

COTTON REVIEW

DOMESTIC COTTON CROP SCENARIO

According to available information, the position of Cotton Crop both in Punjab and Sindh is satisfactory. But, survey report says that there is acute shortage of water in growing areas of cotton in Sindh which can affect the cotton crop. As to cultivate more cotton, the government had approved the intervention price of Rs.5000 per 40 kg to encourage farmers. Adding that “Cotton Price Review Committee” is being constituted which will monitor cotton price in the country. Under the intervention system, the committee would direct the TCP to start procurement if price fell below Rs.5000 per 40 kg. TCP in the first phase would initially procure 200,000 bales of cotton and ensure farmers to get benefit from procurement.

Table: 1 PROPOSED TARGETS OF COTTON CROP DURING 2021-22

Province	Area (Million Hectares)	Targets 2021-22 Production (Million Bales)	Yield (kg/hectares)
Punjab	1.61	6.07	641
Sindh	0.64	4.0	1062
KPK	0.0022	0.00417	323
Balochistan	0.07	0.43	1044
Total	2.3222	10.50417	769

Source: Federal Committee on Agriculture.

Table: 2 SOWING POSITION OF COTTON CROP IN PUNJAB AND SINDH (2021-22 SEASON (Million Hectares)

Province	Proposed Target		Area Sown		% age Against Target	% Change Over Last Year
	2021-22	2021-22	2021-22	2020-21		
Punjab (First Estimate)	1.61	1.279	1.546	1.546	79.4%	-17.3
Sindh (07.07.2021) Final	0.64	0.592	0.615	0.615	93%	-3.7
Total	2.25	1.871	2.161	2.161	83.2%	-13.4

Source: Provincial Agriculture Extension & Crop Reporting Service, Departments.

Table:3 SEED COTTON ARRIVALS AS ON 01st MAY, 2021. (Final) (Bales)

Heads	Punjab	2020-21 (Season)		Total
		Sindh		
Arrivals	3,509,798	2,136,169		5,645,967
Sales to Exporters	4,400	65,800		70,200
Sales to Textile Mills	3,466,369	2,068,654		5,535,023
Sales to T.C.P	-	-		-
Unsold Stock	39,029	1,715		40,744
Un-ginned Stock	0	0		0

Data was not collected last year as on 01.05.2020 due to Covid-19.

Source: Pakistan Cotton Ginners Association.



Table-4: SEED COTTON PRICES (MONTHLY AVERAGES) 2020-21 & 2019-20 (Rs. Per 40 Kg)

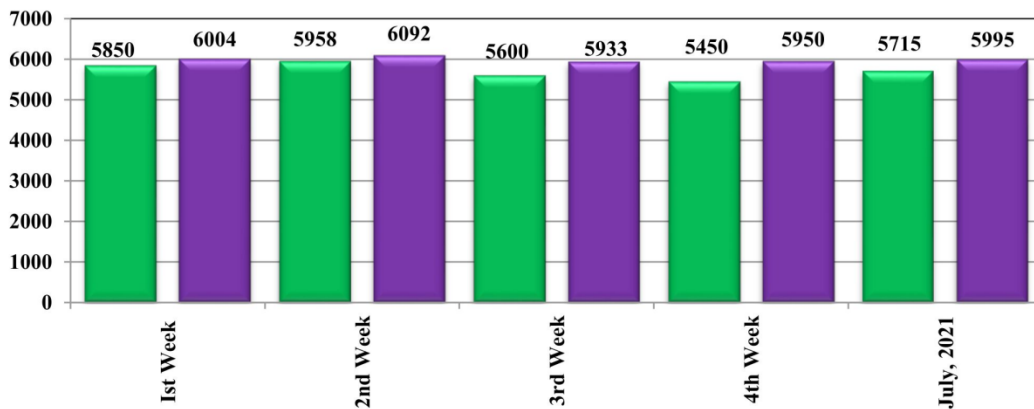
Months	Hyd	M.P. Khas	Ghotki	Khair Pur	Sukr	R.Y. Khan	Bahawal Pur	Vehari	Mian Channu	Sahiwal	Lodhran	D.G. Khan	Multan	Burewala
July,2021	5715	-	-	-	-	5995	-	-	-	-	-	-	-	6007
July,2020	3900	3740	-	-	-	4148	-	-	-	-	-	-	-	4189
August,2020	3824	3731	-	-	-	4169	-	3947	3915	4110	-	-	-	3972
September,2020	3815	3550	-	4165	4171	4417	4515	4159	4038	3986	-	-	4100	4129
October,2020	4347	-	-	4729	4648	5184	5072	4798	4706	4485	-	-	4867	4728
November,2020	3728	-	-	4245	4320	4933	4685	4225	4378	4717	-	-	4575	4299
December,2020	3600	-	-	4487	4300	5145	4849	4405	4100	4395	-	-	4350	4508
January,2021	-	-	-	5060	4750	5591	5430	4668	4143	4575	-	-	4815	5105
February,2021	-	-	-	-	4700	5560	5580	4840	-	-	-	-	-	5230
March,2021	-	-	-	-	-	6000	5760	-	-	-	-	-	-	5500
Average 2020-21	3869	3674	-	4537	4482	5016	5127	4435	4213	4378	-	-	4541	4629
July,2019	-	3912	-	-	-	-	-	4204	3985	4049	-	-	-	4134
August,2019	3436	3431	-	-	-	3919	3797	3875	3787	3825	-	-	3816	3857
September,2019	3657	3645	3811	3996	3957	4047	3762	3898	3798	3657	3798	3823	3879	3865
October,2019	3763	3129	4221	4178	4114	4440	4183	4145	4020	3851	4048	4285	4242	4131
November,2019	3730	2500	4292	4078	4083	4388	4198	4244	4080	3788	4055	4653	4336	4120
December,2019	3480	-	4087	3668	3908	4216	4133	3860	3622	3270	3600	-	4000	3871
January,2020	-	-	4265	3580	3910	4477	4472	4013	3558	-	-	-	4000	4064
February,2020	-	-	-	-	3814	4129	4480	4253	3442	-	-	-	-	4163
March,2020	-	-	-	-	3713	4000	4284	-	-	-	-	-	-	4017
Average 2019-20	3613	3323	4135	3900	3928	4202	4164	4062	3787	3740	3875	4254	4046	4025

Source: Market Report.



Figure-I: SEED COTTON PRICES DURING JULY, 2021

(Rs per 40 kg)

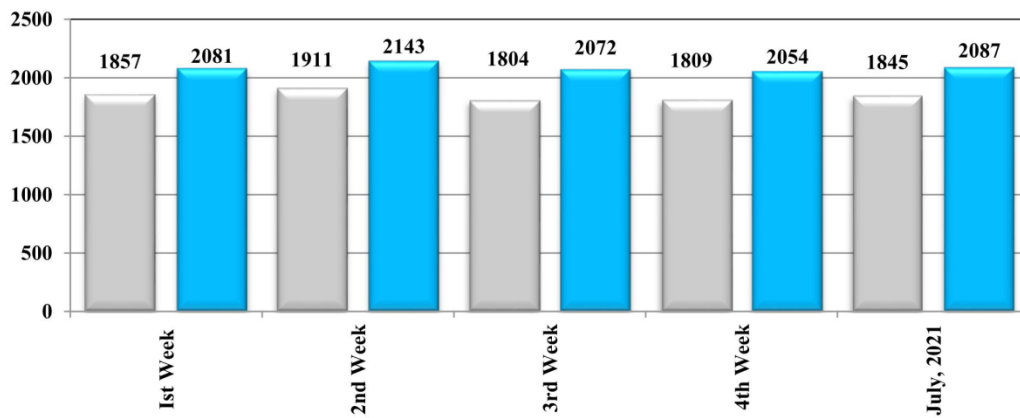


■ Hyderabad ■ Rahim Yar Khan

Source: Market Report

Figure-II: COTTON SEED PRICES DURING JULY, 2021

(Rs per 40 kg)



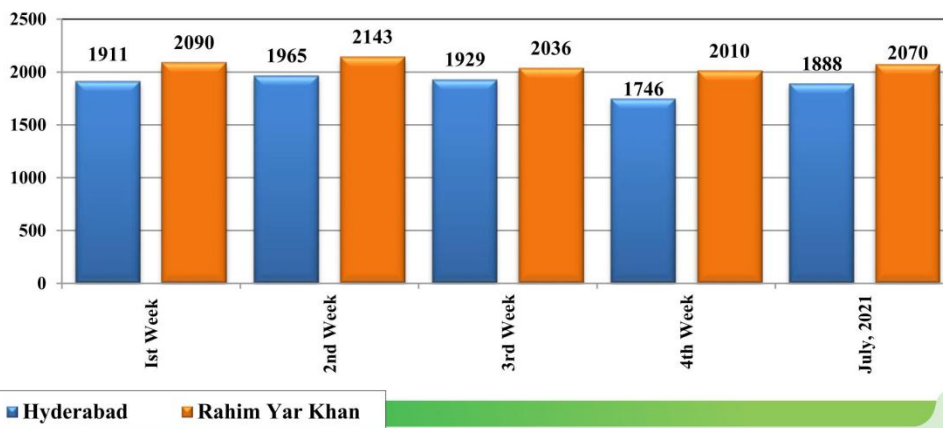
■ Hyderabad ■ Rahim Yar Khan

Source: Market Report



Figure-III: COTTON SEED CAKE PRICES DURING JULY, 2021

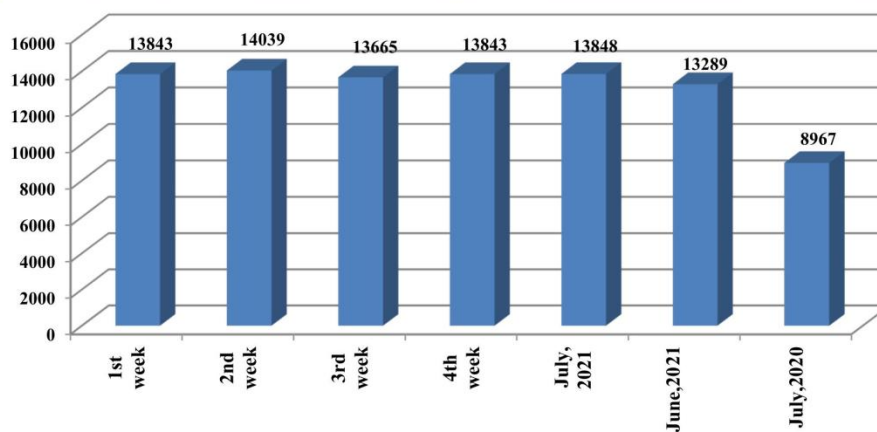
(Rs per 40 kg)



Source: Market Report.

Figure-IV: KCA SPOT RATE (EX-GIN) AT KARACHI DURING JULY, 2021

(Rs per 40 Kg)



Source: The Karachi Cotton Association

The graph above indicates that the prices of raw cotton during the month of July, 2021 posted gains to Rs.13,848 per 40 kg as compared to Rs. 13,289 in June, 2021. Whereas, the prices in July, 2020 were placed much lower at Rs.8,967 per 40 kg. Month-wise details are given in table below:



Table-5: MONTHLY AVERAGE PRICES OF RAW COTTON DURING 2020-21, 2019-20 & 2018-19 (Rs. per 40 kg)

Month	2019-20	2018-19
	Ex-Gin Rate	Ex-Gin Rate
August,2019	8483	9171
September,2019	8933	8735
October,2019	9542	8986
November,2019	9808	9410
December,2019	9434	9403
January,2020	9637	9338
February,2020	9705	9221
March,2020	9547	9241
April,2020	9431	9420
May,2020	9244	9371
June,2020	8804	9346
July,2020	8967	8927
Average 2019-20	9295	9214
August,2020	8962	8483
September,2020	9368	8933
October,2020	10346	9542
November,2020	10146	9808
December,2020	10360	9434
January,2021	11364	9637
February,2021	11908	9705
March,2021	12980	9547
April,2021	11847	9431
May,2021	12314	9244
June, 2021	13,289	8804
July,2021	13848	8967
Average 2020-21	11394	9295

Source: Karachi Cotton Association.

Table:6 COTTON BALANCE SHEET DURING 2016-17, 2017-18, 2018-19 AND 2019-20 (Bale= 170kg)

Sr. No.	Position	2016-17		2017-18		2018-19*		2019-20*	
		'000' Bales	'000'M/Tons	'000' Bales	'000' M/Tons	'000' Bales	'000'M/Tons	'000' Bales	'000'M/Tons
1.	Carryover	0	0	439	75	949	162	1088	185
2.	Production	10670	1814	11945	2031	9,860	1676	9178	1560
3.	Imports	2976	506	3521	599	2439	415	2777	472
	Total	13646	2320	15905	2705	13248	2253	13043	2217
4.	Mill Consumption	13060	2220	14749	2508	12085	2055	11019	1873
5.	Exports	147	25	207	35	75	13	75	13
6.	End Season Stocks	439	75	949	162	1088	185	1949	331
	Total	13646	2320	15905	2705	13248	2253	13043	2217

Source: i) Textile Commissioners Organization (Mill Consumption Aug, 2017-June 2018), for 2018-19 (Aug,2018 to April,2019) and for 2019-20 (Aug,2019- April,2020).

ii) Pakistan Bureau of Statistics. (Imports &Exports).

iii) Provincial Crop Reporting Department and D.G Agriculture (Extension) Department.(Production)

Note: For exports and imports data covers (July-June.)

*Provisional.

COTTON YARN PRICES:

The Cotton Yarn prices of 21's and 30's count remained strengthened during the month of July, 2021. The prices of 21's and 30's count were recorded at Rs.2,345 and Rs.2,605 per bundle of 4.5 kg respectively as compared to Rs.2,262 and Rs.2,503 per bundle in previous month. However, the prices of same counts in the corresponding month were registered much lower at Rs.1536 and Rs 1725 respectively. Details are given as below:

Table-7: DOMESTIC COTTON YARN PRICES DURING JULY, 2021

(Rs. per bundle of 4.54 kg)

Count/ Week	W	E	E	K	July 2021	June 2021	July 2020
	I	II	III	IV			
10/1	2000	2050	2050	2125	2056	1938	1370
16/1	2160	2190	2190	2270	2203	2113	1475
21/1	2288	2331	2331	2431	2345	2262	1536
22/1	2325	2325	2325	2413	2347	2288	1560
26/1	2456	2480	2480	2600	2504	2428	1633
28/1	2600	2600	2600	2750	2638	2575	1650
30/1	2503	2600	2600	2717	2605	2503	1725
32/1	2550	2650	2650	2750	2650	2550	1720
40/1	3250	3350	3350	3400	3338	3250	2180
52/1	3600	3700	3700	3800	3700	3600	2450
60/1	2700	2800	2800	3800	3100	2700	2550
70/1	3800	3900	3900	3900	3867	3800	2600
20/2	2380	2460	2460	2525	2456	2370	1648

Source: Pakistan Yarn Merchants Association, Karachi.

Table-8: EXPORTS OF TEXTILE GROUP COMMODITIES DURING JUNE, 2021

(Value = Rs. In Millions)

Commodities	Unit	June 2021		May 2021		June 2020		%Change over May 2021		July- June 2021		July-June 2020		% Change Over July-June, 2020	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	95	33	0	0	0	0	0	0	594	131	12,776	2,669	-95.35	-95.09
Cotton Yarn	M.T	38,943	18,885	23,628	11,050	35,984	12,271	64.82	70.90	390,090	161,781	412,559	155,158	-5.45	-4.27
Bed Wear	M.T	46,587	46,694	30,526	27,746	27,680	27,462	52.61	68.29	460,143	443,286	405,184	338,750	13.56	30.86
Towels	M.T	21,238	15,465	13,293	9,473	13,931	9,727	59.77	63.25	212,163	149,784	172,903	111,962	22.71	33.78
Cotton Cloth	Th.S	45,215	31,980	30,015	20,641	165,137	21,496	50.64	54.93	992,145	307,158	2,365,874	287,877	-58.06	6.70
Synthetic Fiber	Th.S	9,387	6,913	5,620	3,757	35,027	4,003	67.03	84.00	145,995	59,106	455,986	49,548	-67.98	19.29
Knitwear	Th.Do	23,154	64,187	16,557	43,531	7,654	36,549	39.84	47.45	179,365	609,757	106,027	440,079	69.17	38.56
Readymade Garments	Th.Do	4,102	50,895	2,404	29,868	2,535	30,541	70.63	70.40	37,418	485,059	48,588	401,302	-22.99	20.87

Source: Pakistan Bureau of Statistics, Karachi.

The table above shows that raw cotton during the month of June, 2021 exported at 95 metric tons valuing Rs.33 million, but it's related produce witnessed increasing trend over May, 2021. Details are given in above table.



Table-9: IMPORTS OF TEXTILE GROUP COMMODITIES DURING JUNE, 2021.

(Value = Rs. In Millions)

Commodities	Unit	June 2021		May 2021		June 2020		%Change Over May 2021		July- June, 2021		July-June, 2020		% Change over July-June,2020	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	81,945	25,337	66,408	19,984	64,692	17,001	23.40	26.79	857,373	235,001	536,707	139,628	59.75	68.31
Synthetic Fiber	M.T	27,898	8,350	37,517	11,205	23,091	4,217	-25.64	-25.48	447,351	100,315	292,972	67,466	52.69	48.69
Synthetic & Artificial Silk Yarn	M.T	14,873	5,225	25,237	8,541	15,115	4,675	-41.07	-38.82	392,092	104,697	248,834	79,126	57.57	32.32
Worn Clothing	M.T	93,011	6,034	87,998	5,724	20,838	1,462	5.70	5.42	732,623	49,058	386,320	26,574	89.64	84.61
Other Textile Items	-	-	10,113	-	10,263	-	4,993	-	-1.27	-	126,493	-	86,470	-	46.29

Source: Pakistan Bureau of Statistics, Karachi.

The table above indicates that the imports of raw cotton during June, 2021 posted gains and recorded at 81,945 metric tons amounting to Rs.25,337 million as compared to 66,408 metric tons valuing Rs.19,984 million in May,2021. Whereas the imports in June, 2020 placed lower at 64,692 metric tons amounting to Rs. 17,001 million, showing an increase of 23.4 percent in quantity and 26.8 percent in value over May, 2021.

ECONOMICS OF COTTON AND COMPETING CROPS

Cotton a Kharif crop, competes with rice, sugarcane and other crops for land, water and other farm resources in the area where the cultivation of all other crops is technically feasible. Mainly cotton faces indirect competition from sugarcane, the annual crop which keeps the land throughout the year. The economics of cotton and competing crops has been analyzed on the basis of inputs-outputs costs paid and received growers during 2019-20 year. The summary of various indicators for Punjab and Sindh are presented in table as under:

Table-10: ECONOMICS OF SEED COTTON AND COMPETING CROPS AT PRICES REALIZED BY THE GROWERS 2018-19 CROP

S. No.	Previous/ Crops/ Crop Combination	Output Input ratio	Gross Revenue Per		
			Rupee of Purchased inputs cost	Day of Crop Duration	Acre inch of irrigation water used
Rupees					
1	2	3	4	5	
PUNJAB					
1.	Seed Cotton	1.30	3.96	247	3781
2.	Basmati Paddy	1.03	2.12	360	1117
3.	IRRI Paddy	0.84	1.87	295	856
4.	Cotton + Wheat	1.21	3.93	309	3814
5.	Cotton + Sunflower	1.21	3.71	313	2984
6.	Sugarcane	1.16	4.90	260	2133
SINDH					
1.	Seed Cotton	1.30	3.85	379	5051
2.	IRRI Paddy	0.93	2.58	268	862
3.	Cotton + Wheat	1.20	3.72	323	4525
4.	Cotton + Sunflower	1.18	3.38	294	3084
5.	Sugarcane	1.16	4.23	256	1761

Source: API's Cotton Policy Analysis Report 2019-20 Crop.

Table-11: EXPORT PARITY PRICE OF SEED COTTON ON THE BASIS OF ACTUAL AVERAGE EXPORT PRICE OF PAKISTANI COTTON

Sr. No.	Item	June, 2021
01.	Actual average export price per 40 Kgs	13,895 (Rupees) or 100.55 (US Cents per Lb)
02.	Marketing expenses (export & purchase incidentals, insurance & financial expenses) per 40 kgs	450
03.	Ex-gin price of lint per 40 kgs (item 1-item 2)	13445
04.	Value of 80 Kgs of cotton seed (b)	4784
05.	Ginning charges for 120 Kgs of seed cotton	600
06.	Value of 120 Kgs of seed cotton (c) (item 3+4 -item 5)	17,629
07.	Seed cotton price per 40 Kgs (item 6/3)	5,876

- Notes: a)** One US\$ = 156.70 Pak rupees.
b) Average price of cotton seed for June, 2021 in Rahim Yar Khan Market was Rs. 2392 per 40 Kg.
c) 120 Kg of seed cotton = 80 kg of cotton seed + 40 Kg of lint.

Sources:

1. PBS for export prices.
2. KCA, Karachi for marketing expenses.
3. Pakistan Cotton Ginners Association, Karachi for ginning charges.
4. Directorate of Agriculture (E&M), Punjab, Lahore.
5. API's Seed Cotton Policy Analysis Report for 2019-20 Crop.

Table-12: IMPORT PARITY PRICE OF SEED COTTON ON THE BASIS OF ACTUAL AVERAGE CIF (KARACHI) PRICE OF IMPORTED COTTON

Sr. No.	Item	June, 2021
01.	Actual average cif (Karachi) Price, per 40 kgs	Rs.12,368 (Rupees) or 89.50 (US Cent per Lb)
02.	Handling charges at port and transport cost from port to textile mill at Karachi @ 5% of cif price	514
03.	Ex-gin price of cotton lint (item 1+ item 2)	12,882
04.	Value of 80 Kgs of cotton seed (a)	4784
05.	Ginning charges for 120 Kgs of seed cotton including ginning	600
06.	Value of 120 Kgs of seed cotton (item 3 + item 4 – item 5) losses	17,066
07.	Seed cotton price (item 6/3)	5,689

Note:

- a) One US\$ = 156.70 Pak rupees.
- b) Average price of cotton seed for June, 2021 in Rahim Yar Khan Market was Rs. 2392 per 40 Kg.
- c) 120 kg of seed cotton = 80 kg of cotton seed + 40 kg of lint.

Sources:

1. PBS, for cif (Karachi price).
2. KCA, for incidental charges.
3. Pakistan Cotton Ginners Association, Karachi for ginning charges.
4. Directorate of Agriculture (E&M), Punjab, Lahore.
5. API's Seed Cotton Policy Analysis Report for 2019-20 Crop.



REGIONAL COTTON SITUATION

1. CHINA

Cotton area in China is estimated to decline by 2.0% to 3.11 million hectares in 2021-22 season as compared to 3.2 million hectares in 2020-21. Similarly cotton production is estimated to decrease by 3.0% to 5.7 million tons in 2021-25 as compared to 5.9 million tons in last year. Consumption is projected to decline by 2.4% to 8.20 million tons in 2021-22. Imports by China are estimated at 2.38 million tons, indicating decline by 5.4% over previous season. Stock level in China are estimated at 9.206 million tons in 2020-21.

Table-13: CHINA SUPPLY AND DEMAND POSITION

(Million Metric Tons)

Heads	2016-17	2017-18	2018-19 Proj.	2019-20 Proj.	2020-21 Proj.
Beginning Stock	12.65	10.35	9.03	8.88	8.94
Production	4.90	5.89	6.04	5.80	5.91
Consumption	8.28	8.50	8.25	7.25	8.40
Import	1.10	1.32	2.10	1.55	2.79
Ending Stock	10.35	9.03	8.88	8.94	9.21

Source: Cotton this month July 01, 2021.

2. INDIA

Cotton area in India is estimated to decline by 6.14 percent to 12.650 million hectares in 2021-22 as compared to 13.477 million hectares in previous year. Whereas production has been revised down ward to 5.9 million tons, showing 2.5 % decline from last season. Whereas, mill consumption is expected to grow by 5.5.% to 5.8 million tons in 2021-22 due to recovering demand for cotton yarn in its domestic markets. Indian exports are expected to decline by 8.3 percent to 1.12 million tons for the season 2021-22. Ending stocks are expected at 2.93 million tons in 2020-21.

3. INTERNATIONAL COTTON SITUATION 2020-21

Global cotton area is expected to grow by 2.7% to 32.907 million hectares in 2021-22 season as compared to 32.044 million hectares in previous year. Global production for 2021-22 is expected to show a recovery in the 2021-22 season and is recorded at 25.048 million tons as compared to 24.215 million tons in 2020-21. Global consumption has recovered from 2020-21 by 0.8% to reach 25.77 million tons in 2021-22. Ending stocks are forecast to decline further in 2020-21 season to 20.977 million tons as compared to 22.328 million tons in previous year.

Table-14: WORLD COTTON BALANCE SHEET

(Million Metric Tons)

Heads	2016-17	2017-18 Estimated.	2018-19 Estimated.	2019-20 Projected	2020-21 Projected	% Change in 2020-21 over 2019-20
Beginning stock	20.50	18.88	19.33	19.32	22.33	+15.58
Production	23.35	26.96	25.96	26.12	24.21	-7.31
Consumption	24.85	26.42	25.89	22.75	25.57	+12.40
Exports	8.29	9.14	9.30	9.03	10.37	+14.84
Imports	8.09	9.04	9.22	8.68	10.37	+19.47
Ending Stock	18.88	19.33	19.32	22.33	20.98	-6.05

Source: Cotton This Month July 01, 2021.

Table -15: COTTON PRODUCTION AND CONSUMPTION IN MAJOR COTTON GROWING COUNTRIES DURING LAST 5 YEARS

(Million Tons)

Countries	2016-17	2017-18 Estimated.	2018-19 Estimated.	2019-20 Projected	2020-21 Projected
Production					
India	5.87	6.35	5.66	6.21	6.05
China	4.90	5.89	6.04	5.80	5.91
USA	3.74	4.56	4.00	4.34	3.18
Pakistan	1.53	2.01	2.78	3.00	2.17
Brazil	1.66	1.80	1.67	1.32	0.89*
Uzbekistan	0.96	0.96	0.64	0.53	1.03
Others	4.70	5.40	5.18	4.92	4.81
World Total	23.35	26.96	25.96	26.12	24.21
Consumption					
China	8.28	8.50	8.25	7.25	8.40
India	5.15	5.42	5.40	4.45	5.53
Pakistan	2.22	2.35	2.36*	1.98*	2.15*
Europe & Turkey	1.61	1.80	1.70	1.60	1.70
Vietnam	1.17	1.51	1.51	1.45	1.52
Bangladesh	1.41	1.66	1.58	1.50	1.64
USA	0.71	0.70	0.63	0.47	0.50
Brazil	0.69	0.68	0.73	0.61	0.72
Others	3.62	3.80	3.73	3.44	3.42
World Total	24.85	26.42	25.89	22.75	25.57

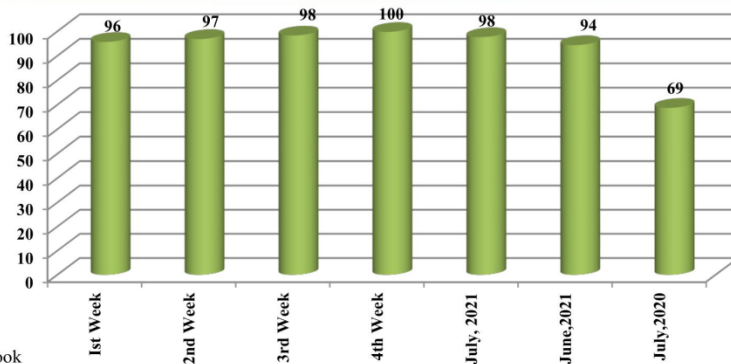
Source: i) Cotton This Month July 01, 2021.

ii) Provincial Agriculture Crop Reporting Departments of Pakistan for Production and Textile Commissioner's Organization for Consumption.

*Provisional.

Figure-V: COTLOOK 'A' INDEX DURING JULY, 2021

(US Cents per Pound)



Source: Cotton Outlook

The graph above indicates that 'A' index prices during July, 2021 witnessed in growing tendency to 98.00 cents per pound as compared to 94.00 cents per pound in June, 2021. While, the prices in July, 2020 were recorded much lower at 69.00 cents per pound. Month-wise details are given as below:

Table-16: MONTHLY AVERAGE PRICES OF "A" INDEX DURING 2020-21, 2019-20 & 2018-19

(US Cents Per Pound)

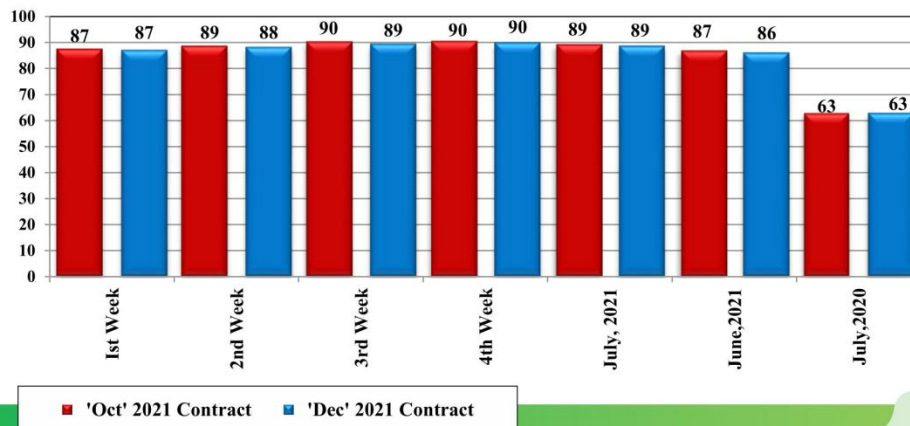
Month/Season	2019-20	2018-19
August, 2019	70.89	94.73
September, 2019	71.26	90.54
October, 2019	73.62	86.72
November, 2019	74.89	86.58
December, 2019	75.83	85.75
January, 2020	79.08	82.19
February, 2020	76.57	81.18
March, 2020	68.21	83.64
April, 2020	63.43	87.28
May, 2020	65.72	80.49
June, 2020	67.77	77.58
July, 2020	68.73	75.66
Average 2019-20	71.33	84.36
August, 2020	69.95	70.89
September, 2020	70.81	71.26
October, 2020	74.55	73.62
November, 2020	77.64	74.89
December, 2020	80.86	75.83
January, 2021	87.13	79.08
February, 2021	92.76	76.57
March, 2021	91.94	68.21
April, 2021	89.97	63.43
May, 2021	90.53	65.72
June, 2021	94.37	67.77
July, 2021	97.66	68.73
Average 2020-21	84.85	71.33

Source: Cotton Outlook.



Figure-VI: NEW YORK COTTON FUTURES VALUES DURING JULY, 2021

(US Cents Per Pound)



Source: Cotton Outlook

The graph above indicates that the nearby October, 2021 contract during July, 2021 witnessed nominal rise to 89.00 cents per pound as compared to 87.00 cents in previous month. However, the prices of same contract in the corresponding month of last year recorded much lower at 63.00 cents per pound.

