

Cleveland on Cotton: Cotton Prices Continue to Hang On

Sep 27, 2025

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The good news — the cotton market continues to hold the 66-cent level, although it is struggling. On a trading basis, December futures slips below its life of contract low close, 66.04 cents, on a routine basis. Yet, to date, it has bounced back to just above that low closing level.

Trading volume has slowed, but open interest continues to show a slight increase. The 300-point trading range has given way to a mere 100-point range. Some days have even seen the range fall below 50 points. More importantly, the downward sloping trading channel remains extremely well developed and continues to call for lower prices and, specifically, even new life of contract closes. The actual price low is only a few points above 61 cents, but the trading channel seems to call for October-early November trading to slip down to the mid-to-high 63 cent mark.

Cotton cannot find its customer base. Once we gave it away, it is now a more than herculean task to reclaim it. Price activity for the remainder of the 2025 and into 2026 will be based on harvest weather news with particular interest in the China, India, Brazil, and U.S. The price equation has only the supply variable to establish price. Expectations are that the crops in all those countries are somewhat larger than was estimated in the September USDA world supply demand report. The next USDA report is scheduled for October 9.

The October contract is now in its expiry and will probably not see any more trades. Its last trade was 63.95, so that now becomes the target for the spot month December contract. December has some 40 more trading sessions before its first notice day.

Export sales continue to drag, but the new marketing year remains young; thus, new sales can be made any day. The market buzz is that possibly the Washington administration will pull a cotton rabbit out of the hat with China. However, China does not need U.S. cotton. One never knows.

Additionally, some continue to pound the idea that tariffs have been negative to cotton or even agriculture. Those making such suggestions have little or no understanding of U.S. foreign policy, specifically as it relates to agriculture. The great and late Seymore Johnson, where are you when the cotton industry so needs you again?

The On Call sales versus purchases of which we frequently address continues to indicate very bearish symptoms for the cotton market. I admit to being very impressed that the market has held above 66 cents the past month, and that gives me hope for higher prices. Yet therein is a trap I am setting for myself. That is, hope has no place in market analysis. Neither does any other emotion.

Very few world cotton producers have established a price for their 2025 crop that the market is facing a tidal wave of sell orders on the December, March, May, and July contracts — markedly more than typical. The well-documented for lower prices in these situations is well established.

Give a gift of cotton today.