

Gill's Shah Says Cotton Demand Robust, Some Resistance to Price

By Madelene Pearson - Mar 15, 2011 10:11 AM GMT+0530

Mohit Shah, director at Mumbai-based Gill & Co., which has been trading cotton for more than a century, comments on demand. He spoke in an interview in Dubai yesterday:

On demand:

"Cotton demand is going to continue to be very robust.

"You are seeing a good rebound in the U.S., you are seeing strong demand in domestic markets in India and China and it's a combination of inventory rebuilding by the retailers of the world, plus new demand which is occurring due of improved economic outlook.

"I personally do not see any significant weakening in demand.

"Yes, you will see spots of resistance if prices keep going higher, however you will have a lot of support when the markets correct because there is a very strong underlying demand which we are foreseeing."

On substitution:

"The price of cotton has reached a level where you could start now seeing switches into other fibers, as a result the pace of consumption growth although very healthy, may not increase that dramatically in the coming season.

"The textile business in general, even in the coming season, should be robust.

"After cotton, most of the switch is into polyester. People will go into blended yarns, I don't think there is going to be a complete switch to polyester, but blended yarns you'll probably see increases there.

"It's now starting to happen. You are hearing more and more stronger voices, not only in India, across the world, of some demand rationing and resistance at these prices as well as switching to polyester.

"When cotton reached \$2, that's the time when people are really starting to scratch their heads and look for alternatives.

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