

A photograph of a cotton field with green plants and a dirt path. The text 'Cotton Market Weekly' is overlaid in white, serif font.

Cotton Market Weekly

FEBRUARY 23, 2026

The Week Ahead

Markets head into a quieter data week, but policy headlines and macro signals will continue to drive the tone.

- Investor sentiment improved after the Supreme Court's decision on tariffs supported equities and pressured the dollar, though uncertainty remains around the administration's next steps on trade policy, including the proposed move to a 15 percent global tariff. **When trading activity normalizes this week, it should be largely back to business as usual.**
- Trade policy and geopolitics remain in focus. **Markets will be watching for details on the administration's tariff plans as well as developments in U.S.–Iran tensions, which could influence energy markets and broader risk sentiment.**

- With USDA's Agricultural Outlook acreage projections behind us and last week's inflation and economic data already in the books, the calendar slows somewhat. **Consumer Confidence and a delayed PPI report are the main releases, as markets begin looking ahead to heavier catalysts in March.**
- Attention gradually shifts toward spring fundamentals. **South American harvest progress continues to shape the agricultural outlook, while markets begin to focus more closely on U.S. acreage decisions ahead of the March Prospective Plantings report.**

Overall, the week looks lighter on major data releases but still heavy on policy headlines. **Markets will likely take their cues from macro developments and trade policy direction, with President Trump's State of the Union address on Tuesday, the 24th, likely to draw particular attention for any signals on trade, economic policy, and the broader outlook. Additionally, attention will also continue to gradually shift toward spring planting expectations.**

Market Recap

- **First Notice Day for the March contract is today, February 23, shifting the market's focus fully to the May contract, which posted another week of solid gains. May rose 150 points on the week to close at 65.63 cents.**
- **Cotton futures traded mixed on last week's shortened trade week, with prices gradually working higher as the market transitioned out of March liquidation and shifted its focus to the May contract.** Early in the week, futures were pressured by broader risk-off sentiment and ongoing March fixations, while certificated stocks continued to build and limited upside momentum.
- **By the end of the week, prices moved higher as the March contract wound down and some of the selling**

pressure eased. The May contract posted its largest daily range and single-day gain since August, although the move still reflects the generally low volatility environment the market has been trading in. The late-week rally encouraged more grower pricing and selling. Even so, the firmer finish leaves the market watching to see whether recent strength can spark some short covering from the still-large speculative short position.

- **Figures from the USDA Agricultural Outlook Forum offered some support to the market, with early projections pointing to slightly tighter balance sheets in both the U.S. and globally.** For 2026/27, U.S. planted acreage was estimated at 9.4 million acres, above last year's 9.28 million and higher than the National Cotton Council's recent estimate of 8.99 million acres. Production was projected at 13.6 million bales, with exports at 12.2 million bales and ending stocks at 4.2 million bales, slightly below the current marketing year.
- **On the world side, production was projected lower at 116 million bales while use was expected to increase to 120.1 million bales, the highest level in six years.** That combination brings projected world ending stocks down to 71.2 million bales, one of the lower levels seen in the past decade.
- **Trading activity remained heavy throughout the week, with solid volume across the board.** Open interest declined by 21,095 contracts to 323,551. At the same time, certificated stocks continued to increase, climbing 13,417 bales to 119,457 bales.

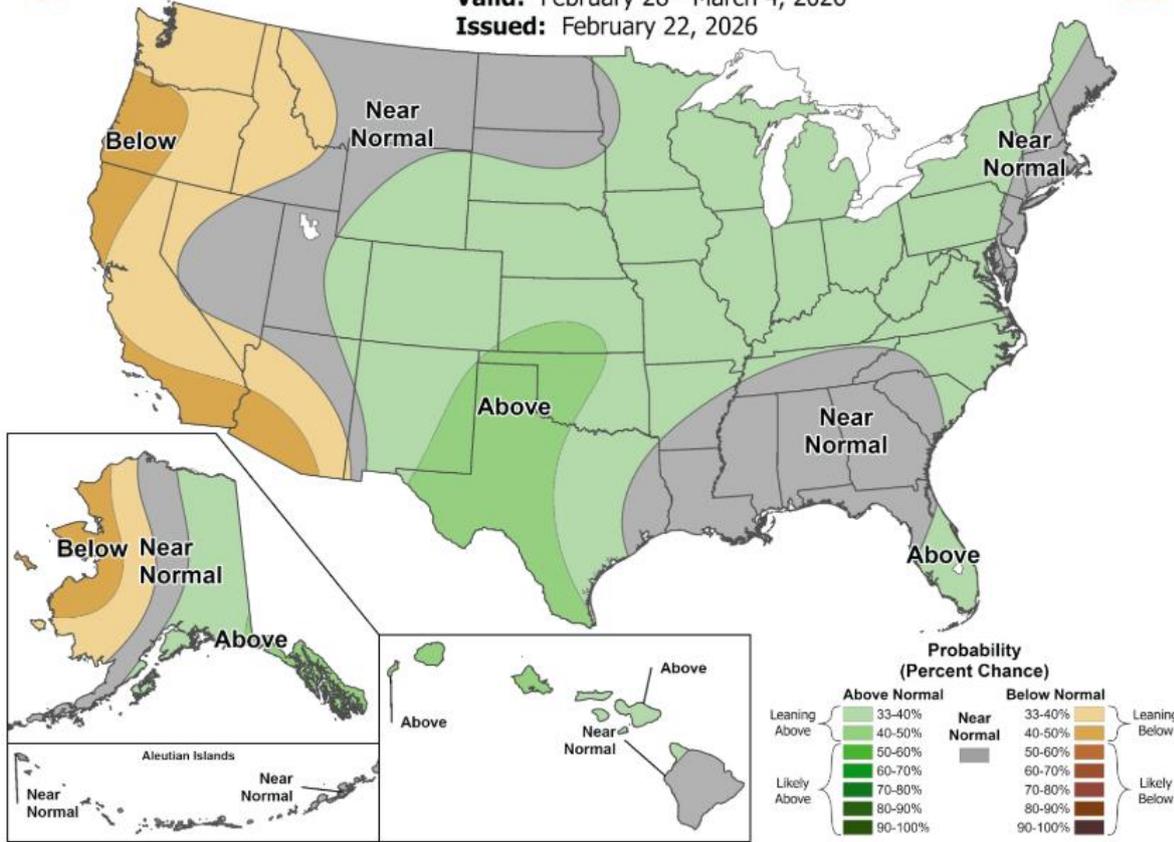


6-10 Day Precipitation Outlook



Valid: February 28 - March 4, 2026

Issued: February 22, 2026

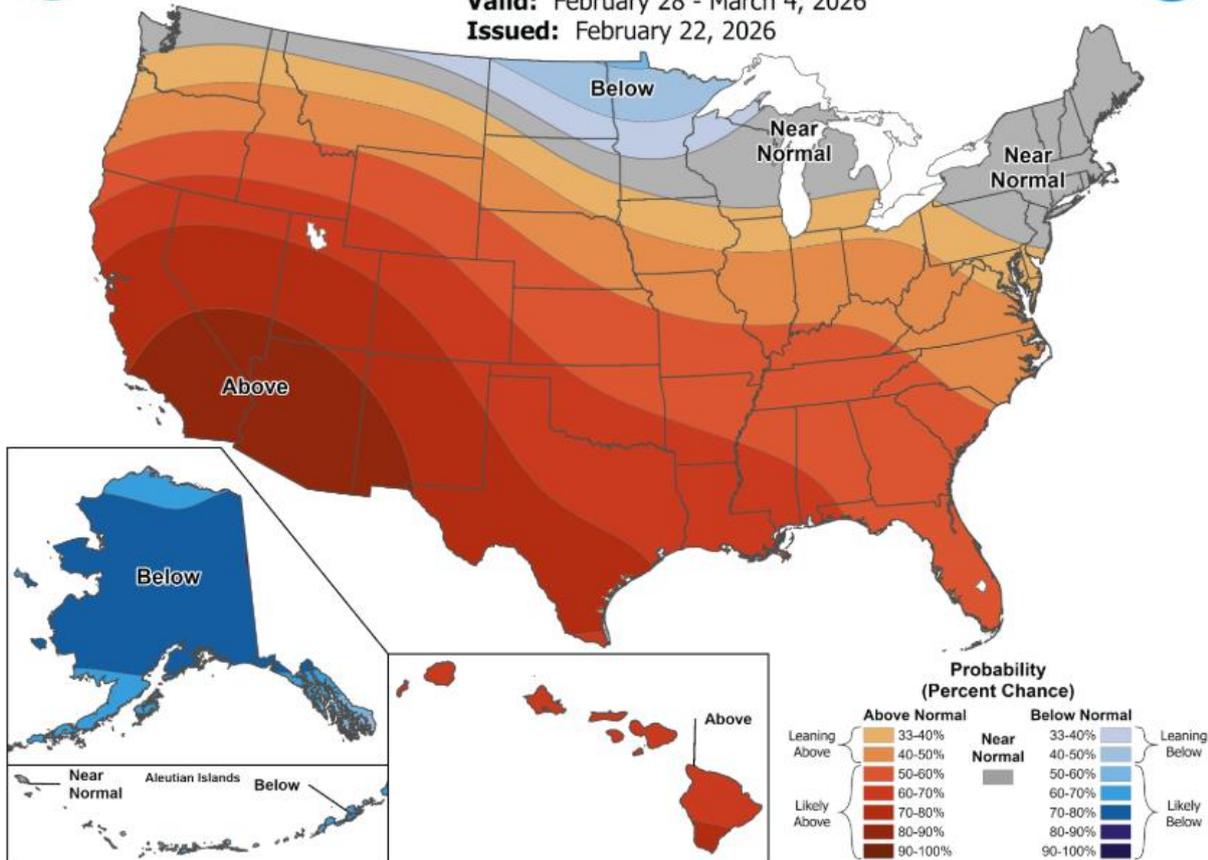


6-10 Day Temperature Outlook



Valid: February 28 - March 4, 2026

Issued: February 22, 2026



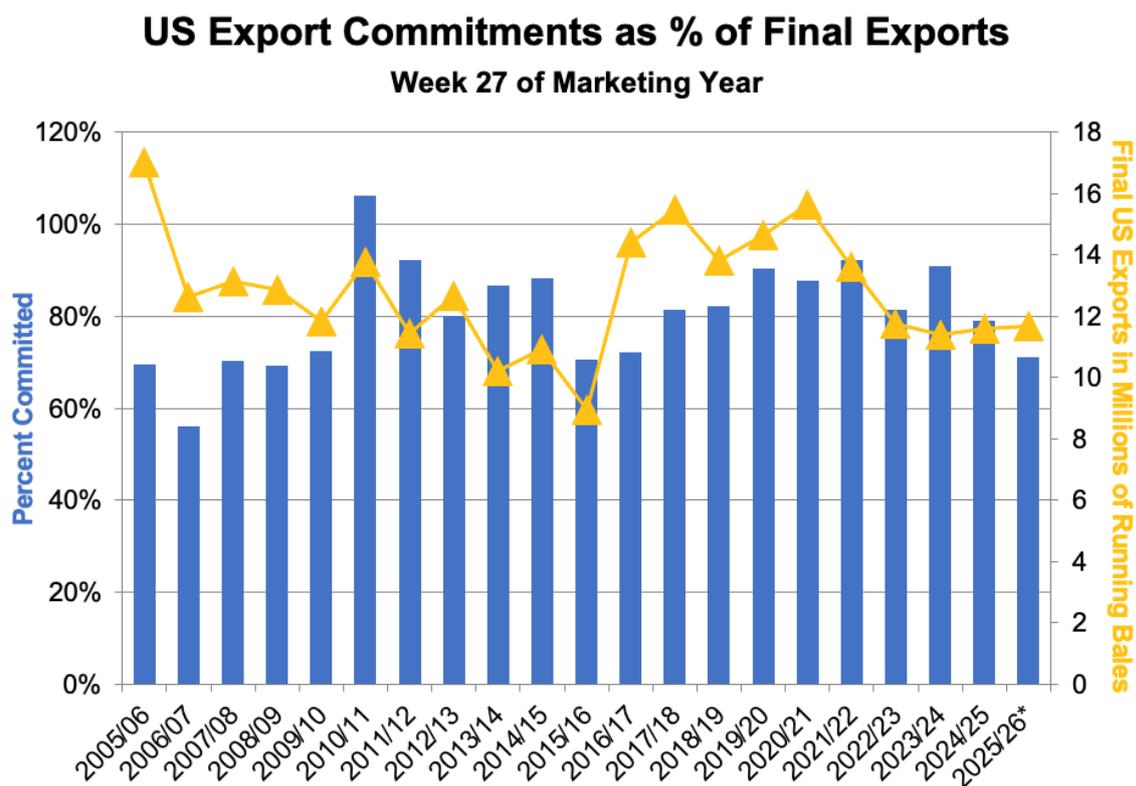
Economic and Policy Outlook

- Last week was dominated by trade policy and macro developments. **After the Supreme Court ruled that many of President Trump's tariffs were not authorized under the International Emergency Economic Powers Act, the administration quickly replaced them with a temporary 15 percent global tariff, up from 10 percent, now in effect under Section 122 of the Trade Act of 1974. The measure can remain in place for up to 150 days while the administration works toward longer-term tariffs through a more formal process.**
- Another unresolved issue is what happens to tariffs already collected under the previous authority, as importers could potentially seek as much as \$175 billion in refunds, though the Court did not address whether repayments will be required. **While the ruling created uncertainty and prompted calls for clarity from trading partners, U.S. officials indicated the broader direction of trade policy is unlikely to change, with the administration expected to continue using other legal tools to maintain tariffs and trade leverage.**
- Economic data sent mixed signals. **Fourth-quarter U.S. GDP grew at an annualized rate of just 1.4 percent, well below expectations, with the government shutdown weighing on growth, while inflation held near 3 percent. At the same time, more hawkish Fed minutes pointed to persistent inflation pressures and reduced concern about labor market weakness, helping support the dollar and keeping rate hike risks in the conversation.**
- Despite the uncertainty, U.S. equity markets ended the week modestly higher, showing resilience as investors digested the tariff ruling and shifting policy outlook. **Markets are also beginning to look ahead to upcoming U.S.–China meetings, which could influence the direction of trade policy and global demand. In currency markets, the longer-term trend still points toward gradual**

diversification away from the dollar, though near-term policy expectations continue to drive day-to-day moves.

Supply and Demand Overview

- **Export sales reached a marketing year high for the week ending February 12.** Total commitments, however, remain below the seasonal average and are still running behind the pace needed to reach USDA’s export estimate of 12 million bales. Stronger demand likely reflected a combination of improved sentiment around trade negotiations and lower prices, which helped stimulate buying interest.
- **For the week, net Upland sales totaled 466,300 bales, led by Vietnam, Bangladesh, Pakistan, and India, while Pima net sales came in at 4,800 bales.** Shipments totaled 172,600 Upland bales and 5,400 Pima bales. Combined Upland and Pima sales were the highest for any week in the data series going back to 2005. While lower prices are not ideal, they did help generate some export business.



Source: USDA, *WASDE forecasted exports

The Seam®

- As of Friday afternoon, grower offers totaled 62,139 bales. The past week, 53,819 bales traded on the G2B platform received an average price of 58.60 cents per pound. The average loan redemption rate (LRR) was 50.47, bringing the average premium over the LRR to 8.13 cents per pound.

Note: The Loan Redemption Rate (LRR) is the loan rate minus the current Loan Deficiency Payment (LDP).

ICE Futures Ending 2/20/2026

	Settlement	Daily Change	Weekly Change
Mar. '26	63.03	+1.10	+0.92
May '26	65.63	+1.49	+1.50
July '26	67.18	+1.45	+1.36
Dec. '26	69.30	+1.03	+0.94

Adjusted World Price (AWP)

	Current Value	Weekly Change
Adjusted World Price	50.05	+0.66
Loan Deficiency Payment	1.95	-0.66
Fine Count Adjustment 2025	0.00	0.00
Fine Count Adjustment 2024	0.00	0.00
Coarse Count Adjustment	0.00	0.00

Official 2/20/26 - 2/26/26

Sustainability Enrollment Windows

- **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.