

KHARIF 2019-20 PRE-SOWING PRICE FORECAST OF COTTON

Cotton Price per Quintal will be around Rs. 5500 - 5800 at the Time of Harvesting (November 2019 to February 2020)

Cotton has played an important role in the economic development of every nation in the world and has remained as a key source of livelihood for many farmers. China, India, USA, Pakistan, Brazil, Uzbekistan, Turkey, Australia, Turkmenistan and Mexico are major cotton producing countries in the world.

During 2018-19, global cotton area and production are projected at 33.1 million hectares (82 million acres) and 118.9 million bales respectively. Cotton production in most of the major producing countries except Brazil and Pakistan is expected to decline. China is projected to produce 27.5 million bales of cotton in 2018-19 followed by India (27.0 million bales), Brazil (11.75 lakh bales) and Pakistan (7.7 million bales).

According to USDA, U.S. growers intend to plant 13.8 million acres in 2019, down by 2 percent from last year. New crop planting started in some areas of North India. Good availability of canal water and better prices of seed cotton in the current season against competing crops will likely favor cotton sowing in North India.

Cotton Association of India had estimated exports for 2018-19 season to decline by 27 per cent to 50 lakh bales, compared with the estimated exports of 69 lakh bales during last year. India's total cotton exports shipment is around 32 lakh bales up to February 2019. Cotton prices may rebound and rise around 10% by July 2019 (CAI). Indian cotton was exported to China, Vietnam, Bangladesh and Pakistan markets. However, export sales volume still remains nominal. Ending stocks are expected to be around 20.57 lakh bales, which is lower than the ending stocks of previous season.

India is the largest cultivator and producer of cotton in the world and stands at second position in consumption and export of the same. In India Gujarat, Maharashtra, Telangana, Andhra Pradesh, Punjab, Haryana, Madhya Pradesh and Karnataka are the major cotton growing states. The area covered under cotton during 2018-19 was 120.64 lakh hectares, which was 124.44 lakh hectares during corresponding period of last year. According to CAI latest estimates, expected cotton production in 2018-19 is at 330 lakh bales of 170 Kg each which is lower by 5 lakh bales than its previous estimate of 335 lakh bales made during last month. The main reason for lower crop is that in the southern zone farmers have uprooted their cotton plants due to moisture deficiency as a result of which there is no scope further pickings.

In Telangana, area under cotton during 2018-19 was 17,96,471 hectares as against 19,09,275 hectares during corresponding period of last year. Among the districts, Nalgonda and Sangareddy recorded increased area under cotton as compared to last year, while in all other districts the same was reduced. In Telangana, Adilabad, Bainsa, Karimnagar, Peddapalli, Warangal and Mahabubnagar are the major cotton growing districts. For the year 2019-20, cotton acreage is likely to increase by around 10-15% as compared to last year, from 17.96 to 19 - 20 lakh hectares mainly due to high cotton prices per quintal prevailed in 2018-19 season.

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-sowing price of cotton for kharif 2019-20. Under expected normal rainfall and prevailing trade scenario, it is predicted that the cotton price per quintal will be around **Rs. 5500 - 5800** at the time of harvesting (November 2019 to February 2020). This price forecast is based on the monthly modal price of cotton obtained for 17 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.