

Voluntary Report – Voluntary - Public Distribution

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Report Name: Revival of Egyptian Cotton in Response to Recovering World Cotton Demand

Country: Egypt

Post: Cairo

Report Category: Cotton and Products, Agriculture in the Economy, Agricultural Situation, Cotton and Products

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Report Highlights:

FAS/Cairo revises its Egypt cotton forecast for market year 2021/22, accounting for a rise in area harvested and production.

In 2020, the persistent downfall in cotton demand led to significant impacts in the global cotton industry. Similarly, in Egypt, the cotton situation was uncertain and volatile in terms of exports, domestic use, and even imports leading to large changes in terms of demand, supply, and prices.

Production Updates:

Post forecasted that in market year (MY) 2021/22, cotton area was to increase seven percent to 70,000 hectares (ha), from 65,000 ha in MY 2020/21. However, as farmers respond to the recent rise in cotton prices, Post is now expecting a 20 percent increase in harvested area, or 14,000 ha, to reach 85,000 ha in MY 2021/22. Accordingly, production is forecast to increase by more than 30 percent over Post’s initial forecast, to reach 280,000 bales instead of 250,000 bales (See Table 1: Production, Supply, and Distribution).

The increased harvested area is mainly due to higher cotton demand in 2021 that led to an increase in prices which incentivized farmers to continue planting cotton through June, past the traditional planting season. However, productivity is likely to be low through this late cultivation period due to high temperatures and unfavorable weather.

International cotton prices were 1.03 USD/libra and rose to 1.95 USD/libra. Similarly, Egyptian cotton prices at the beginning of the season started off at 1,900 EGP/quintar (\$120) for the long staple varieties. By the end of the season, cotton reached 2,500/quintar (\$160).

Table 1: Production, Supply, and Distribution

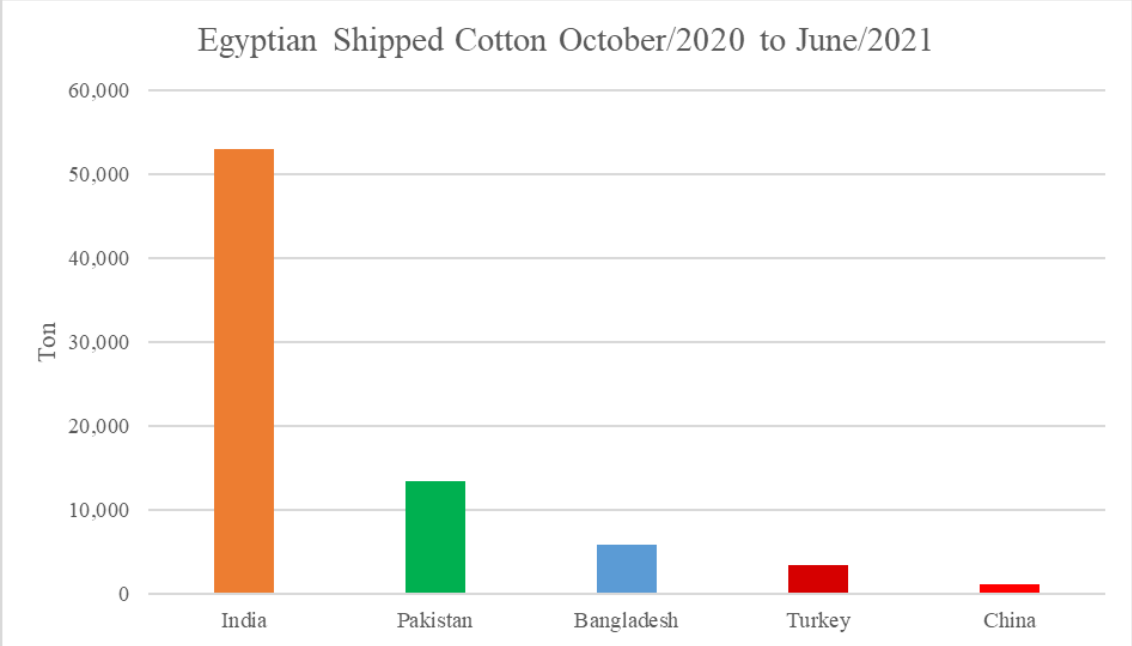
Cotton Market Year Begins	2019/2020		2020/2021		2021/2022	
	Aug 2019		Aug 2020		Aug 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Egypt						
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	100	100	65	65	90	85
Beginning Stocks 1000 480 lb. Bales	224	224	294	155	124	125
Production 1000 480 lb. Bales	305	305	215	215	300	280
Imports 1000 480 lb. Bales	500	512	600	630	575	550
MY Imports from U.S. 1000 480 lb. Bales	0	0	0	0	0	0
Total Supply 1000 480 lb. Bales	1029	1041	1109	1000	999	955
Exports 1000 480 lb. Bales	225	220	425	250	300	320
Use 1000 480 lb. Bales	500	620	550	615	550	550
Loss 1000 480 lb. Bales	10	10	10	10	10	10
Total Dom. Cons. 1000 480 lb. Bales	510	630	560	625	560	560
Ending Stocks 1000 480 lb. Bales	294	155	124	125	139	75
Total Distribution 1000 480 lb. Bales	1029	1005	1109	1000	999	955
Stock to Use % (PERCENT)	40.55	18.45	12.72	14.45	16.35	0
Yield (KG/HA)	664	664	720	720	726	0
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						

Exports Updates:

Egyptian cotton exports are recovering from low demand in 2020, and more commitments are being made. By mid-June, Egypt met 95 percent of their export commitments and will likely start the next season with zero carry-over stock, which is a rare occurrence.

Figure 1 shows Egypt’s exported cotton quantities from October 2020 until June 2021. India imported 66 percent of the total exported quantities or 53,000 metric tons (MT), followed by Pakistan which imported 17 percent, or 13,000 (MT).

Figure 1: Egyptian Cotton Exports by Destination



Source: ALCOTEXA

Attachments:

No Attachments.