



PLAINS COTTON  
COOPERATIVE ASSOCIATION



**JANUARY 26, 2026**

### **The Week Ahead**

There was no shortage of major developments during last week's shortened trading week. Markets and politics were active on multiple fronts.

- Another partial government shutdown is looming, the U.S. dollar has fallen to new four-month lows, and the Buying American Cotton Act (BACA) is back in focus after gaining renewed momentum in both the Senate and the House of Representatives.
- Trump's pullback on Greenland-related tariffs has quieted markets for now, but analysts warn that his threats still carry

real follow-through risk and could drive escalating volatility as investors continuously price in and react to his brinksmanship.

- Stock markets are starting the week with a more bullish tone, but there is plenty of headline risk between now and Friday. Tech-heavy stocks known as the “Magnificent Seven” are set to report quarterly earnings, and the Federal Reserve will provide its next interest rate update on Wednesday.

February begins next week, and it is shaping up to be a busy month for cotton. The crop insurance price discovery period for much of the Southwestern crop starts February 1, with early indications placing the cotton insurance price at 68 cents per pound for the 2026 crop year in the furthest portions of the state. In addition, the coming weeks will bring a series of acreage updates and projections that will offer the first clearer signals of what 2026 cotton plantings may look like.

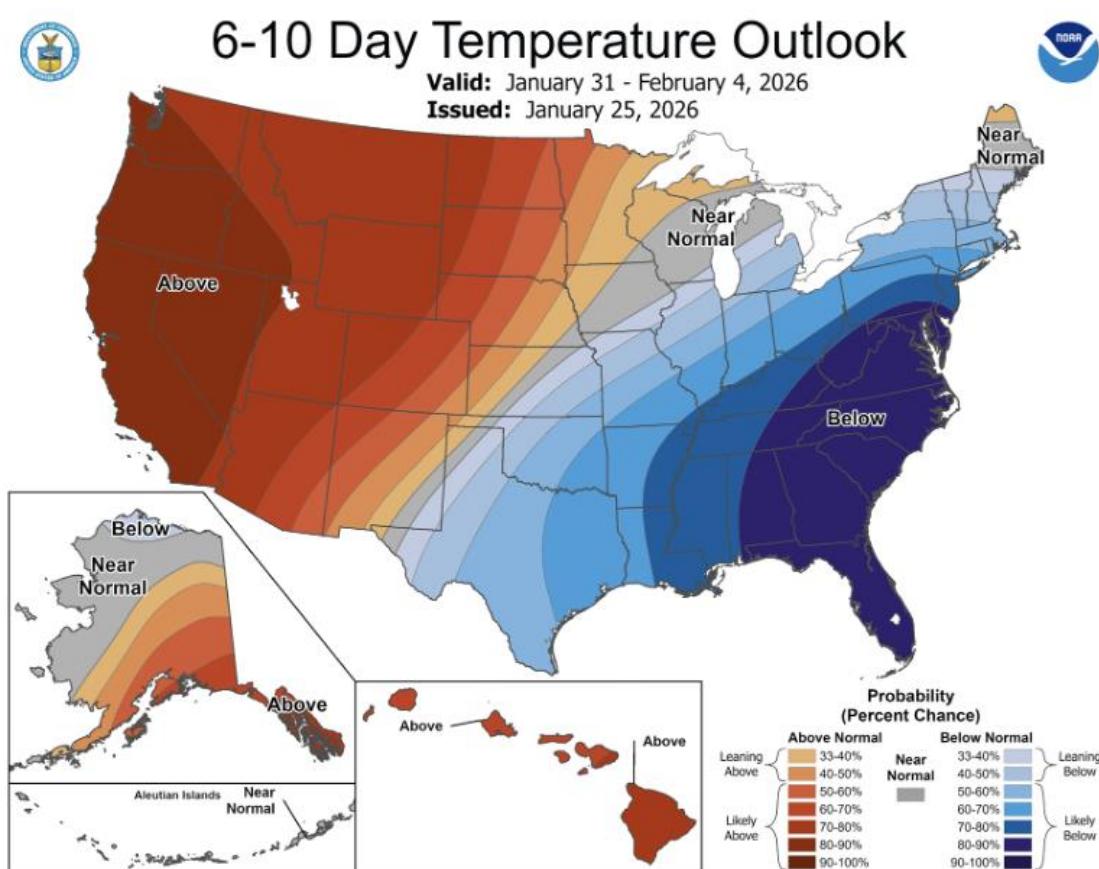
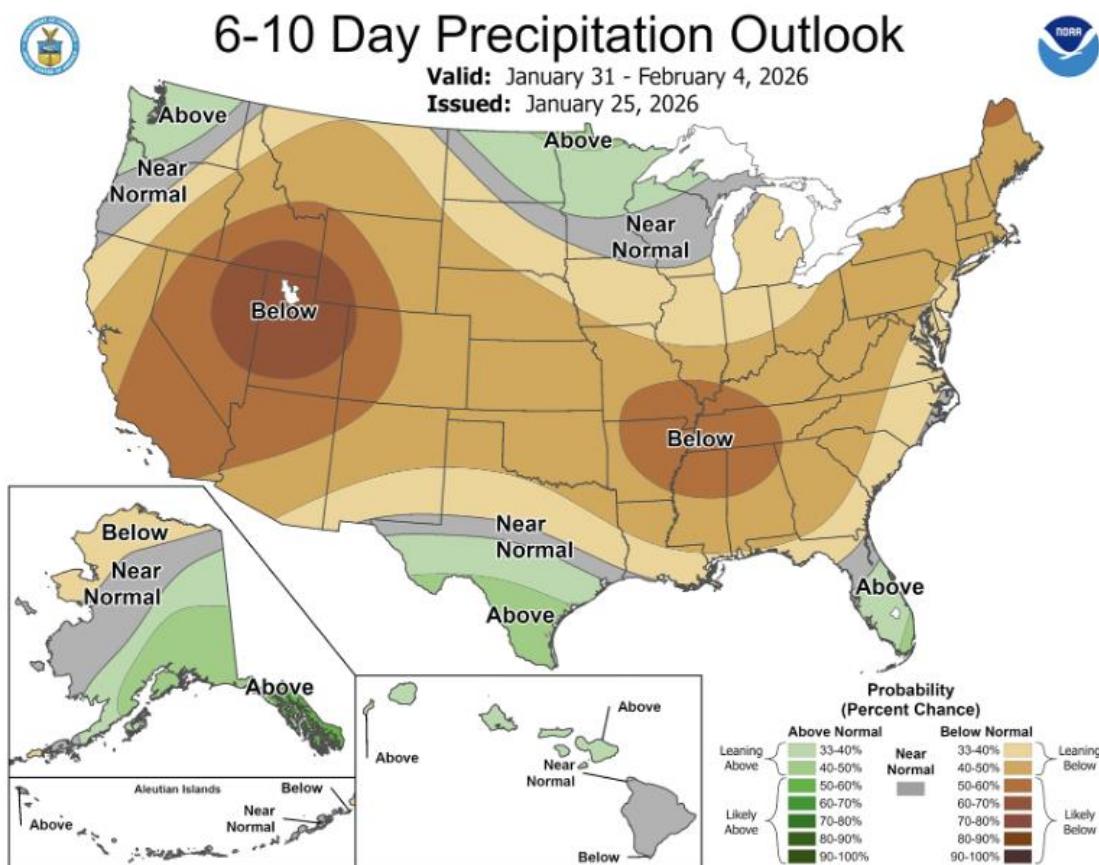
## Market Recap

- March futures dropped below the 50-day moving average, keeping the technical setup weak for cotton prices. March futures finished lower last Friday, settling at 63.81 cents per pound, down 85 points on the week.
- Cotton traded mostly sideways to lower this week as risk-off sentiment and geopolitical headlines kept markets cautious. Early firmness faded into midweek, with futures unable to

break out of a tight range amid ongoing grower movement and macro uncertainty. The Intercontinental Exchange (ICE) announced a new East Coast delivery point in Savannah, Georgia, beginning in 2028, a notable logistical update amid muted price action. By Thursday, March posted its lowest close in about a month, pressured by speculative flows, option-related positioning, and continued grower selling. Winter storm concerns added to the disruption heading into the weekend. Despite another strong demand report on Friday, futures ended lower again, pointing to positioning, March options expiration, and upcoming index rolls as key near-term drivers. Cotton volatility has edged higher as futures and spreads continued to move lower, with the selling likely driven in part by specs reducing long positions and renewed CTA momentum as the technical outlook weakens.

- This past weekend's frozen precipitation and winter weather event brought much-needed moisture across parts of the Southwest, but it also created dangerous conditions and significant disruptions. Freezing rain, snow, and extreme cold led to hazardous travel, power issues, and operational slowdowns in many areas. While moisture is beneficial in the long term, the severity of the storm served as a reminder of the risks winter weather can bring.
- Daily volume was strong last week, and open interest continued to build. Total open interest reached record levels,

increasing by 12,031 contracts to 348,724, while certificated stocks were down 1,609 bales to 10,422 bales.

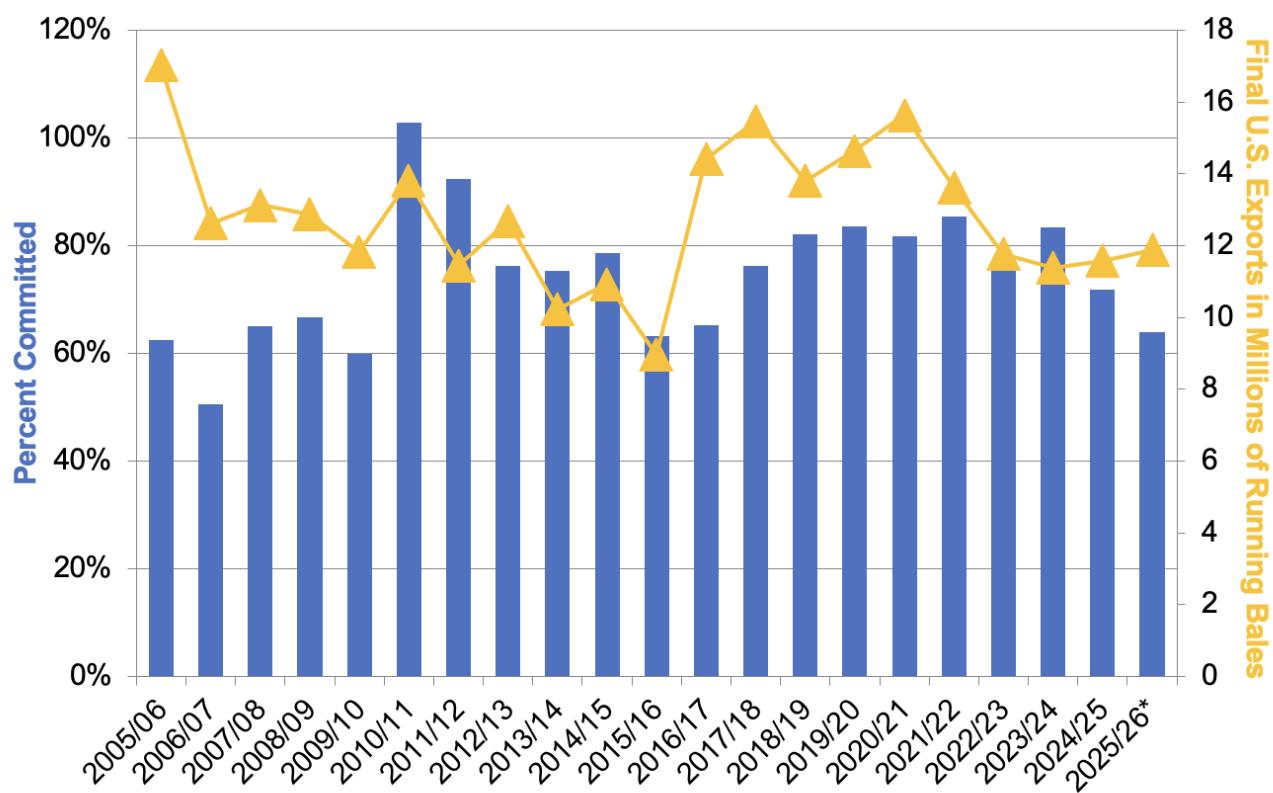


## Economic and Policy Outlook

- A government shutdown is increasingly likely as Senate Democrats move to block a major funding package tied to Homeland Security after a second serious Immigration-and-Customs-related shooting heightened tensions. With federal funding expiring Friday, Senate Democrats have stated they will attempt to block the House a package of six appropriation bills, including funding for the Department of Homeland Security. USDA remains fully funded under the mini-bus package passed last fall, meaning agriculture programs and the loan program are not expected to face a lapse even if another shutdown occurs. This keeps the CCC loan operational and provides important stability for the sector.
- Gold surged past \$5,000 an ounce for the first time, extending its rally as investors sought safety amid rising geopolitical uncertainty and a weaker U.S. dollar. Meanwhile, U.S. natural gas jumped above \$6 for the first time since 2022 as an intense cold snap swept across much of the country, boosting heating demand and disrupting supply. The extreme winter weather has also created widespread travel and operational disruptions, adding another layer of volatility across markets.
- The Buying American Cotton Act (BACA) was introduced with bipartisan support and is designed to encourage the use of U.S.-grown cotton in consumer products. The legislation would establish tax credits that incentivize retailers and manufacturers to incorporate more U.S.-grown cotton, yarns, and fabrics, while also supporting investment in domestic textile production. PCCA and other supporters say the bill could help strengthen cotton demand, improve supply chain resilience, and address ongoing country-of-origin and traceability concerns.

## U.S. Export Commitments as % of Final Exports

### Week 24 of Marketing Year



Source: USDA, \*WASDE forecasted exports

## Supply and Demand Overview

- The Export Sales Report for the week ending January 15 showed record net sales for both Upland and Pima cotton. Net Upland sales totaled 412,500 bales, while Pima sales came in at 16,400 bales. Upland shipments improved but remain below the pace needed, while Pima shipments stayed strong. During the week, 187,800 bales of Upland cotton were shipped, along with 10,000 bales of Pima.
- Even with the strong sales, exports must accelerate to meet USDA's 12.2 million bale projection. Sales would need to average roughly 155,000 bales per week, with shipments closer to 300,000 bales per week.

## The Seam®

- As of Friday afternoon, grower offers totaled 113,186 bales. The past week 46,171 bales traded on the G2B platform received an average price of 59.39 cents per pound. The average loan redemption rate (LRR) was 51.82, bringing the average premium over the LRR to 7.57 cents per pound.