

COTTON OUTLOOK May 20, 2016

Sowing of the 2016/17 crop was completed in timely fashion, and generally favourable conditions initially assisted germination and the development of seedlings. However, heavy rains have fallen over the past week or so, with the result that re-sowing may be required in certain areas. Seasonably warm and sunny conditions have already returned, with the result that any adverse impact is likely to be limited.

Marketing of the new crop from first hands began in late April, and it is estimated that perhaps 10,000 tonnes have thus far been committed by ginners, representing roughly 15 percent of the prospective lint outturn. It is understood that the prices paid have averaged around 200 cent points 'on' December futures, basis Middling 1-3/32" FCA gin.

Ginners' current price objectives are said to be in the region of 67.00/68.00 cents per lb, which (following the futures market's recent decline) would of course represent a much larger premium over the cover month.