

Cotton Outlook – February 2022**World Cotton Scenario**

Global 2021-22 cotton area and production are projected as 32.7 million hectares (80.80 million acres) and 121 million bales of 217.72 Kg each. Cotton productions in most of the major producing countries are expected to increase except India and China in 2021-22. India is projected to produce 27.5 million bales followed by China (27 million bales), United States (17.6 million bales), Brazil (13.2 million bales) and Pakistan (5.8 million bales).

The total cotton supply for the month of October 2021 to December 2021 remained at 218.52 lakh bales, which consisted of the arrivals of 140.52 lakh bales, imports of 3 lakh bales during the month of December 2021 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1st October 2021. Further, the CAI has estimated cotton consumption for the months of October to December 2021 at 86.25 lakh bales while export shipment of cotton during the months of October to December 2021 is estimated at 18.50 lakh bales. Stock at the end of 31st December 2021 is estimated at 113.77 lakh bales. The mills have on an average 68 days cotton stock in their godowns.

International Cotton Price Movement

All benchmark prices increased over the past month. The March NY/ICE futures fell as low as 104 cents/lb in early December. After trading sideways in the first half of that month, values rose in the second half of December. Current prices are over 116 cents/lb and are even with the highs for the contract registered in mid-November.

The A Index increased from 119 to 129 cents/lb. Current values are the highest reached during the 2021/22 surge in prices. The China Cotton Index (CC 3128B) increased, but the change was smaller than for NY/ICE futures or the A Index. In international terms, the CC Index rose from 157 and 160 cents/lb.

Indian spot prices (Shankar-6 quality) surged from 109 to 126 cents/lb or from 64,900 to 72,700 INR/candy. Over the past month, the INR strengthened against the dollar, from 76 to 74 INR/USD. Pakistani spot prices climbed from 114 to 127 cents/lb. In domestic terms, prices climbed from 16,700 to 18,300 PKR/maund. The PKR traded between 176 and 178 PKR/USD over the past month.

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

	Latest Value (12 th Jan 2022)	Latest Month (Dec 2021)	Last 12 Months (Jan 2021-Dec 2022)
NY Nearby	117.60	107.90	93.30
A Index	129.60	120.00	101.20
CC Index	160.50	156.90	125.50
Indian Spot	125.70	112.00	91.10
Pakistani Spot	127.90	117.20	97.60

Source: www.cottoninc.com

Indian Cotton Scenario

As on 17th 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
Telangana	24.13	59.63	19.00	18.78	46.42	15.69
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

Domestic Trade information

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

State	Prices January, 2022	Prices December, 2021	Prices January, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	8698.4			—	—
Gujarat	8893.76	8077.82	5457.08	10.1	62.98
Haryana	8599.14	8196.61		4.91	—
Karnataka	9328.82	8855.54	5535.62	5.34	68.52
Madhya Pradesh	9173.62	8037.73	5441.5	14.13	68.59
Maharashtra	9522.15	8252.55	5593.3	15.38	70.24
Odisha	7725.96	7096.88	5656.78	8.86	36.58
Punjab	8668.4	7816.09	5592.57	10.9	55
Rajasthan	9020.98	8087.01	5687.86	11.55	58.6
Tamil Nadu	9098.78	6123.84	5756.4	48.58	58.06
Telangana	8886.51	7888.28	5517.06	12.65	61.07
Uttar Pradesh	6342.47	6452.26		-1.7	—
Average	8663.25	7716.78	5582.02		

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

Cotton in Telangana

In Telangana state during 2021-22 area under cotton as on 29th 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

Cotton Prices in Telangana

Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of January, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
3	3,749	7,500	9,310	8,900
4	3,208	7,500	9,570	9,000
5	3,970	8,000	9,705	9,150
6	5,220	8,000	9,750	9,500
7	10,168	8,025	9,670	9,400
10	14,695	7,500	9,400	9,200
11	10,271	7,500	9,380	9,150
12	5,086	7,500	9,350	9,200
13	2,767	7,500	9,700	9,400
17	1,360	7,500	9,400	9,100
18	2,464	7,500	9,550	9,200
19	3,150	7,500	9,550	9,200
20	4,388	8,000	9,735	9,500
21	6,183	8,000	9,660	9,450
24	5,373	8,000	9,320	9,000
25	3,105	8,000	9,410	9,000
27	4,903	8,000	9,510	9,200
31	5,368	8,000	9,600	9,450

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

Cotton Outlook

Government of India has proposed merging the Jute Corporation of India (JCI) and Cotton Corporation of India (CCI) to form a large public sector entity to handle all textile fiber procurement. A request for proposal (RFP) has been issued in order to appoint a consultant for the merger of both PSUs under the Ministry of Textiles.

As per the Government's 1st Advance Estimate, cotton production for 2021-22 have been projected at 362.19 lakh bales, which is 2% higher than the previous year's final production estimate of 353.84 lakh bales.

Cotton Association of India expects the area under the cotton crop to expand by 20-25 percent in the upcoming 2022-23 season across all the 10 major cotton producing states due to higher demand of cotton seed and the higher rates of raw cotton currently prevailing in the market. Cotton Association of India has also proposed a moderate increase of 3-5 percent in the cotton crop's Minimum Support Price (MSP) to protect cotton growers' interests.

According to the Union Budget 2022-23, out of the total allocations of Rs. 12,382 crore for the textile sector for next Financial Year, around Rs. 133.83 crore has been allocated for Textile Cluster Development Scheme and Rs. 100 crore for National Technical Textile Mission and Rs. 15 crore each for PM Mega Integrated Textile Region and Apparel Parks scheme and the Production Linked Incentives scheme.

Cotton traded with a steady tone across major spot markets of North India in January 2022. Indian cotton Shanker-6 prices remained steady near Rs. 73,300 to 75,500 per candy in January compared to previous month price of Rs. 66,011 per candy. Cotton prices at Rajkot traded at Rs. 10,158 per quintal last month.

Cottonseed prices in Gujarat have increased in last week amid improved demand for raw cotton in the market mainly from spinning and ginning mills. Cottonseed prices are currently ranging between Rs. 8,800 to Rs. 10,500 per quintal.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton is likely to trade in price range between **Rs. 9500 – 10000** per quintal during February 2022.