

Cotton Outlook – August 2021

World Cotton Scenario

Global 2021-22 cotton area and production are projected as 33.35 million hectares (82.40 million acres) and 119.4 million bales of 217.72 Kg each. Cotton productions in most of the major producing countries are expected to increase except China in 2021-22. India is projected to produce 29 million bales followed by China (26.8 million bales), United States (17.8 million bales), Brazil (13.3 million bales) and Pakistan (5 million bales).

International Cotton Price Movement

Although several prices slipped around the middle of June, most benchmarks are slightly higher than their levels one month ago. The Chinese Cotton Index (CC Index 3128B) decreased in the second half of June (from 115 to 111 cents/lb) but later recovered. Current values are near 116 cents/lb. In domestic terms, the CC Index fell from 16,200 to 15,800 RB/ton. Current values are near 16,500 RMB/ton. After posting multi-year highs against the USD in late May, the RMB weakened against the dollar in June and early July (from 6.37 to 6.48 RMB/USD).

Indian spot prices (Shankar-6 quality) followed a parallel pattern of decline and recovery, but the magnitude of change was smaller. Prices eased from 89 to 87 cents/lb and then recovered back to 89 cents/lb. In domestic terms, price gains were more pronounced. Current levels are near 52,500 INR/candy, while values from early last month were near 50,800 INR/candy. The INR weakened against the dollar over the past month, from 73.1 to 74.6 INR/USD.

Pakistani spot prices moved slightly beyond month-ago levels. Current values are 100 cents/lb. One month ago, values were 96 cents/lb. In domestic terms, prices rose from 12,300 to 13,100 PKR/maund. The PKR weakened against the dollar over the past month, from 156 to 159 PKR/USD.

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

	Latest Value th (12 July 2021)	Latest Month (June 2021)	Last 12 Months (July 2020-June 2021)
NY Nearby	88.5	85.3	75.9
A Index	96.8	94.5	82.5
CC Index	116.6	113.1	100.6
Indian Spot	90	87.7	72.8
Pakistani Spot	100.2	96.6	78.4

Source: www.cottoninc.com

Indian Cotton Scenario

As on 6th August 2021, area under cotton during 2021-22 was 116.17 lakh ha as against 123.63 lakh ha in 2020-21. Among the states, Maharashtra is leading in cotton acreage (38.74 lakh ha) followed by Telangana (22.34 lakh ha), Gujarat (22.22 lakh ha), Haryana (6.88 lakh ha) and Madhya Pradesh (6.00 lakh ha).

Table2: State wise area under cotton in India

State	2020-21			2021-22		
	Area (lakh ha)	Area (lakh acres)	% to total area	Area (lakh ha)	Area (lakh acres)	% to total area
Maharashtra	41.37	102.23	33.46	38.74	95.73	33.35
Telangana	22.77	56.27	18.42	22.34	55.20	19.23
Gujarat	22.48	55.55	18.18	22.22	54.91	19.13
Haryana	7.37	18.21	5.96	6.88	17.00	5.92
Madhya Pradesh	6.37	15.74	5.15	6.00	14.83	5.16
Others	23.27	57.50	18.82	19.99	49.40	17.21
All India	123.63	305.50	100.00	116.17	287.06	100.00

Source: www.agricoop.gov.in

Domestic Trade information

Table 3: State wise Wholesale Prices Monthly Analysis for Cotton July, 2021 (Rs/Quintal)

State	Prices July, 2021	Prices June, 2021	Prices July, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
Gujarat	7442.56	6905.43	4124.39	7.78	80.45
Haryana		7000.00	4800.00	—	—
Karnataka	7611.46	6347.82	4607.62	19.91	65.19
Madhya Pradesh		5513.29		—	—
Maharashtra	5820.00	5499.44	5200.72	5.83	11.91
Pondicherry	5674.31	6144.00	4001.52	-7.64	41.8
Tamil Nadu	6918.18	6775.48	4585.6	2.11	50.87
Telangana		5550.00		—	—
Average	6693.3	6216.93	4553.31		

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

Cotton in Telangana

In Telangana state during 2021-22 area covered under cotton as on 4th August was 49,97,611 acres as against 55,18,600 acres during 2020-21. Among the districts, Nalgonda stood first with 7,01,025 acres followed by Adilabad (4,11,578 acres), Sangareddy (3,93,150 acres), Nagarkurnool (3,51,629 acres) and Asifabad (3,16,304 acres).

Table 4: District wise area under cotton in Telangana

District	2020-21			2021-22		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	260409.14	643484	11.66	283695.19	701025	14.03
Adilabad	159891.95	395101	7.16	166559.96	411578	8.24
Sangareddy	148519.86	367000	6.65	159102.41	393150	7.87
Nagarkurnool	167653.43	414280	7.51	142299.43	351629	7.04
Asifabad	134181.02	331568	6.01	128003.88	316304	6.33
Others	1362646.24	3367167	61.01	1142803.67	2823925	56.51
Telangana State	2233301.63	5518600	100.00	2022464.54	4997611	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 July, 2021

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	1,021	5,000	7,220	5,800
2	1,316	5,000	7,250	5,900
5	2,064	5,250	7,300	6,300
6	1,309	5,250	7,320	6,200
7	1,547	5,150	7,335	6,500
8	880	5,110	7,325	6,550
12	900	5,500	7,250	6,400
13	587	5,600	7,350	6,425
14	688	5,600	7,400	6,500
15	835	5,800	7,550	6,600
16	1,020	5,825	7,580	6,650
19	1,070	5,825	7,600	6,550
22	377	5,850	7,700	6,775
23	120	6,500	7,700	6,950
26	1,310	5,800	7,710	6,700
27	1,221	5,810	7,840	6,820
29	979	6,025	8,060	7,050

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

Cotton Outlook

In USDA’s Cotton and Wool Outlook July 2021 forecast report, for the 2021-22 season, global cotton production was forecast 6 percent higher at 119.4 million bales, with the top 4 producers (India, China, United States and Brazil) contributing 73 percent of the total cotton production. India is

expected to account for the largest share 24 percent in 2021-22 season, China with 22 percent, United States 15 percent and Brazil contributing around 11 percent.

China cotton yarn import may increase in 2021. According to the GACC data, the country has imported 168,700 tonnes of cotton yarn in May 2021, with a 66.24 percent increase year-on-year basis and from January to May 2021, the import of cotton yarn was 975,200 tonnes that is 35.82 percent increase year-on-year. The increase in cotton yarn import can be attributed to reviving production and sales of cotton textile and garments in China.

For 2021-22 ending stocks are forecasted to decline further to 112.31 lakh bales of 170 kg as mill use is expected to exceed production.

The Cotton Corporation of India has procured around 91.89 lakh bales of cotton so far during the current cotton season 2020-21. Indian physical market is doing well and crossed Rs. 56000 per candy mark for Shanker-6.

According to the Southern Indian Mills Association, the steep rise in cotton prices in the domestic market has made Indian textile exports uncompetitive. The Southern Indian Mills Association has demanded removal of 10 percent duty on import of cotton as the prices in the domestic market has increased around 6 percent in July 2021.

Telangana became the largest supplier of cotton in the country during 2020-21 season. Telangana has supplied about 178.55 lakh quintals of cotton during the Kharif (Vanakalam) Marketing season 2020-21. The cotton procurement was almost double the cotton procured by Maharashtra which stood with 91.98 lakh quintals. The cotton crop was sold to Cotton Corporation of India which is in addition to the crop purchased by private businessmen.

The average price of Kapas is likely to remain firm between Rs. 6900-8800/q in Rajkot while, the prices in Telangana are likely to hover around Rs.6500-7000/q.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton prices may trade in price range between **Rs. 6500 – 7000** per quintal during August 2021.