

## **KHARIF 2018-19 PRE-HARVEST PRICE FORECAST OF COTTON**

### **Cotton Price per Quintal will be around Rs. 5150 - 5500 at the Time of Harvesting (November 2018 to February 2019)**

Global 2018-19 cotton area and production are projected at 33.2 million hectares (82.0 million acres) and 121.7 million bales, which were nearly 2 and 1 percent less than that of 2017-18 estimates respectively. Cotton production in most of the major producing countries except Brazil and Pakistan is expected to decline. India is projected to produce 28.7 million bales of cotton in 2018-19, which was 1 percent less than the production in 2017-18. China is projected to produce 27.5 million bales of cotton in 2018-19 and United States is expected to see a reduction in 2018 -19 production by 1.2 million bales. However, production increases of 3.5 lakh bales for Brazil and 3.0 lakh bales for Pakistan in 2018-19 are projected to push their estimates to 10 and 8.5 million bales respectively.

Global 2018-19 cotton consumption is projected at a record 127.8 million bales which was 4.5 million bales more than that in 2017-18, as mill use follows the growth in the global economy and cotton appears more competitive with respect to polyester. For 2018-19, cotton consumption is forecast to expand 3.8 percent, following a 6 percent growth rate in 2017-18. Consumer demand for cotton products is expected to remain strong in a number of countries, including the United States, supporting higher global consumption.

As on 12<sup>th</sup> October 2018, the area covered under cotton during current season in India was 122.38 lakh hectares as against 124.44 lakh hectares during corresponding period of last year. Rise in area was found in the states of Karnataka, Gujrat and Madhya Pradesh and the same was declined in Maharashtra, Telangana, Andhra Pradesh, Haryana, Rajasthan and Punjab. As per the trade sources, cotton production is likely to decline by 3-4 per cent this year to about 352 lakh bales. Major Cotton growing states are facing issues, including deficit rainfall, shifting away from cotton to other crops and the outbreak of the pink bollworm infestation on crops.

Market arrivals in small quantities have been started across the key producing States of Punjab, Rajasthan, Gujarat, Telangana, Maharashtra and Karnataka. Cotton Corporation of India has geared up for large-scale MSP operations across the country as the Centre announced an MSP increase of 26-28 per cent for the fiber crop over last year. CCI have already opened 330 centers and if required, may go up to 390. India doubled import tax on more than 300 textile products and these moves are expected to provide relief to the domestic textile industry, which has been hit by cheaper imports. India's cotton exports to China may see a fivefold jump to 4 million bales in the marketing year 2018-19 starting on 1<sup>st</sup> October against 0.8 million tonnes in 2017-18, after China slapped a 25% additional duty on imports of the fiber from US. Indian traders have already entered into a forward contract with Chinese buyers to deliver about 1.2

million bales between November & January. Indian traders export maximum cotton in November and December since India is the only country where cotton is available at that time.

In Telangana, as on 26<sup>th</sup> September 2018 the area under cotton was 1796471 hectares as against 1909275 hectares during corresponding period of last year. The crop is at flowering to boll formation stage in almost all major growing districts and pink bollworm infestation was observed in Medak, Vikarabad, Adilabad, Nirmal, Warangal (R), Warangal (U), Khammam, Bhadradi, Nalgonda, Nirmal and Asifabad. Cotton arrivals has started in Telangana market yards. The State government has set the stage for procurement operations in all 31 districts.

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 kharif pre-harvest price of cotton for 2018-19. Under expected average yield it is predicted that the cotton price per quintal will be around **Rs. 5150 -5500** at the time of harvesting (Nov 2018 to Feb 2019). 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, ARCH, GARCH and ANN and also the market survey. Warangal, Adilabad, 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.*