

Shurely on Cotton: December Market Reports More Noteworthy for the Things They Don't Say

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USDA's December supply/demand and crop production numbers didn't reveal any major changes from the November projections. Here's a summary of the major numbers:

- The 2025 US crop was increased by 150,000 bales to 14.27 million bales. The US average yield was increased slightly. Yield was increased for 12 states. The Texas yield was reduced.
- US mill use reduced 100,000 bales to only 1.6 million bales.

- US exports for the 2025 crop marketing year were unchanged from the November estimate at 12.2 million bales.
- World production was increased by approximately 300,000 bales. No changes in major producing countries other than the US.
- World Use/demand reduced slightly to 118.61 million bales.
- Small reduction in imports for Bangladesh and Vietnam. No change/increase in imports for China.
- No changes in exports for major countries, including Brazil.

Prices (March futures) recently set a new contract low at near 63 cents. Price has bounced back a little, but it appears we are now in a lower range of prices between 63 and 65 cents. Lower prices are likely due to a larger US crop and little to no fresh demand.

There are multiple industry and government efforts underway aimed at trying to improve and grow the demand for cotton and to support the disappearing US textile industry. Only time will tell if any of it works. But the programs are much needed, and the efforts are highly commended.

The US is the world's 4th largest producer and 2nd largest exporter. Most of our cotton consumption comes in the form of imported products. Some of that is exported US cotton coming back in the form of imported products containing US cotton. So, efforts to improve cotton demand from the US consumer will ultimately help the US grower.

These efforts are crucial for another reason. Brazil has surpassed the US and is now the 3rd largest producer and the #1 exporter. The US has lost export market share (i.e., foreign mill demand) to Brazil. It is unclear what can be done to increase and recapture the US market share. That's a separate, serious issue.

The most recent few weeks' data is not yet available. Exports data available thus far shows sales down, but still within the range for much of the previous part of the season thus far. Shipments have trended down. Shipments must average roughly 277,000 bales per week to meet the USDA's current export projection. US export sales to China thus far this marketing year total only 177,000 bales out of the 5.4 million total that China is projected to import from all suppliers.

New crop Dec26 futures are currently around 67 cents. Price has ranged mostly from 68 to 70 cents. As we move forward, both remaining old crop and new crop prices will depend on demand/exports, any further revisions in the 2025 US crop, and the prospects for 2026 acreage and production.