

## Cotton Outlook – April 2022

### World Cotton Scenario

Global 2021-22 cotton area and production are projected as 32.3 million hectares (79.81 million acres) and 119.90 million bales of 217.72 Kg each. Cotton production in major producing countries i.e., China and India are expected to decrease in 2021-22. China is projected to produce 27 million bales followed by India (26.5 million bales), United States (17.6 million bales), Brazil (13.2 million bales) and Pakistan (5.8 million bales).

The Committee on Cotton Production and Consumption has estimated the India's cotton season (October 2021 to September 2022) to close with a stock of 45.46 lakh bales. The Committee has estimated that the total consumption by the textile mills to be 329 lakh bales, including 305 lakh bales by non-SSI mills, and exports to be 40 lakh bales. The production is expected to be around 340 lakh bales. As against a total supply of 430.46 lakh bales (including opening stock and imports), and the demand is likely to be 385 lakh bales.

### International Cotton Price Movement

Most benchmark prices decreased over the past month. The most actively traded May 2022 NY/ICE futures contract decreased from 124 to 118 cents/lb over the past month. Values for the December 2022 NY/ICE contract, which reflect price expectations after the next harvest (2022/23 crop year) has decreased from 106 to 101 cents/lb.

The China Cotton Index (CC 3128B) was comparatively stable. In international terms, values held near 163 cents/lb. In domestic terms, values held near 22,800 RMB/ton. The RMB strengthened against the dollar, from 6.37 to 6.32 RMB/USD. The RMB is currently trading at its strongest rates against the USD since early 2018.

Indian spot prices (Shankar-6 quality) eased from 133 to 128 cents/lb or from 78,000 to 77,000 INR/candy. Over the past month, the INR weakened slightly against the dollar, from 75 to 77 INR/USD. Pakistani spot prices briefly moved higher but are currently trading near levels one month ago (137 cents/lb). In domestic terms, prices traded between 20,200 and 20,000 PKR/maund. The PKR weakened slightly from 174 to 178 PKR/USD.

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

	Latest Value (9 <sup>th</sup> Mar 2022)	Latest Month (Feb 2021)	Last 12 Months (Mar 2021-Feb 2022)
<b>NY Nearby</b>	117.50	124.20	99.60
<b>A Index</b>	134.60	138.40	108.70
<b>CC Index</b>	163.40	163.50	134.30
<b>Indian Spot</b>	128.90	132.40	99.90
<b>Pakistani Spot</b>	136.50	138.70	106.10

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

**Indian Cotton Scenario**

As on 17<sup>th</sup> September 2021, area under cotton during 2021-22 was 119.66 lakh ha as against 126.97 lakh ha in 2020-21 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 39.41 lakh ha followed by Gujarat (22.51 lakh ha), Telangana (18.78 lakh ha), Rajasthan (7.08 lakh ha) and Haryana (6.88 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	42.25	104.40	33.28	39.41	97.38	32.93
Gujarat	22.79	56.32	17.95	22.51	55.62	18.81
<b>Telangana</b>	<b>24.13</b>	<b>59.63</b>	<b>19.00</b>	<b>18.78</b>	<b>46.42</b>	<b>15.69</b>
Rajasthan	6.68	16.51	5.26	7.08	17.50	5.92
Haryana	7.37	18.21	5.80	6.88	17.00	5.75
Others	23.75	58.69	18.71	25.00	61.78	20.89
All India	126.97	313.75	100.00	119.66	295.69	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 March, 2022 (Rs/Quintal)**

State	Prices March, 2022	Prices February, 2022	Prices March, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
<b>Andhra Pradesh</b>	9082.3	9152.51		-0.77	—
<b>Gujarat</b>	9414.55	9245.21	5963.49	1.83	57.87
<b>Haryana</b>	9480.27	8962.06	5925.62	5.78	59.99
<b>Karnataka</b>	9692.97	9631.8	5756.83	0.64	68.37
<b>Madhya Pradesh</b>	9197.78	9598.85	5896.45	-4.18	55.99
<b>Maharashtra</b>	9633.22	9653.11	5856.12	-0.21	64.5
<b>Odisha</b>	8717.8	9138.05	5614.74	-4.6	55.27
<b>Punjab</b>	8314.72	8493.96	5973.12	-2.11	39.2
<b>Rajasthan</b>	10077.95	9906.12	6167.11	1.73	63.41
<b>Tamil Nadu</b>	10275.89	9914.51	6457.8	3.64	59.12
<b>Telangana</b>	8381.02	9373.18	5881.35	-10.59	42.5
<b>Average</b>	9297.13	9369.94	5949.26		

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

**Cotton in Telangana**

In Telangana state during 2021-22 area under cotton as on 29<sup>th</sup> September was 46,42,695 acres as against 60,17,992 acres during 2020-21. Among the districts, Nalgonda stood first with 6,54,667 acres followed by Adilabad (3,87,311 acres), Sangareddy (3,61,213 acres), Nagarkurnool (3,52,619 acres) and Asifabad (2,97,280 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	294074.18	726672	12.07	264934.74	654667	14.10
Adilabad	171308.96	423313	7.03	156739.44	387311	8.34
Sangareddy	161517.98	399119	6.63	146177.94	361213	7.78
Nagarkurnool	184634.47	456241	7.58	142700.07	352619	7.60
Asifabad	136617.63	337589	5.61	120305.13	297280	6.40
Others	1487245.50	3675058	61.07	1047977.58	2589605	55.78
Telangana State	2435398.72	6017992	100.00	1878834.91	4642695	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 March, 2022**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
3	1,549	8,000	9,770	9,400
4	3,081	8,000	9,760	9,400
7	2,890	8,000	9,970	9,400
8	2,244	9,000	10,100	9,700
9	2,663	9,000	10,040	9,500
10	2,406	8,500	9,970	9,500
11	2,472	8,500	9,960	9,500
14	1,657	9,000	10,210	9,600
16	1,925	9,000	10,310	9,800
17	928	9,000	10,310	9,800
21	1,128	9,000	10,720	9,800
22	1,068	9,000	10,770	9,800
23	979	9,000	10,800	9,850
24	1,032	9,000	10,830	9,850
25	1,319	9,000	11,170	10,050
30	1,068	9,000	11,670	10,050

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

Cotton Outlook

Indian cotton market remained firm during the April month. All India daily arrivals are decreasing rapidly and tight supply helped prices stay strong in the Indian market. Indian mills are struggling to get quality cotton. Also, disparity in yarn forced them to cut down production of yarn. Indian cotton Shanker-6 prices remained stable near Rs 90,200 to 90,500 per candy.

As per the Government's Second Advance Estimate, cotton production for 2021-22 is projected at 340.63 lakh bales, which is 3% lower than the previous year's final production estimate of 352.48 lakh bales.

The Haryana Agriculture Department has set a target of increasing area under cotton production up to 19.25 lakh acres in the 2022 Kharif season higher from the previous season of 15.90 lakh acres.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton prices are likely to trade in price range between **Rs. 9500 – 10500** per quintal during April 2022.