

Cotton Outlook – June 2022

World Cotton Scenario

Global 2021-22 cotton area and production are projected as 32.1 million hectares (79.32 million acres) and 120.2 million bales of 217.72 Kg each. Cotton productions in major producing countries i.e., China and India are expected to decrease in 2021-22. China is projected to produce 27 million bales followed by India (25.5 million bales), United States (17.5 million bales), Brazil (13.2 million bales) and Pakistan (6 million bales).

According to the USDA, Global 2022-23 cotton area and production are projected as 32.9 million hectares (81.4 million acres) and 121.1 million bales of 217.72 Kg each compared to previous year 118.40 lakh bales which is 2.6 lakh bales (2.23%) above the 2021-22 estimates of cotton production led by China, India, and the United States. Two major cotton producing countries i.e., China and India are projected at 27.5 lakh bales each 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.

International Cotton Price Movement

Most benchmark prices increased over the past month. Chinese prices decreased. The July NY/ICE futures increased from 130 cents/lb to 145 cents/lb. The December NY/ICE futures contract, which reflects price expectations after the 2022-23 harvest, rose from 115 cents/lb one month ago to 128 cents/lb.

The A Index increased from 152 to 162 cents/lb. The China Cotton Index (CC 3128B) decreased. In international terms, it dropped from 162 to 151 cents/lb. In domestic terms, values fell from 22,700 to 22,300 RMB/ton. Over the past month, the RMB weakened against the dollar from 6.37 to 6.73 RMB/USD.

Indian spot prices (Shankar-6 quality) climbed from 153 to 164 cents/lb and from 91,500 to 99,000 INR/candy. Over the past month, the INR traded between 75 to 78 INR/USD. Pakistani spot prices rose from 137 to 147 cents/lb. In domestic terms, prices climbed from 20,700 to 23,000 PKR/maund. The PKR weakened against the dollar over the past month, from 181 to 190 PKR/USD.

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

	Latest Value (12 th May 2022)	Latest Month (April 2021)	Last 12 Months (May 2021-April 2022)
NY Nearby	145.50	140.50	107.70
A Index	162.20	155.30	118.30
CC Index	149.40	160.10	142.90
Indian Spot	165.10	155.80	111.20
Pakistani Spot	133.50	135.80	113.50

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 May, 2022 (Rs/Quintal)

State	Prices May, 2022	Prices April, 2022	Prices May, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	11847.36	9798.45		20.91	—
Gujarat	11010.31	10824.06	6373.49	1.72	72.75
Haryana	11341.97	10538.51		7.62	—
Karnataka	11441.27	10628.18	5136.6	7.65	122.74
Madhya Pradesh	9996.16	9769.03	5295.85	2.33	88.75
Maharashtra	11422.21	9470.18	5984.07	20.61	90.88
Punjab		6140.79		—	—
Rajasthan	12160.02	11134.46		9.21	—
Tamil Nadu	12610.58	12319.11	5598.71	2.37	125.24
Telangana	11146.84	9583.8		16.31	—
Average	11441.86	10020.66	5677.74		

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 May, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	924	9,000	11,000	10,000
5	704	9,000	12,010	10,500
6	1,506	9,000	12,070	11,000
9	1,151	9,000	11,910	11,000
10	918	9,000	12,200	11,000
12	739	9,000	12,510	11,000
13	1,059	9,000	13,000	11,000
16	1,069	9,000	13,000	11,000
17	1,392	9,000	14,000	12,000
19	1,144	9,000	12,600	11,000
20	623	9,000	12,200	10,900
23	768	9,000	12,430	11,000
24	697	9,000	12,460	11,000
26	601	9,000	12,610	11,000
27	514	10,000	13,350	12,000

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

Cotton Price Outlook

Cotton fiber (Shanker-6) prices have touched a record high at Rs. 1,00,100 to Rs. 1,00,200 per candy in the last two days. The lack of quality produce is pushing up the prices despite higher pressing of raw cotton.

Cotton Association of India (CAI) has reduced its April estimate of the cotton crop for the 2021-22 season by 11.50 lakh bales to 323.63 lakh bales from its previous estimate of 335.13 lakh bales. The Association has attributed the reduction in crop estimate to the drop in production in states including Gujarat, Maharashtra, Madhya Pradesh, Telangana, Tamil Nadu, and Karnataka.

The total cotton supply between October 2021 and April 2022 remained at 358.49 lakh bales, which consists of the arrivals of 277.49 lakh bales, imports of 6 lakh bales during the month of April 2022 and opening stock of 75 lakh bales equivalent to 79.69 lakh running bales at the beginning of the season on 1st October 2021.

Cotton sowing for the 2022-23 season is progressing well in Punjab, Haryana and some parts of Rajasthan. Telangana government is targeting to increase the area under cotton by 55–65 percent to about 28–30 lakh hectares as compared to last year's 18 lakh hectares. Overall, for all India there is expectation of 12-15% increase in sown area from last year which may contain the soaring domestic prices. Meanwhile, the MSP for cotton is announced as Rs.6380 per quintal for the year 2022-23, i.e., a Rs. 335 increase over last year.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade in price range between **Rs. 11500 – 12500** per quintal during June 2022.