

Cotton Outlook – June 2021**World Cotton Scenario**

Global 2021-22 cotton area and production are projected as 33.1 million hectares (81.79 million acres) and 119.4 million bales of 217.72 Kg each. Cotton production in most of the major producing countries except China is expected to increase in 2021-22. India is projected to produce 29 million bales followed by China (27.5 million bales), United States (17 million bales), Brazil (13.3 million bales) and Pakistan (5.3million bales).

Cotton exports from India is to increase by 20 percent to 60 lakh bales in the 2020-21 season due to higher prices of cotton in the international market compared to the Indian market. In previous season 2019-20, cotton export stood at 50 lakh bales of 170 Kg each.

International Cotton Price Movement

All benchmark prices increased over the past month. Since early March, the July NY/ICE futures contract has risen from 78 to those above 90 cents/lb. In the latest trading, prices have been near 88 cents/lb. The December NY/ICE futures contract, which reflects price expectations after the onset of the 2021/22 harvest, rose from values as low as 78 cents/lb in early April to over 85 cents/lb by early May.

The A Index increased from levels near 85 cents/lb in early April to those near 95 cents/lb in early May. The China Cotton Index (CC Index 3128B) climbed from 106 to 114 cents/lb over the past month. In domestic terms, prices increased from 15,300 to 16,100 RMB/ton. The RMB strengthened against the USD since early April, from 6.56 to 6.43 RMB/USD.

Gains in Indian spot prices were smaller, with values rising from 78 to 80 cents/lb. In domestic terms, values rose from 45,400 to 46,000 INR/candy. The INR was relatively stable against the dollar over the past month, generally holding near 74 INR/USD. Pakistani spot prices increased from 87 to 90 cents/lb. In domestic terms, values rose from 10,800 to 11,300 PKR/maund. The PKR was steady against the dollar over the past month at levels near 153 PKR/USD.

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

	Latest Value th (12 May 2021)	Latest Month (April 2021)	Last 12 Months (May 2020-April 2021)
NY Nearby	88.20	83.40	71.50
A Index	92.90	90.70	78.20
CC Index	113.40	108.30	94.30
Indian Spot	80.40	78.10	68.60
Pakistani Spot	90.30	88.10	73.20

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.gov.in

Domestic Trade information

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

State	Prices May, 2021	Prices April, 2021	Prices May, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
Gujarat	6209.01	6132.98	4548.62	1.24	36.5
Haryana		6100.00		—	—
Karnataka	5108.00	5511.57	3986.62	-7.32	28.13
Madhya Pradesh	5235.26	5728.68	4923.82	-8.61	6.33
Maharashtra	5984.07	5630.73	4710.15	6.28	27.05
Punjab		6351.24		—	—
Tamil Nadu	5599.32	4668.78	3980.94	19.93	40.65
Telangana			5342.04	—	—
Average	5627.13	5769.59	4759.03		

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

Cotton in Telangana

In Telangana state during 2020 area under cotton as on 30th 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

Cotton Prices in Telangana

Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of May, 2021

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
24	200	4,000	5,900	4,800
25	260	5,025	6,215	5,855
26	310	5,075	6,350	5,850
27	434	5,015	6,380	5,825
28	539	5,050	6,400	5,875
31	996	5,010	6,655	5,875

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

Cotton Outlook

For 2021-22, USDA projection for global cotton mill use has increased by 3.5 percent to 121.5 million bales of 217.72 Kg each. This is expected to be led by China, India, Pakistan, Turkey, Bangladesh and Vietnam. As the world economy continues to rebound from the COVID-19 pandemic, cotton mill use is also expected to rise.

Cotton farmers from various states are planning to increase area under cotton cultivation in the coming 2021-22 kharif season. Punjab and Haryana has started sowing cotton for the coming 2021-22 season.

Indian cotton is still in demand, despite the rise in prices and low arrivals in the market. Cotton arrivals in the CCI procurement center are very low due to corona virus cases and lockdown in many parts of the country.

Cotton Corporation of India was able to sell good quantity of cotton during the last week with increasing rate in all varieties. Gujarat Shankar-6 variety cotton spot prices in Cotton Association of India stood high around Rs.46,745/ candy in May'21

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton is likely to trade in price range between **Rs. 5850 – 6350** per quintal during June 2021.