

Commodities: Cotton prices rise on short supply

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KARACHI: Cotton prices continued to rise for the fourth consecutive day on Thursday. Short supply of cotton owing to slow arrival of phutti (seed cotton) is keeping prices highly volatile.

Presently a crisis like situation is being faced by all stakeholders in cotton trade starting from growers, ginnerers, brokers and spinners.

The cotton crop from the sowing stage had been victim of harsh weather and shortage of irrigation water, particularly in lower Sindh where early sowing is done and spinners start procuring supplies from June. However, it did not happen this season and the crop has been delayed which has been causing acute shortage of cotton. The demand and supply imbalance has pushed cotton prices higher.

Ginnerers are presently extremely disturbed over rapidly rising phutti prices as this threatens their viability. Another meeting was held in Tando Adam in order to reach to a framework so that phutti prices could be controlled.

Similarly, spinners are also faced with a crisis-like situation as high cotton prices threatens their viability. Only those mills which have old crop in their inventories are in a better position as their average cotton price declines.

Whereas cotton prices on ready trading for second day scrambled to new high level at Rs8,700 per maund, the official spot rates of Karachi Cotton Association (KCA) also adjusted upward by Rs100 to Rs8,400 per maund. Phutti prices also moved higher to Rs3,900 to Rs4,150 for Sindh variety and to Rs3,700 to Rs4,300 for 40 kg for Punjab quality.

Market reports suggest that presently both cotton yarn and fabric markets are also performing well in front of strong demand from value-added textile industry.

Trading on ready counter was fairly higher on strong demand from spinners and following deals were reported: 1,000 bales, Shahdadpur, at Rs8,625 to Rs8,700; 1,600 bales, Tando Adam, at Rs8,600 to Rs8,700; 600 bales, Sanghar, at Rs8,600 to Rs8,700; and 200 bales, Vehari, at Rs8,600.

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