



Cotton and Wool Outlook: May 2026

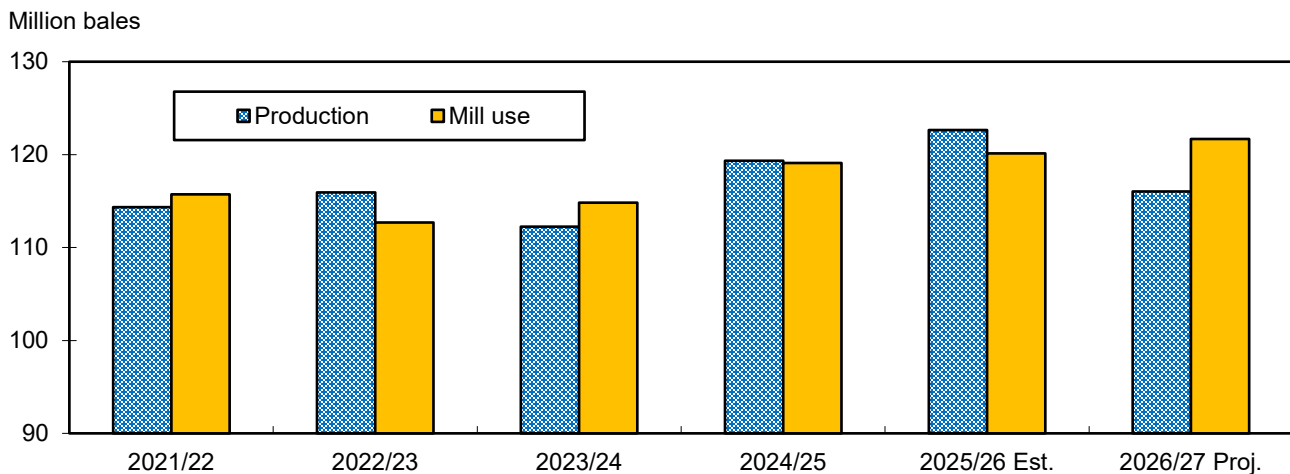
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Global 2026/27 Cotton Ending Stocks To Decline as Mill Use Rises Above Production

The initial U.S. Department of Agriculture (USDA) cotton projections for 2026/27 (August–July) indicate a decrease in global ending stocks, compared with 2025/26, as production is forecast to decline while mill use increases slightly (figure 1). World 2026/27 cotton ending stocks are projected at 71.8 million bales, 7 percent (5.4 million bales) lower than the previous year, supporting the potential for higher cotton prices than in 2025/26.

Lower stocks are mainly the result of a 5-percent (6.6 million bales) reduction in the global cotton production forecast (116.0 million bales) from 2025/26. A decline for all major cotton producers is expected, except for India. World cotton mill use is forecast to increase 1 percent (1.6 million bales) in 2026/27 to 121.7 million bales. Mill use is projected to rise in most cotton spinning countries in 2026/27, except for Turkey which is forecast unchanged. China and India account for more than half of the world cotton mill use total once again in 2026/27, slightly above the previous year. Global 2026/27 cotton trade is expected to decline marginally from a year ago.

Figure 1
Global cotton production and mill use



1 bale = 480 pounds.

Source: USDA, Economic Research Service based on USDA, *World Agricultural Supply and Demand Estimates* reports.

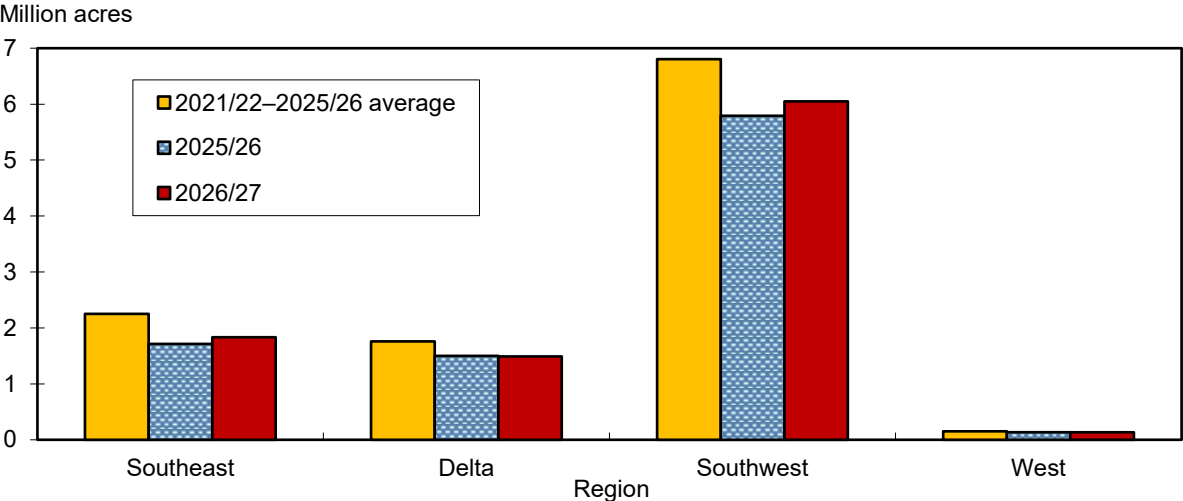
Domestic Outlook

U.S. Cotton Crop Forecast To Decline in 2026/27

USDA’s initial 2026/27 projection for U.S. cotton production is 13.3 million bales, below the final 2025/26 estimate. Based on the USDA, National Agricultural Statistics Service’s (NASS) March *Prospective Plantings* report, 2026/27 cotton planted area is estimated at 9.64 million acres, approximately 360,000 acres above the 2025/26 estimate. As the planting period for the 2026/27 cotton crop approached, harvest-time prices were similar to a year ago. Meanwhile, competing crop price expectations at harvest were slightly below a year ago for corn and slightly above for soybeans. Consequently, the relatively small price differences reflect the modest change in 2026/27 cotton acreage intentions. Other factors—such as weather, price movements since early spring, production costs, potential program benefits, and fixed cost investments—also play key roles in determining the total acreage planted to cotton each year. USDA, NASS will update the plantings estimate at the end of June.

Planted area for upland cotton is forecast to be 4 percent higher in 2026/27 while extra-long staple (ELS) cotton is expected to decline 8 percent from 2025/26. For the upcoming season, upland acreage is projected to be higher in two of the Cotton Belt regions, with area nearly unchanged in the other regions (figure 2). Based on the *Prospective Plantings* report, the Southwest upland area is estimated at about 6.1 million acres, 4.5 percent above 2025/26. The Southwest is forecast to account for 63.5 percent of the total 2026/27 upland area, compared with the 5-year average of 62 percent. Cotton acreage in the Southeast is projected at 1.8 million acres, 7 percent above 2025/26 but nearly 19 percent below the 5-year average. In 2026/27, the Southeast is expected to contribute approximately 19 percent of the total upland cotton area.

Figure 2
U.S. regional upland cotton planted area



Note: 2026/27 based on *Prospective Plantings* report.
 Source: USDA, Economic Research Service based on USDA, National Agricultural Statistics Service, *Crop Production* reports.

For the Delta region, 2026/27 cotton area is forecast at about 1.5 million acres, marginally below 2025/26 and 270,000 acres below the 5-year average. With its smallest area since a similar level was planted in 2016/17, the Delta's share of total upland area in 2026/27 is expected below the 5-year average of 16 percent. Upland cotton area in the West is currently projected identical to 2025/26—reaching 135,000 acres in 2026/27—as planted area is expected to remain one of the smallest on record. The region is forecast to account for less than 2 percent of the U.S. upland cotton area for the seventh consecutive year in 2026/27. In addition, ELS cotton area—planted mainly in the West—is forecast at 130,000 acres, down from 2025/26's 141,500 acres. California is the leading ELS-producing State, accounting for approximately 62 percent of the total area in 2026/27.

As of early May, 98 percent of the cotton production area is affected by drought conditions compared with 20 percent a year ago. Although parts of Texas and the Delta region have recently received beneficial rainfall, the Texas High Plains'—where the State's cotton is mostly planted—accumulated precipitation from November 2025 through April 2026 was the lowest in 4 years. As a result, future moisture conditions on the Texas High Plains will significantly influence final cotton plantings, crop conditions, and yield. As of May 10, 29 percent of the U.S. cotton area was planted, compared with last season's 27 percent and the 2021–25 average of 28 percent. However, several States differed considerably from their 5-year averages as of May 10, including Louisiana (-20 percentage points), Virginia (-17 points), and Tennessee (+28 points).

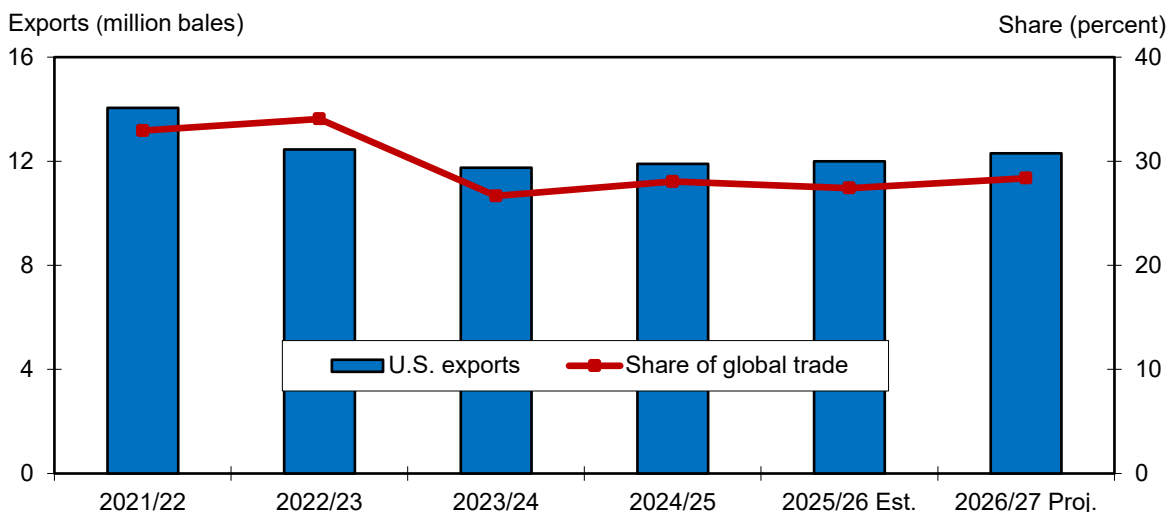
U.S. cotton harvested area for 2026/27 is projected at approximately 7.4 million acres, nearly 6 percent (450,000 acres) below the final 2025/26 estimate. The initial 2026/27 forecast is based on the 2016/17–2025/26 average abandonment, weighted by region. With limited moisture to date, the early Southwest abandonment projection (36 percent) is considerably higher for 2026/27 than 2025/26's estimate of approximately 24 percent. The 2026/27 U.S. abandonment rate is projected at 23.5 percent, compared with 16 percent indicated for 2025/26. The national yield is forecast at 866 pounds per harvested acre and is based on 2021/22–2025/26 crop average yields, weighted by region. The projected U.S. yield is above the 2025/26 yield (852 pounds per harvested acre) as a smaller share of harvested area is expected from the lower-yielding Southwest region in 2026/27.

U.S. Cotton Demand Expected Slightly Higher in 2026/27

U.S. cotton demand (mill use plus exports) is projected to increase slightly in 2026/27 to 13.9 million bales, 2 percent above 2025/26. U.S. cotton exports are forecast to account for the growth—contributing 88 percent of U.S. cotton demand in 2026/27—with U.S. mill use projected to remain stable at 1.6 million bales. The initial U.S. export projection for 2026/27 is 12.3 million bales, 300,000 bales above the previous year and the highest in 4 years. The United States is expected to remain the second-largest exporter of raw cotton to the world. With a similar U.S. supply in 2026/27, the expectation for a rise in global mill use is projected to support higher U.S. cotton exports. In 2026/27, the U.S. share of global cotton trade is forecast at 28 percent, compared with the previous year's 27 percent (figure 3). Competition from Brazil, however, is expected to continue and limit further potential growth in U.S. cotton exports in 2026/27.

With total U.S. cotton demand forecast to exceed production in 2026/27, ending stocks are projected to decrease from 2025/26 to its lowest level in 3 years. Cotton stocks are forecast to decline 11 percent (500,000 bales) to 3.9 million bales on July 31, 2027. In addition, the 2026/27 stocks-to-use ratio (28 percent) is projected to be lower. Based on these initial projections, the 2026/27 U.S. upland farm price is forecast at 73 cents per pound, compared with the 2025/26 estimate of 63 cents and 2024/25's 63.2 cents.

Figure 3
U.S. cotton exports and share of global trade



1 bale = 480 pounds.

Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

U.S. Cotton Estimates for 2025/26 Revised Marginally in May

U.S. cotton production estimates for the 2025/26 crop were adjusted in May as USDA, NASS finalized its cotton area, yield, and production estimates. (See table 10 associated with this report for details.) The U.S. cotton crop was finalized at 13.90 million bales, 21,000 bales below the previous estimate, as numerous State revisions were mostly offsetting. U.S. production was about 3.5 percent lower than 2024/25 as harvested area was slightly higher in 2025/26 at 7.8 million acres, the highest total in 4 years. The national yield for 2025/26 was finalized at 852 pounds per harvested acre, 40 pounds below the previous year. The U.S. 2025/26 demand estimate was unchanged in May, with U.S. cotton exports forecast at 12.0 million bales and mill use estimated at 1.6 million bales for the season. Based on the latest estimates for 2025/26, U.S. cotton ending stocks are forecast at 4.4 million bales, 400,000 bales above a year earlier. The associated stocks-to-use ratio is projected at 32 percent, compared with 29 percent realized for 2024/25.

International Outlook

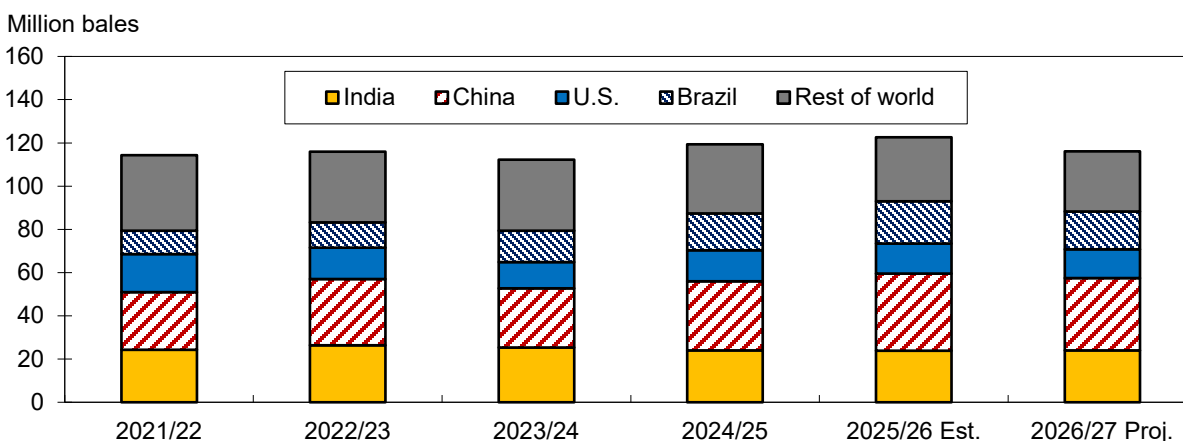
Global Cotton Production Projected To Decline in 2026/27

USDA’s initial projection for 2026/27 world cotton production is 116.0 million bales, 6.6 million bales (5 percent) below the 2025/26 estimate and the lowest since 2023/24. The 2026/27 decline is largely the result of a projected 5-percent decrease in the global yield, as harvested area is forecast at 29.2 million hectares (72.2 million acres) or less than 1 percent (180,000 hectares) below the previous year. The global cotton yield is forecast at 864 kilograms (kg) per hectare (771 pound per acre) in 2026/27, below the 2025/26 record (907 kg per hectare) and slightly below the 3-year average.

Most of the major producing countries are expected to have smaller crops in 2026/27, with the exception of India where the crop is projected to increase slightly (less than 1 percent). China, Brazil, and Australia are expected to account for much of the global decrease, with additional declines in the United States and Pakistan (figure 4). China remains the world’s leading cotton producer and USDA’s initial forecast for 2026/27 indicates a 6-percent reduction for the crop. Cotton production in China is projected at 33.5 million bales—2.3 million bales below 2025/26—as harvested area remains relatively unchanged (-50,000 hectares) at 3.0 million hectares while yield declines in 2026/27. Excellent growing conditions for the second consecutive year led to a record yield in 2025/26 of 2,556 kg per hectare, surpassing 2024/25’s then record of 2,402 kg per hectare. A return to normal growing conditions is expected to lower the yield to 2,431 kg per hectare, 82 kg above the 3-year average.

Production in India—the second-largest cotton-producing country—is projected at 24.0 million bales in 2026/27, approximately 1 percent (200,000 bales) above 2025/26 but still the third lowest in two decades. Harvested area is projected to increase 300,000 hectares to 11.5 million hectares in 2026/27, but the yield is expected to be lower. However, the national yield of 454 kg per hectare is still slightly above the 3-year average. Pakistan’s 2026/27 production estimate (5.1 million bales) indicates a 200,000-bale (4 percent) decrease from the previous year, the result of a yield decline as harvested area remains unchanged from 2025/26. Pakistan’s national yield is projected at 555 kg per hectare while area is forecast at 2.0 million hectares.

Figure 4
World cotton production



1 bale = 480 pounds.

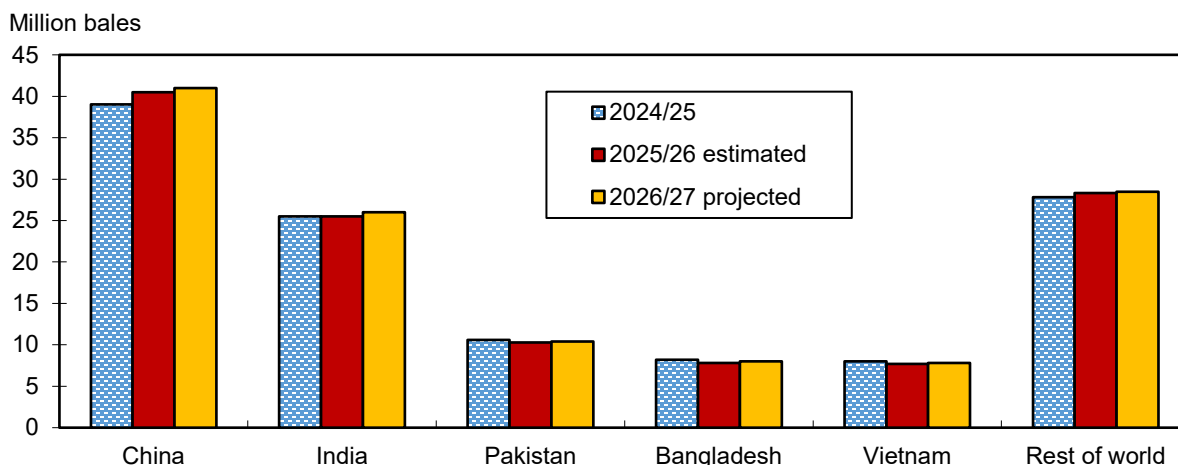
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply*

Lower production prospects are also forecast for the United States and Brazil. The U.S. cotton crop projection indicates a reduction of 600,000 bales from last year as a decline in projected harvested area more than offsets an increase in yield expectations. For Brazil, cotton production in 2026/27 is projected to decrease (-2.0 million bales) for the first time in 5 years. Area harvested is expected to decline 8 percent to 2.0 million hectares in 2026/27, the first decline since 2021/22, while yield is forecast to decrease nearly 3 percent to 1,905 kg per hectare, adding to the production decline. For Australia, cotton production is forecast 33 percent (1.5 million bales) lower at 3.0 million bales. The projected decrease is due to lower forecasts for area and yield based on declining water availability. Harvested area is expected at 325,000 hectares in 2026/27 while yield is forecast to decline 75 kg per hectare to 2,010 kg per hectare.

World Cotton Mill Use Projected Higher in 2026/27

Global cotton mill use in 2026/27 is projected to rise for the fourth consecutive year to its highest level since 2020/21. Abundant supplies, world Gross Domestic Product (GDP) growth forecasts that support higher consumer demand for clothing, and the need to replenish textile and apparel pipelines are expected to bolster the continued global cotton mill use recovery in 2026/27. However, global economic uncertainties remain and continued competition from synthetic fibers—despite recent higher oil prices—are forecast to limit growth in the upcoming season. USDA’s initial 2026/27 projection for world cotton mill use is 121.7 million bales, 1.3 percent (1.6 million bales) above the 2025/26 estimate. Cotton mill use by country in 2026/27 is expected to see modest growth of 1.0–2.5 percent for most of the major cotton consuming countries compared with 2025/26 (figure 5). China and India are expected to lead global cotton mill use in 2026/27 with a combined forecast of 67 million bales, or 55 percent of the world total.

Figure 5
Leading global cotton consumers



1 bale = 480 pounds.

Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

In China—the largest user of raw cotton and exporter of apparel products—mill use is projected to rise slightly in 2026/27 to help support the expected growth in world consumer demand. Despite global economic uncertainty, China’s mill use is forecast at 41.0 million bales, 500,000 bales (1.2 percent) above 2025/26 and the highest use level in 6 years. Similarly, India’s cotton mill use is projected to increase 500,000 bales (2 percent) in 2026/27 to 26.0 million bales, matching 2020/21’s record. For Pakistan, 2026/27 cotton mill use is expected higher at 10.4

million bales as stable supplies are forecast, with higher imports offsetting lower production prospects. Pakistan is expected to account for 8.5 percent of the global total in 2026/27. For other major spinning countries, Bangladesh, Vietnam, and Turkey are expected to contribute a combined 19 percent of world cotton mill use in 2026/27, similar to 2025/26. Cotton mill use for these countries in 2026/27 is forecast to reach 8.0 million bales (+200,000 bales), 7.8 million bales (+100,000 bales), and 6.8 million bales (unchanged), respectively.

Global 2026/27 Cotton Trade Forecast Slightly Lower; Ending Stocks To Decline Moderately

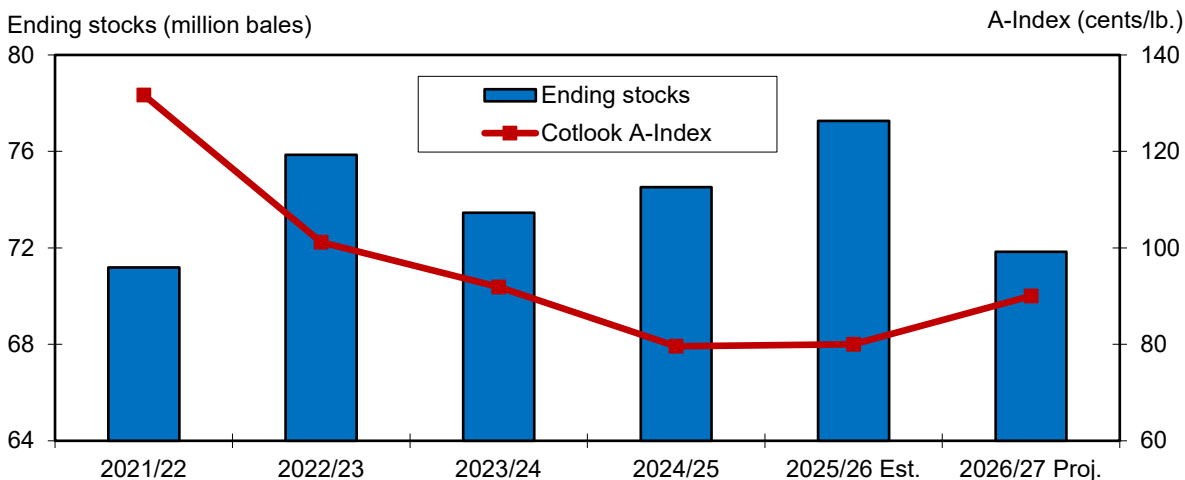
World cotton trade in 2026/27 is forecast at 43.3 million bales, 1 percent or 430,000 bales below the previous season and similar to the 3-year average. Cotton trade projections for the major exporting countries, however, are mixed in 2026/27—with higher exports for Brazil and the United States but reduced exports for Australia. Brazil's cotton exports are projected to reach a record 15.0 million bales (+2 percent) in 2026/27 as supplies remain substantial although production is expected to be lower. U.S. cotton exports (12.3 million bales) are projected to rise further in 2026/27 (+300,000 bales) to its highest level in 4 years. Combined exports from Brazil and the United States are projected to contribute 63 percent of the world total in 2026/27 and support the expected global mill use growth. For Australia, 2026/27 cotton exports are forecast at 4.5 million bales (down 1.2 million bales from 2025/26) as the lower 2025/26 crop reduces exportable supplies in 2026/27.

With a higher world cotton mill use projection, 2026/27 cotton imports for each of the major importing countries are projected to increase, except for India which is forecast to have its largest beginning stocks in 5 years in addition to a slightly larger cotton crop. For 2026/27, Vietnam is projected to be the largest importer of raw cotton, followed by Bangladesh and China. These three countries are expected to account for nearly 53 percent of global cotton imports in 2026/27. Vietnam is forecast to import a record 8.0 million bales (+5 percent) in 2026/27 to support its expanding textile industry that exports a significant volume of yarn to China for further manufacturing. Cotton imports by Bangladesh are projected to rebound slightly to 7.8 million bales in 2026/27 to support the country's mill use increase. China is expected to be the third-largest cotton importer (7.0 million bales) in 2026/27, rising 6 percent or 400,000 bales. In addition, imports are forecast higher for Pakistan and Turkey to help offset lower crop prospects in 2026/27. Imports are projected at 5.3 million bales (+500,000 bales) for Pakistan and 4.8 million bales (+300,000 bales) for Turkey during the upcoming season.

With global cotton mill use projected to exceed production in 2026/27, world ending stocks are forecast to decrease for the first time in 3 years. Stocks are projected at 71.8 million bales, 7 percent below 2025/26 and the lowest since 2021/22 (figure 6). Stock reductions are forecast for each of the major producing countries in 2026/27 compared with 2025/26. Ending stocks are projected lower in India (-1.5 million bales), Australia (-1.4 million bales), Brazil (-900,000 bales), China (-575,000 bales), and the United States (-500,000 bales). China remains the largest stockholder in 2026/27, with ending stocks forecast at 36.1 million bales or half of the global total. Stocks in India are projected at 9.5 million bales, contributing 13 percent of the world cotton stocks in 2026/27. Meanwhile, the United States, Brazil, and Australia together are expected to account for an additional 15 percent of world cotton stocks.

In addition, the global cotton stocks-to-use ratio would decline to its lowest level in 6 years, lifting 2026/27 price expectations above the previous two seasons. The 2026/27 world cotton price—represented by the A-Index—is projected to rise to 90 cents per pound, up from an estimated 80 cents per pound in 2025/26 to its highest level since 2023/24.

Figure 6
Global cotton stocks and prices



1 bale = 480 pounds.

Source: USDA, Economic Research Service using data from Cotlook and USDA, Interagency Commodity Estimates Committee.

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