

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

Cotton Market Weekly

MARCH 7, 2025

Cotton prices remained under pressure this week, weighed down by volatile tariff news. Stock markets faced similar headwinds, erasing all gains made in 2025. Will the volatility persist, or has the cotton market finally found a floor? Get QuickTake's read on the week's events in five minutes.

Cotton prices dropped following the implementation of tariffs on China, Canada, and Mexico.

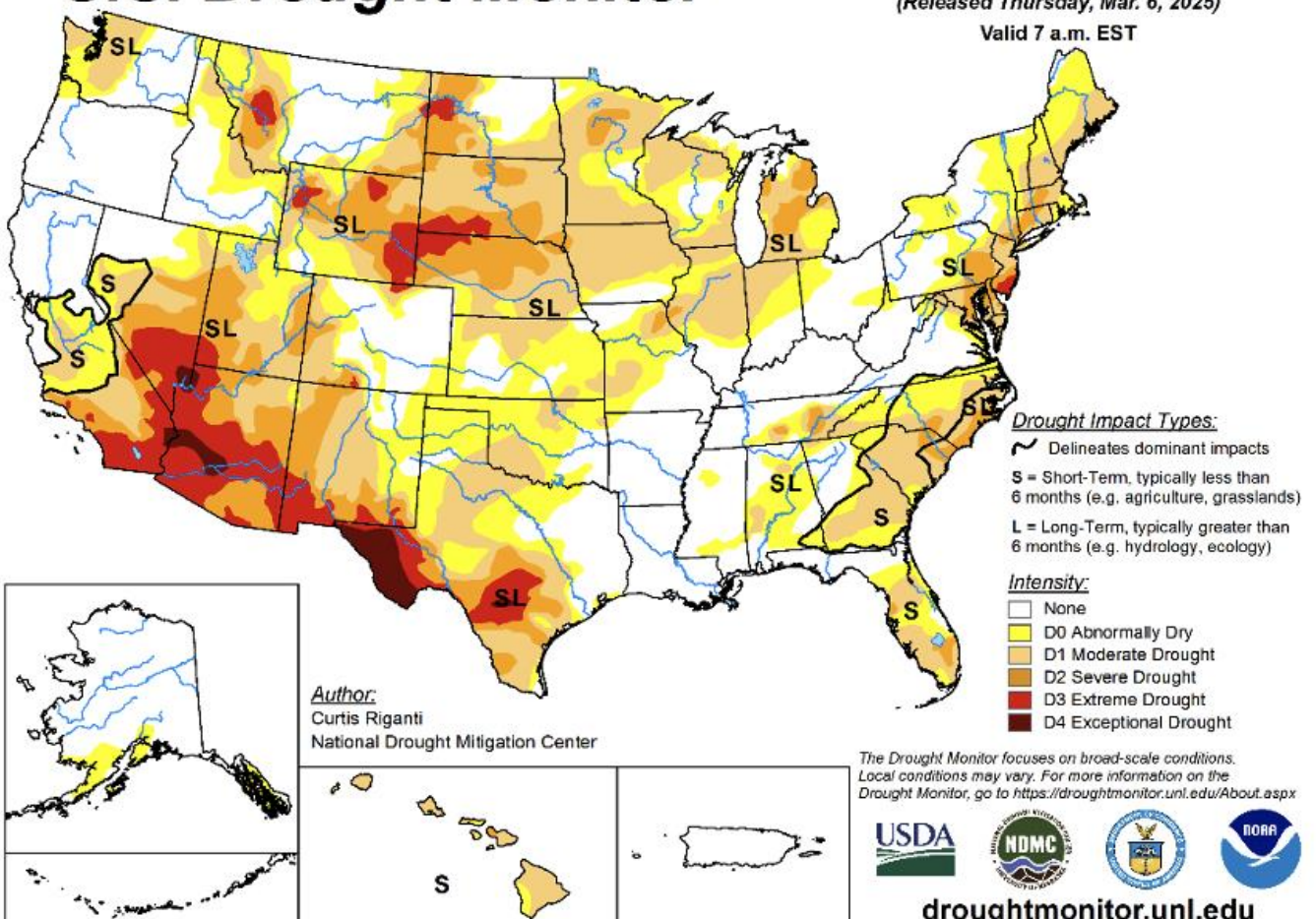
- The May contract settled at 65.21 cents per pound, down 139 points for the week. Early in the week, prices fell below the previous six-month trading range but managed to recover, climbing back above the 65-cent level by the week's close.
- The cotton market had a volatile week, with prices hitting a new contract low of 62.54 cents per pound. Tariffs on the U.S.'s three largest trading partners took effect Tuesday,

sending cotton futures to their lowest level since 2020. China's retaliatory tariffs on U.S. goods deepened the decline. With speculators holding a record short position, some short-covering helped the market partially recover early-week losses.

- The Adjusted World Price (AWP) has been announced at 51.88 cents per pound. The AWP triggers a Loan Deficiency Payment (LDP) if it is less than 52.00 cents per pound. This is the first time the AWP has been below 52.00 cents since 2020.
- Trading volumes were heavy this week, with Tuesday's sharp decline driving the second-highest futures volume ever recorded in cotton. Open interest rose by 9,176 contracts, bringing the total to 282,197. Certificated stocks were last reported at 14,433 bales, an increase of 1,780 bales from the previous week's total of 12,653.

U.S. Drought Monitor

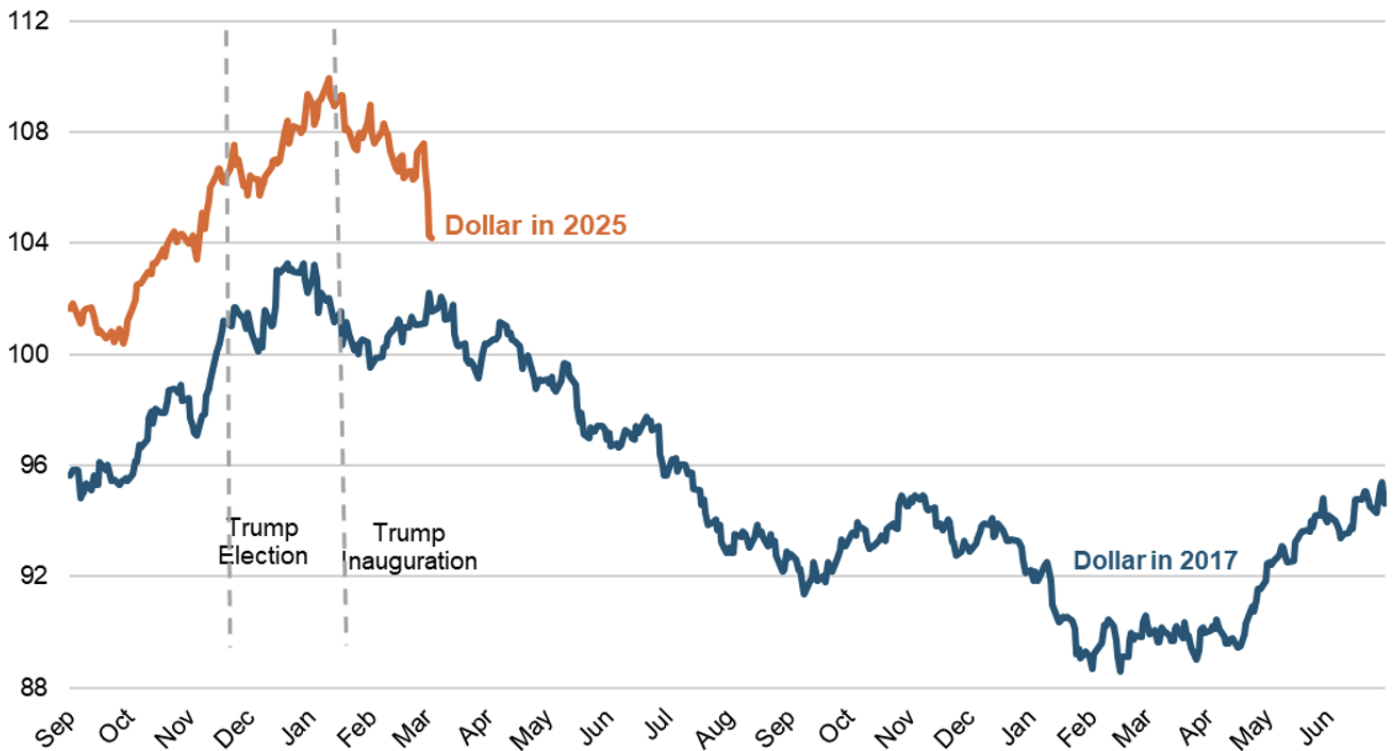
March 4, 2025
 (Released Thursday, Mar. 6, 2025)
 Valid 7 a.m. EST



Tariff concerns and economic tensions weighed heavily on stock markets, erasing any gains made in 2025.

- Trade tensions escalated this week as tariffs on the U.S.'s three largest trading partners—China, Canada, and Mexico—took effect. After a short time negotiating, the Trump administration opted to delay tariffs on goods covered under USMCA from Mexico and Canada until April 2. However, as noted above, China retaliated with tariffs, including a 15% tariff on several commodities, cotton among them.
- Crude oil prices declined, driven mainly by tariff concerns, but also after OPEC+ announced plans to increase production in April — the first such increase since 2022.
- The European Central Bank (ECB) recently cut interest rates, citing improved economic conditions, ongoing tariff threats, and the possibility of increased military spending.
- The U.S. dollar plunged this week, pressured by geopolitical uncertainty and the trade war. While a weaker dollar usually benefits commodities, other factors overshadowed its decline. Foreign currencies, especially the euro, strengthened after ECB's rate cut. This mirrors trends seen during the last administration change and tariff impositions.

Dollar in 2025 compared to 2017

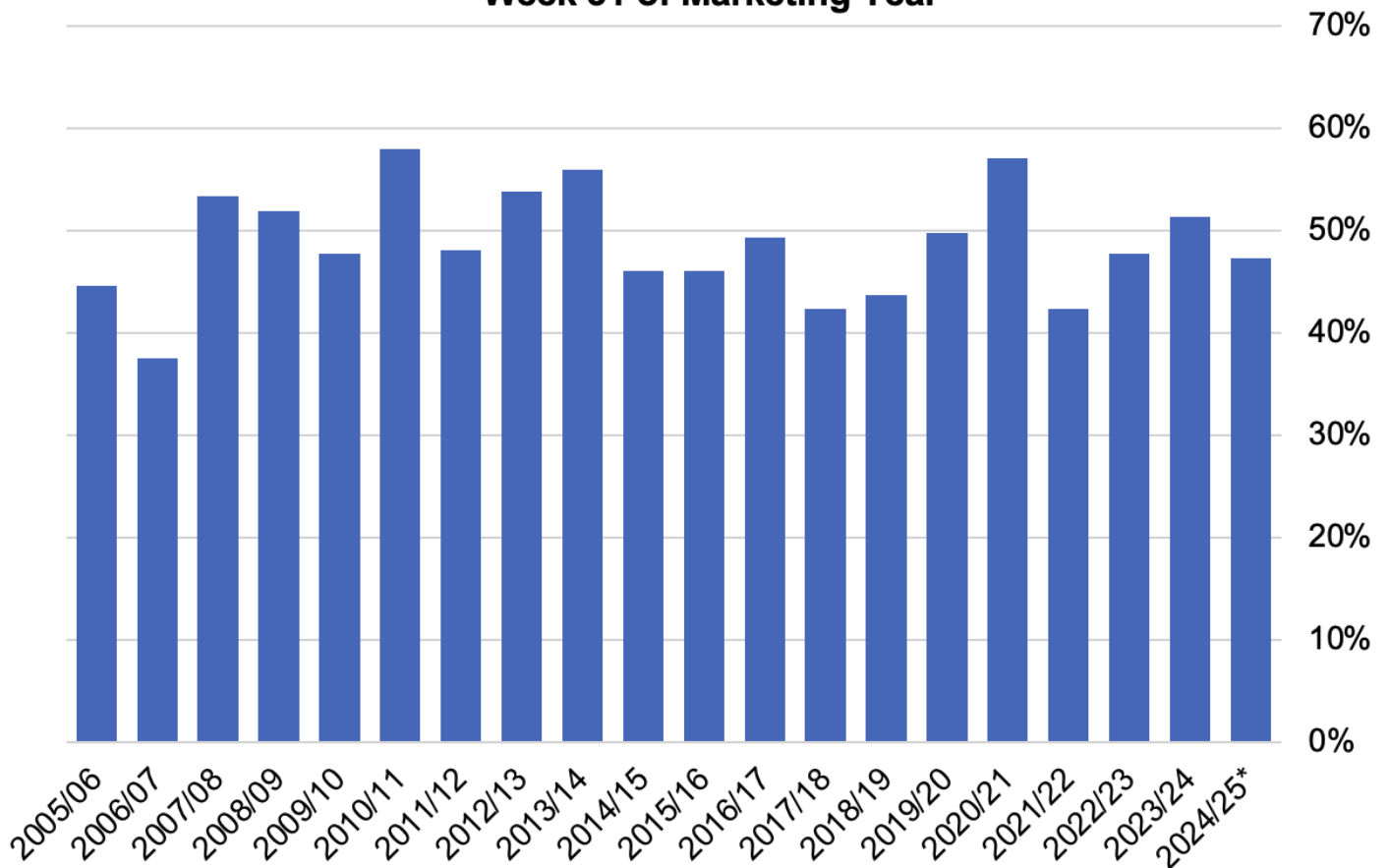


Source: ICE

The U.S. Export Sales Report showed above-average sales and strong weekly shipments.

- For the 2024/25 marketing year, U.S. merchants sold 241,500 Upland bales and shipped a marketing-year high of 334,000. Both sales and shipments surpassed the level needed to meet USDA's current export estimate of 11 million bales. Demand from mills picked up following the price break from the 65-cent support level, and we expect next week's report to be strong as well.
- Pima sales and shipments were solid. Merchandisers sold 10,900 bales and exported 4,000 bales.

Accumulated Exports as % of Final Week 31 of Marketing Year



Source: USDA FAS, *relative to WASDE forecasted exports

The Week Ahead

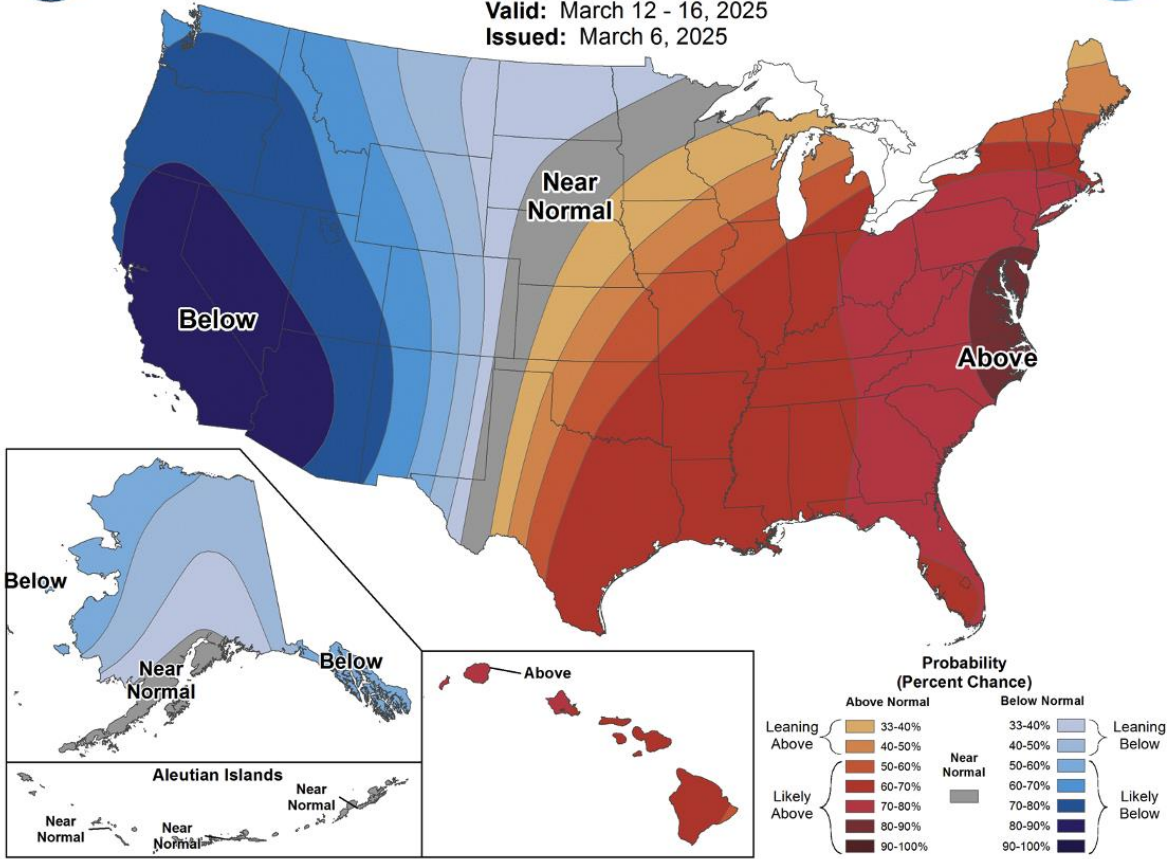
- Next week will be busy on all fronts. USDA will release updated supply and demand estimates on Tuesday, March 11, at 11:00 a.m. CST. The Consumer Price Index (CPI) and Producer Price Index (PPI) will also be released, providing an update on inflation.
- A government shutdown looms as the current Continuing Resolution expires on March 14. Discussions to extend the CR through September will gain importance next week. Producers and merchants are watching closely as this will impact CCC loan entries and redemptions.



6-10 Day Temperature Outlook



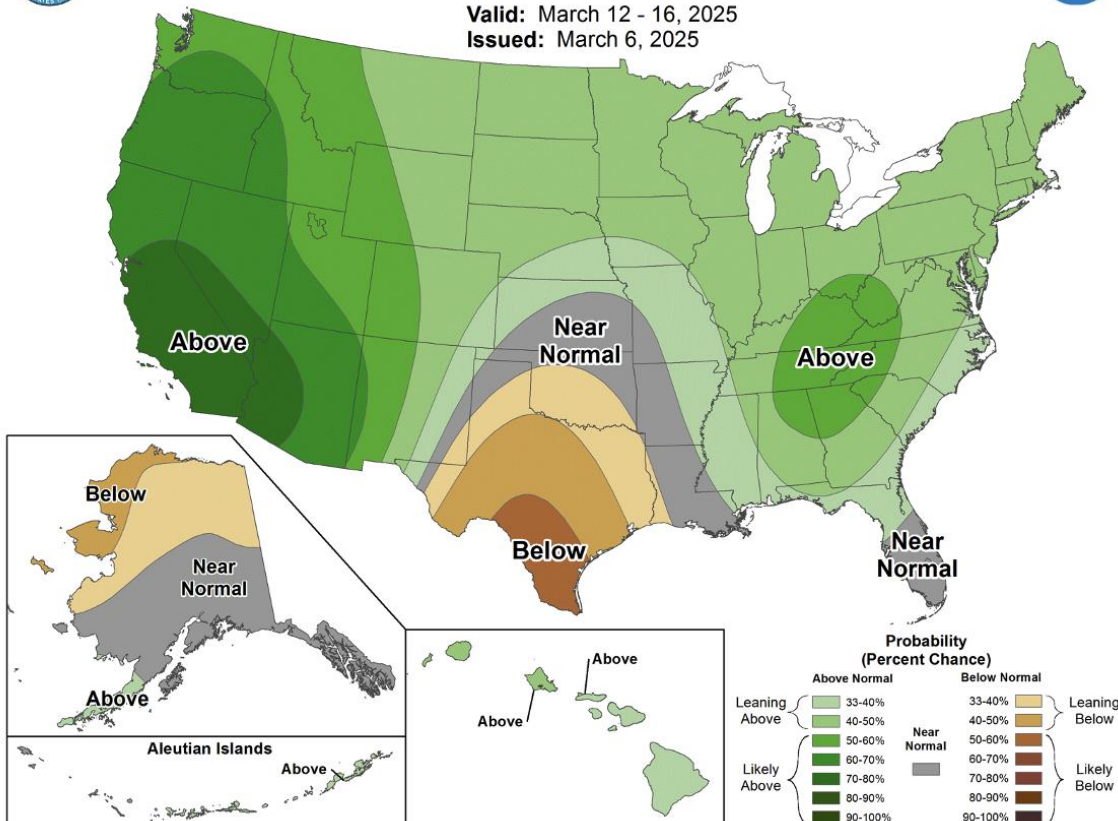
Valid: March 12 - 16, 2025
Issued: March 6, 2025



6-10 Day Precipitation Outlook



Valid: March 12 - 16, 2025
Issued: March 6, 2025



Announcements

Enrollment for the U.S. Cotton Trust Protocol is now open through April 30, 2025. Growers who are currently enrolled will need to renew their membership to continue their involvement in the program.

New Grower Enrollment for Better Cotton will be open March 3-May 30, 2025.

For assistance or questions about enrolling in these programs, contact PCCA at 806-763-8011.

The Seam

As of Thursday afternoon, grower offers totaled 141,952 bales. There were 2,594 bales that traded on the G2B platform with an average price of 56.37 cents per lb. The average loan was 47.98, which resulted in a premium of 8.39 cents per lb. over the loan.

ICE Futures Ending 3/06/2025

	Settlement	Daily Change	Weekly Change
May '25	65.21	+1.54	-1.39
July '25	66.33	+1.46	-1.35
Dec. '25	68.09	+1.25	-0.58
Mar. '26	69.15	+1.16	-0.55

Adjusted World Price (AWP)

	Official 3/07/25 thru 3/13/25
AWP	51.88
LDP/MLG	0.12
2024 FCA	0.00
Coarse Count	0.00