

Cotton Outlook – September 2021**World Cotton Scenario**

Global 2021-22 cotton area and production are projected as 33.30 million hectares (82.28 million acres) and 118.8 million bales of 217.72 Kg each. Cotton production in most of the major producing countries is 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 (17.3 million bales), Brazil (12.5 million bales) and Pakistan (5 million bales).

Cotton Corporation of India has procured around 92 lakh bales of cotton during the ongoing 2020-21 season. CCI may be required to procure minimal amount of cotton in the 2021-22 season, as kapas prices are likely to rule above the minimum support price (MSP) for a better part of the season. Cotton procurement may be required during the peak season if the prices drop below the MSP. Cotton Corporation of India is planning to procure around 30 lakh bales in 2021-22 season.

International Cotton Price Movement

Most benchmark prices increased last month. Values for the December NY/ICE futures contract held between 88 and 90 cents/lb for much of July. In early August, futures resumed their climb and have reached levels over 93 cents/lb.

The Chinese Cotton Index (CC Index 3128B) took steps higher in the middle and end of July. A net result is that prices increased from 116 cents/lb in early July to 124 cents/lb by early August. In domestic terms, prices increased from 16,500 to 17,700 RMB/ton. The RMB fluctuated against the dollar over the past month but ended the period nearly unchanged at 6.48 RMB/USD.

Indian spot prices (Shankar-6 quality) increased from 90 to 97 cents/lb over the past month. In domestic terms, prices increased from 52,500 INR/candy to 56,100 INR/candy. The INR was stable against the dollar over the past month, consistently trading near 74 INR/USD.

Pakistani spot prices decreased and then recovered over the past month. In international terms, values fell from 100 to 95 cents/lb between early and late July. In August, Pakistani values climbed back to 100 cents/lb. The PKR weakened against the dollar over the past month, from 159 to 164 PKR/USD.

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

	Latest Value th (12 August 2021)	Latest Month (July 2021)	Last 12 Months (Aug 2020-July 2021)
NY Nearby	93.80	89.10	78.10
A Index	100.00	97.70	85.00
CC Index	125.10	119.00	103.90
Indian Spot	96.60	92.30	75.60
Pakistani Spot	100.60	98.20	81.60

Source: www.cottoninc.com

Indian Cotton Scenario

As on 3rd September 2021, area under cotton during 2021-22 was 118.31 lakh ha as against 126.45 lakh ha in 2020-21 compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 39.36 lakh ha followed by Gujarat (22.51 lakh ha), Telangana (20.51 lakh ha), Haryana (6.88 lakh ha) and Madhya Pradesh (6.15 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	42.12	104.08	33.31	39.36	97.26	33.27
Gujarat	22.77	56.27	18.01	22.51	55.62	19.03
Telangana	23.96	59.21	18.95	20.51	50.68	17.34
Haryana	7.37	18.21	5.83	6.88	17.00	5.82
Madhya Pradesh	6.44	15.91	5.09	6.15	15.20	5.20
Others	23.79	58.79	18.81	22.90	56.59	19.36
All India	126.45	312.46	100.00	118.31	292.35	100.00

Source: www.agricoop.nic.in

Domestic Trade information

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

State	Prices August, 2021	Prices July, 2021	Prices August, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	7787.92	7435.06	4267	4.75	82.52
Karnataka	9277.82	7051.22	4727.79	31.58	96.24
Maharashtra	-	5820	5183.9	-96.2	-95.73
Pondicherry		5674.31	4305.92	—	—
Rajasthan	6696.69			—	—
Tamil Nadu	7437.75	6918.18	4727.39	7.51	57.33
Uttar Pradesh			4677.94	—	—
Average	6284.32	6579.75	4648.32		

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

Cotton in Telangana

In Telangana state during 2021-22 area under cotton as on 8th September was 50,85,114 acres as against 59,57,740 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 (3,52,074 acres) and Asifabad (3,23,808 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	291504.02	720321	12.09	283695.19	701025	13.79
Adilabad	170490.68	421291	7.07	166559.96	411578	8.09
Sangareddy	160620.38	396901	6.66	159102.41	393150	7.73
Nagarkurnool	183383.58	453150	7.61	142479.51	352074	6.92
Asifabad	136641.10	337647	5.67	131040.65	323808	6.37
Others	1468375.79	3628430	60.90	1174998.08	2903479	57.10
Telangana State	2411015.56	5957740	100.00	2057875.80	5085114	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 August, 2021

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
3	1,116	6,000	8,000	7,000
4	1,239	6,400	8,105	7,200
5	1,210	6,500	8,160	7,850
6	1,033	6,500	8,195	7,850
9	590	6,500	8,230	7,800
10	267	6,500	8,010	7,800
11	818	6,500	8,000	7,500
12	371	5,800	8,100	7,800
13	442	5,600	8,000	7,800
16	492	5,800	7,670	6,725
17	568	5,750	7,750	6,750
18	405	5,200	7,510	6,425
19	561	5,800	7,650	6,725
23	145	5,500	7,500	6,500
24	642	5,600	7,500	6,600
25	283	5,525	7,610	6,570
26	543	5,500	7,600	6,500
30	186	5,105	7,410	6,435

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

Cotton Outlook

Cotton picking has started in Pakistan and cotton price increases amid low yield and delayed imports. The Karachi Cotton Association quoted Rs. 13,580 per maund as the spot rate for white lint, while the seed cotton prices were between Rs. 5200 – Rs. 6200 per maund.

Gujarat textile sector expects boost in cotton exports. With the center announcing the new rate under the Rebate on Duties and Taxes on export Products (RoDTEP) scheme, textile exporters are expecting a boost in order volumes backed by better cost competitiveness. As per the new rates, RoDTEP extends incentives of 2.5% to 4.5% on the export of yarn and fabric of different kinds.

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