

Cotton Outlook – September 2023

World Cotton Scenario

According to the USDA, Global 2023-24 cotton area and production are projected as 32 million hectares (79.07 million acres) and 114.1 million bales of 217.72 Kg each compared to previous year 118.30 lakh bales which is 4.2 lakh bales (-3.55%) below the 2022-23 estimates of cotton production led by Pakistan. China is projected at 27 lakh bales in 2023-24 followed by India (25.50 million bales), United States (14 million bales), Brazil (13.30 million bales) and Pakistan (6.50 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. 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.

International Cotton Price Movement

Most cotton benchmarks moved higher over the past month. The NY/ICE December contract pushed through resistance near 82 cents/lb around the middle of July. With the USDA's reduction to its U.S. production forecast, December prices climbed to levels near 90 cents/lb.

The A Index also shifted higher around the middle of July. Values rose from 91 to 97 cents/lb over the past month. After a pause, Chinese prices (China Cotton Index or CC 3128B) resumed their upward trend last month. In international terms, values increased from 110 to 114 cents/lb. In domestic terms, prices rose from 17,400 to 18,100 RMB/ton. The RMB was relatively steady against the dollar, near 7.20 RMB/USD.

Indian spot prices (Shankar-6 quality) increased from 86 to 92 cents/lb over the past month. Domestic prices climbed from 55,500 to 60,000 INR/candy. The INR held near 82 INR/USD.

Pakistani prices were stable in international terms, holding near 75 cents/lb. In domestic terms, prices increased from 17,000 to 17,800 PKR/maund. The Pakistani rupee weakened from 279 to 288 PKR/USD.

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

	Latest Value (11 th Aug 2023)	Latest Month (July 2023)	Last 12 Months (Aug 2022-July 2023)
NY Nearby	89.30	86.40	84.70
A Index	96.70	96.00	98.80
CC Index	113.60	114.20	103.80
Indian Spot	92.40	91.70	98.80
Pakistani Spot	75.10	75.10	89.50

Source: www.cottoninc.com

Indian Cotton Scenario

As on 8th September 2023, area under cotton during 2023-24 was 125 lakh ha as against 126.87 lakh ha in 2022-23. Among the states, Maharashtra is leading in cotton acreage with 42.29 lakh ha followed by Gujarat (26.79 lakh ha), Telangana (18.23 lakh ha), Rajasthan (7.91 lakh ha) and Haryana (6.65 lakh ha).

Table2: State wise area under cotton in India

State	2022-23			2023-24		
	% to total area	Area (lakh ha)	% to total area	Area (lakh ha)	% to total area	Area (lakh ha)
Maharashtra	42.29	104.50	33.33	42.29	104.50	33.83
Gujarat	25.46	62.91	20.07	26.79	66.20	21.43
Telangana	20.07	49.59	15.82	18.23	45.05	14.58
Rajasthan	6.83	16.88	5.38	7.91	19.55	6.33
Haryana	6.49	16.04	5.12	6.65	16.43	5.32
Karnataka	8.15	20.14	6.42	6.63	16.38	5.30
Madhya Pradesh	6.25	15.44	4.93	6.5	16.06	5.20
Andhra Pradesh	6.06	14.97	4.78	5.63	13.91	4.50
Odisha	2.16	5.34	1.70	2.35	5.81	1.88
Punjab	2.49	6.15	1.96	1.69	4.18	1.35
Tamil Nadu	0.37	0.91	0.29	0.16	0.40	0.13
Others	0.25	0.62	0.20	0.17	0.42	0.14
India	126.87	313.50	100	125	308.88	100

Source: www.agricoop.nic.in

Domestic Trade information

Table 3: State wise Wholesale Prices Monthly Analysis for Cotton August, 2023 (Rs/Qtl)

State	Prices August, 2023	Prices July, 2023	Prices August, 2022	% Change (Over Previous Month)	% Change (Over Previous Year)
Andhra Pradesh	7284	6918	10246	5.29	-28.91
Gujarat	7525	7018	10517	7.22	-28.45
Haryana	6600	6673	9480	-1.09	-30.38
Karnataka	7651	6921	10263	10.55	-25.45
Madhya Pradesh	6978	6613	9682	5.52	-27.93
Maharashtra	7471	6958	8630	7.37	-13.43
Rajasthan	7079	7245	9214	-2.29	-23.17
Tamil Nadu	7192	6295	11172	14.25	-35.62
Telangana	6974	6435	9281	8.38	-24.86
Uttar Pradesh	6400		9889	—	-35.28
Average	7053.64	6656.4	9837.4		

Source: <https://agmarknet.gov.in>

Cotton in Telangana

In Telangana state during 2023-24 area under cotton as on 6th September was 44,78,724 acres as against 49,54,629 acres during 2022-23. Among the districts, Nalgonda stood first with 5,86,642 acres followed by Adilabad (3,85,396 acres), Sangareddy (3,49,742 acres), Asifabad (3,29,971 acres) and Vikarabad (2,46,846 acres).

Table 4: District wise area under cotton in Telangana

District	2022-23			2023-24		
	Area (ha)	Area (Acres)	% to total area	Area (ha)	Area (Acres)	% to total area
Nalgonda	261834	647005	13.06	237406	586642	13.10
Adilabad	163963	405161	8.18	155964	385396	8.61
Sangareddy	150181	371104	7.49	141536	349742	7.81
Asifabad	129549	320123	6.46	133535	329971	7.37
Vikarabad	99875	246797	4.98	99895	246846	5.51
Others	1199668	2964439	59.83	1044142	2580127	57.61
Telangana State	2005070	4954629	100.00	1812478	4478724	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 August, 2023

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	1,144	5,000	7,000	6,900
2	1,105	4,500	6,955	6,950
3	826	4,500	7,000	6,800
4	1,718	4,200	7,000	6,800
7	1,724	4,500	7,010	6,500
8	1,152	5,500	7,150	6,000
9	1,618	4,600	7,200	6,400
10	837	4,500	7,240	6,800
11	1,292	4,700	7,255	6,500
14	1,159	5,500	7,560	6,500
17	722	4,800	7,370	6,500
18	600	4,500	7,460	6,000
22	1,017	5,000	7,335	7,000
23	908	4,500	7,500	7,000
24	1,318	4,800	7,405	6,800
25	1,231	4,800	7,365	6,750
28	1,922	4,900	7,300	6,000
29	1,727	4,700	7,280	7,000
30	1,312	4,500	7,200	6,500

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

Cotton Outlook

New cotton crop arrivals have begun in Haryana and Rajasthan with prices ranging around Rs. 6300-6600 per quintal.

A few areas in Punjab have reported slight damage due to pink bollworm infestation but it is still below the economic threshold level.

Gujarat has experienced 80% of excess rainfall, which may affect the already sown cotton crop. However, deficit rainfall in Maharashtra may affect the yields of already sown cotton crop.

Cottonseed oilcake market showed weak sentiments during the past week amid poor demand both from domestic as well as international markets. Prices in Kadi were at Rs. 2629 per quintal from Rs. 2698 per quintal and in Akola prices were at Rs. 2698 per quintal from Rs. 2711 per quintal the previous week.

Cotton Association of India has retained its cotton crop estimate for the 2022-23 season at 311.18 lakh bales of 170 kg each. The total cotton supply for the months of October 2022 to July 2023 is estimated at 332.30 lakh bales of 170 kg each, which consists of the arrivals of 296.80 lakh bales.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton may trade at price range between **Rs.6600 – 7000** per quintal during September 2023.