

Tough to maintain basis specifications next season

By Donald Turner, Cottonworld

Near-record basis levels for Australian cotton in the past year will be difficult to maintain in the year ahead, as mills demand tighter specifications and yarn prices refuse to follow the uptrend in prices for physical cotton.

"This is a very contentious issue and one we need to study in full — spinners are looking for tighter specs than in the past," Jim Prendergast, chairman of the Australian Cotton Shippers Association, said.

Typically, spinners now want strict middling cotton with a 36 staple, 28 minimum grams per text (staple strength) and tighter micronaire specifications, with the premium mic range at 3.8–4.5.

"All these factors are making it more difficult to meet their needs — particularly if we experience above-average micronaire in the 2002–03 crop," Jim Prendergast said.

Growers stung by micronaire discounts in recent seasons are already focusing more closely on which varieties they grow, and breeders face pressure to select for micronaire.

Some varieties which have produced higher micronaire in recent seasons, have been withdrawn from the market for the coming season.

"This is a step in the right direction," Jim said.

"I can understand farmers wanting to obtain the best yield — which they have achieved with some high-mic varieties — but they have to look at the big picture. It is no good just producing more bales each season; you have got to be able to sell those bales."

Australia has a hard-earned reputation for producing high-quality cotton, which is suitable for spinning fine count yarns. The basis for 2002 Australian crop, for shipment from August 2002 to March 2003, is being quoted by several



Jim Prendergast.

merchants at 750 to 950 on the New York Futures cover month. Similar levels are being quoted for 2003 crop shipments.

But spinners are reluctant to purchase Australian cotton unless it is in the premium range, largely due to competition in the yarn market.

"Yarn prices are not good, so spinners must produce yarn they know they can sell," said Jim.

Namoi Cotton quality control manager Y.L. Fok visited Indonesia and Thailand last year, after above-average percentages of high mic were detected in the Australian crop, to see if spinners could use the higher mic cotton. For many mills competition in the wider yarn market proved to be prohibitive, as well as reconfiguring lay-downs to include higher mic.

Base range micronaire is 3.5–4.9, so premium and discount sheets show discounts for micronaire below and above this range. But there is pressure in the market to narrow base range micronaire to between 3.7 and 4.6.

Look for interviews on mill specifications and varietal choice in the next Cottonworld Video, issue 15, spring 2002.