

Wait-and-see sentiment prevails on cotton market

RECORDER REPORT

KARACHI (January 05, 2013) : Lacklustre condition was seen on the cotton market on Friday as both buyers and sellers adopted wait-and-see attitude before making any deal, dealers said. Official spot rate was unchanged at Rs 6000, they said. Prices of cottonseed (phutti) in Sindh at Rs 2300-2700 and in Punjab rates were at Rs 2400-2800, they said. In ready business, 800 bales of cotton changed hands between Rs 6000 and Rs 6100, they said. They said that activity came down as mills were not willing to purchase cotton at present rates, on the other hand, the ginnerers were hoping increase in prices in the coming day after a fall in cotton production in the fortnightly report issued by the Pakistan Cotton Ginnerers Association (PCGA). Cotton analyst, Naseem Usman said that now-a-days the market is directionless in the absence of fresh leads, fresh buying interest may emerge next week. Exporters were on the sidelines due to higher prices, if they come back, this factor may help in lifting the volume of business, he added. According to the Reuters, the US cotton closed higher as relief swept across the commodity market after an eleventh-hour deal by lawmakers averted the so-called "fiscal cliff" and offset weak sentiment and a stronger dollar. Initial euphoria over the US budget agreement, which for now prevents the world's largest economy falling off the "fiscal cliff" of drastic tax rises and spending cuts and into recession, pushed prices as high as 76.95 cents early on the first day of trading in 2013. "The (budget deal) drove cotton up today, but it won't last," said one US broker. "If we break close to 74.38 cents, technically the market will be wounded." The most-active March cotton contract on ICE Futures US settled up 0.22 cent, or 0.30 percent, at 75.36 cents per lb. While the market traded in a wide 2-cent range, it still held its recent trend and might be consolidating in a sideways move, analysts said. The following deals were reported: 600 bales of cotton from Upper Sindh (BCI) sold at Rs 6100 and 200 bales from Mian Chunu at Rs 6000, they said.

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=== The KCA Official Spot Rate for Local Dealings in Pak Rupees
----- FOR BASE GRADE 3 STAPLE
LENGTH 1-1/32" -----
MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL
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=== Rate          Ex-Gin  Upcountry  Spot Rate  Spot Rate  Difference          For
Price   Ex-Karachi Ex. KHI. As Ex-Karachi                on 03.01.2013
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=== 37.324 Kgs    6,000   155        6,155     6,155      NIL
----- Equivalent
----- 40 Kgs          6,430     155
6,585    6,585      NIL
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