

A photograph of a cotton field with green plants and a dirt path. The text 'Cotton Market Weekly' is overlaid in white, bold, serif font.

# Cotton Market Weekly

**MAY 26, 2026**

## **The Week Ahead**

**Markets are searching for direction this week following another volatile round of commodity liquidation and a sharp pullback across cotton futures in recent sessions.**

- **U.S. markets were closed Monday, May 26, for Memorial Day, making this a shortened trading week, though macro headlines are still expected to remain firmly in control.**
- **The backdrop remains mixed for agricultural futures, with crude oil staying volatile following conflicting U.S.-Iran headlines. Weekend reports suggested negotiations**

were moving closer to a deal, but renewed U.S. strikes on Iranian targets quickly added another layer of uncertainty back into energy and broader commodity markets.

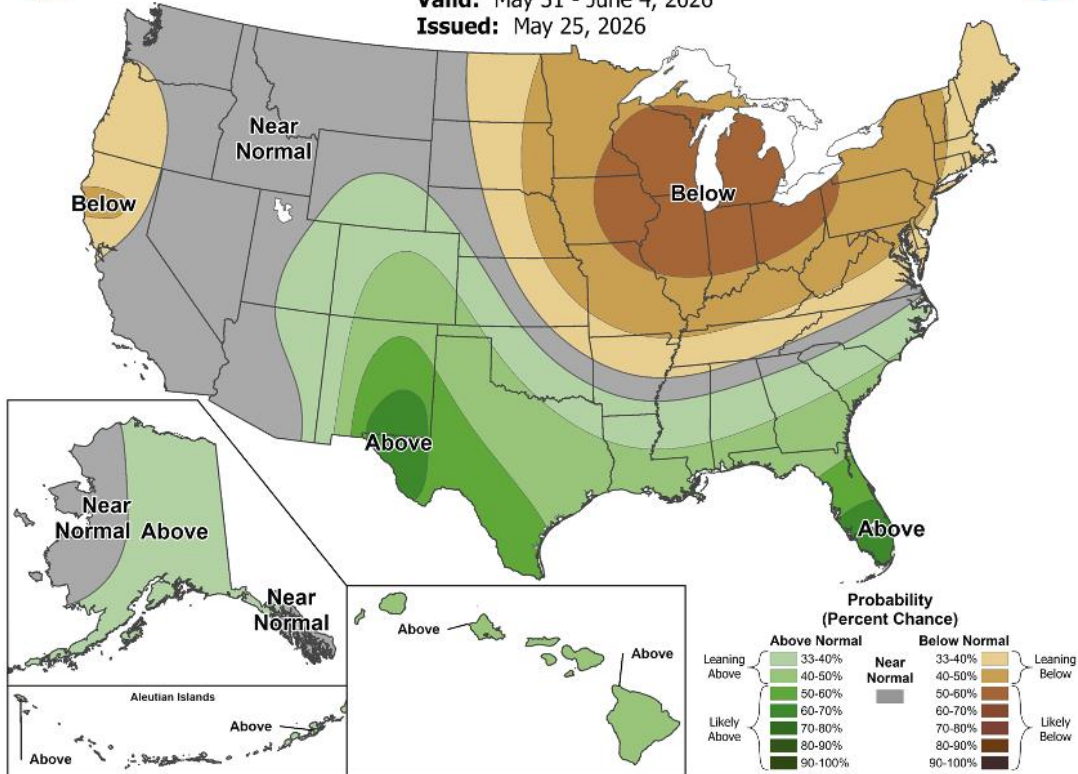
- **Meanwhile, equities remain firm, the U.S. dollar has softened slightly, and the Chinese yuan continues strengthening.** Crude oil will remain a key outside market driver for cotton this week as traders continue monitoring developments surrounding the Strait of Hormuz.
- **On the calendar, Friday's PCE inflation report will be the primary macro focus after last week's Fed minutes reinforced that inflation remains sticky and the Fed is in no rush to cut rates.** Additionally, the U.S. Export Sales Report will be delayed until Friday, May 29.
- **Markets are also beginning to look ahead toward June catalysts, including payrolls, inflation, supply/demand, USDA's Initial Planted Acres report, and the Fed's June meeting and first press conference under Kevin Warsh.**
- **Weather will remain closely monitored after widespread rainfall improved short-term moisture conditions across parts of the Cotton Belt over the Memorial Day weekend, including portions of West Texas.** However, drought concerns remain firmly in place as the growing season progresses.



# 6-10 Day Precipitation Outlook



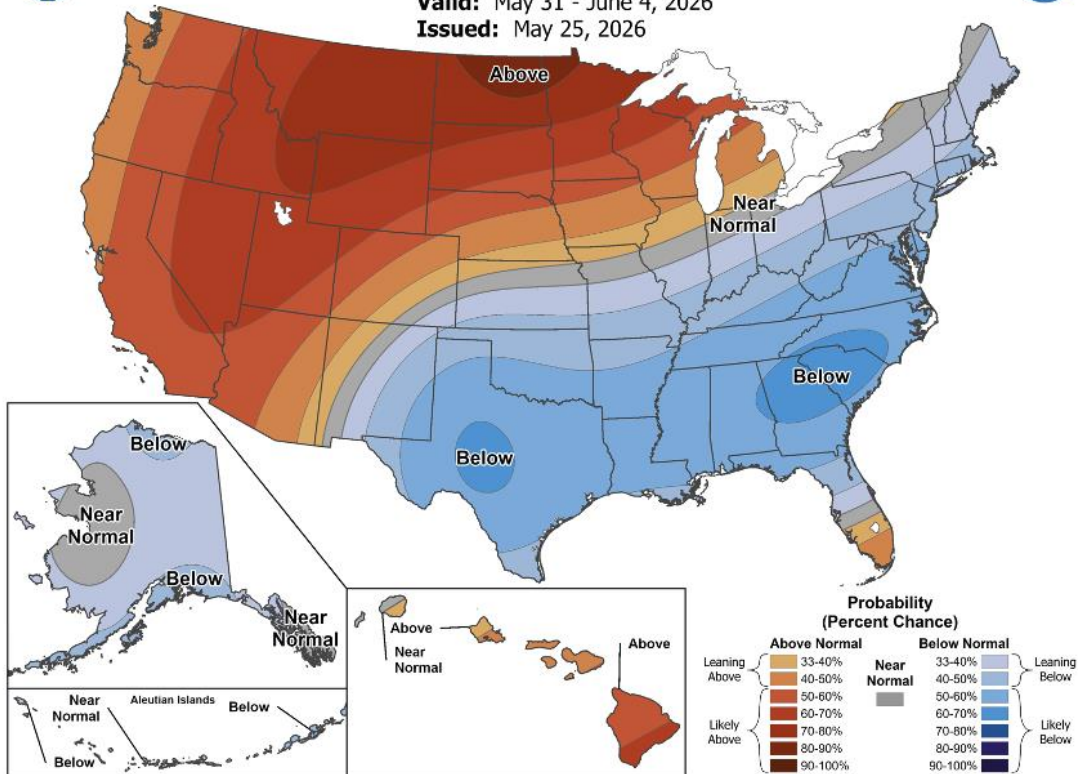
Valid: May 31 - June 4, 2026  
Issued: May 25, 2026



# 6-10 Day Temperature Outlook



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## Market Recap

- **Cotton futures turned sharply lower last week after failing to hold early gains tied to optimism surrounding U.S.-China trade talks and potential ag-purchase headlines.** Outside markets remained in control, with volatile crude oil and broad commodity liquidation weighing on prices, while improving rain chances across the Cotton Belt and rising certificated stocks added further pressure.
- **July futures posted a second straight weekly loss and have now pulled back nearly 11.5 cents from the recent highs.** By Friday's close, July settled 319 points lower at 77.42 cents per pound, while December finished 258 points lower at 79.33 cents.
- **Fundamentally, export sales remained supportive, and shipment pace continued running above the level needed to meet USDA's current export projection.** It was also another massive week of trading activity, especially in options, where volume reached a new post-2008 high as traders continued scrambling to get risk back under control following the sharp reversal lower.
- **This week's China Cotton Conference will be closely watched for greater clarity surrounding recent U.S.-China agricultural announcements and potential reserve rotation activity after China denied rumors of large reserve cotton releases sparked by a fake reserve notice that circulated online last week.**
- **We will also be monitoring continued discussion surrounding India potentially removing its 11% cotton import duty again, which could open the door for increased foreign cotton demand, including U.S. cotton, after rising domestic prices pressured Indian mills.** India temporarily removed the duty last year, leading to a noticeable increase in imports and stronger buying interest.
- **Weather stayed front and center as widespread rainfall improved short-term conditions across portions of Texas, the Delta, and Southeast.** While West Texas

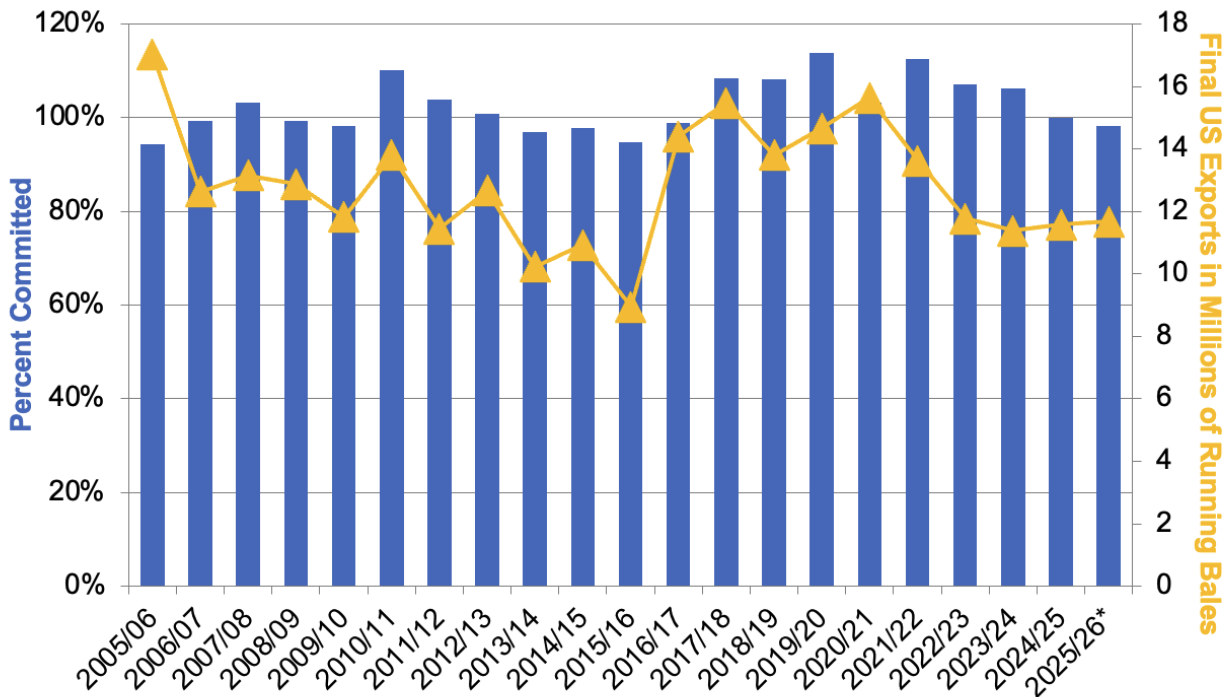
received much-needed moisture over the Memorial Day weekend, forecasts and drought conditions will continue to be monitored closely as the market moves further into the growing season and planting starts to progress.

## **Economic and Policy Outlook**

- **Maybe we're getting closer to a stretch where Iran and the Strait of Hormuz stop dominating every market headline, though this week proved we are not there yet.** Markets initially found some relief after weekend reports suggested U.S.-Iran negotiations were progressing toward a possible deal, though confidence remained fragile after the U.S. renewed strikes on Iranian targets, citing threats to American troops.
- **The back-and-forth headlines continue creating volatility across energy and broader commodity markets as traders try to gauge whether negotiations can eventually lead to more stable shipping flows through the Strait of Hormuz.**
- **Despite that uncertainty, U.S. equities continued pushing higher ahead of the Memorial Day weekend, helped by improving sentiment surrounding Middle East negotiations and continued optimism around AI-driven earnings and spending.** At the same time, inflation and interest rate concerns still linger in the background, especially as markets continue adjusting to Kevin Warsh officially taking over as Fed Chair.
- **Consumer sentiment also fell to another record low in May as higher fuel and living costs continue to weigh on households, while rising bond yields and sticky inflation expectations are keeping some nervousness beneath the surface of broader financial markets.**

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

Week 41 of Marketing Year



Source: USDA, \*WASDE forecasted exports

### Supply and Demand Overview

- Overall, last week's Export Sales Report came in stronger than expected, particularly on the new crop side, although the market struggled to build on the supportive data and futures drifted lower through the session.
- For the week ending May 14, U.S. export sales improved from the prior week, with net Upland sales totaling 131,800 bales for the current marketing year. Pakistan was the clear leader in buying activity, followed by Vietnam and Turkey, with additional support from Malaysia and China.
- New crop sales were particularly strong at 216,000 bales, driven primarily by Pakistan, with Indonesia and Turkey also contributing.
- Shipments held steady at 289,400 bales, nearly unchanged from the previous week. That level remains

above the roughly 272,000 bales per week needed for the U.S. to reach USDA's current 12.0 million bale export projection.

- **Pima activity remained relatively light, with sales totaling 9,500 bales and shipments at 9,900 bales.**

#### ICE Futures Ending 5/22/2026

	Settlement	Daily Change	Weekly Change
July '26	77.42	-0.56	-3.19
December '26	79.33	-0.40	-2.58
March '27	80.19	-0.39	-2.36
May '27	80.81	-0.33	-2.06

#### Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	68.68	-3.19
Loan Deficiency Payment	0.00	0.00
Fine Count Adjustment 2025	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 5/22/26 - 5/28/26

## The Seam®

- **As of Friday afternoon, grower offers totaled 1,141 bales.** The past week 135 bales traded on the G2B platform received an average price of 70.00 cents per pound. The average loan redemption rate (LRR) was 54.86, bringing the average premium over the LRR to 15.14 cents per pound.

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