	4708.19	4434.27	4749.32	6.18	-0.87
Haryana	5150	5019.15	5258.24	2.61	-2.06
Karnataka	4855.76	4999.16	5440.27	-2.87	-10.74
Madhya Pradesh	4755.93	3544.67	4628.65	34.17	2.75
Maharashtra	4227.84	4401.5	4629.14	-3.95	-8.67
Pondicherry		4309		---	---
Punjab	5425.84	4857.85	5013.92	11.69	8.22
Rajasthan	5269.48	5249.91	5285.34	0.37	-0.3
Tamil Nadu	4626.16	4538.36	5124.17	1.93	-9.72
Telangana			5228.90	---	---
Uttar Pradesh	5139.13	4753.99	5154.62	8.1	-0.3
Average	4906.48	4610.79	5069.96		

Source: www.agriwatch.com

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 October 2020

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	5,700	3,550	4,815	4,775
5	9,145	3,800	4,825	4,775
6	6,100	3,800	4,835	4,775
7	3,900	3,575	4,870	4,815
8	4,500	3,575	4,880	4,835
9	7,305	3,725	4,810	4,775
12	8,450	3,475	4,840	4,790
13	2,580	3,500	4,830	4,750
14	2,650	3,500	4,980	4,850
15	8,650	3,475	4,900	4,850
19	16,275	3,000	4,735	4,600
20	13,500	3,000	4,765	4,600
21	10,000	3,000	4,750	4,650
22	12,500	3,000	4,765	4,625
23	11,435	3,000	4,800	4,725
27	1,587	3,000	4,830	4,700
28	3,707	3,000	4,805	4,700

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

Cotton Outlook

According to the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) report, cotton yields in Pakistan have declined by about 50 percent this year. Production declined to 8 million bales from 15 million bales last year as the growers have shifted to sugarcane and maize. Due to the shortage of raw 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 trade tension between China and Australia has deepened affecting the Australia's cotton industry. Chinese spinning mills are advised to stop buying the material from Australia as industry could face tariffs of up to 40%.

China has been the major import destination for Australia's cotton industry for a long time. Australia exported around 0.478 million bales during Jan'20- Aug'20 of which China accounted for 50% out of the total exports. Australia sells about \$800 million worth of cotton to China each year.

Indian exports are likely to have continued at good pace due to increasing yarn and garments demand in China. And producing nations like Bangladesh and Vietnam sought Indian raw material to fulfill the demand.

Huge carry-over of 2019-20 could pressurize the cotton prices in 2020-21 marketing year. But, crop production estimates may decline after the damage caused due to heavy rains which could support prices.

Indian cotton exchange front month's prices stood around Rs.41386 per candy. Gujarat Shankar-6 variety cotton spot prices stood firm around Rs.38,540 per candy during the week.

Total domestic mill consumption (excluding non-mill consumption) in 2020-21 is expected to increase by 25% to 286 lakh bales in 2020-21. The same had significantly declined to 230 lakh bales in 2019-20 amid the spread of corona virus. So, the decline in consumption has result in higher ending stocks of around 102.63 lakh bales in 2019-20.

According to the first advance estimates, Govt. of Telangana cotton production is estimated to be 99.53 lakh bales (of 170 kg each bale) i.e., higher by 30.95 lakh bales than the production of 68.58 lakh bales during 2019-20.

Cotton Corporation of India (CCI) has started procuring cotton in Punjab, Haryana and Rajasthan from 1st October 2020 and in Telangana; cotton procurement had started after Dasara festival due to recent rains. In Telangana, CCI has announced that the MSP will be paid only for 8% moisture, with premiums for 6% and 7% moisture levels. Purchases will be made to a maximum of 12%, with discounts for each 1% of moisture above 8%.

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 November 2020.