

## Cotton Outlook – April 2021

### World Cotton Scenario

Global 2020-21 cotton area and production are projected at 32.2 million hectares (79.56 million acres) and 113.3 million bales of 217.72 kg each, which were nearly 8 and 7 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, March estimates, India and China are the largest cotton producers in the world with each 29 million bales, followed by United States (14.7 million bales), Brazil (11.5 million bales) and Pakistan (4.5 million bales).

According to the trade sources, the quality of Indian cotton has emerged as a major issue in the export market with importing nations becoming reluctant to purchase the natural fiber from India; this in turn can also slow down the exports that are projected at 75 lakh bales.

### International Cotton Price Movement

Most benchmark prices increased throughout February but decreased in early March. Cotlook's A Index climbed from 90 cents/lb one month ago to 99 cents/lb on February 25<sup>th</sup>. Since then, the A Index fell to 93 cents/lb. The China Cotton Index (CC Index 3128B) increased from 110 to 117 cents/lb between early February and early March.

Movement in Indian cotton prices (Shankar-6 quality) was more muted. In international terms, prices gained alongside NY/ICE futures, but the increase was only from 76 to 80 cents/lb. In domestic terms, values increased from 43,500 to 45,800 INR/candy and have not retreated from these levels. The Indian rupee was stable against the USD over the past month, holding near 73 INR/USD.

Pakistani prices trended consistently higher. Between early February and the present, values climbed from 81 to 95 cents/lb. In domestic terms, prices increased from 10,800 to 12,200 PKR/maund. The Pakistani rupee was stable against the USD near 158 PKR/USD.

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

	Latest Value <sup>th</sup> (Mar 9 2021)	Latest Month (Feb 2021)	Last 12 Months (Mar 2020-Feb 2021)
<b>NY Nearby</b>	<b>84.30</b>	<b>86.50</b>	<b>66.70</b>
<b>A Index</b>	<b>93.60</b>	<b>92.80</b>	<b>74.00</b>
<b>CC Index</b>	<b>114.20</b>	<b>111.10</b>	<b>88.70</b>
<b>Indian Spot</b>	<b>80.50</b>	<b>77.90</b>	<b>66.10</b>
<b>Pakistani Spot</b>	<b>94.80</b>	<b>84.70</b>	<b>69.10</b>

Source: [www.cottoninc.com](http://www.cottoninc.com)

**Indian Cotton Scenario**

As on 18<sup>th</sup> September 2020, area under cotton during 2020-21 was 129.46 lakh ha as against 127.08 lakh ha in 2019-20 compared to the previous year. Among the states, Maharashtra is leading in cotton acreage (42.25 lakh ha) followed by Telangana (24.13 lakh ha), Gujarat (22.78 lakh ha), Haryana (7.37 lakh ha) and Karnataka (6.88 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
<b>Maharashtra</b>	43.83	108.31	34.49	42.25	104.40	32.64
<b>Telangana</b>	18.59	45.94	14.63	24.13	59.63	18.64
<b>Gujarat</b>	26.66	65.88	20.98	22.78	56.29	17.60
<b>Haryana</b>	7.01	17.32	5.52	7.37	18.21	5.69
<b>Karnataka</b>	5.75	14.21	4.52	6.88	17.00	5.31
<b>Others</b>	25.24	62.37	19.86	26.05	64.37	20.12
<b>All India</b>	127.08	314.02	100.00	129.46	319.90	100.00

Source: [www.agricoop.nic.in](http://www.agricoop.nic.in)

**Domestic Trade information**

**Table 3: State wise Wholesale Prices Monthly Analysis for Cotton March, 2021 (Rs/Quintal)**

State	Prices March, 2021	Prices February, 2021	Prices March, 2020	% Change (Over Previous Month)	% Change (Over Previous Year)
<b>Gujarat</b>	5963.57	5641.25	4639.44	5.71	28.54
<b>Haryana</b>	5929.94		5104.82	—	16.16
<b>Karnataka</b>	5775.87	5819.98	4827.37	-0.76	19.65
<b>Madhya Pradesh</b>	5891.99	5787.16	5104.49	1.81	15.43
<b>Maharashtra</b>	5859.04	5791.6	5098.45	1.16	14.92
<b>Odisha</b>	5614.74	5708.36		-1.64	—
<b>Punjab</b>	5973.93	5833.96	5178.42	2.4	15.36
<b>Rajasthan</b>	6166.24	5986.81	5039.85	3	22.35
<b>Tamil Nadu</b>	5658.99	4793.17	4911.78	18.06	15.21
<b>Telangana</b>	5888.34	5642.47	4920.68	4.36	19.67
<b>Average</b>	5872.26	5667.2	4980.59		

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

**Cotton in Telangana**

In Telangana state during 2020 area under cotton as on 30<sup>th</sup> September was 60,22,127 acres as against 54,45,88 acres during 2019-20. Among the districts, Nalgonda stood first with 7,29,115 acres followed by Nagarkurnool (4,56,114 acres), Adilabad (4,23,601 acres), Sangareddy (3,99,154 acres) and Asifabad (3,37,586 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	288886.10	713852	13.11	295062.83	729115	12.11
Nagarkurnool	147191.68	363718	6.68	184583.07	456114	7.57
Adilabad	160587.20	396819	7.29	171425.51	423601	7.03
Sangareddy	140451.63	347063	6.37	161532.14	399154	6.63
Asifabad	136601.85	337550	6.20	136616.42	337586	5.61
Others	1330157.63	3286886	60.36	1487852.13	3676557	61.05
Telangana State	2203876.09	5445888	100.00	2437072.09	6022127	100.00

Source: [www.agri.telangana.gov.in](http://www.agri.telangana.gov.in)

**Cotton Prices in Telangana**

**Table 5: Arrivals and Prices of Cotton at Warangal Market in the Month of March 2021**

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	5,722	4,800	6,110	5,900
2	5,209	4,800	6,105	5,900
3	5,381	5,000	6,090	5,900
4	4,788	5,000	6,160	5,900
5	4,389	5,000	6,110	5,900
8	4,686	5,000	6,150	5,900
9	4,189	5,000	6,150	5,900
10	4,061	5,000	6,200	5,900
15	2,612	5,000	6,310	5,900
16	2,947	5,000	6,400	5,900
17	2,924	5,000	6,500	5,900
18	3,104	5,000	6,500	5,900
19	3,140	5,000	6,410	5,900
22	4,349	5,100	6,435	5,900
23	3,073	5,000	6,310	5,900
24	2,865	5,000	6,330	5,900
25	3,024	5,000	6,400	5,900
26	2,535	5,000	6,305	5,900

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

**Cotton Outlook**

The global 2020-21 cotton supply and demand estimates shows lower production and ending stocks, but higher mill use and trade. Estimated global production is reduced by nearly 8.30 lakh bales largely due to lower Brazilian and U.S. production.

CCI procurement reached 91.86 lakh cotton bales till 23<sup>rd</sup> March'21, valuing Rs. 26,719.51 crores. Raw cotton prices have increased about 15 percent more than MSP. The current cotton prices in the market are prevailing at 6,500-6,600 per quintal, which is about 15 percent higher than the minimum support price of Rs. 5825 per quintal.

The average price of Kapas is likely to remain firm between Rs. 5830-6600/q in Rajkot while the price in Telangana is likely to hover around Rs.5850-6350/q.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton is likely to trade in price range between **Rs.5650 – 5950** per quintal during April 2021.