

**Cotton Outlook – September 2022****World Cotton Scenario**

According to the USDA, Global 2022-23 cotton area and production are projected as 32.8 million hectares (81.05 million acres) and 117 million bales of 217.72 Kg each compared to previous year 116 lakh bales which is 1 lakh bales (0.86%) above the 2021-22 estimates of cotton production led by China, India, Brazil and Pakistan. Two major cotton producing countries i.e., China and India are projected at 27.50 lakh bales each in 2022-23 followed by United States (13 million bales), Brazil (12.6 million bales) and Pakistan (6.20 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.

China is also likely to have a lower production in the 2022-23 season as the crop is getting affected due to severe heat waves. Also, one of the largest cotton exporters Brazil is battling with extreme heat and drought that have already reduced the yields by nearly 30 percent in the 2022-23 season.

**International Cotton Price Movement**

Most benchmark prices rose over the past month. After posting a series of solid increases recently, the most actively traded NY/ICE December futures contract rose the limit following the release of the latest USDA supply and demand report (+4.0 cents/lb to 109 cents/lb on August 12<sup>th</sup>). The string of recent gains represents a sharp reversal relative to the collapse in June and July, when values fell from 120 cents/lb to as low as 84 cents/lb (July 14<sup>th</sup>).

After dropping to 102 cents/lb on July 15<sup>th</sup>, values for the 2022/23 version of the A Index moved steadily higher and reached 123 cents/lb on August 12<sup>th</sup>. The China Cotton Index (CC 3128B) has been flat in recent weeks, near 106 cents/lb (15,650 RMB/ton). The RMB was also relatively stable against the dollar for most of the past month (near 6.75 RMB/USD).

Indian spot prices (Shankar-6 quality) increased from 139 to 153 cents/lb in early July and the present. In domestic terms, values rose from levels near 85,000 to 95,500 INR/candy. The INR was steady near the USD, around 80 INR/USD. Pakistani spot prices increased from levels as low as 85 cents/lb near the middle of July. Since then, prices ebbed and flowed, with the latest reading back over 100 cents/lb.

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

	Latest Value (12 <sup>th</sup> Aug 2022)	Latest Month (July 2022)	Last 12 Months (Aug 2021-July 2022)
<b>NY Nearby</b>	<b>114.40</b>	<b>99.90</b>	<b>117.60</b>
<b>A Index</b>	<b>122.80</b>	<b>135.40</b>	<b>132.50</b>
<b>CC Index</b>	<b>105.50</b>	<b>113.30</b>	<b>147.70</b>
<b>Indian Spot</b>	<b>152.90</b>	<b>141.80</b>	<b>128.10</b>
<b>Pakistani Spot</b>	<b>101.60</b>	<b>93.70</b>	<b>118.70</b>

Source: [www.cottoninc.com](http://www.cottoninc.com)

**Indian Cotton Scenario**

As on 2<sup>nd</sup> September 2022, area under cotton during 2022-23 was 125.69 lakh ha as against 117.68 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 (25.45 lakh ha), Telangana (19.72 lakh ha), Karnataka (8.13 lakh ha) and Rajasthan (6.53 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
<b>Maharashtra</b>	39.37	97.29	33.46	42.29	104.50	33.65
<b>Gujarat</b>	22.51	55.62	19.13	25.45	62.89	20.25
<b>Telangana</b>	20.45	50.53	17.38	19.72	48.73	15.69
<b>Karnataka</b>	6.28	15.52	5.34	8.13	20.09	6.47
<b>Rajasthan</b>	6.29	15.54	5.35	6.53	16.14	5.20
<b>Others</b>	22.78	56.29	19.36	23.57	58.24	18.75
<b>All India</b>	117.68	290.79	100.00	125.69	310.59	100.00

Source: [www.agricoop.nic.in](http://www.agricoop.nic.in)

**Domestic Trade information**

**Table 3: State wise Wholesale Prices Monthly Analysis for Cotton August, 2022 (Rs/Quintal)**

	Prices August, 2022	Prices July, 2022	Prices August, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
<b>Andhra Pradesh</b>	10413.43	9416.35		10.59	—
<b>Gujarat</b>	10359.65	9946.27	7783.21	4.16	33.1
<b>Karnataka</b>	10374.25	8244.73	9318.79	25.83	11.33
<b>Madhya Pradesh</b>	9500	11000	7125	-13.64	33.33
<b>Maharashtra</b>	8630	8997.55	221.42	-4.09	3797.57
<b>Rajasthan</b>	9760.8		6692.2	—	45.85
<b>Tamil Nadu</b>	11200.88	9185.7	7434.61	21.94	50.66
<b>Telangana</b>	9125.9	7722.64		18.17	—
<b>Uttar Pradesh</b>	9898.42			—	—
<b>Average</b>	9918.15	8914.16	6428.03		

Source: <https://agmarknet.gov.in>

**Cotton in Telangana**

In Telangana state during 2022-23 area under cotton as on 7<sup>th</sup> September was 49,58,462 acres as against 50,77,264 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 (3,51,033 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	283695.19	701025	13.81	261834.04	647005	13.05
Adilabad	166559.96	411578	8.11	163963.09	405161	8.17
Sangareddy	159102.41	393150	7.74	150180.69	371104	7.48
Nagarkurnool	142479.51	352074	6.93	142058.23	351033	7.08
Asifabad	131040.65	323808	6.38	129549.38	320123	6.46
Others	1171821.29	2895629	57.03	1159036.04	2864036	57.76
Telangana State	2054699.01	5077264	100.00	2006621.48	4958462	100.00

Source: [www.agri.telangana.gov.in](http://www.agri.telangana.gov.in)

**Cotton Prices in Telangana**

**Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of August, 2022**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	125	8,500	10,330	9,300
2	132	9,500	11,105	10,500
3	119	9,000	10,925	10,000
4	417	9,500	11,155	10,000
8	141.5	9,500	11,320	10,500
10	199	9,800	11,700	10,800
11	144	9,800	11,750	10,900
16	121	9,800	12,730	11,500
17	610	9,700	12,020	11,000
18	535	9,800	12,010	11,000
22	654.5	9,600	11,610	10,500
23	1,041	9,500	11,350	10,500
24	757.5	9,500	11,510	10,500
25	645.5	9,500	11,335	10,500
26	402.5	9,500	11,500	10,500
29	546	9,500	11,485	10,500

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

Cotton Outlook

USDA cotton projections for 2022-23 (August–July) indicate that global cotton mill use is projected to exceed production for the third consecutive year. As a result, 2022-23 ending stocks and the global stocks-to-use ratio are slightly lower than in 2021-22.

Cotton crop is likely to get affected in the 2022-23 season due to adverse weather in the major cotton-producing countries. As the U.S. cotton crop is being affected due to drought.

New Cotton arrivals has started coming into the market from northern and some parts of central India. The average cotton fiber (Shankar-6) prices of premium quality have slightly higher and is currently at Rs.97700/candy and is likely to remain range bound in the coming week amid tight supply.

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