

# Cleveland on Cotton: Cotton Market Bears Continue to Hinder Bullish Hints

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Never begin a sentence with the word I, and certainly never, ever begin a paragraph with I. That said...

I just cannot get there. Hopefully, I am really missing something. I look every day for bullish news in the cotton market. Better yet, I have found some meaningful tidbits that historically have attended significant bullish implications for prices.

I have one now.

World ending stocks are forecast to be the lowest since marketing year 2010-11. That's 15 years ago and historically implies a bullish undertone for the market. Too, world carryover is 50% lower than it was in 2014-2015. It is there in black and white. Thus, I should have no problem being bullish about cotton prices.

I am not. Yet, I can spell out some points that could prove me wrong, and hopefully so.

First, the market provided a bit of excitement in the past two weeks as prices moved higher for seven consecutive days. We were “getting all bulled up” and even looking for a second consecutive higher weekly close. Then midweek trading set in, and prices spiraled lower for three consecutive days, losing a half cent in weekly trading. The upward momentum failed near the top of the trading range. Thus, the market remains in a very narrow four-month trading range generally between 65.50 and 67.50.

The lower world carryover does get me a bit excited. However, the market is caught in a well-defined downward sloping technical trading channel that suggests a 65-cent trade in mid-October, along with the expiry of the October futures contract. Coincidentally, that also corresponds with the release of the October USDA world supply demand report. Certainly, data in that report could present us with some bullish news that will wipe away my current bearish feelings.

However, in the absence of bullish news in that report — and that could only come in the form of supply problems from one of the major producing countries, China, India, Brazil, or the U.S. — prices will face a clear path to a fall to the 63-64 cent trading level sometime in late October-early December — i.e., December prices falling to the expiring October contract.

Offsetting the bearish expectations is the possibility of a measurably smaller crop in one of major producing countries or the possibility of a Washington trade deal that includes cotton. Yet, changing world trade patterns across the cotton scene appear to make that unlikely. Yet, either of the above two scenarios could provide the spark needed to get December cotton futures back to 68 cents and prepare for a challenge of 70 cents.

It must be noted that Brazil’s cotton production has almost tripled since 2010. Over this same period, Chinese consumption — the world’s largest consumer and once, but no longer, the primary consumer of U.S. cotton — has reduced its consumption by 20%. Brazil has taken the Chinese market as

its production has increased (actually only 160%). During this same period, China reduced its consumption by 20%.

Percentages can be very misleading. Thus, the raw numbers are as follows:

- Brazil increased its production from 2010 to 2025 from 7 million to 18 million bales.
- Since 2020 Chinese domestic consumption has decreased from 48 to 36 million bales.

U.S. export sales and shipment data continue to support this scenario. Weekly export sales on the week were low, as was seasonably expected, and totaled a net of 186,100 bales of upland. Vietnam was the primary customer. And, as an indication that the Washington tariff policy is all but meaningless to cotton, India was the second largest buyer on the week with 41.8 million bales.

Shipments continued slow as only 120,500 bales were shipped. Sales and commitments are some 900,000 bales below the prior year's level, but actual shipments are only some 100,000 bales behind the same time year ago level. The good news is that sales have time to improve if some demand can be uncovered. Yet, I do not see improved demand until the market first moves lower and allows mills to improve their margins for at least one quarter.

New York also continues to be pressured by a very bearish CFTC On-Call Report. However, mills — despite their complaints of very poor margins — are profitable. The on-call sales data shows mills are actively fixing the price of prior purchases from merchants/cooperatives. Yet, the on-call purchases to sales ratio is about 3 to 1, implying that growers need to fix the price of three times as much cotton as mills — i.e., three times as much selling as buying.

The market has always tended higher during periods of decreasing world stocks, as is the situation during this 2025-26 marketing year. This keeps me looking for the bullish cloud in the sky. Yet, it may be the 2026 crop before the market again posts breakeven prices for cotton growers.

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