

Cotton Outlook – September 2020**World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 33.1 million hectares (81.79 million acres) and 117.50 million bales, which were nearly 6 and 4.5 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, August estimates, India is the largest cotton producer in the world with 29.70 million bales compared to 30.50 million bales in previous year followed by China (26.50 million bales), United States (18.10 million bales), Brazil (12 million bales) and Pakistan (6.50 million bales).

According to trade sources, the Indian cotton exports for the July'20 were reported higher by around 5 lakh bales, compared to the prior month as the prices were competitive. Although exports to China declined to around 48,500 bales, Bangladesh remained the largest importer of Indian cotton purchasing around 2.72 lakh bales at an average FOB of \$1.37/kg. Exports to Vietnam (61,600 bales at \$1.22/kg), Turkey (27,800 bales at \$1.19/kg) and Indonesia (24,400 bales at \$1.29/kg) also increased during the month. The other export destinations of India were Oman, Taiwan and Thailand.

International Cotton Price Movement

Movement in benchmark prices was mixed over the past month. The NY December futures contract moved lower (to below 60 cents/lb in late July) and then higher (near 65 cents/lb in early August) over the past month. Current values (63 cents/lb) are nearly even with those from one month ago. Cotlook's A Index is also near values from one month ago (69 cents/lb).

The China Cotton Index (CC Index 3128B) rose slightly in international terms from 79 to 81 cents/lb. In domestic terms, values increased from 12,100 to 12,400 RMB/ton because the RMB strengthened against the dollar over the past month, from 7.00 to 6.95 RMB/USD.

Indian cotton prices (Shankar-6 quality) were stable in international terms, holding near 60 cents/lb. In domestic terms, values were steady near 35,000 INR/candy. The Indian rupee consistently traded near 75 INR/USD over the past month. Pakistani prices decreased from 62 to 59 cents/lb. In domestic terms, prices eased from 8,500 to 8,250 PKR/maund because the Pakistani rupee weakened slightly against the dollar, from 166 to 168 PKR/USD.

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

| | Latest Value th (August 12 th 2020) | Latest Month (July 2020) | Last 12 Months (August 2019- July 2020) |
|-----------------------|--|-----------------------------|--|
| NY Nearby | 61.80 | 62.70 | 61.90 |
| A Index | 69.50 | 67.80 | 67.80 |
| CC Index | 81.10 | 78.80 | 81.80 |
| Indian Spot | 60.00 | 59.50 | 68.00 |
| Pakistani Spot | 60.10 | 60.80 | 66.50 |

Source: www.cottoninc.com

Indian Cotton Scenario

As on 3rd September 2020, area under cotton during 2020-21 was 128.95 lakh ha as against 124.90 lakh ha in 2019-20 compared to the previous year. Among the states, Maharashtra was reported as leading in cotton acreage (42.12 lakh ha) followed by Telangana (23.96 lakh ha), Gujarat (22.77 lakh ha), Haryana (7.37 lakh ha) and Karnataka (6.91 lakh ha).

Table2: State wise area under cotton in India

| State | 2019-20 | | | 2020-21 | | |
|------------------|----------------|-------------------|-----------------|----------------|-------------------|-----------------|
| | Area (lakh ha) | Area (lakh Acres) | % to total area | Area (lakh ha) | Area (lakh Acres) | % to total area |
| Maharashtra | 43.68 | 107.94 | 34.97 | 42.12 | 104.08 | 32.66 |
| Telangana | 17.69 | 43.71 | 14.16 | 23.96 | 59.21 | 18.58 |
| Gujarat | 26.52 | 65.53 | 21.23 | 22.77 | 56.27 | 17.66 |
| Haryana | 7.01 | 17.32 | 5.61 | 7.37 | 18.21 | 5.72 |
| Karnataka | 5.61 | 13.86 | 4.49 | 6.91 | 17.07 | 5.36 |
| Others | 24.39 | 60.27 | 19.53 | 25.82 | 63.80 | 20.02 |
| All India | 124.90 | 308.63 | 100.00 | 128.95 | 318.64 | 100.00 |

Source: www.agricoop.nic.in

Domestic Trade information

Table 3: State wise Wholesale Prices Monthly Analysis for Cotton August, 2020 (Rs/Quintal)

| State | Prices August, 2020 | Prices July, 2020 | Prices August, 2019 | % Change (Over Previous Month) | % Change (Over Previous Year) |
|----------------|---------------------|-------------------|---------------------|--------------------------------|-------------------------------|
| Andhra Pradesh | | | 6012.23 | --- | --- |
| Gujarat | 4267 | 4124.39 | 5876.06 | 3.46 | -27.38 |
| Haryana | | 4800 | 5779.53 | --- | --- |
| Karnataka | 4810.52 | 4607.62 | 5457.06 | 4.4 | -11.85 |
| Madhya Pradesh | | | 4631.1 | --- | --- |
| Maharashtra | 5247 | 5249 | 5850 | -0.04 | -10.31 |
| Pondicherry | 4305.92 | 4001.52 | 4400 | 7.61 | -2.14 |
| Punjab | | | 5590 | --- | --- |
| Rajasthan | | | 6243.07 | --- | --- |
| Tamil Nadu | 4727.39 | 4585.6 | 5612.21 | 3.09 | -15.77 |
| Telangana | | | 5865.42 | --- | --- |
| Uttar Pradesh | 4677.94 | | 5300 | --- | -11.74 |
| Average | 4672.63 | 4561.35 | 5551.39 | | |

Source: www.agriwatch.com

Cotton in Telangana

In Telangana state during 2020 area under cotton as on 2nd September was 59,21,018 acres as against 44,67,111 acres during 2019-20. Among the districts, Nalgonda stood first with 7,15,009 acres followed by Nagarkurnool (4,50,785 acres), Adilabad (4,21,184 acres), Sangareddy (3,96,077 acres) and Asifabad (3,37,444 acres).

Table 4: District wise area under cotton in Telangana

| District | 2019-20 | | | 2020-21 | | |
|-----------------|------------|--------------|-----------------|------------|--------------|-----------------|
| | Area (ha) | Area (Acres) | % to total area | Area (ha) | Area (Acres) | % to total area |
| Nalgonda | 218236.78 | 539274 | 12.07 | 289354.32 | 715009 | 12.08 |
| Nagarkurnool | 116763.72 | 288529 | 6.46 | 182426.50 | 450785 | 7.61 |
| Adilabad | 132044.27 | 326288 | 7.30 | 170447.38 | 421184 | 7.11 |
| Sangareddy | 110158.84 | 272208 | 6.09 | 160286.92 | 396077 | 6.69 |
| Asifabad | 105006.78 | 259477 | 5.81 | 136558.95 | 337444 | 5.70 |
| Others | 1125568.08 | 2781335 | 62.26 | 1457080.59 | 3600519 | 60.81 |
| Telangana State | 1807778.47 | 4467111 | 100.00 | 2396154.67 | 5921018 | 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 2020

| Date | Arrivals (Qtl) | Minimum Price (Rs/quintal) | Maximum Price (Rs/quintal) | Modal Price (Rs/quintal) |
|------|----------------|----------------------------|----------------------------|--------------------------|
| 12 | 1,065 | 3,500 | 4,630 | 4,575 |
| 13 | 733 | 3,500 | 4,600 | 4,500 |
| 14 | 527 | 3,500 | 4,665 | 4,500 |
| 17 | 279 | 3,500 | 4,600 | 4,500 |
| 18 | 2,169 | 3,500 | 4,730 | 4,650 |
| 20 | 668 | 3,500 | 4,605 | 4,550 |
| 21 | 1,530 | 3,550 | 4,650 | 4,600 |
| 24 | 9,903 | 3,575 | 4,620 | 4,560 |
| 25 | 5,995 | 3,550 | 4,710 | 4,650 |
| 26 | 5,100 | 3,575 | 4,710 | 4,650 |
| 27 | 2,705 | 3,550 | 4,735 | 4,675 |
| 28 | 3,202 | 3,575 | 4,805 | 4,775 |
| 31 | 4,645 | 3,550 | 4,670 | 4,700 |

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

Cotton Outlook

CCI has decided to sell a part of the surplus stock of about 15 to 20 lakh bales to Bangladesh, that would take place on a government-to-government basis and the shipments could start from next month onwards. Export prices will be decided by the two governments using the Cotlook index.

In the recent report published by Cotton Association of India (CAI), the agency increased its cotton crop estimate for 2019-20 to 354 lakh bales compared to its previous estimate of 335.5 lakh bales.

CAI also increased the estimated exports to 50 lakh bales from 47 lakh bales for 2019-20. According to market sources, Indian cotton arrivals during the months of October 2019 to July 2020 are estimated at 337 lakh bales.

Cotton Corporation of India (CCI) has increased its sales floor price by Rs.500-600/candy in all grades of cotton to a maximum price at Rs.38700/ candy (30 mm) after one week of increased sales.

CCI has sold around 50 lakh bales so far till 23rd Aug'20. Mills have purchased around 23 lakh bales, followed by MNCs purchasing 19 lakh bales, 12 lakh bales stock by mediators and only 3 lakh bales were purchased by the exporters.

Cotton harvesting in Punjab especially in Malwa region is likely to be delayed by 15 days from normal schedule due to the shortage of farm labour this year.

Cotton picking in Pakistan is likely to get delayed due to the damage caused to the crop by the rainfall where the initial picking starts during August and September. The current spell of rainfall is estimated to damage around 10% or 2.5-3 lakh cotton bales in Sindh.

In Telangana, cotton crop is at flowering and square formation stage. Stem rot and sucking pest (below ETL level) was found in Khammam, Nizamabad, Bhadradi, Gadwal, Karimnagar and Medak districts.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that cotton prices are likely to trade in price range between **Rs.4500 – 4800** per quintal during September 2020.