

Weekly Cotton Review: Business volume witness continuous decline

KARACHI: Cotton business volume witnessed continuous decline. Production of cotton decreased 20.26 percent. Import agreements of 50 lac cotton bales from abroad were signed.

The farmers belonging to lower areas of Sindh are giving preference to crop of pepper instead of cotton.

In the local cotton market during the last week textile and spinning mills don't show interest in buying of cotton and due to savings by ginner in cotton sales the trading volume remained low. However, the rate of cotton remained stable. Due to Corona virus trade activities in the world remained dull. The impact of the dull market was witnessed in the local market.

Few days back due to the news of Corona virus in the world abnormal declines were observed in all markets due to which Rate of Promise (Waday ka Bhao) of New York cotton after decreasing by 8 American cents reached at the lowest level of 61.50 American cents to 62 American cents. By taking the advantage of lower rates some mills had signed import agreements on lower rates.

According to the cotton importers, up till now agreements for the import of 50 lac bales had been signed. Due to the availability of good quality cotton from abroad in lower rates millers had stopped buying from local ginner. In the past they used to buy cotton from local ginner due to which ginner are suffering. Up till now ginner had limited stock of 5 lac bales out of which we can say that only 25 percent cotton is of good and middle level quality.

In Sindh and Punjab rates of cotton are in between Rs 6500 to Rs 9000 per maund while the Phutti is available in limited quantity. The rate of Phutti is in between Rs 2800 to Rs 4200 per 40 Kg. Due to the less demand of Banola, Khal and oil the rate was over all low.

Due to the rains in Punjab it is expected that production of grass and fodder will increase as a result of which the chances of increase in the prices of Khal is very low. Many ginner had stocked Khal keeping in mind that its price might increase.

The Spot Rate Committee of Karachi Cotton Association has stabled the rate of cotton at Rs 9000 per maund.

Chairman of Karachi Cotton Brokers Forum Naseem Usman told that cotton prices have improved a bit in the international cotton market. The Rate of Promise (Waday Ka Bhao) of New York Cotton reached at 61.50 pounds after decreasing due to the threats of Corona Virus but now the rate is increased and reached at 63.50 American cents.

According to the weekly report of USDA the export of cotton witnessed an increase of 84 percent as compared to last week due to which it is expected that the rate of New York Cotton will increase further.

According to the export report of New York Cotton; Turkey bought 87,400 bales, Pakistan 62,300 bales and China bought 58,400 bales. Thus China again started importing American cotton; which will be helpful in increasing the rate of New York Cotton. On the other hand uncertainty prevails in Chinese market while a little bit improvement was witnessed in Indian market after a heavy fall.

According to the reports 90 countries of the world were affected by Corona Virus due to which the business was affected badly. Europe, America and the countries buying products from China are buying products from other countries. The other countries were talking export orders of China due to which the exporters of Pakistan and Afghanistan are taking benefit of it.

Naseem Usman told that few days back during the meetings held to discuss the increase production of cotton chaired by Prime Minister Imran Khan many steps were taken including many committees were constituted but positive effects of these steps were not seen yet. If delaying tactics were used then all the efforts regarding increase the production of cotton in the next season will remain futile.

In the lower areas of Sindh the sowing of cotton has started but the farmers of these areas are giving preference to peeper due to the non availability of good quality cotton seeds. The other reasons are that they got good price of pepper. Due to the low quality of seeds it looks difficult that cotton production target will be achieved. On the other hand it is expected that due to the low quality seeds it is feared that germination of seed will be half as compared to traditional production. Generally, germination was 70 to 80 percent but it is expected that it will be around 40 percent to 50 percent.

Moreover, agriculture minister Sindh Ismail Rahoo met with the chairman All Pakistan Textile Mills Punjab Adil Bashir and their representatives and assured them that new technology will be introduced to increase the production of cotton. In this regard Sindh government will take the help of international experts for the training of farmers. The minister assured that provincial government will take steps eradicate Locust.

Moreover, Prime Minister Imran Khan had also showed his resolve of providing funds for the eradication of Locusts.