

## Cotton Outlook – May 2021

### World Cotton Scenario

Global 2020-21 cotton area and production are projected at 32.1 million hectares (79.32 million acres) and 113 million bales of 217.72 kg each, which were nearly 8 and 7 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, April estimates, India and China are the largest cotton producers in the world with each 29 million bales, followed by United States (14.7 million bales), Brazil (11.5 million bales) and Pakistan (4.5 million bales).

Cotton Association of India has estimated cotton exports to increase by 20 percent to 60 lakh bales in 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.

### International Cotton Price Movement

All benchmark prices decreased over the past month. The May NY/ICE futures contract fell from 88 to 78 cents/lb between early March and early April. In later trading, prices have rebounded to levels near 82 cents/lb. The December NY/ICE futures contract fell from values around 85 cents/lb in early March to those as low as 76 cents/lb near the end of that month. More recently, prices recovered to levels near 82 cents/lb.

The China Cotton Index (CC Index 3128B) fell from 114 to 106 cents/lb over the past month. In domestic terms, prices fell from 16,300 to 15,300 RMB/ton. The RMB has weakened against the dollar since early March, from 6.52 to 6.56 RMB/USD. Indian spot prices eased from 80 to 78 cents/lb in international terms. In domestic terms, values decreased from 45,800 to 45,400 INR/candy. The INR was relatively stable against the dollar over the past month, holding near 73 INR/USD.

Pakistani spot prices declined from 95 to 87 cents/lb in international terms. In domestic terms, values fell from 12,300 to 10,800 PKR/maund. The PKR strengthened against the dollar over the past month, from 157 to 153 PKR/USD.

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

	Latest Value <sup>th</sup> (April 9 <sup>th</sup> 2021)	Latest Month (Mar 2021)	Last 12 Months (April 2020-Mar 2021)
<b>NY Nearby</b>	<b>82.40</b>	<b>85.30</b>	<b>69.10</b>
<b>A Index</b>	<b>88.50</b>	<b>91.50</b>	<b>75.90</b>
<b>CC Index</b>	<b>106.50</b>	<b>111.40</b>	<b>91.40</b>
<b>Indian Spot</b>	<b>77.60</b>	<b>79.20</b>	<b>67.30</b>
<b>Pakistani Spot</b>	<b>86.00</b>	<b>94.50</b>	<b>71.30</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 April, 2021 (Rs/Quintal)**

State	Prices April, 2021	Prices March, 2021	Prices April, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
Gujarat	6133.91	5963.49	4668.03	2.86	31.4
Karnataka	5517.77	5756.95	3826.04	-4.15	44.22
Madhya Pradesh	5745.48	5896.45	4236.29	-2.56	35.63
Maharashtra	5819.7	5857.93	4757.02	-0.65	22.34
Odisha	5316.67	5614.74	5295.96	-5.31	0.39
Punjab	6351.24	5973.12	5405	6.33	17.51
Rajasthan	6485.62	6167.11	5091.25	5.16	27.39
Tamil Nadu	4656.38	6457.8	4481.2	-27.9	3.91
Telangana	5850.80	5881.35		—	—
Average	5791.86	5949.46	4720.1		

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

**Cotton in Telangana**

In Telangana state during 2020 area under cotton as on 30<sup>th</sup> September was 60,22,127 acres as against 54,45,888 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 April 2021**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	1,463	5,450	6,200	5,850
6	1,702	5,625	6,420	6,025
7	1,907	5,000	6,360	5,850
8	1,571	5,100	6,275	5,825
9	1,870	5,125	6,475	5,850
15	1,600	5,425	6,600	6,050
16	2,428	5,450	6,600	6,025
19	2,604	5,305	6,450	5,950
20	1,584	5,025	6,360	5,850
22	1,960	5,225	6,480	5,850
23	3,010	5,250	6,420	5,875

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

**Cotton Outlook**

The global 2020-21 cotton supply and demand estimates show lower stocks and production. The April 2020-21 forecast shows marginal increase in consumption in Bangladesh and Mexico compared to March 2021.

Global trade has been boosted by greater import demand from China and Bangladesh. Also, higher exports are expected from Brazil, United States and Egypt.

Cotton Association of India has estimated cotton crop for 2020-21 season at 360 lakh bales, higher from the previous estimates of 358.50 lakh bales.

The total supply from October 2020 to March 2021 was estimated at 459.26 lakh bales, which consists of 326.76 lakh bales arrivals, 7.50 lakh bales of estimated imports and opening stock of 125 lakh bales. Further, consumption was estimated as 165 lakh bales and with exports till 31<sup>st</sup> March 2021 at around 43 lakh bales, ending stock at the end of March 2021 was estimated as 251.26 lakh bales.

The average price of Kapas is likely to remain firm between Rs. 5830-6700/q in Rajkot while the price in Telangana is likely to hover around Rs.5850-6350/q.

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