

VANAKALAM (KHARIF) 2022-23 PRE-SOWING PRICE FORECAST OF COTTON

Cotton Price per Quintal will be around Rs. 8100 - 8600 at the Time of Harvesting (November 2022 to February 2023)

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 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.

Global cotton trade in 2022-23 is forecast at nearly 47.6 million bales, 2 million bales above the previous season, but 1 million bales below 2020-21's record. Despite a lower world cotton mill use projection, China is projected to import the largest volume of cotton in 2022-23, at 10.5 million bales, as the country purchases raw cotton for textile and apparel manufacturing for finished product export. Bangladesh and Vietnam are each forecast to import more cotton in 2022-23, with Bangladesh importing 8.8 million bales during the upcoming season and Vietnam—a leading yarn supplier to China—importing 7.5 million bales of raw cotton.

Global cotton mill use is projected to remain near the level of the previous 2 years after the rebound from the disruptions that affected the global cotton supply chain. For 2022-23, it is projected at 122 million bales, 0.8 percent below 2021-22. In 2022-23, cotton use is led by China, India, Pakistan, and Bangladesh. Global 2022-23 cotton prices are also projected to continue to average near last season's elevated levels.

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 due to the drop in production in states including Gujarat, Maharashtra, Madhya Pradesh, Telangana, Tamil Nadu, and Karnataka.

The total cotton supply between October 2021 to 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. Further, the CAI has estimated cotton consumption for the months of October to April 2022 at 200 lakh bales, while export shipment of cotton during the months of October to April 2022 is estimated at 36 lakh bales. Stock at the end of March 2022 is estimated at 122.49 lakh bales.

Despite the removal of import duty on cotton till the new season, the cotton prices had slightly fluctuated during the last month, however remained on the higher note. 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.

Due to higher domestic prices of cotton, farmers are more inclined to take up cotton cultivation in upcoming Kharif 2022-23 season and if pre-monsoon showers remain good, (predicting 99% normal monsoon as suggested by Indian Metrological Department) then it is very likely that sowing may start early in coming Kharif.

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.

In India, area under cotton during 2021-22 was 119.66 lakh ha as against 126.97 lakh ha in 2020-21. 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) are the major cotton growing states.

In Telangana state during 2021-22 area under cotton 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). According to the 2nd advance estimates, Telangana cotton production estimate was 38.44 lakh bales of 170 kg each for 2021-22 as against 57.99 lakh bales in 2020-21.

The Agricultural Market Intelligence Centre established under a research project for development of price forecasting mechanism in the Department of Agricultural Economics, College of Agriculture, Professor Jayashankar Telangana State Agricultural University, Rajendranagar, Hyderabad with the financial support of Agricultural Marketing Department, Telangana State has assessed pre-sowing price forecast of cotton for the year 2022-23. Under expected normal rainfall and an increase in crop area, it is predicted that the cotton price per quintal will be around **Rs. 8100 - 8600** at the time of harvesting (November 2022 to February 2023). This price forecast is based on the monthly modal price of cotton obtained for 20 years from Warangal regulated market using econometric models like ARIMA, SARIMA, ARIMAX, ARCH and GARCH and also the market survey. Adilabad, Warangal, Bainsa, Khammam, Jammikunta and Peddapalli are the major cotton markets in Telangana.

Note: There may be any possible deviation of the actual prices from the predicted prices in light of tentative developments in the commodity markets such as change in international prices, export or import restrictions, etc. And these price forecasts are based on past market price data & different econometric models and that actual market price may not turn out to be the same as forecasted.