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Pakistan

Cotton and Products Update

Pakistan Cotton and Products Update

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Report Highlights:

Pakistan's 2017/18 cotton production is forecast at 9.0 million 480 lb bales, down slightly from the current USDA estimate due to a slight reduction in area as projected yields are largely unchanged. Monsoon performance in cotton growing areas has been below average, but farmers are able to compensate with ground water. Insect infestations have occurred, but have not exceeded expectations and higher cotton prices should prompt farmers to manage their crops and pursue additional pickings. The estimate of 2016/17 imports is slightly lower at 2.2 million 480 lb bales based on preliminary official data.

Post:
Islamabad

Author Defined:
Crop Expectations on Track

Pakistan is expected to produce 9.0 million 480 lb bales of cotton, down slightly from the current USDA Washington estimate, but in keeping with the general expectation that yields and area have improved from the lows of 2015 (yield) and 2016 (area). Planted area is adjusted slightly lower to reflect the latest official estimate. A key question heading into any harvest in Pakistan is the number of hand pickings that farmers will plan especially those who need to make way for the planting of the winter (Rabi) wheat crop. Wholesale prices of seed cotton for 2016/17 are up 24 percent increase from a year ago suggesting that farmers will pursue at least an average number of pickings; still, farmers typically try to complete wheat planting by November 15 to avoid yield reductions from late sowing.

While monsoon rains during July till mid-August were below average, Pakistan's cotton crop is largely dependent on irrigation and water supplies have reportedly been adequate. The cotton harvest has started and weather conditions during September could still affect yields if late-season rains develop, resulting in dropped bolls and reduced crop quality. Alternatively, good September weather could push the crop higher. White fly infestations have been reported, but have not exceeded expectations. The weak expression of resistance to pink bollworm, a result of extensive back crossing, in Pakistan's biotech cotton could result in increased infestation depending on weather conditions during September.

Trade Levels Meeting Expectations

The Government of Pakistan has reinstated the tariff and sales tax on imported cotton (previously and temporarily zero), raising the cost of imported cotton by about nine percent. The move is timed with the onset of harvest and should help facilitate a seasonal reduction in import volumes while harvest is underway. Adjustments to the 2016/17 import estimate reflect the latest preliminary official data from the Government of Pakistan.

Table 1: Cotton Trade Statistics:
(Quantity in Metric Tons)

MONTH/YEAR	IMPORTS			EXPORTS		
	MY 2014/15	MY 2015/16	MY 2016/17	MY 2014/15	MY 2015/16	MY 2016/17
August	7,314	7,546	16,723	9,461	1,2679	4,202
September	5,661	3,429	14,318	19,070	2,4618	4,176
October	7,133	7,831	18,597	15,838	9,073	7,033
November	13,529	62,585	10,369	16,018	1,406	2,849
December	7,166	97,050	13,914	12,222	1,858	1,544
January	12,537	65,483	36,654	14,346	1,551	707
February	17,540	66,976	71,636	5,282	519	522
March	30,337	52,486	90,250	2,729	624	493

April	25,545	52,464	81,821	2,261	240	622
May	23,212	33,589	72,896	1,221	258	282
June	21,608	22,707	23,865	558	539	103
July	20,315	15,079		4,003	2,390	
TOTAL	19,1897	487,225	451,043	103,009	55,755	22,533

Source: Pakistan Bureau of Statistics (PBS), Government of Pakistan

Table 2: Production, Supply and Demand Data Statistics:

Cotton	2015/2016		2016/2017		2017/2018	
Market Begin Year	Aug 2015		Aug 2016		Aug 2017	
Pakistan	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	2800	2800	2450	2400	2800	2750
Beginning Stocks	2890	2890	2615	2615	2265	2100
Production	7000	7000	7700	7700	9150	9000
Imports	3300	3300	2400	2215	2200	2200
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	13190	13190	12715	12530	13615	13300
Exports	250	250	125	105	350	200
Use	10300	10300	10300	10300	10600	10575
Loss	25	25	25	25	25	25
Total Dom. Cons.	10325	10325	10325	10325	10625	10600
Ending Stocks	2615	2615	2265	2100	2640	2500
Total Distribution	13190	13190	12715	12530	13615	13300
Stock to Use %	24.79	24.79	21.73	20.18	24.11	23.2
Yield	544	544	684	699	711	713

(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)