

KHARIF 2018-19 PRE-SOWING PRICE FORECAST OF COTTON
Cotton Price per Quintal will be around Rs. 4350 - 4650 at the Time of Harvesting
(November 2018 to February 2019)

China, India, USA, Pakistan, Brazil, Uzbekistan, Turkey, Australia, Turkmenistan and Mexico are major cotton producing countries in the world. According to China Cotton Association survey, China cotton plantings are seen falling by 4% in 2018-19 to 2.8 million hectares as farmers respond to lower prices of last year. US Crop progress report showed that 12% of the US cotton crop was planted as of April last week. As per the USDA report for 2018-19, cotton production forecast is down slightly based on marginally lower area, while consumption forecast is up in most significant markets. Trade is also expected higher, supported by expanded consumption in import-dependent countries.

India is the largest cultivator and producer of cotton in the world and stands at second position in consumption and export of the same. The area under cotton was 119.88 lakh hectares during 2017-18 which is nearly 17 percent higher than 2016-17. As per the latest estimates by Cotton Association of India, cotton output in the country during 2017-18 season was around 362 lakh bales (of 170 kg each) which is higher compared to production in 2016-17 (337.25 lakh bales of 170 kg each). India has exported 55 lakh bales of cotton to Bangladesh, Pakistan, Vietnam, China, Indonesia, Taiwan, Sri Lanka, Turkey and Thailand. India is looking to sell 2.5 to 3 million bales (each of 170 kg) to China in the next season beginning i.e., October 2018, up from around 800,000 bales of expected exports in the 2017-18 marketing year as China has imposed 25% tariffs on import of cotton from USA.

For the year 2018-19, the area under cotton acreage is likely to decrease by around 15% as compared to last year, with farmers shifting to other crops after the Pink Bollworm infestation in Maharashtra and Telangana that damaged the crop, reducing farmers' income. Overall decline in cotton acreage would be around 3% in the country. In India Gujarat, Maharashtra, Telangana, Andhra Pradesh, Punjab, Haryana, Madhya Pradesh and Karnataka are the major cotton growing states. In Telangana Adilabad, Bainsa, Karimnagar, Peddapalli, Warangal and Mahabubnagar are the major cotton growing districts. The cotton crop has occupied 19.09 lakh hectares during 2017-18 in Telangana i.e., 52.72% increase from 12.50 lakh hectares in 2016-17.

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-harvest price of cotton for kharif 2018-19. Under expected normal rainfall and crop acreage, it is predicted that the cotton price per quintal will be around **Rs. 4350 - 4650** 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.