

Cleveland on Cotton: Little Hope of Improved Cotton Prices on the Horizon

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New crop cotton prices held the 70-cent line...well almost, slipping as last Friday's trading session expired leaving the weekly close at 69.87 cents.

The week's excitement came as the May 2025 contract entered its expiry period with triple digit gains in a brief last minute price squeeze. The positive was that December was able to hold the 70-cent level despite cotton's continuing demand deterioration. Thus, the end of the 2024-2025 cotton marketing season truly is at our front door. July will hold one or two surprises, but there is little hope of improved prices on the horizon.

Growers still stuck with old crop cotton should look to aggressively take advantage of 68-cent futures and should use price forays above 68.50. The price forecast for the July contract is much the same as the preceding contracts.

July will not be a bed of roses. The market will continue its tease with promises of rallies into the high 68-69 cent level but will fail to produce. Most of the trading time will be spent between 64.50 and 67.50 cents. Mills, if anything, are complaining of increased inroads from acid-based fibers over and above already very inexpensive cotton. Competitive fibers are cleaning cotton's plow.

The new crop December contract continues to offer only a hope and a prayer for improved market prices. I remind myself that I forecast a 75-cent trading level during the growing season – and still do. Drought conditions continue to suggest that. Yet, the Southwest plains region has another 35-40 more days before the end of the rainy season. Without moisture, prices move above 75 cents. Demand is shrinking, leaving the only possibility of higher prices coming because of production failures – plain and simple production disasters.

Granted, world cotton seedings decreased in response to lower prices. However, mills have little reason to be concerned about any shortage of oncoming crop. An average crop, even given a reduced acreage, will be more than adequate for market demand. In fact, the greater market concern is that world ending stocks will continue to build in 2025-26, effectively working to push prices even lower.

These times remind us that cotton is nothing but a commodity. As such, an ugly lesson from economics reminds us that cotton will be economically produced only by the world's low-cost producer. The world market is telling the U.S. grower that his product is no longer needed. His crop, his blood, his sweat and toil, his emotions are no longer needed.

The misinformed are sitting back saying it is just a cycle, and that's partly true. It is a cycle. But this time, it comes on the heels of the recent era of 21% inflation and facing an ever-increasing array of other natural fabrics and the acid-based petroleum synthetic fiber. Cotton has arrived at the crossroads.

Oh, if I can only be wrong.

Give a gift of cotton today.