

Cotton Outlook – July 2022**World Cotton Scenario**

According to the USDA, Global 2022-23 cotton area and production are projected as 33.5 million hectares (82.78 million acres) and 121.3 million bales of 217.72 Kg each compared to previous year 116.90 lakh bales which is 4.4 lakh bales (3.76%) 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 27.5 lakh bales each in 2022-23 followed by United States (16.5 million bales), Brazil (13.2 million bales) and Pakistan (6.2 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.

The raw cotton prices in the domestic market have currently dropped by around 10 percent across India and by around 20 percent in the International Market. As the domestic cotton season is towards its closure the cotton demand has fallen particularly for yarn, mill consumption has also reduced.

International Cotton Price Movement

Movement in benchmark prices was mixed over the past month. The December NY/ICE futures contract, which reflects price expectations after the 2022/23 harvest, rose around the middle of May and touched values above 130 cents/lb. Later in May, December prices fell below 120 cents/lb before recovering in June. The direction of the A Index was erratic over the past month, but the current values are nearly even with those a month ago (164 cents/lb).

The China Cotton Index (CC 3128B) is lower month-over-month. In international terms, it dropped from 151 to 147 cents/lb. In domestic terms, values fell from 22,300 to 21,300 RMB/ton. The RMB strengthened against the dollar from 6.73 to 6.68 RMB/USD. Indian spot prices (Shankar-6 quality) decreased from 164 to 160 cents/lb and from 99,000 to 97,500 INR/candy. The INR consistently traded near 78 INR/USD over the past month.

Pakistani spot prices fell from 137 to 127 cents/lb between the middle and end of May. Near the start of June, prices bounced as high as 139 cents/lb but later retreated to 126 cents/lb. Domestic prices were comparatively steady between 21,000 and 22,500 PKR/maund.

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

	Latest Value (10 th June 2022)	Latest Month (May 2021)	Last 12 Months (June 2021-May 2022)
NY Nearby	145.10	145.00	112.70
A Index	164.60	163.80	124.30
CC Index	144.30	150.50	146.10
Indian Spot	160.90	164.60	118.00
Pakistani Spot	126.50	132.90	117.00

Source: www.cottoninc.com

Indian Cotton Scenario

As on 8th July 2022, area under cotton during 2022-23 was 84.60 lakh ha as against 84.74 lakh ha in 2021-22 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 32.34 lakh ha followed by Gujarat (15.57 lakh ha), Telangana (12.99 lakh ha), Haryana (6.51 lakh ha) and Rajasthan (6.02 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	30.71	75.89	36.24	32.34	79.91	38.23
Gujarat	16.50	40.77	19.47	15.57	38.47	18.40
Telangana	13.73	33.93	16.20	12.99	32.10	15.35
Haryana	6.88	17.00	8.12	6.51	16.09	7.70
Rajasthan	5.79	14.31	6.83	6.02	14.88	7.12
Others	11.13	27.50	13.13	11.17	27.60	13.20
All India	84.74	209.40	100.00	84.60	209.05	100.00

Source: www.agricoop.nic.in

Domestic Trade information

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

State	Prices June, 2022	Prices May, 2022	Prices June, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	11167.61	11837.78		-5.66	—
Gujarat	11252.81	10870.03	6905.43	3.52	62.96
Haryana	11134.02	11242.82	7000	-0.97	59.06
Karnataka	10471.05	11123.68	6347.82	-5.87	64.96
Madhya Pradesh	10223.08	10005.5	5513.29	2.17	85.43
Maharashtra	10361.47	11422.26	5499.44	-9.29	88.41
Rajasthan	11905.42	12151.35		-2.02	—
Tamil Nadu	9188.01	12454.72	6775.48	-26.23	35.61
Telangana	10382.66	11118.95	5550	-6.62	87.07
Average	10676.24	11358.57	6216.93		

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

Cotton in Telangana

In Telangana state during 2022-23 area under cotton as on 6th July was 31,86,635 acres as against 33,94,194 acres during 2021-22. Among the districts, Adilabad stood first with 3,97,161 acres followed by Sangareddy (3,44,559 acres), Nagarkurnool (2,47,467 acres) Asifabad (2,44,563 acres) and Nalgonda (1,97,514 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
Adilabad	138231.93	341578	10.06	160725.60	397161	12.46
Sangareddy	135606.73	335091	9.87	139438.30	344559	10.81
Nagarkurnool	56913.46	140636	4.14	100146.50	247467	7.77
Asifabad	108261.27	267519	7.88	98971.29	244563	7.67
Nalgonda	156032.86	385565	11.36	79931.20	197514	6.20
Others	778537.46	1923805	56.68	710374.54	1755371	55.09
Telangana State	1373583.70	3394194	100.00	1289587.42	3186635	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 June, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	646	9,300	12,510	10,900
3	1,185	9,000	12,265	11,000
6	641	9,000	11,900	10,000
7	827	9,500	12,000	11,000
9	789	9,000	11,880	10,500
10	625	9,000	11,810	10,500
13	691.5	9,000	11,500	10,500
14	530	9,000	11,350	10,500
16	399	9,000	11,160	10,500
17	826	9,000	11,225	10,500
20	686	8,000	10,800	9,500
21	517	8,000	10,500	9,500
22	892	8,000	10,880	9,500
23	681	9,500	11,010	10,500
24	517	8,000	10,600	9,500
27	476	8,000	10,300	9,500
28	528	8,000	10,320	9,500

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

Cotton Outlook

The average cotton fiber (Shankar-6) price of premium quality was slightly corrected and is currently at Rs.99000/candy and is likely to remain range bound in the coming week amid tight supply.

According to the market sources, some districts of Punjab, Haryana and Rajasthan have reported Pink Bollworm infestation in cotton crop. White fly attack was also observed in areas where the crop was sown early and has reached the flowering stage.

Cotton Association of India has reduced its May estimate for the cotton crop for the 2021-22 season by 8.31 lakh bales to 315.32 lakh bales from its previous estimate of 323.63 lakh bales.

The total cotton supply between October 2021 and May 2022 remained at 367.22 lakh bales, which consists of the arrivals of 288.38 lakh bales, imports of 7 lakh bales during the month of May 2022 and Opening Stock is now estimated at 71.84 lakh bales at the beginning of the season on 1st October 2022.

Further, the CAI has estimated cotton consumption for the months of October to May 2022 at 225 lakh bales while export shipment of cotton during the months of October to May 2022 is estimated at 38 lakh bales. Stock at the end of May 2022 is estimated at 34.22 lakh bales.

Government of India in a notification has extended exemptions of all custom duty on raw cotton imports till 31st Oct 2022. Extension would benefit the textile industry to get yarn, fabric, garments on relatively lower rates.

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