Cotton Outlook – December 2022

World Cotton Scenario

According to the USDA, Global 2022-23 cotton area and production are projected as 32.5 million hectares (80.300 million acres) and 118.1 million bales of 217.72 Kg each compared to previous year 115.70 lakh bales which is 2.4 lakh bales (2.03%) above the 2021-22 estimates of cotton production led by China, India, Brazil and Australia. China is projected at 28 lakh bales in 2022-23 followed by India (27.50 million bales), United States (14 million bales), Brazil (13 million bales) and Australia (5.50 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.

According to the Cotton Association of India (CAI) 2022-23 cotton balance sheet estimate, opening stocks, production, imports, domestic consumption, exports and closing stocks are 31.89, 344.00, 12, 320, 35, and 32.89 lakh bales of 170 kg each as compared to 71.84, 307.05, 14, 318, 43 and 31.89 lakh bales of 170 kg each in 2021-22 respectively. According to the 1st advance estimates, Telangana cotton production estimate was 53.28 lakh bales for 2022-23 as against 48.08 lakh tonnes in 2021-22.

International Cotton Price Movement

Volatility dominated NY/ICE futures and the A Index last month. Other major benchmark prices moved lower. Movement in the December NY/ICE futures contract was extreme, with a series of limit up and down moves over the past month. After touching levels near 70 cents/lb near the end of October, prices shot higher in early November and lifted values over 85 cents/lb.

Chinese prices represented by the China Cotton Index (CC 3128B) decreased in late October and into November. After holding to levels between 98 and 100 cents/lb for much of the past month, prices eased to 96 cents/lb by early November.

Indian spot prices (Shankar-6 quality) decreased in a comparatively uniform fashion over the past month, with values falling from 110 to 99 cents/lb between early October and early November. The decline was from 71,000 to 64,500 INR/candy in domestic terms. The INR was steady near 82 INR/USD over the past month. Pakistani prices also decreased in a relatively linear manner, falling from 102 to 90 cents/lb over the past month.

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

	Latest Value (9th Oct 2022)	Latest Month (Oct 2022)	Last 12 Months (Nov 2021-Oct 2022)
NY Nearby	86.50	83.70	114.40
A Index	104.50	98.70	131.40
CC Index	96.30	96.20	133.90
Indian Spot	103.80	101.00	134.70
Pakistani Spot	91.60	90.30	118.00

Source: www.cottoninc.com

Indian Cotton Scenario

As on 30th September 2022, area under cotton during 2022-23 was 127.39 lakh ha as against 118.56 lakh ha in 2021-22 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 42.29 lakh ha followed by Gujarat (25.49 lakh ha), Telangana (20.23 lakh ha), Karnataka (8.21 lakh ha) and Rajasthan (6.83 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	39.57	97.78	33.38	42.29	104.50	33.20
Gujarat	22.54	55.70	19.01	25.49	62.99	20.01
Telangana	20.62	50.95	17.39	20.23	49.99	15.88
Karnataka	6.44	15.91	5.43	8.21	20.29	6.44
Rajasthan	6.29	15.54	5.31	6.83	16.88	5.36
Others	23.10	57.08	19.48	24.34	60.15	19.11
All India	118.56	292.97	100.00	127.39	314.79	100.00

Source: www.agricoop.nic.in

Domestic Trade information

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

State	Prices November, 2022	Prices October, 2022	Prices November, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	8485.82	8326.95		1.91	__
Gujarat	8868.16	8508.27	7872.15	4.23	12.65
Haryana	8465.18	8406.71		0.7	__
Karnataka	8813.48	8189.89	8887.05	7.61	-0.83
Madhya Pradesh	8397.8	7795.6	7873.48	7.72	6.66
Maharashtra	8772.2	7820.35	8110.76	12.17	8.16
Odisha	8560.43		7194.06	__	18.99
Punjab	8845.17	7316.07	8017.29	20.9	10.33
Rajasthan	8787.15	8507.52	8154.88	3.29	7.75
Tamil Nadu	7433.26	7731.76	5703.16	-3.86	30.34
Telangana	8439.33	7025.95	7776.72	20.12	8.52
Uttar Pradesh		8250	6541.4	__	__
Average	8533.45	7989.01	7613.09		

Source: https://agmarknet.gov.in

Cotton in Telangana

In Telangana state during 2022-23 area under cotton as on 28th September was 50,00,724 acres as against 46,68,057 acres during 2021-22. Among the districts, Nalgonda stood first with 6,47,005 acres followed by Adilabad (4,05,161 acres), Sangareddy (3,71,104 acres), Nagarkurnool (3,52,429 acres) and Asifabad (3,20,123 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	264570.53	653767	14.01	261834.04	647005	12.94
Adilabad	156685.62	387178	8.29	163963.09	405161	8.10
Sangareddy	146158.92	361166	7.74	150180.69	371104	7.42
Nagarkurnool	142689.54	352593	7.55	142623.18	352429	7.05
Asifabad	126409.42	312364	6.69	129549.38	320123	6.40
Others	1052584.53	2600989	55.72	1175573.95	2904902	58.09
Telangana State	1889098.56	4668057	100.00	2023724.33	5000724	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 November, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	4,812	5,500	7,650	6,600
2	5,128	5,500	7,900	6,700
3	4,732	6,500	8,055	7,300
4	5,778	5,500	8,200	6,800
7	6,358	5,500	8,410	6,800
9	5,641	5,800	8,560	7,200
10	3,745	5,600	8,500	7,000
11	4,106	5,600	8,620	7,000
14	5,707	5,500	8,960	7,200
15	4,401	5,800	8,830	7,300
16	4,403	6,200	9,015	7,600
17	3,993	6,000	8,905	7,500
18	3,782	6,200	8,910	7,500
22	2,379	6,800	8,305	7,500
24	3,118	6,000	8,350	7,200
25	3,058	7,500	8,480	8,000
28	4,683	7,600	8,360	8,200
29	3,615	7,500	8,350	8,150

Source: http://tsmarketing.in/

Cotton Outlook

India’s cotton crop is in good condition and overall cotton quality has also improved. Cotton arrivals are lower as farmers are holding stock in anticipation of higher prices in near term. Cotton prices are fluctuating, overall trend is bearish but prices are not going down due to lower arrivals in the market.

Indian traders so far in the new season have contracted about 70,000 bales for exports, significantly lower than the 500,000 bales contracted during the same period the previous season. Bangladesh, Vietnam and China are the major buyers of Indian Cotton. Further, Exports are unlikely to gain momentum unless local prices fall or global prices move higher.

Cotton Association of India (CAI) has estimated its October estimate for the 2022-23 season and retained its cotton crop estimate at 344 lakh bales.

The exports for the 2022-23 season are estimated at 30 lakh bales and are less by 13 lakh bales than the exports estimate of 43.00 lakh bales for the 2021-22 season.

Exports have been revised down due to weak demand as Indian cotton prices have again increased in the domestic market. Also, domestic consumption has revised to 300 lakh bales as against 320 lakh bales estimated earlier. The previous year’s consumption estimate was around 318 lakh bales.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade in price range between **Rs. 8500 – 9000** per quintal during December 2022.