



PLAINS COTTON
COOPERATIVE ASSOCIATION



OCTOBER 5, 2026

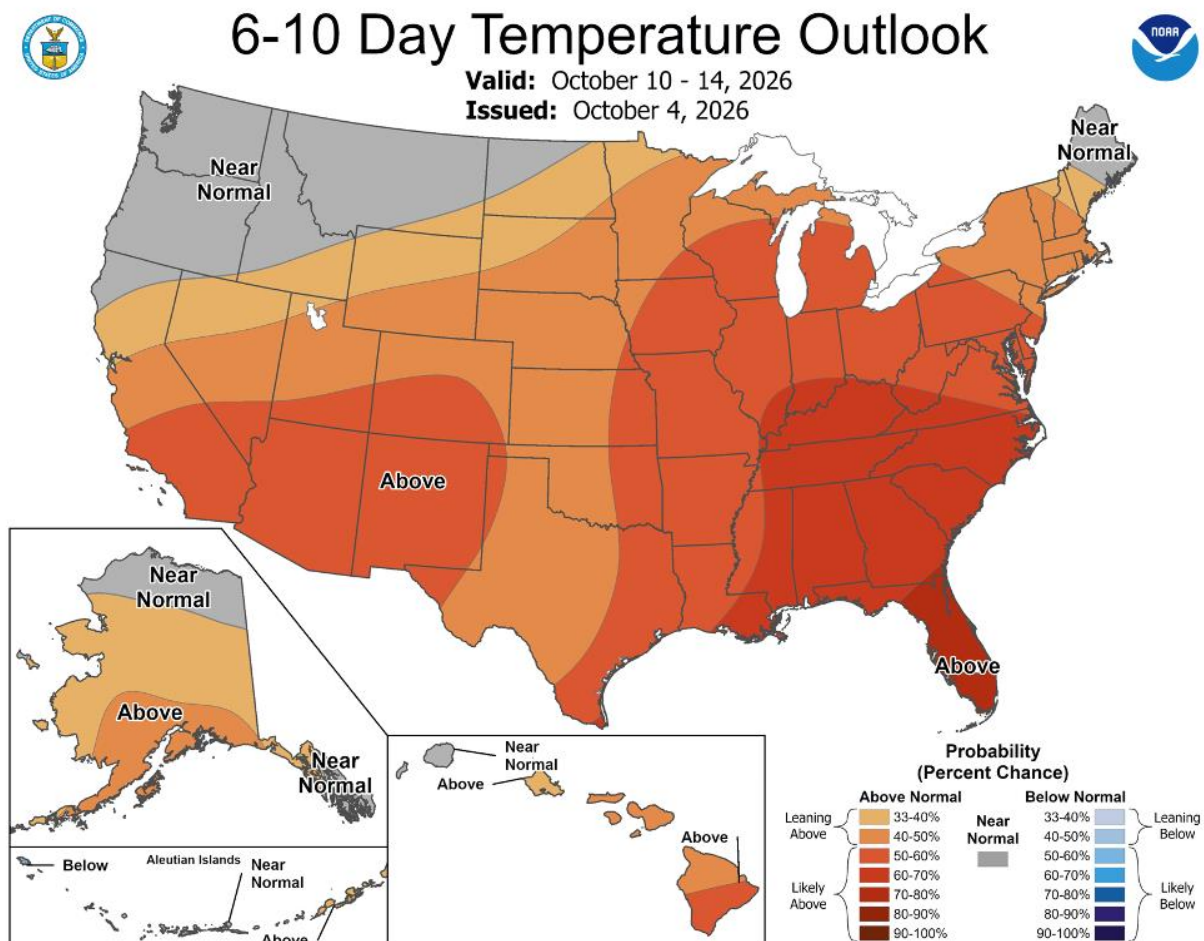
The Week Ahead

Cotton has plenty to sort through again this week after last week's sell-off. There are a few things underneath the market that look a little better, but the dollar, China, and Friday's supply and demand update could all have a say in whether cotton can find some footing.

- **The dollar is probably the biggest outside-market piece to watch right now.** It has pushed to its highest level since early 2025 as higher bond yields and a more hawkish Fed have kept it supported, which is not doing U.S. cotton any favors. Fed minutes come Wednesday, but next week's inflation data will probably be the bigger test for whether the dollar has more room to run. A rate hike before the end of the year is not off the table, but the odds of another move this

month have come down quite a bit. Any relief in the dollar in the meantime would certainly help.

- **China returns from its holiday on Thursday, and it will be interesting to see what the market looks like once they are back.** There is still no real clarity on what the tariff changes mean for cotton, but U.S. cotton looks competitive enough to at least keep the conversation going. Sales have also put together a couple of better weeks, so the bigger thing now is whether buyers keep showing up around these lower prices.
- **Friday's USDA update gives cotton another big piece to work through.** USDA is still sitting at 13.2 million bales, and we expect that number to come down given what we have seen across the Southwest this season. The recent rain across West Texas came with much of the cotton already open, raising concerns around quality, while the Delta and Southeast also have a lot of open cotton with more rain in the forecast.

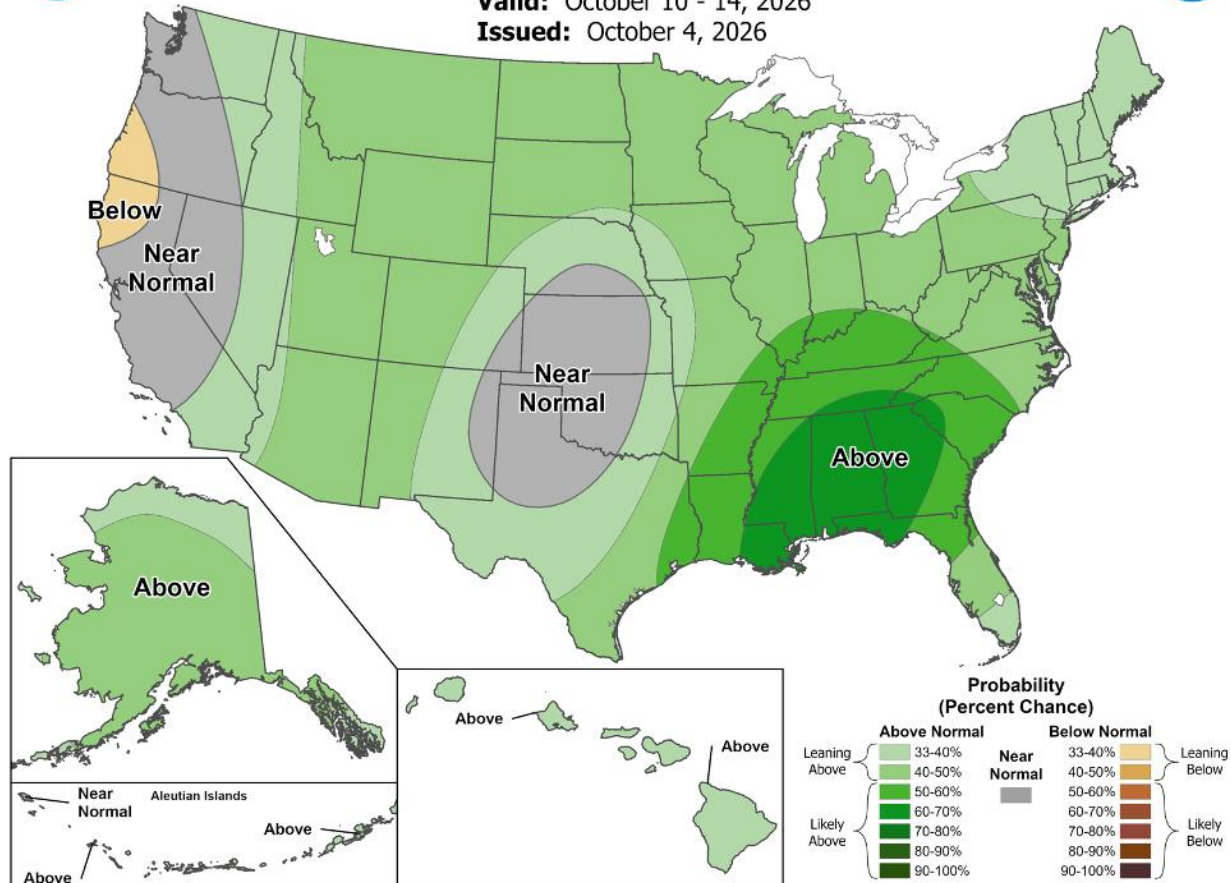




6-10 Day Precipitation Outlook

Valid: October 10 - 14, 2026

Issued: October 4, 2026



Market Recap

- **Cotton gave back last week's bounce in a hurry, with December futures losing 383 points to settle at 78.88 cents per pound.** Tuesday did most of the damage, with December locking limit down 400 points as the market broke through several technical levels and selling picked up quickly. Prices stayed under pressure through the rest of the week before bouncing 183 points off Friday's low and finishing the day higher.
- **China was part of the disappointment, but there was a lot more going on last week.** Raw cotton made the tariff reduction list, which is encouraging, but the market wanted more after the Trump-Xi meeting, and there are still many details we don't have yet. A stronger dollar, higher interest rates, and pressure across commodities gave cotton even more to work against.

- **There were still a few things worth watching underneath a pretty ugly week.** Open interest climbed to a record as prices fell, meaning there was more happening than just long positions being sold. Commercial buying also showed up at the lower prices, while export sales were a nice surprise again, even though shipments are still lagging.
- **Harvest is getting going across more of the Southwest, and now the bigger question is what all this rain does to quality.** It is too late for the moisture to do much for production, and with more cotton opening up, it would be nice to see things dry out so growers can get into the field before quality starts taking a hit.

Economic and Policy Outlook

- **U.S. job growth came in much weaker than expected in September, with just 29,000 jobs added and unemployment ticking up to 4.2%.** Wage growth also slowed, reinforcing the idea that the Fed may have some room to wait before raising rates again.
- **Inflation came in a little cooler than expected in August, even as consumer spending stayed strong.** Headline PCE rose 0.3% for the month and 3.4% from a year ago, while core PCE increased 0.2% and 3.0%, respectively. Consumer spending jumped 0.9%, indicating the economy is still holding up despite higher prices. The softer inflation reading gives the Fed more room to wait on another rate hike, although another move before year-end is still possible.
- **Crude is worth keeping an eye on.** It has been one of the few things offsetting some of the pressure from the stronger dollar and higher yields. If energy starts moving sharply again, it could matter for the broader commodity tone, especially with geopolitical risk still hanging around.

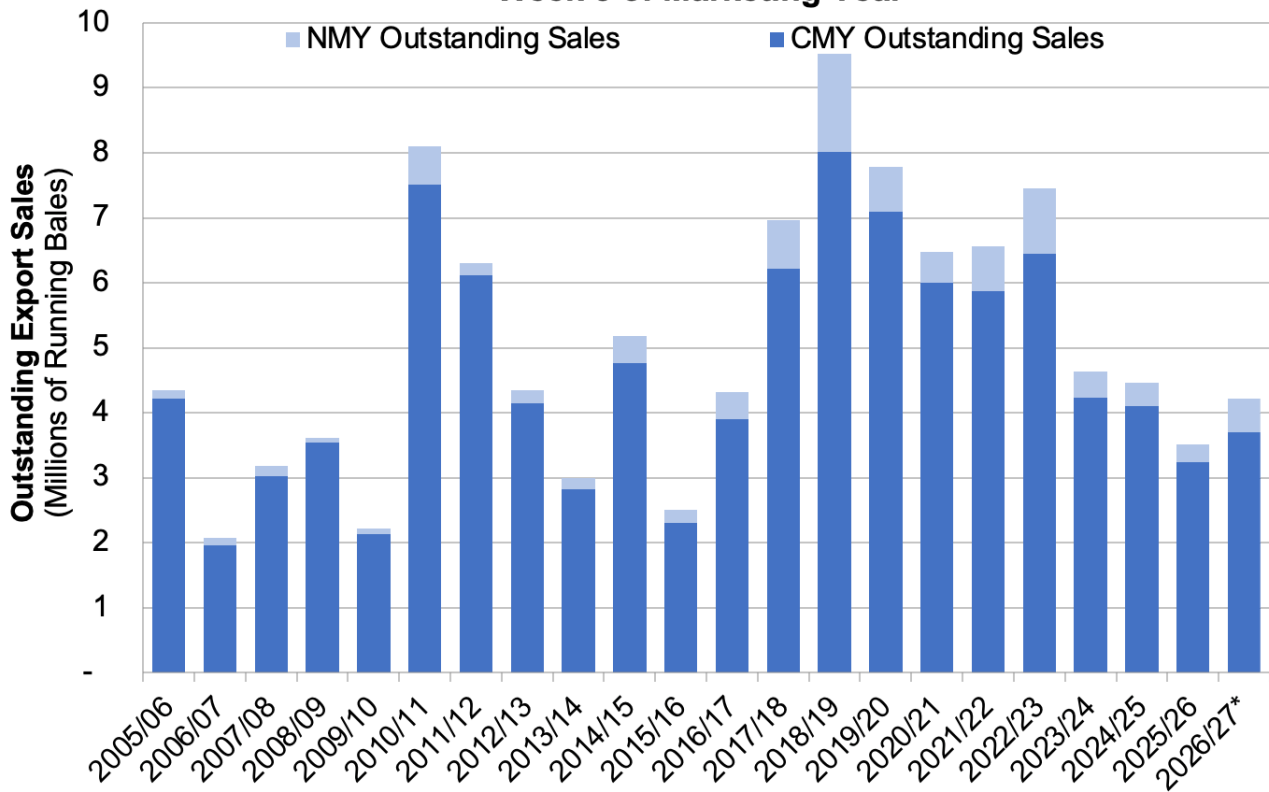
- **Diesel prices are adding another expense for growers right as harvest gets underway.** Fuel costs have risen sharply over the past year, pushing up both on-farm operating costs and transportation expenses across agriculture. Several states, including Texas, have temporarily relaxed restrictions on the use of dyed farm diesel on public roads to provide some relief. For growers already dealing with tight margins and high production costs, it is one more expense adding up this fall.

Supply and Demand Overview

- **Upland sales held up pretty well this past week, totaling 202,600 bales.** Vietnam led purchases, followed by Pakistan and China. It was not quite as strong as last week, but seeing another week above 200,000 bales is encouraging and suggests these lower prices are getting some attention.
- **Shipments are still the part of the report that has some room to improve.** Upland exports totaled 149,500 bales, with Vietnam, India, and Pakistan the top destinations. The pace is still a little slow, but that is not too concerning this early in the marketing year.
- **Pima had a tougher week, with net reductions of 2,100 bales and exports of 9,300 bales.** India accounted for most of the shipments, while cancellations from Peru weighed on the sales numbers.
- **Overall, the sales side has looked better over the past couple of weeks.** Buyers seem more willing to step in at these lower prices, and it was also encouraging to see another 39,200 bales booked for next year. It is still too early to call it a real shift in demand, but putting together back-to-back solid sales weeks is a step in the right direction.

US Outstanding Export Sales

Week 8 of Marketing Year



Source: USDA, *Current Year USDA Production Forecast

The Seam®

- **As of Friday afternoon, grower offers totaled 6,160 bales.** The past week, 1,075 bales traded on the G2B platform received an average price of 72.89 cents per pound. The average loan redemption rate (LRR) was 57.12, bringing the average premium over the LRR to 15.78 cents per pound.
- **Note:** The Loan Redemption Rate (LRR) is the loan rate minus the current Loan Deficiency Payment (LDP).

ICE Futures Ending 9/2/2026

	Settlement	Daily Change	Weekly Change
December '26	78.88	+1.12	-3.83
March '27	81.54	+0.93	-3.95
May '27	83.13	+0.84	-4.04
July '27	83.54	+0.78	-3.89

Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	65.16	-0.93
Loan Deficiency Payment	0.00	0.00
Fine Count Adjustment 2025	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 10/02/26 - 10/08/26