

Cotton Outlook – May 2023**World Cotton Scenario**

According to the USDA, Global 2022-23 cotton area and production are projected as 32.5 million hectares (80.30 million acres) and 115.1 million bales of 217.72 Kg each compared to previous year 115.90 lakh bales which is 0.80 lakh bales (-0.69%) below the 2021-22 estimates of cotton production led by China and Brazil. China is projected at 29.50 lakh bales in 2022-23 followed by India (24.50 million bales), United States (14.70 million bales), Brazil (13.30 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. 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.

The Cotton Association of India in its latest estimate of the cotton crop for 2022-23 season has reduced its cotton production estimate by 10 lakh bales to 303 lakh bales from 313 lakh bales with reduction in Punjab, Maharashtra, Telangana, and Andhra Pradesh. Cotton imports increased to 15 lakh bales whereas exports reduced to 25 lakh bales from previous 30 lakh bales. Domestic consumption was estimated at 311 lakh bales. Overall, the ending stock for the 2022-23 season was estimated at 13.89 lakh bales. As per Cotton Association of India, Cotton arrivals between October 2022 to March 2023 were estimated at 190.63 lakh bales.

International Cotton Price Movement

Most cotton benchmarks moved lower and then higher over the past month. Participation is about evenly split between the May and July NY/ICE contracts. These futures prices with delivery dates in 2022/23 trended lower in much of March and reached levels several cents below the 80-cent mark.

Indian spot prices (Shankar-6 quality) followed a pattern similar to NY/ICE futures over the past month, declining in much of March before rising near the end of the month. In international terms, values fell from 96 to 92 cents/lb before recovering to 98 cents/lb in early April. In terms of INR/candy, values eased from 62,000 to 60,000 and rebounded to 63,400.

Pakistani prices also declined and then rebounded over the past month, but the recovery was more muted. Values dropped from 86 to 80 cents/lb between early and late March. More recent prices have been near 82 cents/lb.

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

	Latest Value (11 th April 2023)	Latest Month (March 2023)	Last 12 Months (Apr 2022-Mar 2023)
NY Nearby	82.80	82.30	97.60
A Index	96.20	95.80	115.30
CC Index	102.30	101.60	109.20
Indian Spot	97.70	97.00	120.20
Pakistani Spot	81.30	81.50	101.00

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. 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 April, 2023 (Rs/Qtl)

State	Prices April, 2023	Prices March, 2023	Prices April, 2022	% Change(Over Previous Month)	% Change(Over Previous Year)
Andhra Pradesh	7572	7416	9798	2.1	-22.72
Gujarat	7920	7675	10824	3.19	-26.83
Haryana	7811	7594	10539	2.86	-25.88
Karnataka	7481	7321	10649	2.19	-29.75
Madhya Pradesh	7663	7576	9769	1.15	-21.56
Maharashtra	7833	7699	9470	1.74	-17.29
Odisha		7433		—	—
Punjab	2439	7911	6141	-69.17	-60.28
Rajasthan	8038	7875	11231	2.07	-28.43
Tamil Nadu	6828	7422	12319	-8	-44.57
Telangana	7642	7284	9584	4.91	-20.26
Average	7122.7	7564.18	10032.4		

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 April, 2023

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
3	2,593	7,420	6,500	7,250
4	2,268	7,420	6,500	7,200
6	2,580	7,575	6,500	7,100
10	1,451	7,710	6,700	7,500
11	1,432	7,670	6,500	7,400
12	1,167	7,670	6,500	7,450
13	1,381	7,620	6,400	7,300
17	1,877	7,680	6,500	7,400
18	1,672	7,650	6,400	7,400
19	1,550	7,550	6,500	7,300
21	1,362	7,485	6,500	7,100
24	1,003	7,540	5,400	7,250
25	1,632	7,460	6,400	7,100
27	2,058	7,330	6,000	7,100
28	1,620	7,355	6,300	7,100

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

Cotton Outlook

According to USDA, WASDE April 2023 monthly report, World production is forecast higher by 8.29 lakh bales than in March as a 1-million-bale increase for China more than offsets a lower Brazilian crop.

World 2022-23 ending stocks are projected 8.67 lakh bales higher, with the largest increase in India, where projected stocks are 4.5 lakh higher on lower exports. The expected volume of world trade in 2022-23 is 7.45 lakh bales lower this month, with imports reduced for Bangladesh, China, and Turkey.

According to Cotton Association of India, Indian cotton prices are currently prevailing at Rs. 62,500-63,000 per candy. It is expected that the rates may stay steady until May month when cotton arrivals are expected to reduce and then prices may move upward. Cotton prices may touch Rs 70,000-75,000 per candy in June-July in coming months.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade at price range between **Rs.7000 – 7500** per quintal during May 2023.