

Cotton prices would be under pressure in the coming 3 months

The Cotton Association of India (CAI) in its first estimate for the crop year 2017-18 revealed that cotton output would be around 375 lakh bales, which is higher by 37.75 lakh bales compared to the previous year's crop. The higher expected output this year is on account of higher acreage compared to previous year. About 19 per cent increase in area was found in 2017-18 over 2016-17. With the opening stock of 30 lakh bales at the beginning of the year with likely imports of 17 lakh bales, the total supply of cotton for 2017-18 would be 422 lakh bales. According to the latest estimate of U.S Department of Agriculture for 2017-18, global cotton production at about 120.8 million bales is expected to be 13 per cent more than in the previous season. India, China, and U.S's share of world cotton output in 2017-18 is 63 per cent. India normal annual consumption is around 280 to 300 lakh bales and exports could be around 70 lakh bales. With import standing at 17 lakh bales this scenario is going to put pressure on cotton prices in the coming months.

Under the circumstance the Agricultural Market Intelligence Center of Institute of Agribusiness Management has forecasted the prices of cotton in the coming months using modal prices of cotton in Warangal Market with the help of time serious models. The results of the model along with market survey and given present market sentiments indicate that cotton prices would be around MSP in the coming 3 months i.e Rs.4300/Quintal till January, 2018. The price can be watched after February, 2018 for a positive change.