

Cotton Outlook – May 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 (26.5 million bales), United States (17.6 million bales), Brazil (13.2 million bales) and Pakistan (5.8 million bales).

The Indian government on 13th April 2022 has removed the Agriculture Infrastructure and Development Cess (5%) and Basic Custom Duty (5%) on the imports of cotton. The government has allowed duty free imports of cotton until 30th September 2022 as prices in the local market has increased because of lower production in 2021- 22 season. Further, duty free imports will help textile mills to import cotton from Australia, African countries and United States.

International Cotton Price Movement

Most benchmark prices decreased over the past month. The most actively traded May 2022 NY/ICE futures contract decreased from 124 to 118 cents/lb over the past month. Values for the December 2022 NY/ICE contract, which reflect price expectations after the next harvest (2022-23 crop year), decreased from 106 to 101 cents/lb.

The China Cotton Index (CC 3128B) was comparatively stable. In international terms, values held near 163 cents/lb. In domestic terms, values held near 22,800 RMB/ton. The RMB strengthened against the dollar, from 6.37 to 6.32 RMB/USD. The RMB is currently trading at its strongest rates against the USD since early 2018.

Indian spot prices (Shankar-6 quality) eased from 133 to 128 cents/lb or from 78,000 to 77,000 INR/candy. Over the past month, the INR weakened slightly against the dollar, from 75 to 77 INR/USD. Pakistani spot prices briefly moved higher but are currently trading near levels one month ago (137 cents/lb). In domestic terms, prices traded between 20,200 and 20,000 PKR/maund. The PKR weakened slightly from 174 to 178 PKR/USD.

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

	Latest Value (9 th Mar 2022)	Latest Month (Feb 2021)	Last 12 Months (Mar 2021-Feb 2022)
NY Nearby	117.50	124.20	99.60
A Index	134.60	138.40	108.70
CC Index	163.40	163.50	134.30
Indian Spot	128.90	132.40	99.90
Pakistani Spot	136.50	138.70	106.10

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, 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 April, 2022 (Rs/Quintal)

State	Prices April, 2022	Prices March, 2022	Prices April, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	9788.56	9182.75		6.6	—
Gujarat	10802.62	9432.33	6132.98	14.53	76.14
Haryana	10519.61	9511.07	6100	10.6	72.45
Karnataka	10641.36	9869	5511.45	7.83	93.08
Madhya Pradesh	9808.69	9221.07	5728.68	6.37	71.22
Maharashtra	9356.83	9737.66	5630.73	-3.91	66.17
Punjab	6140.79	8310.9	6351.24	-26.11	-3.31
Rajasthan	11142.27	10133.72	6485.62	9.95	71.8
Tamil Nadu	12316.91	10394.11	4668.78	18.5	163.81
Telangana	9583.66	8376.79		14.41	—
Average	10010.13	9353.38	5769.57		

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 April, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
4	1,001	9,000	12,110	11,000
6	1,258	9,000	11,940	10,500
7	923	9,000	12,050	11,000
8	1,480	9,000	11,710	10,500
11	1,043	9,000	11,830	10,500
12	1,109	9,000	11,750	10,500
13	1,210	9,000	11,870	10,500
18	1,137	9,000	12,130	11,000
19	1,558	9,000	12,010	10,500
20	1,620	9,000	11,900	10,500
21	1,004	9,000	11,600	10,500
22	712	9,000	11,610	10,500
25	1,145	9,000	11,500	10,500
26	1,163	9,000	11,010	10,000
28	1,142	9,000	11,100	10,500

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

Cotton Outlook

The average cotton fiber (Shankar-6) prices of premium quality were higher at Rs.93800/candy as compared to previous week price of Rs.91700/candy, and is likely to remain on a stronger note on the back of firm global outlook amid tight supply.

According to the Gujarat Trade Association, Gujarat Cotton production has decreased from 1.18 crore bales in 2017-18 to 90 lakh bales in 2020-21. In the 2021-22 cotton production is expected to fall to 80 lakh bales. The area under cotton cultivation has decreased from 26.42 lakh hectares in 2017-18 to 22.50 lakh hectares in 2021-22 season. However, the area under cotton cultivation is expected to increase by 2-3 percent in the coming 2022-23 season as cotton prices were stronger in the 2021-22 season.

Cotton sowing in Punjab has begun for the 2022-23 season. As per the market sources, till 19th April 2022, cotton was sown on around 2,500 hectares in Punjab as against. During 2021-22 season cotton was sown on over 3.03 lakh hectares in Punjab.

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