

Cotton Outlook – October 2021**World Cotton Scenario**

Global 2021-22 cotton area and production are projected as 32.90 million hectares (81.29 million acres) and 119.60 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 28.50 million bales followed by China (26.80 million bales), United States (18.50 million bales), Brazil (12.50 million bales) and Pakistan (5 million bales).

International Cotton Price Movement

U.S and Chinese benchmark prices increased in early August but were flat to lower later in the month and through early September. In the first half of August, the A Index rose from 100 to 103 cents/lb. It has held to values near 103 cents/lb since mid-August. The Chinese Cotton Index (CC Index 3128B) increased from 124 to 129 cents/lb in the first half of August. Since the middle of August, prices have been stable near 129 cents/lb.

Indian spot prices (Shankar-6 quality) were comparatively stable and generally held to values near 97 cents/lb. In domestic terms, prices held near 55,500 INR/candy. Over the past month, the INR strengthened slightly against the dollar from 74 to 73 INR/USD.

Pakistani spot prices increased and decreased over the past month. In international terms, values climbed from 96 to 102 cents/lb between early and the end of August. Since early September, Pakistani prices fell back to 96 cents/lb. The PKR weakened against the dollar over the past month, from 164 to 168 PKR/USD.

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

	Latest Value th (10 Sep 2021)	Latest Month (Aug 2021)	Last 12 Months (Sep 2020-Aug 2021)
NY Nearby	95.20	93.60	80.60
A Index	102.90	101.30	87.60
CC Index	129.80	126.40	107.60
Indian Spot	96.50	97.20	78.60
Pakistani Spot	95.70	100.70	84.90

Source: www.cottoninc.com

Indian Cotton Scenario

As on 17th September 2021, area under cotton during 2021-22 was 119.66 lakh ha as against 126.97 lakh ha in 2020-21 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 39.41 lakh ha followed by Gujarat (22.51 lakh ha), Telangana (18.78 lakh ha), Rajasthan (7.08 lakh ha) and Haryana (6.88 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	42.25	104.40	33.28	39.41	97.38	32.93
Gujarat	22.79	56.32	17.95	22.51	55.62	18.81
Telangana	24.13	59.63	19.00	18.78	46.42	15.69
Rajasthan	6.68	16.51	5.26	7.08	17.50	5.92
Haryana	7.37	18.21	5.80	6.88	17.00	5.75
Others	23.75	58.69	18.71	25.00	61.78	20.89
All India	126.97	313.75	100.00	119.66	295.69	100.00

Source: www.agricoop.nic.in

The heavy rain caused by Cyclone Gulab in Telangana, Andhra Pradesh, Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh have damaged the standing crop of cotton at many places. Excess rainfall in Maharashtra, Gujarat and Telangana could affect yield of cotton, which is in the flowering stage. There are specific reports of losses to the cotton crop in the northern Marathwada region of Maharashtra, Srikakulam and Vizianagaram districts of Andhra Pradesh, Sangareddy district of Telangana and Khargone district of Madhya Pradesh. Besides the loss in yield, the arrivals are also expected to get delayed in Maharashtra. Also, the quality of first picking has been affected in all affected places. These losses have caused a bullish impact on prices. Also, the international prices have been strong over the last week of September, but are expected to cool down during October.

Domestic Trade information

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

State	Prices September, 2021	Prices August, 2021	Prices September, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	5770.06	7783.21	4434.27	-25.87	30.12
Haryana			5019.15	—	—
Karnataka	10043.56	9318.79	4999.16	7.78	100.9
Madhya Pradesh	4681.34	7125	3544.67	-34.3	32.07
Maharashtra	5128	221.42	4401.5	2215.96	16.51
Pondicherry			4309	—	—
Punjab	6562.32	6421	4857.85	2.2	35.09
Rajasthan	6779.52	6692.2	5249.91	1.3	29.14
Tamil Nadu	7001.19	7434.61	4538.36	-5.83	54.27
Average	6566.57	6428.03	4610.79		

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

Cotton in Telangana

In Telangana state during 2021-22 area under cotton as on 29th September was 46,42,695 acres as against 60,17,992 acres during 2020-21. Among the districts, Nalgonda stood first with 6,54,667 acres followed by Adilabad (3,87,311 acres), Sangareddy (3,61,213 acres), Nagarkurnool (3,52,619 acres) and Asifabad (2,97,280 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	294074.18	726672	12.07	264934.74	654667	14.10
Adilabad	171308.96	423313	7.03	156739.44	387311	8.34
Sangareddy	161517.98	399119	6.63	146177.94	361213	7.78
Nagarkurnool	184634.47	456241	7.58	142700.07	352619	7.60
Asifabad	136617.63	337589	5.61	120305.13	297280	6.40
Others	1487245.50	3675058	61.07	1047977.58	2589605	55.78
Telangana State	2435398.72	6017992	100.00	1878834.91	4642695	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 September, 2021

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	394	5,225	7,500	6,500
2	410	5,220	7,500	6,375
3	525	5,200	7,500	6,350
7	46	5,500	7,450	6,800
8	205	5,500	7,400	6,500
9	620	5,200	7,500	6,700
13	571	5,250	7,410	6,350
14	397	5,250	7,400	6,325
15	642	5,100	7,100	6,400
16	539	5,075	6,910	6,020
17	519	5,025	7,200	6,100
20	282	4,650	7,000	6,110
21	465	4,500	7,218	6,600
22	865	4,500	7,610	6,050
24	1,723	5,675	7,200	6,325
28	859	5,250	7,250	6,250
29	1,985	5,075	7,270	6,325

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

Cotton Outlook

According to the Ministry of Agriculture and farmer's welfare, India's cotton production for 2021-22 is estimated at 362.19 lakh bales of 170 kg each higher by 2.30 percent from last year 353.84 lakh bales of 170 kg each.

According to the Minister of Cooperation and Marketing, Maharashtra Kharif cotton procurement for 2021-22 season shall commence from the first week of November to facilitate timely sales and income for farmers. The directives come in the wake of a delay in the last kharif season due to Covid 19 pandemic and lockdown because of which cotton procurement centers did not open on time.

Out of the total 3.25 lakh hectares area under cotton cultivation in Punjab about 33 percent i.e 1/3rd of the total area has been affected due to pink bollworm. The pest is spreading its tentacles rapidly as it is above the economic threshold level in many districts.

New cotton arrivals have started in the states of Punjab, Haryana, Karnataka and Madhya Pradesh. Currently, cotton prices are ruling above MSP i.e., Rs. 6025 per quintal. Modal prices of raw cotton are ranging between Rs. 6,400- Rs. 7,000 per quintal across the various markets depending upon the quality and moisture content.

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