

Cotton Outlook – August 2022

World Cotton Scenario

According to the USDA, Global 2022-23 cotton area and production are projected as 33.3 million hectares (82.28 million acres) and 120.10 million bales of 217.72 Kg each compared to previous year 116.20 lakh bales which is 3.9 lakh bales (3.24%) above the 2021-22 estimates of cotton production led by China, India, Brazil and Pakistan. Two major cotton producing countries i.e., China and India are projected at 27.50 lakh bales each in 2022-23 followed by United States (15.50 million bales), Brazil (13 million bales) and Pakistan (6.20 million bales). During 2022-23, cotton area in China and India are projected to increase from 3.10 to 3.15 million hectares (7.8 million acres) and 11.96 to 12.7 million hectares (31.4 million acres) respectively.

Indian cotton market remained stable to firm despite slow buying from mills. Indian cotton sowing has now crossed 121 lakh hectares. Excess rains have been reported in some cotton belt. The Cotlook Index stood higher (131.40 cents/lbs) compared to the ICE Cotton Futures that stood at 90.18 cents/lbs.

International Cotton Price Movement

Benchmark prices collapsed over the past month. Before expiring, the July NY/ICE futures contract lost 30% of its value in just a couple days, falling from 144 cents/lb on June 22nd to 100 cents/lb by June 24th. The China Cotton Index (CC 3128B) has been losing value for several months (peak values near 164 cents/lb were last touched in March) but losses accelerated in June. From a level near 143 cents/lb on June 15th, values dipped to readings below 120 cents/lb by July 12th (-16%). In domestic terms, the CC Index fell from 21,150 to 17,600 RMB/ton between June 15th and July 12th (-17%).

Indian spot prices (Shankar-6 quality) decreased from 164 to 142 cents/lb between June 17th and July 12th (-13%). In domestic terms, the drop was from 100,000 to 85,000 INR/candy (-15%). The INR weakened marginally against the USD, from 78 to 79 INR/USD.

Pakistani spot prices began decreasing in early June. From levels near 139 cents/lb, they have fallen to those 94 cents/lb in the latest trading (-32%). In domestic terms, prices fell from 22,500 at the start of June to 16,000 PKR/maund recently (-29%). The PKR weakened from 198 to 207 PKR/USD between early June and the present.

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

	Latest Value (12 th July 2022)	Latest Month (June 2022)	Last 12 Months (July 2021-June 2022)
NY Nearby	98.40	132.70	116.70
A Index	134.60	154.20	129.30
CC Index	118.50	138.80	148.20
Indian Spot	142.10	159.10	124.00
Pakistani Spot	93.90	121.90	119.10

Source: www.cottoninc.com

Indian Cotton Scenario

As on 5th August 2022, area under cotton during 2022-23 was 121.13 lakh ha as against 113.51 lakh ha in 2021-22 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 41.72 lakh ha followed by Gujarat (25.04 lakh ha), Telangana (18.38 lakh ha), Karnataka (7.40 lakh ha) and Haryana (6.51 lakh ha).

Table2: State wise area under cotton in India

State	2021-22			2022-23		
	Area (lakh ha)	Area (lakh acres)	% to total area	Area (lakh ha)	Area (lakh acres)	% to total area
Maharashtra	38.74	95.73	34.13	41.72	103.09	34.44
Gujarat	22.22	54.91	19.58	25.04	61.88	20.67
Telangana	20.18	49.87	17.78	18.38	45.42	15.17
Karnataka	5.07	12.53	4.47	7.40	18.29	6.11
Haryana	6.88	17.00	6.06	6.51	16.09	5.37
Others	20.42	50.46	17.99	22.08	54.56	18.23
All India	113.51	280.49	100.00	121.13	299.32	100.00

Source: www.agricoop.gov.in

Domestic Trade information

Table 3: State wise Wholesale Prices Monthly Analysis for Cotton July, 2022 (Rs/Quintal)

State	Prices July, 2022	Prices June, 2022	Prices July, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	9395.33	11145.81		-15.71	—
Gujarat	9952.66	11226.63	7435.06	-11.35	33.86
Haryana		11078.04		—	—
Karnataka	8161.03	10396.68	7051.22	-21.5	15.74
Madhya Pradesh	11000	10223.08		7.6	—
Maharashtra	9008.94	10441.98	5820	-13.72	54.79
Pondicherry	6800		5674.31	—	19.84
Tamil Nadu	9185.69	9013.49	6918.18	1.91	32.78
Telangana	7676.63	10310.89		-25.55	—
Average	8897.54	10638	6579.75		

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

Cotton in Telangana

In Telangana state during 2022-23 area under cotton as on 3rd August was 45,42,355 acres as against 49,85,895 acres during 2021-22. Among the districts, Nalgonda stood first with 6,24,804 acres followed by Adilabad (3,97,161 acres), Sangareddy (3,68,844 acres), Nagarkurnool (3,22,774 acres) and Asifabad (2,71,229 acres).

Table 4: District wise area under cotton in Telangana

District	2021-22			2022-23		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	283695.19	701025	14.06	252849.60	624804	13.76
Adilabad	166559.96	411578	8.25	160725.60	397161	8.74
Sangareddy	159102.41	393150	7.89	149266.10	368844	8.12
Nagarkurnool	142409.50	351901	7.06	130622.21	322774	7.11
K.B. (Asifabad)	128003.88	316304	6.34	109762.65	271229	5.97
Others	1137952.29	2811937	56.40	1035002.53	2557543	56.30
Telangana State	2017723.24	4985895	100.00	1838228.69	4542355	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 July, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	490	8,000	10,320	9,500
4	356	8,000	10,010	9,500
5	1,013	8,000	10,060	9,500
6	446	8,000	10,180	9,500
7	508	8,000	10,100	9,500
8	425	8,000	10,230	9,500
11	6.5	9,500	10,130	10,130
12	17	9,000	10,010	9,700
13	11	9,000	10,010	9,500
18	175	9,000	9,510	9,300
19	249	8,100	9,250	8,600
20	600	8,100	9,130	8,600
21	389	8,300	9,305	8,800
22	280	8,300	9,330	8,800
26	165	8,200	9,260	8,700
27	97	8,500	10,010	9,200
29	235	8,500	10,505	9,500

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

Cotton Outlook

Heavy rains witnessed across the key cotton-growing regions such as Maharashtra, Marathwada, Vidarbha, Telangana, Gujarat, Saurashtra, Kutch, Rajasthan, Karnataka, Punjab, and Haryana.

These rains will further likely to affect the cotton crop in the coming week. Also, due to these heavy rains cotton sowing has been affected and we expect that cotton farmers from Telangana may shift towards chillies if these rains continue to affect the crop.

The areas of Adilabad, Karimnagar, Nizamabad, Warangal, Khammam, Medak, and some other districts in Telangana have witnessed heavy rains this week. These rains and floods have damaged around 20 lakh acres of cotton fields, while in the previous season around 25 lakh acres of cotton crop was destroyed due to heavy rains. The cotton farmers are worried over the sowing in the rainy season as delay in sowing would adversely affect the yield.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade in price range between **Rs. 9500 – 10500** per quintal during August 2022.