

Cotton Outlook – February 2021**World Cotton Scenario**

Global 2020-21 cotton area and production are projected at 32.5 million hectares (80.30 million acres) and 112.9 million bales of 217.72 kg each, which were nearly 6 and 4.5 percent less than that of 2019-20 estimates respectively. According to the Cotton and Wool Outlook, January estimates, India is the largest cotton producer in the world with 29.50 million bales in 2019-20 followed by China (27.50 million bales), United States (15 million bales), Brazil (12 million bales) and Pakistan (4.3 million bales).

The government has imposed 10 percent import duty on cotton in India to support the farmers, earlier there was no import duty on cotton. The tax comprises a basic customs duty of 5 percent and an additional 5 percent levy to finance the development of agricultural infrastructure in the country, the levy on overseas purchases will potentially support the local prices amid higher domestic production and prevent distress sales by the growers.

International Cotton Price Movement

Global cotton prices continued to rise over the past month. The NY March futures contract climbed from 74 cents/lb to 82 cents/lb. The December futures contract, reflective of price expectations after the 2021/22 harvest, rose from 72 to 77 cents/lb. Cotlook's A Index rose from 80 to 86 cents/lb. In international terms, the China Cotton Index (CC Index 3128B) increased from 102 to 108 cents/lb. In domestic terms, values climbed from 14,700 to 15,300 RMB/ton. The RMB strengthened against the USD, from 6.55 to 6.47 RMB/USD.

Indian cotton prices (Shankar-6 quality) increased from 71 to 75 cents/lb. In domestic terms, values increased from 40,700 to 43,200 INR/candy. The Indian rupee was steady against the USD near 73 INR/USD. In international terms, Pakistani prices rose from 72 to 80 cents/lb. In domestic terms, prices increased from 9,500 to 10,500 PKR/maund. The Pakistani rupee was steady against the USD near 160 PKR/USD.

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

	Latest Value th (Jan 12 2020)	Latest Month (Dec 2020)	Last 12 Months (Jan 2020- Dec 2020)
NY Nearby	81.70	74.80	64.20
A Index	86.90	81.00	71.90
CC Index	107.50	102.80	85.30
Indian Spot	75.40	72.20	65.10
Pakistani Spot	80.60	73.80	67.20

Source: www.cottoninc.com

Indian Cotton Scenario

As on 18th 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
Maharashtra	43.83	108.31	34.49	42.25	104.40	32.64
Telangana	18.59	45.94	14.63	24.13	59.63	18.64
Gujarat	26.66	65.88	20.98	22.78	56.29	17.60
Haryana	7.01	17.32	5.52	7.37	18.21	5.69
Karnataka	5.75	14.21	4.52	6.88	17.00	5.31
Others	25.24	62.37	19.86	26.05	64.37	20.12
All India	127.08	314.02	100.00	129.46	319.90	100.00

Source: www.agricoop.nic.in

Domestic Trade information

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

State	Prices January, 2021	Prices December, 2020	Prices January, 2020	% Change(Over Previous Month)	% Change(Over Previous Year)
Gujarat	5455	5319.18	5113.68	2.55	6.67
Haryana			5241.15	—	—
Karnataka	5530.78	5369.9	5160.1	3	7.18
Madhya Pradesh	5426.48	5263.26	5553.85	3.1	-2.29
Maharashtra	5593.22	5584.26	5253.98	0.16	6.46
Odisha	5654.32	5682.12	5316.33	-0.49	6.36
Punjab	5590.23	5484.28	5269.61	1.93	6.08
Rajasthan	5690.78	5465.2	5328.24	4.13	6.8
Tamil Nadu	5758.26	5241.81	4649.07	9.85	23.86
Telangana	5515.23	5474.98	5251.58	0.74	5.02
Uttar Pradesh			5435.43	—	—
Average	5579.37	5431.67	5233.91		

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

Cotton in Telangana

In Telangana state during 2020 area under cotton as on 30th 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

Cotton Prices in Telangana

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

Date	Arrivals (Qtl)	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
4	4,155	4,000	5,530	5,000
5	3,800	4,000	5,625	5,000
6	3,259	4,500	5,600	5,100
7	2,910	4,500	5,665	5,100
8	2,851	4,500	5,750	5,100
11	5,550	4,500	5,780	5,200
12	4,920	4,500	5,800	5,200
18	3,810	4,500	5,760	5,200
19	4,377	4,500	5,810	5,200
20	4,345	4,500	5,800	5,200
21	5,018	4,500	5,865	5,200
22	5,627	5,000	5,900	5,400
25	8,193	5,000	5,930	5,400
27	6,880	5,000	5,860	5,400
28	6,010	5,000	5,805	5,400
29	5,240	5,000	5,800	5,400

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

Cotton Outlook

According to Pakistan cotton ginners association more than 5 million bales were produced in the country which is about 35 percent less as compared to more than 7 million bales produced till December 15 last year.

CCI has procured around 88 lakh bales of cotton so far at minimum support price since the beginning of the current season 2020-21, but with the rising prices of cotton CCI has now reduced the purchase of cotton at MSP and is planning to export at least 10 lakh bales of cotton during the current season. Cotton arrivals are staggered with around 210 lakh bales which have already arrived into the market with another 140-150 lakh bales remaining with farmers.

Cotton prices have improved due to strong export demand for raw cotton and cotton yarn. Indian cotton prices have risen from Rs. 38000 per candy of 356 kg each to Rs. 41,500 while the international prices have declined by about 4%.

The average price of Kapas is likely to remain firm between Rs. 5736-6010/q in Rajkot, while the prices in Andhra Pradesh are likely to hover around Rs.4550-5000/q.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expects that cotton prices are likely to trade in price range between **Rs.5150 – 5450** per quintal during February 2021.