

Liquidity crunch hits cotton market

MULTAN: Cotton prices remained firm on Monday owing to shortage of liquidity and poor availability of quality lint.

The Karachi Cotton Association decreased its spot rate by Rs50 to Rs9,050. Phutti (seed cotton) prices in both Sindh and Punjab remained pegged between Rs3,200-4,800.

Cotton analyst Naseem Usman said trading activities have slowed considerably due to unavailability of good quality cotton. "The local market is also under pressure owing to the holidays in China as well as the decreasing price trend in the cotton markets of US and India."

Meanwhile, cotton broker Syed Mudabbir Shah said that despite a declining price trend in international markets, local ginnerers are not ready to sell the commodity at the rates being offered by millers. "Due to a sizeable decline in cotton production, there is very limited quantity of unsold stocks which millers are interested in procuring at any cost. Even demand for low quality cotton has increased substantially," he added.

Internationally, Chinese and Indian cotton markets are under pressure. Annual vacations in China have been extended for three more days over coronavirus fears. Earlier, China was purchasing cotton from India but now buying has stopped due to prolonged vacations.

Phutti (seed cotton) prices in both Sindh and Punjab remained between Rs3,200-4,800.

The following deals were reported to have changed hands on ready counter: 800 bales, station Rahim Yar Khan, at Rs9,125 and Rs9,050 (400 bales each); 400 bales, Taunsa Sharif, at Rs8,350; 200 bales, Faqirwali at Rs8,600; 200 bales, Fort Abbas, at Rs8,650; 200 bales, Rajanpur, at Rs9,000; and 400 bales, Alipur, at Rs8,950.