Local lint market quite steady

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LAHORE (November 30, 2012) : Cotton values on the ready market were described as being steady to tight on Thursday. Seedcotton (Kapas / Phutti) prices reportedly gained by Rs 50 to Rs 100 per 40 kgs in one week, while lint prices were said to have gone up by Rs 100 per maund (37.32 kgs) over the same period. Mills were the real buyers while a few exporters also dabbled in the market. Trading circles are estimating that about 160,000 metric tonnes of imported cottons have been booked by the mills for the current season (August 2012 - July 2013). Import bookings are said to comprise American, Brazilian, Indian and Greek cottons and a couple of other origins. Sources added that certain quantities of cotton are also being transported from Central Asia into Pakistan by the land route. Intermittent export business is reported from Indian shippers into Pakistan. Thus the local lint market is quite steady and prices have also improved noticeably. Market sources from Multan added hat seedcotton arrivals are comparatively slow and quality complaints in Pakistani lint are increasing. Even though the seedcotton arrivals are slow, domestic mills are doing remarkably well, particularly as they have regular export enquiries for yarns, including sizeable quantities of coarser counts of yarns. In view of these observations, local cottons of better and higher grades are not easily available. In the mean time, ginners have been recently complaining about higher rates of seedcotton compared to the commensurate prices of lint cotton. Thus on Thursday seedcotton (Kapas / Phutti) prices in Sindh reportedly ranged from Rs 2,400 to Rs 2,700 per 40 kgs, while in the Punjab they are said to have ranged from Rs 2,500 to Rs 2,800 per 40 kgs, according to the quality. Lint prices in Sindh were said to have ranged from Rs 5,500 to Rs 6,000 per maund (37.32 kgs) in a steady market, while in the Punjab they reportedly obtained from Rs 5,800 to Rs 6,000 per maund. Members of the Karachi Stock Exchange informed that share prices of textile units have risen quite a bit in recent weeks and months due to their improved workings. There were also reports that textile millers are further planning to increase their productive capacities and modernise their units. It is being projected that this season (August 2012 - July 2013) Pakistan may produce 13 to 14 million bales of cotton of domestic size on an ex-gin basis, while mills consumption is being estimated to range from 15 to 16 million bales. Exports during the current season may range from half to one million bales while the domestic mills may import 1.5 to 2.5 million bales of cotton. In the Punjab, 1000 bales of cotton from Bahawalpur are said to have been sold on Thursday at Rs 5,800 / Rs 5,850 per maund (37.32 kgs), 600 bales from Khanpur and 800 bales from Rahimyar Khan sold at Rs 5,900 per maund each, while 400 bales from Dera Ghazi Khan sold at Rs 5,950 per maund. On the global economic and financial front, there was more of the same inertia, procrastination and blurred vision in all relevant quarters regarding any workable and worthwhile measures that would arrest any further global decline and restructuring of the world's banking system to weed out all its inequities and many misdemeanours and difficulties. Thus this week started on a positive note that the European Union would finally be able to pull up the Greek economy from its current depth and decline and that it will also be able to benefit from the International Monetary Fund (IMF) accordingly. However, that was not to be. Soon investors pulled down the values on the global shares market on fears that the government in the United States would be unable to surmount the difficulty being presented by the "fiscal cliff" by the end of the year. What catalysed the downfall of the equity markets was the apprehension of the Senate majority leader in the United States that there had hardly been any progress to avoid falling over the "fiscal cliff". Later on the House of Representatives Speaker John Bochner came with a consolation by declaring that a compromise with the Republican leaders remains a possibility. President Obama also expressed the hope that a bipartisan compromise to avoid falling from the "fiscal cliff", namely a suitable legislation by the US Congress, remains possible to avoid a sudden cut off of government spending and imposing heavy taxes to cut the massive deficits which have been piled up by the American government. However, volatility continued on the global commodity, finance and equity markets as they were said to have kept see-sawing on past Wednesday. Therefore at mid-week the US stock prices had gone down, the Nikkei average slipped more than one percent, Australian share values turned down, shares fell in Seoul and a sharp break was also witnessed in Chinese stock markets. In fact the Chinese bourses fell to four year low levels as hopes of monetary easing at any time in the near future were discounted at present. A report by Fitch Bond rater datelined Washington D.C. slashed Argentina's rating by five notches to CC, described as being "deep in junk territory", further adding that the downgrade "reflects Fitch's view that a default by Argentina is probable." In Spain there is talk of rolling over of due amounts payable by depleted banks but stringent conditions like "halving their balance sheets, cut jobs and impose losses on their creditor bondholders in return for a eurozone rescue" are mandatory said the European Commission as reported by the Reuters news agency from Brussels / Madrid. This would result in cutting of 6,000 jobs by Bankia in Spain. Another news from Brussels states the obvious and the inevitable that the eurozone needs large size restructuring and overhauling to remain in business. The European Commission is said to have suggested a basic overhaul of its structure, provide for a common budget for the eurozone, a tighter oversight of the respective economies, a "deep and genuine" monetary union and all major fiscal and economic policies to be closely co-ordinated along with a close co-operation with regard to fiscal and monetary surveillance. Better late than never.