

COTTON REVIEW

DOMESTIC COTTON CROP SCENARIO

The sowing of cotton crop both in Sindh and Punjab is progressing well. Area sown in Punjab as reported by Agriculture Crop Reporting Service Department, Lahore as on 3rd June, 2021 was recorded at 1.305 million hectares which comprises 81.0% of the tentative target of 1.61 million bales and about 11% less than the previous year. The main districts in Punjab which have achieved sowing area more than 90% are Sahiwal, Multan, Lodhran, Khanewal, Layyah, D.G.Khan, Rajan pur, Bahawal pur and Bahawal Nagar.

Whereas area sown in Sindh as on 28.05.2021 was placed at 0.460 million hectares, showing decline of 25% over last year. The main districts which showed great performance against their target are Umer Kot 110% Mirpur Khas 100% T.M Khan 98% Thata/Sajawal 95%, Shaheed Benazir Abad 98% and Tando Allha Yar 91%. Sowing of cotton crop in Mirpur Khas and Hyderabad divisions have been completed while in remaining districts of other divisions of Sindh, it is in progress.

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 (03.06.2021)	1.61	1.305	1.467	81.0%	-11.0	
Sindh (28.05.2021)	0.64	0.460	0.615	72%	-25.2	
Total	2.25	1.765	2.082	78.4%	-15.2	

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	Total	
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

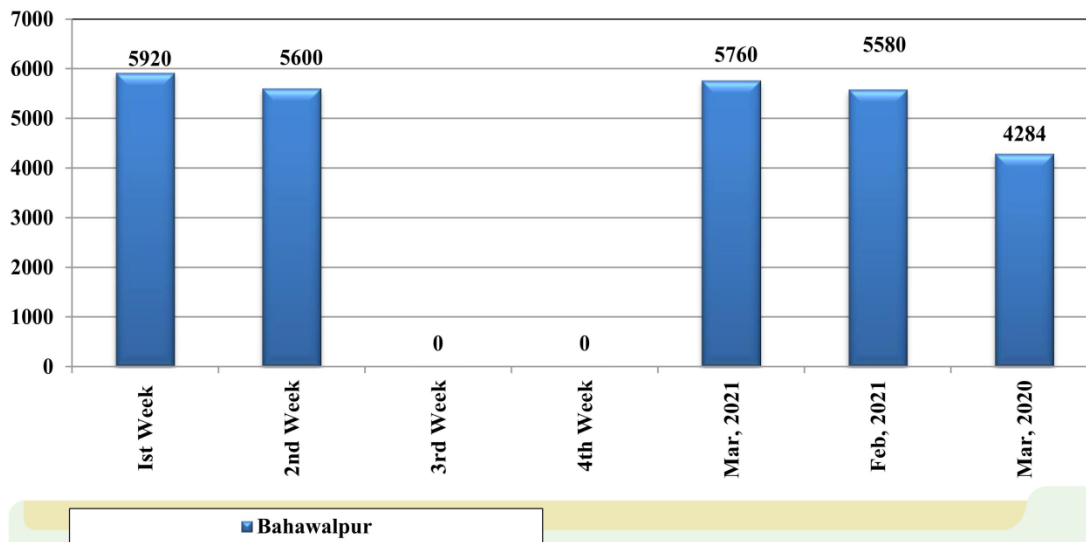
Source: Market Report.



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Figure-I: SEED COTTON PRICES DURING MARCH, 2021

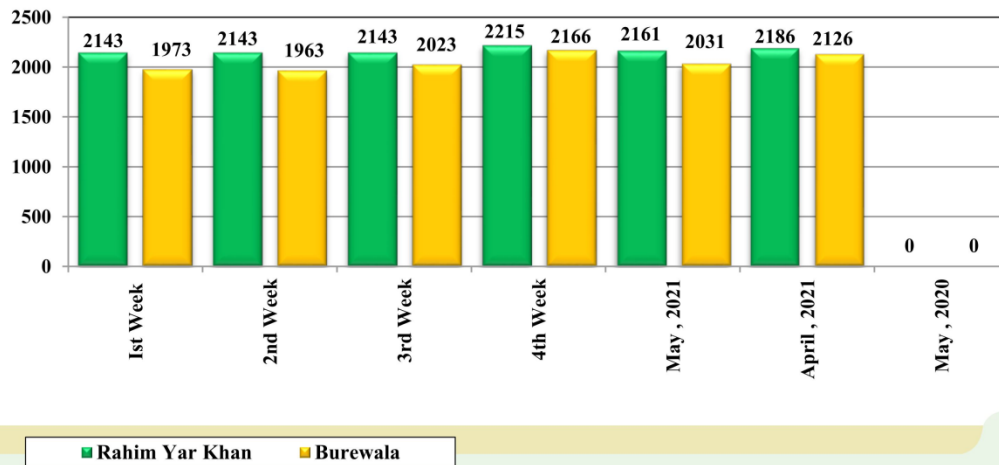
(Rs per 40 kg)



Source: Market Report

Figure-II: COTTON SEED PRICES DURING MAY, 2021

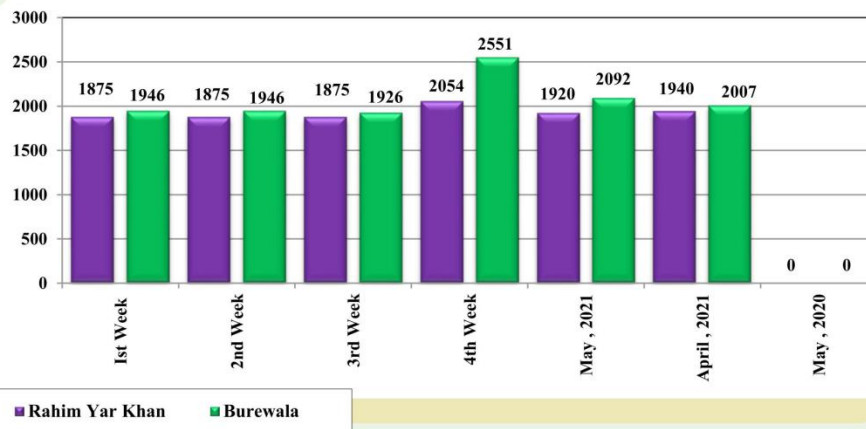
(Rs per 40 kg)



Source: Market Report

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

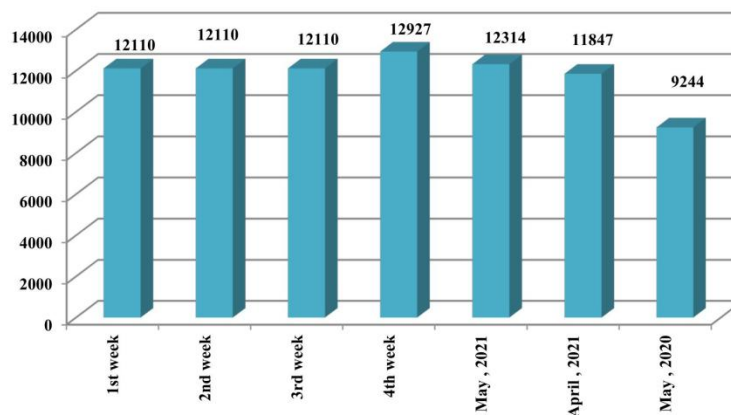
(Rs per 40 kg)



Source: Market Report.

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

(Rs per 40 Kg)



Source: The Karachi Cotton Association

The graph above shows that the prices of raw cotton during the month of May, 2021 posted gains to Rs.12,314 per 40 kg as compared to Rs. 11,847 in April, 2021. Whereas, the prices in May, 2020 were placed much lower at Rs.9,244 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
Average 2020-21	10960	9376

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.

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COTTON YARN PRICES:

The Cotton Yarn prices of 21's count remained eased during the month of May, 2021. While 30's count recorded unchanged. The prices of 21's and 30's count were recorded at Rs.2,230 and Rs.2,550 per bundle of 4.5 kg respectively as compared to Rs.2, 254 and Rs.2,550 per bundle in previous month. However, the prices of same counts in the corresponding month were registered much lower at Rs.1554 and Rs 1720 respectively. Details are given as below:

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

(Rs. per bundle of 4.54 kg)

Count/ Week	W E E K				May 2021	April 2021	May 2020
	I	II	III	IV			
10/1	1900	-	1900	1900	1900	1900	1385
16/1	2040	-	2040	2054	2045	2021	1486
21/1	2228	-	2228	2233	2230	2254	1554
22/1	2250	-	2250	2250	2250	2250	1595
26/1	2400	-	2400	2400	2400	2400	1665
28/1	2550	-	2550	2550	2550	2550	1720
30/1	2503	-	2503	2503	2503	2503	1765
32/1	2550	-	2550	2550	2550	2550	1780
40/1	3250	-	3250	3250	3250	3250	2200
52/1	3600	-	3600	3600	3600	3600	2500
60/1	2700	-	2700	2700	2700	2700	2600
70/1	3800	-	3800	3800	3800	3800	2650
20/2	2350	-	2350	2350	2350	2396	1670

Source: Pakistan Yarn Merchants Association, Karachi.

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

(Value = Rs. In Millions)

Commodities	Unit	April 2021		March 2021		April 2020		%Change over March 2021		July- April 2021		July-April 2020		% Change Over July-April, 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	0.00	0.00	499	98	12,776	2,669	-96.09	-96.33
Cotton Yarn	M.T	34,184	15,726	39,227	17,869	16,375	6,376	-12.86	-11.99	327,345	131,845	353,220	134,564	-7.33	-2.02
Bed Wear	M.T	37,678	36,665	38,305	36,726	14,292	12,628	-1.64	-0.17	381,115	368,846	352,942	287,908	7.98	28.11
Towels	M.T	18,787	12,950	18,018	12,705	4,517	3,013	4.27	1.93	177,702	124,846	148,925	95,568	19.32	30.64
Cotton Cloth	Th.S	32,459	24,857	42,127	28,691	72,786	8,888	-22.95	-13.36	912,392	254,536	2,076,018	250,650	-56.05	1.55
Synthetic Fiber	Th.S	7,511	4,966	9,518	6,141	17,144	1,932	-21.09	-19.13	130,681	48,436	395,714	42,727	-66.98	13.36
Knitwear	Th.Do	15,551	52,842	15,663	48,976	3,855	15,173	-0.72	7.89	142,656	502,794	91,200	374,568	56.42	34.23
Readymade Garments	Th.Do	3,652	37,296	3,287	40,058	1,026	10,096	11.10	-6.90	31,497	404,292	44,238	349,059	-28.80	15.82

Source: Pakistan Bureau of Statistics, Karachi.

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

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

(Value = Rs. In Millions)

Commodities	Unit	April 2021		March 2021		April 2020		% Change over March,		July- April, 2021		July-April, 2020		% Change over July-April, 2020	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	84,075	23,725	93,639	25,254	71,062	19,354	-10.21	-6.05	709,020	189,680	409,306	106,092	73.22	78.79
Synthetic Fiber	M.T	35,680	9,421	40,555	9,885	27,586	6,505	-12.01	-4.69	381,928	80,760	254,951	59,534	49.80	35.65
Synthetic & Artificial Silk Yarn	M.T	34,445	10,220	35,683	10,225	13,387	4,341	-3.47	-0.05	351,884	90,931	224,197	71,412	56.95	27.33
Worn Clothing	M.T	64,513	4,370	69,964	4,612	27,704	2,039	-7.79	-5.25	551,621	37,301	341,522	23,433	61.52	59.18
Other Textile Items	-	-	7,886	-	10,380	-	6,018	-	-24.03	-	106,103	-	76,810	-	38.14

Source: Pakistan Bureau of Statistics, Karachi.

The table above indicates that the imports of raw cotton during April, 2021 slumped and recorded at 84,075 metric tons amounting to Rs.23,725 million as compared to 93,639 metric tons valuing Rs.25,254 million in March,2021. Whereas the imports in April,2020 recorded lower at 71,062 metric tons amounting to Rs. 19,354 million, showing a decrease of 10.2 percent in quantity and 6.0 percent in value over March,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	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 (KARACHI) PRICE OF IMPORTED COTTON

Sr. No.	Item	April, 2021
01.	Actual average cif (Karachi) Price, per 40 kgs	Rs.11,288 (Rupees) or 83.27 (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)	11,802
04.	Value of 80 Kgs of cotton seed (a)	4372
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	16,174
07.	Seed cotton price (item 6/3)	5,391

Note:

- One US\$ = 153.72 Pak rupees.
- Average price of cotton seed for April, 2021 in Rahim Yar Khan Market was Rs. 2186 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.

REGIONAL COTTON SITUATION



1. CHINA

Area in China depicted sluggish 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 expected 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 11.7% to 8.10 million tons in 2020-21. Imports by China are estimated at 2.4 million tons, indicating an increase of 54.4% over previous season. Stock level in China are estimated to increase by 2% to 9.1 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	8.10
Import	1.10	1.32	2.10	1.55	2.40
Ending Stock	10.35	9.03	8.88	8.94	9.12

Source: Cotton this month June 01, 2021.

2. INDIA

Cotton area in India posted gains by 0.8 percent at 13.477 million hectares in 2020-21 as compared to 13.373 million hectares in previous year. Whereas production is estimated to decline by 1.6% to 6.1 million tons in 2020-21 as compared to 6.2 million tons in 2019-20. Whereas, mill consumption is expected to grow by 22.5% to 5.15 million tons in 2020-21 as against 4.45 million tons in 2019-20. India where production exceeds consumption will still import some quantities of higher grade cotton not grown domestically. However, Indian exports are projected at 1.19 million tons for the season based on a production of 6.1 million tons for the 2020-21 season.

3. INTERNATIONAL COTTON SITUATION 2020-21



World cotton area estimates has been reduced by 6.8% to 32.195 million hectares in 2020-21 season as compared to 34.563 million hectares in previous year. Global production estimate for 2020-21 season has also been reduced to 24.3 million tons with smaller crop estimates expected for India, Brazil and the United States. Whereas cotton consumption is projected to increase by 9.1% to 24.814 Million tons in 2020-21 as against 22.751 million tons in last year. Global trade for 2020-21 is expected at 9.8 million tons with the ending stocks expected to decline to 21.9 million tons.

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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	24.32	-6.96
Consumption	24.85	26.42	25.89	22.75	24.81	+9.05
Exports	8.29	9.14	9.30	9.03	9.84	+8.97
Imports	8.09	9.04	9.22	8.68	9.84	+13.36
Ending Stock	18.88	19.33	19.32	22.36	21.87	-2.19

Source: Cotton This Month June 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	6.12
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	2.44
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	4.95	4.75
World Total	24.85	26.42	25.89	22.75	24.81
Consumption					
China	8.28	8.50	8.25	7.25	8.10
India	5.15	5.42	5.40	4.45	5.15
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	0.61
Others	3.62	3.80	3.73	3.44	3.44
World Total	24.85	26.42	25.89	22.75	24.81

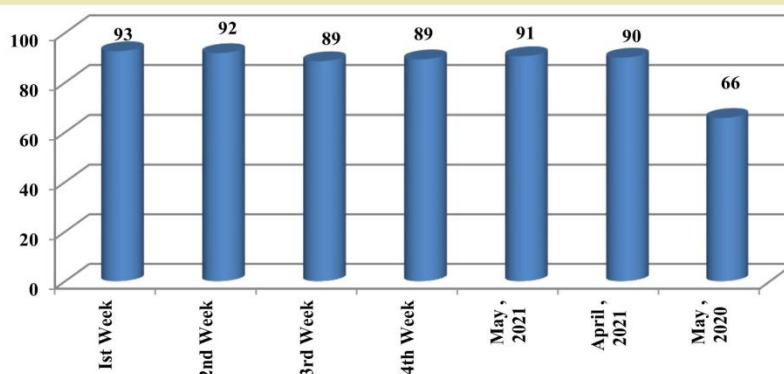
Source: i) Cotton This Month June 01, 2021.

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

*Provisional.

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

(US Cents per Pound)



Source: Cotton Outlook

The graph above indicates that 'A' index prices during May, 2021 witnessed nominal rise to 91.0 cents per pound as compared to 90.00 cents per pound in April, 2021. While, the prices in May, 2020 were recorded much lower at 66.00 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

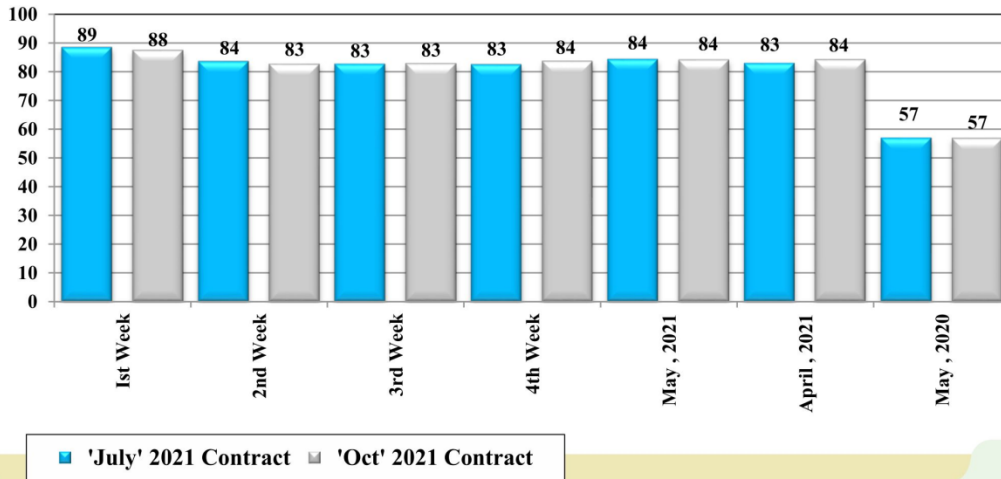
(US Cents Per Pound)

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
Average 2020-21	82.61	71.95

Source: Cotton Outlook.

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

(US Cents Per Pound)



Source: Cotton Outlook

The graph above indicates that the nearby July, 2021 contract during May, 2021 raised to 84.00 cents per pound as compared to 83.00 cents in previous month. However, the prices of same contract in the corresponding month of last year recorded lower at 57.00 cents per pound.

