



PLAINS COTTON
COOPERATIVE ASSOCIATION



SEPTEMBER 02, 2025

The Week Ahead

- This week begins with a bullish macro tone, as investors place nearly 90% odds on a Fed rate cut at the September 16 and 17 meeting. Commodities are drawing support from stronger demand for hard assets and a softer dollar outlook, while cotton markets will be watching how trade developments and export sales respond. The key test comes Friday with U.S. nonfarm payrolls, where weak jobs data could solidify expectations for a cut and lift agriculture futures.
- For cotton this week, attention remains on demand, weather, and next week's supply and demand update. U.S. export sales continue to face pressure from competing growths, while trade developments – including India's tariff suspension – will be closely watched to see if they translate into stronger demand. The U.S. Export Sales Report will also be released later than usual, delayed until Friday due to the Labor Day holiday.

Market Recap

- Cotton futures saw a bit more activity this week as new tariffs on importing countries took effect, but prices still held within their months-long range, tracking broader market moves and trade headlines. December futures ended the week at 66.54 cents per pound, down 147 points.
- One positive development for the market this week was India's decision to extend its suspension of the 11% cotton import duty to December 31, after the original September 30 deadline proved nearly impossible to meet. Offsetting that, however, President Trump imposed a 50% tariff on Indian goods in retaliation for the country's purchases of Russian oil, straining U.S.-India relations and threatening India's export competitiveness after years of closer cooperation.
- An inaccurate Cotton On-Call report suggested large additions to purchases, but the market largely dismissed it. A correction later confirmed little change, though the imbalance persists. Speculators expanded their short positions, keeping cotton prices range-bound, while the technical outlook remains flat and vulnerable to sharper moves. Last week, volume was moderate, open interest rose 2,579 contracts to 244,864, and certificated stocks held steady at 15,474, the lowest since early May.

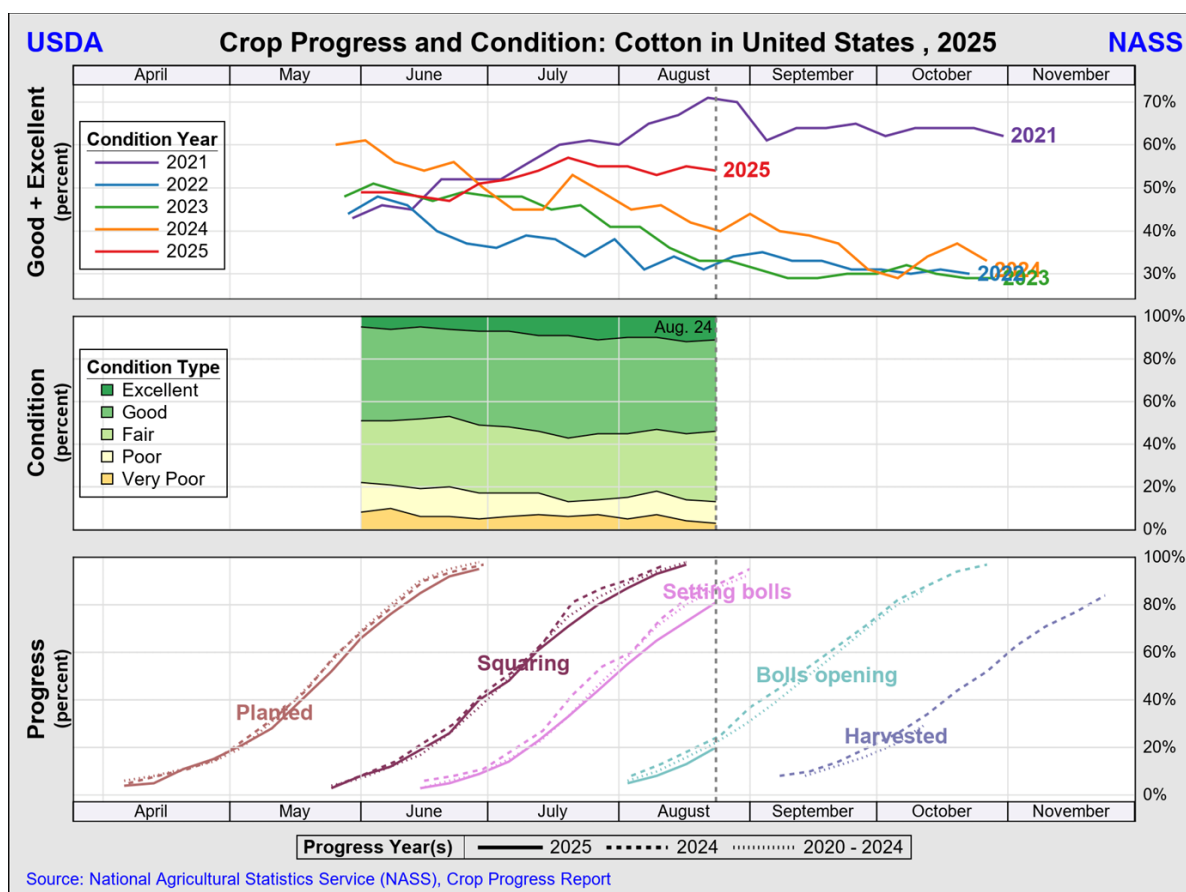
Economic and Policy Outlook

- The U.S. ended its duty-free exemption for imports under \$800 on August 29, 2025, replacing it with standard tariffs or a temporary flat fee of \$80–\$200. The change, aimed at curbing smuggling and cheap online imports, is expected to raise costs and add paperwork for small businesses and consumers. However, by making low-cost textile imports more expensive, the policy could improve competitiveness for U.S. cotton and cotton-based products.
- The July PCE report showed headline inflation holding steady at 2.6% year-over-year, while core PCE rose 0.3% on the month and 2.9% annually, its fastest pace in five months. Service costs, especially housing and healthcare, continued to drive

underlying price pressures even as overall consumer spending softened. The data highlights the Fed's challenge of balancing easing headline inflation with sticky core momentum. Policymakers will meet September 16–17, with markets watching closely for how the latest trends shape their next steps.

Weather and Crop Watch

- Dryland cotton across West Texas remains a concern, though scattered rainfall brought some relief in parts of the Southwest. Most of the crop has set bolls, with 19% beginning to open throughout the Southwest. As of August 24, crop ratings slipped to 45% good-to-excellent in Texas but improved to 67% in Oklahoma and 63% in Kansas. While the Southwest is running slightly behind, overall U.S. cotton conditions are the best in five years outside of 2021. Rainfall this past week and over the Labor Day weekend offered some relief in parts of the Southwest. More rain is expected again mid-next week, which could improve soil moisture and help stressed dryland fields. Scattered showers are also forecast for South and Central Texas, while temperatures ease into the 70s and 80s after recent heat.

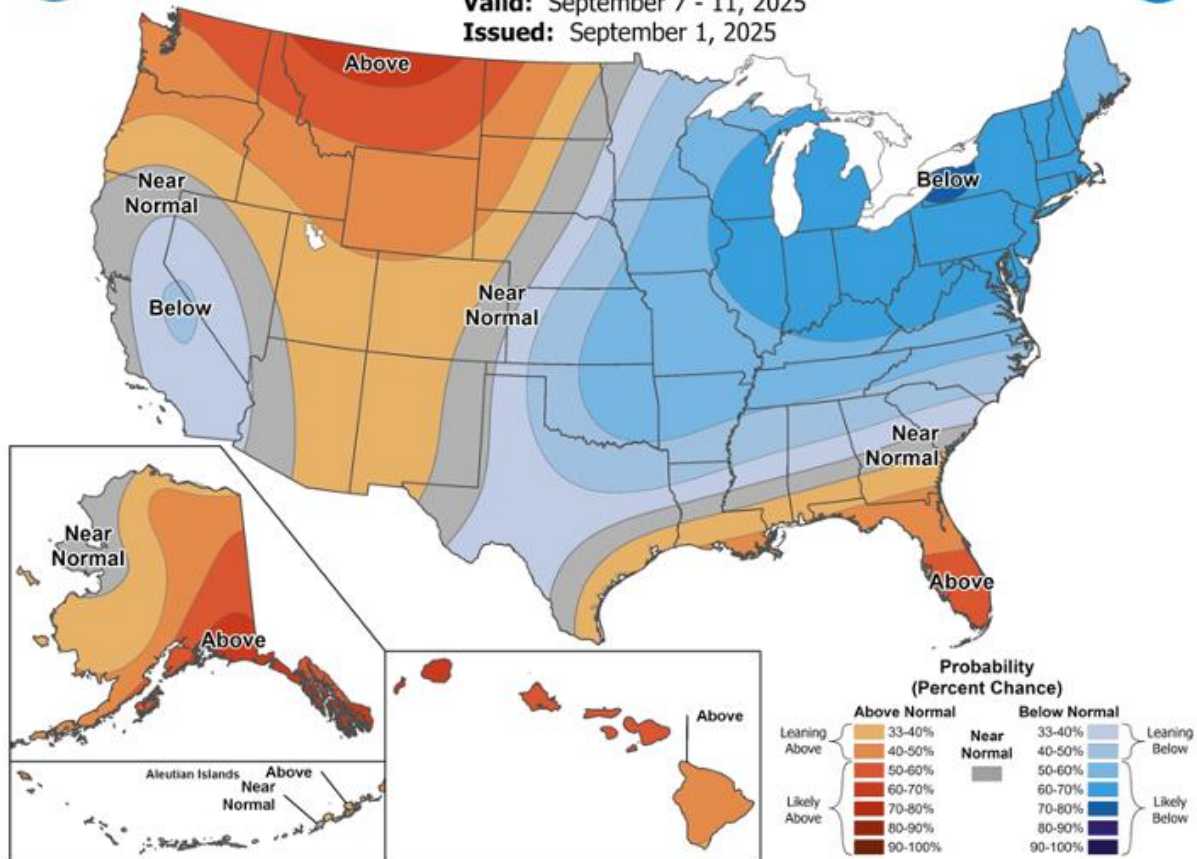




6-10 Day Temperature Outlook

Valid: September 7 - 11, 2025

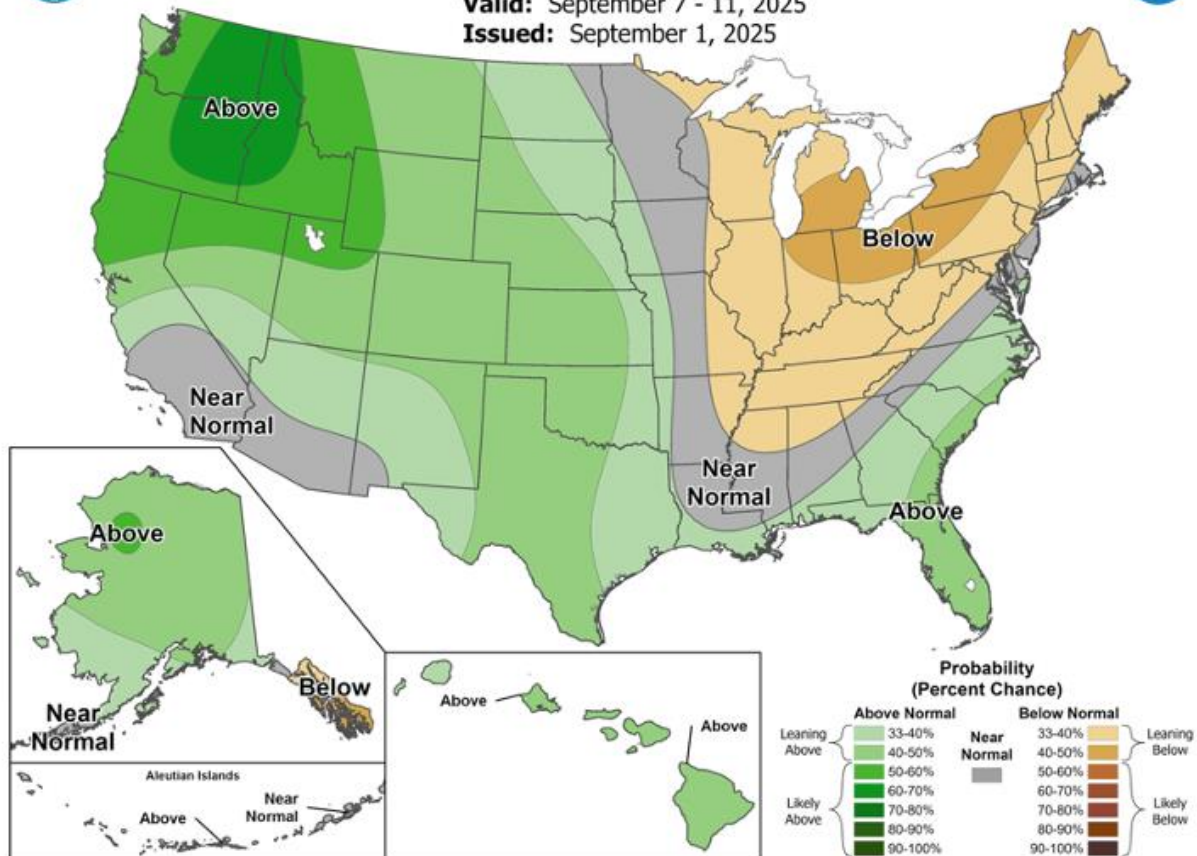
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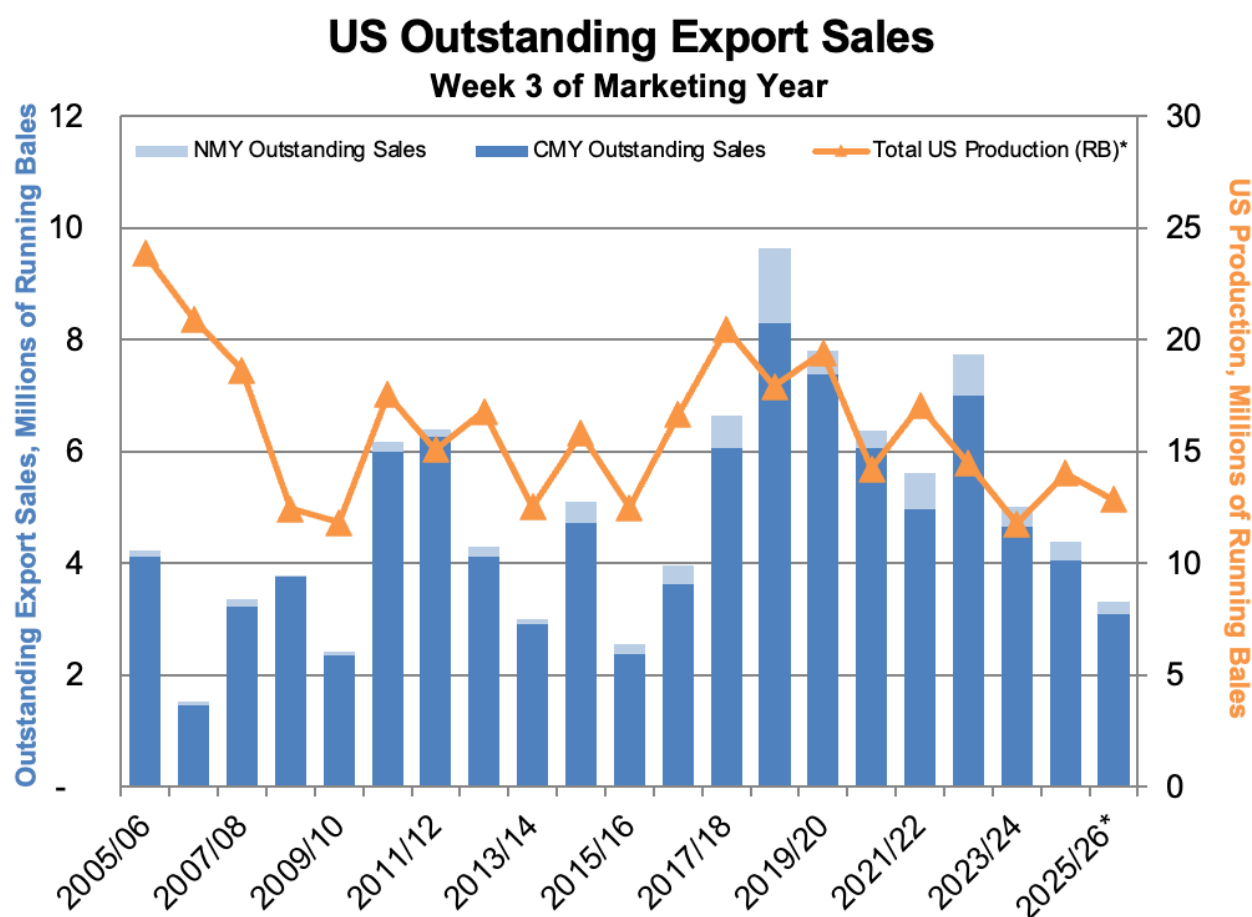
6-10 Day Precipitation Outlook

Valid: September 7 - 11, 2025

Issued: September 1, 2025



- With limited supplies on hand, little fresh news, and ongoing market uncertainty, export sales were stronger this week but still fell short of typical levels for this point in the year. For the week ending August 21, net sales totaled 179,300 bales, led by Vietnam, Bangladesh, and India. Notably, China was absent from the list of top 20 buyers, and outstanding sales to the country remain low.
- Shipments were lighter this week, with 112,700 bales exported. These slow spots are normal as buyers adjust to the 2025 crop.
- For Pima, new sales totaled 3,900 bales, led by India, while shipments reached 14,000 bales.



Source: USDA, *Current Year USDA Production Forecast

The Seam

- As of Thursday afternoon, grower offers totaled 21,876 bales. There were 3,017 bales that traded on the G2B platform that received an average price of 64.44 cents per

pound. The average loan for these bales was 53.23, bringing the average premium received to 11.21 cents per pound.

ICE Futures Ending 8/29/2025

	Settlement	Daily Change	Weekly Change
Dec. '25	66.54	-0.76	-1.47
Mar. '26	68.44	-0.64	-1.30
May '26	69.79	-0.62	-1.22
July '26	70.66	-0.55	-1.05

Adjusted World Price (AWP)

Official 8/29/25 thru 9/4/25	
AWP	54.94
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00