Cleveland on Cotton: A Chinese New Year that Lifts Cotton Prices?

Jan 05, 2026
By Dr. O.A. Cleveland

The New Year begins a bit brighter than Auld Lang Syne sent out the old one. The idea that China will reduce 2026 cotton plantings worked in favor of higher prices in the new crop December contract. The contract broke above 67 cents, reaching the mid-68s. Time will tell if this can hold and if the 70-72 cent level can be challenged.

The Chinese announcement also sent the old crop March contract up to the high 64s, but prices backed off, and at week's end, fell back even with 64 cents. The spot March contract will back and fill the rest of the winter months with high 64s presenting massive price resistance, and the 63-cent mark providing particularly decent price resistance. The 50-day moving average, near 65 cents, has to date provided impenetrable resistance. Too, a double bottom exists near 63 cents. Nevertheless, the pressure in the market for prices to break lower is greater than the pressure for prices to move higher. The market's day-to-day decision as to 2026 plantings in the U.S., India, and Brazil will be the key.

Major news about Washington's so-named Bridge Payments, essentially disaster payments to agricultural producers resulting from the economic conditions that moved across all of agriculture in 2025, was welcomed by all. The payment schedule is based on 2025 USDA cost of production estimates and actual planted acreage recorded with local FSA offices. The payments will be made in February to ensure growers can secure 2026 production loans. The impact on growers and the market will be significant. Without the payments, widespread bankruptcy was facing agriculture, and 2026 crop plantings were scheduled to be significantly reduced.

Essentially, the schedule of payments is sufficient to allow most farmers to break even for 2025. Equally so, the payments will allow most to keep 2026 plantings at levels similar to 2025 plantings. Thus, 2026 cotton plantings, previously estimated to be as low as 8.0 million acres, will likely climb back to 9 million plus.

The Bridge payments for major row crops are as follows: Cotton, $117.35 per acre; Soybeans, $30.88 per acre; Corn $44.36 per acre; Wheat $39.35 per acre; Sorghum, $48.11 per acre; Rice, $132.89 per acre; and Peanuts, $55.65 per acre.

USDA will catch up with its export reports next week, but the reports are not expected to have any added information. Export commitments to date are about 6.56 million bales, or 1.2 million bales, behind the prior year level. Shipments to date, at 2.7 million bales, are about 100,000 bales lower than the year-ago level. Thus, the benefits of the program were designed primarily to keep farmers in business, with the added benefit of keeping rural America whole and ensuring that suppliers from lending organizations to seed businesses continue their valuable support to agriculture.

On Call sales continue to be offset by a significantly larger level of On Call purchases. This will continue to weigh on any price advance. With the LWP and POP payment back in play, growers are beginning to POP cotton. Growers will likely fare better by entering cotton in the CCC loan and using the LWP instead of the POP option.

On the demand side, my family performed as requested, as my Christmas gifts were cotton with such names as Red Land Cotton, Polo, tasc, and David Donahue. The goods came from Vietnam, Cambodia, Alabama, New Orleans, and Bangladesh. Remember: Give a Gift of Cotton Today!