



**APRIL 20, 2026**

## **The Week Ahead**

**The situation around the Strait of Hormuz is front and center to start the week, with energy markets and equities expected to stay sensitive to any new developments.**

- Crude oil will be the market's focal point, with direction continuing to follow headline flow out of the Middle East. After last week's sharp break, price action is likely to stay choppy as sentiment adjusts.**
- For cotton, attention turns to Tuesday's retail sales release and Thursday's weekly export sales report, as the market looks for clearer signals on demand. Early planting progress is underway, with 7% of the Cotton Belt and 11% of Texas planted, but weather will quickly take priority. With 97% of the Cotton Belt still facing some level of**

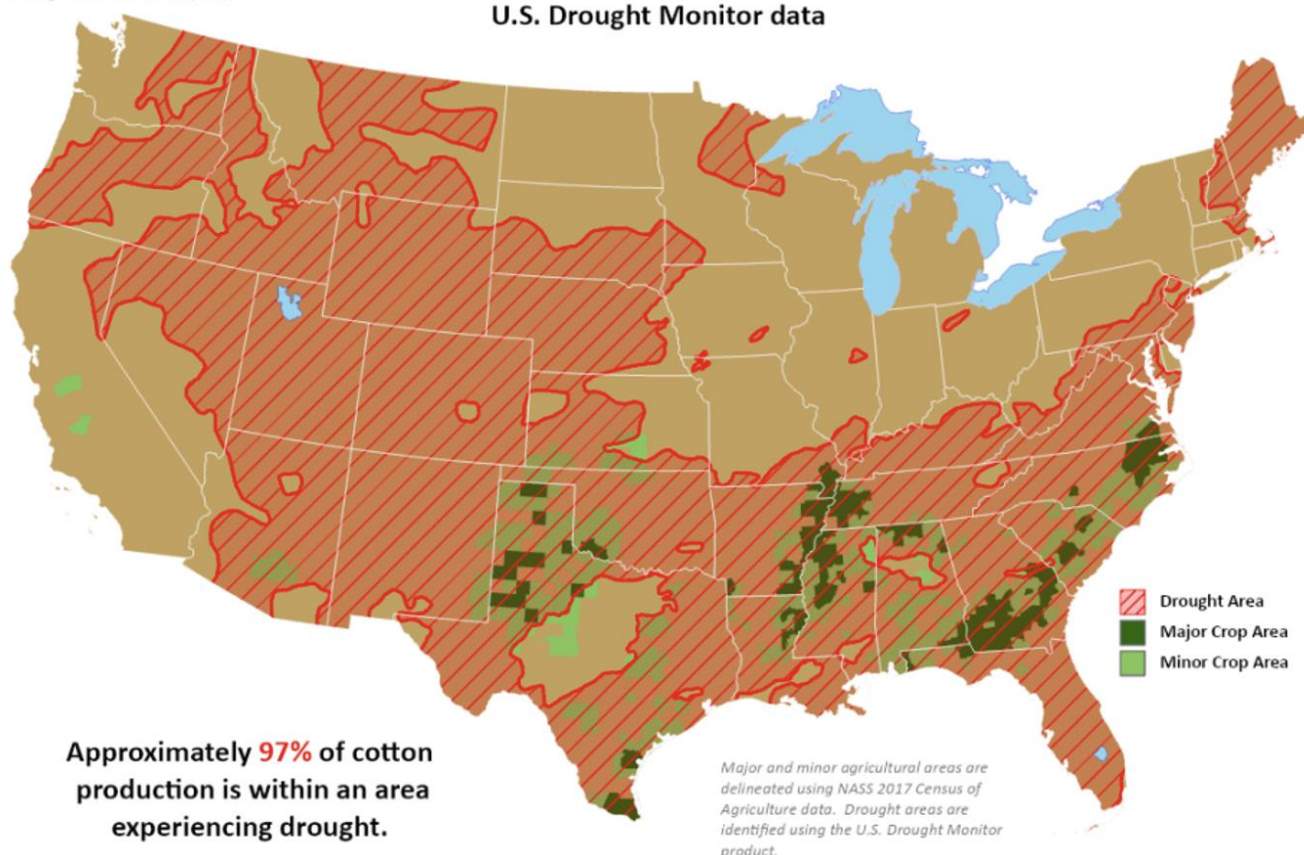
drought, moisture will be key as activity picks up. From here, macro influence is expected to remain the primary driver, with energy and broader market tone continuing to guide direction.



This product was prepared by the  
USDA Office of the Chief Economist (OCE)  
World Agricultural Outlook Board (WAOB)

## Cotton Areas in Drought

Reflects April 14, 2026  
U.S. Drought Monitor data



## Market Recap

- Cotton futures continued to push higher last week, with July reaching the highest level for an active contract since May 2024 and extending the recent run. May futures settled at 77.40 cents per pound, up 418 points. July futures settled at 79.82 cents per pound, up 449 points on the week.
- New crop followed suit, with December futures settling at 80.50 cents. The market remained well-supported

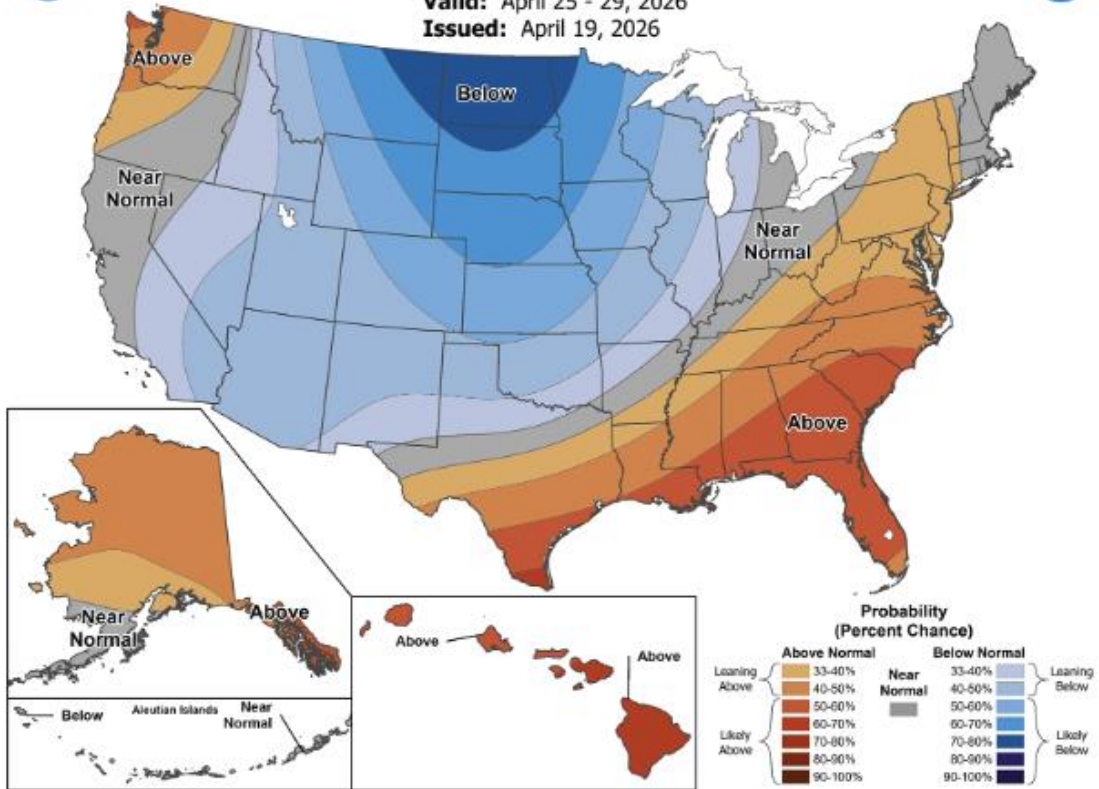
throughout the week, building on the momentum that has been in place over the past several sessions.

- **Strength was driven by supportive technicals, continued fund buying, and shifting macro sentiment.** Early geopolitical tensions supported energy, which simultaneously supported cotton prices. Despite a softer export sales report and some overbought signals, the market held firm with shallow, short-lived pullbacks. By Friday, volatility picked up on Strait of Hormuz headlines, with cotton recovering from early weakness to finish near the highs as trend-following buyers continued to step in on dips.
- **Trading activity stayed elevated through the week, supported by index roll flows and strong participation in both futures and options.** Notably, July/December posted its largest volume day since 2010, even with May still as the front month. The latest Commitments of Traders report showed managed money as a net buyer for the sixth consecutive week, continuing to build a net long position, while index traders also added to length. On-call activity extended its trend of narrowing imbalances, reaching its tightest level in nearly a year.
- **Open interest declined 10,403 contracts to 330,587, largely driven by May liquidation ahead of First Notice Day on Friday, April 24.** Meanwhile, certificated stocks continued to build, rising 20,756 to 164,967 bales, with most additions concentrated in Texas warehouses.



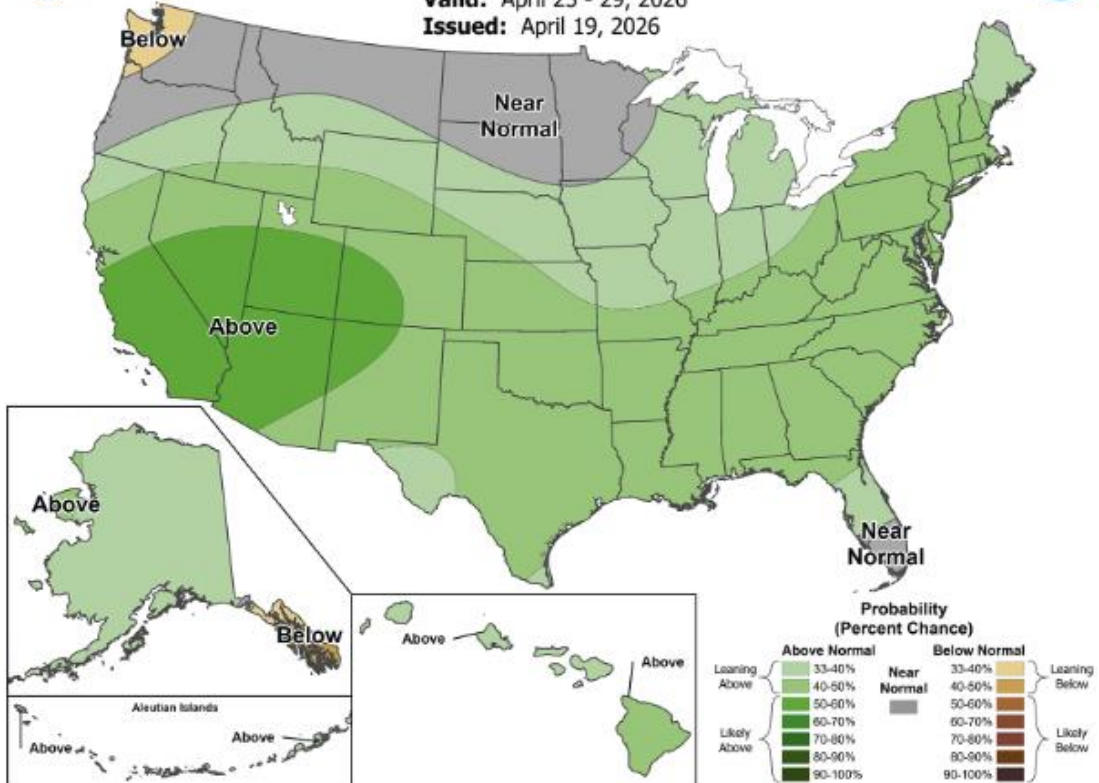
# 6-10 Day Temperature Outlook

Valid: April 25 - 29, 2026  
Issued: April 19, 2026



# 6-10 Day Precipitation Outlook

Valid: April 25 - 29, 2026  
Issued: April 19, 2026



## Economic and Policy Outlook

- **Iran escalated tensions over the weekend by halting traffic through the Strait of Hormuz and signaling it won't return to talks unless the U.S. eases its blockade, while U.S. activity in the region also picked up.** This marks a clear shift from late last week's brief optimism around a potential reopening, with markets now reacting to the reversal as energy and shipping remain highly sensitive to headlines and access through the waterway.
- **Macro markets responded quickly, with oil initially dropping on shifting sentiment before stabilizing, dragging broader commodities lower early on.** While the impact to ag is more indirect, there was some spillover pressure before markets found their footing, and the broader outlook still points to more uncertainty around input costs and global trade flows.
- **Producer prices rose 0.5% month over month and 4.0% year over year in March, coming in cooler than expected and briefly easing inflation concerns alongside weaker oil.** However, renewed tensions in the Strait have quickly shifted that tone, reinforcing the risk that higher energy costs could push inflation pressures higher again in the months ahead.
- **The Trump administration plans to launch a system next week to issue roughly \$166 billion in tariff refunds following the Supreme Court's ruling, though other tariffs remain in place under separate authorities.**

## Supply and Demand Overview

- **U.S. export sales pulled back in the week ending April 9, with net upland sales totaling 161,100 bales, down from the previous week and below the recent pace, with Vietnam, Turkey, and Pakistan continuing to lead buying.** New crop sales were modest at 26,900 bales, primarily to Vietnam and Portugal, while Pima sales held relatively steady at 6,500 bales. The slower pace in sales

was not entirely surprising given the recent strength in the market, as higher prices tend to temper buying interest at the margin.

- **Shipments came in at 305,000 bales, easing from the prior week but still holding at a healthy level for this time of year, with strong movement to Vietnam, Pakistan, and Turkey.** Pima shipments were lighter at 6,100 bales, but remain above the level needed to get to the export goal. As we move through peak shipping season, export movement continues to hold together, though shipments will still need to average just under 295,000 bales per week to meet USDA’s 12 million bale target.

## The Seam®

- **As of Thursday afternoon, grower offers totaled 4,563 bales. The past week, 3,211 bales traded on the G2B platform received an average price of 71.11 cents per pound. The average loan redemption rate (LRR) was 53.92, bringing the average premium over the LRR to 17.19 cents per pound.**
- **Note:** The Loan Redemption Rate (LRR) is the loan rate minus the current Loan Deficiency Payment (LDP).

### ICE Futures Ending 4/17/2026

	Settlement	Daily Change	Weekly Change
May '26	77.40	+1.70	+4.18
July '26	79.82	+1.69	+4.49
December '26	80.50	+1.51	+3.61
March '27	81.19	+1.38	+3.52

### Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	61.61	+2.87
Loan Deficiency Payment	0.00	0.00
Fine Count Adjustment 2025	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 4/17/26 - 4/23/26

## Sustainability Enrollment Opportunities

- **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.* Click here for a list of in-person sign-up dates.

- **New Grower Enrollment for the Better Cotton Initiative will be open from *March 3 to May 30*.** Growers interested in joining this global sustainability program should contact PCCA (806) 763-8011.