Cotton Outlook – October 2022

World Cotton Scenario

According to the USDA, Global 2022-23 cotton area and production are projected as 32.7 million hectares (80.80 million acres) and 118.4 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). 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.

Cotton Corporation of India has estimated cotton production to increase by 15% at 370 lakh bales in the 2022-23 season. With the increase in area, yields are also expected to increase due to good weather conditions. If the weather remains conducive in coming months, the production can increase to 370-375 lakh bales, if not, then the production can fall to 325-330 lakh bales.

International Cotton Price Movement

Movement in benchmark prices was mixed over the past month. After rising most of the month, the A Index also fell near the end of August, dropping from 134 to 122 cents/lb. The China Cotton Index (CC 3128B) has been the lowest of all cotton benchmarks since the middle of August. Prices moved slightly lower recently, with current values touching the lowest levels since January 2021 (103 cents/lb, when they were 26 cents/lb higher than the NY/ICE Nearby). The CC Index traded between 15,650 and 16,000 RMB/ton in domestic terms over the past month.

Indian spot prices (Shankar-6 quality) have been the highest benchmark since late June (after surpassing the A Index, which includes shipment to East Asian ports). Over the past month, values eased slightly, from 158 to 143 cents/lb or from 96,000 to 89,000 INR/candy. The INR was steady against the USD, around 80 INR/USD.

With the outbreak of flooding, Pakistani spot prices increased from 102 to as much as 127 cents/lb by the end of August. More recently, prices retreated to 117 cents/lb. In domestic terms, prices increased from 18,000 to 22,000 PKR/maund. The PKR weakened against the USD, from 215 to 230 PKR/USD over the past month.

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

	Latest Value (12th Sep 2022)	Latest Month (Aug 2022)	Last 12 Months (Sep 2021-Aug 2022)
NY Nearby	**110.20**	**109.10**	**120.30**
A Index	**123.40**	**123.70**	**135.70**
CC Index	**103.40**	**103.80**	**143.70**
Indian Spot	**142.70**	**145.60**	**135.90**
Pakistani Spot	**118.80**	**117.80**	**120.90**

Source: www.cottoninc.com

Indian Cotton Scenario

As on 30th September 2022, area under cotton during 2022-23 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).

Table2: State wise area under cotton in India

State	2021-22			2022-23		
	Area (lakh ha)	Area (lakh acres)	% to total area	Area (lakh ha)	Area (lakh acres)	% to total area
Maharashtra	39.57	97.78	33.38	42.29	104.50	33.20
Gujarat	22.54	55.70	19.01	25.49	62.99	20.01
Telangana	20.62	50.95	17.39	20.23	49.99	15.88
Karnataka	6.44	15.91	5.43	8.21	20.29	6.44
Rajasthan	6.29	15.54	5.31	6.83	16.88	5.36
Others	23.10	57.08	19.48	24.34	60.15	19.11
All India	118.56	292.97	100.00	127.39	314.79	100.00

Source: www.agricoop.nic.in

Domestic Trade information

Table 3: State wise Wholesale Prices Monthly Analysis for Cotton September, 2022 (Rs/Qtl)

State	Prices September, 2022	Prices August, 2022	Prices September, 2021	% Change (Over Previous Month)	% Change (Over Previous Year)
Andhra Pradesh	8962.99	10246.4		-12.53	__
Gujarat	8831.9	10516.79	5715.31	-16.02	54.53
Haryana	8981.48	9480		-5.26	__
Karnataka	8688.99	10263.63	10186.14	-15.34	-14.7
Madhya Pradesh	7382.4	9681.71	4706.19	-23.75	56.87
Maharashtra		8630	5146.21	__	__
Punjab	8952.55		6588.68	__	35.88
Rajasthan	8922.58	9214.15	6999.95	-3.16	27.47
Tamil Nadu	8846.79	11172.49	6987.95	-20.82	26.6
Telangana	7891.97	9213.77		-14.35	__
Uttar Pradesh	9356.73	9889.47		-5.39	__
Average	8681.84	9830.84	6618.63		

Source: https://agmarknet.gov.in

Cotton in Telangana

In Telangana state during 2022-23 area under cotton as on 28th September 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).

Table 4: District wise area under cotton in Telangana

District	2021-22			2022-23		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	264570.53	653767	14.01	261834.04	647005	12.94
Adilabad	156685.62	387178	8.29	163963.09	405161	8.10
Sangareddy	146158.92	361166	7.74	150180.69	371104	7.42
Nagarkurnool	142689.54	352593	7.55	142623.18	352429	7.05
Asifabad	126409.42	312364	6.69	129549.38	320123	6.40
Others	1052584.53	2600989	55.72	1175573.95	2904902	58.09
Telangana State	1889098.56	4668057	100.00	2023724.33	5000724	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 September, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	411.5	8,500	10,710	9,500
2	399.5	8,500	10,400	9,400
5	293	8,200	9,600	8,800
6	82	8,200	9,500	8,800
7	139	7,500	9,270	8,300
8	120.5	7,700	9,460	8,500
12	38	8,000	9,810	8,500
13	166	7,900	9,905	8,900
14	216	8,200	9,910	9,100
15	115	8,000	9,200	8,500
16	71	8,000	9,400	9,100
19	138	7,700	9,500	8,600
20	112	7,911	9,350	8,600
21	142	8,000	9,410	8,500
22	325	7,511	9,000	8,300
23	164	6,800	8,920	8,100
26	34	7,551	8,600	8,450
27	80	7,211	8,410	8,000
28	143	7,200	8,410	7,800
29	184.5	7,100	8,271	7,700

Source: http://tsmarketing.in/

Cotton Outlook

According to USDA, Cotton and product update report, global cotton production is estimated higher at 118.40 million bales, and stocks are projected higher this month. Whereas, consumption was slightly decreased to 118.60 million bales with lower projected use in Pakistan and Vietnam. Global trade is unchanged as higher U.S. exports more than offset lower Brazil shipments.

Raw cotton and fiber shanker-6 prices have declined from Rs. 98,000 to Rs. 85,000 a candy during the week. Indian cotton prices are still higher by around 15% to 20% compared to international prices. At present, the overall quality of cotton is good in the market.

Cotton arrivals have been delayed in Gujarat due to heavy rains. Price for raw cotton has also fallen in the local market to Rs.5,000-Rs.7,000 per candy during the week under review. Cotton is trading at Rs.75,000-Rs.83,000 per candy in Gujarat spot market.

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 season and now have come down to Rs. 70,000 per candy.

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