KHARIF 2019-20 PRE-HARVESTING PRICE FORECAST OF COTTON

Cotton Price per Quintal will be around Rs. 5600 - 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.

Global 2019-20 cotton area, production and productivity are projected at 34.70 million hectares (85.80 million acres), 124.90 million bales and 785 Kg/ha, which were nearly 4 and 5 percent greater than that of 2018-19 estimates respectively. According to the Cotton and Wool Outlook, September estimates India is the largest cotton producer in the world with 29.50 million bales compared to 26.50 million bales in previous year followed by China (27.8 million bales), United States (21.90 million bales), Brazil (12.00 million bales) and Pakistan (8 million bales). China, Vietnam and Bangladesh are expected to remain the leading raw cotton importers this season.

In India, area under cotton during 2019-20 was 127.67 lakh ha as against 121.05 lakh ha in 2018-19 i.e., 5.46 percent more than the previous year. Among the states, higher area was reported from Maharashtra (44.05 lakh ha) followed by Gujarat (26.66 lakh ha), Telangana (18.59 lakh ha), Haryana (7.01 lakh ha) and Rajasthan (6.44 lakh ha). In Telangana, area under cotton during 2019-20 was 18, 59,518 hectares as against 17,96,471 hectares during 2018-19. Among the districts, Nalgonda stood first with 2,35,408 ha followed by Adilabad (1,32,047 ha), Nagarkurnool (1,23,055 ha), Sangareddy (1,22,3441ha) and Asifabad (1,05,009 ha).

Crop was damaged due to erratic rainfall of some places in Madhya Pradesh and Maharashtra and pink bollworm attack on standing crop especially in Maharashtra may reduce the production by 5-6%. Further the production forecast would depend on coming rainfall pattern in the coming days as the crop is in boll formation to maturity stage which needs enough sunshine hours to remain healthy.

According to CAI (Cotton Association of India) India's cotton production in 2019-20 is likely to be at least 350 lakh bales, up nearly 4% from the previous year due to higher acreage and better weather conditions in most of the growing regions. Whereas according the 1st advance estimate by the government, the cotton production might reach up to 322.67 lakh bales against the target for 2019-20 which is 357.5 lakh bales. CCI has decided to procure 100 lakh bales of cotton in the coming season. Weak international demand and higher support price of cotton in India has made ginners and textile sector reluctant to buy the commodity this 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-harvesting price forecast of cotton for kharif 2019-20. Under good rainfall and prevailing trade scenario, it is predicted that the cotton price per quintal will be around Rs. 5600 - 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.