United States Department of Agriculture

Economic Research Service | Situation and Outlook Report

CWS-26g | July 14, 2026

Next release is August 14, 2026

Cotton and Wool Outlook: July 2026

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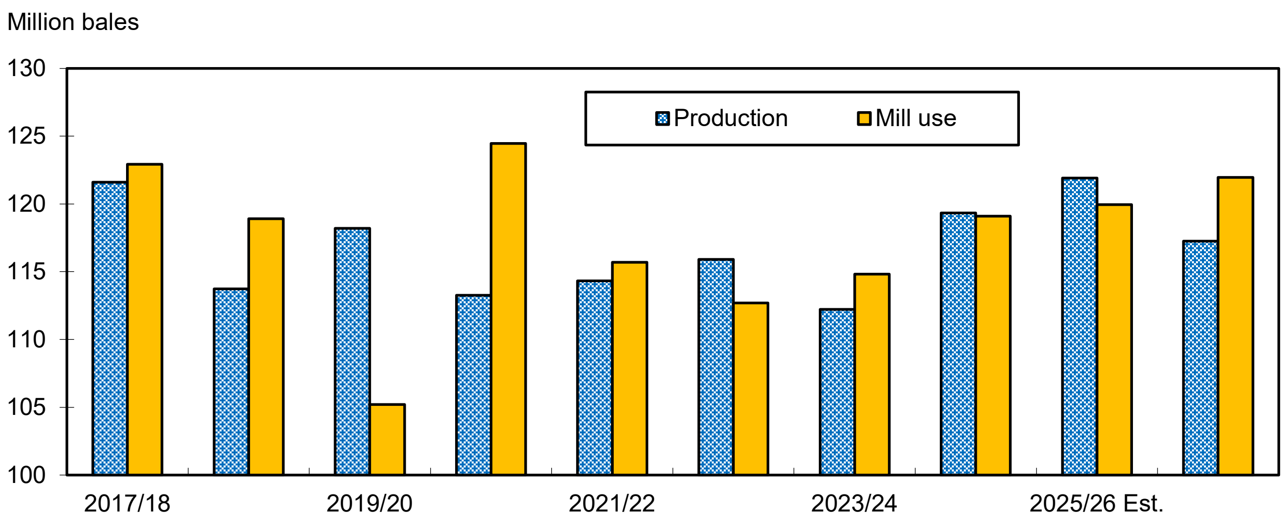
Global 2026/27 Cotton Mill Use Projected Second Highest in 9 Years

The latest U.S. Department of Agriculture (USDA) cotton projections for 2026/27 (August–July) indicate that world mill use is projected at 122.0 million bales, a 2-percent increase from 2025/26 and the second-highest level since 2017/18 (figure 1). Cotton mill use for each of the major spinning countries in 2026/27 is unchanged or higher compared with the previous season, with China, India, and Pakistan combining for 75 percent of the global mill use gain for 2026/27.

Global cotton production is forecast at 117.3 million bales, 4 percent (4.65 million bales) below 2025/26. A decrease for all major producers, except for India, is expected for 2026/27. World cotton ending stocks are expected to decline next season as mill use is projected to surpass production. Global ending stocks are forecast at 71.2 million bales, 6 percent (4.5 million bales) lower in 2026/27. All major cotton-producing countries are projected to contribute to the stock reduction.

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.

Approved by USDA's World Agricultural Outlook Board

Domestic Outlook

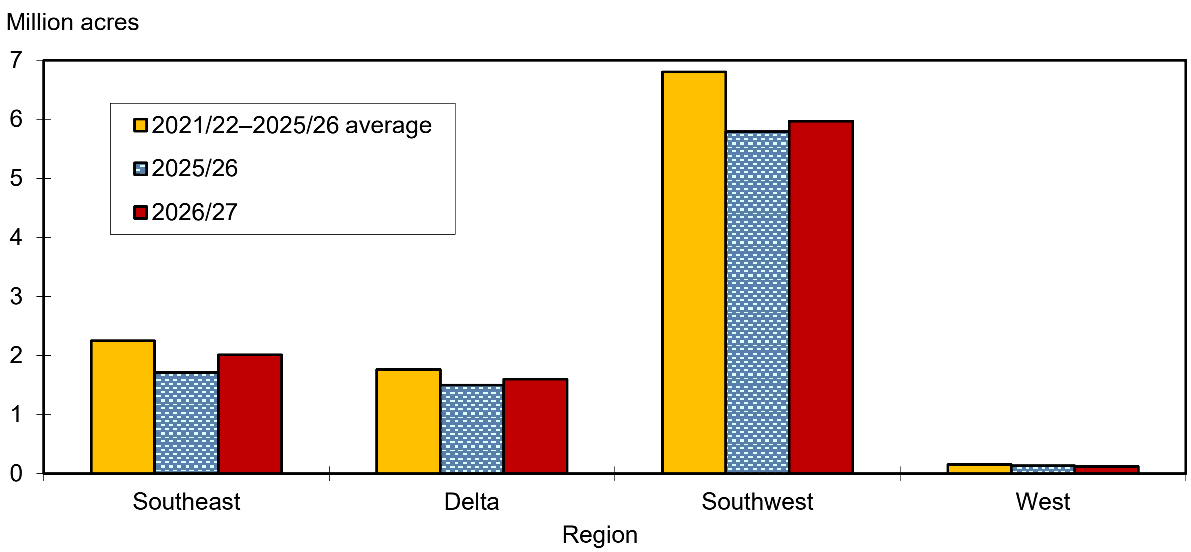
U.S. 2026/27 Cotton Crop Projection Increased in July

U.S. 2026/27 cotton production is projected at 13.7 million bales this month, up 400,000 bales from the June projection but slightly (200,000 bales) below the 2025/26 crop. Based on the USDA, National Agricultural Statistics Service's (NASS) *Acreage* report released June 30, U.S. producers planted or intended to plant 9.85 million acres to cotton in 2026/27. This is 210,000 acres (2 percent) above the March indications and nearly 570,000 acres (6 percent) above the final 2025 plantings. (See table 10 associated with this report for State-level data.)

Projected upland cotton area is higher for each of the Cotton Belt regions in 2026/27, except for the West; however, each region's area is below their respective 5-year averages (figure 2). Planted area in the Southwest is forecast at nearly 6.0 million acres, about 180,000 acres (3 percent) above 2025/26 but 12 percent below the 2021/22–2025/26 average and the second lowest planted area in a decade. However, the Southwest is expected to account for 61.5 percent of total U.S. upland area in 2026/27—near the 5-year average—indicating the region's importance to U.S. cotton crop expectations.

In the Southeast, 2026/27 cotton acreage is projected at 2.0 million acres, nearly 300,000 acres (17 percent) higher than last season which was the smallest planted area since 1992/93 when 1.5 million acres were planted. The Southeast is forecast to account for about 21 percent of the U.S. cotton area in 2026/27, similar to the 2021/22–2025/26 average. For the Delta region, the 2026/27 cotton area—estimated at 1.6 million acres—is 100,000 acres above the year before but still one of the lowest plantings of the last decade. The Delta is expected to account for 16.5 percent of the U.S. upland cotton area in 2026/27, slightly above the 5-year average.

Figure 2
U.S. regional upland cotton planted area



Note: 2026/27 based on *Acreage* report.

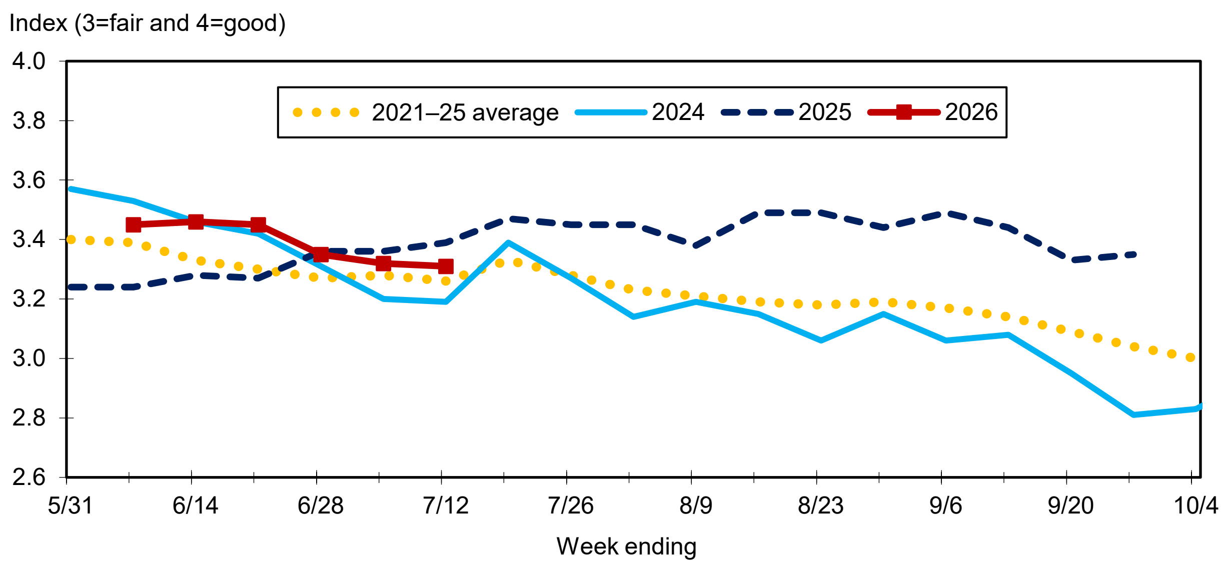
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Production* reports.

Upland cotton plantings in the West are forecast to decrease moderately to 120,000 acres in 2026/27, similar to 2023/24 and the region's lowest area since the early 1920s. The West is expected to account for approximately 1 percent of the upland area in 2026/27, near the 5-year average. Meanwhile, extra-long staple (ELS) cotton acreage—mostly grown in the West—is forecast at 150,000 acres in 2026/27, 6 percent above the previous year but below the 2021/22–2025/26 average. A relatively strong export demand in 2025/26 that reduced ELS cotton stocks contributed to the higher area for 2026/27.

Total 2026/27 cotton harvested area is projected in July at 7.5 million acres, 3.5 percent below 2025/26 and the smallest harvested area in 3 years. U.S. abandonment in 2026/27 is forecast at approximately 23.5 percent, compared with about 16 percent last season and 31 percent in 2024/25. The abandonment projection is based on 10-year averages weighted by region. The U.S. cotton yield is projected at 872 pounds per harvested acre in July and is based on 5-year average yields by region. If realized, the U.S. yield would be 20 pounds above 2025/26, as a larger proportion of higher yielding Delta and Southeast cotton acreage is projected to be harvested this season. USDA, NASS will publish its first survey-based cotton estimates for 2026/27 in August.

U.S. cotton crop development as of July 12 indicated that 60 percent of the 2026/27 crop was squaring, near last season and the 2021–25 average. Similarly, cotton area setting bolls reached 22 percent by July 12, equal to last year and the 5-year average. U.S. cotton crop conditions have declined slightly this season and are now slightly below last year's level as of mid-July (figure 3). As of July 12, 44 percent of the U.S. cotton area was rated "good" or "excellent," compared with 54 percent in 2025, while 16 percent was rated "poor" or "very poor," compared with 17 percent a year ago.

Figure 3
U.S. cotton crop conditions



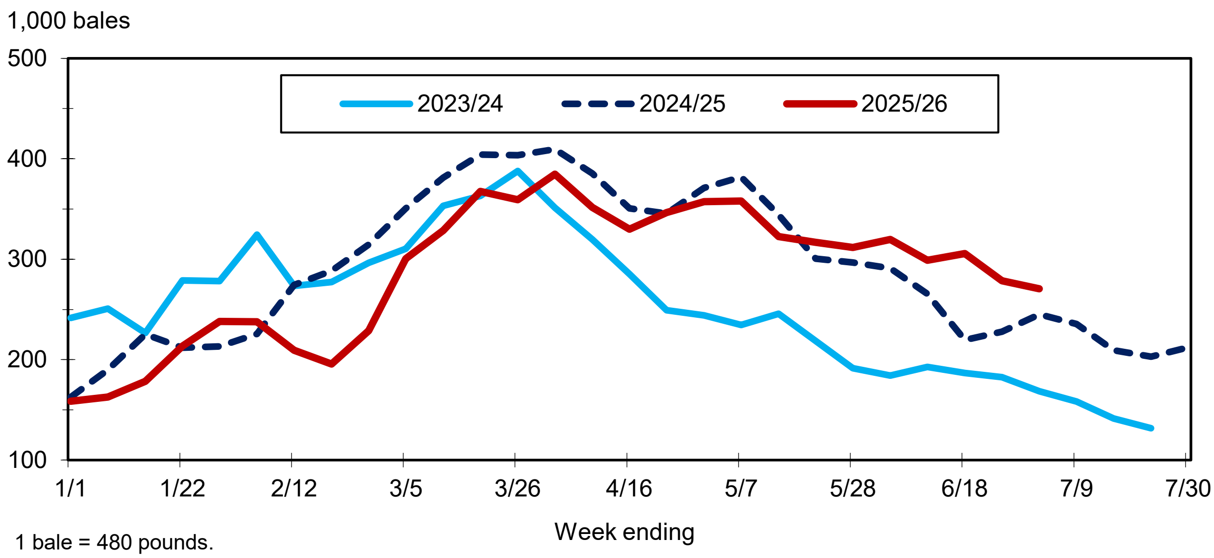
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Progress* reports.

U.S. Cotton Demand Projections for 2026/27 and 2025/26 Unchanged in July

The U.S. cotton demand (mill use plus exports) forecast for 2026/27 remains projected at 13.9 million bales, 1 percent above the 2025/26 estimate. For 2026/27, U.S. cotton mill use is forecast at 1.6 million bales, 50,000 bales above the previous year but still one of the lowest levels on record. Similar U.S. cotton supplies for 2026/27—along with continued strong foreign import demand supporting increased global mill use—are expected to keep export prospects relatively stable during the upcoming season, with exports projected up slightly at 12.3 million bales for 2026/27. Smaller projected supplies in several other exporting countries—notably Brazil and Australia—are expected to reduce exports there in 2026/27. As a result, the U.S. share of global cotton trade is projected to rise slightly in 2026/27 to 28 percent, up from approximately 27 percent during the previous year but equal to 2024/25.

For 2025/26, the U.S. cotton export forecast (12.2 million bales) is unchanged this month, but it is 300,000 bales above the previous season. U.S. cotton exports generally follow a seasonal pattern, peaking in the spring before declining through the end of the season. While U.S. cotton export shipments experienced an unusual slowdown in February 2026, stronger seasonal shipment data in late May supported the upward revision last month. Shipment data have trended lower as the end of season nears in July, but average weekly exports continue above the previous two seasons (figure 4).

Figure 4
Moving average of U.S. cotton export shipments



1 bale = 480 pounds.

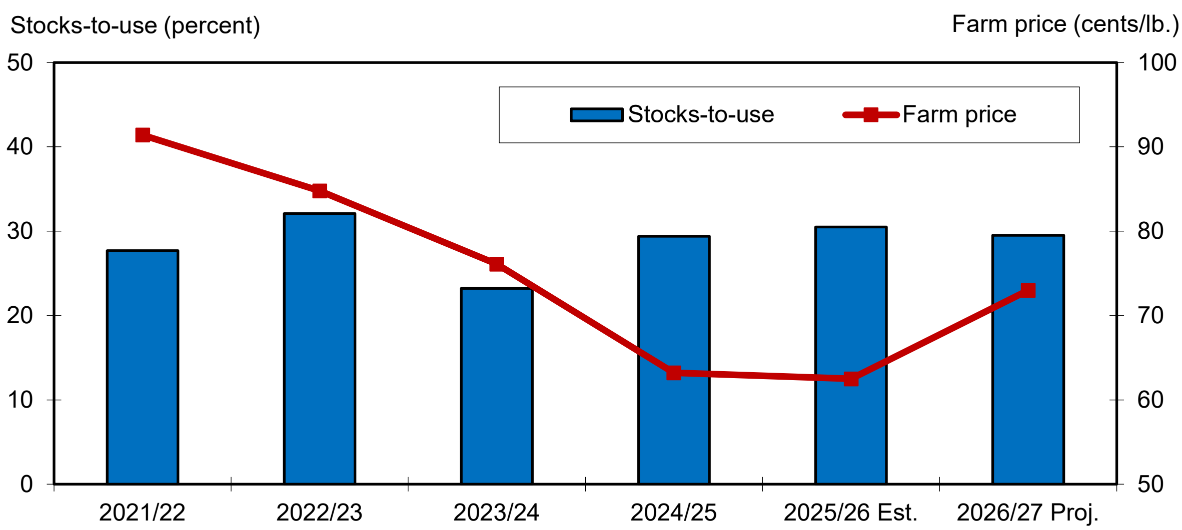
Note: 3-week moving average shipments for last 7 months of marketing year.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Export Sales* reports.

U.S. Cotton Stocks and Stocks-to-Use To Decline in 2026/27

Based on USDA's July *World Agricultural Supply and Demand Estimates* report, 2026/27 U.S. cotton ending stocks are projected at 4.1 million bales, up 400,000 bales from last month but slightly below 2025/26. The 2026/27 stocks-to-use ratio, at 29.5 percent, is forecast to be 1 percent lower than in 2025/26 but nearly identical to the 2024/25 level (figure 5). Based on current U.S. supply and demand estimates, the U.S. cotton farm price is expected to rebound modestly in 2026/27 to its highest level in 3 years. Factors supporting the higher cotton price projection in 2026/27 include a lower cotton stock forecast as well as global mill use that is expected to rise for the fourth consecutive season. The 2026/27 U.S. farm price is projected at 73 cents per pound, compared with 62.5 cents per pound estimated for 2025/26 and 63.2 cents per pound in 2024/25.

Figure 5
U.S. cotton stocks-to-use and price



Note: Farm price = average received by upland producers.

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

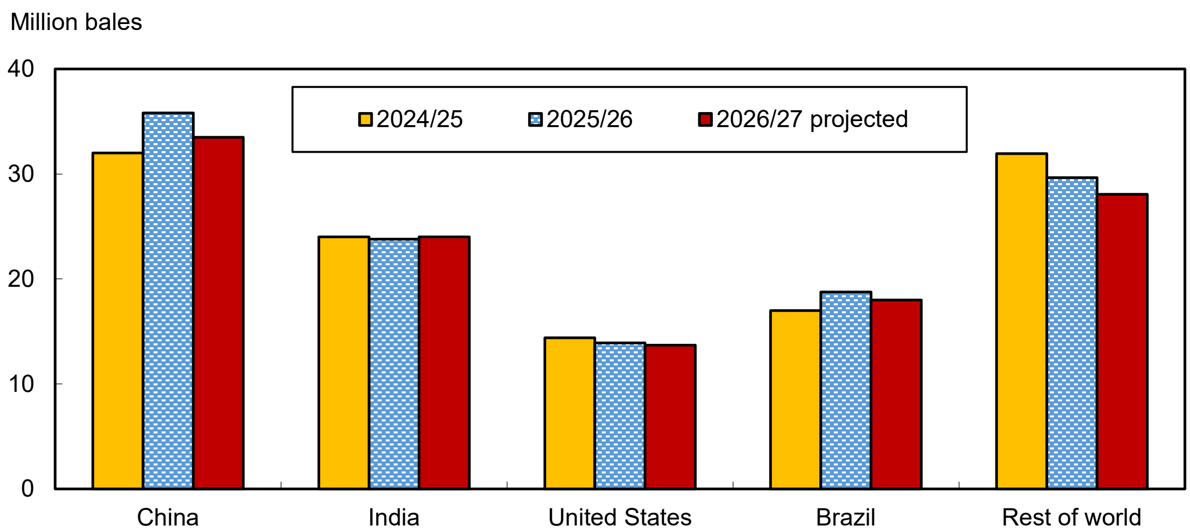
International Outlook

World Cotton Production Projected Lower in 2026/27

Global cotton production in 2026/27 is projected at 117.3 million bales, 4 percent (4.65 million bales) below the previous year but slightly above (less than 1 percent) the 5-year average of 116.7 million bales. For 2026/27, cotton production for all the major-producing countries is projected lower than the previous year except for India. World 2026/27 cotton harvested area is forecast at 29.3 million hectares (72.4 million acres), down slightly from 2025/26 and less than 1.5 million hectares below the 5-year average. The 2026/27 global cotton yield is forecast at 871 kilograms (kg) per hectare (777 pounds per acre), down nearly 4 percent from last year's record of 904 kg per hectare.

World cotton production is concentrated among a few countries, with the top four countries (China, India, Brazil, and the United States) accounting for 76 percent of total expected production in 2026/27, up slightly from the previous year (figure 6). China and India are forecast to remain the leading global cotton producers in 2026/27, contributing 29 percent and 20 percent, respectively. China is forecast to produce 33.5 million bales in 2026/27, 2.3 million bales (6 percent) below the previous year. China's national yield is expected to account for most of the decline, as harvested area is only forecast to be slightly lower at 3.0 million hectares. China's national yield is projected to decline 5 percent to 2,431 kg per hectare in 2026/27, compared with a record 2,556 kg per hectare in 2025/26. Production in India is forecast at 24.0 million bales, about 1 percent above 2025/26, with an increase in harvested area more than offsetting a decline in yield. Harvested area is forecast at 11.5 million hectares, an increase of 300,000 hectares (3 percent) from 2025/26, while yield is expected to decline 2 percent (9 kg per hectare) to 454 kg per hectare due to below-average monsoon rains.

Figure 6
Leading global cotton producers



1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates* reports.

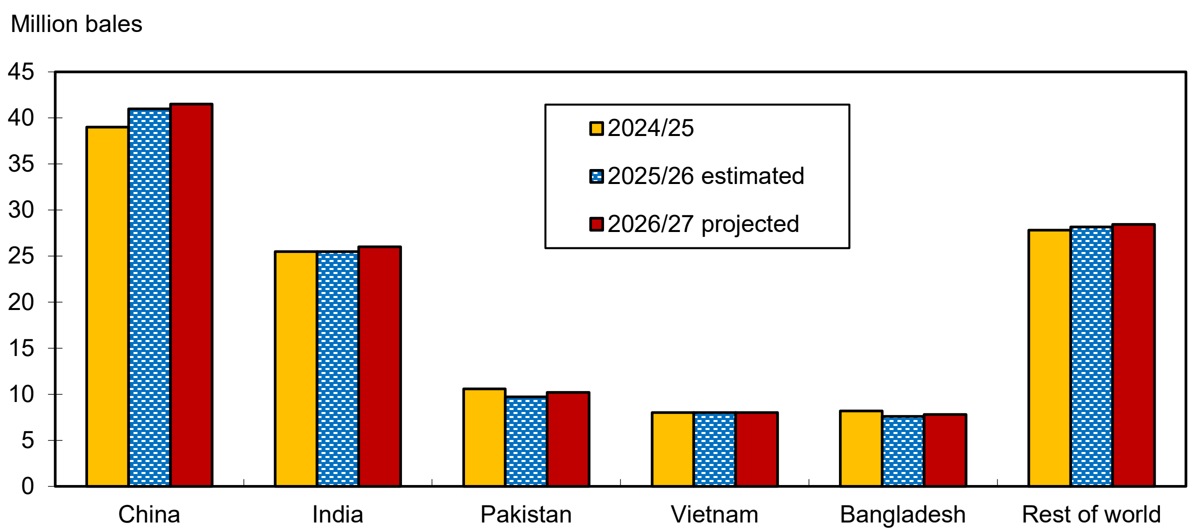
Brazil's production is forecast to decline 750,000 bales (4 percent) to 18.0 million bales. The decline is the result of lower harvested area as yield is projected to increase slightly. Brazil's harvested area is forecast to drop 90,000 hectares (4 percent) to 2 million hectares, while yield is expected to reach a record 1,960 kg per hectare. For Pakistan, 2026/27 production is forecast to decrease 200,000 bales, compared with a year earlier, to 5.1 million bales. With harvested area (2.0 million hectares) unchanged from 2025/26, a reduced yield is the reason for the lower production. Pakistan's yield for 2026/27 is projected 22 kg per hectare (4 percent) below 2025/26 at 555 kg per hectare. Meanwhile, Australia is forecast to reduce production by one-third (1.5 million bales) in 2026/27 to 3.0 million bales. The continuing decline in water availability accounts for the lower estimate for harvested area and yield. Australia's harvested area is projected 31 percent (145,000 hectares) lower at 325,000 hectares, while the national yield is forecast about 4 percent lower at 2,010 kg per hectare.

Global Cotton Mill Use Continues Rise in 2026/27

World cotton mill use is projected to increase for the fourth consecutive year in 2026/27 to nearly 122.0 million bales, up 1.7 percent (2.0 million bales) from 2025/26 and the highest level in 6 years. Global economic growth projections for calendar years 2026 and 2027 are anticipated to support increased demand for cotton apparel products although competition from synthetic fibers continues to limit cotton mill use.

Mill use for most of the major cotton-spinning countries is forecast to expand in 2026/27 with the exception of Vietnam, which is forecast to remain unchanged (figure 7). The top five countries account for nearly 77 percent of global cotton mill use, marginally above 2025/26. China is forecast to remain the largest mill user of cotton as it remains a key exporter of apparel products to the world. China is projected to account for 34 percent (41.5 million bales) of global cotton mill use in 2026/27, up 500,000 bales from 2025/26 and its highest total since 2010/11.

Figure 7
Leading global cotton consumers



1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

India’s cotton mill use is forecast to increase 2 percent (500,000 bales) to 26.0 million bales and contribute 21 percent of the global cotton total in 2026/27. Mill use in India is projected to rise after 3 consecutive years at 25.5 million bales, with the 2026/27 level forecast to equal the record set in 2020/21. Pakistan’s mill use is expected to rebound to 10.2 million bales (+500,000 bales) in 2026/27 as last season’s supply limited mill use. Pakistan is projected to account for 8 percent of world cotton mill use in 2026/27. Vietnam’s cotton mill use in 2026/27 is projected unchanged at a record 8.0 million bales as its textile industry expanded in recent years to become a major supplier of cotton yarn to China. Meanwhile, 2026/27 mill use in Bangladesh and Turkey is forecast at 7.8 and 6.8 million bales, respectively, near each country’s 3-year average.

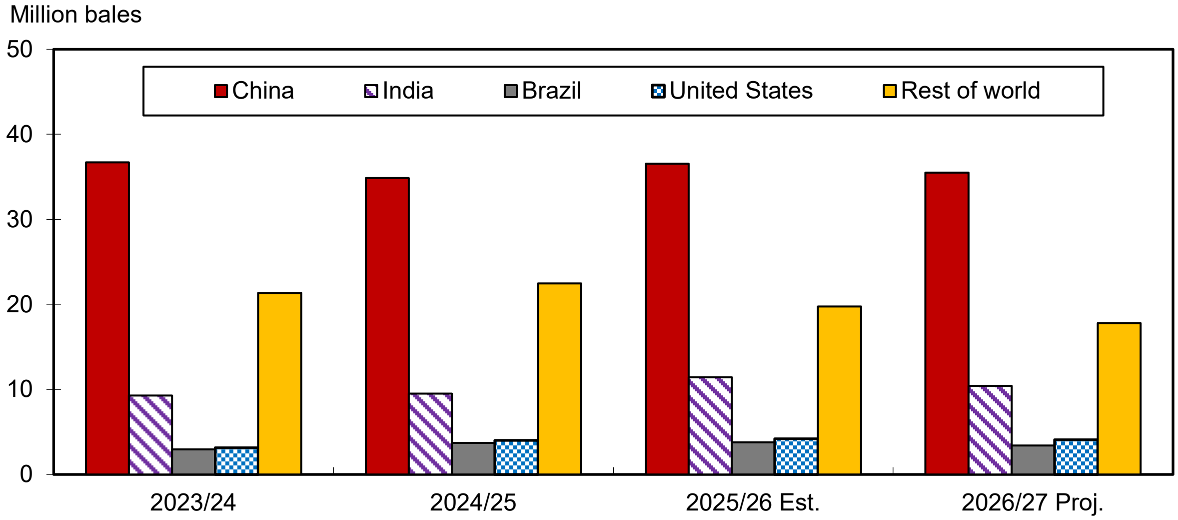
Global Cotton Trade and Stocks Forecast Lower in 2026/27

World cotton trade in 2026/27 is projected at 43.3 million bales, below the previous year’s level despite an expected increase in global cotton mill use. World cotton imports in 2026/27 are forecast approximately 600,000 bales (1 percent) lower than in 2025/26, as a significant decrease projected for India more than offsets gains for other leading importing countries. Vietnam is expected to be the leading cotton importer in 2026/27—a status first achieved in 2025/26—followed by Bangladesh and China. In 2026/27, Vietnam is projected to import 8.0 million bales of cotton for use in its textile industry, equal to the 2025/26 record level. For Bangladesh, 2026/27 cotton imports are projected to rise 2.5 percent (200,000 bales) to 7.6 million bales, the highest in 2 years. China’s imports are forecast flat at 7.0 million bales despite a smaller anticipated crop in 2026/27 as stocks are reduced modestly. In contrast, India is projected to import only 2.5 million bales of cotton in 2026/27, compared with 4.6 million bales during the previous year. India’s import decline is the result of a build-up of stocks in 2025/26.

Global cotton exports in 2026/27 are led once again by Brazil and the United States, with combined exports accounting for 63 percent of global trade. Although Brazil’s cotton export forecast (15.0 million bales) is 300,000 bales lower in 2026/27 due to reduced supplies, it is expected to remain the largest cotton exporter for the fourth consecutive season—surpassing the United States in 2023/24. Meanwhile, U.S. cotton exports are expected to rise less than 1 percent (100,000 bales) in 2026/27 to 12.3 million bales and account for 28 percent of global trade, compared with 35 percent for Brazil. Cotton shipments from Australia in 2026/27 are forecast to decrease over 20 percent to 4.5 million bales, as Australia’s reduced cotton production in 2025/26 is the crop that will be exported in 2026/27. Despite the decline, Australia remains the third-largest cotton exporter, contributing 10 percent of the global trade in 2026/27.

World cotton ending stocks are projected at 71.2 million bales in 2026/27, 6 percent (4.5 million bales) below 2025/26 as global mill use exceeds production for the first time in 3 years. Global cotton stocks are expected to reach the lowest level since 2021/22, with stocks forecast to decrease for each of the major producing countries in 2026/27 (figure 8). China remains the leading cotton stockholder (35.5 million bales) in 2026/27 and, while stocks are slightly lower than the year before, China accounts for half of the global total. Stocks in India are forecast 1 million bales lower in 2026/27 at approximately 10.4 million bales, contributing about 14.5 percent of the world total. U.S. and Brazil cotton stocks are forecast at 4.1 million bales and 3.4 million bales, respectively. Meanwhile, cotton stocks in Australia are projected at nearly 2.4 million bales, the lowest level since 2019/20. With world cotton stocks declining and mill use expanding, the 2026/27 global stocks-to-use ratio is forecast to decrease year-over-year to 58.4 percent and is below the 5-year average of 63.7 percent.

Figure 8
Global cotton ending stocks



1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

Suggested Citation

Meyer, L., & Dew, T. (2026). *Cotton and wool outlook: July 2026* (Report No. CWS-26g). U.S. Department of Agriculture, Economic Research Service.