

Cotton Review

DIRECTORATE OF MARKETING & ECONOMIC RESEARCH
PAKISTAN CENTRAL COTTON COMMITTEE
MINISTRY OF TEXTILE INDUSTRY
GOVERNMENT OF PAKISTAN



Editorial Team

Dr. Muhammad Ali Talpur

Director

Mr. Gul Hassan Chandio

Senior Scientific Officer

Mr. Syed Kamal Ashraf

Statistical Officer

Miss. Shujaat Gul

Computer Operator

Table of Contents

S. #	Articles	Page #
01	Domestic Cotton Crop Scenario	01
02	Seed Cotton Arrivals & Seed Cotton Prices	02
03	Seed Cotton & Cotton Seed Prices	03
04	Cotton Seed Cake Prices & KCA's Spot Prices of Raw Cotton	04
05	Monthly Average Prices of Raw Cotton & Cotton Balance Sheet	05
06	Cotton Yarn Prices & Statement Showing Exports of Textile Group Commodities	06
07	Imports of Textile Group Commodities & Economic of Cotton and Competing Crops	07
08	Export Parity & Import Parity Prices of Seed Cotton	08
09	Regional Cotton Situation of China, India & International Cotton Situation	09
10	World Cotton Balance Sheet & Cotton Production, Consumption in Major Countries	10
11	Cotlook 'A' Index Prices	11
12	New York Cotton Futures	12
13	Description of Rating of Different Fiber Characteristics	13
14	Weight & Measurement	14



Sowing of cotton crop, 2017-18 has been completed both in Sindh and Punjab. According to final crop report by Crop Reporting Department Punjab, more than 5300,000 acres of cotton have been sown in Punjab as on 07.7.2017 which comprises 88.6% of the target for the year 2017-18. Whereas, about 1503,356 acres of cotton have been sown in Sindh as on 07.7.2017, which comprises 94% of the target for the year 2017-18.

Table-1: TARGETS FOR AREA AND PRODUCTION OF COTTON CROP 2017-18

Sr. No.	Province	Area(million hectares)	Production (million bales)
1.	Punjab	2.42	10.00
2.	Sindh	0.65	4.00
3.	Khyber Pakhtunkhwa	0.001	0.002
4.	Baluchistan	0.038	0.038
Total of Pakistan		3.11	14.04

Source: Federal Committee on Cotton (FCC) meeting held on 25.3.2017.

Table-2: SOWING POSITION OF COTTON CROP AS ON 07.7.2017

Province	Target 2017-18	Area Sown		% Change Over	
		2017-18	2016-17	Target	Last Year
Punjab	2.42	2.145	1.780	88.6%	+20.5
Sindh	0.65	0.608	0.636	94.0%	-4.4
Pakistan	3.11	2.753	2.416	88.52%	+13.95

Source: Provincial Crop Reporting Departments.

COTTON REVIEW

Table-3: SEED COTTON ARRIVALS 2016-17 AND 2015-16 AS ON 15th April, 2017 (Final)

(Qty. in Bales)

Heads	2016-17			2015-16		
	Punjab	Sindh	Total	Punjab	Sindh	Total
Arrivals	6,940,071	3,787,111	10,727,182	6,002,406	3,766,037	9,768,443
Sales to Exporters	56,100	146,256	202,356	9,975	352,166	362,141
Sales to Textile Mills	6,670,602	3,588,627	10,259,229	5,708,410	3,348,116	9,056,526
Sales to T.C.P	-	-	-	-	-	-
Unsold Stock	212,769	51,626	264,395	281,211	64,674	345,885
Un-ginned Stock	600	602	1,202	2,810	1,081	3,891

Source: Pakistan Cotton Ginners Association.

Table-4: SEED COTTON PRICES (Monthly Averages) 2015-16, 2016-17 & 2017-18

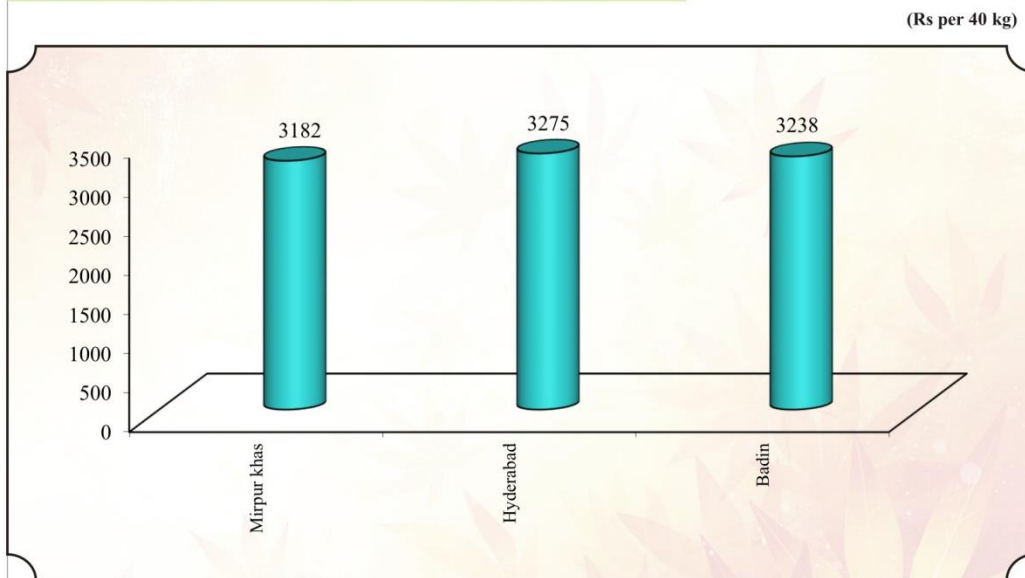
(Rs. per 40 Kg)

Months	Hyd	M.P. Khas	Khair Pur	Sukr	R.Y. Khan	Bahawal Pur	Khane wal	Mian Channu	Sahiwal	Multan	Burewala
July 2017	3275	3182	-	-	-	-	-	-	-	-	3400
June 2016	3154	-	-	-	3358	-	-	-	-	-	-
August 2016	3364	3333	-	-	3361	-	-	3262	3270	-	3270
September 2016	2985	2984	-	-	3049	-	-	2902	2961	-	2960
October 2016	2954	2901	3075	3116	3176	3093	-	3054	3069	3090	3135
November 2016	2400	2300	3060	3110	3230	3200	-	3125	3105	3100	3240
December 2016	-	-	3049	3209	3413	3372	-	3313	-	3296	3331
January 2017	-	-	-	-	3526	3476	-	3194	-	3231	3470
February 2017	-	-	-	-	3744	-	-	-	-	-	3553
March 2017	-	-	-	-	3752	-	-	-	-	-	-
Average 2016-17	2971	2880	3061	3145	3401	3285	-	3142	3100	3179	3280
Average 2015-16	2392	2387	2794	2867	3178	2771	2334	2729	2416	2648	2707

Source: Market Report

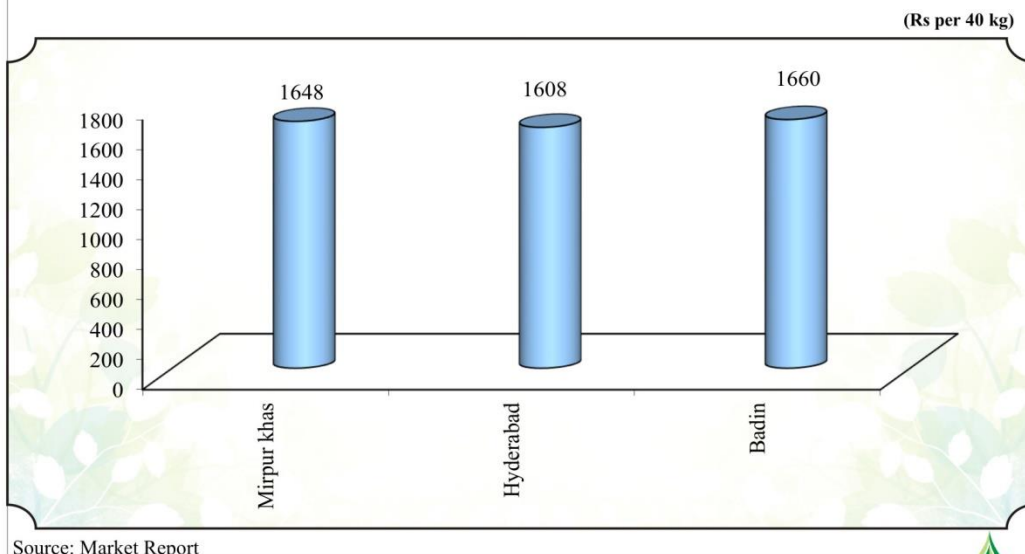
COTTON REVIEW

Figure -I: SEED COTTON PRICES DURING JUNE, 2017



Source: Market Report.

Figure-II: COTTON SEED PRICES DURING JUNE, 2017

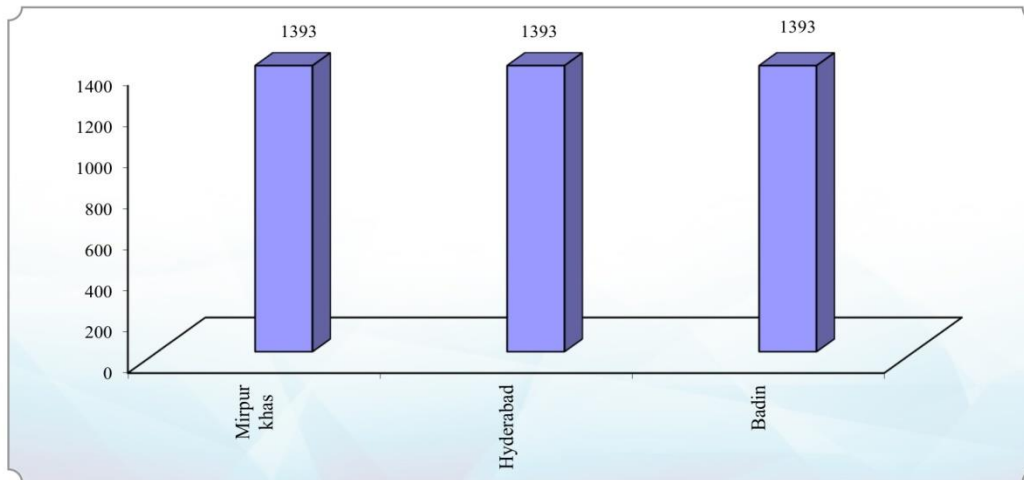


Source: Market Report

COTTON REVIEW

Figure-III COTTON SEED CAKE PRICES DURING JUNE, 2017

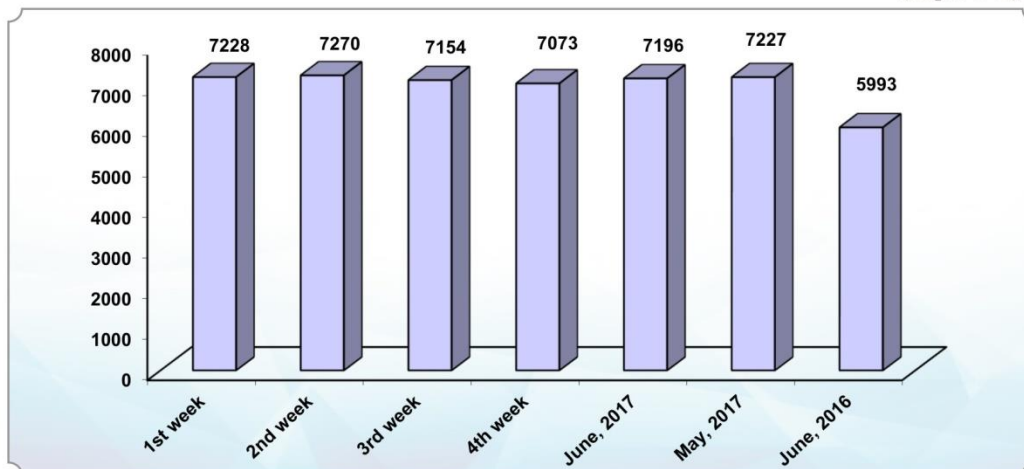
(Rs per 40 kg)



Source: Market Report.

Figure-IV: KCA SPOT RATE (EX-GIN) AT KARACHI DURING JUNE, 2017 (Rs per 40 Kg)

(Rs per 40 Kg)



Source: The Karachi Cotton Association

The graph above shows that the prices of raw cotton during the month of June, 2017 were averaged at Rs. 7,196 per 40 kg as compared to Rs. 7,227 in May, 2017. However, the prices in June, 2016 were recorded much lower at Rs. 5,993 per 40 kg. Month-wise details are given in table below:

COTTON REVIEW

Table-5: MONTHLY AVERAGE PRICES OF RAW COTTON DURING 2016-17 & 2015-16

(Rs. per 40 kg)

Month	2016-17 Ex-Gin Rate	2015-16 Ex-Gin Rate
August	7082	4880
September	6450	4991
October	6410	5582
November	6469	5698
December	6712	5607
January	6872	5758
February	7149	5726
March	7245	5616
April	7216	5785
May	7227	5986
June	7196	5993
July	-	6558
Average	6912	5682

Source: Karachi Cotton Association.

Table-6: COTTON BALANCE SHEET DURING 2015-16 AND 2016-17*

(Bale= 170 kg)

Sr. No.	Position	2015-16*		2016-17*	
		'000' Bales	'000' M/Tons	'000' Bales	'000' M/Tons
1.	Carryover	550	93	0	0
2.	Production	9917	1686	10542*	1792*
3.	Imports	2453	417	2012*	342*
	Total	12920	2196	12554	2134
4.	Mill Consumptio	12633	2147	12000*	2040*
5.	Exports	287	49	127*	22*
6.	End Season Stocks	0	0	427*	72*
	Total	12920	2196	12554	2134

Source: i) Textile Commissioners Organization (Mill Consumption based on supply for 2015-16 & estimated on the basis of previous data for 2016-17.

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

iii) Provincial Agriculture Department. (Production)

Note: Production figure is given in table was assessed in "Third Cotton Crop Assessment Committee Meeting,"2016.

*Provisional

COTTON YARN PRICES

The Cotton Yarn prices of 21's and 30's counts in June, 2017 remained stable at previous month's level of Rs. 1249 and Rs. 1413 per bundle of 4.54 kg respectively. However, the same counts in the corresponding month of the last year were recorded lower at Rs. 1072 and Rs.1272 per bundle respectively. Details are given as below:

COTTON REVIEW

Table-7: DOMESTIC COTTON YARN PRICES DURING JUNE, 2017

(Rs. per bundle of 4.54 kg)

Count/ Week	W E E K				June 2017	May 2017	June 2016
	1	11	111	1V			
10/1	933	933	933	933	933	933	816
16/1	1188	1188	1188	1188	1188	1185	999
21/1	1249	1249	1249	1249	1249	1249	1072
22/1	1265	1265	1265	1265	1265	1265	1067
26/1	1344	1344	1344	1344	1344	1344	1170
28/1	1350	1350	1350	1350	1350	1350	1200
30/1	1413	1413	1413	1413	1413	1413	1272
32/1	1380	1380	1380	1380	1380	1380	1260
40/1	1650	1650	1650	1650	1650	1650	1520
52/1	1700	1700	1700	1700	1700	1700	1560
60/1	1750	1750	1750	1750	1750	1750	1700
70/1	1850	1850	1850	1850	1850	1850	1800
20/2	1348	1348	1348	1348	1348	1348	1158

Source: Pakistan Yarn Merchants Association, Karachi.

Table-8: EXPORTS OF TEXTILE GROUP COMMODITIES DURING MAY, 2017

(Value = Rs. In Millions)

Commodities	Unit	May 2017		April 2017		May 2016		% change Over April 2017		July-May 2017		July-May 2016		% Change	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	282	53	622	108	220	35	-54.66	-50.93	23,451	4,203	48,96	7,882	-52.10	-46.68
Cotton Yarn	M.T	35,586	9,650	38,512	10,541	33,610	9,956	-7.60	-8.45	413,749	118,738	392,302	122,504	5.47	-3.07
Bed Wear	M.T	25,160	16,267	28,618	18,375	30,087	19,247	-12.08	-11.47	318,070	201,280	303,054	194,101	4.95	3.70
Towels	M.T	12,254	5,833	14,217	6,753	16,422	7,119	-13.81	-13.62	163,136	73,776	170,428	77,094	-4.28	-4.30
Cotton Cloth	Th.SQ	131,568	16,446	137,075	18,231	177,650	19,507	-4.02	-9.79	1,755,919	203,691	2,020,705	215,272	-13.10	-5.38
Synthetic Fiber	Th.SQ	9,820	2,455	7,345	2,277	18,939	2,367	33.70	7.82	103,005	18,733	259,127	27,824	-60.25	-32.67
Knitwear	Th.DoZ	10,173	19,431	10,879	19,582	9,170	22,765	-6.49	-0.77	103,680	220,612	103,118	223,585	0.55	-1.33
Readymade Garments	Th.DoZ	2,623	18,885	2,754	19,827	3,056	20,340	-4.76	-4.75	30,689	217,129	29,584	199,183	3.74	4.58

Source: Pakistan Bureau of Statistics, Karachi.

The table above shows that the exports of raw cotton and its related produce slumped except cotton yarn during the month of May, 2017. The raw cotton exports decreased to 282 metric tons valuing Rs.53 million as compared to 622 metric tons worth Rs.108 million in April, 2017. However, the exports in May, 2016 recorded at 220 metric tons amounting to Rs.35 million showing decline of 54.7% in quantity and 50.9% in value over April,2017.

COTTON REVIEW

Table-9: IMPORTS OF TEXTILE GROUP COMMODITIES DURING May, 2017.

(Value = Rs. In Millions)

Commodities	Unit	May 2017		April 2017		May 2016		% change over April 2017		July-May 2017		July-May 2016		% Change	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	72,896	13,427	81,821	15,419	29,813	5,426	-10.91	-12.92	437,537	79,638	397,709	74,981	10.01	6.21
Synthetic Fiber	M.T	21,991	4,643	23,609	4,798	22,935	4,561	-6.85	-3.23	222,142	45,669	219,749	46,027	1.09	-0.78
Synthetic & Artificial Silk Yarn	M.T	26,331	5,629	19,885	4,632	26,019	5,597	32.42	21.52	290,342	61,176	267,079	60,666	8.71	0.84
Worn Clothing	M.T	32,188	1,274	33,456	1,263	37,643	1,341	-3.79	-0.87	356,937	14,015	416,588	14,926	-14.32	-6.10
Other Textile Items	-	-	12,095	-	11,631	-	10,844	-	3.99	-	122,918	-	109,052	-	12.72

Source: Pakistan Bureau of Statistics, Karachi

The table above indicates that the imports of raw cotton during May, 2017 slackened to 72,896 metric tons amounting to Rs.13,427 million as compared to 81,821 metric tons valuing Rs.15,419 million in April,2017. Whereas the imports in May,2016 recorded at 29,813 metric tons amounting to Rs.5426 million, showing decrease of 10.9 percent in quantity and 12.9 percent in value over April ,2017.

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-10: 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.

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

Sr. No.	Item	May, 2017
01.	Actual average export price per 40 Kgs	7518 (Rupees) or 81.44 (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)	7093
04.	Value of 80 Kgs of cotton seed (b)	3100
05.	Ginning charges for 120 Kgs of seed cotton	600
06.	Value of 120 Kgs of seed cotton (c) (item 3+4-item 5)	9593
07.	Seed cotton price per 40 Kgs (item 6/3)	3198

- Notes:** a) One US\$ = 104.68 Pak rupees.
 b) Average price of cotton seed for May , 2017 in Rahim yar khan market was Rs. 1550 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-12: IMPORT PARITY PRICE OF SEED COTTON ON THE BASIS OF ACTUAL AVERAGE CIF (KARACHI) PRICE OF IMPORTED COTTON

Sr. No.	Item	May, 2017
01.	Actual average cif (Karachi) Price, per 40 kgs	Rs.7368 (Rupees) or 79.82 (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)	7793
04.	Value of 80 Kgs of cotton seed (a)	3100
05.	Ginning charges for 120 Kgs of seed cotton including ginning losses	600
06.	Value of 120 Kgs of seed cotton (item 3 + item 4 – item 5)	10293
07.	Seed cotton price (item 6/3)	3431

- Note:** a) Average price of cotton seed for May, 2017 in Rahim Yar Khan market was Rs. 1550 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 is expected to rise by 3% to 3.2 million hectares in 2017-18 as compared to 3.1 million hectares in 2016-17 owing to higher prices in 2016-17. Cotton production in China also expected to grow by 3% to 5.0 million tons in 2017-18 as compared to 4.8 million tons in 2016-17. Whereas mill use is forecast to remain unchanged at 7.7 million tons in 2017-18. Imports by China are anticipated to increase by 10% to 1.06 million tons in 2016-17 which is the first increase since 2011-12. China's ending stock are projected to decline by 17% to 9.2 million tons in 2016-17.

Table-13: CHINA SUPPLY AND DEMAND POSITION

(Million Metric Tons)

Heads	2011-12	2012-13	2013-14	2014-15 Proj.	2015-16 Proj.	2016-17 Proj.
Beginning Stock	2.09	6.18	9.61	12.03	12.71	11.06
Production	7.40	7.30	6.95	6.55	4.99	4.87
Consumption	8.63	8.29	7.60	7.66	7.58	7.73
Import	5.34	4.43	3.07	1.80	0.96	1.06
Ending Stock	6.18	9.61	12.03	12.71	11.05	9.22

Source: Cotton this week June 27, 2017.

2. INDIA

Cotton area in India is forecast to increase by 7% to 11.3 million hectares in 2017-18 as compared to 10.500 million hectares in 2016-17, due to firm prices this season which have encouraged farmers to return to cotton crop. Cotton production in India owing to increase in area is projected to grow by 3% to 6.0 million tons in 2017-18 as against 5.8 million tons in 2016-17. Mill consumption in India is increase likely to grow by 3% to 5.2 million tons in 2017-18. However, exports from India are projected to decline by 2.2% to 930,000 tons in 2017-18.

INTERNATIONAL COTTON SITUATION 2017-18

The world cotton area in 2017-18 is projected to increase by 6.0% to 31.5 million hectares as compared to 29.6 million hectares in 2016-17. World cotton production is forecast to grow by 7% to 24.57 million tons in 2017-18 as against 22.93 million tons in 2016-17 due to high prices in 2016-17 which encouraged farmers to plant more cotton. Global cotton consumption may recover by 1.7% to 24.7 million tons in 2017-18 as compared to 24.3 million tons in 2016-17. The world imports and exports are projected to decrease by 1.1 percent to 7.8 million tons in 2017-18. The world ending stocks in 2016-17 are expected to decline by 7.3 percent to 17.30 million tons.

COTTON REVIEW

Table-14: WORLD COTTON BALANCE SHEET

(Million Metric Tons)

Heads	2012-13 Estimated	2013-14 Estimated	2014-15 Projected	2015-16 Projected	2016-17 Projected	% Change in 2016-17 over 2015-16
Beginning stock	15.23	18.27	20.17	21.70	18.68	-14.2
Production	26.78	26.17	26.24	21.30	22.93	7.6
Consumption	23.81	24.12	24.73	24.28	24.31	0.1
Exports	10.05	9.03	7.70	7.55	7.93	5.0
Imports	10.20	8.94	7.78	7.55	7.93	5.0
Ending Stock	18.27	20.17	21.70	18.68	17.30	-7.4

Source: Cotton this week June 27, 2017.

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

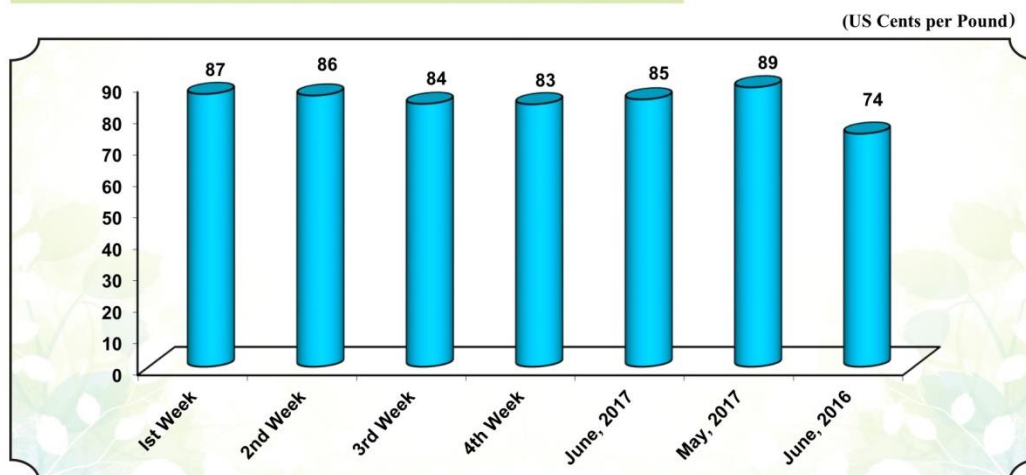
(Million Tons)

Countries	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Proj.	2016-17 Proj.
Production					
India	6.29	6.76	6.56	5.75	5.78
China	7.30	6.95	6.55	4.99	4.87
USA	3.77	2.81	3.55	2.81	3.74
Pakistan	2.00	2.07	2.30	1.54	1.66
Brazil	1.31	1.73	1.56	1.29	1.49
Uzbekistan	1.00	0.91	0.88	0.83	0.79
Others	5.10	4.92	4.82	4.10	4.60
World Total	26.78	26.17	26.24	21.30	22.93
Consumption					
China	8.29	7.60	7.66	7.58	7.73
India	4.76	5.09	5.38	5.30	5.15
Pakistan	2.22	2.47	2.49	2.26	2.23
Europe & Turkey	1.56	1.61	1.69	1.69	1.63
Vietnam	0.49	0.67	0.87	1.01	1.17
Bangladesh	1.02	1.15	1.20	1.32	1.40
USA	0.76	0.77	0.78	0.75	0.72
Brazil	0.91	0.86	0.80	0.70	0.72
Others	3.79	3.89	3.86	3.68	3.55
World Total	23.81	24.12	24.73	24.29	24.31

Source: Cotton this month June 01, 2017.

COTTON REVIEW

Figure-V: COTLOOK 'A' INDEX DURING JUNE, 2017



Source: Cotton Outlook.

The graph above shows that 'A' index prices during June, 2017, slumped to 84.92 cents per pound as compared to 88.76 cents per pound recorded in May, 2017. However, the prices in June, 2016 were recorded lower at 74.01 cents per pound. The available Cotlook 'A' index in 2016-17 as compared to 2015-16 are given in the table below:-

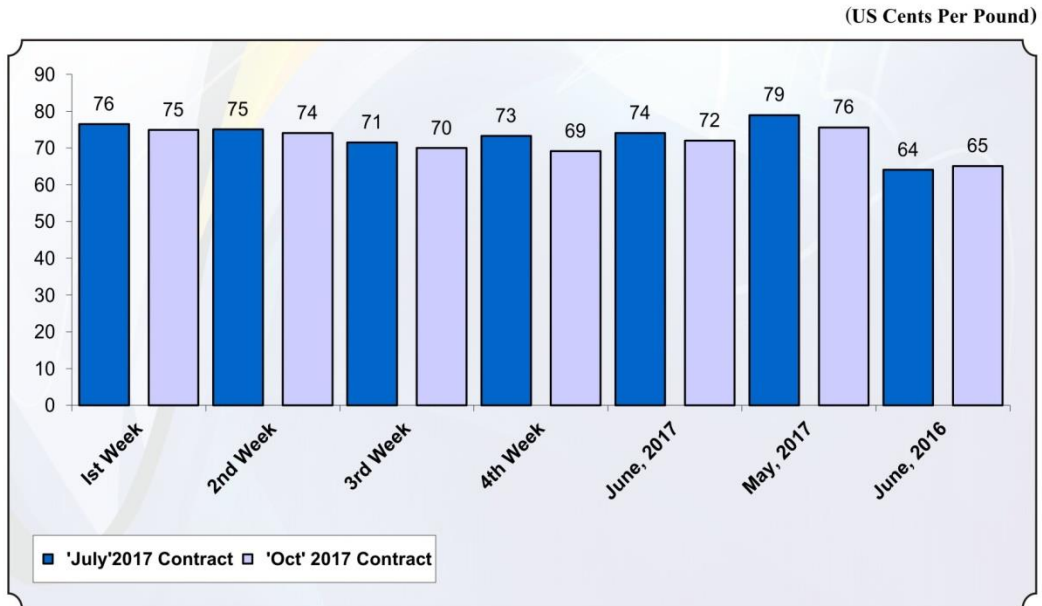
Table-16: MONTHLY AVERAGE PRICES OF "A" INDEX DURING 2016-17 & 2015-16

(US Cents Per Pound)

Month/Season	2016-17	2015-16
August	80.39	71.79
September	77.80	68.95
October	78.46	68.93
November	78.71	69.21
December	79.51	70.52
January	82.22	68.81
February	85.16	66.55
March	86.77	65.38
April	86.96	69.17
May	88.76	70.27
June	84.92	74.01
July	-	80.72
Average	82.70	70.36

Source: Cotton Outlook.

Figure-VI: NEW YORK COTTON FUTURES VALUES DURING JUNE , 2017



Source: Cotton Outlook

The graph above indicates that the nearby July and October, 2017 contract during June, 2017 remained eased at 74.08 cents per pound as compared to 78.93 cents in previous month. However, the price of same contract in the corresponding month of last year recorded lower at 64.06 cents per pound.

