

Cotton market, Volume of trade thin due to cautious buying by mills

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

Cotton Analyst Naseem Usman told that according to the data released by USDA till November which shows that there is no chance of bullish trend in the market in near future.

Naseem also told that spinning industry may have to fulfil close to half of its cotton requirement through imports during the ongoing season, as domestic production may struggle to exceed 6 million bales. Damage due to extreme weather only partly explains the low output, which is primarily attributable to the crop falling out of favour with growers, a storm that has long been in the brewing. Last week, this space claimed that the 'loss of cotton acres is not a loss to farmers'; they have indeed been forced to switch away from cotton, but not necessarily to less preferable crops. Here's why.

A cursory glance at global price (\$ denominated) indices trends of cotton and its substitute crops may dispute this notion. Over the past decade, bears have dominated global agricultural commodity prices, as price of competing crops such as maize and rice have witnessed a steeper decline than cotton. Has policymakers' indifference towards agriculture forced farmers to grow less profitable crops?

He further told that the government has almost finalised Textile Policy 2020-25 with cash subsidies and lower rates on utilities to boost production of textiles and clothing in the country.

The draft policy has already been submitted to the prime minister secretariat after which it will submit to the cabinet for approval. The last textile policy was announced in 2014 by the-then textile minister Abbas Khan Afridi.

The proposed package carries special duty-drawback rates, rationalisation of duty on textile value chain and subsidy on long-term loans and development subsidies.

Under the policy, it has been proposed to provide electricity at 7.5 cents for the textile sector, followed by RLNG at \$6.5 per mmBtu and domestic produced gas at Rs786 per mmBtu. The policy aims to reduce the input cost of textile and clothing sector and make it competitive with the regional players.

Meanwhile, Towel Manufacturers Association of Pakistan has appealed to the Prime Minister Of Pakistan Imran Khan that government should abolish custom and regulatory duty from cotton yarn import with immediate effect for the industry to ensure the continuous growth. They also demanded that anti dumping duties should be removed from all imported raw material used in textile exports under the temporary importation scheme. So the exports can remain globally competitive and grow further.

Naseem told that 1200 bales of Rohri were sold at Rs 8750 to Rs 8800 per maund, 2600 bales of Khairpur were sold at Rs 8750 to Rs 8850 per maund, 1000 bales of Saleh Pat were sold at Rs 9050 to RS 9400 per maund, 1400 bales of Ghotki were sold at Rs 9300 per maund to Rs 9475 per maund, 400 bales of Mianwali were sold at Rs 9500 to RS 9550 per maund, 800 bales of Yazman Mandi were sold at Rs 9500 to Rs 9550 per maund, 200 bales of Faqeerwali were sold at Rs 9550 per maund, 1200 bales of Haroonabad were sold at Rs 9550 per maund, 200 bales of Fort Abbas were sold at Rs 9600 per maund, 800 bales of Rahim Yar Khan were sold at Rs 9600 per maund, 600 bales of Sadiqabad were sold at Rs 9600 per maund, 600 bales of Bagho Bahar were sold at Rs 9650 to Rs 9700 per maund and 800 bales of Khanpur were sold at Rs 9650 to Rs 9700 per maund.

He told that rate of cotton in Sindh was in between Rs 8400 to Rs 9400 per maund. The rate of cotton in Punjab is in between Rs 9400 to Rs 9700. He also told that Phutti of Sindh was sold in between Rs 3200 to Rs 4400 per 40 Kg. The rate of Phutti in Punjab is in between Rs 3800 to Rs 4800 per 40 Kg.

The rate of Banola in Sindh was in between Rs 1450 to Rs 1800 while the price of Banola in Punjab was in between Rs 1750 to Rs 2000. The rate of cotton in Balochistan is in between Rs 9100 to Rs 9300 while the rate of Phutti is in between Rs 3800 to Rs 4500.

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