Staff Report No. 2026-56 **August 13, 2026**

August Market Update
Corn, Soybeans, Rice, and Cotton

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Prices at a Glance

Crop	2025/26 U.S. MYA Price Projections	2026/27 U.S. MYA Price Projections
Corn	$4.15 per bu.	$4.50
Soybeans	$10.40 per bu.	$11.40
Long Grain Rice	$10.40 per cwt.	$13.50
South. Med. Grain Rice	$14.90 per cwt.	$15.00
Upland Cotton Lint	$0.625 per lb.	$0.750
Seed Cotton	$0.3433 per lb.	$0.4031

WASDE Summary

This month's 2026/27 U.S. corn outlook is for lower supplies, unchanged domestic use, larger exports, and smaller ending stocks. Corn production is forecast at 16.0 billion bushels, up just 13 million from last month with a 1.2-million acre increase in harvested area that was largely offset by a reduced yield forecast. This would be the second largest U.S. corn harvest on record. The season's first survey-based corn yield forecast is reduced downward by 2.3 bushels per acre from last month to 180.7 bushels per acre. Corn beginning stocks are lowered 75 million bushels to 1.9 billion, reflecting raised exports for 2025/26. Total U.S. corn use for 2026/27 is forecast 75 million bushels higher to 16.3 billion. Exports are raised 75 million bushels to 3.3 billion, reflecting increased global demand and constrained exports for Ukraine. With use rising more than supply, ending stocks are lowered by 137 million bushels to 1.7 billion. The season-average corn price received by producers is raised by $0.10 per bushel to $4.50, reflecting tighter ending stocks and expectations for futures and cash prices to date.

The U.S. 2026/27 soybean production is projected at 4.5 billion bushels, up 44 million due to a higher harvested area and a slightly lower yield. Harvested area is revised up 1.4 million acres from the July projection to 85.8 million on higher acreage for Missouri, Mississippi, and Minnesota. The first survey-based soybean yield forecast of 52.7 bushels per acre is 0.3 bushels below last month's projection and last year's record yield. Soybean supplies for 2026/27 are projected up 39 million bushels from last month as higher production is partially offset by lower beginning stocks due to a slight increase to crush in the prior marketing year. U.S. soybean crush for 2026/27 is increased 30 million bushels to 2.78 billion, driven by robust crush margins and stronger demand for both soybean meal and oil. U.S. soybean exports are unchanged and ending stocks are raised 10 million bushels to 320 million on higher supplies. Price forecasts for 2026/27 remain unchanged. The U.S. season-average soybean farm price is forecast at $11.40 per bushel.

The outlook for 2026/27 U.S. rice this month is for higher supplies, greater domestic use, unchanged exports, and increased ending stocks. Supplies are raised on higher 2026/27 production and increased beginning stocks with reduced 2025/26 exports. The initial survey-based production forecast for the 2026/27 crop year raised production to 158.4 million cwt, up 5.1 million from last month, on higher harvested area more than offsetting a lower yield. The average all-rice yield is forecast at 7,644 pounds per acre, down 102 pounds from the prior forecast. Long-grain production is forecast at 106.7 million cwt and combined medium- and short-grain production is forecast at 51.7 million. All-rice domestic use and residual is raised 2.0 million cwt to 148.0 million cwt on increased supplies. Projected 2026/27 ending stocks are raised to 36.0 million cwt but are still down 33 percent from last year. The 2026/27 season-average farm price (SAFP) for all-rice is unchanged at $14.90 per cwt, compared to the 2025/26 SAFP of $12.50.

The 2026/27 U.S. cotton balance sheet for August projects lower production and ending stocks compared to last month, while beginning stocks, consumption, exports, and imports are unchanged. U.S. all-cotton production is forecast at 13.61 million bales based on the NASS August Crop Production report. This is over 90,000 bales below July projections and almost 300,000 bales smaller than the 2025/26 crop. Planted area is raised over 600,000 acres to 10.47 million, up 6 percent from the June Acreage report. The forecast for harvested area is increased to 8.19 million acres, over 8 percent higher than last month. The national average yield is lowered 74 pounds to 798 pounds per harvested acre as projected yields for many States are lower than in 2025/26. With a smaller crop, projected ending stocks are reduced to 4.00 million bales, resulting in a stocks-to-use ratio of 28.8 percent. The projected season-average farm price is raised 2 cents to 75 cents per pound.

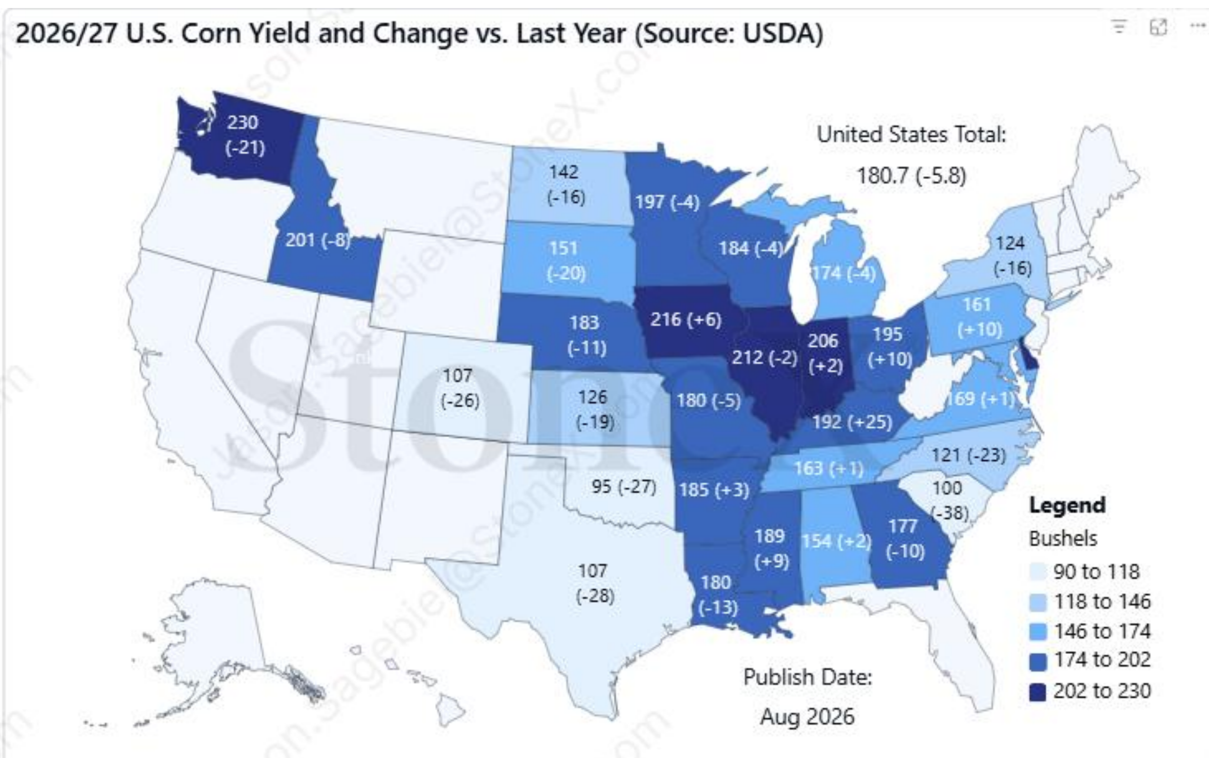
Corn

During the first three weeks of July, the December corn contract rallied more than $0.50 as hot and dry conditions across the U.S. prompted pollination concerns. However, the market has now removed part of that weather-related price premium, with rainfall rapidly improving through late July and early August. Still, crop conditions for the U.S. crop have declined in recent USDA updates, any trader will be interested to see if USDA shows a dampened optimism for production potential in the August WASDE report.

The average trade guess, according to the monthly Dow Jones survey, is calling for a 182.5 bushel per acre national corn yield, a 0.5- bushel per acre cut from July if realized. Bear in mind that the August forecast from USDA is the first to incorporate survey results into the estimate. Since 2000, USDA has increased their yield forecast in the August report in 15 of 26 reports. Based on this year's 62% good-to-excellent crop rating to begin August, history is mixed, but a slight cut to yield prospects would not be unheard of and it is a fair assumption given the Western Corn Belt dryness through July. Assuming acreage goes unchanged, an 182.5- bushel per acre yield would suggest a 15.950-billion-bushel corn crop, the second largest on record behind last year.

At that level of production, a supply issue is still difficult to picture for the U.S. market, but that will also depend on potential changes to the amount of corn being carried into the new season beginning on September 1st. Exports can be a category to watch, with U.S. corn shipments entering August running 25% ahead of the same point in 2025 with one month to go in the marketing year and USDA forecasting a 16% year-over-year increase to corn exports as of the July WASDE. The average trade guess calls for a 10 million bushel cut to 2025-26 corn ending stocks to 2.010 billion bushels.

The USDA's August WASDE report showed U.S. corn ending stocks for 2026/27 at 1.653 billion bushels, below the average estimate of 1.745 billion bushels. It was at the bottom of the estimate range of 1.6-1.986 billion bushels. The July estimate was 1.79 billion. Corn ending stocks for 2025/26 were 1.945 billion bushels, below the low trade estimate of 1.948 billion. The average estimate was 1.997 billion bushels, and the high estimate was 2.136 billion. The July estimate was 2.02 billion bushels. The USDA's crop production report shows the 2026/27 crop at 16.013 billion bushels on a 180.7 bushel/acre yield. The average pre-report estimate for production was 15.966 billion bushels, with a range of 15.78-16.16 billion. The average pre-report corn yield estimate was 182.7 bushels/acre, with a range of 180.5-184.8 bushels/acre.



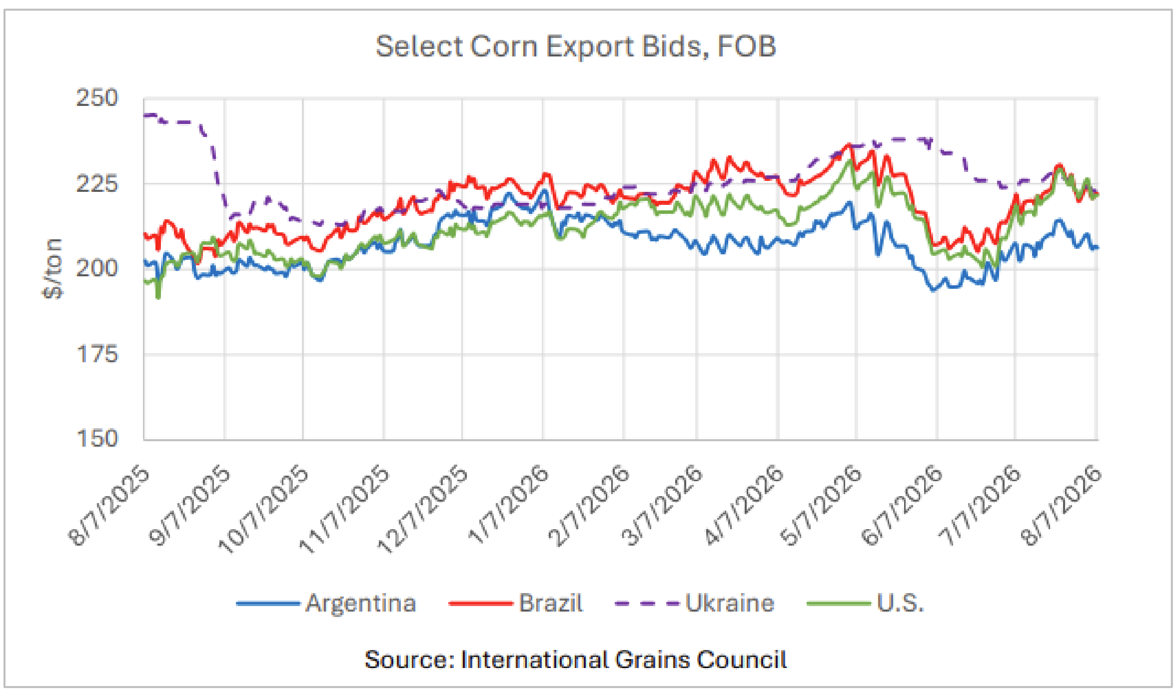
The report can be considered bullish. USDA cut yield more than expected, just above the lowest guess, which pulled ending stocks nearly 75 million bushels lower than the average guess for new crop, even though USDA raised harvested acres 1.2 million to the second largest harvested acre total on record. Old crop exports increased as expected, which pulled down old crop ending stocks too. A tightening balance sheet should provide underlying support on breaks, and the surprise yield cut indicates the crop is not as uniformly good as some thought. We expect demand to continue strong into early 2027 on the potential for large EU imports.

The corn futures market got a bullish USDA supply and demand report today. A solid rally in the wheat markets also spilled over into better buying interest in corn futures. December corn rose 20 1/4 cents to $4.80 3/4, near the daily high and hit a two-week high.

Weather in the Corn Belt still leans price bearish. World Weather Inc. today said the recent U.S. Midwest derecho induced some crop damage, but relative to the nation's total production the impact should have been low. Another round of severe weather is expected tonight and Thursday from South Dakota and northern Nebraska to Ohio, resulting in some additional potential damage. Dryness in the northwestern Corn and Soybean Belt will slowly be eased by repeating showers and thunderstorms over the next ten days, but no general soaking is likely which will maintain a need for more rain in some areas. U.S. Delta late season crops (sorghum and soybeans) will be stressed by warm and dry conditions for a while.

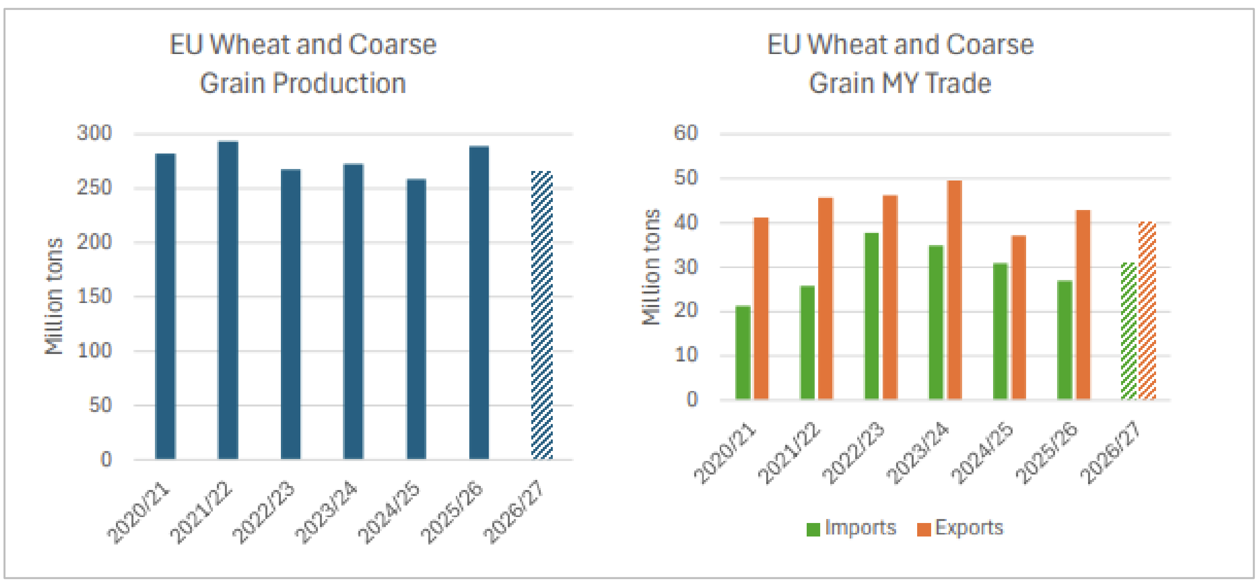
Corn market bulls regained the technical advantage today and good follow-through buying on Thursday or Friday would suggest a near-term price uptrend can be sustained. The next upside price objective for the bulls is to close December prices above solid chart resistance at the July high of $4.92. The next downside target for the bears is closing prices below chart support at the August low of $4.57 1/4. First resistance is seen at today's high of $4.81 1/2 and then at $4.85. First support is seen at $4.75 and then at $4.70.

Since the July WASDE report, global export bids from major origins were largely flat. U.S. bids were up $3 to $222/ton as strong new-crop sales and robust export inspection data in July continued to lift bids. Argentine bids were down just $1 to $206/ton as downward pressure from a record crop was tempered by heavy moisture, which slowed the pace of harvest. Brazilian bids were essentially flat month to month, with few major changes in the export price outlook. Ukrainian bids were down $1 to $223/ton, as upward pressure from disruptions in export logistics in Odessa ports were balanced by expectations of softer import demand from partners like Türkiye.



Export bids (fob, US$ per ton)	7-Aug-26	7-Jul-26	7-Aug-25	% change, '25-'26
Argentina, Up River	206	207	203	**2%**
Brazil, Paranaguá	222	222	210	**6%**
Ukraine	223	224	245	**-9%**
U.S. 3YC, Gulf	222	219	197	**13%**

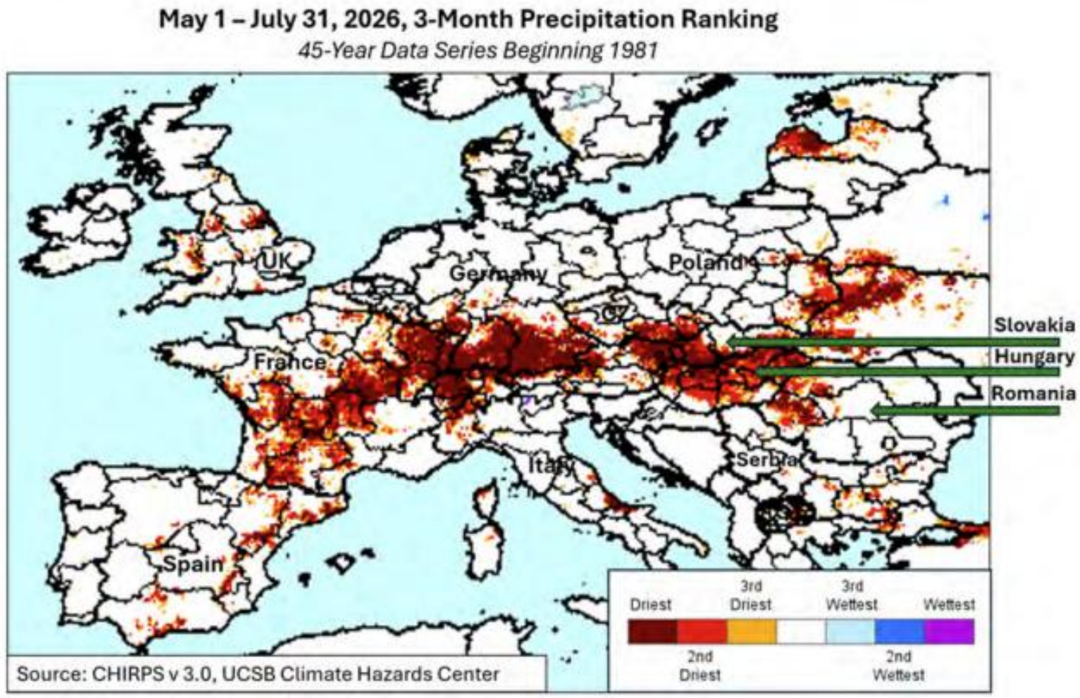
Wheat and coarse grain production in marketing year 2026/27 for the European Union (EU) is now forecast at 264.8 million tons, down 8 percent from the prior year. Excessive heat and dryness over the late spring and summer months have reduced yields for recently harvested wheat and barley crops. Corn production is forecast at 50.2 million tons which, if realized, would be the smallest EU corn crop in nearly 20 years. EU grain imports are expected to rise as a result but face some constraints. Ukraine, typically a top supplier of corn to the EU, is experiencing logistical disruptions to Black Sea shipping as hostilities with Russia have intensified since mid-July. Brazilian exports are off to a slow start despite expectations of a record corn crop as domestic demand grows for corn as a biofuel feedstock. Ukraine's ability to ship wheat to the region is further limited by current EU import policies, particularly for countries in the Visegrád Group. However, there have been significant recent EU purchases of U.S. corn, and despite a smaller year-to-year crop, U.S. total supply is forecast to be plentiful.



EU corn production for marketing year 2026/27 is forecast at 50.2 million metric tons, down 7 percent from last month, 12 percent from last year, and 17 percent below the 5-year average. This is the lowest production in the EU since 2007/08. Harvested area is forecast at 7.5 million hectares, down 2 percent from last month, and 9 percent from last year. Harvested area is forecast to be the lowest since 1990/91. Yield is forecast at 6.74 tons per hectare, a decline of 5 percent from last month, 3 percent from last year, and 4 percent below the 5-year average.

Hot, dry weather continued to limit corn development in western Europe as the crop accelerated through flowering, dough, and into the dent stage. These conditions are particularly damaging for corn, a crop that requires substantial moisture and is highly sensitive to prolonged temperatures above 35 degrees Celsius. In addition, a significant reduction in corn area is due to grain corn being harvested as silage because of widespread drought. On a member-state level, production was reduced by 1.5 million metric tons in

France and 1.2 million metric tons in Hungary. This season, these two countries have been epicenters of unfavorable weather, which has covered a broad expanse of the continent.



Soybeans

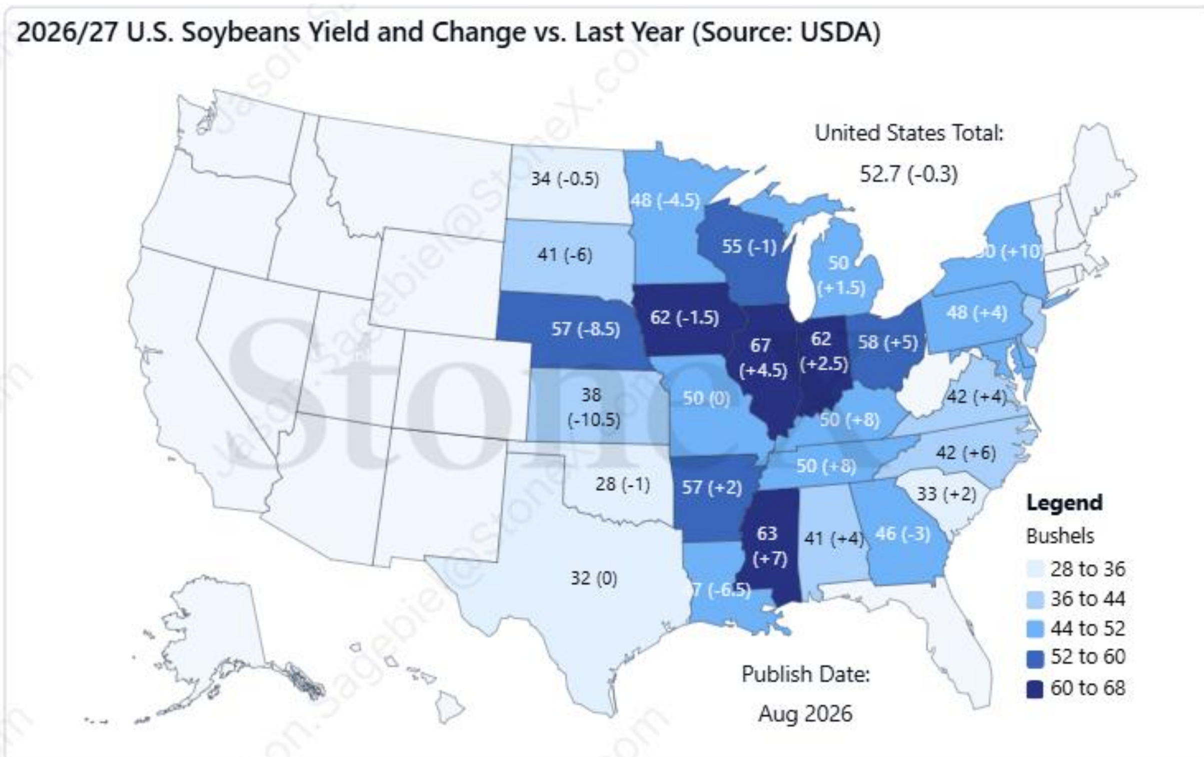
After rallying over $1.00 per bushel on the November contract through the first three weeks of July, the market has given over $0.75 of that value back with August pod-filling weather forecasts looking much improved recently from what had been the case in mid to late July. The soybean market continues to be a tug of war between strong demand and production potential with the August WASDE offering insights into both sides of the balance sheet.

Beginning with the yield discussion, the paramount question is whether hot and dry periods in July will limit the potential for a record-tying 53 bushels per acre trendline output in 2026, which, according to some in the trade, is already a borderline bullish yield barring an increase to acreage. Despite some problem areas through the U.S. Soybean Belt, the national crop enters August rated in 63% good-to-excellent condition (78% and 75% in Iowa and Minnesota, respectively). Historically speaking, USDA has raised the soybean yield forecast in seven of the past 10 years. The August yield forecast could go either way on Wednesday, with August weather for pod fill set to be the determining factor moving ahead. The Dow Jones survey seems to agree with an average trade estimate of 52.9 bushels per acre and estimates ranging from 52 to 53.5 bushels per acre. Assuming acreage is unchanged, a drop in yield on Wednesday would likely also drop 2026 production from record territory (4.465 billion bushels in 2021).

On the demand side, with old-crop export commitments entering the final month of the 2025-26 year almost 13 million bushels ahead of USDA's goal, the argument can be made for another higher revision. The average Dow Jones guess is for a slight reduction in old-crop U.S. stocks to 324 million bushels. While lower carry-in and potentially lower production would reduce stocks for the upcoming 2026-27 season as well, there is also the case for higher new-crop exports given the strong July for new-crop sales.

Entering August, new-crop commitments totaled 308 mb, more than double the same point in 2025, with USDA thus far forecasting a 9% year-over-year increase.

The USDA's August Supply/Demand report showed US ending stocks for 2026/27 are estimated at 320 million bushels, compared to 306 million bushels expected (range: 250-387 million). Soybean ending stocks for 2025/26 were 325 million bushels, versus the average estimate of 323 million bushels and 330 million in July. The USDA's crop production report shows the 2026/27 crop at 4.519 billion bushels on a 52.7 bushels/acre yield. The average pre-report estimate for production was 4.478 billion bushels (4.389-4.675 billion bushels range) and 4.475 billion in July. The average pre-report soybean yield estimate was 53, with a range of 52-55.3 bushels/acre.

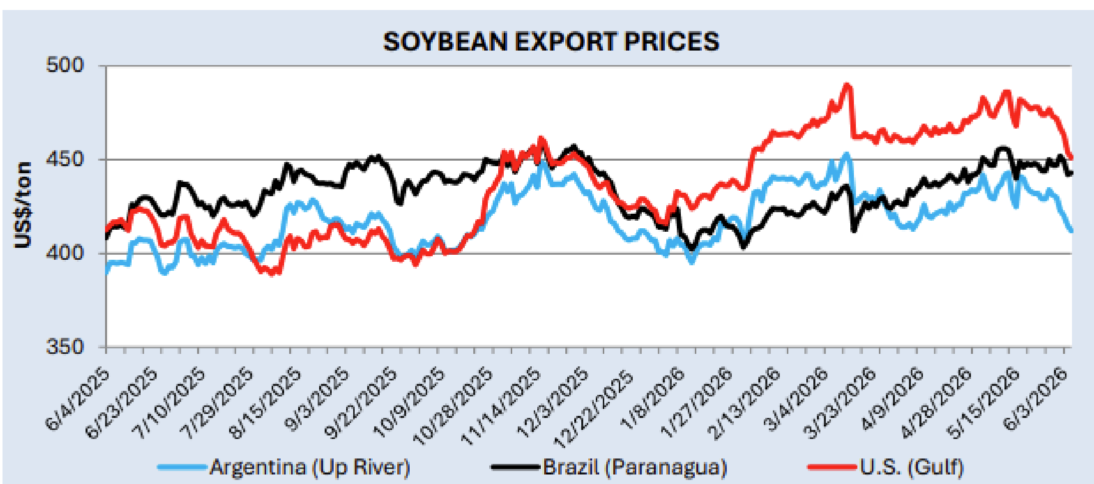


The August WASDE can be considered slightly bearish. U.S. ending stocks came in higher than expected, harvested acres were increased by 1.4 million from June, and world ending stocks were as expected. Yield was cut slightly from the July reading, or new crop ending stocks would have ended up even higher. The report highlights the fact that it will be difficult to generate a bullish balance sheet without a late-season weather problem in beans. Chinese demand will need to stay strong to keep prices up.

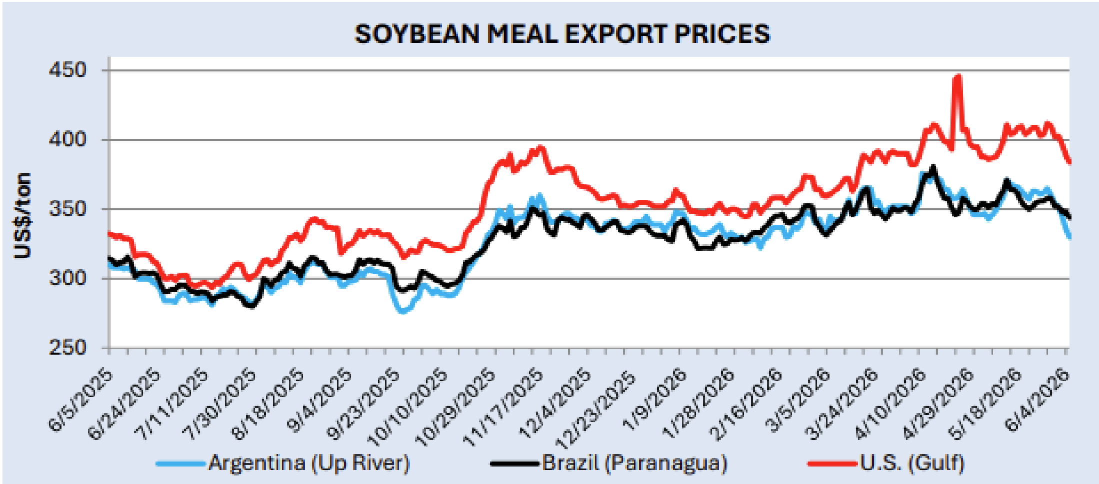
November soybeans gained 14 1/2 cents to $11.83 1/4, near mid-range and hit a two-week high. September soybean meal rose $3.50 to $308.50, near mid-range. September soybean oil rose 59 points to 69.16 cents, near the daily high. The soybean market got a boost from a price-friendly USDA supply and demand report. price downtrend on the daily chart for November beans was negated today. The next near-term upside technical objective for the soybean bulls is closing November prices above solid resistance at the July high of $12.56 1/2. The next downside price objective for the bears is closing prices below solid technical support at the June low of $11.21 3/4. First resistance is seen at $12.00 and then at $12.15. First support is seen at this week's low of $11.65 1/4 and then at $11.50.

Weather in the Midwest still leans price-bearish for soybeans. World Weather Inc. today said that in the Midwest, daily rounds of showers and thunderstorms through the next two weeks and a lack of widespread, significant heat through at least the week will ensure crop conditions are favorable and yield potentials are high in much of the region deep into the month with some exceptions in the west-central and northwestern Corn Belt. A close watch will continue east-central and southeastern South Dakota and nearby Nebraska into northwestern Iowa as well as eastern North Dakota into northwestern Minnesota where soil moisture is marginal to short and stress to crops will increase until significant rain falls. Occasional rounds of showers and thunderstorms will bring relief from dryness to the region and yield potentials should stabilize or possibly increase overall during the next two weeks. Southeastern South Dakota and northeastern Nebraska into northwestern Iowa will benefit from moderate to heavy rain today into Thursday. Some crops from eastern Kansas and nearby Nebraska into southern Illinois and nearby areas will be stressed by high temperatures in the 90s and a few lower 100s during the next week with moist soils in place likely to limit rapid increases in crop stress. Around 75% of the Midwest will receive rain Friday into Sunday with totals up to 0.75" and locally more most common along with some bands of 0.75-1.75" and locally more while southwestern and south-central areas are driest.

U.S. soybean export prices fell over the past month to the lowest level since February 2026 on reports of favorable weather in major U.S. growing regions. Brazilian soybean export prices remained largely unchanged over the month, while Argentine prices declined on increased crop size estimates. Soybean meal export prices for major producers declined, following soybeans. U.S. soybean oil export prices climbed to their highest level since 2022 on strong domestic demand, expanding the premium over Argentine and Brazilian prices. Palm oil and South American soybean oil export prices declined slightly over the past month, following petroleum prices.



Source: International Grains Council. All prices are FOB: U.S. Gulf, Argentina Up River, and Brazil Paranagua.



Source: International Grains Council

Bloomberg reported that Chinese purchases of U.S. soybeans have picked up following a summit between Trump and President Xi Jinping in May. The Asian nation has recently booked several cargoes alone, including 238,000 tons reported by the U.S. Department of Agriculture last Friday. That puts this year's purchases roughly a quarter of the way toward meeting what the White House has said is a commitment to purchase at least 25 million tons of soybeans annually through 2028. The administration has also said China has agreed to buy at least $17 billion of additional U.S. agricultural products annually. Traders continue to watch for any additional policy signals from Washington and Beijing before an expected meeting between Trump and Xi in September.

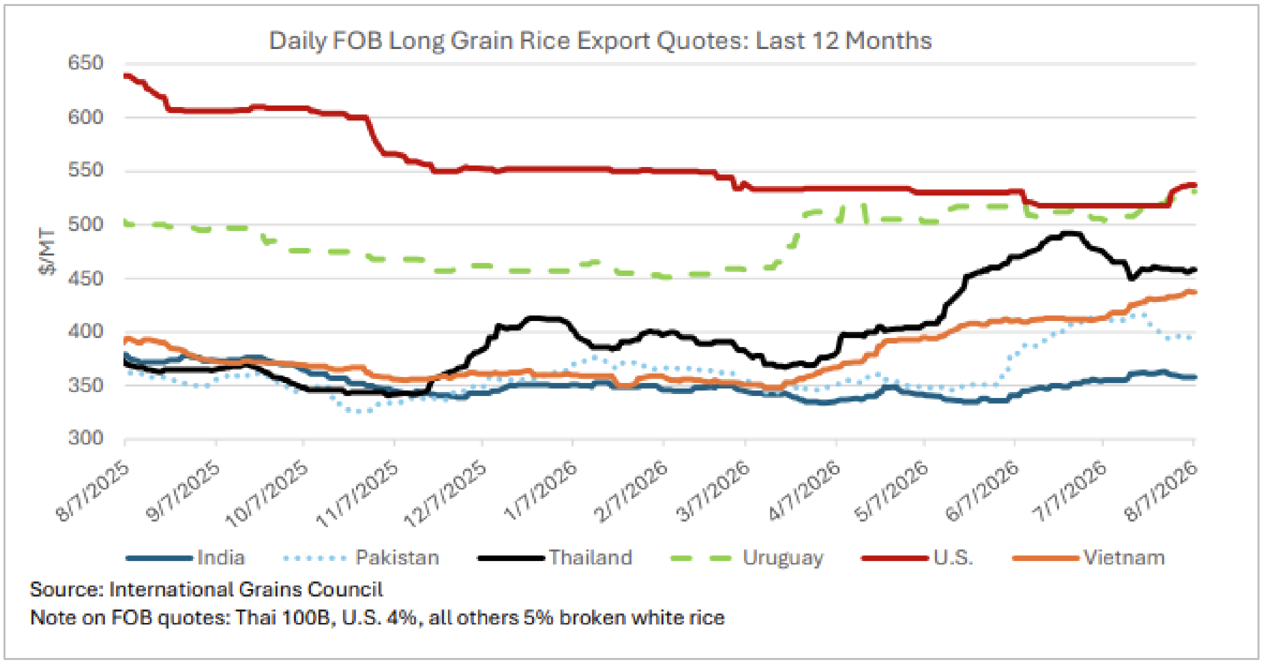
Reuters reported the recent purchases were made as buyers were taking advantage of lower prices in a flurry of purchases ahead of President Xi Jinping's expected U.S. visit next month. These deals were mainly done by Sinograin and the main reason is a drop in prices last week. "There are plans for President Xi to visit the U.S. in September so China is also trying to buy U.S. beans under its commitment made to Washington,' an Asia-based trader at an international trading company told Reuters. Reuters also reported that the companies paid a premium of $3.03 per bushel over the November Chicago Board of Trade (CBOT) contract for shipment from the U.S. Gulf and a $3 premium for Pacific Northwest shipments, said one source. The most active soybean contract fell 5.2% last week.

Rice

The USDA data was slightly negative for the rice market as USDA raised its 2026 U.S. all-rice crop estimate by 5.1 million hundredweight and raised its 2026-27 U.S. all-rice carryout estimate by the same amount to 36.0 million hundredweight. For long-grain specifically, USDA raised its crop estimate to 106.7 million cwt. from 104.1 last month. It raised old crop ending stocks by 1 million cwt. and raised new crop long-grain ending stocks to 20.3 million cwt., up from 17.7 million the prior month but still down sharply from old-crop ending stocks of 37.6 million.

Rice futures closed marginally lower, losing ground for the third day in a row. September rice edged down a half-cent to settle at $13.915 per cwt after trading between a low of $13.890 and a high of $14.060, while November rice dropped 3 cents to finish at $14.330.

Since the July WASDE, global export quotes increased for major exporters aside from Pakistan and Thailand. U.S. quotes jumped $19 to $537/ton and Uruguayan quotes rose $27 to $531/ton, both on strong sales to Latin America. Thai quotes dropped $16 to $458/ton, reflecting weak demand, and remain above other major Asian exporter quotes. Vietnamese quotes spiked $24 to $437/ton reflecting limited supply. Pakistani quotes fell $19 to $395/ton on weak sales to the Middle East. Indian quotes increased by $3 to $358/ton on strong interest from Africa and East Asia.

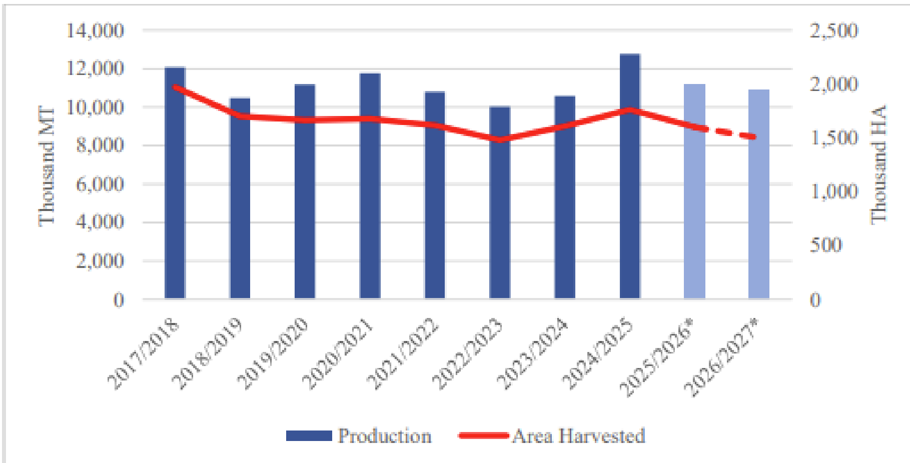


Traders are turning their attention to what is going on in Brazil. The size of their crop has been a major factor in recent years, and there have been shocks to it. Initial estimates from the USDA were that the crop would be reduced by about 8% this year compared with last year. However, due to recent weather events and extremely high fertilizer costs, reports are showing up to an additional 10% loss, getting close to a 20% unforeseen supply-side shock. This has caused the Brazilian government to procure 305,000 metric tons in reserves and resulted in a subsequent price increase of approximately $25 per metric ton. Brazil is not alone in the reduction, as the entire Mercosur region is now expected to be off by as much as 15%. This development, coupled with our extremely short crop, could be the single bright spot in the pricing equation now as the world (and Western Hemisphere) is working off a glut of long grain rice.

It would be natural for the market's invisible hand to dictate more rice from the Middle and Far East to find its way into the Western Hemisphere, specifically South America, but this has not happened yet. There has been strong support and demand in Central and South America for rice grown in the Western Hemisphere. Prices have firmed in support of this thesis, with Brazilian milled 5% quoted at $500 per metric ton, Argentina at $440 per metric ton, and Uruguay at $500 per metric ton. This has helped with convergence of the U.S. crop in the right direction, i.e., lower-priced product moving up in our direction as opposed to our price dropping.

USDA FAS reports that the economic outlook for Brazil's rice industry remains highly constrained, setting the stage for repercussions through the 2026/27 cycle. Producers in 2025/26 were hit by tight credit conditions, steep production costs, and sustained high interest rates. This unfavorable balance between elevated production costs and low profit margins has eroded planting incentives, leading to forecasts of contracting planted area and total output in the 2025/26 harvest and the subsequent 2026/27 cycle.

Rice: Evolution of Production and Area



The 2025/26 Brazilian rice harvest saw a slowdown in domestic supply and a reduction in planted area. After a supply recovery in 2024/25, the domestic rice market again faced strong economic pressure, driven by high production costs, tight profit margins, and competition from the significant volumes harvested in other Mercosur countries during the previous cycle. This scenario is set to continue into the 2026/27 cycle, leading to further decreases in area and production. The reduction in planted area was a result of producers scaling back planting in favor of more profitable crops and in response to a challenging financial environment characterized by tighter credit and high interest rates.

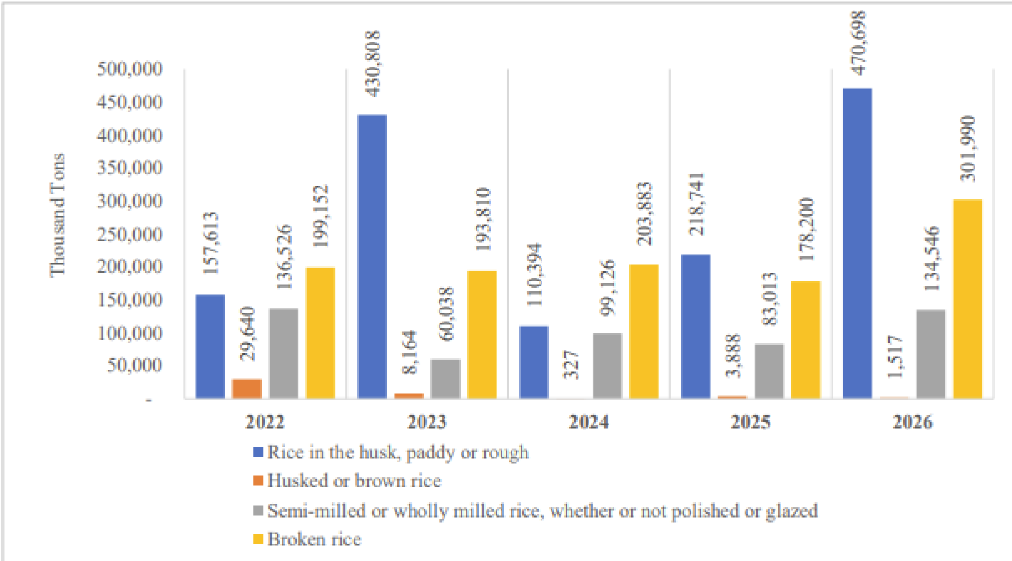
The 2025/26 rice harvest is complete in the country's major producing areas, confirming the estimated reduction in planted area compared to the previous cycle. Rio Grande do Sul remained the leading production state and was responsible for the largest share of the national harvest. According to the National Supply Company (CONAB), in the 2025/26 crop season, 94 percent of the rice planted in Brazil was irrigated, and the remaining 6 percent was rainfed.

Traditionally, rice exports tend to increase between May and August, and producers rely on these sales to help regulate market prices. Brazilian domestic consumption alone is not sufficient to support higher prices without a more favorable international trade environment. The USDA FAS Post revised its forecast for rice exports for MY 2026/27 (April 2027 – March 2028) to 1.4 MMT, the same estimate for MY 2025/26 (April 2026 – March 2027). Brazil remains a strong exporter of paddy and broken rice, and low prices of rice paid in the domestic market stimulate international sales. As internal demand continues to be strong, exports are likely to remain at a high level in the upcoming season.

Brazilian rice exports grew by 88 percent between January and June compared to the same period in 2025, marking one of the best performances ever recorded for the sector, according to data from the Secretariat of Foreign Trade (SECEX) under the Ministry of Development, Industry, Commerce and Services (MDIC).

Brazil exported 908,751 thousand tons of rice between January and June 2026, generating export revenue of USD 266,786 thousand. While the export volume rose by about 88 percent in comparison to 2025, the export value increased by 35 percent, largely due to more timid exchange-rate movements between the U.S. dollar (USD) and the Brazilian real (BRL). According to data from SECEX, Brazil exported almost 170,844 thousand tons of rice in June 2026, a 34 percent increase over the amount registered in June 2025.

Brazilian Rice Exports, by Category (January to June 2022 - 2026)



***Data Source**: Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia*

The main buyers of Brazilian rice in the first half of 2026 were Venezuela, Senegal, Costa Rica, Mexico, and Gambia. Senegal and Gambia imported primarily broken rice, while Venezuela, Mexico, and Costa Rica sourced mainly paddy rice from Brazil. These countries were also the main destination of Brazilian rice in 2025.

Brazilian rice exporters have recently expressed concern that the lack of consensus on the internal division of agricultural quotas under the Mercosur-European Union trade agreement is delaying access to the European market. Under the agreement, the FIFO (First In, First Out) system defines the release of import quotas. Since Mercosur countries have not reached a consensus on the internal division of quotas for sensitive products such as rice, access to the European market is distributed in chronological order of application. The agreement stipulates that the quota will expand progressively, reaching 60,000 tons annually over the next five years.

Uruguay and Argentina exhausted all tariff-free rice quotas in the first month after the treaty came into effect, exporting the annual quota of 6,667 tons in May. This move frustrated new license applications from Brazilian exporters and exposed operational asymmetries. Uruguay retained 63 percent of the quota, with Argentina covering the remainder.

In mid-July, the U.S. announced an additional 25 percent tariff on Brazilian rice exports. The measure primarily affects Rio Grande do Sul and Santa Catarina, states that account for a large share of exported grain. The United States was the third-largest buyer of Brazilian milled rice in June, responsible for nearly 20 percent of the imports of this grain, behind only Peru and Cuba. According to Post contacts, the measure is expected to reduce exports, as Brazilian milled rice will become more expensive in U.S. markets and less competitive. To offset this, producers may try to compensate by exporting paddy rice to other countries to balance stocks.

Cotton

The August USDA WASDE data was negative overall for the cotton market as USDA did not cut U.S. production or ending stocks as much as the trade anticipated, pegging the 2026-27 U.S. cotton crop at

13.61 million bales, down just 90,000 from July and 70,000 above the average of trade estimates. USDA lowered its 2026-27 U.S. cotton carryout forecast by just 100,000 bales, with the trade, on average, expecting a cut of 240,000 bales. USDA did lower its expected 2026-27 world cotton carryout by 530,000 bales to 69.69 million, but stocks remain very comfortable.

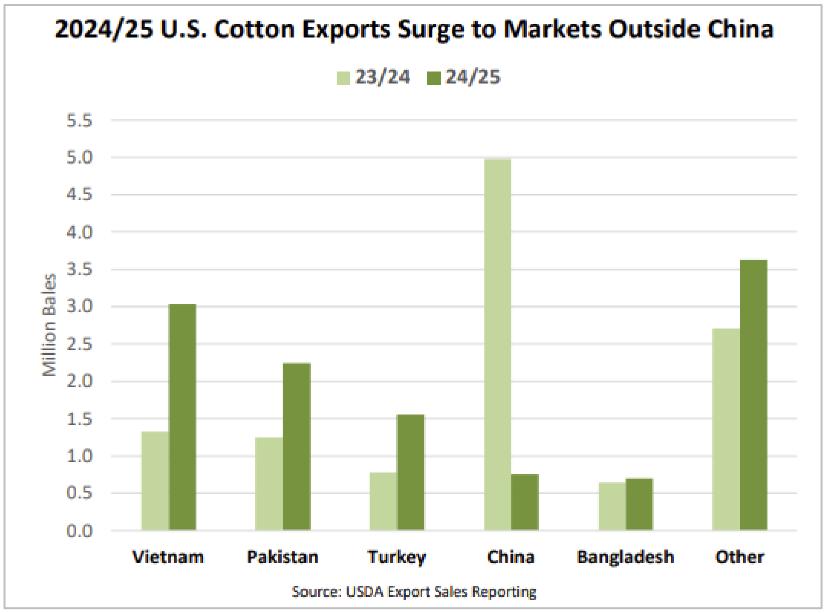
Cotton futures finished mostly steady to slightly higher across most active contracts, though December ended slightly lower. Thinly traded October gained 12 points to settle at 83.21 cents per pound. The most-active December contract slipped a single point to settle at 84.38 cents after trading a range of 83.45 and 85.25, while March cotton added 8 points to finish at 86.32 cents. December cotton made a new three-month high before retreating. It did not trigger our morning hedge recommendation on today's close.

World Weather Inc. today said west Texas and the Texas Blacklands need rain in unirrigated fields to support the best production potential. Dryland crops in west Texas have been deteriorating recently and the trend will continue for the next 10 days. The Delta is also unlikely to see much rain leading to some increase in crop moisture stress. Dryland crops in west Texas will be most stressed by heat and dryness, despite showers in the next couple of days. Cotton in most other U.S. production areas are in varying condition with most crops suspected of doing relatively well. Rain has fallen recently in the Carolinas and Georgia easing long term dryness. Favorable harvest weather should continue in Argentina and Brazil during the next 10 days. Fieldwork is ending in Argentina but will continue for weeks in Brazil.

December cotton futures bulls still have the overall near-term technical advantage and are keeping alive a price uptrend on the daily bar chart. The next upside price objective for the cotton bulls is to produce a close in December futures above technical resistance at the May high of 88.08 cents. The next downside price objective for the cotton bears is to close prices below solid technical support at 79.20 cents. First resistance is seen at today's high of 85.25 cents and then at 86.00 cents. First support is seen at 83.00 cents and then at 82.51 cents.

U.S. cotton exports for 2024/25 (August 2024 – July 2025) are estimated at 11.9 million bales, nearly 200,000 above the previous year. This is despite lower global imports and U.S. shipments to China falling over 4.0 million bales. Import demand from Vietnam, Pakistan, and Türkiye surged due to higher cotton consumption; lower cotton prices and resilient growth in cotton product demand from developed markets supported consumption growth.

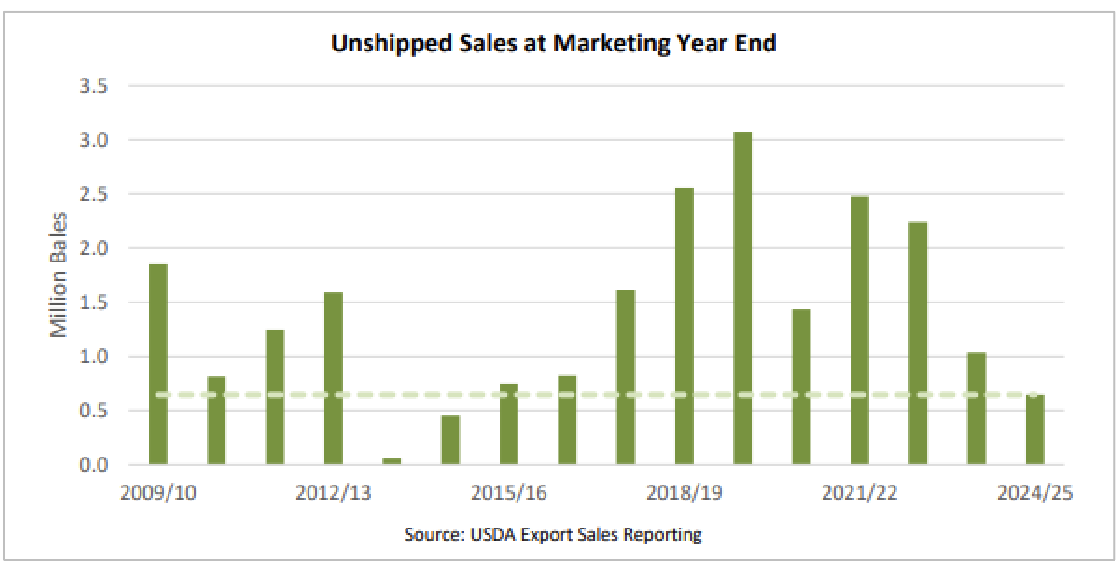
Vietnam was the most important market in boosting U.S. shipments over the previous year and above earlier USDA forecasts. Exports to Vietnam more than doubled to over 3.0 million bales, one-quarter of total U.S. shipments. The country has witnessed record cotton consumption and imports due to notable growth in exports of finished products. U.S. exports to Pakistan rose 1.0 million bales compared with the previous year to 2.2 million, one-fifth of total U.S. shipments. The country's imports (like Vietnam) were a record due to strong consumption growth coupled with lower domestic production. Textile producers in Pakistan and Vietnam have benefited from U.S. importers shifting more apparel orders to their countries and away from China.

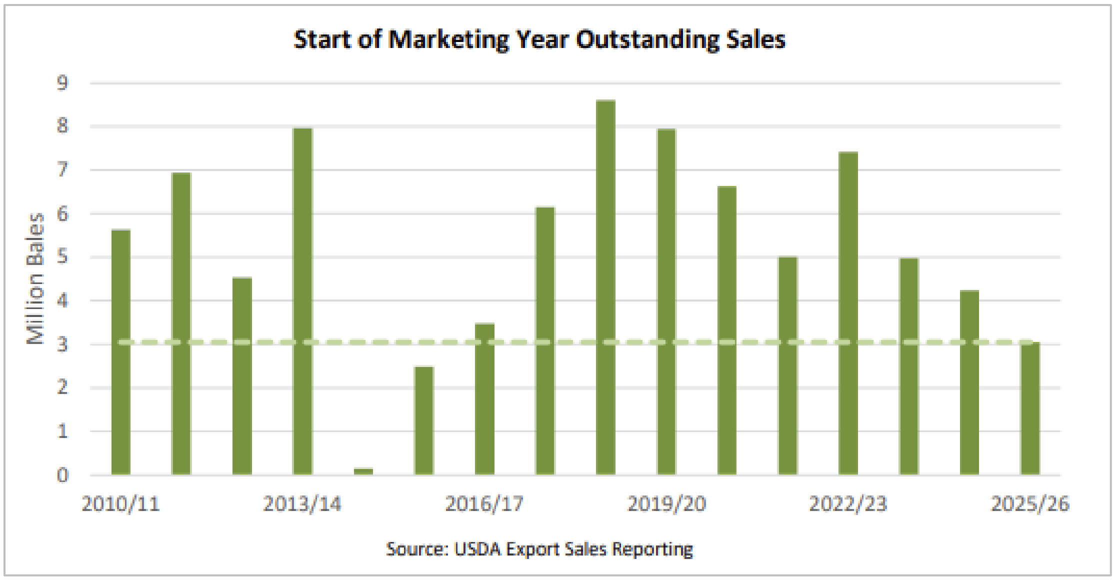


An additional factor boosting U.S. shipments above earlier USDA forecasts was the relatively high percentage of sales that physically shipped before the end of the marketing year (July 31st). For the previous 5 years, the average level of sales that did not physically ship, despite being registered to ship by the end of the marketing year, was roughly 2.0 million bales. This contrasts with 650,000 bales this year, the lowest volume of unshipped sales in nearly a decade.

Outstanding sales at the end of the marketing year (2024/25 in this case) typically carry over to the new marketing year but sales are sometimes canceled. A lower level of sales carried over to the new marketing year (2025/26) has somewhat suppressed the level of sales to begin the new marketing year. Sales to start the 2025/26 marketing year are the lowest in nearly a decade at roughly 3.0 million bales.

2025/26 U.S. exports are forecast to rise 100,000 bales to 12.0 million, mostly unchanged from the previous year. The relatively low level of current outstanding sales implies reported purchases of U.S. cotton are expected to rise significantly over the next year.

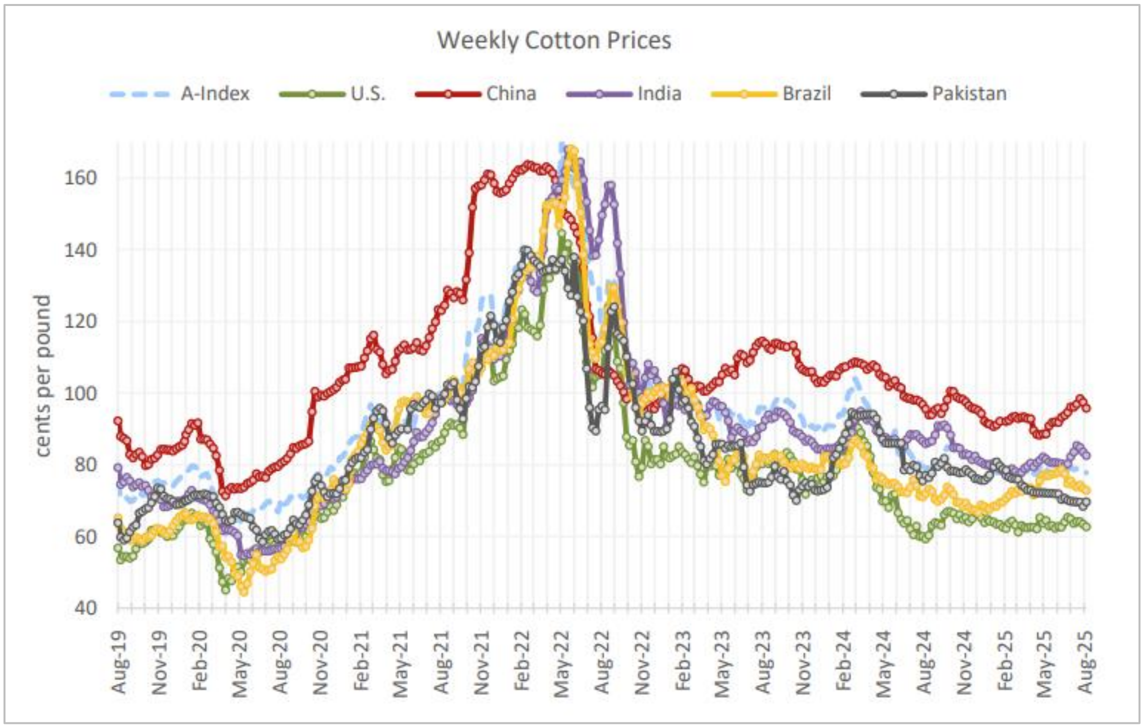




Since the last WASDE report, cotton futures on the Intercontinental Exchange (ICE) are unchanged at around 67 cents per pound. The latest Commodity Futures Trading Commission Commitment of Traders supplemental report for futures and options showed the net long (buy) position (as of August 5, 2025) for both Non-Commercial and Index participants falling to 900 contracts. With open interest at around 275,000 contracts, this implies that Non-Commercial and Index participants are practically equal between long and short positions. Commodity prices (represented by the Bloomberg Commodity Spot Index) are down compared with last month and somewhat owed to lower oil and copper prices.

U.S. spot prices are down 1 cent to around 63 cents per pound. Basis remains unchanged at around -300 points. China prices are unchanged at 96 cents per pound. Basis (relative to ICE) is unchanged at around 2,900 points. India prices are down 1 cent to 83 cents per pound. Basis is mostly unchanged from last month at 1,500 points. Brazilian prices are down 1 cent to 73 cents per pound. Basis is mostly unchanged at 600 points. Pakistani prices are unchanged at 70 cents per pound. Basis is mostly unchanged at 300 points.

The observed A-Index this month includes the simple average of the following 5 quotes: Brazil, Memphis/Orleans/Texas, Ivory Coast, Memphis/Eastern, and Australia. Brazil is the lowest quoted origin at 73.50 cents per pound; Australia is the highest at 79.50 cents. The A-Index relative to ICE is roughly 11 cents higher and like the previous year. Note the A-index includes the 5 cheapest origins of ‘medium grade’ cotton landed at a port in the Far East; quotations are compiled and published daily.



Changes Since July *WASDE* (cents per pound)

	A-Index	U.S.	China	India	Brazil	Pakistan
9-Jul	78.2	63.6	95.9	83.7	74.4	69.8
8-Aug	77.8	62.6	95.8	82.5	73.2	69.8
Change	-0.4	-1.0	-0.1	-1.2	-1.2	0.0

PLC Farm Program Payment Projections – 2025/26 CY

The table below projects the national marketing year average prices for Price Loss Coverage (PLC) program. A PLC program payment is triggered when the national Marketing Year Average (MYA) price for a commodity falls below that commodity's effective reference price. The payment rate is then multiplied by the farm's program yield and made on 85% of base acres.

Covered Commodity	***2025/26 MYA Price****	*Effective Reference Price*	***2025/26 PLC Payment Rate***
Corn	$4.15	$4.42	$0.27
Grain Sorghum	$3.55	$4.67	$1.12
Long Grain Rice	$10.40	$16.90	$6.50
Medium Grain Rice	$14.90	$16.90	$2.00
Seed Cotton	$0.3433	$0.4200	$0.0767
Soybeans	$10.40	$10.71	$0.31
Wheat	$5.06	$6.35	$1.29

*The 2025/26 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on August 12, 2026.

PLC Farm Program Payment Projections – 2026/27 CY

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Covered Commodity	***2026/27 MYA Price****	*Effective Reference Price*	***2026/27 PLC Payment Rate***
Corn	$4.50	$4.42	--
Grain Sorghum	$4.30	$4.67	$0.37
Long Grain Rice	$13.50	$16.90	$3.40
Medium Grain Rice	$15.00	$16.90	$1.90
Seed Cotton	$0.4031	$0.4200	$0.0169
Soybeans	$11.40	$10.71	--
Wheat	$6.20	$6.35	$0.15

*The 2025/26 national marketing year average (MYA) prices reflect the prices contained in the USDA WASDE report on August 12, 2026.

Sources: USDA Agriculture Market Service (AMS), USDA Foreign Agriculture Service (FAS), USDA Farm Service Agency (FSA), USDA National Agriculture Statistics Service (NASS), USDA Economic Research Service (ERS), USDA FAS GAIN Report, USDA Office of Communications, USDA World Supply Demand Estimates (WASDE), ADM Investor Services, AgDay, Ag Fax Media, AEI, Ag Market Network, Agri-Pulse, AgRural, Ag Resource Company, Ag Web, Agricultural Market Information System (AMIS), Allendale, American Farm Bureau Federation, Andersons Grain, Bloomberg News, Brock Report, CME Group, Co-Bank, Cotbase.com, Cotton Grower, Cotton Incorporated, Cotton Outlook, Creed Rice Report, O.A. Cleveland, Daniels Trading, Delta Farm Press, DTN Progressive Farmer, Farm Futures, Fastmarkets, Fiber 2 Fashion, Gro Intelligence, Hightower Report, Intercontinental Exchange, International Grains Council, Iowa State University, INTER-RICE, Lakefront Futures and Options, LSU AgCenter, Mississippi State University, NOAA, National Cotton Council, No Bull, Peterson Institute of International Economics, Plains Cotton Cooperative Association, Plexus Cotton, Pro Farmer, Refinitiv, Reuters, Rice Market Letter, Southeast Farm Press, Sovecon, StoneX, Standard Grain, Successful Farming, Texas A&M University (John Robinson), Textile Exchange, Total Farm Marketing, University of Arkansas, University of Georgia, University of Illinois, University of Tennessee, U.S. Grains Council, U.S. Rice Producers Association, USA Rice Federation, U.S. Soybean Export Council, United Nations Food and Agriculture Organization (FAO), Wall Street Journal, and Zaner Ag Hedge.

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