

Cotton Outlook – August 2023

World Cotton Scenario

According to the USDA, Global 2023-24 cotton area and production are projected as 32.4 million hectares (80.06 million acres) and 116.8 million bales of 217.72 Kg each compared to previous year 118 lakh bales which is 1.2 lakh bales (-1.02%) below the 2022-23 estimates of cotton production led by USA and Pakistan. China is projected at 27 lakh bales in 2023-24 followed by India (25.50 million bales), United States (16.50 million bales), Brazil (13.30 million bales) and Pakistan (6.50 million bales). During 2023-24, cotton area in China and India are projected at 2.95 million hectares (7.28 million acres) and 12.40 million hectares (30.64 million acres) respectively. According to the 3rd advance estimates, Telangana cotton production estimate was 58.54 lakh bales for 2022-23 as against 48.08 lakh bales in 2021-22.

International Cotton Price Movement

Cotton benchmarks were flat or lower over the past month. Over the past month, the NY/ICE December contract continued to trade sideways within the range between 77 and 85 cents/lb that has contained values since late November 2022. There was a test of the lower end of that range (closing prices dropped to 77.9 cents/lb on June 26th, which was the lowest level since December 2022), but values rebounded to trade near 82 cents/lb more recently.

The A Index followed the same pattern as NY/ICE futures. Values varied between 88 and 93 cents/lb. Current prices are 92 cents/lb. After edging higher in recent months, Chinese prices (China Cotton Index or CC 3128B) were flat over the past month, trading near 110 cents/lb. In domestic terms, prices hovered around 17,400 RMB/ton. The RMB weakened slightly against the dollar, from 7.13 to 7.20 RMB/USD.

Indian spot prices (Shankar-6 quality) shifted slightly lower in recent trading, easing from levels near 89 in much of June to values near 86 cents/lb more recently. Domestic prices decreased from 58,000 to 55,500 INR/candy. The INR was steady against the dollar, holding near 82 INR/USD.

Pakistani prices fell from 85 to 74 cents/lb over the past month. In domestic terms, prices dropped from 20,500 to 17,000 PKR/maund. The Pakistani rupee strengthened from 285 to 279 PKR/USD.

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

	Latest Value (12 th July 2023)	Latest Month (June 2023)	Last 12 Months (Junly 2022-June 2023)
NY Nearby	82.50	82.10	86.60
A Index	92.10	91.70	101.00
CC Index	110.00	109.30	102.90
Indian Spot	86.10	86.70	103.80
Pakistani Spot	74.60	73.20	92.20

Source: www.cottoninc.com

Indian Cotton Scenario

As on 4th August 2023, area under cotton during 2023-24 was 119.21 lakh ha as against 120.94 lakh ha in 2022-23 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 41.32 lakh ha followed by Gujarat (26.65 lakh ha), Telangana (17.56 lakh ha), Rajasthan (7.88 lakh ha) and Haryana (6.65 lakh ha).

Table2: State wise area under cotton in India

State	2022-23			2023-24		
	Area (lakh ha)	Area (lakh acres)	% to total area	Area (lakh ha)	Area (lakh acres)	% to total area
Maharashtra	41.65	102.92	34.44	41.32	102.10	34.66
Gujarat	25.04	61.88	20.70	26.65	65.85	22.36
Telangana	18.26	45.12	15.10	17.56	43.39	14.73
Rajasthan	6.47	15.99	5.35	7.88	19.47	6.61
Haryana	6.51	16.09	5.38	6.65	16.43	5.58
Others	23.01	56.86	19.03	19.15	47.32	16.06
All India	120.94	298.85	100.00	119.21	294.57	100.00

Source: www.agricoop.nic.in

Domestic Trade information

Table 3: State wise Wholesale Prices Monthly Analysis for Cotton July, 2023 (Rs/Qtl)

State	Prices July, 2023	Prices June, 2023	Prices July, 2022	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	6915	6980	9416	-0.93	-26.56
Gujarat	7015	7175	9946	-2.23	-29.47
Haryana	6660	6866		-3	—
Karnataka	6903	7104	8248	-2.83	-16.31
Madhya Pradesh	6616	7041	11000	-6.04	-39.85
Maharashtra	6977	7125	8998	-2.08	-22.46
Pondicherry	5488	5350	6800	2.58	-19.29
Rajasthan	7245	7312		-0.92	—
Tamil Nadu	6276	6129	9186	2.4	-31.68
Telangana	6422	6696	7723	-4.09	-16.85
Average	6651.7	6777.18	8914.62		

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

Cotton in Telangana

In Telangana state during 2023-24 area under cotton as on 2nd August was 43,38,200 acres as against 45,11,488 acres during 2022-23. Among the districts, Nalgonda stood first with 5,86,453 acres followed by Adilabad (3,85,396 acres), Asifabad (3,35,945 acres), Sangareddy (2,41,748 acres) and Narayanpet (3,29,971 acres).

Table 4: District wise area under cotton in Telangana

District	2022-23			2023-24		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	252849.60	624804	13.85	237329.48	586453	13.52
Adilabad	160725.60	397161	8.80	155964.47	385396	8.88
K.B. (Asifabad)	148042.73	365821	8.11	135952.33	335945	7.74
Sangareddy	129605.23	320261	7.10	97832.10	241748	5.57
Narayanpet	109762.65	271229	6.01	133534.73	329971	7.61
Others	1024751.42	2532212	56.13	994996.86	2458687	56.68
Telangana State	1825737.24	4511488	100.00	1755609.96	4338200	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 July, 2023

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
3	638	4,800	6,805	5,800
4	218	4,500	6,860	5,700
5	148	5,500	6,750	6,000
6	125	4,200	6,700	5,300
7	354	4,000	6,700	5,500
10	581	5,500	6,700	6,000
11	209	5,000	6,650	5,500
12	153	4,200	6,700	5,800
13	261	4,500	6,710	5,700
14	687	4,500	6,750	5,700
18	473	4,500	6,750	5,500
19	212	4,000	6,710	5,800
20	154	5,000	6,750	6,600
21	72	5,000	6,800	6,400
24	738	4,500	7,100	6,800
25	254	6,900	7,000	6,950
27	32	6,800	6,800	6,800
31	1,637	4,800	6,940	5,800

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

Cotton Outlook

The United States Department of Agriculture (USDA) anticipates that during the current 2022-23 season, India's cotton exports declined to the lowest level in 19 years as farmers have switched to more lucrative crops like oilseeds and pulses. Along with that, the value of cotton exports fell by about 75% in FY23, from \$2.65 billion to \$678.75 million.

In comparison to the highest exports of 1.38 million tonnes in FY22, Indian cotton yarn exports fell to a decade low of 664,000 tonnes in FY23. Due to significant increase in demand after the COVID-19 epidemic, cotton yarn makers have experienced record profits.

Due to rainfall and poor demand, most of the ginning mills have closed their operation for the 2022-23 season. However, around 50% of the ginning mills are still operating in Gujarat and Maharashtra but at less than half of their capacity.

During the past week, cottonseed and oilcake prices remained stable to weak in most of the regions. With the closure of oil mills, the demand for cottonseed oil was also limited.

The heavy rainfall and floods have affected the cotton crop in major cotton growing states. Cotton fields got washed away due to floods.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade at price range between **Rs.6600 – 7000** per quintal during August 2023.