

PAKISTAN COTTON WEEKLY REPORT

Cotton Arrivals

Current cotton season (August 2009-July 2010) drawing to an early close, lint prices keep moving up to unprecedented high levels with strong chances of gaining further. Counting on latest seedcotton (kapas/phutti) arrivals figures for the ongoing season, it appears difficult that total output this season will exceed 12,700,000 running bales of (170 Kgs) domestic size on an ex-gin basis.

Arrivals of seedcotton (kapas/phutti) for current season (2009-2010) upto 15th of February 2010 has been reported by Pakistan Cotton Ginners Association (PCGA) at 12,617,561 lint equivalent bales of (170 Kgs) countrywide on an ex-gin basis from which mills have lifted 11,210,549 bales. Exporters have lifted 795,148 bales, leaving 611,819 bales unsold lying with ginners in both pressed and loose form.

These figures indicate that an abrupt closure of current season (2009-2010) is approaching paving way for early planting of the next cotton season (2010-2011) in Pakistan. Rather untraditionally, some planting of new crop (2010-2011) appears imminent in such areas of Punjab like parts of Multan, Faisalabad and Sahiwal districts replacing the potato crop. Preliminary preparations to plant cotton in Badin area in Sindh are also making progress.

According to a new report by Organic Exchange (OE) documenting growth and challenges in global organic fibre sector released that the organic cotton weathered global economic storm

during 2008/09 farming season, albeit with challenges.

Production grew by an impressive 20% over 2007/08 to 175,113 metric tons (802,599 bales) grown on 625,000 acres (253,000 hectares).

Cotton / Seed-cotton Prices

Recent upward revision of New York Cotton ICE futures prices, escalating yarn prices in domestic market, particularly the 30/1 count of yarn, pressure continuing on rupee against US dollar and domestic inflation all put together indicate yarn prices should continue moving higher for the time being. Thus the domestic spinning sector is very active and is functional at near optimum capacity.

With these tight conditions, prices of seedcotton (kapas/phutti) have reached record levels ranging from Rs 2,200 to Rs 2,500 per 40 kgs since 17th Feb 2010 in both Sindh and Punjab. With domestic cotton having become a scarce commodity, there is scant hope of any easing of prices of cotton or textile products in near future.

It thus seems that seedcotton (kapas/phutti) prices in both Sindh and Punjab were firmly held from Rs 2,200 to Rs 2,500 per 40 kgs according to the quality, while lint prices were jacked up further to range at record levels between Rs 4,900 to Rs 5,200 per maund (37.32 kgs) according to their quality.

*(Cotton Price as on 02-19-2010: Sindh 5,000 – 5,100/- ,
Punjab 5,000 – 5,250)*

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PCGA Arrivals Report

Arrivals / Sale Crop 2008-09 / 2009-10

As on February 15, 2010 (in Bales)				As on February 15, 2009 (in Bales)		
Province	Punjab	Sindh	Pakistan	Punjab	Sindh	Pakistan
Total Arrivals	8,409,339	4,208,222	12,617,561	8,165,237	2,967,689	11,132,926
Sales to TCP	0	0	0	105300	47800	153,100
Sales to Exporters	106,926	688,222	795,148	71,208	222,457	293,665
Sales to Mills	7,811,793	3,398,801	11,210,594	6,994,705	2,345,053	9,339,758
Unsold Stock	446675	111316	611,819	925041	332631	1,346,403
Fortnightly flow			104,331			313,078
* unginned stock (53,828) is included with unsold stock				* unginned stock (88,731) is included with unsold stock		

Friday, February 19, 2010

K.C.A Official Spot Rate for Local Dealings in Pak Rupees

FOR BASE GRADE 3 (THREE) STAPLE LENGTH 1-1/16"

MICRONAIRE VALUE BETWEEN 3.8 to 4.9 NCL

Rate for	Ex-Gin Price	Up-country Expenses	Spot Rate Ex-Karachi	Ex-Karachi Price as on 18-02-2010	Diff. Ex-Karachi
37.324 kgs Equivalent	5,000	100	5,100	5,050	+50
40 kgs	5,358	100	5,458	5,405	+53

Supply & Demand

Tight supplies and higher prices forced the buyers to keep away from the routine business on cotton market.

In ready business activity was still under pressure as only about 3,000 bales of cotton changed hands at Rs 4700-5000. According to the market, buyers were on sidelines due to higher prices and this may hurt exports of textile items due to higher cost of inputs.

Mills were unwillingly looking at foreign market to import cotton because of higher rate of local stuff. All the emerging factors on textile sector are not helping to boost the foreign exchange. On 17th Feb New York cotton fell slightly, breaking six straight sessions of gains, as dollar's rebound led to lower prices for fibre and most other US agricultural futures.

Yarn Export: 55,281 tons of cotton yarn export violation of SRO

Chairman Pakistan Apparel Forum (PAF) has said; export volume of cotton yarn was 55,281 tons during January this fiscal year, which was a violation of the SRO issued for capping the commodity's export to maximum 50,000 tons a month.

The increased export of commodity has

reduced export of value-added textile products because it is largely unavailable on local market. Export of value-added textile products plunged 22% during January this fiscal year as compared to export of value-added textile products during January last fiscal year.

Government had announced to restrict the cotton yarn export to maximum 50,000 tons a month to ensure its availability on local market, as the decision has become ineffective with the commodity's increased export. It is clear violation of SRO issued by textile ministry; a large number of value-added textile units are gradually ceasing operations for want of raw commodity.

As a result, foreign buyers have also stopped placing orders with local exporters, causing huge financial losses to them. A large number of value-added textile industrialists have relocated their units from Karachi, Lahore and Faisalabad to Jordan, Egypt, Bangladesh and Sri Lanka due to high cost of production and acute shortage of cotton yarn.

Shifting of industrial units are increasing the unemployment in country, local investment is also going abroad. Industrialists demanded of the government to completely ban the export of all kind of cotton yarn so that the local industry could survive.

Textile: *Leather Sector PIE, PTA to Setup Industrial Estate*

Punjab Industrial Estates (PIE) has decided to set up an industrial estate comprising 150 acres of land in collaboration with Pakistan Tanners Association (PTA) exclusively for leather sector. The land has been identified near Raiwind for industrial estate.

More industrial estates would be established throughout the province under a comprehensive plan yet to be unveiled soon. Pakistan has huge potential to increase the leather and leather goods export from Pakistan.

As a result of consistent efforts and a road map in right direction as envisaged by the competitive neighboring country, leather products and leather exports can be increased from \$943 million to \$5billion during next five years.

PTA office bearers said leather industry, the second largest after the textile, had invested an amount of \$1.220 billion and needed government attention. Leather garments contribute 7 percent to the country's total exports. They stressed the need for providing uninterrupted supply of gas and electricity for this vital sector that contributes 5% to GDP and provides jobs to over 200,000 people.

Weekly Purchase

- 500 Tons Brazilian Cotton SLM 1 1/8, G5, 28 min GPT, 550 pts on July 2010
- 3000 Tons Indian Cotton MECH @ 75.50 c/lbs, 29mm, 29 GPT
- 500 Tons Giza 86, good to fully good, New Crop @ 105.25 c/lbs

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Weekly Sales Report New Crop 2009-10

PUNJAB

<i>Punjab Stations</i>	<i>Total Bales</i>	<i>Punjab Stations</i>	<i>Total Bales</i>
Burewala	600	Khanewal	1200
Faqir Wali	400	M.Pur Dewan	800
Fort Abbas	400	Rahimyar Khan	3600
Ghazi Ghat	200	Shahdad Lund	300
Gojra	200	Shujabad	1000
Haroonabad	2400		
Hasilpur	400		
Khan Pur	9400		

SINDH

<i>Sindh Stations</i>	<i>Total Bales</i>	<i>Sindh Stations</i>	<i>Total Bales</i>
Buchari	200	Mirpur Mathelo	1100
Chondko	400	Mirpurkhas	1500
Daharki	1674	Obaro	416
Ghotki	1450	Pano Aqil	600
Karachi	600	Rohari	400
Kot Digi	918	Sakrand	1256
KUMB	600	Shahpur charkar	1500
Mehrabpur	1200	Tharu Shah	200