Cotton Outlook – March 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 114.4 million bales of 217.72 Kg each compared to previous year 115.70 lakh bales which is 1.3 lakh bales (-1.12%) below the 2021-22 estimates of cotton production led by China, India and Brazil. China is projected at 28.50 lakh bales in 2022-23 followed by India (25.50 million bales), United States (14.70 million bales), Brazil (13.30 million bales) and Australia (5 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.

The Committee on Cotton Production and Consumption in its latest report has estimated cotton production at 337.23 lakh bales for the 2022-23 season comparatively higher from the previous season estimate of 311.17 lakh bales. Cotton imports and exports were estimated at 10 lakh bales and 35 lakh bales respectively. The closing stock is estimated at 46.48 lakh bales slightly higher from previous season of 45.25 lakh bales. According to the 2nd advance estimates, Telangana cotton production estimate was 54.42 lakh bales of 170 kg each for 2022-23 as against 48.08 lakh tonnes in 2021-22.

International Cotton Price Movement

Movement in cotton benchmarks was mixed over the past month. The March NY/ICE contract tested the upper limit of the range between 79 and 89 cents/lb that has held values since early November. After failing to break higher, prices retreated to levels near 85 cents/lb. Prices for the December NY/ICE contract, reflecting market expectations for the 2023/24 crop year, continued to follow a gentle upward trend in the first half of January.

The A Index was relatively stable over the past month, trading on both sides of 100 cents/lb. Chinese prices represented by the China Cotton Index (CC 3128B) increased from early January to early February (from 101 to 107 cents/lb). In terms of RMB/ton, values rose from 15,200 to 15,900. The RMB was steady against the USD over the past month, near 6.78 RMB/USD.

Indian spot prices (Shankar-6 quality) decreased slightly over the past month, from 97 to 94 cents/lb. In terms of INR/candy, values eased from 62,500 to 61,500. The INR was traded close to 82 INR/USD over the past month.

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

	Latest Value (8th Feb 2023)	Latest Month (Jan 2023)	Last 12 Months (Feb 2022-Jan 2023)
NY Nearby	85.40	85.30	106.30
A Index	101.00	100.70	124.20
CC Index	106.60	107.00	119.40
Indian Spot	95.10	95.70	128.50
Pakistani Spot	98.10	98.10	110.00

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).

Table 2: 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 February, 2023 (Rs/Qtl)

State	Prices February, 2023	Prices January, 2023	Prices February, 2022	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	7775.92	8047.01	9152.51	-3.37	-15.04
Gujarat	8054.44	8296.71	9245.21	-2.92	-12.88
Haryana	7862.49	8224.75	8962.06	-4.4	-12.27
Karnataka	7719.25	8071.76	9631.8	-4.37	-19.86
Madhya Pradesh	7636.39	7298.35	9598.85	4.63	-20.44
Maharashtra	7973.89	8172.92	9653.11	-2.44	-17.4
Odisha	7498.09	7668.95	9138.05	-2.23	-17.95
Punjab	8214.39	8722.96	8493.96	-5.83	-3.29
Rajasthan	8293.63	8637.44	9906.12	-3.98	-16.28
Tamil Nadu	7609.52	6928.76	9914.51	9.83	-23.25
Telangana	7462.25	7991.9	9373.18	-6.63	-20.39
Average	7827.3	8005.59	9369.94		

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 February, 2023

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	4,333	6,500	7,760	7,500
2	4,460	6,500	7,635	7,500
3	4,654	6,500	7,535	7,400
6	5,016	6,300	7,510	7,200
7	4,893	6,500	7,350	7,100
8	4,196	6,500	7,400	7,000
9	3,752	6,500	7,455	7,000
10	3,732	6,500	7,475	7,100
13	3,778	6,500	7,565	7,200
14	4,006	6,500	7,655	7,200
15	3,047	6,500	7,695	7,200
16	3,080	6,500	7,700	7,400
17	3,273	6,500	7,615	7,450
21	4,863	6,400	7,500	7,100
22	4,000	6,500	7,550	7,450
24	5,422	6,500	7,500	7,300
27	5,011	6,200	7,350	7,250

Source: http://tsmarketing.in/

Cotton Outlook

According to USDA WASDE February report, India's 2022-23 consumption is estimated 5 lakh bales lower, with smaller declines for Indonesia and Vietnam. Projected world trade is down by 6 lakh 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.

Most of the spinning mills are working at 80-100% of the capacity. Yarn demand has also improved both for the export and domestic market.

Cottonseed and oilcake remained bearish during the last week. However, prices are likely to go down with the pressure of arrivals. The situation of Ginners has not improved and they are still facing disparity.

The government on 22nd February 2023 has approved the Quality Control Order (QCO) for mandatory certification of cotton bales under specification no. IS12171:2019-Cotton Bales to augment the supply of good quality cotton to the textile Industry.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade at price range between **Rs.7500 – 8000** per quintal during March 2023.