PCCA PLAINS COTTON COOPERATIVE ASSOCIATION

SEPTEMBER 21, 2026

The Week Ahead

Cotton stayed under pressure last week, with the Fed’s first rate hike in three years and a stronger dollar giving the market little reason to turn higher. With the Fed now behind us, attention shifts quickly to China and whether this week’s meetings can give the demand side of the market something to work with.

- **China takes center stage this week, with meetings between President Trump and President Xi scheduled for Thursday.** Agriculture is expected to be part of the discussion, and the biggest question is whether the meetings produce anything concrete on additional U.S. purchases. Cotton still needs better demand on its own, but any progress on agricultural trade could finally give the market something new to talk about.

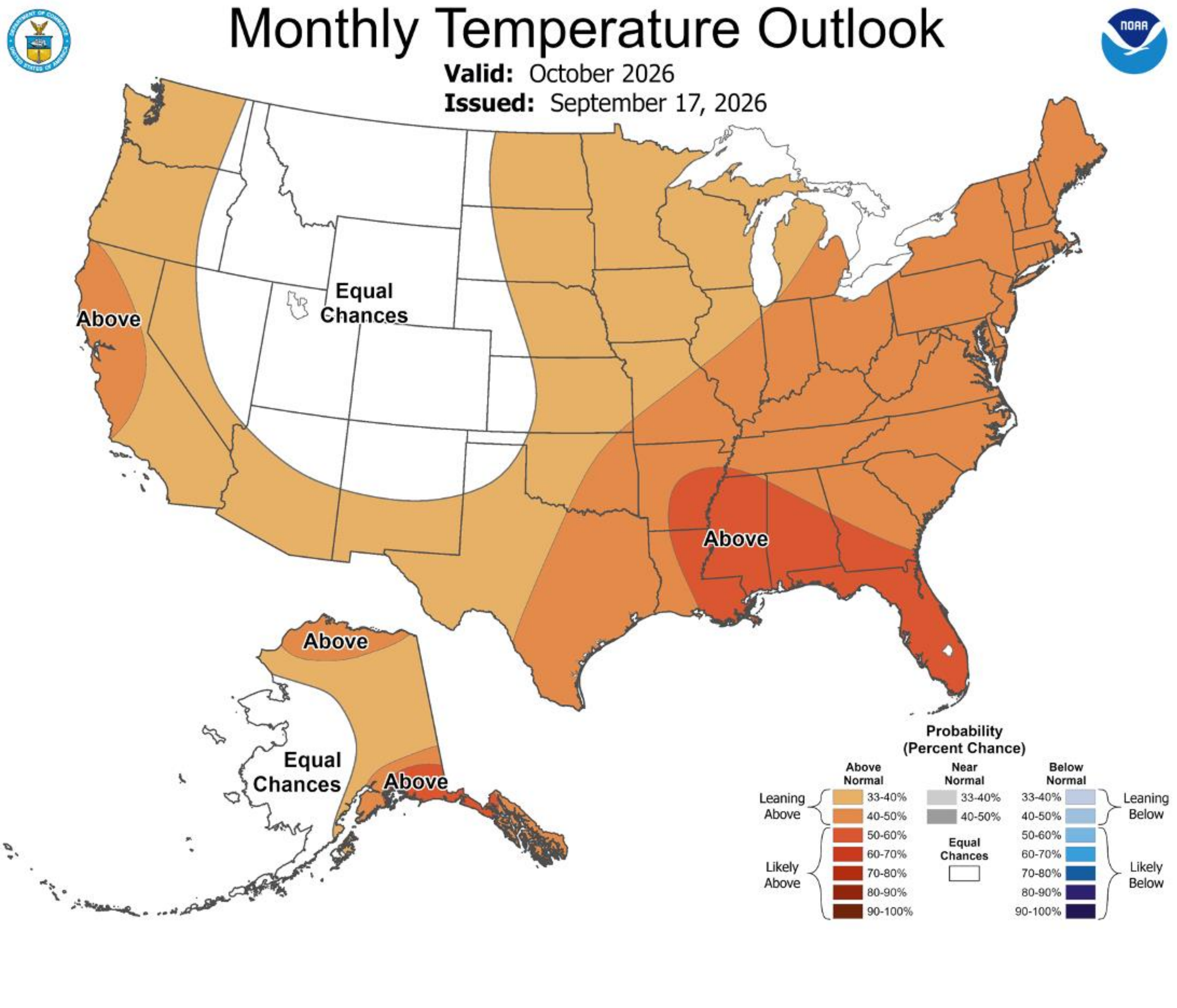
- **Funds did more selling late last week, but cotton is still one of the more crowded agricultural markets.** That leaves the market vulnerable if prices struggle to find support, especially after the stronger dollar added another headwind following the Fed decision.
- **The September Fed meeting may be behind us, but there is still plenty on the macro calendar.** Inflation updates and the jobs report are on deck this week and will help shape expectations heading into the October meeting. Energy prices have also backed off their recent highs, leaving outside markets with plenty to sort through.

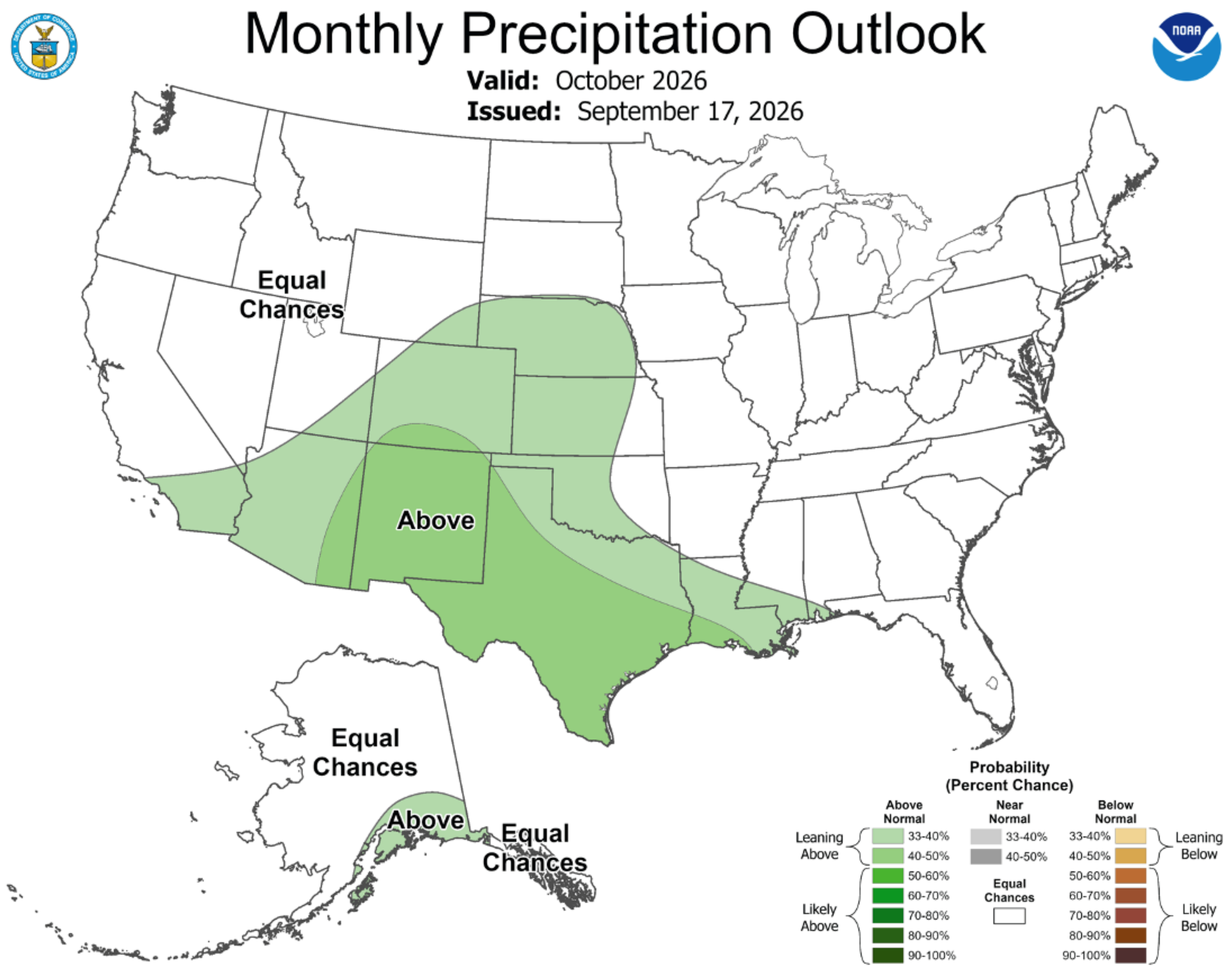
Market Recap

- **Cotton had another rough week, with December futures losing nearly 5 cents and settling at 81.15 cents per pound.** The market started the week under pressure, found its footing on Tuesday and Wednesday, and then the selling picked right back up. Thursday took another 219 points off December before a 102-point loss on Friday capped off a pretty ugly week.
- **The Fed certainly did not help, but there was more behind the sell-off than one headline.** Wednesday's 25-basis-point rate hike helped push the dollar higher, while crude oil and the broader agricultural complex also came under pressure. Cotton also broke through several technical levels along the way, adding more selling to a market that was already struggling after the big August rally.
- **Harvest has started across West Texas, Oklahoma, and Kansas, but questions about crop size are still hanging around.** South Texas harvest has moved along, with quality holding up fairly well. After record heat through July and August, harvest results should finally give the market a better idea of yields and abandonment across West Texas. October

is also leaning wetter across much of the Southwest, which could bring quality concerns as more bolls open and harvest gets underway.

- **There are still some supportive pieces underneath the market, even if they have not mattered much lately.** On-call sales relative to purchases grew again last week, while China's reserve auctions have stayed fairly well supported. U.S. export sales are still slow, supplies are starting to build as harvest picks up, and Brazil's crop keeps getting bigger, but this week's meeting between the U.S. and China could put some attention back on the demand side. Any progress on agricultural purchases would be a welcome change after the recent sell-off.





Economic and Policy Outlook

- **China officially confirmed President Xi's visit to Washington this week, which is a positive sign on its own, given Beijing's tendency to wait until fairly close to these meetings to formally announce them.** Agriculture will be a major part of the conversation, with additional purchases, tariff relief, and better market access all on the table.
- **China has already stepped up U.S. soybean purchases ahead of the meeting, but the bigger opportunity is whether the talks open the door for broader agricultural buying, including cotton.** Any progress on tariffs, shipping, or additional purchase commitments would be welcome news

for U.S. agriculture after a pretty slow stretch of export demand.
- **The Fed raised interest rates by 25 basis points last week, the first hike since July 2023.** The move was mostly expected, but the tone afterward was a little tougher, with inflation still running too high and another hike potentially coming before the end of the year. The dollar moved higher following the decision, adding another headwind for cotton and commodities that were already having a tough week. Higher rates also keep borrowing and carrying costs elevated across agriculture, adding another expense to an already expensive year.

Supply and Demand Overview

- **Upland net sales totaled 71,200 bales for the week, down slightly from 73,900 bales in the previous report.** Vietnam led purchases, followed by Guatemala and Pakistan. Sales have at least held above the unusually low levels seen a few weeks ago, but demand still shows little urgency.
- **Upland exports slowed to 142,100 bales, down from 177,800 bales the previous week.** Vietnam was the top destination, followed by Pakistan, India, and Bangladesh.
- **Pima net sales totaled 8,300 bales, down from 10,000 bales the previous week, while exports slipped to 4,100 bales.** India led both purchases and shipments for the week.
- **Overall, there still is not much to get excited about on the demand side.** Upland sales were basically unchanged from last week, while shipments moved lower. With prices now considerably lower than they were a few weeks ago, the market needs to see buyers start taking advantage of the break.

*Source: USDA, *Current Year USDA Production*

The Seam®

- **As of Friday afternoon, grower offers totaled 3,429 bales.** The past week, 469 bales traded on the G2B platform received an average price of 79.48 cents per pound. The average loan redemption rate (LRR) was 59.84, bringing the average premium over the LRR to 19.64 cents per pound.
- **Note:** The Loan Redemption Rate (LRR) is the loan rate minus the current Loan Deficiency Payment (LDP).

ICE Futures Ending 9/18/2026

	Settlement	Daily Change	Weekly Change
December '26	81.15	-1.02	-4.91
March '27	83.79	-1.02	-4.77
May '27	85.36	-0.95	-4.59
July '27	85.46	-0.79	-4.06

Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	68.92	-0.59
Loan Deficiency Payment	0.00	0.00
Fine Count Adjustment 2025	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 9/18/26 - 9/24/26