VANAKALAM (KHARIF) 2020-21 PRE-SOWING PRICE FORECAST OF COTTON

Cotton Price per Quintal will be around Rs. 4500 - 4800 at the Time of Harvesting (November 2020 to February 2021)

World cotton production in 2019-20 is estimated at 122.7 million bales (million 480 lb bales) or 157.15 million bales of 170 Kg each. India ranks first position in terms of cotton area and production in 2019-20 with 12.79 million hectares (31.53 million acres) accounting for 36.30 percent of world cotton area, and 36.05 million bales accounting for 24.86 percent of world cotton production followed by China (34.96 million bales), USA (25.49 million bales), Brazil (16.91 million bales) and Pakistan (7.94 million bales).

For 2020-21, global cotton area and production are projected as 33.4 million hectares (82.5 million acres) and 119.0 million bales (million 480 lb bales) or 152.41 million bales of 170 Kg each. Cotton production in most of the major producing countries are expected to decline in 2020-21. India is projected to produce 36.50 million bales followed by China (33.94 million bales), United States (24.97 million bales), Brazil (15.37 million bales) and Pakistan (8.07 million bales) with world total production of 152.41 million bales (170 Kg per bale).

In 2019-20, there was lower global consumption and trade with sharply higher ending stocks. Consumption has been lowered by more than 13 million bales due to the ongoing effects of COVID-19. In 2019-20, world cotton beginning stocks is at 102.84 million bales and ending stocks at 124.48 million bales (170 Kg per bale). In 2020-21, increased cotton beginning stocks, decreased cotton area and production, and COVID 19 state of affairs may exert pressure on cotton prices in 2020-21.

In 2019-20, India exported 27 lakh bales (out of 42 lakh bales) of cotton to China, Vietnam, Bangladesh, Pakistan and other countries. And it imported around 12.50 lakh bales (out of 23.20 lakh bales) from USA, Brazil, Egypt and other countries. Ending stocks are expected to be around 98.60 lakh bales, which is much higher than the ending stocks of previous season.

In India, Maharashtra 44.05 lakh ha (108.84 lakh acres) followed by Gujarat 26.66 lakh ha (65.87 lakh acres), Telangana 21.26 lakh ha (52.55 lakh acres), Haryana 7.01 lakh ha (17.32 lakh acres) and Rajasthan 6.44 lakh ha (15.91 lakh acres) are the major cotton growing states.

Telangana ranks 3rd in area and production with 52.55 lakh acres and 68.58 lakh bales accounting for 16.65 percent and 19.02 percent of all India cotton area and production respectively. Among the districts in Telangana, Nalgonda stood first with 2.73 lakh ha (6.84 lakh acres) followed by Nagarkurnool 1.42 lakh ha (3.55 lakh acres), Adilabad 1.40 lakh ha (3.50 lakh acres), Sangareddy 1.40 lakh ha (3.50 lakh acres) and Komaram Bheem 1.24 lakh ha (3.12 lakh acres).

Under these circumstances, 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 forecast of cotton for the year 2020-21. Under expected normal rainfall and increase in crop area and ending stocks at both national and international level, it is predicted that the cotton price per quintal will be around **Rs. 4500 - 4800** at the time of harvesting (November 2020 to February 2021). This price forecast is based on the monthly modal price of cotton obtained for 18 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.