



PLAINS COTTON
COOPERATIVE ASSOCIATION



Cotton Market Weekly

JANUARY 12, 2026

The Week Ahead

- The broader macro backdrop turned more cautious over the weekend after reports that the Fed was subpoenaed by the U.S. government, adding another layer of uncertainty to an already volatile policy environment. At the same time, attention is on this week's WASDE and the market impacts from it, while index fund rebalancing continues over the next several sessions. Speculative positioning remains short in cotton, but not near the record level like in the fall. Overall market sentiment improved late last week; however, the near-term direction will hinge on developments surrounding the Fed and broader geopolitical risks.
- Markets will also be closely watching the next round of inflation data, with CPI due Tuesday, January 13, followed by PPI on Wednesday, January 14. A softer inflation print could weigh on the dollar, lend support to agricultural

markets, and influence expectations heading into the Fed's meeting later this month.

Market Recap

- March futures posted a solid rally early last week, briefly pushing above the 50-day moving average, which had been acting as a key resistance level. Follow-through was limited, however, and the market faded back, finishing roughly unchanged by week's end. On Friday, March futures settled at 64.41 cents per pound, up 40 points on the week.
- Cotton futures saw some upside over the past few sessions as broader markets leaned risk-on, but follow-through has been inconsistent. Each push higher has continued to run into resistance, with selling showing up on rallies and limiting follow-through. Physical activity and buyer interest ticked up over the past week, though price sensitivity is still evident at current levels. Strength in China and early indications of lower U.S. acreage have helped sentiment marginally, but conviction remains mixed considering the demand environment cotton is currently in.
- Daily volume picked up during the first full week of 2026, helped by the early-to mid-week rally. Total open interest increased by 15,721 contracts to 320,684, while certificated stocks were unchanged at 11,510 bales.

Economic and Policy Outlook

- Markets ended the first full week of 2026 on a strong footing, with equities pushing to record highs even as December's jobs report came in slightly softer than expected. Nonfarm payrolls increased by 50,000 jobs, while the unemployment rate edged down to 4.4%, data that seemed to do little to change expectations for rate cuts later this year. Risk appetite remained intact across equities, commodities, and global markets, with moves in rates mixed as short-term yields firmed and longer-dated Treasuries eased.
- That tone shifted at the start of this week, as markets turned more cautious amid renewed concerns around political

pressure on the Federal Reserve. Chairman Jerome Powell acknowledged that he was the target of a criminal probe by the U.S. Attorney's office over statements made to Congress last year regarding the costs of renovations to Fed headquarters in DC. Stocks, bonds, and the dollar moved lower as investors leaned more defensive rather than pressing risk higher. While the pullback has been orderly so far, questions around Fed independence are likely to linger and could remain a source of headline-driven volatility as 2026 unfolds. The Supreme Court was expected to rule last Friday on whether the tariffs were lawful, but the Court ultimately chose not to release a decision. There is potential that we will see the ruling at some point this week.

Supply and Demand Overview

- The January World Agricultural Supply and Demand Estimates (WASDE) came in slightly more supportive than the market had expected. U.S. production was reduced to 13.92 million bales, driven primarily by lower output across the Delta, while changes in the Southwest were mixed. Texas production was left unchanged at 5.0 million bales, Oklahoma was raised by 110,000 bales to 560,000, and Kansas increased by 10,000 bales to 160,000. U.S. domestic use remained steady at 1.6 million bales, while exports were unchanged at 12.2 million bales, pulling ending stocks down 300,000 bales to 4.2 million and lowering the stocks-to-use ratio to 30.4%.
- Globally, consumption increased by 310,000 bales to 118.92 million, while production declined 360,000 bales to 119.79 million. World ending stocks edged lower to 74.48 million bales from 75.97 million. While there has been renewed debate around the state-level U.S. adjustments, overall changes to both the U.S. and global balance sheets were relatively modest – something that is not always the case for the January report.

2025/26 (Proj.) World and U.S. Cotton Supply and Use
(Million 480-Pound Bales)

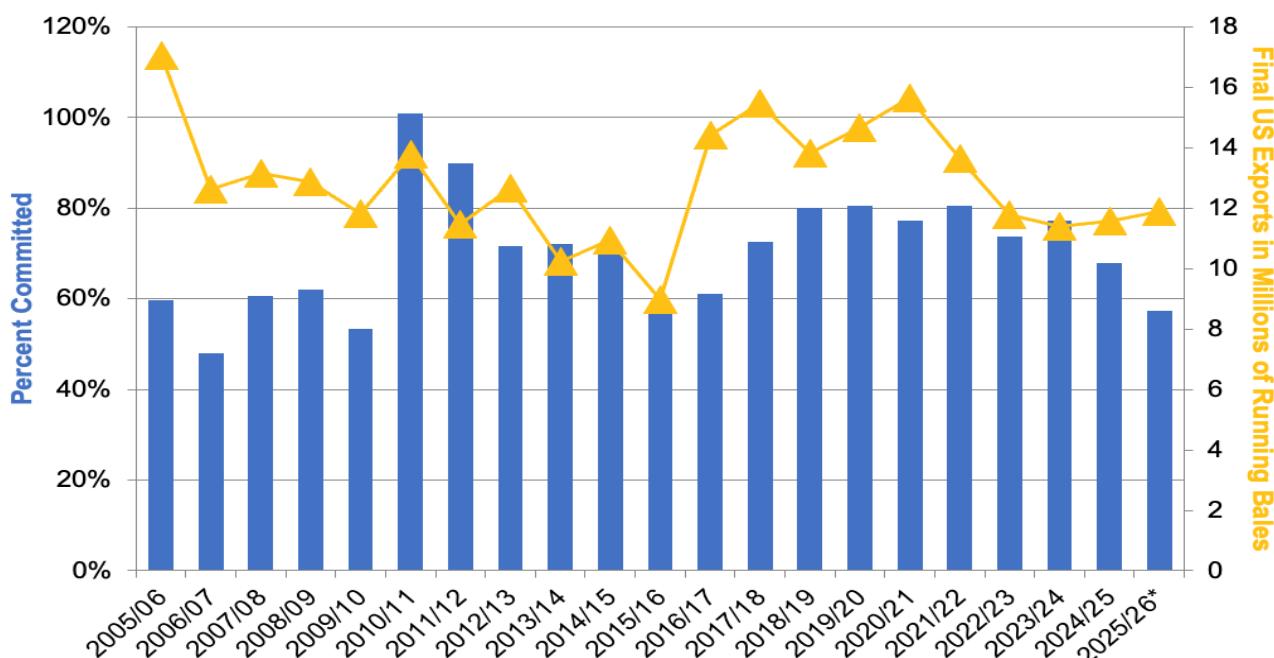
	United States						
	Beginning Stocks	Production	Imports	Domestic Use	Exports	Ending Stocks	Stocks-to-Use
December Report	4.00	14.27	0.01	1.60	12.20	4.50	32.6%
January Report	4.00	13.92	0.01	1.60	12.20	4.20	30.4%
Change	0.00	-0.35	0.00	0.00	0.00	-0.30	-2.2%
	World						
December Report	74.61	119.79	43.73	118.61	43.74	75.97	64.1%
January Report	73.76	119.43	43.76	118.92	43.77	74.48	62.6%
Change	-0.85	-0.36	0.03	0.31	0.03	-1.49	-1.4%

Source: USDA WAOB

- The Export Sales Report is now fully caught up and back to its regular weekly schedule. The most recent report, covering the week ending January 1, reflects a holiday-heavy period when trading activity is typically slower, so the data should be viewed in that context. Even so, it reinforces how challenging the current demand environment remains for U.S. cotton. Net Upland sales totaled 98,000 bales, led by Vietnam, Pakistan, and Mexico, while shipments came in at 154,000 bales, well below the pace needed to reach USDA's current export projection of 12.2 million bales. Total commitments remain the weakest since the 2015 season. On the Pima side, 4,300 bales were sold, and 4,500 bales were shipped.

US Export Commitments as % of Final Exports

Week 22 of Marketing Year



Source: USDA, *WASDE forecasted exports

The Seam

- As of Friday afternoon, grower offers totaled 126,079 bales. Over the past week, 78,209 bales traded on the G2B platform received an average price of 59.69 cents per pound. The average loan redemption rate (LRR) was 52.24, bringing the average premium over the LRR to 7.45 cents per pound.
- Note: The Loan Redemption Rate (LRR) is the loan rate minus the current Loan Deficiency Payment (LDP).

ICE Futures Ending 1/9/2026

	Settlement	Daily Change	Weekly Change
Mar. '26	64.41	-0.05	+0.40
May '26	65.91	-0.02	+0.54
July '26	67.31	-0.00	+0.59
Dec. '26	68.83	+0.01	+0.61

Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	50.97	+0.21
Loan Deficiency Payment	1.03	-0.21
Fine Count Adjustment 2025	0.00	0.00
Fine Count Adjustment 2024	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 1/9/26 - 1/15/26

Sustainability Enrollment Windows

- Enrollment for the U.S. Cotton Trust Protocol will be open January 5th- April 30th, 2026. Growers who are currently enrolled will need to renew their membership to continue their involvement in the program. If your gin would like to host an Enrollment Field Day during this time, please reach out to PCCA at (806)763-8011.
- New Grower Enrollment for the Better Cotton Initiative will be open March 3rd-May 30th. Growers interested in joining this global sustainability program should contact PCCA (806) 763-8011.