

VANAKALAM (KHARIF) 2023-24 PRE-HARVEST PRICE FORECAST OF COTTON

Cotton Price per Quintal will be around Rs. 7150 - 7650 at the Time of Harvesting (November 2023 to February 2024)

According to the USDA, Global 2023-24 cotton area and production are projected as 31.8 million hectares (78.57 million acres) and 112.60 million bales of 217.72 Kg each compared to previous year 116.30 lakh bales which is 3.7 lakh bales (-3.35%) below the 2022-23 estimates. China is projected at 27 lakh bales in 2023-24 followed by India (25 million bales), Brazil (14.6 million bales), United States (12.80 million bales) and Pakistan (6.5 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.

World cotton production is estimated at 112.60 million bales slightly increased from previous month estimate, primarily due to larger crop in Brazil, up by 5.5% from the previous projection. Mill use is mostly unchanged at 115.8 million bales, Imports and Exports 43.2 million bales. Ultimately, world ending stock is expected to drop by 11% to 79.9 million bales in 2023-24 supporting the prices. Global cotton demand is likely to pick up slowly and gradually in the coming months. Presently, Indian spot market prices (Shankar-6 quality) are around 90 cents/lb (Rs. 59,000 /candy).

According to Directorate General of Commercial Intelligence and Statistics (DGCIS) 1.68 lakh tonnes raw cotton worth Rs. 2783.61 was exported to Bangladesh, China, Vietnam, Taiwan and Belgium from April to September, 2023-24, while 3.18 lakh tonnes raw cotton worth Rs. 6218.35 was exported to Bangladesh, Vietnam, Indonesia, China and UAE during 2022-23. Bangladesh being the major cotton importer, is expected to have improved cotton imports during coming months.

MSP for cotton has been increased by Rs. 640 to Rs. 7020 per quintal for marketing season 2023-24 from Rs.6380 per quintal in 2022-23. New cotton arrivals started all over India. Modal prices of raw cotton are ranging between Rs. 6600 to Rs. 7000 per quintal across the various markets depending upon the quality and moisture content. Cotton procurement may be required during the peak season if the prices drop below the MSP.

In India during 2023-24 area under cotton was 123.87 lakh ha as against 127.73 lakh ha in 2022-23 as compared to the previous year. Among the states, Maharashtra is leading in cotton acreage with 42.22 lakh ha followed by Gujarat (26.82 lakh ha), Telangana (18.22 lakh ha), Rajasthan (7.91 lakh ha) and Haryana (6.65 lakh ha).

The cotton crop in northern states of Punjab, Haryana and Rajasthan has been infested with pink boll worm and also because of the recent rainfall, it is expected that the crop yields may get affected by 10-15% in these states. Around 3-5% yield reduction was recorded in Gujarat due to excessive recent rains.

According to the final estimates of production of major crops released by the Government of India on 18th October 2023, the cotton production is estimated at 336.60 lakh bales in 2023-24. Total demand is estimated at 353 lakh bales up by around 1% this year as the global demand is expected to improve in a gradual manner towards the end of the year. Consequently, the stock to use is lower compared to previous year which will support the prices from a sharp fall.

Domestic prices were lower compared to the international prices by around 3.5% in September. However, both the international as well as the domestic prices were higher in September against the August month. The international cotton was traded higher at Rs. 17,896

per quintal in September month compared to past month of Rs. 17,432 per quintal. Improved demand and lower production expectation for the 2023-24 season has cushioned the prices.

Cotton Association of India has finalized the crop estimate for 2022-23 season at 318.9 lakh bales against its previous estimates of 311.18 lakh bales. The carry-over stock which was earlier estimated at 23.18 lakh bales is now estimated to be higher at 28.90 lakh bales and also higher from its previous year closing stock of 24 lakh bales.

The new crop season began with lower beginning stocks with a total supply expected around 366 lakh bales. Overall, the ending stock during 2023-24 season is likely to stay lower compared to previous season which may support the prices besides anticipated increase in total demand amid higher exports.

In Telangana state during 2023-24 area under cotton was 44,77,937 acres as against 50,00,401 acres during 2022-23. Among the districts, Nalgonda stood first with 5,66,929 acres followed by Adilabad (4,13,013 acres), Sangareddy (3,57,482 acres), Asifabad (3,37,888 acres) and Vikarabad (2,61,966 acres). According to the final estimates, Telangana cotton production estimate was 58.94 lakh bales for 2022-23 as against 48.08 lakh bales in 2021-22.

Cotton area in the state had come down a bit because of the seasonal conditions that were not in favor of the growers in certain pockets and lack of rains during August which was likely to hit the yield but the recent rain is aiding the crop to recover.

The Agricultural Market Intelligence Centre established under a research project for development of price forecasting mechanism in the Department of Agricultural Economics, College of Agriculture, Professor Jayashankar Telangana State Agricultural University, Rajendranagar, Hyderabad with the financial support of Agricultural Marketing Department, Telangana State has assessed pre-harvest price forecast of cotton for the year 2023-24. Under prevailing crop and weather conditions, it is predicted that the cotton price per quintal will be around **Rs. 7150 - 7650** at the time of harvesting (November 2023 to February 2024). This price forecast is based on the monthly modal price of cotton obtained for 21 years from Warangal regulated market using econometric models like ARIMA, SARIMA, ARIMAX, ARCH and GARCH and also the market survey. Adilabad, Warangal, Bainsa, Khammam, Jammikunta and Peddapalli are the major cotton markets in Telangana.

Note: There may be any possible deviation of the actual prices from the predicted prices in light of tentative developments in the commodity markets such as change in international prices, export or import restrictions, etc. And these price forecasts are based on past market price data & different econometric models and that actual market price may not turn out to be the same as forecasted.