

COTTON REVIEW



DOMESTIC COTTON CROP SCENARIO

The sowing position of cotton crop in Punjab is on final stage, where as sowing in Sindh almost has been completed. According to first estimates report released by Crop Reporting Service Department Punjab, the cultivated area of cotton crop was recorded at 1.279 million hectares which comprises 79.4% of the tentative target and about 17.3% less than previous year.

Where as sowing area in Sindh as on 7th July, 2021 (Final) was registered at 0.592 million hectares which comprises 93% against the target of 0.640 million hectares and about 3.7% lower than previous year. Total cultivated area in both provinces placed at 1.871 million hectares which indicated 83.2% against target and about 13.4% less than last year. According to available information, the quality of cotton crop both in Punjab and Sindh is satisfactory. In some areas of Sindh, the height of plants is relatively small, but adequate rainfall will benefit and prevailing shortage of irrigation water in Sindh will some to extent be addressed.

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 | 2020-21 | | |
| Punjab (First Estimate) | 1.61 | 1.279 | 1.546 | 79.4% | -17.3 |
| Sindh (07.07.2021) Final | 0.64 | 0.592 | 0.615 | 93% | -3.7 |
| Total | 2.25 | 1.871 | 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.

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

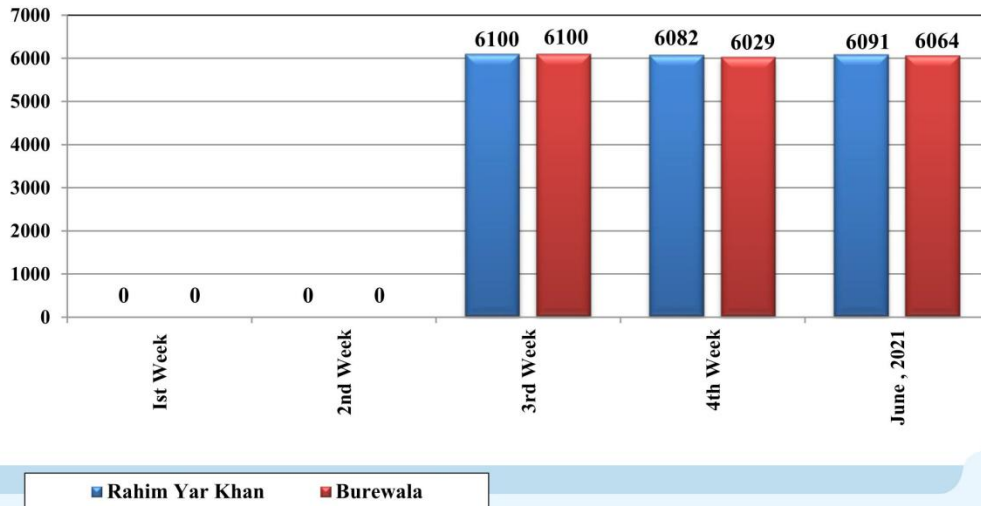
| Months | Hyd | M.P. Khas | Ghotki | Khair Pur | Sukr | R.Y. Khan | Bahawal Pur | Vehari | Mian Channu | Sahiwal | Lodhran | D.G. Khan | Multan | Burewala |
|------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| July,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 JUNE, 2021

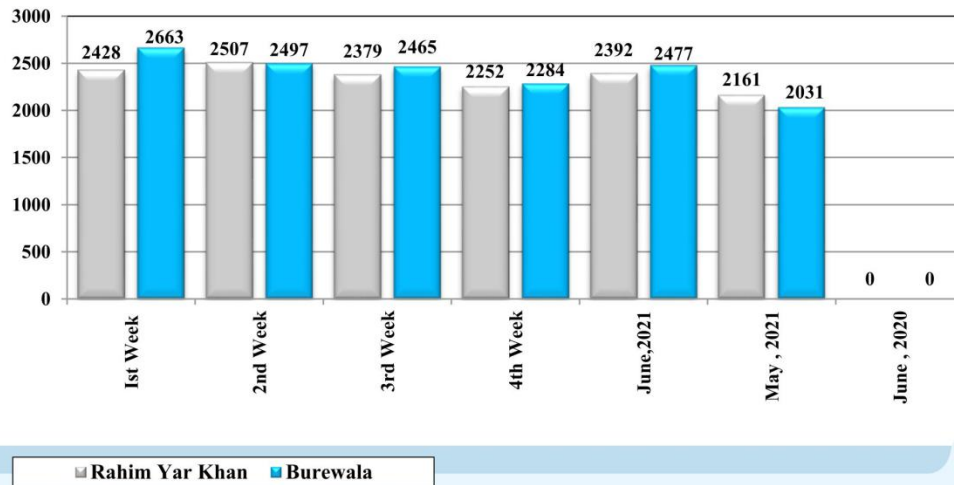
(Rs per 40 kg)



Source: Market Report

Figure-II: COTTON SEED PRICES DURING JUNE, 2021

(Rs per 40 kg)

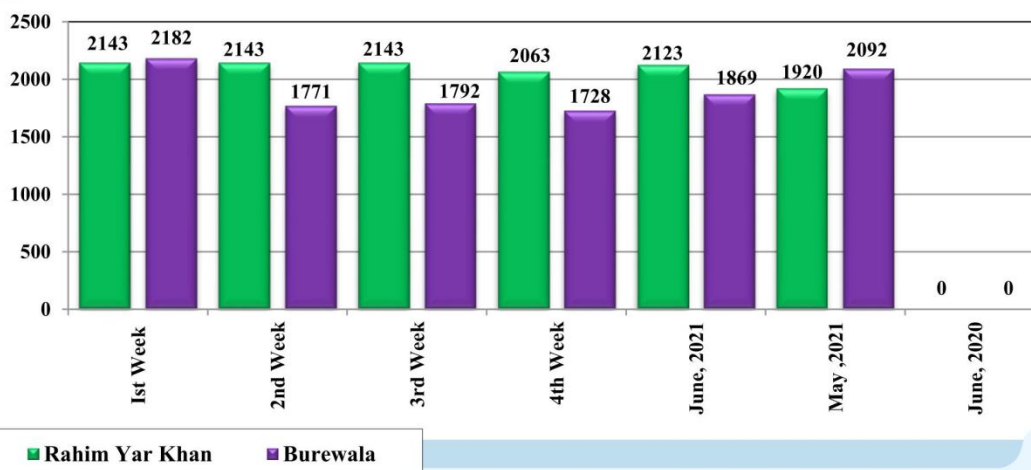


Source: Market Report

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

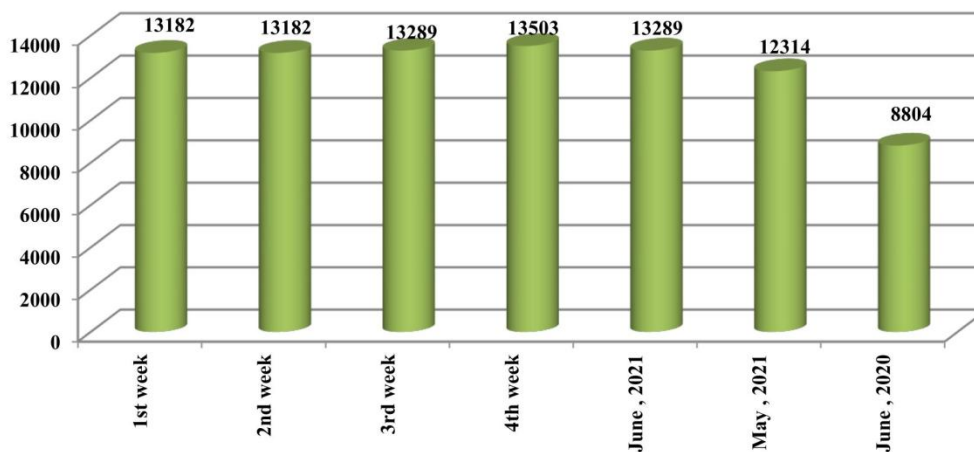
(Rs per 40 kg)



Source: Market Report.

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

(Rs per 40 Kg)



Source: The Karachi Cotton Association

The graph above indicates that the prices of raw cotton during the month of June, 2021 raised to Rs.13,289 per 40 kg as compared to Rs. 12,314 in May, 2021. Whereas, the prices in June, 2020 were placed much lower at Rs.8,804 per 40 kg. Month-wise details are given in table below:

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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 |
| Average 2020-21 | 11172 | 9324 |

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 count posted gains, where as 30's count remained unchanged during the month of June, 2021. The prices of 21's and 30's count were recorded at Rs.2,262 and Rs.2,503 per bundle of 4.5 kg respectively as compared to Rs.2, 230 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 JUNE, 2021

(Rs. per bundle of 4.54 kg)

| Count/ Week | W E E K | | | | June 2021 | May 2021 | June 2020 |
|----------------|---------|------|------|------|--------------|-------------|--------------|
| | I | II | III | IV | | | |
| 10/1 | 1900 | 1900 | 1950 | 2000 | 1938 | 1900 | 1370 |
| 16/1 | 2064 | 2081 | 2145 | 2160 | 2113 | 2045 | 1455 |
| 21/1 | 2236 | 2236 | 2288 | 2288 | 2262 | 2230 | 1536 |
| 22/1 | 2250 | 2250 | 2325 | 2325 | 2288 | 2250 | 1560 |
| 26/1 | 2400 | 2400 | 2456 | 2456 | 2428 | 2400 | 1633 |
| 28/1 | 2550 | 2550 | 2600 | 2600 | 2575 | 2550 | 1650 |
| 30/1 | 2503 | 2503 | 2503 | 2503 | 2503 | 2503 | 1725 |
| 32/1 | 2550 | 2550 | 2550 | 2550 | 2550 | 2550 | 1720 |
| 40/1 | 3250 | 3250 | 3250 | 3250 | 3250 | 3250 | 2180 |
| 52/1 | 3600 | 3600 | 3600 | 3600 | 3600 | 3600 | 2450 |
| 60/1 | 2700 | 2700 | 2700 | 2700 | 2700 | 2700 | 2550 |
| 70/1 | 3800 | 3800 | 3800 | 3800 | 3800 | 3800 | 2600 |
| 20/2 | 2350 | 2374 | 2374 | 2380 | 2370 | 2350 | 1648 |

Source: Pakistan Yarn Merchants Association, Karachi.

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

(Value = Rs. In Millions)

| Commodities | Unit | May 2021 | | April 2021 | | May 2020 | | %Change over April 2021 | | July- May 2021 | | July-May 2020 | | % Change Over July-May, 2020 | |
|-----------------------|-------|-------------|--------|---------------|--------|-------------|--------|----------------------------|--------|-------------------|---------|------------------|---------|---------------------------------|--------|
| | | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val |
| Raw Cotton | M.T | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 499 | 98 | 12,776 | 2,669 | -96.09 | -96.33 |
| Cotton Yarn | M.T | 23,560 | 11,050 | 34,358 | 15,726 | 23,355 | 8,324 | -31.43 | -29.73 | 351,079 | 142,896 | 376,574 | 142,887 | -6.77 | 0.01 |
| Bed Wear | M.T | 28,547 | 27,746 | 39,592 | 36,665 | 24,562 | 23,380 | -27.90 | -24.33 | 411,577 | 396,592 | 377,504 | 311,288 | 9.03 | 27.40 |
| Towels | M.T | 13,387 | 9,473 | 18,717 | 12,950 | 10,047 | 6,668 | -28.48 | -26.85 | 191,019 | 134,319 | 158,972 | 102,236 | 20.16 | 31.38 |
| Cotton Cloth | Th.S | 25,322 | 20,641 | 36,981 | 24,857 | 124,719 | 15,731 | -31.53 | -16.96 | 942,237 | 275,177 | 2,200,737 | 266,381 | -57.19 | 3.30 |
| Synthetic Fiber | Th.S | 5,416 | 3,757 | 7,817 | 4,966 | 25,744 | 2,818 | -30.72 | -24.35 | 136,404 | 52,193 | 420,959 | 45,545 | -67.60 | 14.60 |
| Knitwear | Th.Do | 11,863 | 44,936 | 12,549 | 52,087 | 7,173 | 28,962 | -5.47 | -13.73 | 151,517 | 546,975 | 98,373 | 403,530 | 54.02 | 35.55 |
| Readymade Garments | Th.Do | 3,359 | 29,864 | 3,066 | 37,300 | 1,815 | 21,701 | 9.56 | -19.94 | 34,270 | 434,160 | 46,053 | 370,760 | -25.59 | 17.10 |

Source: Pakistan Bureau of Statistics, Karachi.

The table above shows that raw cotton was not exported during last five months i.e January, 2021 to May, 2021 but it's related produce witnessed decreasing trend except towels and readymade garments over April, 2021.

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

(Value = Rs. In Millions)

| Commodities | Unit | May 2021 | | April 2021 | | May 2020 | | %Change Over April 2021 | | July- May, 2021 | | July-May, 2020 | | % Change over July-May,2020 | |
|----------------------------------|------|----------|--------|------------|--------|----------|--------|-------------------------|--------|-----------------|---------|----------------|---------|-----------------------------|-------|
| | | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val | Qty | Val |
| Raw Cotton | M.T | 66,408 | 19,984 | 84,075 | 23,725 | 62,709 | 16,535 | -21.01 | -15.77 | 775,428 | 209,664 | 472,015 | 122,627 | 64.28 | 70.98 |
| Synthetic Fiber | M.T | 37,523 | 11,205 | 35,687 | 9,421 | 14,930 | 3,714 | 5.14 | 18.94 | 419,459 | 91,965 | 269,881 | 63,248 | 55.42 | 45.40 |
| Synthetic & Artificial Silk Yarn | M.T | 24,963 | 8,541 | 34,543 | 10,220 | 9,522 | 3,038 | -27.73 | -16.43 | 376,945 | 99,472 | 233,719 | 74,451 | 61.28 | 33.61 |
| Worn Clothing | M.T | 88,217 | 5,724 | 64,506 | 4,370 | 23,960 | 1,679 | 36.76 | 30.98 | 639,831 | 43,024 | 365,482 | 25,113 | 75.06 | 71.32 |
| Other Textile Items | - | - | 10,264 | - | 7,879 | - | 4,667 | - | 30.27 | - | 116,360 | - | 81,477 | - | 42.81 |

Source: Pakistan Bureau of Statistics, Karachi.

The table above indicates that the imports of raw cotton during May, 2021 reduced and recorded at 66,408 metric tons amounting to Rs.19,984 million as compared to 84,075 metric tons valuing Rs.23,725 million in April,2021. Whereas the imports in May, 2020 placed lower at 62,709 metric tons amounting to Rs. 16,535 million, showing a decline of 21.01 percent in quantity and 15.77 percent in value over April, 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.

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

| Sr. No. | Item | December, 2020 |
|---------|---|--|
| 01. | Actual average export price per 40 Kgs | 8,302 (Rupees) or 58.57 (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) | 7852 |
| 04. | Value of 80 Kgs of cotton seed (b) | 3752 |
| 05. | Ginning charges for 120 Kgs of seed cotton | 600 |
| 06. | Value of 120 Kgs of seed cotton (c) (item 3+4-item 5) | 11,004 |
| 07. | Seed cotton price per 40 Kgs (item 6/3) | 3,668 |

- Notes:**
- After December,2020 raw cotton has not been exported.
 - One US\$ = 160.74 Pak rupees.
 - Average price of cotton seed for December, 2020 in Rahim Yar Khan Market was Rs. 1876 per 40 Kg.
 - 120 Kg of seed cotton = 80 kg of cotton seed + 40 Kg of lint.

Sources:

- PBS for export prices.
- KCA, Karachi for marketing expenses.
- Pakistan Cotton Ginners Association, Karachi for ginning charges.
- Directorate of Agriculture (E&M), Punjab, Lahore.
- 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 (KARCHI) PRICE OF IMPORTED COTTON

| Sr. No. | Item | May, 2021 |
|---------|--|---|
| 01. | Actual average cif (Karachi) Price, per 40 kgs | Rs.12,037 (Rupees) or 88.32 (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) | 12,551 |
| 04. | Value of 80 Kgs of cotton seed (a) | 4322 |
| 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 | 16,273 |
| 07. | Seed cotton price (item 6/3) | 5,424 |

Note:

- One US\$ = 154.54 Pak rupees.
- Average price of cotton seed for April, 2021 in Rahim Yar Khan Market was Rs. 2161 per 40 Kg.
- 120 kg of seed cotton = 80 kg of cotton seed + 40 kg of lint.

Sources:

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

1. CHINA

Cotton area in China witnessed decreasing trend by 2.7% to 3.2 million hectares in 2020-21 season as compared to 3.3 million hectares in 2019-20. On the contrary production is estimated to increase by 1.9% to 5.91 million tons in 2020-21 as compared to 5.80 million tons in last year. Similarly, consumption is expected to rise by 15.8% to 8.40 million tons in 2020-21. Imports by China have been revised upward to 2.6 million tons, indicating an increase of 67.0% over previous season. Stock level in China are estimated to increase by 0.9% to 9.02 million tons.

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 | 2.60 |
| Ending Stock | 10.35 | 9.03 | 8.88 | 8.94 | 9.02 |

Source: Cotton this month July 01, 2021.

2. INDIA

Cotton area in India gained ground by 0.8 percent at 13.477 million hectares in 2020-21 as compared to 13.373 million hectares in previous year. Whereas production have been revised down ward to 6 million tons, a 2% decline from last season. Whereas, mill consumption is expected to grow by 24.% to 5.52 million tons in 2020-21 due to recovering demand for cotton yarn in its domestic markets. Indian exports are projected at 1.22 million tons for the season 2020-21 as compared to 0.70 million tons in 2019-20. Ending stocks are expected at 2.9 million tons, a 14.7% decline from last season.

3. INTERNATIONAL COTTON SITUATION 2020-21

World cotton area estimates have been declined by 7.5% to 31.981 million hectares in 2020-21 season as compared to 34.563 million hectares in previous year. Global production for 2020-21 is estimated to be 24 million tons, which is the lowest in the last 4 seasons and indicates a decrease of 7% from, 2019-20 seasons. Global consumption has recovered from 2019-20 by 12.5% to reach 25.59 million tons in 2020-21 and is projected to improve further to 25.8 million tons next season. Ending stocks are forecast to decline further in 2021-22 season to 20.77 million tons, as mill use is expected to exceed production.

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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 | 22.36 | +15.73 |
| Production | 23.35 | 26.96 | 25.96 | 26.14 | 24.22 | -7.35 |
| Consumption | 24.85 | 26.42 | 25.89 | 22.75 | 25.60 | +12.53 |
| Exports | 8.29 | 9.14 | 9.30 | 9.03 | 10.09 | +11.74 |
| Imports | 8.09 | 9.04 | 9.22 | 8.68 | 10.09 | +16.24 |
| Ending Stock | 18.88 | 19.33 | 19.32 | 22.36 | 20.99 | -6.13 |

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 | 2.41 |
| Brazil | 1.81 | 2.03 | 1.67 | 1.56 | 0.89* |
| Uzbekistan | 0.96 | 0.96 | 0.64 | 0.53 | 1.03 |
| Others | 4.70 | 5.40 | 5.18 | 4.95 | 4.75 |
| World Total | 23.35 | 26.96 | 25.96 | 26.14 | 24.22 |
| 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 | 2.51 | 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 | 3.44 |
| World Total | 24.85 | 26.42 | 25.89 | 22.75 | 25.60 |

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

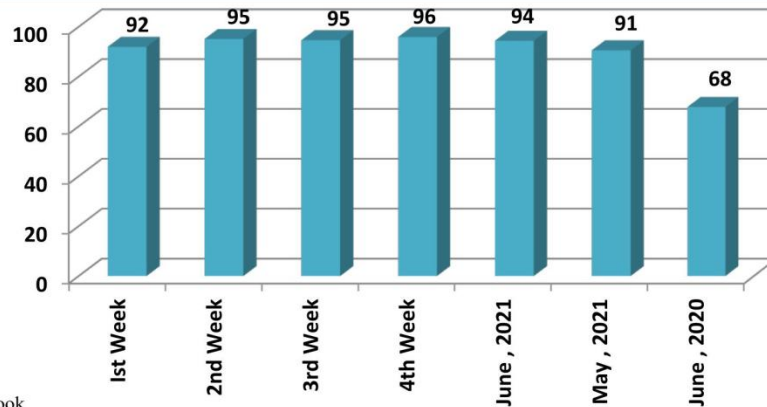
ii) Provincial Agriculture Crop Reporting Departments of Pakistan for Production and Textile Commissioner's Organization for Consumption.

*Provisional.

COTTON REVIEW

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

(US Cents per Pound)



Source: Cotton Outlook

The graph above indicates that 'A' index prices during June, 2021 witnessed increase to 94.00 cents per pound as compared to 91.00 cents per pound in May, 2021. While, the prices in June, 2020 were recorded much lower at 68.00 cents per pound. Month-wise details are given as below:

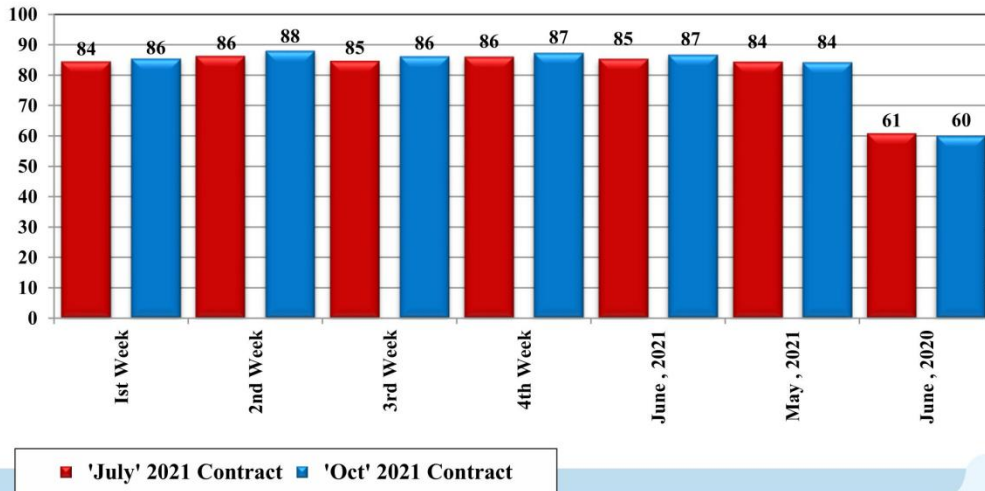
Table-16: MONTHLY AVERAGE PRICES OF "A" INDEX DURING 2020-21, 2019-20 & 2018-19

| Month/Season | (US Cents Per Pound) | |
|------------------------|----------------------|--------------|
| | 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 |
| Average 2020-21 | 83.68 | 71.57 |

Source: Cotton Outlook.

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

(US Cents Per Pound)



Source: Cotton Outlook

The graph above indicates that the nearby July, 2021 contract during June, 2021 showed nominal rise to 85.00 cents per pound as compared to 84.00 cents in previous month. However, the prices of same contract in the corresponding month of last year recorded much lower at 61.00 cents per pound.

