

Demand for cotton emerges as prices plunge

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Cotton prices seem to be bottoming out with some kind of demand kicking in from spinning mills at the lower end of the price range, trade sources said.

Cotton prices, which had touched a seasonal low of ₹53,000 per candy (of 356 kg) on lack of demand, are ruling steady and gained marginally with the purchases of raw cotton at minimum support price (MSP) by the Cotton Corporation of India (CCI) lending some support. Raw cotton or *kapas* prices are ruling between ₹6,500 and ₹7,000 per quintal across the country, much below the MSP of ₹7,521.

Cotton prices are under pressure, despite a lower crop being estimated on fall

in acreage this season. The lack of demand from mills, coupled with a fall in cottonseed prices, is weighing on raw cotton prices.

Cottonseed prices, which were in the range of ₹3,600-4,100 per quintal across various markets at the beginning of the season, are now down to ₹3,000-3,500 levels on fall in demand.

GOOD QUALITY

The daily arrivals of the fibre is slowly picking up and is hovering around 1.6 lakh bales. In the absence of adequate demand from mills, over half the market arrivals is being procured by CCI at MSP, sources said.

“Of late there is some demand coming in at the lower level prices,” said Ramanuj Das Boob, a sourcing agent for multinationals and domestic firms in Raichur. Cotton prices had touched a low



of ₹53,000 per candy recently from the seasonal start of ₹57,500 levels and have seen some recovery of around ₹500-1,000 per candy in the past two days. Prices are now ruling at ₹53,000-54,000 per candy.

Since the quality of cotton has been good in Raichur and Adoni regions this year, millers from the North have been buying from the region. In North India, the production was down this year on dip in area. “Farmers in Gujarat are holding back cotton

at the current prices. As a result, ginning activity is slow. Some ginners are getting cotton from Maharashtra and Karnataka,” said Anand Poppat, CEO of Cotton Tradelink in Rajkot.

SLACK YARN DEMAND

Das Boob said the buying by mills in South is slow on lack of demand for yarn and tight liquidity. Also, the dip in ICE futures has prompted the multinationals to stay away from the market, he said.

“This season is not in favour of farmers, nor the ginners or the spinning mills. Farmers are reluctant to sell and are waiting for the price to move up,” said Pradeep Kumar Jain, President of Khandesh Cotton Gin/Press Owners and Traders Association in Jalgaon. *Kapas* prices are ranging between ₹6,500 and ₹7,000 levels in Maharashtra.