



MAY 9, 2025

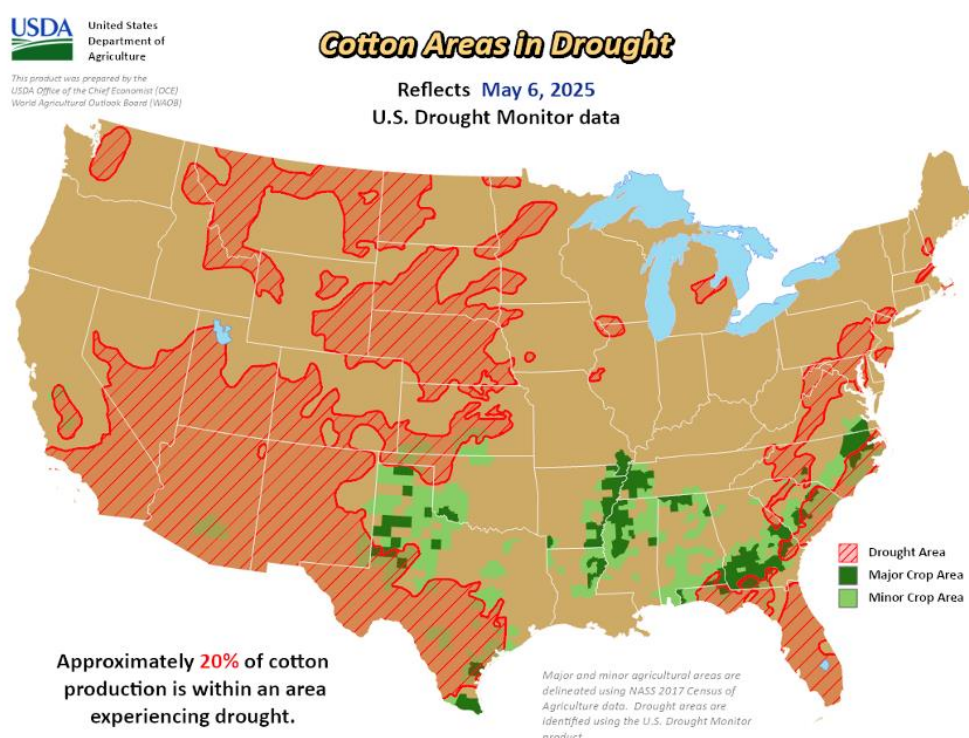
Outside markets and ongoing headlines continue to pressure the cotton market. However, signs of a potential trade deal this week offered a rare dose of optimism. Next week brings USDA's first official look at the 2025/26 crop year. With demand uncertainty still looming, where does the market go from here? Get QuickTake's read on the week's events in five minutes.

The July contract rallied above 69 cents per pound during the week but failed to hold the gains, slipping back to the midpoint of its long-term trading range.

- July futures rose 103 points on the week, settling at 66.69 cents per pound.
- The cotton market rallied 275 points on optimism over a potential U.S.-China trade deal heading into the weekend and extended gains on Monday. With little fresh news,

momentum stalled until Wednesday, when renewed hopes of a U.S.-China meeting briefly pushed prices above 69 cents before fading. Headline risk and weak export sales led to three consecutive down sessions, though the market closed the week higher.

- The USDA Crop Progress Report shows Texas planting is slightly ahead of the five-year average at 25% complete. South Texas has done well with some recent moisture, but more will be needed as the crop develops. Recent rain in West Texas, Oklahoma, and Kansas should support planting and improve soil moisture. Parts of Oklahoma and the Texas Panhandle have also begun planting. Next week's forecast calls for warmer temperatures and average rainfall.
- Aside from last Friday's spike, trading volume was light this week, while open interest rose by 3,285 contracts to 216,798. Certified stocks increased to 17,137 bales with 2,659 new certifications.



Markets are often volatile in times of uncertainty, but recent news of potential trade war relief has lifted stocks over the past week.

- Trade war and tariff talks have dominated headlines since January, but this week showed progress. President Trump announced a “breakthrough” trade deal with the U.K. to expand market access for U.S. goods. While details are still pending, the deal maintains the 10% tariff on U.K. imports with some exemptions and reduces auto tariffs from 25% up to a set quota. The U.K. also proposed increasing imports of U.S. products.
- The U.S. and China are scheduled to meet on Saturday to address current tariffs. The trade war has escalated rapidly, with tariffs on Chinese imports reaching as high as 145%, disrupting global supply chains. Markets responded quickly to the perceived progress, encouraged by signs that talks are moving forward.
- USDA released an initial update on the \$21 billion in disaster aid approved in December to help farmers and ranchers impacted by natural disasters over the past two years. While many details remain unclear, the agency outlined the program’s framework. Unlike the \$10 billion ECAP, which is already distributing funds, disaster aid has been delayed. Signup is expected to open by the end of May, with payments to follow.
- The Federal Open Market Committee held interest rates steady this week, citing uncertainty around tariffs and their potential impact on inflation and the labor market. The Fed signaled it’s in no rush to act until the economic outlook becomes clearer. Meanwhile, the Bank of England cut its key

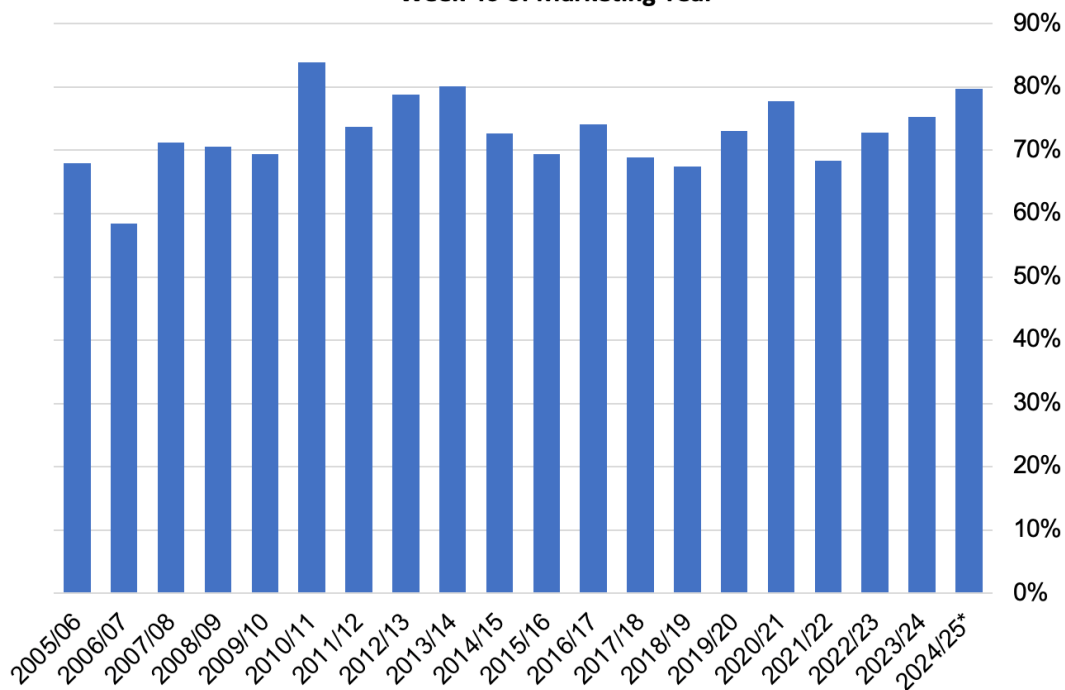
rate by 25 basis points to 4.25%, also pointing to tariff-related risks and efforts to shield growth amid ongoing uncertainty.

- The U.S. dollar found support from the U.K. trade deal, the Bank of England rate cut, and the Fed's cautious stance. A stronger dollar pressured commodities, limiting gains in crude oil, which briefly rallied on trade news. Still, oil prices fell sharply early in the week after OPEC+ announced plans to raise production in June.

U.S. export sales were weak, but shipments remained strong for the week ending May 1.

- For the 2024/25 marketing year, U.S. merchandisers booked 65,800 Upland bales and shipped 394,900, with new crop sales totaling 37,400 bales. While sales remain slower than preferred, shipments have been consistently strong. Census Bureau data suggests USDA should raise its 10.9 million bale export estimate in next week's WASDE report. Current sales are well below typical levels, but total commitments have already exceeded the target. While the lower sales signal weaker demand, the excess commitments confirm that cotton is sold and moving.
- Pima merchandisers booked a marketing year high of 27,100 bales and shipped a solid 14,400, keeping sales and shipments ahead of the pace needed to meet USDA's projections.

Accumulated Exports as % of Final Week 40 of Marketing Year



Source: USDA FAS, *relative to WASDE forecasted exports

The Week Ahead

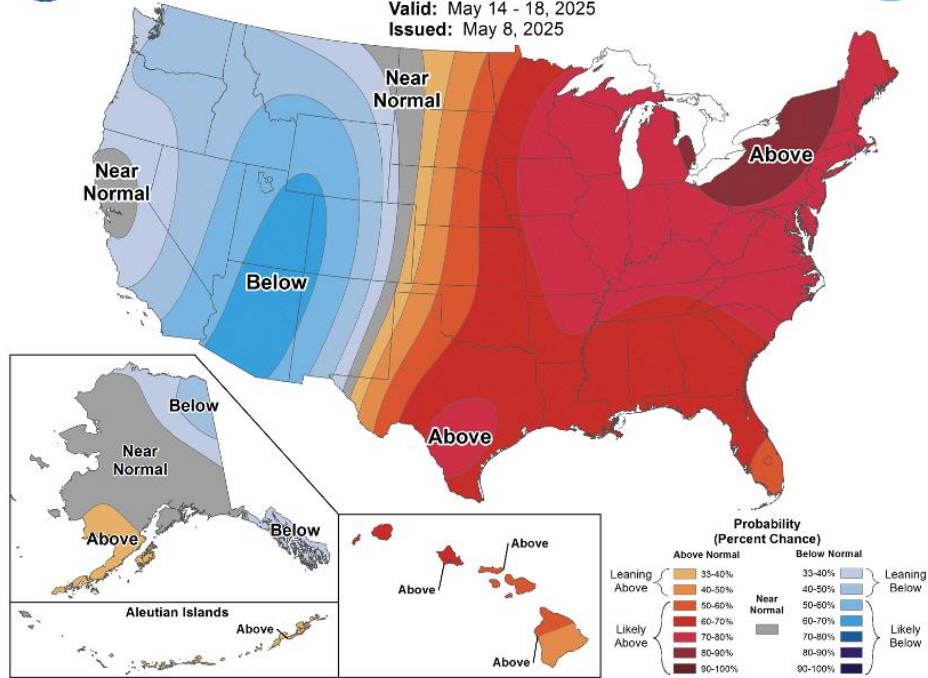
- The World Agricultural Supply and Demand Estimates (WASDE) Report will be released on Monday, May 12, at 11:00 a.m. CST, offering the first official forecast for the 2025/26 crop year. USDA will base its production estimates on the March Prospective Plantings Report, which pegged U.S. cotton acreage at 9.867 million acres. In the Southwest, Texas accounted for 5.527 million acres, Oklahoma 413,000, and Kansas 140,000. Recent weather has been favorable, which could support a larger crop despite reduced acreage. Still, with May typically being the wettest month and summer weather often unpredictable, the 2025 crop size remains uncertain.
- Several key inflation updates are due next week, including the Consumer Price Index (CPI) on Tuesday and the Producer Price Index (PPI) on Thursday. The Crop Progress Report and Retail Sales data will also be closely watched.



6-10 Day Temperature Outlook



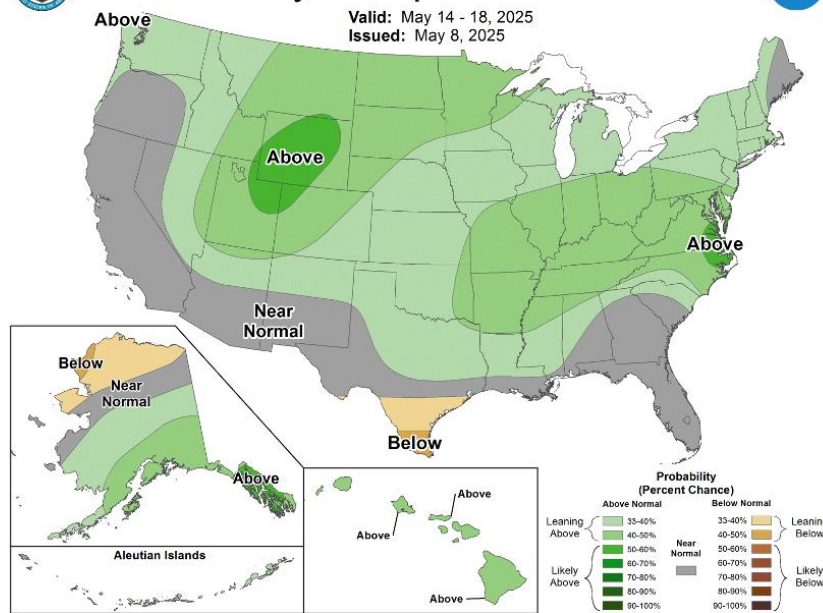
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6-10 Day Precipitation Outlook



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Announcements

New Grower Enrollment for Better Cotton will be open March 3-May 30, 2025. For assistance or questions about enrolling in this program, contact PCCA at 806-763-8011.

The Seam

As of Thursday afternoon, grower offers totaled 43,547 bales. During the week, 3,160 bales were traded on the G2B platform, averaging 64.46 cents per lb. The average loan was 54.69, which resulted in a premium of 9.77 cents per lb. over the loan.

ICE Futures Ending 5/8/2025

	Settlement	Daily Change	Weekly Change
July '25	66.69	-0.69	+1.03
Dec. '25	68.75	-0.50	+1.32
Mar. '26	69.99	-0.46	+1.34
May '26	70.90	-0.46	+1.32

Adjusted World Price (AWP)

	Official 5/8/25 thru 5/14/25
AWP	54.81
LDP/MLG	0.00
2024 FCA	0.00
Coarse Count	0.00