Cotton Outlook – February 2023

World Cotton Scenario

According to the USDA, Global 2022-23 cotton area and production are projected as 32.5 million hectares (80.300 million acres) and 118.1 million bales of 217.72 Kg each compared to previous year 115.70 lakh bales which is 2.4 lakh bales (2.03%) 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 (14 million bales), Brazil (13 million bales) and Australia (5.50 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.

World cotton production is forecasted at 330,000 bales lower than it was in December as lower production in India more than offsets gains in the United States and Brazil. Projected world consumption is 850,000 bales lower this month, at 110.9 million bales. India's 2022-23 consumption is estimated 500,000 bales lower, with smaller declines for Indonesia and Vietnam. Projected world trade is down by 600,000 bales, to 41.7 million, as projected exports from the United States, India, and Argentina decline. Imports by China, Indonesia, and Vietnam are also projected lower.

International Cotton Price Movement

Movement in cotton benchmarks was mixed over the past month. Despite relatively wide intraday changes, movement in the March NY/ICE contract, values were constrained within the range between 79 and 89 cents/lb that has held them since early November. Prices for the December NY/ICE 2023 contract, reflecting market expectations for the 2023/24 crop year, have followed a gentle upward trend defined by a series of higher lows.

Chinese prices represented by the China Cotton Index (CC 3128B) increased slightly in early January, from 97 to 101 cents/lb. In terms of RMB/ton, values rose from 14,900 to 15,200. The RMB strengthened against the USD over the past month, from 6.98 to 6.78 RMB/USD.

Indian spot prices (Shankar-6 quality) decreased over the past month, easing from 103 to 97 cents/lb. In terms of INR/candy, values decreased from 67,000 and 62,000. The INR was steady near 82 INR/USD over the past month.

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

	Latest Value (12^{th} Jan 2022)	Latest Month (Dec 2022)	Last 12 Months (Jan 2022-Dec 2022)
NY Nearby	82.00	83.60	109.50
A Index	100.10	100.20	127.30
CC Index	102.30	100.30	123.90
Indian Spot	96.70	96.30	131.40
Pakistani Spot	106.50	97.40	113.10

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 January, 2023 (Rs/Qtl)

State	Prices January, 2023	Prices December, 2022	Prices January, 2022	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	8058.03	8230.7	8701.41	-2.1	-7.39
Gujarat	8366.5	8323.8	8901.65	0.51	-6.01
Haryana	8252.14	8280.1	8614.73	-0.34	-4.21
Karnataka	8226.22	8405.59	9305.19	-2.13	-11.6
Madhya Pradesh	7304.52	7561.92	9166.53	-3.4	-20.31
Maharashtra	8283.88	8296.48	9530.58	-0.15	-13.08
Odisha	7718.39	7559.79	7931.97	2.1	-2.69
Punjab	8857.23	8765.85	8686.78	1.04	1.96
Rajasthan	8721.71	8569	9048.69	1.78	-3.61
Tamil Nadu	6562.05	6138.81	9104.04	6.89	-27.92
Telangana	8072.11	8061.8	8899.12	0.13	-9.29
Uttar Pradesh			6342.47	___	___
Average	8038.43	8017.62	8686.1		

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 January, 2023

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
2	1,364	6,500	7,825	7,300
3	1,586	6,800	7,975	7,300
4	1,717	7,400	8,310	7,900
5	2,256	7,400	8,155	7,900
6	3,308	7,500	8,170	7,900
9	3,574	7,400	8,200	7,800
10	3,980	7,500	8,200	7,900
11	3,560	7,400	8,020	7,850
12	3,427	7,500	7,950	7,700
13	1,809	7,000	7,920	7,600
17	842	7,100	7,800	7,650
18	1,434	6,700	7,860	7,500
19	1,682	7,000	7,910	7,600
20	2,985	7,400	8,035	7,800
23	4,010	6,300	7,825	7,200
24	3,518	6,500	7,810	7,400
25	4,259	6,500	7,710	7,300
27	4,099	6,500	7,690	7,500
30	4,588	6,400	7,755	7,400
31	3,867	6,500	7,760	7,500

Source: http://tsmarketing.in/

Cotton Outlook

Cotton production in Pakistan has fallen to over 4.6 million bales during 2022 season against 7.3 million bales during the previous season. The heavy rainfall and floods have resulted in the short fall of production to about 37.23 percent.

The situation of Ginners improved in most of the region. Cotton yarn prices are stable although demand has improved during the last week. Trade is very slow due to the huge disparity to spinners and ginners. Export demand has improved comparatively.

Cotton Corporation of India has started purchasing cotton in Maharashtra, Telangana and Odisha. The CAI has reduced its cotton crop estimate to 330.50 lakh bales from the previous 339.75 lakh bales.

The cotton supply estimated by the CAI till end of the cotton season 2022-23 i.e., up to 30th September 2023 is 374.39 lakh bales. The total cotton supply consists of the opening stock of 31.89 lakh bales at the beginning of the cotton season on 1st October 2022, crop for the season estimated at 330.50 lakh bales and the imports for the season estimated by the CAI at the same level i.e., at 12 lakh bales.

The domestic consumption for the season is estimated at 300 lakh bales. The exports for the season have been estimated at 30.00 lakh bales i.e., at the same level as estimated previously. The exports estimate for the previous cotton season 2021-22 was 43 lakh bales. The carry-over stock which was earlier estimated at 53.64 lakh bales is now estimated at 44.39 lakh bales.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade at price range between **Rs. 7800 - 8200** per quintal during February 2023.