Cotton Outlook – January 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.

Cotton Association of India has reduced its cotton crop estimate by 4.25 lakh bales to 339.75 lakh bales for the 2022-23 season. Cotton imports were maintained at 12 lakh bales and exports at 30 lakh bales. Domestic consumption was estimated at 300 lakh bales. Overall, the ending stock for the 2022-23 season was estimated at 53.64 lakh bales. According to the 1st advance estimates, Telangana cotton production estimate was 53.28 lakh bales for 2022-23 as against 48.08 lakh tonnes in 2021-22.

International Cotton Price Movement

Most cotton benchmarks were relatively unchanged over the past month. Trading activity has shifted from the December NY/ICE contract to March. Prices for the March NY/ICE contract have been volatile, routinely changing two percent or more on a daily basis. However, values were range bound over the past month, moving higher and lower within a band between 80 and 87 cents/lb.

Chinese prices represented by the China Cotton Index (CC 3128B) were steady around 96 cents/lb. In terms of RMB/ton, values slipped from 15,400 to 14,900. The RMB strengthened against the USD over the past month, from 7.30 to 6.98.

Indian spot prices (Shankar-6 quality) moved higher and lower between early November and early December but ended the period at the same value that it began (103 cents/lb). In terms of INR/candy, values traded between 66,000 and 69,000. The INR was steady near 82 INR/USD over the past month. Pakistani prices moved a little lower, falling from 92 to 90 cents/lb over the past month. In domestic terms, prices traded between 16,700 and 16,500 PKR/maund.

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

	Latest Value (9th Dec 2022)	Latest Month (Nov 2022)	Last 12 Months (Dec 2021-Nov 2022)
NY Nearby	81.00	82.90	112.40
A Index	98.90	101.60	130.00
CC Index	97.40	96.70	128.90
Indian Spot	102.30	104.60	134.40
Pakistani Spot	89.30	89.60	115.80

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 December, 2022 (Rs/Qtl)

State	Prices December, 2022	Prices November, 2022	Prices December, 2021	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	8254.03	8485.23		-2.72	__
Gujarat	8341.3	8862.53	8077.82	-5.88	3.26
Haryana	8288.09	8464.13	8196.61	-2.08	1.12
Karnataka	8424.81	8804.28	8855.54	-4.31	-4.86
Madhya Pradesh	7662.88	8386.48	8037.73	-8.63	-4.66
Maharashtra	8331.61	8775.74	8252.55	-5.06	0.96
Odisha	7559.81	7776.77	7096.88	-2.79	6.52
Punjab	8792.76	8872.59	7816.09	-0.9	12.5
Rajasthan	8574.39	8787.95	8087.01	-2.43	6.03
Tamil Nadu	6138.18	7415.29	6123.84	-17.22	0.23
Telangana	8078.18	8439.97	7888.28	-4.29	2.41
Average	8040.55	8461	7716.78		

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 December, 2022

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	3,365	7,500	8,510	8,200
2	4,471	7,500	8,500	8,200
5	4,372	7,000	8,200	8,000
6	2,566	7,000	8,150	7,850
7	2,371	7,000	8,150	7,700
8	1,978	7,500	8,100	8,000
9	2,600	7,200	8,025	7,850
12	2,457	7,000	8,010	7,750
13	2,341	7,200	8,000	7,800
14	3,003	7,000	7,970	7,600
15	2,705	7,000	8,055	7,900
16	2,928	7,200	8,040	7,900
19	3,606	6,500	7,905	7,750
20	3,032	7,000	7,790	7,500
21	2,582	7,000	7,845	7,650
22	3,455	6,800	7,940	7,750
27	2,981	6,200	7,240	6,800
29	1,532	6,800	7,350	7,000
30	2,004	6,800	7,705	7,500

Source: http://tsmarketing.in/

Cotton Outlook

According to the Pakistan Cotton Ginners Association, cotton production in Pakistan is likely to fall by 40% in 2022 compared to the previous year from 7.16 million bales to 4.28 million bales due to heavy rains and floods which have largely affected the crop during the previous months. As per sources, Pakistan may import about 7 million bales to meet the industrial demand.

Global stocks are forecasted higher with consumption projected lower by more than 3.0 million bales. This is the seventh consecutive monthly decline for global consumption. Global trade is down roughly 1.0 million bales, led by a decline in China, and is now forecast lower compared with the previous year.

Ginning factories are facing issues of falling prices, lack of arrivals and disparity. Limited stock is available with the ginners. Spinning margin is found close to zero. Cotton yarn prices are stable. Trade is very slow due to the huge disparity between spinners and ginners. Export demand has improved during the last week.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade in price range between **Rs. 8500 – 9000** per quintal during January 2023.