

Cleveland on Cotton: Stagnant Market Activity Underscores the Need for Demand

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I prefer cotton. When will this item be here in cotton? Where do you keep this item in cotton? Please ask your manager when she/he will have this in cotton? May I see your manager, please? These are just a very few comments one should address to the clothing salesperson when you are shopping and can't find any cotton items or even just a few cotton items.

We all must stop saying, "I can't find cotton anywhere." It is left up to you to ask, to explicitly ask the store manager or department manager for a cotton item. The cotton industry is not going to promote cotton, forget it, stop asking. This is the only way the store will know that the customer is asking, demanding items made from cotton—and not chemical fibers. The cotton industry is not making any attempt to promote cotton to the consumer.

Thus, you must do it yourself before cotton becomes nothing more than a specialty crop. Cotton growers must individually let your stores know that you want cotton apparel. The industry's lip service has left cotton on the verge of becoming a specialty crop, except on

the Rolling Plains and High Plains. It is that serious. Acreage is declining, prices are declining. Yes, that is consistent with economic theory when demand is disappearing, and an industry refuses to connect with the consumer. Consumers drive demand, consumers drive prices, nothing more, nothing less. The big box retail chains are not ordering goods from mills because consumers are not demanding cotton goods. It truly is that simple.

Some love to tout the importance of the retail outlets. Remember the lessons of the 1970s and 1980s from Cotton Incorporated's 'Cotton is the Fabric of Your Life' programs. The pitch was directly to the consumer, no one else, nowhere else. You don't like to read of cotton's total failure. I don't like to write it. It should not have happened, and cotton should not have abandoned the consumer.

The cotton market was stagnant to marginally lower all week as futures business dried up in tune with stagnant demand. Trading volume was small, and trading ranges were very narrow as mills opted only for fill-in needs and also expressed considerable disappointment with very narrow margins, as well as the relative void of new orders.

The narrow trading range and lower prices were in tune with the USDA December world supply demand report. Both U.S. carryover and world carryover estimates were increased. U.S. stocks increased 200,000 bales up to 4.5 million, and world stocks now stand at 76 million bales, 3 million more than at the end of the 2023-24 marketing year. World consumption is up 4 million bales, now at 119 million, from 2023-24. However, world trade is stagnant, and it is world trade that is one of the primary barometers of New York futures prices (because of the importance of U.S. export sales).

Chinese imports have been flat the past two years, and all forecasts suggest 2026-27 will make it four years in a row as cotton prices will see another year with prices at the sub-70-cent level. In fact, prices will not increase until there is a significant decrease in U.S. and world production. Brazil and Australia, the major world export competitors facing U.S. export sales, have increased their production, while the U.S. has decreased its production and is still losing its share of world trade, just as cotton is losing market share to chemical synthetic fibers.

U.S. domestic mill consumption has been falling for 25 years and was estimated to be at a 150-year low as U.S. mills were estimated to consume only 1.6 million bales in marketing year 2025-26.

World total fiber consumption is increasing some 7% annually, but cotton continues to lose market share. The ugly word, demand, will not go away.

Cotton futures have not moved above the 21-day moving average since early November. Nevertheless, the seasonal lows should be locked in. Nevertheless, it remains very difficult to find any bullish news in the market. More of the same should be expected into January.

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