

Required Report: Required - Public Distribution

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Report Name: Cotton and Products Update

Country: Pakistan

Post: Islamabad

Report Category: Cotton and Products

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Report Highlights:

The 2023/24 harvested area estimate is increased slightly based on information collected during recent field travel. With the higher area estimate, production is expected to reach 6.8 million bales. As a result of the strong rebound in domestic output, the 2023/24 import forecast is reduced to 4 million bales.

Production and Area

Due to reports from provincial and district offices, and confirmed by recent field travel, harvested area is forecast to reach 2.6 million HA. Punjab province leads the rebound in area, with an estimated 30 percent increase. The Punjab provincial government's efforts to encourage farmers to plant more cotton last spring, and producers' expectations for higher prices, both were factors leading to the higher area this year. With this area, production in 2023/24 is forecast to reach 6.8 million bales. Yield in Sindh is higher than in Punjab due to less pest infestations (Whitefly, Jassid, thrips). In Punjab, where cotton harvest begins a month later, higher pest infestation coupled with more extreme rainfall patterns causes yields to be lower vis-à-vis Sindh. The exception was last year when flooding dramatically reduced Sindh's yield.

During current season, 2023/24 growing conditions have been good, with timely rains and sufficient water availability for irrigation. In addition, there has been less pest pressure this year. Nonetheless, the growing conditions during the first two weeks of September will be critical to determining whether output achieves the forecast.

With collection ongoing during 2023/24, an estimated 2.1 million bales had arrived at ginneries through August 20th. about half of that was from Sindh, where collection begins earlier.

Consumption

Following a 14.6 percent decline in Pakistan's finished textile product exports in 2022/23, overseas demand is forecast to rebound in 2023/24. As a result of the expected rebound, consumption is forecast to reach 10 million bales. Continued currency fluctuations and rising energy and other input costs will continue to hamper further expansion in cotton demand.

Imports

In 2023/24, despite expected greater domestic use of fiber, the anticipated increase in domestic production will offset the need for increased imports. As a result, imports in 2023/24 are forecast to fall to 4 million bales. Given available trade data, the 2022/23 import estimate is increased slightly to 4.5 million bales. Reaching nearly 1.7 million bales, imports of U.S. cotton increased about 7 percent in 2022/23.

Exports

The decline in local cotton prices has created opportunities for exports. As a result, the export forecast for 2023/24 is increased to 100,000 bales.

Government Intervention Price

The Government set the cotton support price at Rs8,700/40 kg (\$739/Ton) for 2023/2024, which is 52 percent higher than the 2022/23 price of Rs5,700/40 kg. Due to the onset of cotton collection, and bright prospects for the crop, prevailing market prices have dipped below the support price. In the third week of August, seed cotton prices in Sindh were about Rs7,650, and prices in Punjab were around Rs7,900. While the government has no mechanism to intervene and purchase at the support price, they have been encouraging ginneries to make purchases at the Rs8,700 level. Despite the declining prices, and rising fertilizer and energy costs, producers are still expecting good returns this year.

Table 1. Production, Supply and Distribution Table (1,000 480 lb. Bales) (1,000 HA)

Cotton	2021/2022		2022/2023		2023/2024	
Market Year Begins	Aug 2021		Aug 2022		Aug 2023	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,000	2,000	1,800	1,800	2,500	2,600
Beginning Stocks	2,175	2,175	1,925	1,925	1,550	1,475
Production	6,000	6,000	3,900	3,900	6,500	6,800
Imports	4,500	4,500	4,400	4,500	4,200	4,000
Total Supply	12,675	12,675	10,225	10,325	12,250	12,275
Exports	50	50	75	50	50	100
Domestic Use	10,700	10,700	8,600	8,800	10,000	10,000
Loss	0	0	0	0		0
Domestic use and Loss	10,700	10,700	8,600	8,800	10,000	10,000
Ending Stock	1,925	1,925	1,550	1,475	2,200	2,175
Total Distribution	12,675	12,675	10,225	10,325	12,250	12,275
Stock to Use %	17.91	17.91	17.87	16.67	21.89	21.53
Yield (KG/HA)	653	653	472	472	566	569

Table 2. Production, Supply and Distribution Table (1,000 tons) (1,000 HA)

Cotton	2021/2022		2022/2023		2023/2024	
Market Year Begins	Aug 2021		Aug 2022		Aug 2023	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,000	2,000	1,800	1,800	2,500	2,600
Beginning Stocks	475	475	420	420	338	322
Production	1,309	1,309	851	851	1,418	1,484
Imports	982	982	960	982	916	873
Total Supply	2,765	2,765	2,231	2,253	2,673	2,678
Export	11	11	16	11	11	22
Domestic Use	2,335	2,335	1,876	1,920	2,182	2,182
Loss	0	0	0	0		0
Domestic use and Loss	2,335	2,335	1,876	1,920	2,182	2,182
Ending Stocks	420	420	338	322	480	475
Total Distribution	2,765	2,765	2,231	2,253	2,673	2,678
Stock to Use %	17.91	17.91	17.87	16.67	21.89	21.53
Yield (KG/HA)	653	653	472	472	566	569

Table 3. Import Matrix (1,000 Tons)

	August - July	August -June
	2021/2022	2022/23
United States	351.1	404.4
Brazil	189.6	187
Australia	23.8	89.4
Cote d'Ivoire	125.9	55.4
Afghanistan	73.9	45.2
Argentina	32.9	12.2
Turkey	28.2	49.7
Tanzania	26.5	17.4
Benin	13.8	4.5
Greece	13.7	15.2
Togo	13.3	4.4
EU 27 External Trade	12.9	48.4
Others	64.3	11.7
Total	982.2	945

Source: (Trade Data Monitor LLC)

Table 4. Textile Exports (Million USD)

	July -June	July-June	Percent change
	2022-23	2021-22	
Textile Overall	16502	19330	-14.63
Raw Cotton	13	7	104.78
Cotton Yarn	844	1207	-30.04
Cotton Cloth	2,022	2,438	-17.06
Cotton Carded or Combed	1	2	-31.72
Yarn other than Cotton	45	66	-31.85
Knitwear	4,437	5,121	-13.36
Bed Wear	2,692	3,293	-18.26
Towels	1,000	1,111	-10.05
Tents, Canvas & Tarpaulin	138	110	24.93
Readymade Garments	3,492	3,905	-10.57
Art, Silk & Synthetic Textile	412	460	-10.38
Made-up Articles (Excl. Towel and Bed wear	693	849	-18.44
Other Textile Materials	713	761	-6.34

Source: Pakistan Bureau of Statistics (PBS)

Attachments:

No Attachments