

Cotton Outlook – July 2021

World Cotton Scenario

Global 2021-22 cotton area and production are projected as 32.1 million hectares (79.32 million acres) and 118.9 million bales of 217.72 Kg each. Cotton production 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 million bales), Brazil (13.3 million bales) and Pakistan (5.3 million bales).

Cotton Association of India has reiterated its request to withdraw import duty on cotton. As per CAI if the import duty is not removed the domestic prices will go up further and create more hardship to the domestic textile sector. Currently, the 10 percent import duty levied on cotton is not in the interest of the nation as it does more harm than good and also the interest of the domestic textile sector would be served better if 10% import duty on cotton is withdrawn immediately.

International Cotton Price Movement

Indian and Pakistani prices increased over the past month, while NY/ICE futures, the A Index, and Chinese cotton prices fell and rebounded. After sliding from 87 to 81 cents/lb in the first half of May, values for the December NY/ICE futures contract began to climb. Recent values are near 88 cents/lb.

The A Index fell from 96 to 88 cents/lb in the first half of May. The latest value is 94 cents/lb. Movement in the China Cotton Index (CC Index 3128B) was slight by comparison. Values easing from 114 to 112 cents/lb around the middle of May and then rebounded back to 114 cents/lb. In domestic terms, prices moved between 15,700 and 16,200 RMB/ton. The RMB strengthened against the USD from 6.43 to 6.39 RMB/USD.

Indian spot prices moved higher, with values rising from 80 to 88 cents/lb (Shankar-6 quality). In domestic terms, values rose from 46,000 to 50,100 INR/candy. The INR was stable against the dollar last month, holding near 73 INR/USD. Pakistani spot prices increased from 90 to 96 cents/lb. In domestic terms, values rose from 11,300 to 12,300 PKR/maund. The PKR weakened against the dollar from 153 to 155 PKR/USD.

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

	Latest Value 10 th June 2021	Latest Month (May 2021)	Last 12 Months (June 2020-May 2021)
NY Nearby	87.40	84.90	73.80
A Index	95.60	90.90	80.30
CC Index	114.60	112.60	97.50
Indian Spot	88.00	81.60	70.50
Pakistani Spot	96.10	91.80	75.40

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 June, 2021 (Rs/Quintal)

State	Prices June, 2021	Prices May, 2021	Prices June, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
Gujarat	6901.52	6373.49	4289.93	8.28	60.88
Haryana	7000			—	—
Karnataka	6448.64	5134.55	4493.52	25.59	43.51
Madhya Pradesh	5513.29	5295.85	4726.67	4.11	16.64
Maharashtra	5499.44	5984.07	4898.53	-8.1	12.27
Pondicherry			3947.67	—	—
Tamil Nadu	6793.41	5598.71	4369.38	21.34	55.48
Average	6359.38	5677.33	4454.28		

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

Cotton in Telangana

In Telangana state during 2021-22 area under cotton as on 7th July was 34,90,787 acres as against 44,02,001 acres during 2020-21. Among the districts, Nalgonda stood first with 3,85,565 acres followed by Adilabad (3,41,578 acres), Sangareddy (3,35,091 acres), Asifabad (2,79,752 acres) and Warangal (1,58,060 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	154693.75	382256	8.68	156032.86	385565	11.05
Adilabad	142514.72	352161	8.00	138231.93	341578	9.79
Sangareddy	132322.70	326976	7.43	135606.73	335091	9.60
Asifabad	120074.46	296710	6.74	113211.79	279752	8.01
Warangal (R)	78917.06	195008	4.43	63964.71	158060	4.53
Others	1152906.66	2848890	64.72	805625.54	1990741	57.03
Telangana State	1781429.35	4402001	100.00	1412673.56	3490787	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 June, 2021

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	900	5,075	6,660	5,875
3	1,371	5,000	6,740	5,900
7	1,815	5,150	7,000	6,250
8	1,695	5,225	7,105	6,315
11	2,274	5,275	7,110	6,250
14	2,215	5,250	7,085	6,200
15	4,358	5,100	6,940	6,100
17	4,302	5,175	7,055	6,200
18	3,550	5,150	7,120	6,200
21	3,494	5,025	7,020	6,500
22	2,320	5,100	7,100	6,200
24	1,901	5,200	7,200	6,625
25	1,505	5,275	7,260	6,650
28	1,623	5,025	7,215	6,300
29	2,019	5,100	7,220	6,500
30	1,405	5,200	7,300	6,500

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

Cotton Outlook

In USDA's June 2021 forecast report, for the 2020-21 season, global production and consumption have been raised marginally from May month. Global trade is boosted, led by the robust demand in China, Bangladesh, and Turkey. Exports have also been raised for India, Brazil, and United States in May 2021.

Cotton price of Shanker-6 is currently the highest in the decade. It is expected to rise further in the coming months to reach Rs. 52,027 per candy by the end of 2021 from Rs. 49,012 per candy in June 2021. This can be attributed to increasing purchase by domestic cotton mills and demand from overseas market.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that cotton prices are likely to trade in price range between **Rs. 6500 – 7000** per quintal during July 2021.