

Business remains stable on cotton market

KARACHI: The local cotton market remained stable on Tuesday. Market sources told that mills were involved in cautious buying due to which the trading volume remained low.

Cotton Analyst Naseem Usman told that cotton prices rose over 1% on Monday after the first successful clinical trial of a Covid-19 vaccine lifted sentiment and boosted optimism about demand of the natural fibre, a day ahead of the federal supply demand estimate report.

The cotton contract for December rose 1.28 cents, or 1.9%, to 69.90 cents per lb at 12:55 p.m. EST (1755 GMT). "It all has to do with the announcement by Pfizer. If the Covid-19 is over then the market can start trading on the fundamentals rather than on fear," said Sid Love, commodity trading adviser at Kansas-based Sid Love Consulting.

Pfizer Inc said on Monday that its experimental Covid-19 vaccine was more than 90% effective. The company, along with its German partner BioNTech SE, said it expects to seek US emergency use authorization later this month.

Naseem also told that after November 25, the quality of cotton will be reduced to 15%. At each station, the ginners have started installing a well-Phutti factory on the side, which will later be added to the light. Even now, short fibers have increased due to mixing. The ignorance or carelessness of the ginners is also a factor in our cotton quality issue. The ginners who are currently mixing should change their mission setting which will slow down the production but keep the quality better.

Naseem Usman further told that cotton stockpiling fell a massive 43 percent to 3.45 million bales till October 31, raising concerns that the country would have to import at least 7.0 million bales worth \$3 billion to fulfil domestic demand, industry officials said.

Cotton arrivals declined 43.38 percent to 3.45 million bales against 6.09 million bales in the same month last year, as heavy monsoon along with sowing substandard seeds took a toll on total yields, said the last report released by Pakistan Cotton Ginners Association (PCGA).

Punjab and Sindh showed declines of 45 percent and 41 percent respectively in cotton production during the period under review. Both provinces had stocked 1.7 million bales each till the end of October. Last year, Punjab and Sindh stocked 3.16 million and 2.92 million bales, respectively.

Naseem Usman said that a decline of 2.6 million bales in cotton arrivals was a point of concern.

He also told that despite the fact that cotton is an important cash crop, which contributes significantly to the national economy by providing raw material to the local textile industry, as well as cotton lint for export, policy makers failed to introduce quality seeds in the country. Currently, 864,245 bales are in stocks with ginners, down 47 percent, compared to 1.62 million bales last year.

Naseem told that 200 bales of Mirpur Mathelo was sold at Rs 9550 per maund, 400 bales of Dehrki were sold at Rs 9425 to Rs 9500 per maund, 200 bales of Ghotki were sold at Rs 9425 per maund, 200 bales of Adilpur were sold at Rs 9400 per maund, 3000 bales of Khairpur were sold at Rs 8700 to Rs 8900 per maund, 2000 bales of Rohri were sold at Rs 8700 to Rs 8800 per maund, 1600 bales of Haroonabad were sold at Rs 9475 to Rs 9600 per maund, 200 bales of Noorpur Nuranga were sold at Rs 9500 per maund, 400 bales of Khanpur were sold at Rs 9600 per maund, 160 bales of Fort Abbas were sold at Rs 9475 to Rs 9600 per maund, 200 bales of Marrot were sold at Rs 9550 per maund, 200 bales of Yazman Mandi were sold at Rs 9500 per maund, 200 bales of Hasilpur were sold at Rs 9475 per maund, 200 bales of Layyah were sold at Rs 9150 per maund.

He told that rate of cotton in Sindh was in between Rs 8700 to Rs 9400 per maund. The rate of cotton in Punjab is in between Rs 9200 to Rs 9600. He also told that Phutti of Sindh was sold in between Rs 3200 to Rs 4600 per 40 Kg. The rate of Phutti in Punjab is in between Rs 3500 to Rs 4700 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1600 to Rs 1800 while the price of Banola in Punjab was in between Rs 1700 to Rs 2000. The rate of cotton in Balochistan is in between Rs 9200 to Rs 9300 while the rate of Phutti is in between Rs 4700 to Rs 5300.

The Spot Rate remained unchanged at Rs 9400 per maund. The Polyester Fiber was available at Rs 158 per Kg.