

MARKETS | COMMODITIES

# Cotton Prices Surge to Highest Level in a Decade

China buys up U.S. supplies of crop, even as Trump-era import ban limits use of Chinese-grown fiber



Most-active U.S. cotton futures are up 22% over the past 11 sessions.

PHOTO: DAVID GRAY/BLOOMBERG NEWS

By [Kirk Maltais](#)

Updated Oct. 5, 2021 3:01 pm ET

Cotton futures are trading at their highest price in about a decade, with growing Chinese demand being met in part by rising U.S. exports to China, a curiosity of Trump-era trade-war policies.

Most-active U.S. cotton futures trading on the [Intercontinental Exchange](#) ICE **3.08%**▲ closed Tuesday up 3.8% at \$1.09 a pound, keeping prices at their highest level since September 2011. Prices have risen 22% over the past 11 sessions.

Higher clothing prices could eventually follow.

Prices for [other raw materials](#), such as [lumber](#), have surged this year, because of high demand and [supply-chain kinks](#) that have kept goods from getting to customers who want them. Prices for other U.S. crops, such as [corn and wheat](#), have jumped this year amid drought conditions in the U.S. and abroad. Cotton shows the sometimes-unexpected effects that trade policy can have on prices.

Last year, President [Donald Trump](#) banned U.S. [imports of clothing and other products made of cotton from the Xinjiang region](#), China's largest cotton-producing area. The administration said at the time that there was [evidence that](#)

WHAT'S NEWS



### Companies Prioritize Premium Products Amid Supply Crunch



00:00

1x



SUBSCRIBE

#### Cotton Continuous Contract

\$1.15 a pound



Source: FactSet

MARKET TRENDS

KEY DEVELOPMENTS

FORECAST DRIVERS

FORECAST REVISIONS

Powered by:

the products were made with forced labor by the Uyghur ethnic group.

U.S. companies still can import cotton products made in China if the cotton itself is from somewhere else. So China is importing cotton—much of it from the U.S.—to make goods and ship them back.

China’s appetite for cotton imports is, in part, being fulfilled by cotton produced in the U.S. According to the U.S. Department of Agriculture, the pace of U.S. export sales of cotton to China since the start of the new marketing year on Aug. 1 is 83% higher than this time last year.

“If you cannot use Xinjiang cotton, you have to import a lot more cotton and yarn,” said Peter Egli, the director of risk management for Plexus Cotton Ltd.

Mr. Egli added that China also was filling its cotton needs from other significant exporting countries, such as India.

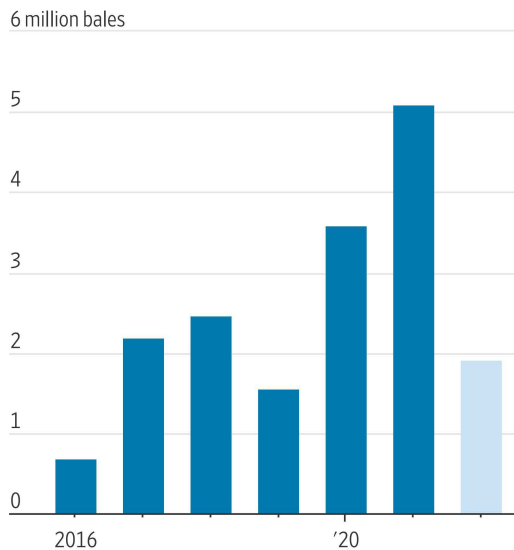
In a policy address Monday, U.S. Trade Representative Katherine Tai said the U.S. planned to start a new round of trade talks with China while maintaining tariffs on Chinese imports.

According to the most recent outlook from the USDA, consumption of cotton in China in the current marketing year is expected to be 41 million bales, the equivalent of roughly 8.9 million metric tons. That is up 24% over the past two marketing years, driven in part by a post-pandemic surge in demand for consumer goods.

Fund traders have increased their bullish bets, according to the Commodity Futures Trading Commission, as U.S. farmers begin to harvest their crops. The

USDA reports that the cotton harvest nationwide is 13% complete, and the crops being harvested are looking good—with 62% of them in good or excellent condition, versus 40% at this time last year.

### U.S. cotton export sales to China



Note: 2022 marketing-year sales began in August  
Source: USDA

“Conditions are good right now, so the harvest should stay good,” said Jack Scoville, an analyst with the Price Futures Group.

“China has become more active in the world market,” he said, adding that the U.S. can offer the volume and quality of cotton that China wants.

Yet, China’s robust demand for cotton and other raw materials could peter out. Power outages have swept through Chinese provinces, with the government sometimes forcing factories to shut down to save energy. The National Bureau of Statistics in Beijing reported

Thursday that the country’s manufacturing activity contracted in September, ending an 18-month expansion streak.

“Power rationing will constrain industrial activity until demand weakens enough to bring the domestic electricity market back into equilibrium,” said Julian Evans-Pritchard, senior China economist with Capital Economics, in a note last week.

---

### SHARE YOUR THOUGHTS

*Has the higher price of cotton changed your buying habits? Why, or why not? Join the conversation below.*

---

Write to Kirk Maltais at [Kirk.Maltais@wsj.com](mailto:Kirk.Maltais@wsj.com)

*Appeared in the October 6, 2021, print edition as ‘Cotton Prices Reach Decade High As China Turns to U.S. for Supply.’*

---

Powered by:

