Cleveland on Cotton: Cotton Prices Remain Range Bound, Yields Look Promising, Kudos to NCC

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Cotton is like a good spouse, it promises little and delivers more. And USDA estimates a 14.6 million bale crop for the current year.

The USDA monthly supply demand estimates are renewed every month, which is why they are called estimates since they are subject to change every month. Last month, the U.S. cotton crop estimate was 14.0 million bales. The estimate could be lower, higher, or the same in the following months.

Harvesting, in fact, has just begun. The first bale of 2025 was harvested by Teofilo Flores, Jr. and his son Michael Flores of Brownsville, TX, and delivered on June 24.

Given the very abundance of subsoil moisture, the U.S. crop is off to a near unbelievable start when compared to prospects just a month ago, and the July USDA supply demand report reflects the potential of this early beginning.

Another cotton saying: never bet against the cotton plant. The current genetics have only somewhat proven themselves, and 2025 could be the year they do in full fashion. Given the abundance of subsoil moisture across the entire cotton belt, record breaking yields are very much on the horizon.

Yet, there will be monthly updates from now until August 2026. Thus, yield estimates will change numerous times, as will production, consumption, and maybe even price. Certainly, the price will change or at least it always has. However, USDA forecasts the 2025-26 average farm price will be the same as in 2024-25 — a measly bankrupt 62 cents per pound.

While I am not projecting such, a 15.5 million bale crop (seemingly far too high to project) could eventually be harvested. It is all up to Mother Nature. The next four weeks of sunshine and an open fall could be the prescription for a record yield. The genetics are in the ground.

Back to reality. Cotton prices are locked in a very tight 300-point trading range and have been for nearly three months. The range has existed for so long that all agree that technical analysis carries little meaning. There will have to be some meaningful price breakout for technicals to carry any weight. Except for a few bears, speculators are abandoning the market. One could successfully argue that technicals have been meaningless for the past six months.

For now, price resistance sits at 69-71 cents, with a support at 61-62 cents. There are minor support levels higher than 62 cents, notably 64/65 cents. Too, on the top side, 69 cents will be extremely difficult to penetrate.

Growers should be thankful for the National Cotton Council (NCC) for its highly successful endeavor of getting cotton included in Congress's One Big Beautiful Bill. Growers are advised to defer to the comments of the NCC, but the benefits include an increase in the CCC loan rate to 55 cents and an approximate $85 cash payment per acre. The NCC staff, with grower help, pulled the proverbial rabbit out of the hat. Growers should actively demonstrate their support to their flagship organization.

Cotton continues to suffer from the weak demand bug. The demand ball has stopped rolling, and some activity must be charged with pushing the ball across the floor to begin. USDA's July supply demand report did little to suggest a turnaround in cotton demand. Although with a larger estimated crop, demand was also increased — but only slightly as world ending stocks were also increased, further suggesting that even with a decrease in world production, there is still too much cotton being produced. Naturally, any cotton person would tell you that should not be the case.

USDA estimated world production at 118 million bales, up one million, while consumption was also estimated at 118 million, up slightly. World trade was relatively flat compared to the June estimate. World ending stocks were tagged at 77 million bales, up 600,000 bales on the month. Chinese production was estimated one million bales higher at 31 million.

Important notes included the fact that U.S. stocks were significantly higher, but U.S. exports were unchanged in deference to the declining market share for the U.S. In this regard, Pakistani consumption was estimated 600,000 bales higher, but the U.S. share of Pakistani imports was unchanged.

The New York ICE contract will likely remain very range bound and react only to changes in production as world consumption is forecast to remain relatively flat. This suggests little hope for a bull market rally.

Give a gift of cotton today.