

Cotton Outlook – March 2021**World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 32.5 million hectares (80.30 million acres) and 114.1 million bales of 217.72 kg each, which were nearly 6 and 6.5 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, February estimates, India and China are the largest cotton producers in the world with each 29 million bales, followed by United States (15 million bales), Brazil (12 million bales) and Pakistan (4.5 million bales).

The total cotton imports by china has increased by 16.8 percent year-on-year to 2.16 million tonnes in 2020, Cotton imports have declined during the first half of the year due to the impact of covid-19 pandemic, but imports soared in the second half as production resumed and consumption recovered. In the six months of 2020, China’s cotton imports decreased by 23.7 percent year-on-year to 900,000 tonnes. However, cotton imports surged 88.1 percent to 1.26 million tonnes during July-December 2020.

International Cotton Price Movement

Most cotton benchmark prices increased over the past month. Trading activity has started to shift out of the Nearby March NY/ICE futures contract and into the May contract. Values for March were relatively stable through much of January but surged in February. Since early February, prices increased from 80 cents/lb to nearly 87 cents/lb. Cotlook’s A Index rose from 86 to 90 cents/lb over the past month.

In international terms, the China Cotton Index (CC Index 3128B) increased from 107 to 110 cents/lb. In domestic terms, values climbed from 15,300 to 15,600 RMB/ton. The RMB was stable against the USD near 6.47 RMB/USD.

Indian cotton prices (Shankar-6 quality) were comparatively steady. In international terms, prices traded near 76 cents/lb. In domestic terms, values were hovered around 43,500 INR/candy. The Indian rupee was stable against the USD near 73 INR/USD. In international terms, Pakistani prices rose from 79 to 82 cents/lb. In domestic terms, prices increased from 10,500 to 10,800 PKR/maund. The Pakistani rupee was stable against the USD near 160 PKR/USD.

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

	Latest Value th (Feb 9 2021)	Latest Month (Jan 2021)	Last 12 Months (Feb 2020- Jan 2021)
NY Nearby	81.70	74.80	64.20
A Index	86.90	81.00	71.90
CC Index	107.50	102.80	85.30
Indian Spot	75.40	72.20	65.10
Pakistani Spot	80.60	73.80	67.20

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.nic.in

Domestic Trade information

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

State	Prices February, 2021	Prices January, 2021	Prices February, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
Gujarat	5629.91	5457.08	4914.39	3.17	14.56
Haryana			5099.66	—	—
Karnataka	5800.77	5530.16	4950.21	4.89	17.18
Madhya Pradesh	5782.13	5441.5	5193.21	6.26	11.34
Maharashtra	5778.02	5593.3	5193.3	3.3	11.26
Odisha	5707.76	5656.78	5326.78	0.9	7.15
Punjab	5829.07	5592.57	5179.26	4.23	12.55
Rajasthan	5981.57	5687.86	5204.56	5.16	14.93
Tamil Nadu	4792.59	5756.4	4860.82	-16.74	-1.4
Telangana	5625.61	5517.06	4938.49	1.97	13.91
Average	5658.6	5581.41	5086.07		

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 February 2021

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	8,475	5,000	5,860	5,405
2	6,528	5,000	5,805	5,400
3	5,699	4,500	5,820	5,350
4	5,478	4,501	5,850	5,005
5	5,410	5,000	5,865	5,425
8	8,905	5,000	6,005	5,450
9	7,699	5,000	6,000	5,450
10	5,977	5,000	6,020	5,450
12	8,925	5,000	5,930	5,450
15	5,604	5,000	6,000	5,450
16	5,225	5,000	6,010	5,500
17	5,024	4,600	6,055	5,800
18	4,511	5,000	6,025	5,800
19	4,565	5,000	6,150	5,900
22	6,503	5,000	6,100	5,450
23	5,125	5,000	6,220	5,800
24	4,961	5,000	6,205	5,800
25	4,521	5,100	6,260	5,900

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

Cotton Outlook

India's cotton export may increase by 30 percent for the current crop year as rising global prices have made the fiber competitive. According to trade experts, cotton exports could be between 65-70 lakh bales compared with 50 lakh bales the previous year.

According to Cotton Association of India, About 29 lakh bales of cotton has been exported by the end of January 2021, which is highest in past three years during the same period in 2018-19, cotton exports were 24 lakh bales and in 2019-20 it was 20 lakh bales.

Telangana got the maximum benefit of CCI procurement program. Telangana, Punjab and Odisha are amongst the top three states that have got maximum benefit of cotton procurement by the Cotton Corporation of India. CCI has procured around 33.33 lakh bales in Telangana and a total of about 90.87 lakh bales in India till 6th February'21.

Cotton Corporation of India has granted a subsidy of Rs. 300 per candy to cooperative spinning mills in Maharashtra. The Corporation has also waived off the security deposit of Rs. 2 lakh that the mills have to pay before participating in the e-auction process of the cotton. The mills however are demanding a subsidy of Rs. 2,500 per candy.

The average price of Kapas is likely to remain firm between Rs. 5836-6300/q in Rajkot while the prices in Andhra Pradesh are likely to hover around Rs.4850-5400/q.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton is likely to trade in price range between **Rs.5450 – 5850** per quintal during March 2021.