



PLAINS COTTON
COOPERATIVE ASSOCIATION



AUGUST 11, 2025

The Week Ahead

- With the new marketing year just underway, Tuesday's USDA supply and demand update will be closely watched for changes to the production outlook. **Many in the trade expect USDA's acreage figure to come down, which could tighten the balance sheet and set the tone for early-season pricing.**
- Key U.S. inflation and spending reports, including Consumer Price Index (CPI), Producer Price Index (PPI), and retail sales, are due this week, offering fresh insight into consumer trends and broader market direction. **These data points, combined with shifting weather and evolving trade**

policy, could help decide whether cotton prices finally break out of their summer rut.

Market Recap

- **The cotton market struggled to find direction last week, as light demand and ongoing trade uncertainty kept futures rangebound.** December futures began August on a soft note, settling at 66.60 cents per pound, just 24 points higher than the week prior.
- **Prices have been hemmed in by slow demand, tariff uncertainty, and mixed outside market signals.** Volume ticked up, with open interest rising 9,124 contracts to 235,472, the highest since early spring, while certificated stocks fell by 3,375 bales to 18,242, the lowest since early May.
- **The latest CFTC On-Call Report showed purchases still outweighing sales, a factor that's been weighing on the market.** Speculators were active sellers (betting against cotton demand) last week and continue to hold a sizable short position. Any shift from upcoming reports or policy news could spark a sharper move.

Economic and Policy Outlook

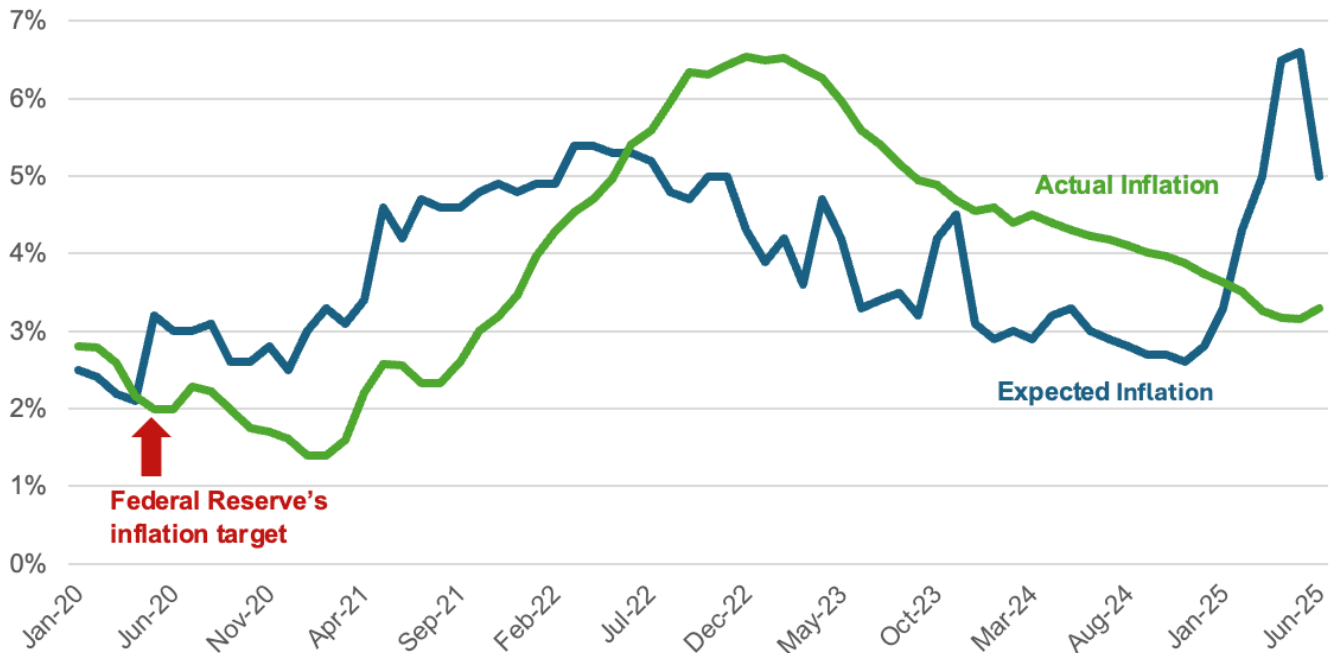
- Markets ended the week with modest gains, as tariff developments and growing expectations for a September rate cut shaped sentiment. **Inflation concerns remain in focus, with upcoming CPI and PPI data set to provide fresh direction.**
- The new U.S. tariffs—now averaging 15.2%, the highest since World War II—took effect Thursday. **While some**

countries secured reduced rates, others face steep increases, such as 39% on Swiss goods and doubled duties on Indian imports. In the coming weeks, markets will watch how these measures feed into prices, supply chains, and consumer spending.

- A surprise U.S. Customs decision to apply tariffs on certain gold bars briefly rattled bullion markets, sending New York futures to record premiums before the White House promised policy clarification. **Whether the tariffs remain in place could influence commodity flows and investor positioning.**
- Rate-cut odds climbed after President Trump nominated Fed ally Stephen Miran to the board and backed Governor Christopher Waller to replace Powell. **Traders will watch how incoming data and tariff-driven inflation risks shape the Fed's tone heading into September.**
- U.S. consumers are expecting prices to rise almost 5% on an annualized basis. **At the current pace, it would take until the end of the year for consumer expectations of inflation to return to values around the Fed's 2% target, before the spike in inflation. If the Fed wants inflation expectations to return to historically low levels before cutting rates, it will be hard-pressed to cut rates in September.**

Consumers are still betting on higher prices.

Core CPI vs University of Michigan Inflation Expectations

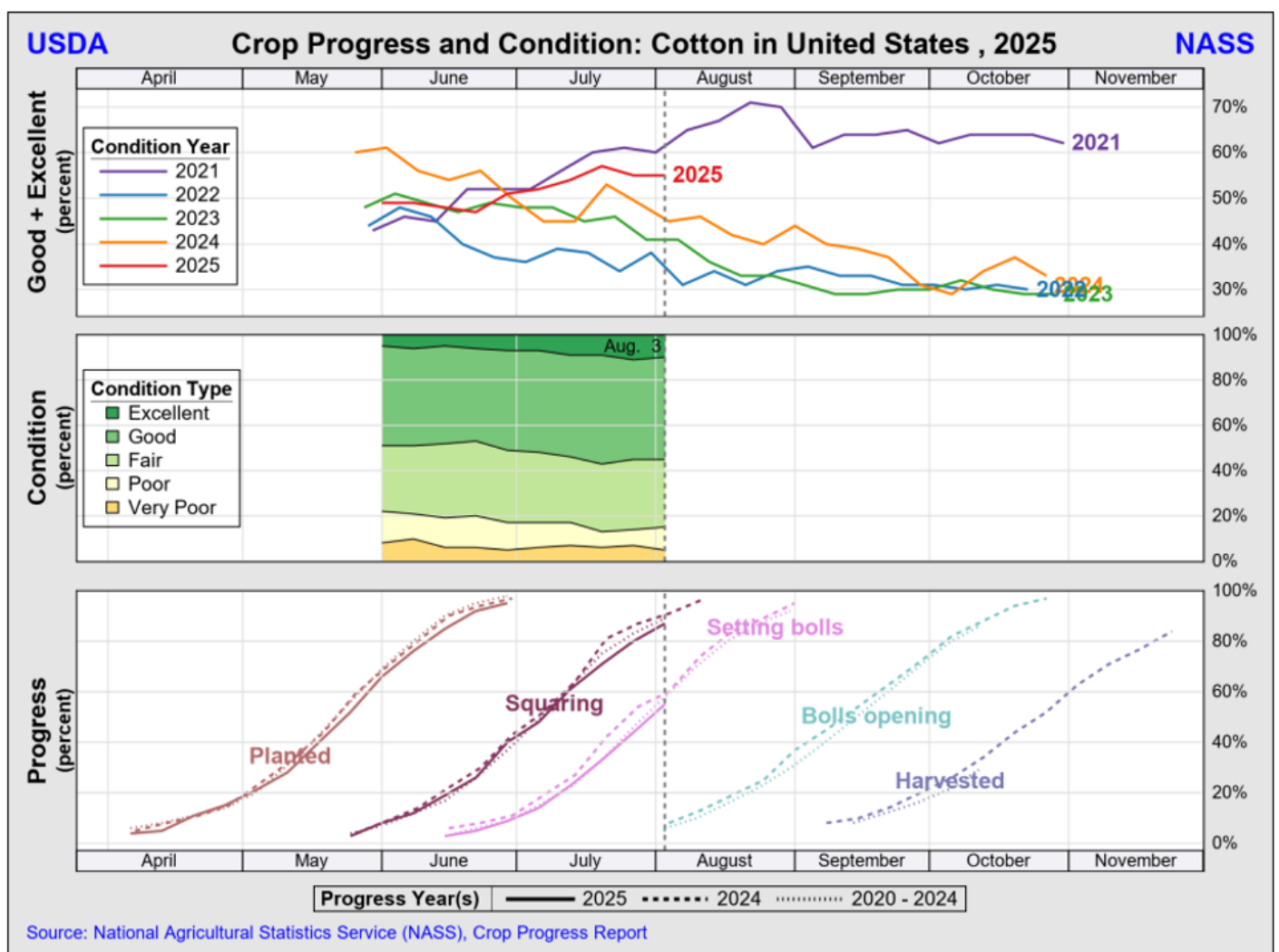


Source: Federal Reserve Bank of St. Louis

Weather and Crop Watch

- **Hot, dry conditions across the Southwest remain a key concern as the 2025/26 crop moves deeper into boll-setting.** Squaring is nearly complete, with boll set about halfway finished and first bolls starting to open in Texas. Forecasts call for only brief relief from early-week showers before heat returns, keeping West Texas and southwestern Oklahoma under stress.
- **As of August 4, Texas is rated 46% good to excellent, Oklahoma 62%, and Kansas 54%.** Boll-setting progress stands at 47% in Texas, 43% in Oklahoma, and 48% in Kansas, with 6% of bolls open in Texas.

- Above-average temperatures are stressing late cotton in West Texas and southwestern Oklahoma, with only brief relief expected from early-week showers. In South Texas, heat is speeding harvest but could limit late yield potential. Early-week cooling should briefly reduce crop stress before temperatures climb again, keeping weather a key factor for final yield and fiber quality.

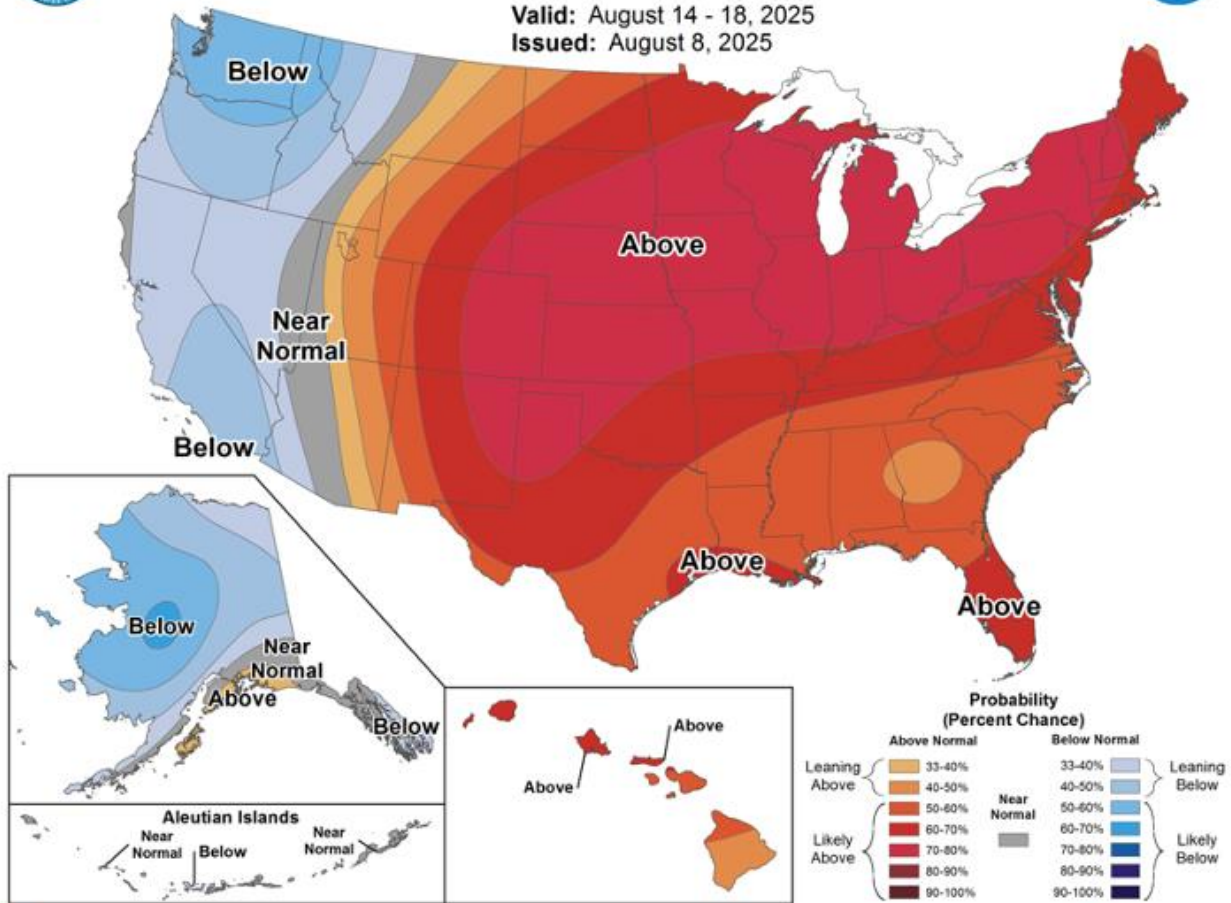




6-10 Day Temperature Outlook



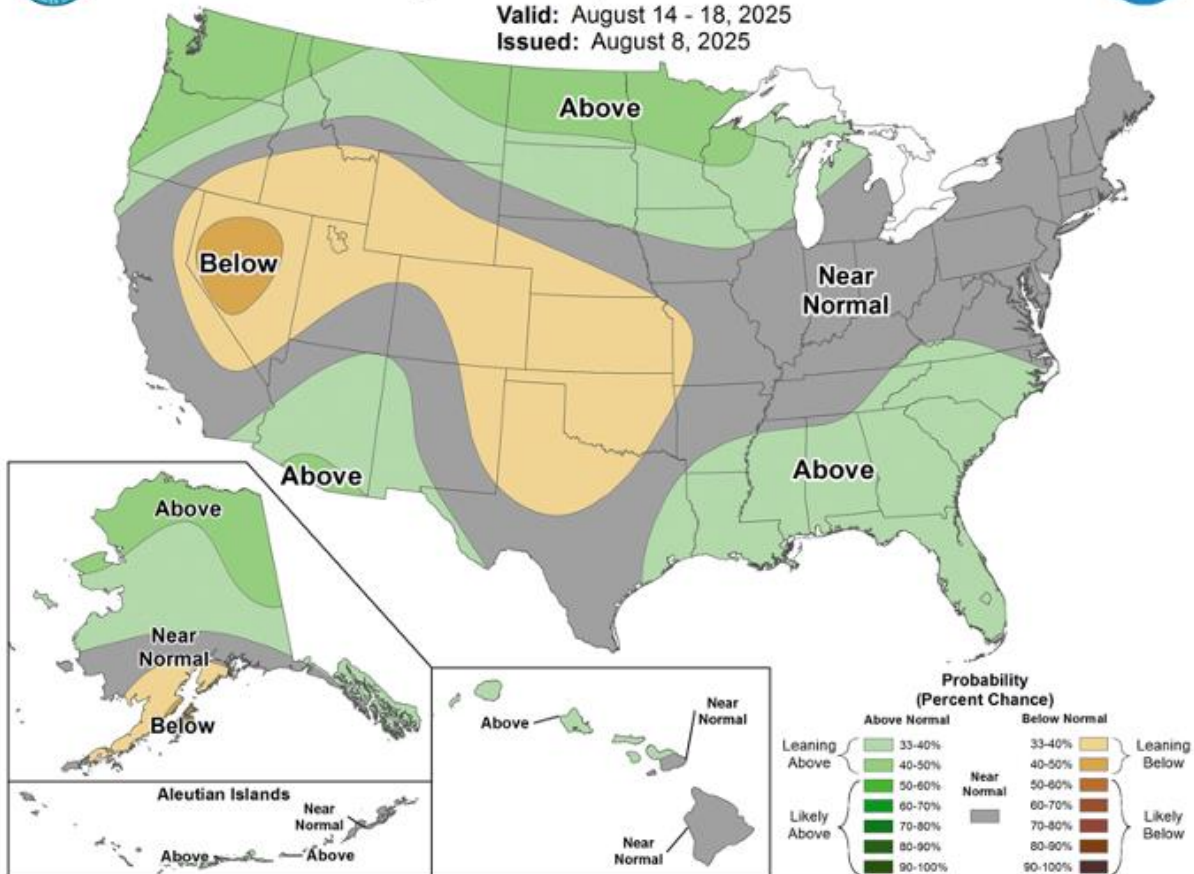
Valid: August 14 - 18, 2025
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6-10 Day Precipitation Outlook



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Export Trends

- The 2025/26 marketing year opened with Upland sales of 109,300 bales, well below typical early-season levels. **Vietnam accounted for more than half the total, with Peru, Mexico, Pakistan, and Bangladesh also booking sales, though reductions from several buyers tempered gains.**
- Final 2024/25 adjustments included a 17,200-bale reduction, leaving total shipments for the year at 11.19 million running bales. **Carryover into the new crop year is among the lowest in recent years, reflecting that nearly all last season’s crop found a buyer despite subdued demand for much of the year. With early-season commitments still trailing the historical pace, the focus now shifts to whether new crop sales can build momentum.**
- For Pima, new crop sales totaled 5,300 bales, while 2024/25 exports closed at 435,000 bales—up 35% from last year—with 9,000 bales shipped in the final week.

The Seam

As of Friday afternoon, grower offers totaled 24,279 bales. There were 10 bales traded on the G2B platform and received an average price of 59.15 cents per pound. The average loan for these bales was 47.83, bringing the average premium received to 11.32 cents per pound.

ICE Futures Ending 8/8/2025				Adjusted World Price (AWP)	
	Settlement	Daily Change	Weekly Change	Official 8/8/25 thru 8/14/25	
Dec. '25	66.60	+0.17	+0.24	AWP	54.39
Mar. '26	68.07	+0.17	+0.38	LDP/MLG	0.00
May '26	69.27	+0.18	+0.41	2024 FCA	0.00
July '26	70.12	+0.15	+0.38	Coarse Count	0.00