Cleveland on Cotton: Possible for 2026: More Cotton Acres, Better Prices?

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By Dr. O.A. Cleveland

Early indications are that foreign cotton producers will reduce the area devoted to cotton production in 2026. However, the mass of planted area reductions would come from major foreign producing countries, as U.S. plantings should see a minimal increase due to an abnormally low carryover in the U.S.

Thus, while holding any price outlook for the 2026-27 marketing year in abeyance, one should hypothesize that 2026 cotton prices should rise above the current level. Yet, in the absence of any demand increase, it is difficult to see a price rebound above 75 cents.

Back to the struggle of the 2025-26 marketing year.

December cotton futures fought long and hard to hold 67 cents, but that battle was lost due to the absence of demand. Until this week, the market had succeeded in holding a price floor at

66 cents. With the expiry of the October cotton futures contract, the December contract gave up the 66-cent level and is now in battle to hold the 65-cent level.

The market spent the most recent week defending 65 cents and, with just one week in that fight, the weekly settlement for December futures was 65.30, down 110 points on the week. However, based on spot market activity, the nearby December contract would usher in a lower trading range and one that would likely range between 63.50 and 65.50 cents.

Granted, this is a very narrow two cent range, but such a narrow range is consistent with the narrow trading range(s) of the past several months. Prices are simply ratcheting lower.

As stated last week, cotton price activity is in a well-defined downward sloping trading channel that projects trading as low as 63 cents. However, it appears the 63.50-64 cent trading level will hold. Spot market price activity suggests that futures prices should be expected to fall that low.

Chinese cotton prices also trended lower into the expiration of the New York October contract. The Chinese markets are closed for another week. However, it is noted that the lack of mill activity in China was leading prices lower, and that impact should also be observed in the New York ICE contract.

Cotton's only culprit — slow movement to build consumer demand — continues to plague market prices. This price sickness will likely last until cotton regains some portion of the demand it has abdicated. The cotton industry must work to rebuild its affinity with consumer tastes and preferences before it can expect to see a profitable outcome for the U.S. cotton grower. The failure by the U.S. industry to promote its production allowed less expensive cotton to take the U.S. market share.

Spillover effects of the U.S. government shutdown have not been noted in either the commodity or equity markets. In fact, based on market statistics, one would conclude that Wall Street feels safer and more protected in the absence of the G-Man. The regional cotton classing offices are open since cotton classing is a fee-based entity of the U.S. government. However, the CCC loan programs for cotton and other commodities are closed, meaning there can be no loan entries or withdrawals.

This will not impact the market in the coming month. However, as the U.S. is at the beginning of the harvest season, the market inefficiencies will work to pressure prices should the shutdown last more than a very few weeks.

The typical government reports — export sales and shipments, On-Call sales and purchases, jobs, employment, and others — are not available. Again, the markets will likely become nervous unless the shutdown last more than a very few weeks. The most important report, the CFTC On-Call report, will be missed.

We must brace ourselves for a test of 64 cents, basis New York December futures.

Give a gift of cotton today.