

COTTON REVIEW



DOMESTIC COTTON CROP SCENARIO

According to the report released by Pakistan Cotton Ginner's Association as on 1st December, 2019 the arrivals of seed cotton into ginning factories witnessed shortfall of 20.5% to 7.447 million bales as compared to 9.367 million bales recorded in the corresponding period last year. The arrivals in Punjab declined by 24.1 percent to 4.141 million bales as compared to 5.453 million bales in last year.

Similarly, the arrivals in Sindh also remained decreased by 15.5 percent to 3.306 million bales as compared to 3.914 million bales in the same period of last year. However, the districts of Ghotki, Mirpur Khas and Badin depicted growing tendency as compared to previous year. The decline in production both in Punjab and Sindh has been occurred owing to weather and pest attack.

Table-1: ESTIMATES OF COTTON CROP VOLUME 2019-20 SEASON (Bales = 170 Kg)

| Province | Expected Production (million bales) |
|----------------------------------|-------------------------------------|
| Punjab | 6.800 |
| Sindh | 3.900 |
| Baluchistan & Khyber PakhtunKhwa | 0.0952 |
| Pakistan | 10.800 |

Source: Federal Committee on Agriculture 14.10.2019.

Table-2: TARGETS FOR AREA AND PRODUCTION OF COTTON CROP 2019-20

| S. No | Province | Area (Million Hectares) | Production (Million bales) |
|--------------------------|--------------------|-------------------------|----------------------------|
| 1. | Punjab | 2.145 | 7.90 |
| 2. | Sindh | 0.640 | 4.60 |
| 3. | Khyber Pakhtunkhwa | 0.010 | 0.02 |
| 4. | Baluchistan | 0.100 | 0.20 |
| Total of Pakistan | | 2.895 | 12.72 |

Source: Provincial Agriculture Departments.

Table -3: PROVINCE -WISE SOWING POSITION OF COTTON CROP DURING 2019-20 SEASON
(Million Hectares)

| Province | Target 2019-20 | Area Sown | | % Change Over | |
|--------------------|----------------|--------------|--------------|---------------|-------------|
| | | 2019-20 | 2018-19 | Target | Last Year |
| Punjab | 2.145 | 1.860 | 1.888 | 86.7% | -1.5 |
| Sindh | 0.640 | 0.615 | 0.448 | 96.0% | +37.3 |
| Khyber Pakhtunkhwa | 0.010 | 0.00010 | 0.00016 | 1.0% | -37.5 |
| Balochistan | 0.100 | 0.038 | 0.037 | 38.0% | +2.7 |
| Total | 2.895 | 2.513 | 2.373 | 86.8% | +5.9 |

Source: Provincial Agriculture Departments

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Table-4: SEED COTTON ARRIVALS AS ON 01st DECEMBER, 2019

(Bales)

| Heads | 2019-20 (Season) | | | 2018-19 (Season) | | |
|------------------------|------------------|-----------|-----------|------------------|-----------|-----------|
| | Punjab | Sindh | Total | Punjab | Sindh | Total |
| Arrivals | 4,141,096 | 3,306,448 | 7,447,544 | 5,453,117 | 3,913,821 | 9,366,938 |
| Sales to Exporters | 0 | 50,430 | 50,430 | 2800 | 90,778 | 93,578 |
| Sales to Textile Mills | 3,284,315 | 2,689,777 | 5,974,092 | 4,140,813 | 3,172,051 | 7,312,864 |
| Sales to T.C.P | - | - | - | - | - | - |
| Unsold Stock | 588,750 | 339,070 | 927,820 | 1,012,246 | 272,080 | 1,284,326 |
| Un-ginned Stock | 268,031 | 227,171 | 495,202 | 297,258 | 378,912 | 676,170 |

Source: Pakistan Cotton Ginners Association.

Table-5: SEED COTTON PRICES (MONTHLY AVERAGES) 2017-18 , 2018-19& 2019-20

(Rs. per 40 Kg)

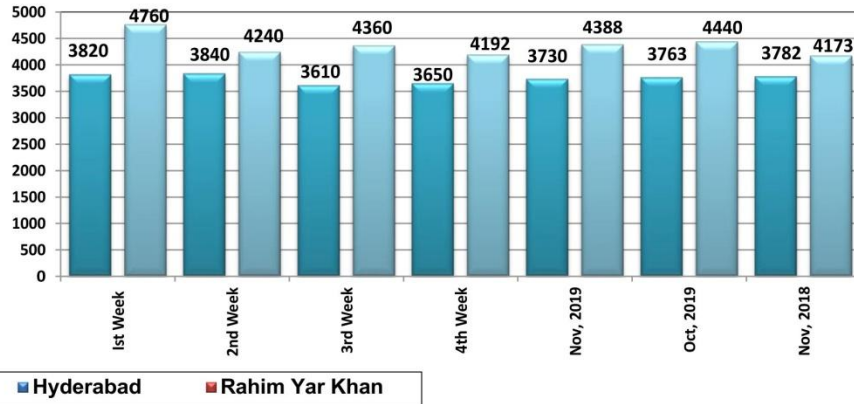
| Months | Hyd | M.P. Khas | Ghotki | Khair Pur | Sukr | R.Y. Khan | Bahawal Pur | Vehari | Mian Channu | Sahiwal | Lodhran | D.G. Khan | Multan | Burewala |
|-----------------|------|-----------|--------|-----------|------|-----------|-------------|--------|-------------|---------|---------|-----------|--------|----------|
| July,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 |
| Average 2019-20 | 3647 | 3323 | 4108 | 4084 | 4051 | 4199 | 3985 | 4073 | 3934 | 3834 | 3967 | 4254 | 4068 | 4021 |
| June,2018 | 3975 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| July,2018 | 4232 | - | - | - | 4240 | - | - | - | - | - | - | - | - | - |
| August,2018 | 3852 | 3869 | - | - | - | 3991 | - | 3899 | 3734 | - | - | - | - | 3893 |
| September,2018 | 3764 | 3810 | - | 3695 | 3716 | 3921 | 3665 | 3687 | 3606 | 3671 | - | - | 3602 | 3705 |
| October,2018 | 3805 | 3667 | - | 3783 | 3839 | 4046 | 3898 | 3886 | 3790 | 3759 | - | - | 3906 | 3915 |
| November,2018 | 3782 | 3544 | - | 3850 | 3999 | 4173 | 4048 | 3948 | 3841 | 3780 | - | - | 4016 | 3874 |
| December,2018 | 3554 | 3459 | - | 3748 | 3963 | 4095 | 3908 | 3833 | 3703 | 3850 | - | - | 3971 | 3828 |
| January,2019 | - | - | - | 3715 | 3659 | 4020 | 3949 | 3640 | 3457 | - | - | - | 3800 | 3783 |
| February,2019 | - | - | - | - | - | 4035 | 3725 | 3556 | 3254 | - | - | - | - | 3761 |
| March,2019 | - | - | - | - | - | 3914 | - | 3635 | - | - | - | - | - | 3783 |
| April,2019 | - | - | - | - | - | 3876 | - | - | - | - | - | - | - | - |
| Average 2018-19 | 3855 | 3670 | - | 3758 | 3835 | 4031 | 3866 | 3761 | 3626 | 3765 | - | - | 3859 | 3818 |
| Average 2017-18 | 2929 | 2905 | - | 3,086 | 3173 | 3037 | 3149 | 2838 | 3014 | 2906 | - | - | 3,020 | 2899 |

Source: Market Report

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Figure-I: SEED COTTON PRICES DURING NOVEMBER, 2019

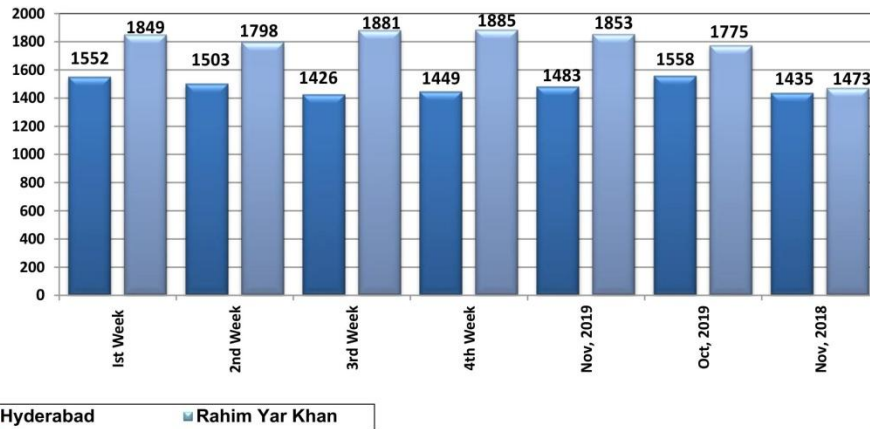
(Rs per 40 kg)



Source: Market Report .

Figure-II: COTTON SEED PRICES DURING NOVEMBER, 2019

(Rs per 40 kg)

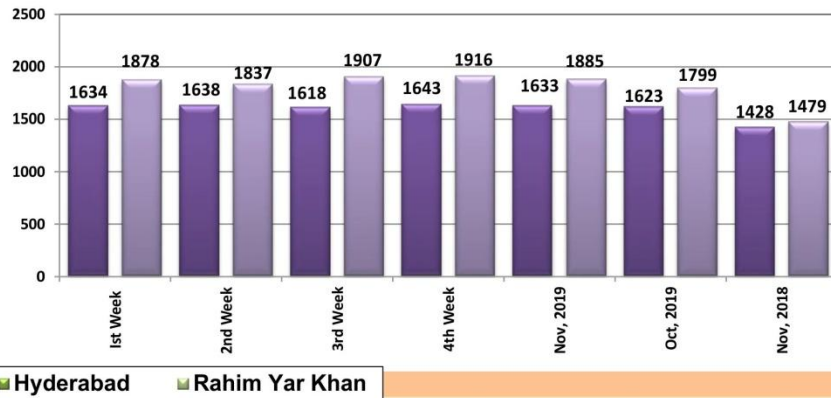


Source: Market Report

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Figure-III: COTTON SEED CAKE PRICES DURING NOVEMBER, 2019

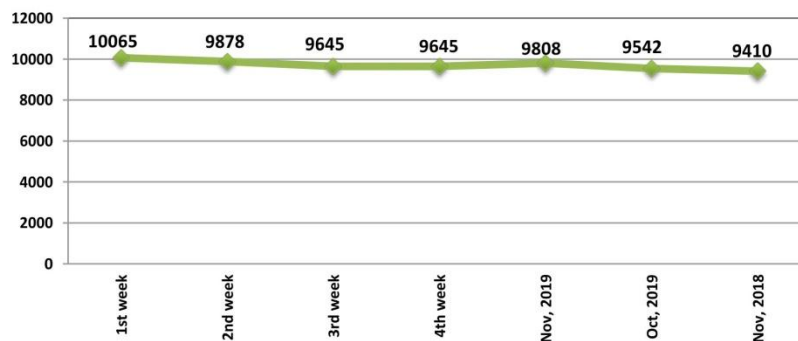
(Rs per 40 kg)



Source: Market Report

Figure-IV: KCA SPOT RATE (EX-GIN) AT KARACHI DURING NOVEMBER, 2019

(Rs per 40 kg)



Source: The Karachi Cotton Association.

The graph above indicates that the prices of raw cotton during the month of November, 2019 depicted increasing trend and were recorded at Rs.9,808 per 40 kg as compared to Rs. 9,542 in October, 2019. Whereas, the prices in November, 2018 were registered lower at Rs. 9,410 per 40 kg. Month-wise details are given in table below:

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Table-6: MONTHLY AVERAGE PRICES OF RAW COTTON DURING 2018-19 & 2017-18

| Month | (Rs. Per 40 kg) | |
|------------------------|-----------------|-------------|
| | 2018-19 | 2017-18 |
| | Ex-Gin Rate | Ex-Gin Rate |
| August,2018 | 9171 | 6650 |
| September,2018 | 8735 | 6468 |
| October,2018 | 8986 | 6570 |
| November,2018 | 9410 | 6945 |
| December,2018 | 9403 | 7397 |
| January,2019 | 9338 | 8132 |
| February,2019 | 9221 | 7531 |
| March,2019 | 9241 | 7920 |
| April,2019 | 9420 | 8004 |
| May,2019 | 9371 | 7986 |
| June,2019 | 9346 | 8075 |
| July,2019 | 8927 | 9213 |
| Average 2018-19 | 9214 | 7574 |
| August,2019 | 8483 | 9171 |
| September,2019 | 8933 | 8735 |
| October,2019 | 9542 | 8986 |
| November,2019 | 9808 | 9410 |
| Average 2019-20 | 9192 | 9076 |

Source: Karachi Cotton Association.

Table 7: COTTON BALANCE SHEET DURING 2015-16, 2016-17, 2017-18 AND 2018-19

| Sr. No. | Position | (Bale= 170kg) | | | | | | | |
|---------|-------------------|---------------|-------------|--------------|--------------|--------------|-------------|--------------|-------------|
| | | 2015-16 | | 2016-17 | | 2017-18* | | 2018-19* | |
| | | '000' Bales | '000'M/Tons | '000' Bales | '000' M/Tons | '000' Bales | '000'M/Tons | '000' Bales | '000'M/Tons |
| 1. | Carryover | 550 | 93 | 0 | 0 | 439 | 75 | 949 | 162 |
| 2. | Production | 9917 | 1686 | 10670 | 1814 | 11945 | 2031 | 9,860 | 1676 |
| 3. | Imports | 2453 | 417 | 2976 | 506 | 3521 | 599 | 2439 | 415 |
| | Total | 12920 | 2196 | 13646 | 2320 | 15905 | 2705 | 13248 | 2253 |
| 4. | Mill Consumption | 12633 | 2147 | 13060 | 2220 | 14749 | 2508 | 12085 | 2055 |
| 5. | Exports | 287 | 49 | 147 | 25 | 207 | 35 | 75 | 13 |
| 6. | End Season Stocks | 0 | 0 | 439 | 75 | 949 | 162 | 1088 | 185 |
| | Total | 12920 | 2196 | 13646 | 2320 | 15905 | 2705 | 13248 | 2253 |

Source: i) Textile Commissioners Organization (Mill Consumption for 2017-18(August to June) and for 2018- 2019 (August to April,2019).

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

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

*Provisional.

COTTON YARN PRICES:

The Cotton Yarn prices of 21's and 30's count in November, 2019 remained unchanged at previous month's level of Rs 1,656 and Rs.1,832 per bundle of 4.5 kg respectively. However, the same counts in the corresponding month of last year were recorded lower at Rs.1,505 and Rs.1,772 per bundle respectively. Details are given as below:

Table-8: DOMESTIC COTTON YARN PRICES DURING NOVEMBER, 2019

(Rs. per bundle of 4.54 kg)

| Count/ Week | W E E K | | | | November 2019 | October 2019 | November 2018 |
|----------------|---------|------|------|------|------------------|-----------------|------------------|
| | I | II | III | IV | | | |
| 10/1 | 1515 | 1515 | 1485 | 1485 | 1500 | 1440 | 1335 |
| 16/1 | 1606 | 1603 | 1606 | 1606 | 1605 | 1573 | 1453 |
| 21/1 | 1656 | 1656 | 1656 | 1656 | 1656 | 1656 | 1505 |
| 22/1 | 1675 | 1675 | 1675 | 1675 | 1675 | 1675 | 1527 |
| 26/1 | 1737 | 1737 | 1737 | 1737 | 1737 | 1737 | 1690 |
| 28/1 | 1800 | 1800 | 1800 | 1800 | 1800 | 1800 | 1738 |
| 30/1 | 1832 | 1832 | 1832 | 1832 | 1832 | 1832 | 1772 |
| 32/1 | 1850 | 1850 | 1850 | 1850 | 1850 | 1850 | 1775 |
| 40/1 | 2250 | 2250 | 2250 | 2250 | 2250 | 2250 | 2200 |
| 52/1 | 2550 | 2550 | 2550 | 2550 | 2550 | 2550 | 2500 |
| 60/1 | 2650 | 2650 | 2650 | 2650 | 2650 | 2650 | 2519 |
| 70/1 | 2700 | 2700 | 2700 | 2700 | 2700 | 2700 | 2669 |
| 20/2 | 1780 | 1780 | 1780 | 1780 | 1780 | 1755 | 1593 |

Source: Pakistan Yarn Merchants Association, Karachi.

Table-9: EXPORTS OF TEXTILE GROUP COMMODITIES DURING OCTOBER, 2019

(Value = Rs. In Millions)

| Commodities | Unit | October 2019 | | September 2019 | | October 2018 | | % Change Over September 2019 | | July –October 2019 | | July –October 2018 | | % Change | |
|--------------------|--------|-----------------|--------|-------------------|--------|-----------------|--------|------------------------------------|--------|-----------------------|---------|-----------------------|---------|----------|-------|
| | | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val |
| Raw Cotton | M.T | 974 | 216 | 1,643 | 395 | 2,988 | 661 | -40.72 | -45.32 | 7,954 | 1,926 | 7,607 | 1,535 | 4.56 | 25.47 |
| Cotton Yarn | M.T | 35,372 | 14,078 | 34,173 | 13,669 | 35,708 | 10,332 | 3.51 | 2.99 | 153,204 | 60,504 | 147,199 | 49,258 | 4.08 | 22.83 |
| Bed Wear | M.T | 44,432 | 33,857 | 41,287 | 31,324 | 41,126 | 24,707 | 7.62 | 8.09 | 172,547 | 128,557 | 144,574 | 97,142 | 19.35 | 32.34 |
| Towels | M.T | 16,531 | 11,147 | 12,852 | 8,600 | 15,089 | 8,504 | 28.63 | 29.62 | 58,030 | 39,571 | 60,041 | 31,381 | -3.35 | 26.10 |
| Cotton Cloth | Th.SQ | 192,938 | 27,976 | 194,825 | 27,278 | 235,832 | 24,019 | -0.97 | 2.56 | 759,408 | 106,702 | 855,718 | 89,645 | -11.25 | 19.03 |
| Synthetic Fiber | Th.SQ | 35,038 | 4,771 | 29,926 | 4,040 | 38,382 | 3,550 | 17.08 | 18.09 | 130,264 | 17,172 | 118,554 | 12,552 | 9.88 | 36.81 |
| Knitwear | Th.DoZ | 10,300 | 42,833 | 9,215 | 37,180 | 9,753 | 34,095 | 11.77 | 15.20 | 40,246 | 165,807 | 37,790 | 121,095 | 6.50 | 36.92 |
| Readymade Garments | Th.DoZ | 5,182 | 37,319 | 4,336 | 31,216 | 4,309 | 27,499 | 19.51 | 19.55 | 19,954 | 142,608 | 15,119 | 101,767 | 31.98 | 40.13 |

Source: Pakistan Bureau of Statistics, Karachi.

The table above shows that the exports of raw cotton and cotton cloth witnessed declining tendency but other related produce posted gains during October, 2019. The raw cotton exports decreased to 974 metric tons valuing Rs. 216 million as compared to 1,643 metric tons amounting to Rs. 395 million in September, 2019. However, the exports in October, 2018 recorded higher at 2,988 metric tons amounting to Rs. 661 million, showing a decrease of 40.72 percent in quantity and 45.32 percent in value over September, 2019.

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Table-10: IMPORTS OF TEXTILE GROUP COMMODITIES DURING OCTOBER, 2019.

(Value = Rs. In Millions)

| Commodities | Unit | October 2019 | | September 2019 | | October 2018 | | % Change Over September 2019 | | July-October 2019 | | July-October 2018 | | % Change | |
|----------------------------------|------|--------------|-------|----------------|-------|--------------|--------|------------------------------|--------|-------------------|--------|-------------------|--------|----------|--------|
| | | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val |
| Raw Cotton | M.T | 5,548 | 1,440 | 2,142 | 589 | 6,297 | 1,586 | 159.01 | 144.48 | 25,610 | 7,371 | 42,279 | 9,689 | -39.43 | -23.92 |
| Synthetic Fiber | M.T | 18,067 | 4,806 | 15,079 | 3,797 | 23,287 | 5,764 | 19.82 | 26.57 | 87,122 | 22,833 | 94,322 | 23,763 | 7.63 | -3.91 |
| Synthetic & Artificial Silk Yarn | M.T | 18,754 | 7,032 | 18,780 | 7,142 | 18,724 | 5,621 | -0.14 | -1.54 | 67,482 | 25,695 | 89,733 | 24,649 | 24.80 | 4.24 |
| Worn Clothing | M.T | 31,690 | 2,204 | 25,217 | 1,810 | 34,281 | 1,689 | 25.67 | 21.77 | 123,459 | 8,501 | 148,737 | 6,869 | -17.00 | 23.76 |
| Other Textile Items | - | - | 8,400 | - | 6,611 | - | 13,015 | - | 27.06 | - | 30,669 | - | 46,698 | - | -34.32 |

Source: Pakistan Bureau of Statistics, Karachi.

The table above indicates that the imports of raw cotton during October, 2019 posted gains to 5,548 metric tons amounting to Rs.1,440 million as compared to 2,142 metric tons valuing Rs.589 million in September,2019. Whereas the imports in October, 2018 recorded higher at 6,297 metric tons amounting to Rs.1,586 million, showing an increase of 159.01 percent in quantity and 144.48 percent in value over September, 2019.

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 farmer gives priorities and takes decision on the economics of cotton and competing crops on the basis of inputs-outputs prices paid and received. The estimation of the indicators, like gross cost, gross income, gross margin, net income, input-output ratio, etc may provide the useful sights to the growers at farm level. Details are presented in following table.

Table-11: ECONOMICS OF SEED COTTON AND COMPETING CROPS AT PRICES REALIZED BY THE GROWERS 2015-16 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 |
| | | | Ratio | Rupees | |
| 1 | 2 | 3 | 4 | 5 | |
| PUNJAB | | | | | |
| 1. | Seed Cotton | 1.03 | 3.06 | 239 | 2602 |
| 2. | Basmati Paddy | 0.87 | 1.95 | 227 | 704 |
| 3. | IRRI Paddy | 0.80 | 1.84 | 184 | 533 |
| 4. | Cotton + Wheat | 1.04 | 2.98 | 235 | 2904 |
| 5. | Cotton + Sunflower | 1.01 | 2.75 | 232 | 2219 |
| 6. | Sugarcane | 1.25 | 3.96 | 237 | 1943 |
| SINDH | | | | | |
| 1. | Seed Cotton | 1.16 | 3.71 | 250 | 3332 |
| 2. | IRRI Paddy | 1.18 | 3.29 | 249 | 800 |
| 3. | Cotton + Wheat | 1.12 | 3.41 | 238 | 3338 |
| 4. | Cotton + Sunflower | 1.08 | 3.41 | 239 | 2509 |
| 5. | Sugarcane | 1.28 | 3.89 | 232 | 1597 |

Source: API's Cotton Policy Analysis for 2015 -16 Crop.

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Table-12: EXPORT PARITY PRICE OF SEED COTTON ON THE BASIS OF ACTUAL AVERAGE EXPORT PRICE OF PAKISTANI COTTON

| Sr. No. | Item | October, 2019 |
|---------|---|--|
| 01. | Actual average export price per 40 Kgs | 8,871 (Rupees) or 64.27 (US Cents per Lb) |
| 02. | Marketing expenses (export & purchase incidentals, insurance & financial expenses) per 40 kgs | 425 |
| 03. | Ex-gin price of lint per 40 kgs (item 1-item 2) | 8446 |
| 04. | Value of 80 Kgs of cotton seed (b) | 3550 |
| 05. | Ginning charges for 120 Kgs of seed cotton | 600 |
| 06. | Value of 120 Kgs of seed cotton (c) (item 3+4 -item 5) | 11,396 |
| 07. | Seed cotton price per 40 Kgs (item 6/3) | 3,799 |

Notes:

- a) One US\$ = 156.53 Pak rupees.
- b) Average price of cotton seed for October, 2019 in Rahim Yar Khan market was Rs. 1775 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 Cotton Policy Analysis for 2015-16 Crop.

Table-13: IMPORT PARITY PRICE OF SEED COTTON ON THE BASIS OF ACTUAL AVERAGE CIF (KARACHI) PRICE OF IMPORTED COTTON

| Sr. No. | Item | October, 2019 |
|---------|--|---|
| 01. | Actual average cif (Karachi) Price, per 40 kgs | Rs.10,382 (Rupees) or 75.21 (US Cent per Lb) |
| 02. | Handling charges at port and transport cost from port to textile mill at Karachi @ 5% of cif price | 425 |
| 03. | Ex-gin price of cotton lint (item 1+ item 2) | 10,807 |
| 04. | Value of 80 Kgs of cotton seed (a) | 3550 |
| 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 | 13,757 |
| 07. | Seed cotton price (item 6/3) | 4,586 |

Note:

- a) Average price of cotton seed for October, 2019 in Rahim Yar Khan market was Rs. 1775 per 40 Kg.
- b) 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 Cotton Policy Analysis for 2015-16 Crop.

REGIONAL COTTON SITUATION

1. CHINA

Cotton area in China has decreased slightly by 2.0% to 3.300 million hectares in 2019-20 as compared to 3.367 million hectares in 2018-19. Yield also is expected to decline due to high temperature and little rain. The production forecasted in 2019-20 is 4% lower than the previous year. Consumption in China is expected to decline by 2.4% to 8.05 million tons in 2019-20. Imports by China are projected at 1.66 million tons, showing a decrease of 21.0% over previous season. Stock levels in China continued to decline by 7.3% to 8.2 million tons in 2019-20.

Table-14: CHINA SUPPLY AND DEMAND POSITION

| Heads | (Million Metric Tons) | | | | |
|-----------------|-----------------------|---------|--------------|--------------|---------------|
| | 2015-16 | 2016-17 | 2017-18 Est. | 2018-19 Est. | 2019-20 Proj. |
| Beginning Stock | 14.12 | 12.65 | 10.35 | 9.03 | 8.88 |
| Production | 5.20 | 4.90 | 5.89 | 6.04 | 5.80 |
| Consumption | 7.60 | 8.28 | 8.50 | 8.25 | 8.05 |
| Import | 0.96 | 1.10 | 1.32 | 2.10 | 1.66 |
| Ending Stock | 12.65 | 10.35 | 9.03 | 8.88 | 8.23 |

Source: Cotton this month December 02, 2019.

2. INDIA

Cotton area in India is projected to enhance at 12.7 million hectares in 2019-20. Favorable weather conditions in India could potentially increase 12.0% in production currently expected. Similarly, mill consumption is expected to rise by 2.5% to 5.535 million tons as compared to 5.400 million tons in 2018-19. Exports from India estimated to rise by 12.5 percent to 0.900 million tons in current year as compared to 0.800 million tons in previous year.

3. INTERNATIONAL COTTON SITUATION 2019-20

World cotton area is expected to grow by 5.6% to 34.469 million hectares in 2019-20 as compared to 32.647 million hectares in 2018-19. Global cotton production is expected to increase by 2.7% to 26.4 million tons, while consumption is projected to rise by 0.3% to 26.2 million tons. Global trade i.e imports and exports are estimated to decline at 9.0 million tons in 2019-20 as compared to 9.2 million tons in 2018-19. World ending stock levels are currently projected to increase by 1% at the end of 2019-20 under current estimates for production and consumption. With current projections of increase in global cotton production and weak consumption, cotton prices are expected to remain low in the new year.

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Table-15: WORLD COTTON BALANCE SHEET

| Heads | (Million Metric Tons) | | | | | |
|-----------------|-----------------------|---------|-----------------------|-----------------------|----------------------|--|
| | 2015-16 | 2016-17 | 2017-18 Estimated. | 2018-19 Estimated. | 2019-20 Projected | % Change in 2019-20 over 2018-19 |
| Beginning stock | 22.95 | 20.31 | 18.48 | 18.69 | 18.22 | -2.51 |
| Production | 21.48 | 23.07 | 26.68 | 25.69 | 26.41 | 2.80 |
| Consumption | 24.14 | 24.79 | 26.35 | 26.13 | 26.20 | 0.27 |
| Exports | 7.54 | 8.19 | 9.10 | 9.24 | 8.96 | -3.03 |
| Imports | 7.59 | 8.09 | 8.98 | 9.21 | 8.96 | -2.71 |
| Ending Stock | 20.31 | 18.48 | 18.69 | 18.22 | 18.44 | 1.21 |

Source: Cotton this month December 02, 2019.

Table -16: COTTON PRODUCTION AND CONSUMPTION IN MAJOR COTTON GROWING COUNTRIES DURING LAST 5 YEARS

| Countries | (Million Tons) | | | | |
|--------------------|----------------|---------|-----------------------|-----------------------|----------------------|
| | 2015-16 | 2016-17 | 2017-18 Estimated. | 2018-19 Estimated. | 2019-20 Projected |
| Production | | | | | |
| India | 5.75 | 5.87 | 6.35 | 5.35 | 6.00 |
| China | 5.20 | 4.90 | 5.89 | 6.04 | 5.80 |
| USA | 2.81 | 3.74 | 4.56 | 4.00 | 4.53 |
| Brazil | 1.29 | 1.53 | 2.01 | 2.73 | 2.72 |
| Pakistan | 1.54 | 1.66 | 1.80 | 1.67 | 1.50 |
| Uzbekistan | 0.83 | 0.79 | 0.80 | 0.64 | 0.64 |
| Others | 4.06 | 4.59 | 5.28 | 5.27 | 5.22 |
| World Total | 21.48 | 23.07 | 26.68 | 25.69 | 26.41 |
| Consumption | | | | | |
| China | 7.60 | 8.28 | 8.50 | 8.25 | 8.05 |
| India | 5.30 | 5.15 | 5.42 | 5.40 | 5.54 |
| Pakistan | 2.15 | 2.15 | 2.35* | 2.36* | 2.36* |
| Europe & Turkey | 1.68 | 1.61 | 1.64 | 1.71 | 1.74 |
| Vietnam | 1.01 | 1.17 | 1.51 | 1.51 | 1.53 |
| Bangladesh | 1.32 | 1.41 | 1.66 | 1.58 | 1.60 |
| USA | 0.75 | 0.71 | 0.77 | 0.71 | 0.73 |
| Brazil | 0.66 | 0.69 | 0.68 | 0.73 | 0.73 |
| Others | 3.67 | 3.64 | 3.83 | 3.88 | 3.91 |
| World Total | 24.14 | 24.79 | 26.35 | 26.13 | 26.20 |

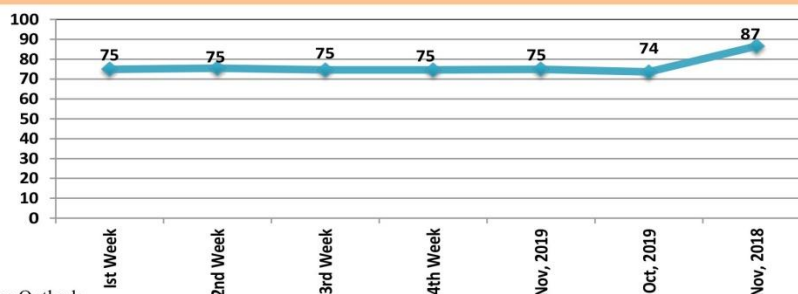
Source: Cotton this month December 02, 2019

*Provisional.

COTTON REVIEW

Figure-V: COTLOOK 'A' INDEX DURING NOVEMBER, 2019

(US Cents per Pound)



Source: Cotton Outlook

The graph above shows that 'A' index prices during November, 2019 posted gains at 75.00 cents per pound as compared to 74.0 cents per pound in October, 2019. However, the prices in November, 2018 were recorded much higher at 87.00 cents per pound. Month-wise details are given as below:

Table-17: MONTHLY AVERAGE PRICES OF "A" INDEX DURING 2018-19 & 2017-18

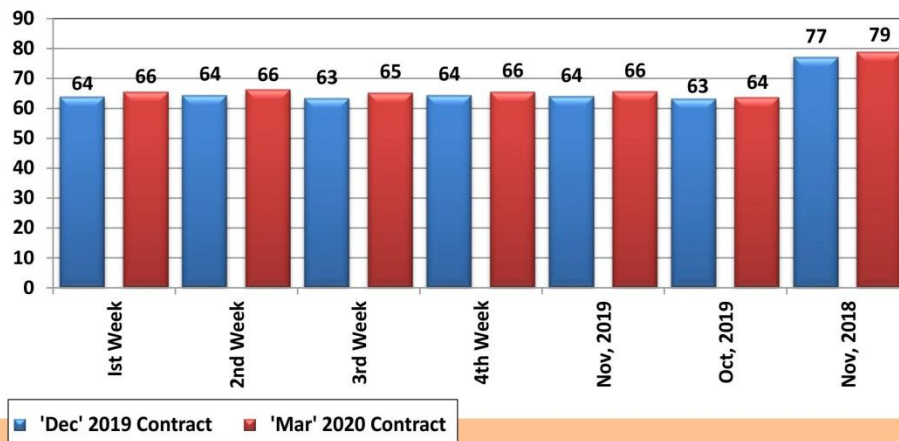
(US Cents Per Pound)

| Month/Season | 2018-19 | 2017-18 |
|------------------------|--------------|--------------|
| August,2018 | 94.73 | 79.27 |
| September,2018 | 90.54 | 80.85 |
| October,2018 | 86.72 | 78.52 |
| November,2018 | 86.58 | 80.16 |
| December,2018 | 85.75 | 85.18 |
| January,2019 | 82.19 | 90.95 |
| February,2019 | 81.18 | 88.25 |
| March,2019 | 83.64 | 92.15 |
| April,2019 | 87.28 | 92.09 |
| May,2019 | 80.49 | 93.97 |
| June,2019 | 77.58 | 97.69 |
| July,2019 | 75.66 | 96.04 |
| Average 2018-19 | 84.36 | 87.93 |
| August,2019 | 70.89 | 94.73 |
| September,2019 | 71.26 | 90.54 |
| October,2019 | 73.62 | 86.72 |
| November,2019 | 74.89 | 86.58 |
| Average 2019-20 | 72.67 | 89.64 |

Source: Cotton Outlook.

Figure-VI: NEW YORK COTTON FUTURES VALUES DURING NOVEMBER, 2019

(US Cents Per Pound)



Source: Cotton Outlook

The graph above indicates that the nearby December, 2019 contract during November, 2019 posted gains to 64.00 cents per pound as compared to 63.00 cents in previous month. However, the prices of same contract in the corresponding month of last year recorded much higher at 77.00 cents per pound.

