



PLAINS COTTON
COOPERATIVE ASSOCIATION



Cotton Market Weekly

FEBRUARY 16, 2026

The Week Ahead

Markets enter a holiday-shortened but event-heavy week, with macro data and policy headlines likely to set the tone. U.S. markets are closed today, February 16. When trading resumes tomorrow, it should be back to business as usual.

- Fed minutes, GDP, and PCE inflation are on deck later this week. **The macro mood turned more cautious on Friday as equities softened, but a weaker dollar continues to offer support to commodity markets. Any move in the dollar or shift in rate expectations could influence near-term direction for cotton.**
- The USDA Outlook Forum on Thursday will release the first model-based 2026/27 balance sheets. **While these numbers are not survey-driven, they will serve as an**

early framework for next year's acreage and demand assumptions. With margins still tight and policy uncertainty lingering, the market will scrutinize these tables for clues on planted area and use expectations.

- Macro direction still matters. A firm Chinese yuan and a weaker U.S. dollar are supportive on the margins, but if risk sentiment deteriorates further, cotton could feel spillover pressure from equities and broader commodity flows.
- The Zhengzhou Commodity Exchange, where Chinese cotton futures trade, will remain closed through February 24 for the Lunar New Year holiday. **Business out of China will likely be quieter during that period.**

Overall, the week offers more tone-setting catalysts than outright balance-sheet changes. **Cotton is not facing a dramatic shift in fundamentals at the moment, but the intersection of macro signals, early acreage expectations, and positioning will likely determine whether prices stabilize, grind sideways, or attempt to build modest momentum.**

Market Recap

- **March and May futures finished the week modestly higher following an active stretch of trading.** The March contract gained 105 points to settle at 62.11 cents per pound on Friday, while May rose 109 points on the week to close at 64.13 cents.
- **Trading activity was elevated throughout the week, driven largely by index roll flows and continued March liquidation ahead of First Notice Day.** ICE posted some of the highest volumes on record, with spreads accounting for much of the activity as open interest declined and positions

rolled forward. Despite volatility and weakness in nearby spreads, both contracts held onto weekly gains.

- **Certified stocks continued to build, adding pressure to the front spreads, with March and May briefly trading to new contract lows before stabilizing.** Speculators also extended their net short position, keeping downside pressure in place even as prices edged higher. Supportive headlines surrounding the U.S.–Bangladesh trade agreement and improving U.S.–China dialogue offered some optimism, but overall, the market spent the week digesting positioning, flows, and early acreage expectations rather than establishing a clear new trend.
- **The National Cotton Council projected 2026 U.S. cotton acreage at 8.99 million acres, down 3.2 percent year over year.** The largest expected decline in Upland acres came from the Midsouth, down 20.6 percent to 1.19 million acres. The Southeast is projected at 1.63 million acres, down 4.9 percent, while the Far West is expected at 125,000 acres, down 7.2 percent. The Southwest is the only region showing an increase, projected up 1.6 percent to 5.88 million acres. Using survey assumptions, total production across the Cotton Belt is projected at 12.74 million bales, with lower ending stocks anticipated for 2025/26 and 2026/27. As one of the first planting surveys of the season, the report provides an early directional signal of producer intent heading into spring.
- **Trading volumes were heavy throughout the week, with strong activity across the board.** Open interest decreased by 31,613 contracts to 344,646. Meanwhile, certificated stocks continued to build, rising 12,479 bales to 106,040 bales.

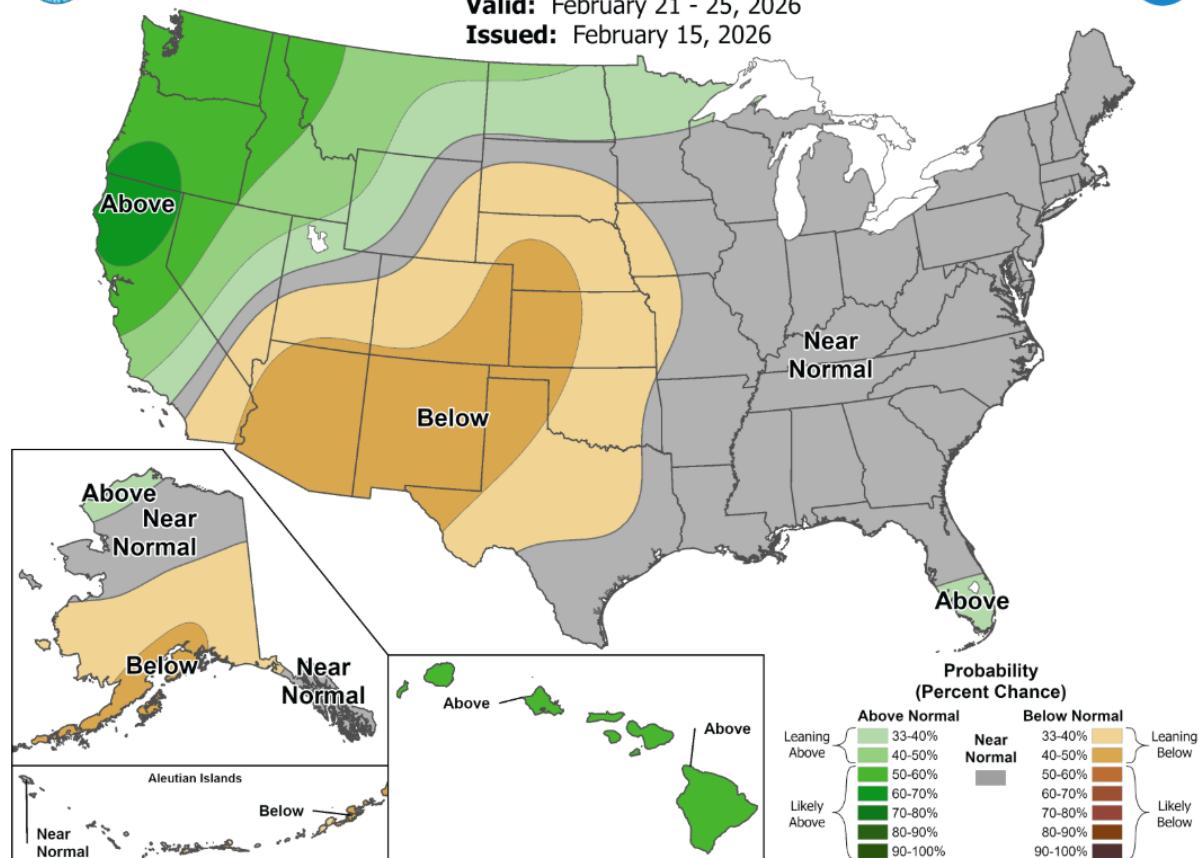


6-10 Day Precipitation Outlook



Valid: February 21 - 25, 2026

Issued: February 15, 2026

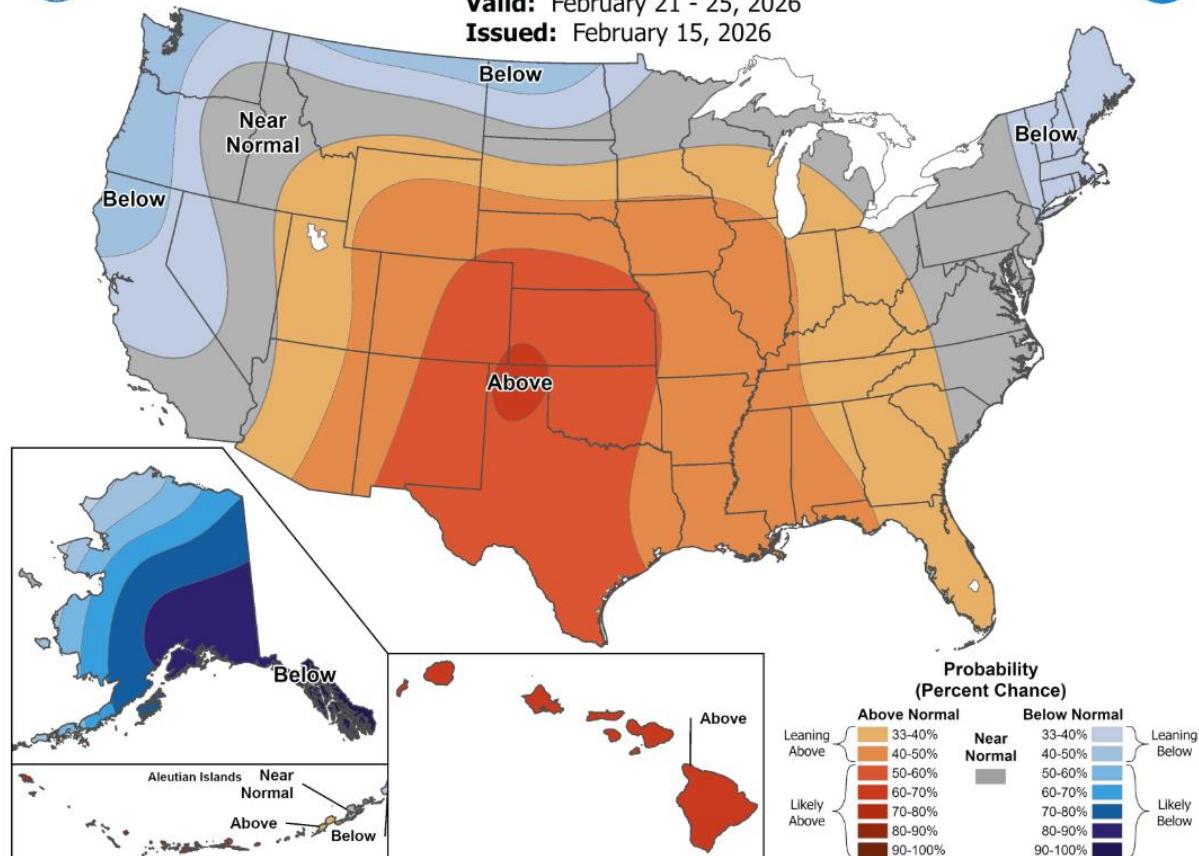


6-10 Day Temperature Outlook



Valid: February 21 - 25, 2026

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Economic and Policy Outlook

- It was a busy week for markets. January payrolls increased 130,000, and the unemployment rate edged down to 4.3 percent, suggesting the labor market remains steady on the surface. **However, sizable downward revisions to prior data confirm that hiring momentum last year was much softer than originally reported. Markets responded by pushing rate cut expectations slightly further out, with investors now looking to inflation data to determine whether that shift holds.**
- On the inflation front, January CPI showed continued moderation, with headline prices rising 0.2 percent on the month and core up 0.3 percent, bringing annual rates to 2.4 percent and 2.5 percent, respectively. **Energy prices declined, and shelter inflation slowed, though services remain somewhat firm. Interest rates edged lower, and the dollar softened modestly following the release. Attention now turns to the upcoming PCE report, the Fed's preferred gauge, which will help clarify whether easing inflation supports additional rate cut expectations or if renewed pressure could tighten financial conditions and strengthen the dollar.**

Supply and Demand Overview

- **Updated supply and demand estimates were released this past week, and the report leaned neutral to slightly bearish overall.** On the U.S. side, the balance sheet was largely unchanged aside from a modest reduction in exports. U.S. exports were lowered 200,000 bales to 12 million bales, which was not unexpected given the pace of sales and shipments this season. With no other adjustments, ending stocks increased 200,000 bales to 4.4 million bales. The

stocks-to-use ratio moved up to 32.4%, a level that continues to suggest price pressure rather than support.

- **Globally, changes were also relatively small but leaned bearish.** World production increased 430,000 bales to 119.86 million bales, driven primarily by a higher crop estimate for China. World consumption was reduced 200,000 bales to 118.72 million bales, and as a result, global ending stocks rose 630,000 bales to 75.11 million bales. Several key importing countries also trimmed their import projections, reinforcing the slightly softer tone of the report.

**2025/26 (Proj.) World and U.S. Cotton Supply and Use
(Million 480-Pound Bales)**

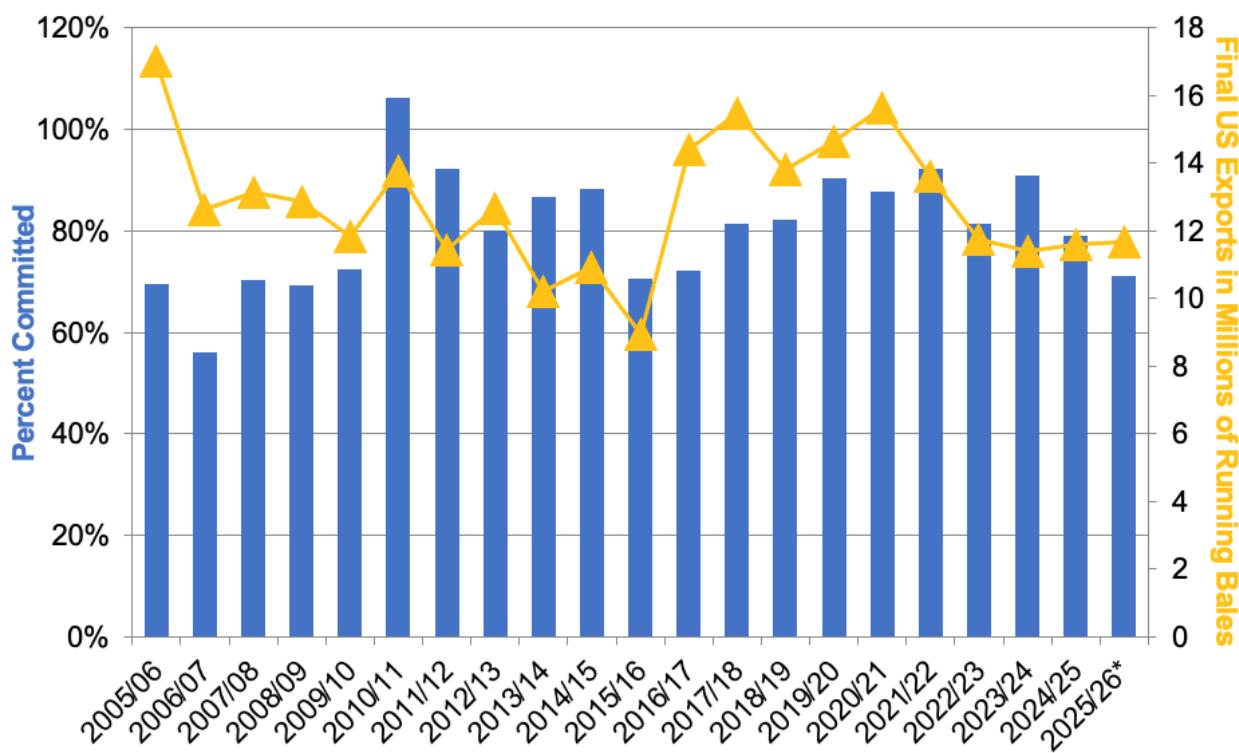
	United States						
	Beginning Stocks	Production	Imports	Domestic Use	Exports	Ending Stocks	Stocks-to-Use
January Report	4.00	13.92	0.01	1.60	12.20	4.20	30.4%
February Report	4.00	13.92	0.01	1.60	12.00	4.40	32.4%
Change	0.00	0.00	0.00	0.00	-0.20	0.20	1.9%
World							
January Report	73.76	119.43	43.76	118.92	43.77	74.48	62.6%
February Report	73.76	119.86	43.71	118.72	43.71	75.11	63.3%
Change	0.00	0.43	-0.05	-0.20	-0.06	0.63	0.6%

Source: USDA WAOB

- Export sales were lower on the week, and total commitments remain below the seasonal average for the week ending February 5. Shipments slowed and continue to trail the pace needed to reach USDA's revised export estimate of 12 million bales.
- For the week, net Upland sales totaled 231,000 bales, led by Vietnam, Turkey, and Pakistan. Pima net sales came in at 4,500 bales. Shipments reached 188,600 Upland bales, while Pima shipments totaled 8,300 bales. One notable item was a 61,700 bale cancellation from China. It was not tied to a reported destination change and did not appear in next year's sales, which is worth monitoring.

US Export Commitments as % of Final Exports

Week 27 of Marketing Year



Source: USDA, *WASDE forecasted exports

The Seam®

- As of Friday afternoon, grower offers totaled 90,512 bales. The past week, 47,934 bales traded on the G2B platform received an average price of 57.61 cents per pound. The average loan redemption rate (LRR) was 50.59, bringing the average premium over the LRR to 7.02 cents per pound.

Note: The Loan Redemption Rate (LRR) is the loan rate minus the current Loan Deficiency Payment (LDP).

ICE Futures Ending 2/13/2026

	Settlement	Daily Change	Weekly Change
Mar. '26	62.11	-0.18	+1.05
May '26	64.13	-0.20	+1.09
July '26	65.82	-0.16	+0.99
Dec. '26	68.36	-0.09	+0.76

Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	49.39	-0.39
Loan Deficiency Payment	2.61	+0.39
Fine Count Adjustment 2025	0.00	0.00
Fine Count Adjustment 2024	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 2/13/26 - 2/19/26

Sustainability Enrollment Windows

- Enrollment for the U.S. Cotton Trust Protocol will be open *January 5th- April 30th, 2026*. Growers who are currently enrolled will need to renew their membership to continue their involvement in the program. *If your gin would like to host an Enrollment Field Day during this time, please reach out to PCCA at (806)763-8011*. Click here for a list of in-person sign-up dates.
- New Grower Enrollment for the Better Cotton Initiative will be open from *March 3 to May 30*. Growers interested in joining this global sustainability program should contact PCCA (806) 763-8011.