# Cotton Outlook – January 2022

## World Cotton Scenario

Global 2021-22 cotton area and production are projected as 32.7 million hectares (80.80 million acres) and 121.6 million bales of 217.72 Kg each. Cotton productions in most of the major producing countries are expected to increase except China in 2021-22. India is projected to produce 28 million bales followed by China (26.80 million bales), United States (18.3 million bales), Brazil (13.2 million bales) and Pakistan (5.7 million bales).

As Indian cotton price continue to rule high, the trade fears a decline in export for the current season to September 2022. According to the Cotton Association of India estimates, exports were 7 lakh bales during the first 2 months of the season compared with 12 lakh bales in the same period last year. If the prices continue to remain high it would be difficult to achieve the export target of 48 lakh bales. Presently, cotton prices are ruling high across the country and growers are seen holding back their produce anticipating better prices.

## International Cotton Price Movement

Benchmark prices decreased over the past month. The December 2022 NY/ICE contract, which reflects price expectations after the next harvest (2022/23 crop year), was trading as high as 92 cents/lb in early November but then fell as low as 86 cents/lb by the start of December. Current values are a little higher, trading near 90 cents/lb.

The China Cotton Index (CC 3128B) was comparatively stable. In international terms, it held between 159 and 162 cents/lb. In domestic terms, values fell from 22,500 to 22,000 RMB/ton. The RMB strengthened against the dollar over the past month, from 6.40 to 6.35 RMB/USD. The RMB has reached its strongest levels versus the dollar since the spring of 2018.

Indian spot prices (Shankar-6 quality) decreased from 115 to 100 cents/lb and from 66,700 to 65,000 INR/candy. Over the past month, the INR weakened slightly against the dollar, from 74 to 75 INR/USD, Pakistani spot prices climbed as high as 121 cents/lb around the middle of November. Since then, prices have fallen to levels near 114 cents/lb. In domestic terms, prices climbed as high as 17,500 and then decreased to 16,700 PKR/maund.

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

| | Latest Value (8th Dec 2021) | Latest Month (Nov 2021) | Last 12 Months (Dec 2020-Nov 2021) |
|---|---|---|---|
| **NY Nearby** | **106.70** | **118.00** | **90.50** |
| **A Index** | **119.00** | **126.50** | **97.90** |
| **CC Index** | **157.10** | **160.30** | **121.00** |
| **Indian Spot** | **110.10** | **113.30** | **87.80** |
| **Pakistani Spot** | **114.70** | **117.00** | **94.00** |

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 December, 2021 (Rs/Quintal)**

| State | Prices December, 2021 | Prices November, 2021 | Prices December, 2020 | % Change(Over Previous Month) | % Change(Over Previous Year) |
|---|---|---|---|---|---|
| **Gujarat** | 8051.61 | 7872.15 | 5319.18 | 2.28 | 51.37 |
| **Karnataka** | 8829.66 | 8887.05 | 5369.9 | -0.65 | 64.43 |
| **Madhya Pradesh** | 8038.82 | 7873.48 | 5263.26 | 2.1 | 52.73 |
| **Maharashtra** | 8240.67 | 8110.76 | 5584.26 | 1.6 | 47.57 |
| **Odisha** | 7091.24 | 7194.06 | 5682.12 | -1.43 | 24.8 |
| **Punjab** | 7701.18 | 8017.29 | 5484.28 | -3.94 | 40.42 |
| **Rajasthan** | 8061.01 | 8154.88 | 5465.2 | -1.15 | 47.5 |
| **Tamil Nadu** | 5940.9 | 5703.16 | 5241.81 | 4.17 | 13.34 |
| **Telangana** | 7883.62 | 7776.72 | 5474.98 | 1.37 | 43.99 |
| **Average** | 7681.76 | 7613.09 | 5431.67 | | |

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 December, 2021**

| Date | Arrivals (Qtl) | Minimum Price (Rs/quintal) | Maximum Price (Rs/quintal) | Modal Price (Rs/quintal) |
|---|---|---|---|---|
| 1 | 3,672 | 6,600 | 7,700 | 7,550 |
| 2 | 2,843 | 6,500 | 7,780 | 7,500 |
| 3 | 5,261 | 6,500 | 7,765 | 7,550 |
| 6 | 6,305 | 6,500 | 7,805 | 7,650 |
| 7 | 5,508 | 6,500 | 7,930 | 7,700 |
| 8 | 4,775 | 6,500 | 7,935 | 7,750 |
| 9 | 5,130 | 6,500 | 7,950 | 7,750 |
| 10 | 5,814 | 6,500 | 7,930 | 7,700 |
| 13 | 5,764 | 6,500 | 7,950 | 7,750 |
| 14 | 6,024 | 7,000 | 8,080 | 7,800 |
| 15 | 6,046 | 7,000 | 8,025 | 7,750 |
| 16 | 6,624 | 7,000 | 8,060 | 7,800 |
| 17 | 7,216 | 7,000 | 8,120 | 7,850 |
| 20 | 6,412 | 7,000 | 8,250 | 7,875 |
| 21 | 5,372 | 7,000 | 8,180 | 7,850 |
| 22 | 5,702 | 7,000 | 8,200 | 7,900 |
| 23 | 5,232 | 7,000 | 8,230 | 7,900 |
| 24 | 5,593 | 7,000 | 8,280 | 8,000 |
| 27 | 6,102 | 7,000 | 8,515 | 8,200 |
| 28 | 5,368 | 7,200 | 8,715 | 8,350 |
| 29 | 4,745 | 7,500 | 8,800 | 8,500 |
| 30 | 4,670 | 7,500 | 8,805 | 8,600 |

Source: http://tsmarketing.in/

## Cotton Outlook

The United States Department of Agriculture's Foreign Agricultural Services has predicted India's cotton output for the season at 28 million bales, which works out to about 359 lakh bales.

According to the USDA's Cotton and Products Update, Indonesia's cotton consumption is forecasted to increase to 2.5 million bales in 2021-22 season which is higher around 2 percent from 2.45 million bales in 2020-2021 season. The United States is losing market share in Indonesia mainly due to price and lead time uncompetitive compared to other major suppliers.

The output estimate are consistent with the Cotton Association of India's (CAI) prediction of 360.13 lakh bales for 2021-22 season which is around 7 lakh bales higher from the 353 lakh bales estimated for 2020-21 season.

Cotton Association of India has estimated total cotton supply at 154.76 lakh bales, which consists of the arrivals of 77.76 lakh bales, imports of 2 lakh bales during the month of November 2021 and Opening Stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1$^{st}$ October 2021.

Cotton prices have touched a record high of Rs. 8,715 per quintal for superior quality at the Enumamula Agriculture Market of Warangal district and Rs. 8,500 per quintal at the Jammikunta Agriculture Market in Karimnagar district.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade in price range between **Rs. 7500 – 8000** per quintal during January 2022.