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ICE Futures May Add Cotton Contract With Non-U.S. Origin

By Debarati Roy - Jul 15, 2013

IntercontinentalExchange Inc. (ICE)'s U.S. unit plans to introduce a new cotton contract that may allow delivery of fiber produced outside the country.

"We are working out the details to reflect the commercial changes that have taken place," Ben Jackson, the president of ICE Futures U.S., said today at an industry conference in New York. "The new contract will complement the existing one," which is restricted to a U.S. origin for supply, he said. He didn't provide further details.

The U.S. is the world's biggest exporter, and China is the top buyer. In April, Antonio Vidal Esteve, the chief executive officer of cotton operations at Ecom Trading and a former president of the International Cotton Association, said "there is still a lot of controversy" involving supply sources and points of delivery for a contract to complement ICE futures, the global benchmark.

U.S. exports may be 11 million bales in the 12 months that start Aug. 1, down from 13.3 million in the current season, the government said on July 11. Global production may be higher than forecast last month as output gains in India, boosting world stockpiles.

Cotton futures for December delivery rose less than 0.1 percent to close at 85.1 cents a pound on ICE in New York. The price has climbed 13 percent this year. The commodity reached a record $2.197 in March 2011.

IntercontinentalExchange, the parent of ICE Futures, is based in Atlanta. A bale weighs 480 pounds, or 218 kilograms.

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