



DOMESTIC COTTON CROP SCENARIO

The first meeting of Cotton Crop Assessment Committee was held at Islamabad on 04.10.2019 under the Chairmanship of Additional Secretary, Ministry of National Food Security & Research. The representatives from Provincial governments and other stake holders explained the methodology and gave the estimates for crop assessment. Owing to challenges faced by the cotton crop especially high input prices, insect pests pressure and higher temperature, the Committee assessed the volume of current crop at 10.200 million bales. Province-wise assessment of cotton crop is presented in table as below:

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

Province	Expected Production (million bales)
Punjab	6.200
Sindh	3.900
Baluchistan & Khyber PakhtunKhwa	0.100
Pakistan	10.200

Source: First Meeting of Cotton Crop Assessment Committee, held on 04.10.2019.

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: SOWING POSITION OF COTTON CROP IN PUNJAB AND SINDH (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
Baluchistan	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 OCTOBER, 2019

(Bales)

Heads	2019-20 (Season)			2018-19 (Season)		
	Punjab	Sindh	Total	Punjab	Sindh	Total
Arrivals	1,165,868	1,767,697	2,933,565	1,818,067	2,202,578	4,020,645
Sales to Exporters	0	34,597	34,597	400	64,612	65,012
Sales to Textile Mills	899,138	1,363,358	2,262,496	1,323,754	1,668,107	2,991,861
Sales to T.C.P	-	-	-	-	-	-
Unsold Stock	91,453	91,096	182,549	207,787	49,373	257,160
Un-ginned Stock	175,277	278,646	453,923	286,126	420,486	706,612

Source: Pakistan Cotton Ginners Association.

Data was not collected last year as on 01.06.2018.

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

(Rs. per 40 Kg)

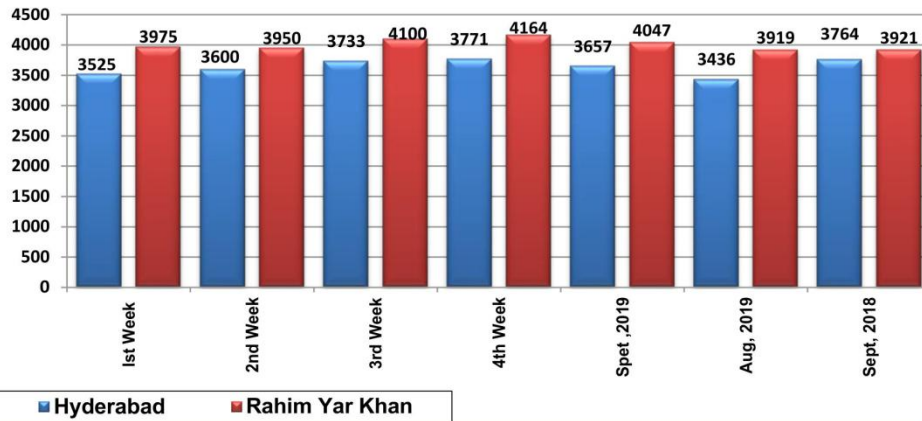
Months	Hyd	M.P. Khas	Ghotki	Khair Pur	Sukr	R.Y. Khan	Bahawal Pur	Vehari	Mian Channu	Sahiwal	Lodhran	D.G. Khan	Multan	Burewala
July,2019	-	3912	-	-	-	-	-	4204	3985	4049	-	-	-	4134
August, 2019	3436	3431	-	-	-	3919	3797	3875	3787	3825	-	-	3816	3857
September,2019	3657	3645	3811	3996	3957	4047	3762	3898	3798	3657	3798	3823	3879	3865
Average 2019-20	3547	3663	3811	3996	3957	3983	3780	3992	3857	3844	3798	3823	3848	3952
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^t

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Figure-I: SEED COTTON PRICES DURING SEPTEMBER, 2019

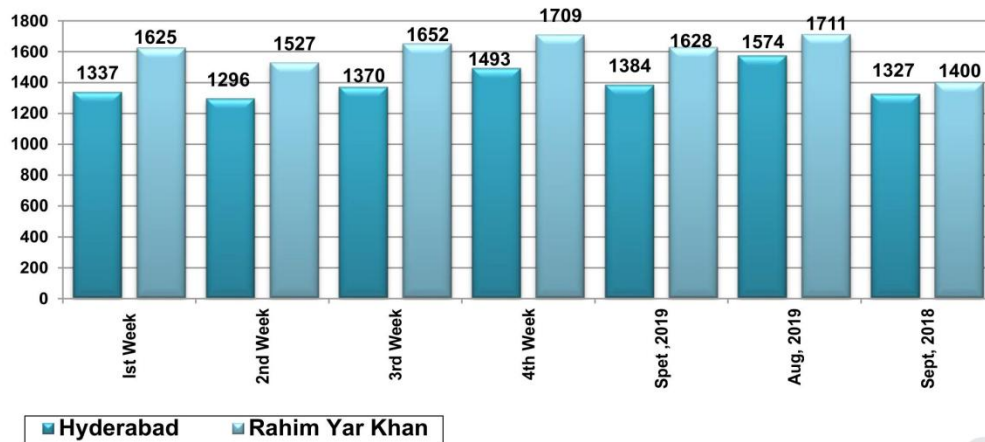
(Rs per 40 kg)



Source: Market Report .

Figure-II: COTTON SEED PRICES DURING SEPTEMBER, 2019

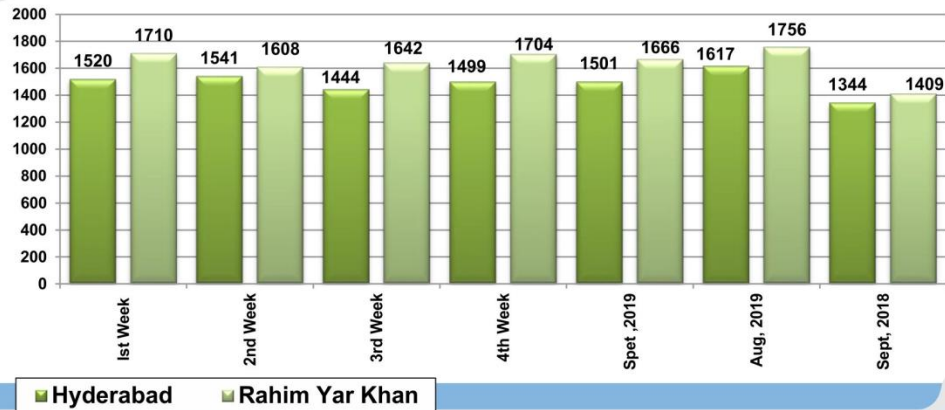
(Rs per 40 kg)



Source: Market Report

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

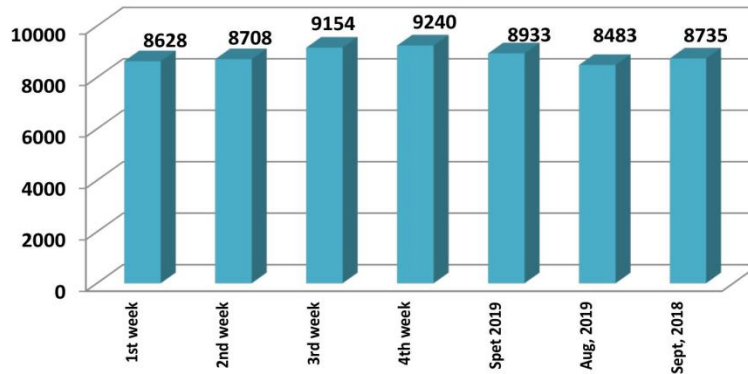
(Rs per 40 kg)



Source: Market Report

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

(Rs per 40 kg)



Source: The Karachi Cotton Association.

The graph above indicates that the prices of raw cotton during the month of September, 2019 depicted increasing trend and were recorded at Rs.8,933 per 40 kg as compared to Rs. 8,483 in August, 2019. Whereas, the prices in September, 2018 were registered lower at Rs. 8,735 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

(Rs. Per 40 kg)

Month	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
Average 2019-20	8708	8953

Source: Karachi Cotton Association.

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

Sr. No.	Position	2015-16		2016-17		2017-18*		(Bale= 170kg) 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.

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COTTON YARN PRICES:

The Cotton Yarn prices of 21's and 30's count witnessed sluggish trend during the month of September, 2019. The prices were recorded at Rs.1,656 and Rs.1832 per bundle of 4.5 kg respectively as compared to Rs.1677 and Rs.1872 in previous month. However, the same counts in the corresponding month of last year were recorded much lower at Rs. 1,490 and Rs.1,696 per bundle respectively. Details are given as below:

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

(Rs. per bundle of 4.54 kg)

Count/ Week	W E E K				September 2019	August 2019	September 2018
	1	11	III	IV			
10/1	1440	1440	1440	1440	1440	1450	1285
16/1	1550	1549	1550	1551	1550	1594	1426
21/1	1656	1656	1656	1656	1656	1677	1490
22/1	1675	1675	1675	1675	1675	1719	1525
26/1	1755	1755	1737	1737	1746	1806	1640
28/1	1800	1800	1800	1800	1800	1800	1703
30/1	1832	1832	1832	1832	1832	1872	1696
32/1	1850	1850	1850	1850	1850	1876	1703
40/1	2250	2250	2250	2250	2250	2338	2106
52/1	2550	2550	2550	2550	2550	2638	2206
60/1	2650	2650	2650	2650	2650	2694	2406
70/1	2700	2700	2700	2700	2700	2788	2556
20/2	1746	1746	1746	1746	1746	1793	1605

Source: Pakistan Yarn Merchants Association, Karachi.

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

(Value = Rs. In Millions)

Commodities	Unit	August 2019		July 2019		August 2018		% Change Over July 2019		July –August 2019		July –August 2018		% Change	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	2,677	657	2,660	658	1,618	296	0.64	-0.15	5,337	1,315	2,240	408	138.26	222.30
Cotton Yarn	M.T	42,717	17,282	39,180	15,475	37,156	13,221	9.03	11.68	81,897	32,757	80,262	27,813	2.04	17.78
Bed Wear	M.T	45,725	32,549	41,103	30,827	44,374	28,522	11.24	5.59	86,828	63,376	72,114	49,011	20.40	29.31
Towels	M.T	14,072	9,686	14,575	10,138	18,488	9,113	-3.45	-4.46	28,647	19,824	30,985	15,547	-7.55	27.51
Cotton Cloth	Th.SQ	202,890	27,991	168,755	23,457	239,989	25,076	20.23	19.33	371,645	51,448	409,360	43,007	-9.21	19.63
Synthetic Fiber	Th.SQ	32,882	4,406	32,418	3,955	30,681	3,512	1.43	11.40	65,300	8,361	51,802	5,964	26.06	40.19
Knitwear	Th.DoZ	10,973	44,054	9,938	41,740	10,788	34,553	8.60	5.54	20,731	85,794	18,730	59,517	10.68	44.15
Readymade Garments	Th.DoZ	5,176	37,261	5,260	36,812	3,929	27,794	-1.60	1.22	10,436	74,073	7,752	53,965	34.62	37.26

Source: Pakistan Bureau of Statistics, Karachi.

The table above indicates that the exports of raw cotton and its related produce posted gains except Towels and Readymade garments during the month of August, 2019. The raw cotton exports increased to 2,677 metric tons valuing Rs. 657 million as compared to 2,660 metric tons amounting to Rs. 658 million in July, 2019. However, the exports in August, 2018 recorded lower at 1,618 metric tons amounting to Rs. 296 million, showing an increase of 0.64 percent in quantity but 0.15 percent decline in value over July, 2019.

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Table-10: IMPORTS OF TEXTILE GROUP COMMODITIES DURING AUGUST, 2019. (Value = Rs. In Millions)

Commodities	Unit	August 2019		July 2019		August 2018		% Change Over July 2019		July-August 2019		July-August 2018		% Change	
		Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val	Qty	Val
Raw Cotton	M.T	3,358	997	14,562	4,345	7,217	1,827	-76.94	-77.05	17,920	5,342	31,255	6,898	-42.67	-22.56
Synthetic Fiber	M.T	29,082	7,495	24,894	6,735	22,293	5,620	16.82	11.28	53,976	14,230	45,487	11,461	18.66	24.16
Synthetic & Artificial Silk Yarn	M.T	16,856	6,396	13,092	5,125	25,357	6,869	28.75	24.80	29,948	11,521	47,210	12,911	-36.56	-10.77
Worn Clothing	M.T	28,512	1,943	38,040	2,544	36,196	1,606	-25.05	-23.62	66,552	4,487	84,963	3,807	-21.67	17.86
Other Textile Items	-	-	8,111	-	7,547	-	11,174	-	7.47	-	15,658	-	21,810	-	-28.21

Source: Pakistan Bureau of Statistics, Karachi.

The table above shows that the imports of raw cotton during August, 2019 remained decreased to 3,358 metric tons amounting to Rs.997 million as compared to 14,562 metric tons valuing Rs.4,345 million in July,2019. Whereas the imports in August, 2018 recorded much higher at 7,217 metric tons amounting to Rs.1,827 million, showing a decline of 76.94 percent in quantity and 77.05 percent in value over July, 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-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-12: EXPORT PARITY PRICE OF SEED COTTON ON THE BASIS OF ACTUAL AVERAGE EXPORT PRICE OF PAKISTANI COTTON

Sr. No.	Item	August, 2019
01.	Actual average export price per 40 Kgs	9,817 (Rupees) or 70.12 (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)	9392
04.	Value of 80 Kgs of cotton seed (b)	3274
05.	Ginning charges for 120 Kgs of seed cotton	600
06.	Value of 120 Kgs of seed cotton (c) (item 3+4 -item 5)	12,066
07.	Seed cotton price per 40 Kgs (item 6/3)	4,022

Notes:

- a) One US\$ = 158.75 Pak rupees.
- b) Average price of cotton seed for August, 2019 in Vehari market was Rs. 1637 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	August, 2019
01.	Actual average cif (Karachi) Price, per 40 kgs	Rs.11,876 (Rupees) or 84.83 (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)	12,301
04.	Value of 80 Kgs of cotton seed (a)	3274
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	14 975
07.	Seed cotton price (item 6/3)	4,992

Note:

- a) Average price of cotton seed for August, 2019 in Vehari market was Rs. 1637 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 and yields are currently expected to decline due to high temperature and little rain in the Xinjiang region. The production currently forecasted in 2019-20 is 4% lower than the previous year. Consumption in China is expected to remain flat in 2019-20 at 8.25 million tons. Imports by China are projected at 2.1 million tons, indicating an increase of 1.0% over previous season. Stock levels in China continued to decline and are expected to decrease in 2019-20 by 5% to 8.5 million tons.

Table-14: CHINA SUPPLY AND DEMAND POSITION

(Million Metric Tons)

Heads	2015-16	2016-17	2017-18 Est.	2018-19 Est.	2019-20 Proj.
Beginning Stock	14.12	12.65	10.35	9.03	8.85
Production	5.20	4.90	5.89	6.04	5.80
Consumption	7.60	8.28	8.50	8.25	8.25
Import	0.96	1.10	1.32	2.07	2.09
Ending Stock	12.65	10.35	9.03	8.85	8.45

Source: Cotton this month September 03, 2019.

2. INDIA

Cotton area in India is projected to remain unchanged at 12.20 million hectares in 2019-20. Favorable weather conditions in India could potentially increase output more than 6% production growth 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 5.8% to 34.461 million hectares in 2019-20 as compared to 32.582 million hectares in 2018-19. Global cotton production is expected to increase by 5% to 26.9 million tons, while consumption is projected to rise by 1.0% to 26.7 million tons. Global trade and economic growth slowdowns have impacted cotton demand with global trade growing 2% in 2018-19 at 9.3 million tons with a 1.2% increase in global consumption. Ending stocks in 2019-20 are estimated to grow by 1.3% to 18.324 million tons. Favorable forecasts for production and increasing world stock levels in 2019-20 continue to place downward pressure on prices.

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Table-15: WORLD COTTON BALANCE SHEET

(Million Metric Tons)

Heads	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	18.72	18.09	-3.37
Production	21.48	23.08	26.68	25.72	26.89	4.55
Consumption	24.14	24.79	26.37	26.34	26.66	1.21
Exports	7.54	8.19	9.09	9.30	9.48	1.94
Imports	7.59	8.09	9.03	9.30	9.48	1.94
Ending Stock	20.31	18.48	18.72	18.09	18.33	1.33

Source: Cotton this month September 03, 2019.

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

(Million Tons)

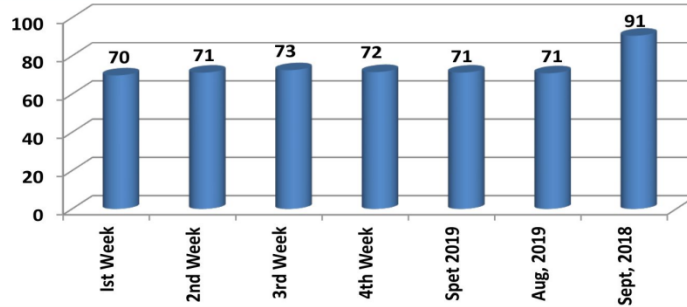
Countries	2015-16	2016-17	2017-18 Estimated.	2018-19 Estimated.	2019-20 Projected
Production					
India	5.75	5.87	6.35	5.45	5.75
China	5.20	4.90	5.89	6.04	5.80
USA	2.81	3.74	4.56	4.00	4.90
Brazil	1.29	1.53	2.01	2.67	2.67
Pakistan	1.69	1.81	2.03	1.67	1.60
Uzbekistan	0.83	0.79	0.80	0.64	0.64
Others	4.07	4.59	5.28	5.25	5.53
World Total	21.48	23.08	26.68	25.72	26.89
Consumption					
China	7.60	8.28	8.50	8.25	8.25
India	5.30	5.15	5.42	5.40	5.54
Pakistan	2.15	2.22*	2.51*	2.36*	2.36*
Europe & Turkey	1.68	1.61	1.64	1.71	1.74
Vietnam	1.01	1.17	1.53	1.56	1.59
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	3.68	3.64	3.83	4.05	4.12
World Total	24.14	24.79	26.37	26.34	26.66

Source: Cotton this month September 03, 2019

*Provisional

Figure-V: COTLOOK ‘A’ INDEX DURING SEPTEMBER, 2019

(US Cents per Pound)



Source: Cotton Outlook.

The graph above shows that ‘A’ index prices during September, 2019 remained stable at 71.00 cents per pound as was recorded in August, 2019. However, the prices in September, 2018 were recorded much higher at 91.00 cents per pound. Month-wise details are given as below:

Table-16: 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
Average 2019-20	71.08	92.64

Source: Cotton Outlook.

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

(US Cents Per Pound)



Source: Cotton Outlook

The graph above indicates that the nearby October, 2019 contract during September, 2019 posted gains to 60.00 cents per pound as compared to 59.00 cents in previous month. However, the prices of same contract in the corresponding month of last year recorded much higher at 81.00 cents per pound.

