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Cotton prices to remain subdued due to supply surplus

As a result, on an average, nearly 3 million bales of cotton have been hitting the Gujarat mandis on a daily basis since last week of October.



The trend is reflected in average month-on-month prices that have reduced by nearly 13.4% and 0.5% on year-on-year basis, says the report. (File/PTI)

Domestic cotton prices are likely to remain subdued over the third quarter of the current fiscal due to fresh arrival of cotton in the markets in cotton growing states. Compared to the previous season's nearly 30.7 million bales (170 kg per bale), Cotton Association of India (CAI) has estimated an increase in cotton production by almost 12% to 34 to 35 million bales in the current 2022-23 domestic season (October to September).

As per a recent report of India Ratings and Research (Ind-Ra) estimated higher production of cotton is supported by a 7% higher area under cultivation in the current domestic cotton season. The report claims that with the domestic as well as global consumption likely to be lower than the previous season, a supply surplus expected which is likely to weigh down upon the prices.

The trend is reflected in average month-on-month prices that have reduced by nearly 13.4% and 0.5% on year-on-year basis, says the report. Though the spread between Indian cotton and international cotton prices reduced considerably by around 50%, Indian cotton continued to be more expensive than international cotton during October this year, claims the report.