

## **VANAKALAM (KHARIF) 2022-23 PRE-HARVEST PRICE FORECAST OF COTTON**

### **Cotton Price per Quintal will be around Rs. 9500 - 10000 at the Time of Harvesting (November 2022 to February 2023)**

Global 2022-23 cotton area and production are projected as 32.7 million hectares (80.80 million acres) and 118.40 million bales of 217.72 Kg each compared to previous year 115.70 lakh bales which is 2.7 lakh bales (2.33%) above the 2021-22 estimates of cotton production led by China, India, Brazil and Australia. China is projected at 28 lakh bales in 2022-23 followed by India (27.50 million bales), United States (13.80 million bales), Brazil (13 million bales) and Australia (6 million bales).

According to USDA, Cotton and product update report, Cotton consumption has slightly decreased to 118.60 million bales of 217.72 Kg each with lower projected use in Pakistan and Vietnam. Global trade is unchanged as higher U.S. exports more than offset lower Brazil shipments.

The overall Global cotton production is expected to decline in the 2022-23 season to 24.71 MMT as compared to 25.44 MMT in the 2021-22 season. Along with the expectation of a decrease in global consumption from 26.14 to 25.30 MMT in the 2022-23 season. However, import and export estimates are also lower for the 2022-23 season. Due to the expectation of lower production because of drought, floods and heavy rainfall in cotton-growing countries of U.S., China, India and Pakistan. Consequently, the stock to use ratio is likely to remain lower than last year.

According to the first advance estimates, Ministry of Agriculture and Farmer's Welfare, India's cotton production for 2022-23 is estimated at 340.90 lakh bales of 170 kg each higher by 8.46 percent from last year 312.03 lakh bales of 170 kg each. Cotton procurement may be required during the peak season if the prices drop below the MSP. MSP for cotton has been increased by Rs. 355 to Rs. 6380 per quintal for marketing season 2022-23 from Rs.6025 per quintal in 2021-22. New cotton arrivals started all over India. Currently, cotton prices are ruling above MSP i.e., Rs. 6380 per quintal. Modal prices of raw cotton are ranging between Rs. 7500 to Rs. 9000 per quintal across the various markets depending upon the quality and moisture content.

Cotton Association of India (CAI) had estimated cotton production estimate at 344 lakh bales of 170kg each cotton in the 2022-23 37 lakh bales higher as compared to previous 307 lakh bales of 170 kg each in the 2021-22. The production estimates of Gujarat, Maharashtra and Telangana are 91 lakh bales (76.3 lakh bales in 2021-22), 84.5 lakh bales (75 lakh bales in 2021-22) and 45 lakh bales (15 lakh bales in 2021-22) respectively.

According to the Cotton Association of India (CAI) 2022-23 cotton balance sheet estimate, are opening stock, production, imports, domestic consumption, exports and closing stock 31.89, 344.00, 12, 320, 35, 32.89 lakh bales of 170 kg each as compared to 71.84, 307.05, 14, 318, 43 and 31.89 lakh bales of 170 kg each in 2021-22 respectively.

The total cotton supply between October 2021 to September 2022 remained at 392.89 lakh bales, which is lower by 9.27 lakh bales compared to 402.16 lakh bales estimated previously, imports are estimated at 14 lakh bales that is lower by 1 lakh bales as estimated earlier. Further, the CAI has estimated cotton consumption at 318 lakh bales while, export shipment of cotton during the months of October 2021 to September 2022 is estimated at 43 lakh bales. Stock at the end of September 2022 is estimated at 31.89 lakh bales.

According to the Cotton Association of India, Domestic fiber cotton prices have decreased below 70,000 per candy during October in anticipation of an increase in cotton production in the 2022-23 season and sluggish export demand. Currently, cotton fiber prices are around Rs. 65,000 to 68,000 per candy in the domestic market but are still higher compared to international prices.

Textile mills across India are waiting for the prices to stabilize to revive production. Several textile mills that use cotton as raw material are operating at less than 50% capacity at present because cotton prices had gone up to Rs.1 lakh a candy during the previous 2021-22 season and now have come down to Rs. 70,000 per candy in the 2022-23 season. Cotton Shanker-6 prices are likely to range between Rs. 68,000- Rs. 72,500 per candy.

Both yield and quality of cotton crop are going to be affected by rainfall in leading cotton producing states including Gujarat, Maharashtra, Telangana, Rajasthan, Punjab and Andhra Pradesh. Cotton harvested in the first picking is likely to be of poor quality with high moisture content.

In India during 2022-23 area under cotton was 127.39 lakh ha as against 118.56 lakh ha in 2021-22 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 42.29 lakh ha followed by Gujarat (25.49 lakh ha), Telangana (20.23 lakh ha), Karnataka (8.21 lakh ha) and Rajasthan (6.83 lakh ha).

In Telangana state during 2022-23 area under cotton was 50,00,724 acres as against 46,68,057 acres during 2021-22. Among the districts, Nalgonda stood first with 6,47,005 acres followed by Adilabad (4,05,161 acres), Sangareddy (3,71,104 acres), Nagarkurnool (3,52,429 acres) and Asifabad (3,20,123 acres).

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-harvest price forecast of cotton for the year 2022-23. Under prevailing crop and weather conditions, it is predicted that the cotton price per quintal will be around **Rs. 9500 - 10000** 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.***