

(BN) Cotton Futures Rally to 9-Month High on Surging Chinese Imports

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By Yi Tian

Feb. 19 (Bloomberg) -- Cotton climbed to the highest in nine months on signs of robust demand in China, the world's largest user. Sugar also gained. Cocoa fell to the lowest since June, and coffee and orange juice dropped.

As of Feb. 7, cotton-export sales by the U.S. to China totaled 2.18 million running bales in the season that started on Aug. 1, up 14 percent from a year earlier, according to data from the U.S. Department of Agriculture. Through Feb. 15, prices rebounded 29 percent since reaching a 31-month low in June on signs of improved demand and smaller global crops.

"There's tightness because Chinese imports are heavier than expected," Chris Kramedjian, a fiber and textile consultant at INTL FCStone LLC, said in a telephone interview from Nashville, Tennessee. "There's not enough cotton freely available."

Cotton for May delivery rose 1.5 percent to 84.42 cents a pound at 12:12 p.m. on ICE Futures U.S. in New York. Earlier, the price reached 84.87 cents, the highest for a most-active contract since May 10.

China will import 14 million bales this year, the USDA said on Feb. 8. That's higher than the 12.5 million forecast in January. A running bale weighs 500 pounds, or 227 kilograms. A bale weighs 480 pounds.

Raw-sugar futures for May delivery climbed 1 percent to 17.92 cents a pound in New York.

Also on ICE, cocoa futures for May delivery declined 1.1 percent to \$2,120 a metric ton, after touching \$2,117, the lowest since June 25.

Orange-juice futures for May delivery dropped 3.7 percent to \$1.2505 a pound in New York, heading for the biggest loss since Jan. 3. Arabica-coffee futures for May delivery slid 1 percent to \$1.3885 a pound, after touching \$1.3875, the lowest since June 2010.

Trading volumes for sugar and cotton were about double the average in the past 100 days for this time of day. Coffee volumes were up about 170 percent.

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