

## Cotton Futures surge over \$2 on tight supplies

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**By Seshadri Ramkumar**

LUBBOCK, USA (Commodity Online) Cotton Futures settled at \$2.04 a pound for the March '11 shipment at the InterContinental Exchange (ICE New York Futures) on February 17th reaching the daily limit of 7 cents. This sets a new record for cotton at the exchange. May '11 contract settled at \$2.01 a pound. March contract price has climbed by 40% in a month.

Mr. Grady Martin, Director of Sales at the Lubbock, TX, USA based Plains Cotton Cooperative Association—the largest cotton marketing cooperative in the United States with 20,000 members in a telephone conversation with this reporter attributed the high market price to the short supply in the world.

Although, cotton has hit a new record, such a high price is not realized by the farmers. Mr. Roger Haldenby, Vice President-Operations of the Lubbock, USA based, Plains Cotton Growers, Inc. commented, "I feel we must be clear that \$2 a pound is not what our farmers have received for their cotton. It is what the market says is the value of the very limited world inventory at this time." On the supply of cotton, Haldenby remarked, "world inventory must soon start to be replenished by southern hemisphere harvest before we see supply problems easing. The

northern hemisphere 2011 crop has not yet even been planted. I believe it will be into the 2011-12 marketing year before we see demand being satisfied and prices getting to a level that is high enough for producers on the supply side, and low enough for our customer spinning mills around the world."

Plains Cotton Growers represents cotton growers in the 41 county area on the High Plains of Texas, USA. This region produced 30% of total U.S cotton crop last year.

While the futures market for March delivery crossed \$2 mark, spot price for Sankar-6 (28-29 mm staple) in Gujarat, India was in the range Rupees 57,500 to 57,900 per candy (356 kg). **(The author is Associate Professor at Texas Tech University, USA)**