Written by Administrator
Monday, 10 June 2013 10:13 -

<p style="text-align: justify;" /><strong />Cotton The volume of business on the cotton market was once again lackadaisical this week as mills await the finer varieties of the new crop slated to hit the Southern centers by the end of the month. As far as ginners are concerned, the last 3 weeks have seen their unsold stock slowly whittling away and although there were some concerns initially, sources say the market is not completely devoid of buyers.� </strong></p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Traders report that although a large number of composite textile units are covered up till August, a small number of textile units (mostly smaller towel and undergarment producers) are still buying sporadically. Currently, some 80,000-100,000 bales of useable (but lower-quality) cotton are said to be in the ginner's possession, however hardly any trade activity is expected in the next few weeks.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">On the global front, a slowdown in buying during the early sessions this week saw prices fall down to settle at around 83.5 cents/lb. However a fresh round of Chinese buying at the close of the week was enough to cause worries about the tightening supplies outside of Beijing.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Consequently, fiber futures rallied on Thursday and the first weekly gain in a month was recorded as buyers were encouraged by an increase in US weekly export sales and a weakening greenback. The most-active July cotton contract on ICE Futures hence settled up by as much as 1.35 cents, closing at 84.87 cents/lb on Friday.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">As of this week, an increasing global consumption of fiber, lower American production and incessant buying by the world's largest consumer is putting the cotton stock situation in a precarious situation. Though huge quantities of inventories exist, the absence of physical cotton from the market might mean another round of vicious rallying. However, as before, the Chinese state policies-in all their inherent unpredictable glory- shall continue to be the single biggest factor influencing the direction of the swing that prices take in the medium term.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">WHEAT This week reports of a rise in flour prices in areas surrounding the capital have poured in from various sources. Having hiked up by as much as Rs 100/20 kg bag in some areas, prices are right now at the mercy of the food departments controlling supply of wheat to the mills in the region, say sources.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">With procurement drives nearing an end in most areas, the situation however should likely be resolved soon enough. But a number of sources have incessantly voiced their disbelief at the government's insistence that it would easily meet the targets. In any case, the time is nigh that the supply side situation of the country's staple crop becomes clearer.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Amongst other news, another week has passed without any news regarding further progress on the decision to ship an initial 30,000 tons of wheat to Iran. For a time being, there were some concerns about the implications of the decision to barter wheat for electricity at a time when there was already an alleged shortage of the precious food commodity in the country.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">But it seems that most of the brouhaha was much ado about nothing. Sources report that a lack of standardised quality of the grain originating from Pakistan has already been categorically rejected by Iran a number of times before and this time should be no different.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">In the meantime, the country has bought nearly 600,000 tons of European origin wheat to meet its short term requirements. However, the news of the hefty purchase was not enough to offset a setback that European wheat took this week on account of improved weather reports which have hiked up the

continent's crop prospect for the season.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">On Thursday, the benchmark November milling wheat on the Paris futures market was consequently down by 1.25 euros, going for 204.75 euros/tons. However, American wheat market remained slightly up-beat this week despite the GM wheat scare as persistent rains and cooler temperatures slow the harvesting progress in the some regions.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">RICE FAO's Rice price index for May at 240 points remains unchanged month-on-month, generally summing up the rice situation in the world. This week prices have again remained largely firm for the aromatics and the basmati variety, whereas the medium to lower quality Japonica varieties have trended lower.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Meanwhile, Thai sellers have again slashed their quotes, while other Asian sellers' quotes largely remain unchanged. However, Indian 25 percent rice this week is being quoted at around $400 per ton, about a $10 per ton premium over Pak 25 percent rice going for around $380 - $390 per ton.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">For Pakistani rice, the week on the whole ended on a bad note as news about Kenya's decision to levy a 75 percent import tariff on rice of Pakistani origin hit local vendors like a bolt of lightning. During the 2013-14 season, dispatches of rice to the Eastern African state were expected to reach some 400,000 tons, but this target will now be in jeopardy as Pakistani rice technically becomes too expensive for the Kenyan buyer.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Previously, Kenya has been importing rice from Pakistan at a reduced import tariff of 35 percent as a part of a deal which allowed Kenyan tea better access to the Pakistani markets. However, this decision comes on the heels of the stand-off between Kenya and its neighbouring Uganda- which has started heavily taxing imported rice from Kenya on account of a huge difference which exists in import tariffs of both nations.</p> <p style="text-align: justify;">�</p> <p style="text-align: justify;">Since the price differential have hiked the border smuggling of rice from Kenya to Uganda, this decision is set to improve trade relations between both countries, but will be a huge setback to the Pakistani rice exporters who have been citing the Eastern African markets as a steady source of demand this season.�<br /><br /><br /><br />Courtesy: �BR</p>