



FEBRUARY 21, 2025

Cotton prices saw a slight bounce before pulling back, driven by a mix of market pressure and external factors. Despite strong export sales, the outlook remains uncertain, with rising concerns over tariffs and global economic stability. With key economic reports and a government funding deadline ahead, will market volatility continue? Get QuickTake's read on the week's events in five minutes.

May futures reached their highest level in nearly a month before reversing and settling back into their recent trading range.

- The May contract settled at 67.47 cents per pound, down 51 points for the week.
- The National Cotton Council (NCC) released its 2025 Economic Outlook and Planting Intentions report for the 2025/26 crop year, forecasting a decline in U.S. acreage and

an increase in ending stocks. However, they anticipate global consumption will rise, assuming economic stability.

- The market saw two days of gains before facing selling pressure. Support came from the NCC acreage reduction, but external market news created headwinds. Traders continued to roll March positions forward, and the imbalance from the March on-call position added pressure. Fixations were active, but prices failed to break key technical levels, triggering further selling.
- The discovery period for 2025 cotton insurance prices is underway in West Texas, Oklahoma, and Kansas. As of this week, projected insurance prices stand at 69 cents per pound. In Texas, the southernmost area had an insurance price of 70 cents per pound, while Central Texas was at 69 cents per pound.
- Daily trading volume was moderate, while open interest declined by 19,054 contracts, totaling 270,771. Certificated stocks were last reported at 1,732 bales, marking a 1,514-bale increase from last week's 218 bales.

NCC 2025 Economic Outlook

U.S. Balance Sheet		
	2024/25	2025/26
Planted (million acres)	11.2	9.6
Production (thousand bales)	14.4	13.9
Mill Use	1.7	1.7
Exports	11.0	11.9
Ending Stocks	4.9	5.2
Stocks-to-Use	38.6%	37.8%

World Balance		
	2024/25	2025/26
Production (thousand bales)	120.5	117.2
Imports	42.5	44.2
Mill Use	115.9	117.2
Exports	42.5	44.2
Ending Stocks	78.4	77.7
Stocks-to-Use	67.6%	65.9%

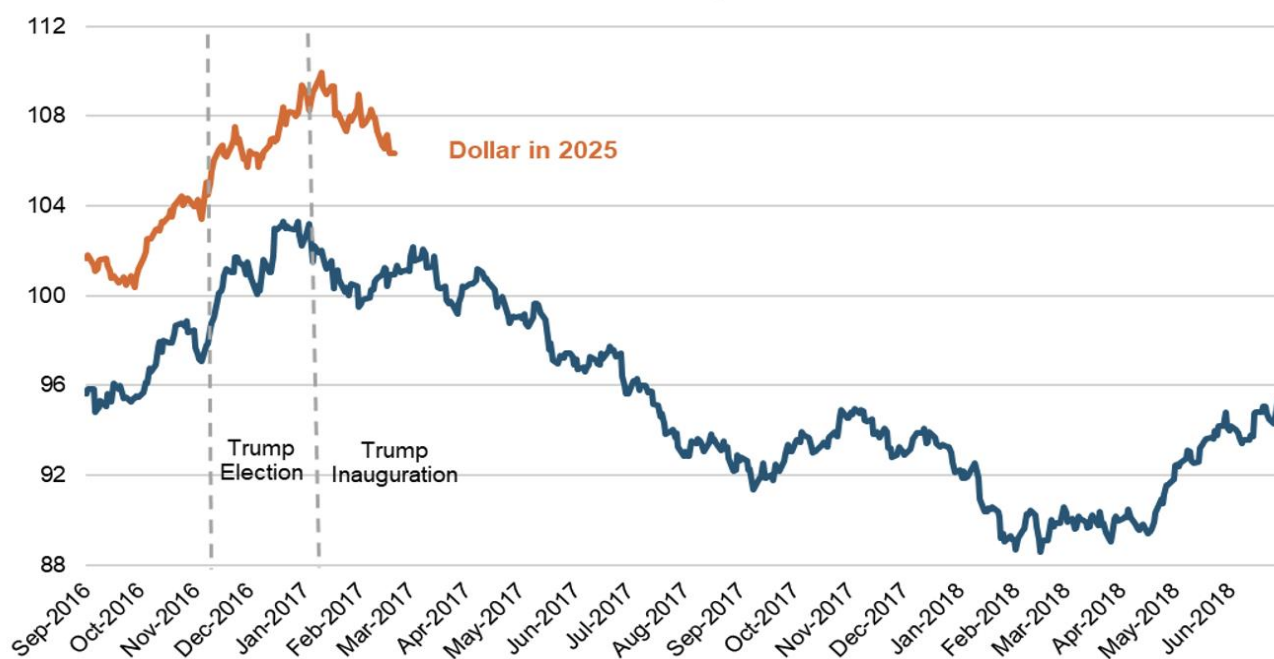
Stock markets were set to reach new highs, but concerns over tariffs and global market uncertainty led to caution. Weak earnings forecasts further weighed on markets as the week came to a close.

- U.S. retail sales raised some concerns this week. In January, sales declined by 0.9%, significantly below the expected 0.2% drop. Despite the monthly decline, retail sales were up 4.2% year-over-year. Clothing and accessories sales fell 1.2% for the month but increased 1.4% annually. Walmart, one of the largest U.S. retailers, is forecasting slower sales

growth for the coming year. This data follows last week's hot inflation report, adding to concerns. Additionally, uncertainty surrounding tariffs is weighing on retailers.

- The minutes from the January Federal Open Market Committee (FOMC) meeting were released this week, aligning with analysts' expectations that the Fed remains in a holding pattern. Hot inflation data and economic policy uncertainty have caused the Fed to consider extending the pause in rate changes until more clarity emerges.
- It's been a busy political week. Markets reacted to tariff speculation while Congress worked on reconciliation. The Senate passed its budget resolution, and the House is supposed to vote next week. With competing proposals and a March 14 funding deadline, lawmakers must pass a spending bill or another continuing resolution to prevent a shutdown.
- The U.S. dollar has fallen to a more than two-month low over the past week. Despite this, commodity prices remained under pressure. The decline was driven by a rally in other currencies and increased unemployment claims. This trend is similar to the one observed following President Trump's previous cycle when elected to office.

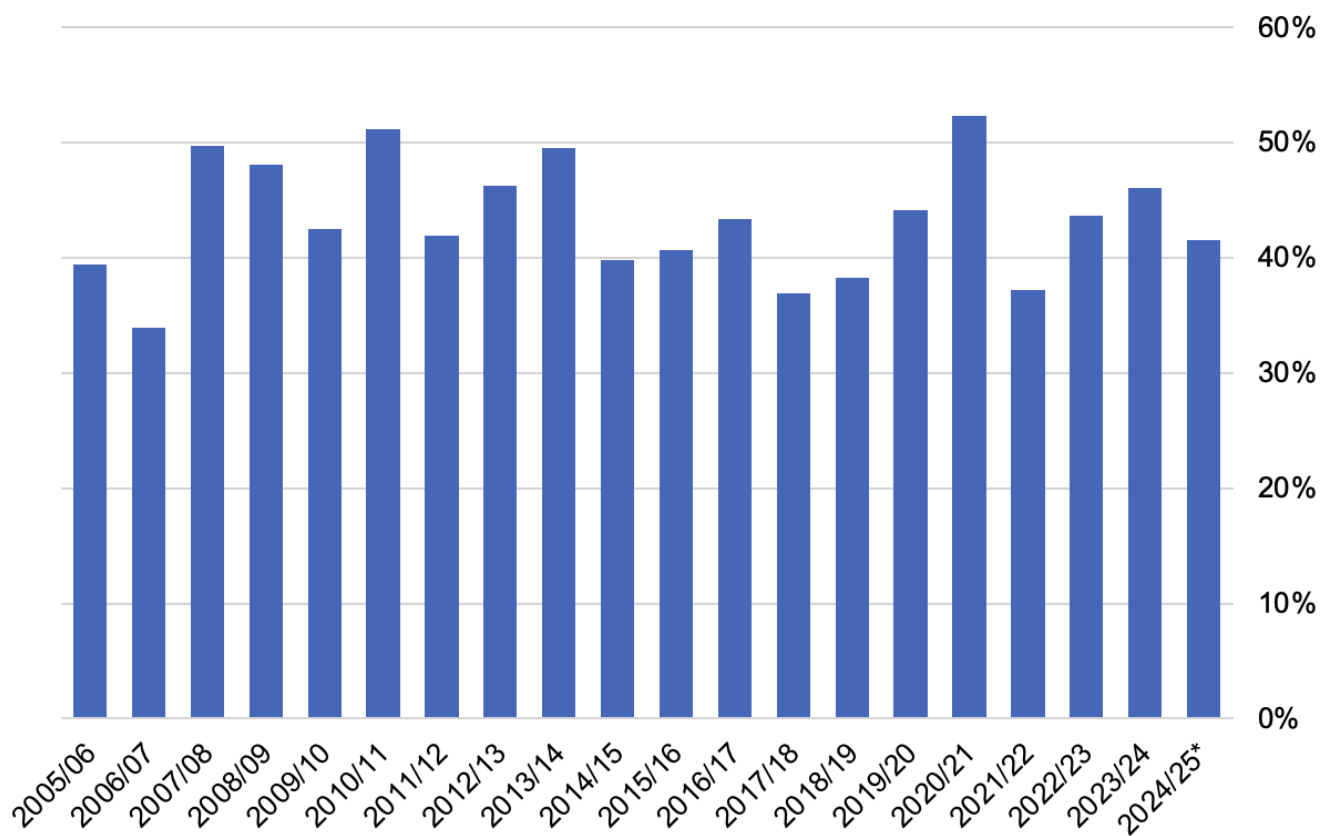
Dollar in 2025 compared to 2017



The U.S. Export Sales Report was one of the strongest this year, highlighting robust sales and a marketing-year high in shipments.

- For the 2024/25 marketing year, U.S. merchants sold 312,500 Upland bales and shipped 298,300 bales. Sales and shipments exceeded the level needed to reach USDA's current export estimate of 11 million bales.
- Pima sales and shipments were solid. Merchandisers sold 17,300 bales and exported 6,500 bales.

Accumulated Exports as % of Final Week 29 of Marketing Year



Source: USDA FAS, *relative to WASDE forecasted exports

The Week Ahead

- Most traders have exited their March positions, but some activity may still occur with First Notice Day approaching Monday, February 24.
- On the data front, upcoming reports include new readings on Consumer Confidence, Gross Domestic Product (GDP), the

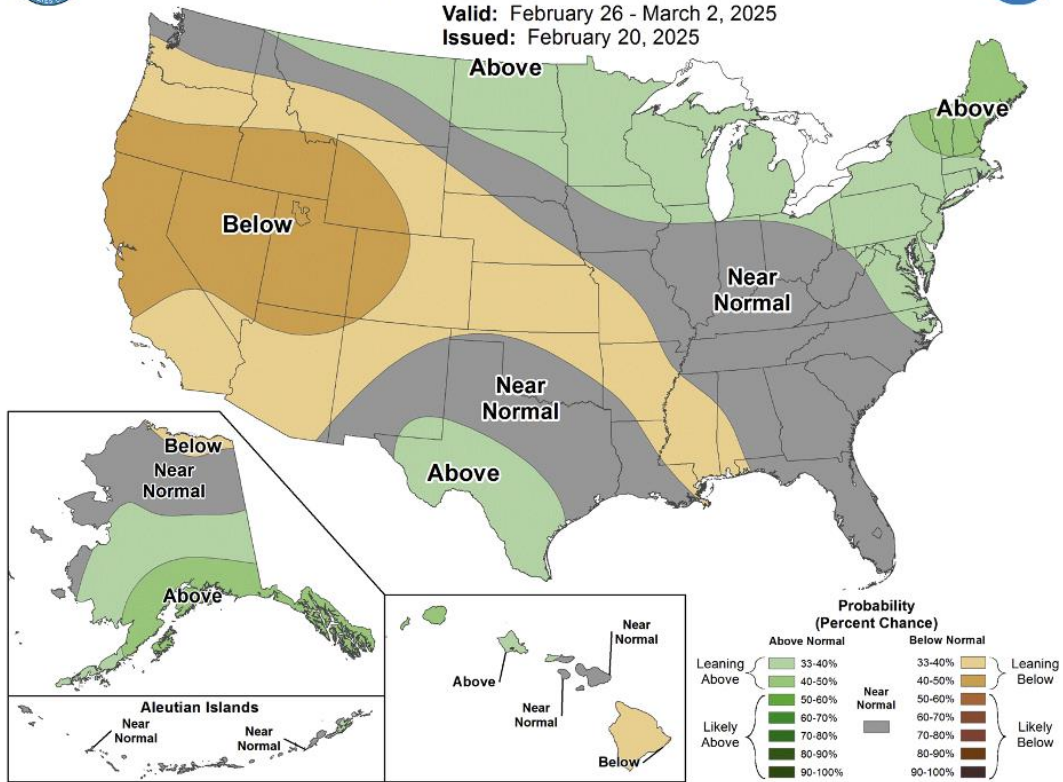
Export Sales Report, and Personal Income – the Fed’s preferred inflation gauge.



6-10 Day Precipitation Outlook



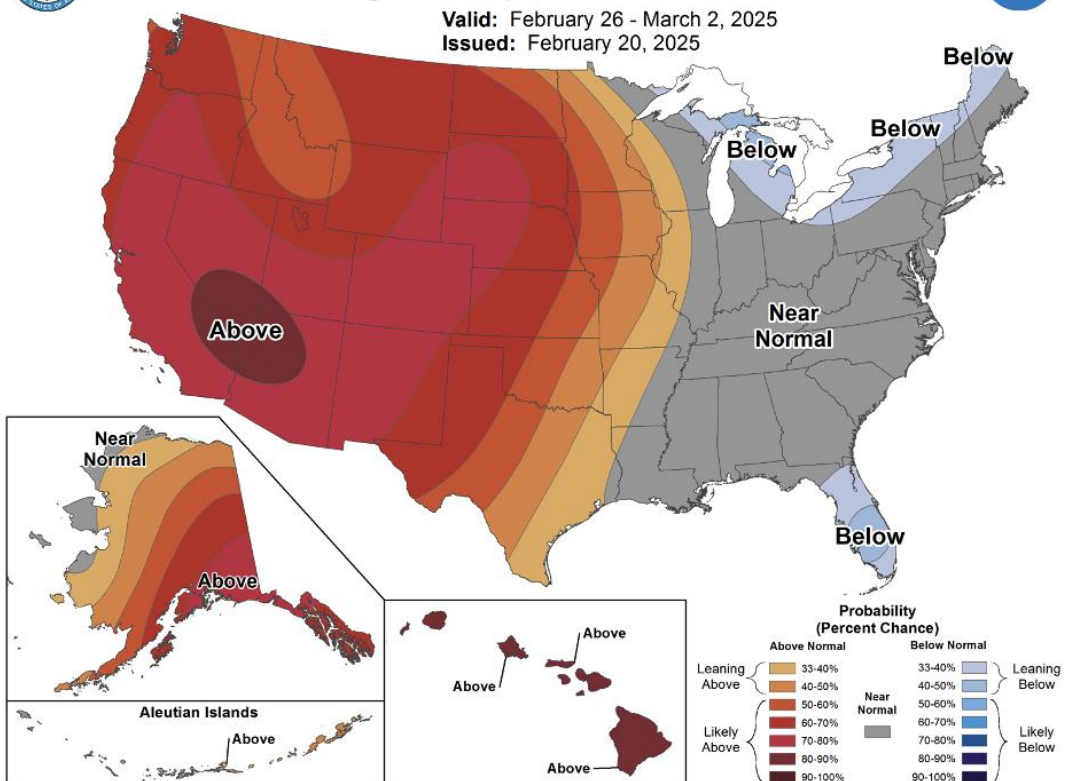
Valid: February 26 - March 2, 2025
 Issued: February 20, 2025



6-10 Day Temperature Outlook



Valid: February 26 - March 2, 2025
 Issued: February 20, 2025



Announcements

Enrollment for the U.S. Cotton Trust Protocol is now open through April 30th, 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 3rd-May 30th.

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

The Seam

As of Thursday afternoon, grower offers totaled 152,869 bales. There were 19,452 bales that traded on G2B platform with an average price of 60.53 cents per lb. The average loan was 50.56, which resulted in a premium of 9.97 cents per lb. over the loan.

ICE Futures Ending 2/20/2025

	Settlement	Daily Change	Weekly Change
Mar. '25	65.97	-0.27	-0.86
May '25	67.47	-0.21	-0.51
July '25	68.47	-0.20	-0.41
Dec. '25	69.16	-0.11	+0.01

Adjusted World Price (AWP)

	Official 2/21/25 thru 2/27/25
AWP	54.67
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00