

Cotton Outlook – March 2022**World Cotton Scenario**

Global 2021-22 cotton area and production are projected as 32.7 million hectares (80.80 million acres) and 120.20 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).

With Russian's invasion of Ukraine this week, cotton market was in control of bears. Demand destruction in yarn market is challenging the mills. The uncertain near future has held back the markets. Indian cotton Shanker-6 prices remained stable near Rs. 76,500 to 77,300 per candy. Cotton yarn prices were lower last week in South India as demand from both domestic and export markets dried up. Buyers were not keen on taking any risk in view of the looming uncertainty of geo-political developments after Russian attack on Ukraine and have adopted a wait-and-watch policy while they assess the situation on the trade front. In Mumbai market, yarn prices fell down by Rs. 5-12 per kg as demand weakened further.

International Cotton Price Movement

All benchmark prices increased over the past month. The nearby March NY/ICE futures contract increased from 115 to 127 cents/lb. Open interest has been migrating out of March and into the May contract. Current prices for May futures are near 124 cents/lb.

The A Index increased from 129 to 141 cents/lb. Current values is the highest since 2011. The China Cotton Index (CC 3128B) increased by a smaller margin. The CC Index rose from 160 to 163 cents/lb in international terms. In domestic terms, values climbed from 22,500 to 22,800 RMB/ton. The RMB was relatively steady against the dollar over the past month, near 6.37 RMB/USD.

Indian spot prices (Shankar-6 quality) rose from 126 to 133 cents/lb or 72,700 to 78,000 INR/candy. Over the past month, the INR was relatively steady against the dollar, near 75 INR/USD. Pakistani spot prices climbed from 127 to 140 cents/lb. In domestic terms, prices climbed from 18,300 to 20,200 PKR/maund. The PKR strengthened slightly from 176 to 174 PKR/USD over the past month.

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

	Latest Value (9 th Feb 2022)	Latest Month (Jan 2021)	Last 12 Months (Feb 2021-Jan 2022)
NY Nearby	126.40	119.30	96.50
A Index	141.00	132.30	104.90
CC Index	163.20	160.90	129.90
Indian Spot	132.90	127.00	95.40
Pakistani Spot	140.50	130.10	101.70

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 February, 2022 (Rs/Quintal)

State	Prices February, 2022	Prices January, 2022	Prices February, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	9147.09	8701.41		5.12	—
Gujarat	9251.31	8901.65	5641.25	3.93	63.99
Haryana	8948.8	8614.73		3.88	—
Karnataka	9639.57	9305.19	5819.98	3.59	65.63
Madhya Pradesh	9583.96	9166.53	5787.16	4.55	65.61
Maharashtra	9653.88	9530.58	5791.6	1.29	66.69
Odisha	9120.66	7931.97	5708.36	14.99	59.78
Punjab	8496.79	8686.78	5833.96	-2.19	45.64
Rajasthan	9920.22	9048.69	5986.81	9.63	65.7
Tamil Nadu	9995.2	9104.04	4793.17	9.79	108.53
Telangana	9399.2	8899.12	5642.47	5.62	66.58
Average	9377.88	8686.1	5667.2		

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 February, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	6,295	8,000	9,820	9,500
3	5,487	8,000	9,750	9,300
4	4,323	8,000	9,850	9,550
7	4,026	8,000	9,765	9,400
8	4,219	8,000	9,740	9,400
9	4,172	8,000	9,760	9,400
10	3,159	9,400	8,000	9,735
11	2,492	8,000	9,750	9,400
14	3,286	8,000	9,770	9,400
15	2,390	8,000	9,830	9,400
21	977	8,000	9,860	9,400
22	1,879	8,000	9,860	9,400
23	2,610	8,000	9,850	9,400
24	3,053	8,000	9,750	9,400
25	3,620	8,000	9,700	9,500
28	3,549	8,000	9,710	9,400

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

Cotton Outlook

According to USDA's February report, the world ending stock is expected to fall further to 84.31 million bales (480 pounds each), the lowest level in 3 years from their January's forecast of 85.01 million bales and 2020-21's ending stock of 88.41 million bales.

Cotton Association of India has reduced its January estimate of the cotton crop for the 2021-22 season by 5 lakh bales to 343.13 lakh bales from its previous estimate of 348.13 lakh bales.

The total cotton supply between October 2021 to January 2022 remained at 272.20 lakh bales, which consists of the arrivals of 192.20 lakh bales, imports of 5 lakh bales during the month of January 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.

The CAI has estimated cotton consumption for the months of October to January 2022 at 114 lakh bales while, export shipment of cotton during the months of October to January 2022 is estimated at 25 lakh bales. Stock at the end of January 2022 is estimated at 113.20 lakh bales.

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