

(BN) Cotton Rises to 11-Month High on Bets China Will Boost Imports

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By Marvin G. Perez

March 15 (Bloomberg) -- Cotton futures jumped to the highest in 11 months on speculation that China, the world's biggest consumer, will increase imports.

The U.S. Department of Agriculture last week raised its estimate for Chinese consumption this year to 36 million bales, up by 1.4 percent from a month earlier. The USDA also boosted its forecast for the Asian nation's imports by 7.1 percent. The Chinese government may boost import quotas by April, Reuters reported.

"Talk continues of additional Chinese cotton-import quotas being issued," Sharon Johnson, a senior market specialist at Knight Futures in Roswell, Georgia, said in a report.

Cotton for May delivery surged 2.2 percent to 92.83 cents a pound at 10:12 a.m. on ICE Futures U.S. in New York. Earlier, the fiber reached 93.93 cents, the highest for a most-active contract since March 30.

Through yesterday, the commodity advanced 21 percent this year, the most among 24 raw materials in the Standard & Poor's GSCI Spot Index.

In the week ended March 7, U.S. exports of upland cotton rose 25 percent from a week earlier with demand increasing in Turkey, Indonesia and China, the USDA said yesterday.

"Anticipation of, and then confirmation of, continued strong interest in U.S. cotton" boosted prices, Johnson said.

The U.S. is the top exporter. A bale weighs 480 pounds, or 218 kilograms.

U.S. planting of the fiber may slump 27 percent this year as farmers shift to more-profitable crops, the National Cotton Council said last month.

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--Editors: Patrick McKiernan, Steve Stroth

To contact the reporter on this story:

Marvin G. Perez in New York at +1-212-617-7757 or [mperez71@bloomberg.net](mailto:mperez71@bloomberg.net)

To contact the editor responsible for this story:

Steve Stroth at +1-312-443-5931 or

[sstroth@bloomberg.net](mailto:sstroth@bloomberg.net)