

Reuters

Cotton falls 2pc on bumper crop forecast

NEW YORK: ICE cotton futures dropped 2% on Monday, hurt by expectations of a robust harvest and as investors liquidated their positions ahead of the first notice day for the December contract due later this week.

Cotton contracts for March fell 1.31 cent, or 1.96% - set for its biggest daily percentage drop in a month- to 65.38 cents per lb by 12:05 p.m. EST (1705 GMT).

It traded within a range of 65.25 to 66.8 cents per lb.

"The weight of harvest is weighing on cotton prices. We are probably going to be close to 70% harvested pretty soon, so that pressure of processing all the cotton is driving the market down," said Keith Brown, principal at cotton brokers Keith Brown and Co in Moultrie, Georgia.

"The other big factor is this Friday is the delivery of the December contract, all producers and traders have to be out of the contract by Thursday to avoid their delivery."

The weekly crop progress report from US Department of Agriculture (USDA) is due later in the day.

As per the last week's USDA weekly crop progress report, 62% of US cotton was harvested.

The first notice day for the December contract is due on Nov. 22.

In the latest on the trade saga, CNBC reported the mood in Beijing about a deal was pessimistic due to President Donald Trump's reluctance to roll back tariffs.

Meanwhile, cotton speculators increased their net short position by 1,022 contracts to 24,915 in the week ended Nov. 12, according to data from the Commodity Futures Trading Commission released on Friday.

Total futures market volume fell by 13,381 to 26,148 lots. Data showed total open interest fell 3,725 to 227,399 contracts in the previous session.

Certificated cotton stocks deliverable as of Nov. 14 totalled 57,548 480-lb bales, up from 54,462 in the previous session.