



Pakistan Cotton Weekly Report

July 16, 2010

COTTON ARRIVAL 2010/11

Arrivals of new crop (2010-2011) seedcotton till now is estimated to be in the range of 70,000 to 80,000 lint equivalent bales of (170 Kgs), but arrivals over the next fortnight are expected to accelerate to an average of 10,000 bales daily against the current daily arrivals being estimated to be between 6,000 to 7,000 pressed bales.

Thus it is projected that around two hundred thousand bales from the new crop would have been pressed by the end of July 2010.

COTTON / SEED-COTTON PRICES

KCA spot rate was declined by Rs 200 to Rs 6,900. In ready business, rates fell sharply by Rs 400 as nearly, 5000 bales of cotton changed hands between Rs 6,000-7,050.

Seedcotton (Kapas/Phutti) prices slipped downward to range between Rs 2700 to Rs 2750 per 40 Kgs in Sindh and in Punjab they reportedly ranged between Rs 2700 to Rs 3000 per 40 Kilograms.

In Sindh, lint prices were said to have ranged lower between Rs 6400 to Rs 6500 per maund (37.32 Kgs), while in Punjab they were said to have obtained between Rs 6600 to Rs 6700 per maund

COTTON OUTLOOK

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Supply & Demand

Date	Ex Gin Price Rs.	Up Country Expense Rs.	Total Price	
			PKR Rs.	US c/lb
10-July-10	7000	100	7100	100.86
12-July-10	6950	100	7050	100.09
13-July-10	7000	100	7100	100.80
14-July-10	7100	100	7200	102.22
15-July-10	6900	100	7000	99.56
16-July-10	6700	100	6800	96.66

* 37.324 Kg

SUPPLY & DEMAND

Prices came down further on cotton market as picking operations accelerated after the recent rains. Some experts were of the view that decline in the rates was not unexpected because of prospects of good production as a result of favourable weather. Now it looks that the market may move on demand and supply factor.

It seems that actual buyers and sellers disappeared from the market and market fell in hands of speculators, who makes profits? Or who create these circumstances? Now prices are coming down sharply as they went up during the last several sessions.



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Supply & Demand

SUPPLY & DEMAND

Lint prices in Pakistan crashed by about Rs 800 per maund (37.32 Kgs) over the past three days. Government indeterminacy regarding the fate of any further extension of Regulatory Duty on yarn exports is further accentuating panic among the ginners and the growers. The standing committee of parliament on textile is considering extension in the date for 15% Regulatory Duty on export of cotton yarn until August 26, instead of July 26. Textile mills profess that lint prices under the present circumstances should range between Rs 5,400 to Rs 5,500 per maund (37.32 kgs) on ex-gin basis to attain parity with the prevailing yarn prices.

With news of recent monsoon rains over a wide range of cotton belt being beneficial, prospects and development of new crop (2010-2011) cotton are reported to be encouraging everywhere. Deliveries in beginning of August 2010 even are cheaper by another Rs 300 to Rs 400 per maund (37.32 Kgs) on an ex-gin basis.

Traders said that though Indian offers have started to be made to Pakistani spinners for November/December 2010 deliveries, but the domestic spinners are hesitant lest lint prices fall further. However, it has been reported that some deals for Indian cottons are being finalized now. Therefore, the conventional wisdom with the spinners seems to be that though the current cost of cotton remains relatively high, in all probability it should decline as a correctional event.



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TEXTILE

APTMA (Value Added Textile Sector)

All Pakistan Textile Mills Association (APTMA) delegation led by its chairman is said to have sought time from the federal textile minister on Friday morning in Islamabad to apprise him of the continuing difficulties of the spinners. APTMA fears that extension may be granted for Regulatory Duty (RD) on yarn exports as recommended by National Assembly Standing Committee on Textile who have suggested extension of RD by another month after its expiry on 26th July, 2010.

Textile sources add that spinners are perturbed that several Statutory Regulatory Orders (SROs) with regard to yarn exports have been issued during the past six months or more which are hampering the normal functioning of the spinning as well as the overall textile industry. The indeterminate and undesirable imposition of RD on yarn exports is being continually criticized by APTMA as being not only against the national interest, but also detrimental to all other sectors of textile industry throughout the value added chain.

The idea of forming a Pakistan Cotton Forum (PCF) mooted and motivated by Chairman of All Pakistan Textile Mills Association Punjab Zone, took another forward step to give it formal shape last week. The initial set-up of PCF was finalized last week with the decision that the Chairman and four members from all the federating textile associations, namely the Farmers Associates Pakistan (FAP), Pakistan Cotton Ginners Association (PCGA), Karachi Cotton Association (KCA) and All Pakistan Textile Mills Association (APTMA) would form the general body and the office of chairmanship would be held by rotation.

The idea to form PCF is to find a common ground for co-ordination and co-operation of all the various sectors of the cotton economy from farmer and the spinners to the weaver and garment makers and formulate useful policies for constant and proper presentation to the official authorities.



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TEXTILE

PRGMEA

Chairman Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has said that rural wages should be 35% less than urban areas to encourage investors to invest in low production cost locales. Chairman PRGMEA pointed out that the textile policy lacks some major initiatives for a clear roadmap to achieve the target of \$25 billion export. In his opinion, textile industry sectors should be separately addressed and a task force should be formed for monthly review of each sector along with a member of Ministry of Textile and Ministry of Commerce.

This task force should determine the hurdles being faced by textile industry in achieving their objectives. For example, the area of production should be increased from 3.4 million-hectares for cotton production and farmers should be encouraged through various sources to increase cotton production. BT cottonseeds should be used to enhance the cotton output, which can result up to 30-40% increase.

Similarly, export of coarser yarn should be banned since it is only the cotton and electricity which the spinners are exporting where both these commodities are short in the country. Only high-grade (above \$5 a kilogram) yarn should be allowed for export. In case of apparel industry, government has already started the training of female workers on a large scale but this should be spread across the country.



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TEXTILE

PRGMEA

Government should encourage setting up industries in those small districts and special incentives should be given to the investors so that the prosperity prevails throughout the country. Pakistan is a country having one of the lowest contributions from the female workforce, which is about 19% against 34% in South East Asia. The inclusion of these females could change the national outlook of the economy.

Having a very strong spinning, weaving and knitting ability the country has reasonable potential of processing knitted and woven fabrics. However, the poor vision of policy-makers has adversely affected the apparel industry and caused hindrance towards its growth in Pakistan.

Pakistan had everything available to become one of the leading garments exporting country but the same could not be materialized due to lack of vision. The availability of cheap labor, reasonable cotton and auxiliary industry could have easily allowed making the country top in this sector.

Today Pakistan Textile Industry is better known as a raw material supplying country rather than a country, which excels in the value-added industry. Pakistan currently supplies less than 1% to the world apparel industry of \$375 billion. Value added industry is seriously hit due to worst law and order situation.



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Weekly Sales

Weekly Sales (Sindh / Punjab)

Crop 2010-11

PUNJAB REGION

<i>Punjab Stations</i>	<i>Total Bales</i>	<i>Punjab Stations</i>	<i>Total Bales</i>
Arif Wala	400	Mongi-Bangla	200
Bahawal Nagar	200	Pakpattan	2500
Burewala	4200	Rahimyar Khan	200
Chicha Watni	1000	Sahiwal	100
Gaggo	200	Vehari	100
Ghaziabad	200		
Gojra	1800		
Haroonabad	800		
Kabir Wala	700		
Khanewal	1800		
Mian Chunno	500		

SINDH REGION

<i>Sindh Stations</i>	<i>Total Bales</i>
Mirpur Batharo	200
Sanghar	1600
Shahdadpur	800
Sultanabad	1200
Tando Adam	200