

Weekly Cotton Review, Increasing trend in rate continues

KARACHI: The increasing trend in the rate of cotton continued. International market remained positive. The textile sector is running on full capacity. The demand of cotton is increasing. It is unfortunate that cotton production in the country is gradually declining. If steps are not taken by the government on war footings to increase the production of cotton then it is feared that production will decline further.

The increasing trend in the rate of cotton remained continued in the local cotton market during the last week due to the increase in buying by textile and spinning mills and due to the cautious attitude by the ginnerers. After the fluctuation in the rate of cotton over-all rate of cotton remained stable. One reason behind is the alarming decrease in the production of cotton. Secondly, increase of three American cents in the New York Cotton. Although, the rate of cotton reached at the highest level of 76.50 American cents but after that panic was witnessed among the ginnerers after the decrease of three cent. They increased the selling under the fear that rate may decrease further. Over all, the rate remained stable.

The rate of cotton in Sindh is in between Rs 8800 to Rs 10,200 per maund. The rate of Phutti is in between Rs 3800 to Rs 4700 per 40 Kg. The rate of cotton in Punjab is in between Rs 9500 to Rs 10,400 per maund. The rate of Phutti is in between Rs 3800 to Rs 5100 per 40 Kg. In Balochistan there was limited stock of cotton was left. The rate of cotton in Balochistan is in between Rs 9200 to 9600 per maund while good quality cotton of Balochistan is available at Rs 10800 per maund.

The Spot Rate Committee of the Karachi Cotton Association has increased the spot rate by Rs 100 per maund and closed it at Rs 9950 per maund. Experts were of the view that cotton production in the country is alarmingly low and the trend of rising cotton prices is likely to continue in the coming days due to rising cotton prices in international cotton markets.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that over all bullish trends was witnessed in the international cotton markets. Due to the continuous positive trend of New York Weekly Cotton export report the rate of New York Cotton remained stable. The rate of cotton in Brazil and Central Asian states remained stable but rate of cotton in India after fluctuation remained stable.

Experts were of the view that if the new wave of COVID 19 increases then it is feared that America and UK will impose lock down again then it is feared that bearish trend will be again witnessed in local and international markets and it will also affect the value added sector.

Meanwhile, agriculture minister Punjab Hussain Jahanian Gardezi while addressing a reception organised by president Dera Ghazi Khan chambers of commerce and industry and former provincial minister Khawaja Jalal uddin Rumi in Multan said government is

working on emergency grounds to increase the production of cotton. He said that production of cotton is declining for the last many years. He also said that government should evolve any policy keeping in mind the interest of the farmers of the South Punjab.

Speaking on the occasion Khawaja Jalal uddin Rumi said that cultivation land of cotton is continuously decreasing in South Punjab. He said textile sector is importing cotton from abroad to fulfil its demand. He also said that in this situation government and stake holders should work on war footings. He said that situation will not improve till the government will not give subsidy of Rs 25000 per acer to the cotton growers and production of good quality cotton seed not started.

Moreover, chairman National Business group and president Pakistan Business and Intellectual Forum Mian Zahid Hussain said that textile is the biggest sector of the world which was affected by pandemic.

Mian Zahid said that textile exports reached 1.28 billion dollars which is nine percent more as compared to exports in November 2019. He said value added sector plays an important role in increasing the exports. He said abolishment of regulatory duty on cotton will also helps in increasing the export. He said that normalisation of trade ties between China and America will push western buyers into competitive markets. He suggested that steps like issuance of refunds and availability of energy on competitive rates as well as improvement in the production of cotton is important to maintain momentum in exports.

He said that local cotton production has declined by 50%, while cotton production in the neighbouring country India has doubled. He also suggested that efforts are needed to ensure the continuity of GSP Plus status, which expires in 2023. Overall bullish trend was witnessed in local cotton yarn and textile sector.