

Cotton Prices Hold Firm as New Year Takes Shape

sourcingjournalonline.com/fiber-prices-holding-firm-as-new-year-takes-shape/

February 5, 2018



Photo credit: Global Warming Images/REX/Shutterstock

As they head into planing their fabric and yarn purchasing for fall production, manufacturers are seeing some certainty from [fiber prices](#), which are holding steady even as supply and demand issues show some volatility, notably in China.

Cotton prices averaged 75.71 cents per pound for the week ending Feb. 1, down from 79.66 cents per pound a week earlier, but up from 73.18 cents reported a year ago, according to the U.S. Department of Agriculture.

The ICE March settlement prices measuring future price movement ended the week at 78.35 cents, compared to 81.88 cents the previous week.

Spot transactions reported in the USDA's Daily Spot Cotton Quotations for the week ended Feb. 1 totaled 40,895 bales compared to 97,479 bales reported a week earlier and 134,502 spot transactions reported the corresponding week a year ago. Total spot transactions for the season were 1.3 million bales compared to 1.2 million bales the corresponding week a year ago.

The China Cotton Index held to levels near \$1.09 a pound, Cotton Incorporated reported in its monthly report, while Indian spot prices climbed to 81 cents a pound from 75 in international terms. Pakistani prices also rose, moving to 84 cents a pound from 75 cents.

[Read more about cotton: [Cotton Incorporated Debuts New Digital Resource Hub for Textile Industry](#)]

Cotton Inc. noted that the USDA report featured increases in global figures for both production (+1.0 million bales to 121 million) and mill-use (+1.2 million bales 120.8 million). The slightly larger increase in consumption relative to production resulted in slightly lower forecast for global ending stocks (-0.2 million bales to 87.8 million).

Related Article

Stein Mart Exploring Strategic Alternatives

"Supply and demand forecasts and the direction of cotton prices remain in conflict," Cotton Inc. said. "Cotton stocks outside of China are projected to increase by more than 20 percent year-over-year and this suggests a new record for stocks held by countries outside of China. Last crop year, the increases in prices around this same time of year served as an indication that supply and demand estimates were in need of revision. At this time last year, stocks outside of China, and notably stocks in the U.S., were also projected to strongly increase. However, unseasonably strong export sales throughout the winter and spring instead caused U.S. stocks to decrease."

Currently, U.S. ending stocks are projected to more than double in 2017/18 to 5.7 million. In order for that projection to once again reverse to a decrease, U.S. exports would need to climb 2.9 million bales beyond the current USDA forecast of 14.8 million bales, Cotton Inc. said. The corresponding level of 17.7 million bales would match the record set back in 2005/06, when the U.S. shipped over 9 million bales to China. That volume is nearly twice the amount expected to be imported by China from all sources this crop year.

"Although there has been increased demand for U.S. exports from other markets since 2005/06, it is difficult to see how U.S. exports could get to a level that high again without Chinese imports rising well-above the current forecast," Cotton Inc. added. "There are rumors that China may import more this crop year, possibly to bring more foreign cotton into its reserve system, but currently, these remain only rumors."

Related Article

Pakistan Leather Industry in a Lather Over Import Tariffs

The Synthetic Fiber Producer Price Index rose to 112.7 in December from 122.5 the previous month. In China, polyester prices were said to be down on weaker demand heading into Lunar

New Year factory shutdowns. Prices were said to be hovering in the \$1.95 per kilogram range, down a cent from a month earlier and just two cents from a year earlier.

The USDA's National Wool Review of Australian wool prices for the week ended Friday showed wool averaging \$5.63 per pound, a 5.4% increase from a week earlier.