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Cotton prices soften on weak world markets

KARACHI: Cotton prices decreased by Rs250 per maund (37.324 kg) during outgoing week in line with a downward trend in international markets, while transport fares for cotton have doubled in Pakistan in a couple of months making difficulties in doing business for traders.

The lint rates moved down to Rs16,000 to Rs17,000 per maund, and seed cotton prices fell by Rs1,500 per 40 kg during outgoing week to Rs6,500 to Rs7,600 per 40 kg. Prices remained higher by Rs50 to Rs75 per maund in Punjab.

During a month's period since commencement of the new season, cotton prices have fallen by Rs7,000 per maund to Rs16,000 per maund from Rs23,000 per maund. Seed cotton rates also decreased by Rs3,000 to Rs3,500 per 40 kg in a month.

The official spot rate was also reduced by Rs5,300 to Rs16,700 against Rs22,000 per maund.

In the international market, prices also kept a declining trend and New York Cotton Futures witnessed a decline of 58 cents per pound in one month.

Traders said trade volume remained higher while spinning mills were interested in purchases on a decline in the prices. Besides, mills were also making deals of after Eid deliveries as a monsoon spell is expected before the Eid holidays.

Along with a decline in cotton prices, demand for cotton yarn has also decreased.

Market sources said despite some recovery in the rupee, a financial crunch was witnessed in the market.

Several mills are planning to close their business for a week along with the Eid holidays because of increase in petroleum prices, expectations for an increase in discount rate, and heavy spells of electricity load-shedding, they added.

Sizing and cotton looms have already been closed in Faisalabad. Besides, gas supply has been suspended to textile mills in Punjab for one week, sources said.

A declining trend was recorded in the international market and December futures at the New York Cotton Market closed at 197 cents per pound.

Cotton prices in Sindh remained between Rs16,000 to Rs16,800 per maund, seed cotton was sold at Rs6,500 to Rs7,000 per 40 kg. Trade remained low in Punjab because of rains where lint fetched a rate of Rs16,800 to Rs17,000 per maund while seed cotton fetched Rs6,500 to Rs7,200 per 40-kg.

Cotton rates in Balochistan province remained at Rs16,700 to Rs16,800 per maund and seed cotton at Rs6,800 to Rs7,200 per 40-kg.

During the outgoing week, the spot rate committee of Karachi Cotton Association decreased the spot rate by Rs2,100 per maund to Rs16,700 per maund.

Chairman Karachi Cotton Brokers Association, Naseem Usman, said that the international market witnessed a declining trend during the outgoing week.

According to the weekly export and sales report of the USDA, the country exported a total of 364,400 bales, whereas China remained the largest buyer with 102,400 bales. Pakistan remained the fourth largest importer with 29,800 bales.

On the other hand, the All Pakistan Textile Mills Association has sought support from the Prime Minister for the supply of gas to the textile industry.