

Cleveland on Cotton: Bulls Finally See a Reason to Celebrate

Mar 02, 2026

By Dr. O.A. Cleveland



The factors mentioned last week led the market higher as cotton bulls celebrated again. However, exciting as it is to see prices move higher, there is considerable work to be done if cotton is to cover the full cost of production. Yet it is wonderful news. Finally, I am giving in and agree that the old crop price low is in.

Nevertheless, be cautioned, as I have picked five of the last two bottoms. That is not a misprint; read that sentence with care. The new spot month, May, held above 65 cents all week and will work to defend that level.

Excellent support exists just under 65 cents. The challenge will be to move above 66.30-66.40 to confirm an additional price advance. The new crop December did post a trade at the 70 cent level, but will spend most of the coming two months attempting to hold above the 69 cent level. New crop trading, and subsequently price movement, is totally supply-based; thus, planting and weather conditions will dictate the new crop December price activity. Higher

corn prices will likely provide price support for the December cotton contract.

The latest On-Call cotton report shows the combined May and July unfixed call sales to be larger than the unfixed call purchases. Thus, grower hedging will not weigh on market prices as it has in the past year. The near equilibrium between unfixed sales versus unfixed purchases was the primary basis for the price rally that began a week ago. The equilibrium position should be expected to provide solid support to current prices, but it will not push prices higher. The market will have to win some demand for that, and demand is not on the horizon. My good friend, who we lost just four years ago, the late Ed Jernigan (who was unequaled), sparred with me when I included only the front month May and July contracts when discussing season-ending nearby market price analysis. He always told me to discuss the On-Call position based on all trading months, as other analysts do, and not just focus on the front months. My contention is that only the front-month positions affect current price activity. Thus, the front month May and July on-call position being in equilibrium lends price support to the market. That is what we are seeing now and should see through the remainder of old crop trading.

Yet what matters is that the May contract is in excellent position to hold well above the lows previously established on the expiring March futures contract. That has not been the case in well over a year. The weekly On-Call report continues to show that textile mills need to fix the price for cotton at a higher rate than growers need to sell cotton. That is "the need to buy futures contracts is greater than the need to sell futures contracts," an indication that supports current to higher prices. This does not imply that the demand for cotton is increasing; thus, there should not be any argument that prices will move much higher. Rather, it implies that the current rally was based on textile mill business and that the rally should hold.

The price low of two weeks ago spurred considerable immediate demand for cotton, i.e., mills were willing to purchase, in big volume, because they believed cotton to be undervalued. As mentioned last week, those sales were a marketing year high, and that was part of the basis for a price rally. That cotton was purchased at some 200 points below current prices. The higher prices have cut off demand and will lead to decreased sales in next week's report. Thus, this week's sales report showed a sharp

decline in export sales, but was a very respectable 253,200 net sales of Upland. Weekly sales above 200,000 bales will continue to support the market. Primary buyers were Bangladesh, India, Pakistan, and Turkey. Weekly shipments totaled 193,000 bales, with Vietnam and Pakistan being the primary destinations.

Export sales for the 2026-27 marketing year (August 1-July 31) are 9,042,100 bales, including both Upland and Pima. Shipments stand at 4,567,100 bales. USDA estimates 12.0 million bales will be shipped; thus, the pace of shipments must increase. However, a seasonal increase is expected.

On-Call sales support May futures between 63 and 67 cents. December is locked below 70 cents and can move higher only on the condition of inclement weather.

Give a gift of cotton today!