

Volume of business remains low on cotton market

KARACHI: The local cotton market remained stable on Thursday. Cotton Analyst Naseem Usman told that market volume remained low.

Cotton jumped to a 1-1/2-year high on Wednesday as more progress on the Covid-19 vaccine front lifted hopes for a quick economic recovery and in turn, brightened demand prospects for the natural fibre. The cotton contract for March was up 0.88 cent, or 1.2%, at 72.86 cents per lb by 1:01 p.m. EST (1801 GMT).

The contract touched its highest level since May 2019 at 72.92 cents earlier in the session.

“The vaccine has been rolled out in Britain, eventually it is going get here in the US, which is supportive and we are also rallying a little bit in anticipation supply-demand report tomorrow,” said Jack Scoville, vice president at Chicago-based Price Futures Group.

Naseem told that Britain will give duty free access to Pakistani textile and other products to its market. He also told that textile sector is on a path of swift recovery following the devastation caused by Covid-19 but the improvement comes on the back of a surge in cotton imports.

The textile industry recovered sharply in September and October 2020 with exports increasing around 16% and 9% respectively on a monthly basis compared to a massive decline in August 2020 owing to torrential rains, said Insight Securities analyst Muhammad Saad Ziker.

In a research report released on Tuesday, the analyst pointed out that the much-needed growth was being achieved through the import of cotton and man-made yarn.

On the other hand, the government is pushing hard for the growth of exports as it aims to lift them to \$50 billion by 2030, according to the textile policy 2020-25.

Pakistan’s exports to the United States hit a record high of \$437 million in November, informed Adviser to Prime Minister on Commerce and Investment, Abdul Razak Dawood.

The adviser took to Twitter and said that Pakistan’s exports to the US during October and November 2020 stood at \$430 million and \$437 million, respectively. “This is the first time that our exports to the US have crossed US dollar 400 million marks in a month,” he wrote.

Meanwhile, Cotton prices fell on Tuesday following a sharp rise in the last session as speculators squared positions ahead of a federal supply and demand report due later this week, while overall demand remained soft amid rising Covid-19 cases.

The cotton contract for March was down 0.49 cent, or 0.7%, at 71.89 cents per lb by 11:58 a.m. EST (1658 GMT), after rising more than 1% in the previous session.

“Today’s volatility is likely because of the WASDE release on Thursday. Specs are heavily long and we are probably seeing pre-report liquidation,” said Louis Rose, director of research and analytics at Tennessee-based Rose Commodity Group.

Naseem further told that in 2020-21, Pakistan is still the fifth largest cotton producing country in the world, but the gap from the top four producers continues to widen. In fact, in the current marketing season, Pakistan’s cotton output will be only two-fifths of Brazil, down from just three seasons ago, when the two countries were tied for the fourth position.

Pakistan’s cotton problem is not that of acreage, which is only symptomatic of a crop becoming deeply unattractive for growers – as has been established in this space ad museum. Similarly, while other competing nations have also expanded acreage under the crop, their output has grown primarily on increasing productivity, a challenge that is conspicuous by its absence from domestic discourse.

Central Cotton Research Institute (CCRI) Multan scientists have developed four new high-yielding and virus-resistant Bt cotton varieties that can successfully fight adverse circumstances and are climate smart to some extent.

The varieties were now undergoing last year of the two-year national varietal trials that was mandatory before its final approval by the Punjab Seed Council (PSC) and had so far shown good results from 26 demonstration fields from across the cotton belt in Sindh and Punjab for their performance assessment, CCRI Multan spokesman Sajid Mahmood said in a statement on Monday.

Quoting CCRI Multan director Dr Zahid Mahmood, Sajid said, the seed of these varieties would be available from Dec 15, 2020 for sowing for next cotton season, 2021-22 at the official price of Rs 250 per kilogram.

Naseem told that rate of cotton in Sindh was in between Rs 8600 to Rs 9500 per maund. The rate of cotton in Punjab is in between Rs 8800 to Rs 9600 per maund. He also told that Phutti of Sindh was sold in between Rs 3200 to Rs 4800 per 40 Kg. The rate of Phutti in Punjab is in between Rs 3500 to Rs 5100 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1300 to Rs 1700 while the price of Banola in Punjab was in between Rs 1650 to Rs 2000. The rate of cotton in Balochistan is in between Rs 8600 to Rs 9200 while the rate of Phutti is in between Rs 4200 to Rs 5000.

The Spot Rate remained unchanged at Rs 9500 per maund. The Polyester Fiber was available at Rs 165 per Kg.