

Required Report: Required - Public Distribution

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Report Name: Cotton and Products Update

Country: Pakistan

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Prepared By: Shafiq Rehman

Approved By: Christopher Rittgers

Report Highlights:

Despite lower area, 2021/22 production is forecast to reach 5.3 million bales, an 18 percent increase over the disappointing 2020/21 crop. Cotton demand from the textile sector remains robust, and domestic use and imports are a bit higher from the previous report. Imports for 2021/22 are projected to be a record 5.6 million bales. In August 2021, in a bid to stabilize prices and incentivize producers, the Ministry of Food Security and Research announced a new policy to intervene if cotton prices fall below Rs. 5,000/40kg (\$781/ Ton).

Cotton Production Maintained Despite Significant Decrease in Area:

According to the Punjab and Sindh provincial governments' area estimates, 2021/22 planted cotton area is 1.9 million hectares, 14 percent less than last year. Favorable weather in 2021 has resulted in a good crop stand and boll formation, and there have also been fewer reports of severe pest infestations. In addition, water, fertilizer, and pesticide supplies have been adequate. Cotton prices are better this year: in the final week of August, seed cotton prices were up 61 percent compared to last year. The favorable crop development to date, combined with profitable prices, is encouraging farmers to enhance agronomic management practices, which is increasing yield prospects. As a result of these factors, despite lower area, production is forecast to reach 5.3 million bales.

Nonetheless, September will still be a critical month, potentially determining the size and quality of the crop. Severe rains and/or a pest outbreak, as has occurred in previous years, could still cause heavy damage to the crop. For example, last year, the crop was developing well until August, when heavy rains and whitefly and pink bollworms infestation cut yields and damaged quality.

Record Cotton Imports Still Expected:

Relying on raw material imports and boosted by resurgent overseas demand for finished products, the textile sector continues to produce at a brisk pace. Fueling expansion in the sector, Pakistan's government is providing tax relief, lower energy prices, and subsidized financing. The sector's growing need for cotton raw material far outstrips domestic production. As a result, cotton imports are forecast to reach a record 5.6 million bales.

Government Announced Cotton Intervention Price:

During the first week of August 2021, the government announced a cotton support price of Rs. 5,000/40kg (\$781/ton) for the 2021/22 crop. If prices fall below this level, the Trading Corporation of Pakistan (TCP), a state run organization, will buy from farmers at the support price. The Ministry of National Food Security and Research established a cotton price review committee to track prices and to notify TCP when intervention in the market is required. Given prevailing prices and market expectations, it is unlikely that prices during 2021/22 will fall below the intervention price. The average price at rural locations on August 25, 2021 was Rs. 5,934/40Kg (\$927/Ton), significantly higher than the intervention price.

Production, Supply and Distribution (PSD):

Cotton	2019/2020		2020/2021		2021/2022	
Market Year Begins	Aug 2019		Aug 2020		Aug 2021	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	2450	2450	2200	2200	2000	1900
Beginning Stocks 1000 480 lb. Bales	2495	2495	3390	3390	2740	2740
Production 1000 480 lb. Bales	6200	6200	4500	4500	5000	5300
Imports 1000 480 lb. Bales	3975	3975	5300	5300	5600	5600
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	12670	12670	13190	13190	13340	13640
Exports 1000 480 lb. Bales	55	55	25	25	50	50
Use 1000 480 lb. Bales	9200	9200	10400	10400	10600	10600
Loss 1000 480 lb. Bales	25	25	25	25	25	25
Total Dom. Cons. 1000 480 lb. Bales	9225	9225	10425	10425	10625	10625
Ending Stocks 1000 480 lb. Bales	3390	3390	2740	2740	2665	2965
Total Distribution 1000 480 lb. Bales	12670	12670	13190	13190	13340	13640
Stock to Use % (PERCENT)	36.63	36.63	26.28	26.28	25.02	27.90
Yield (KG/HA)	551	551	445	445	544	607
(1000 HA) ,1000 480 lb. Bales, (PERCENT), (KG/HA)						

Attachments:

No Attachments