PLAINS COTTON COOPERATIVE ASSOCIATION

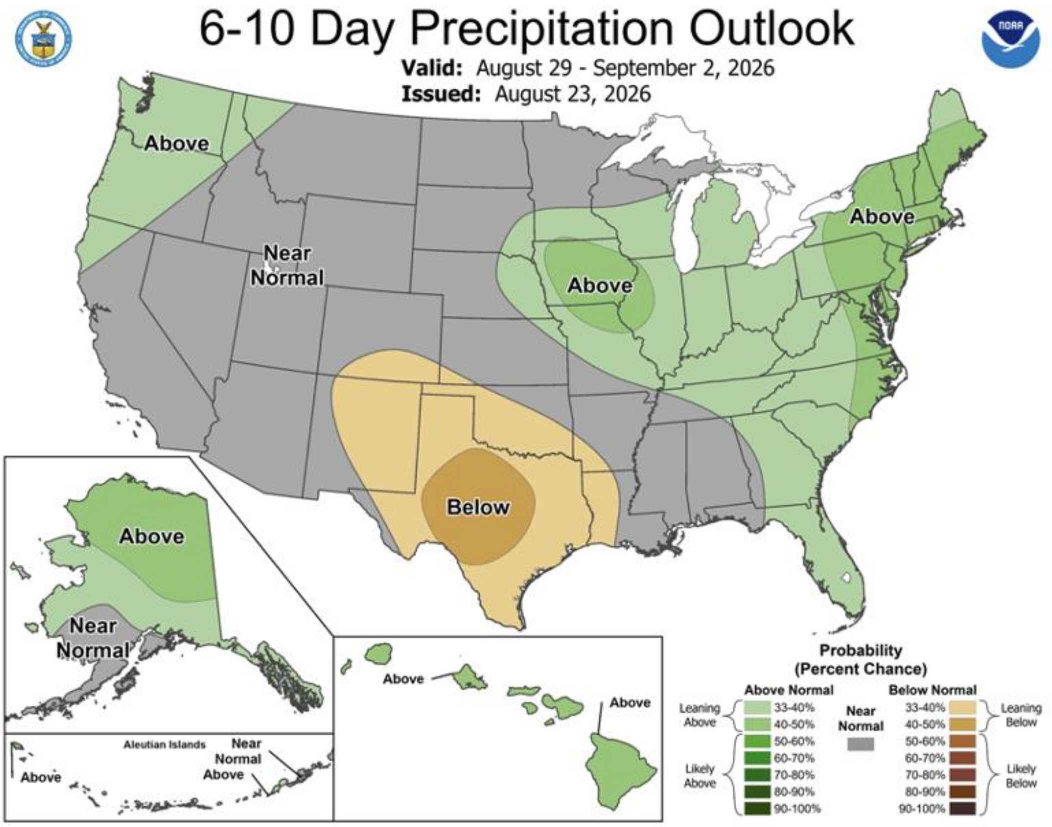
AUGUST 24, 2026

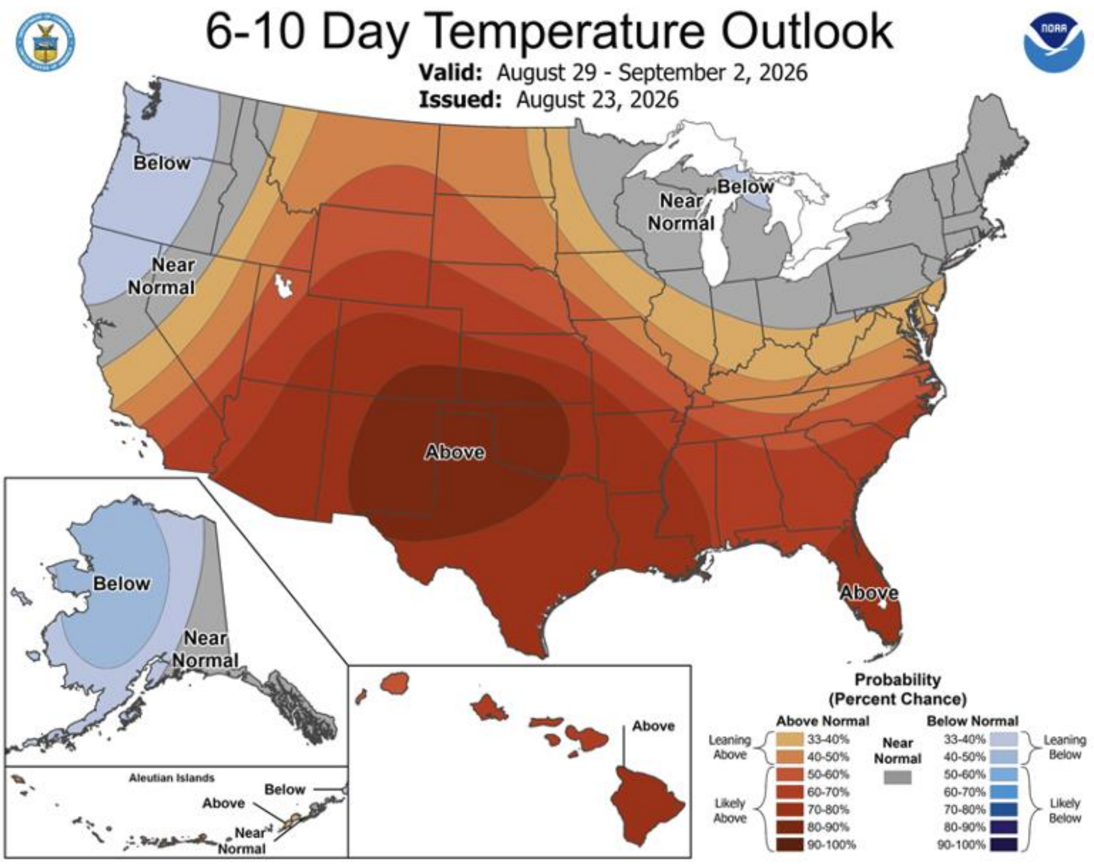
The Week Ahead

Cotton enters the final full week of August with momentum on its side after posting its fifth consecutive weekly gain. Weather and crop conditions stay at the forefront, while fund buying and a supportive commodity backdrop could help keep buyers interested. The question now is whether cotton can hold its recent breakout.

- **Monday's Crop Progress report will provide the next look at a crop that has deteriorated through August.** Conditions declined again last week, while drought expanded across Texas and the Southwest. With little widespread relief in the forecast, weather stays supportive as the crop moves closer to the finish line.

- **Fund buying has become a bigger part of the story, although cotton positioning is getting stretched.** Funds have bought agricultural markets for three straight weeks, helped by a weaker dollar, firmer crude oil, and strength across commodities. More buying could extend the rally, but crowded positioning leaves cotton vulnerable to a pullback.
- **Outside markets could carry more weight during another relatively light cotton week.** The weaker dollar and firmer crude oil have helped bring money back into agriculture, while strength in grains has added to the broader commodity move. That backdrop is supportive, although late-August seasonals become less favorable for cotton.
- **Friday's Jackson Hole speech is the main macro event of the week.** Fed Chair Kevin Warsh will speak as markets weigh weaker labor data against inflation concerns. Until then, the dollar, crude oil, and broader commodity flows should help set the tone.

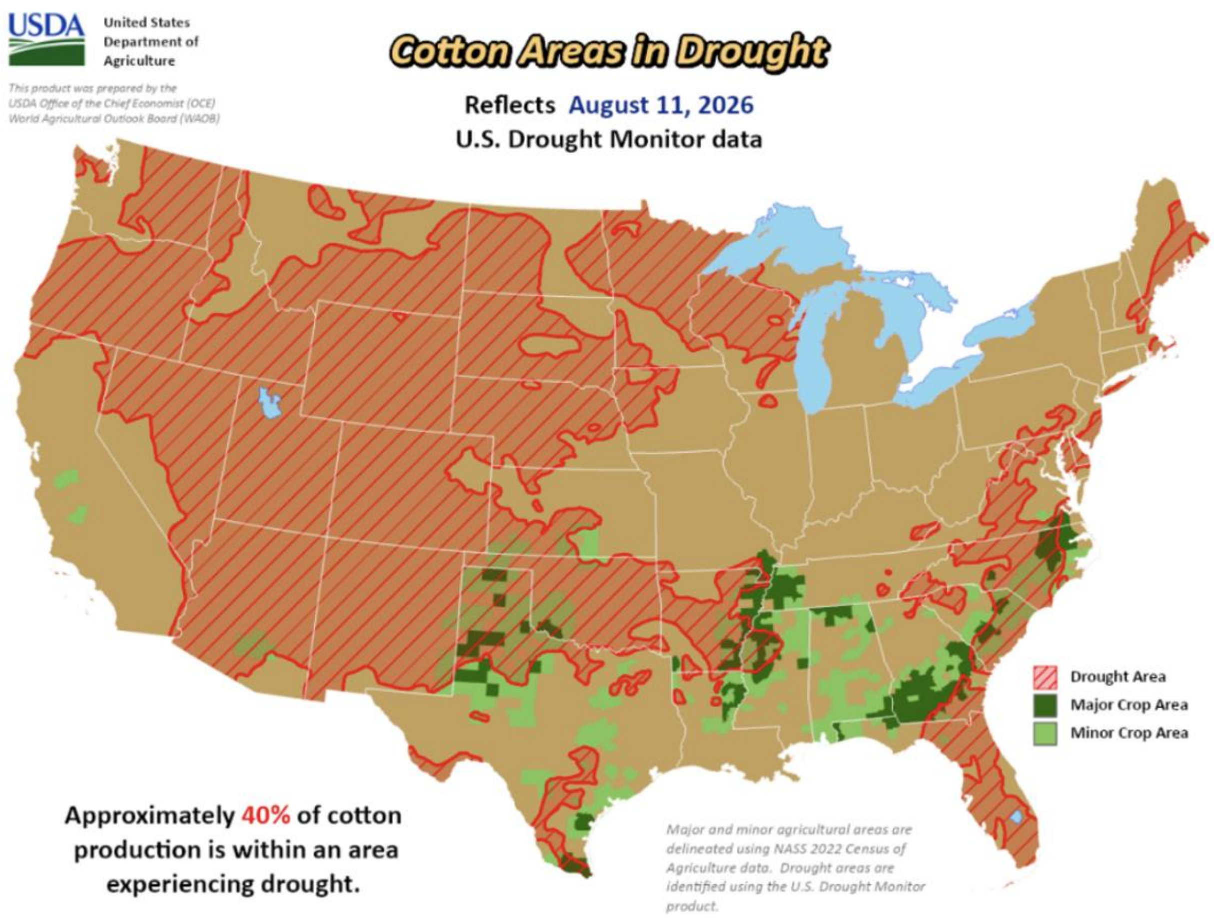




Market Recap

- Cotton pushed sharply higher last week, with December futures settling at 88.35 cents per pound, up 355 points on the week. The market broke through the late-May highs on Wednesday and held most of those gains through Friday. Volume and open interest also increased alongside the move, offering better confirmation that new money was coming into the market rather than prices simply moving higher on short covering.
- Weather kept the supply side of the market firmly in focus. U.S. crop conditions declined for the third straight week, while drought expanded across the Cotton Belt. All of Oklahoma’s cotton area is now in some level of drought, along with 78% in Kansas and 59% in Texas. A few areas of West Texas caught spotty showers late in the week, but coverage was limited, and the forecast stays hot and dry.

- The move was more than weather alone. Agricultural markets strengthened during the week, and the broader commodity complex moving higher. Cotton broke out alongside that strength, while managed money added to its position and open interest climbed.
- On-call data offered another favorable signal, while demand from China stayed encouraging. Unfixed sales still exceed unfixed purchases, leaving buying that eventually needs to come into the market as contracts are priced. At the same time, China's reserve auctions sold out every session again last week, extending the streak to 24 consecutive days and bringing total reserve sales above 200,000 metric tons.



Economic and Policy Outlook

- Outside markets gave commodities a friendlier backdrop last week, with the U.S. dollar weakening and crude oil moving sharply higher. Oil was the bigger story, with Brent gaining more than 6% as shipments through the Strait of Hormuz stayed heavily restricted. While diplomatic talks are starting to offer some hope of easing the disruption, physical flows are still well below normal.

- The U.S.-Canada trade deal fell apart over the weekend, with 50% tariffs now in place on roughly $20 billion of Canadian goods. Canada plans to retaliate beginning September 8, targeting several U.S. industries, including dairy and agricultural equipment, although the final list and tariff rates have not been released. For agriculture, the good news is that corn, soybeans, ethanol, beef, and pork have not been named so far. There is still time for the two sides to negotiate before September 8, but Canada's final list will be the next thing to watch.

Supply and Demand Overview

- Upland net sales totaled 209,400 bales for the week, led by Vietnam, Pakistan, El Salvador, Honduras, and India. The business was spread across several markets, with Vietnam purchasing 55,400 bales and Pakistan adding 51,900 bales. China, Mexico, and Turkey posted modest reductions.
- Upland exports reached 222,000 bales, improving from the 140,500 bales shipped during the first six days of the marketing year. Vietnam led shipments, followed by Pakistan, India, Bangladesh, and Turkey. Total commitments have now climbed to roughly 4.44 million bales, or about 37% of USDA's current export projection.
- Pima net sales totaled 5,900 bales, with India and Vietnam accounting for most of the week's business. Pima exports reached 6,900 bales, led by India and Pakistan.
- Overall, demand has shown some signs of life early in the marketing year. Sales have been fairly well spread across markets, and China's reserve auctions have also been encouraging, with U.S. cotton making up a sizable share of the imported cotton sold. Now, the focus shifts to whether that interest can keep showing up in weekly sales and shipments.

The

Source: USDA, based on Current Year Production Projections

Seam®

- **As of Friday afternoon, grower offers totaled 746 bales.** The past week 55 bales traded the G2B platform received an average price of 81.60 cents per pound. The average loan redemption rate (LRR) was 56.51, bringing the average premium over the LRR to 25.09 cents per pound.

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

ICE Futures Ending 8/21/2026

	Settlement	Daily Change	Weekly Change
December '26	88.35	+0.01	+3.55
March '27	90.15	+0.07	+3.47
May '27	91.19	+0.14	+3.35
July '27	90.38	+0.20	+3.03

Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	69.62	+1.43
Loan Deficiency Payment	0.00	0.00
Fine Count Adjustment 2025	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 8/21/26 - 8/27/26