

Pakistan Cotton Market Outlook

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[Speed, agility, and flexibility: These are the qualities that jet pilots demand from their aircraft. You need to demand the same from your trade/business strategy to stay competitive in the market].

A research paper presented by

YPARD – Pakistan Country Representative

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Pakistan Cotton Crop Updates – 2014/15 vs 13/14

2014/15 - Pakistan Cotton Crop Outlook

1. 2014/15 crop season has been delayed due to prolonged winter season, wheat harvesting has been delayed this season [properly commenced after the month of March14], besides; cotton sowing of 14/15 has also been delayed in overall Sindh & Punjab province, which may affect the germination, while temperature goes up during the month of MAY-JUNE.
2. While farmers have been indicating that 14/15 vs 13/14 cotton crop area is expected to be increased, but in few areas of both provinces, growers have reduced cotton area, due to weather threats and costly inputs....because of this, farmers are switching from the cotton area into minor/short duration crops.
 - *Progressive farmers at indus-river areas are indicating to cultivate sugarcane instead of cotton, including small areas from upper side of districts/other than the Indus river bank areas, where availability of water in canals are more sufficient for sugarcane and rice.*
 - *In few districts of Sindh & Punjab, farmers are more afraid to sow cotton, because it is a sensitive crop rather than sugarcane.*
3. Farmers also indicated that this year cotton sowing has been delayed by 1 month in Sindh province while Punjab farmers have started area cultivation from the month of May14, very small area has been sown under cotton during the month of April14.
4. Also it has been notified by some progressive farmers from Sindh and Punjab provinces that last few days' cotton belts were under dusty storm, besides some areas were getting massive storm while cottonseeds were at vegetative and germination stages.
5. Because of the bad weather condition farmers have started re-sowing of cotton crop in few cotton districts of Sindh province.
6. Due to late cotton sowing in both provinces, the expected arrival of cotton may start from the month of Aug14, if the pre-monsoon may not affect the cotton crop during the month of June14-July14.
7. Met department has issued the monthly weather bulletin for the crop season 14/15, in which they have mentioned that pre-monsoon spell will start from the month of June21-23 this year, while cotton crop plant will be at vegetative and flowering stages.
8. In this scenario, flowers shedding may reduce the crop yield of early cotton sown area [April14], it has also been also mentioned that normal to moderate rain would help the crop plant growth which has been sown during the month of May14-June14 [area sown till the 1st week of June].

9. Peak monsoon rains are expected to be started from the month of Aug14-Sep14, while cotton plant will be at harvesting stages, hence few cotton belts would be at flowering stage, incase of heavy rains, it is an expectation by progressive farmers that crop yield would be massively declined.
10. However, it can also be destroyed by pest attack after rains, incase of costly pesticides and fertilizer farmers may not be able to afford it to protect the cotton plant. Only better cotton market price could help to receive the healthy plant yield, otherwise, quality of the cotton will be affected by rains.
11. Favorable weather will help to increase the cotton yield as farmers are expected to get the good crop yield this year, due to availability of proper irrigation system [water available in canals during sowing periods] hence, cottonseed germination is also better than last year.
12. Incase of normal to moderate rains, cotton yield may increase in 14/15 vs 13/14 crop yield.
13. Delayed crop arrival of 14/15 may impact the supply & demand in the market during the month of July-August14, while the low cotton imports are the major factors in declining ending stocks this year.

Table-1

COTTON AREA & PRODUCTION ESTIMATES – 2014/15

Govt. Official Cotton Area Targets and Production Estimates - 2014/15

Province	Area in Million Hect.	Cotton Production Estimates [170kgs Bale weight]
Punjab	2.50	10.50
Sindh	0.60	4.50
Pakistan	3.10	15.00

Pakistan Cotton Supply & Demand

14. However, this year low yarn production has seen due to sluggish demand from China, which had depressed the 13/14 cotton imports and consumption as compared to the previous years.
15. According to latest PBS data so far approx 1.22mn bales [MY Aug13-Mar14] has been reached to Pakistani markets, mainly imported from India during the season 2013/14, which is about 31.68% lower than 12/13 season.
16. While out of total cotton production approximately 571.412K-bales have been shipped from the local markets to international buyers of Pakistani cotton.

17. As we have derived the current cotton statistics according to PBS and PCGA data, country ending stock would be 1.477mn bales of 170kgs during this season. While the cotton demand per month is 1.239mn bales of 170kgs. If the cotton consumption will increase from 14.2 to 15.00mn bales, the ending stock will be at alarming stage at the end of the season 13/14 [as of 31st of July-2014].
18. Despite, imports of cotton in Pakistan may shield the market to be in balance.....while current cropping pattern shows that 14/15 crop arrival will start from the 2nd week of Aug14. [Ginners are expected to be in operation after Eid festival and Independent day].
19. Please refer the below table-2 for Pakistan cotton balance sheet of 13/14 season, comprised/based on the official/govt. data.

Table-2
PAKISTAN COTTON BALANCE SHEET

2013/14	170kgs bale weight	157kgs bale weight
Carry in	2,373,565	2,570,102.23
Production	12,367,623	13,391,694.00
Imports	1,602,941	1,735,668.79
Total Supply	16,344,129	17,697,465
Exports	600,000	649,681.53
Domestic Consumption	14,267,235	15,448,598.41
Total Demand	14,867,235	16,098,280
Carry Out/Ending Stock	1,476,894	1,599,185.09
Stock Use	0.10	0.10

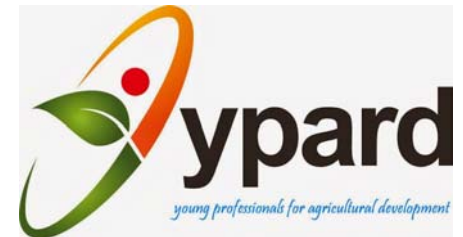
2013/14 Cotton Crop Season Highlights

20. As per the area analytical report, 13/14 vs 12/13 about -2.12% cotton area has been declined this year, while the official area estimated for the season 13/14 was approximately 3.092mn hecets, besides around 2.78mn hecets area was cultivated under cotton this year.
21. Due to low cotton market prices during the season 12/13 farmers were discouraged to sow more area under cotton during the crop year 2013/14, while pest attacks, massive flood in Punjab and rains had damaged the cotton area, which were the causes in declining yield this year.

22. In the PCGA's latest fortnightly cotton arrival report, Country has produced approx 13.392mn bales during the crop season 13/14, while the running avg. bale weight has been recorded around 157Kgs/bale.
23. Pakistan standard bale weight is 170kgs, while ginnerers are producing low size of cotton bale, in this respect the current cotton production i.e. 13.392mn bales which is equivalent to 12.37mn bales of 170kgs.

Thanking you,
Best Regards

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