

**Cotton Outlook – January 2021****World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 32.6 million hectares (80.55 million acres) and 116.10 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, November estimates, India is the largest cotton producer in the world with 30.0 million bales compared to 29.50 million bales in previous year followed by China (27.50 million bales), United States (17.10 million bales), Brazil (12 million bales) and Pakistan (5 million bales).

According to the USDA post estimates, cotton production of 29.3 million bales in marketing year 2020-21 from an area of 13.3 million hectares is estimated. Cotton prices have improved due to strong export demand for raw cotton and cotton yarn. Farmers continue to deliver their crop to the government's procurement scheme under minimum support price (MSP) as prevailing seed cotton market price remained below MSP levels. Mills consumption has improved steadily but remains constrained at 23 million bales due to subdued demand in the domestic market.

**International Cotton Price Movement**

Most international benchmark prices increased over the past month. The NY March futures contract climbed from 70 cents/lb to 74 cents/lb. Cotlook's A Index rose from 76 to 80 cents/lb. In international terms, the China Cotton Index (CC Index 3128B) increased from 100 to 102 cents/lb. In domestic terms, values climbed from 14,500 to 14,700 RMB/ton. The RMB strengthened against the USD, from 6.60 to 6.53 RMB/USD.

Indian cotton prices (Shankar-6 quality) increased from 69 to 71 cents/lb. In domestic terms, values increased from 40,200 to 40,700 INR/candy. The Indian rupee was steady against the USD near 74 INR/USD. In international terms, Pakistani prices decreased from 74 to 72 cents/lb. In domestic terms, prices eased from 9,700 to 9,500 PKR/maund. The Pakistani rupee was steady against the USD near 159 PKR/USD.

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

	Latest Value <sup>th</sup> (Dec 10 <sup>th</sup> 2020)	Latest Month (Nov 2020)	Last 12 Months (Dec 2019- Nov 2020)
<b>NY Nearby</b>	<b>74.30</b>	<b>70.00</b>	<b>63.60</b>
<b>A Index</b>	<b>79.60</b>	<b>77.70</b>	<b>71.50</b>
<b>CC Index</b>	<b>101.80</b>	<b>100.00</b>	<b>83.90</b>
<b>Indian Spot</b>	<b>70.80</b>	<b>70.00</b>	<b>65.00</b>
<b>Pakistani Spot</b>	<b>72.20</b>	<b>72.40</b>	<b>66.80</b>

Source: [www.cottoninc.com](http://www.cottoninc.com)

**Indian Cotton Scenario**

As on 18<sup>th</sup> 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
<b>Maharashtra</b>	43.83	108.31	34.49	42.25	104.40	32.64
<b>Telangana</b>	18.59	45.94	14.63	24.13	59.63	18.64
<b>Gujarat</b>	26.66	65.88	20.98	22.78	56.29	17.60
<b>Haryana</b>	7.01	17.32	5.52	7.37	18.21	5.69
<b>Karnataka</b>	5.75	14.21	4.52	6.88	17.00	5.31
<b>Others</b>	25.24	62.37	19.86	26.05	64.37	20.12
<b>All India</b>	127.08	314.02	100.00	129.46	319.90	100.00

Source: [www.agricoop.nic.in](http://www.agricoop.nic.in)

**Domestic Trade information**

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

State	Prices December, 2020	Prices November, 2020	Prices December, 2019	% Change(Over Previous Month)	% Change(Over Previous Year)
<b>Andhra Pradesh</b>			4960.29	—	—
<b>Gujarat</b>	5319.18	5307.77	4830.99	0.21	10.11
<b>Haryana</b>		5150	5303.38	—	—
<b>Karnataka</b>	5381.51	5036.76	5123.12	6.84	5.04
<b>Madhya Pradesh</b>	5242.85	5097.03	5311.1	2.86	-1.29
<b>Maharashtra</b>	5584.72	5485.06	5240.14	1.82	6.58
<b>Odisha</b>	5690.04	5723.76	5325.12	-0.59	6.85
<b>Punjab</b>	5486.51	5582.67	5235.36	-1.72	4.8
<b>Rajasthan</b>	5467.1	5421.53	5195.95	0.84	5.22
<b>Tamil Nadu</b>	5241.99	4593.69	4355.89	14.11	20.34
<b>Telangana</b>	5473.46	5476.53	5256.57	-0.06	4.13
<b>Average</b>	5431.93	5340.76	5116		

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

**Cotton in Telangana**

In Telangana state during 2020-21 area under cotton as on 30<sup>th</sup> 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](http://www.agri.telangana.gov.in)

**Cotton Prices in Telangana**

**Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of December 2020**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	10,049	4,000	5,465	5,200
2	8,119	4,000	5,500	5,200
3	5,940	4,000	5,425	5,100
4	5,054	4,000	5,400	5,100
7	9,890	4,000	5,390	5,100
9	10,540	4,000	5,265	5,000
10	5,002	4,000	5,210	5,000
11	4,930	4,000	5,270	5,000
15	10,489	4,000	5,300	5,000
16	8,010	4,000	5,300	5,000
17	7,670	4,000	5,340	5,000
18	6,180	4,000	5,460	5,000
21	7,805	4,000	5,385	5,000
22	5,808	4,000	5,355	5,000
23	5,473	4,000	5,320	5,000
24	4,641	4,000	5,370	5,000
28	6,075	4,000	5,360	5,000
29	5,323	4,000	5,450	5,000
30	5,190	4,000	5,375	5,000
31	4,350	4,000	5,480	5,000

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

**Cotton Outlook**

Cotton consumption is raised in India, China and Pakistan and lowered in Thailand. Global trade is up slightly led by Bangladesh and Thailand. According to Pakistan cotton ginners association more than 5 million bales were produced in the country which is 35.67 percent less as compared to more than 7 million bales produced till December 15 last year.

Cotton prices fall in UK. With the new strain of the novel corona virus that emerged in the UK spooking markets, cotton prices have fallen by Rs 600-700 per candy over the past two days. In India, the price for Shankar-6 cotton variety too fell from Rs 42,200-42,900 per candy (356 kg) to Rs 41,400-42,200.

Cotton Corporation of India has procured around 67 lakh bales till 26<sup>th</sup> December 2020 at a cost of Rs. 19,048.87 crore. This is almost double of the amount of cotton procured in the year ago period. The average price of Kapas is likely to remain firm between Rs. 5736-6010/q in Rajkot while, the price in Andhra Pradesh is likely to hover around Rs.4550-5000/q.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton prices are likely to trade in price range between **Rs.5150 – 5450** per quintal during January 2021.