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Cotton and Wool Outlook: August 2026

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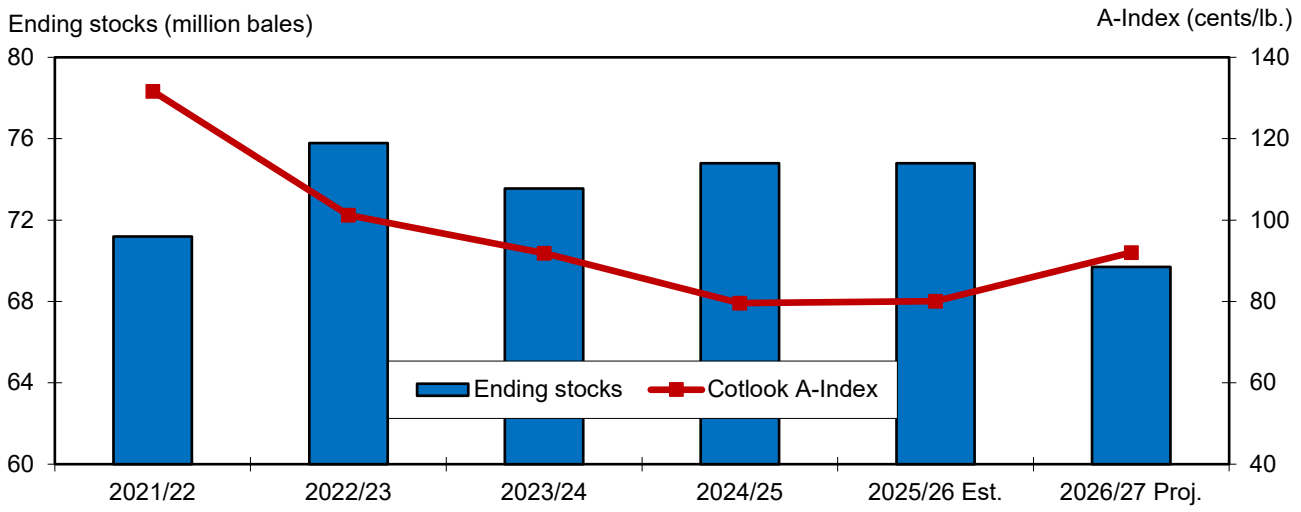
Global 2026/27 Cotton Stocks Forecast Lower as Projected Mill Use Exceeds Production

The latest U.S. Department of Agriculture (USDA) cotton projections for 2026/27 (August–July) indicate that world cotton ending stocks are expected to decline as mill use exceed production for the first time in 3 years. Global cotton ending stocks are expected to decrease 5.1 million bales (7 percent) from the previous season to 69.7 million bales, the lowest level since 2011/12. With world cotton stocks expected to decline, global cotton prices are projected to rise moderately in 2026/27 (figure 1).

Global cotton production in 2026/27 is estimated to decline 4.3 million bales (nearly 4 percent) from the previous year to 117.6 million bales. All major producers' crops are expected lower in 2026/27 except for India. World cotton mill use is projected to increase 2.0 million bales (nearly 2 percent) from 2025/26 to 122.9 million bales, with China, India, and Pakistan expected to lead the 2026/27 growth. Meanwhile, global cotton imports are forecast to fall to 43.8 million bales in 2026/27, as reduced import demand from China and India more than offset increases in Pakistan, Bangladesh, and Turkey.

Figure 1
Global cotton stocks and prices



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

Domestic Outlook

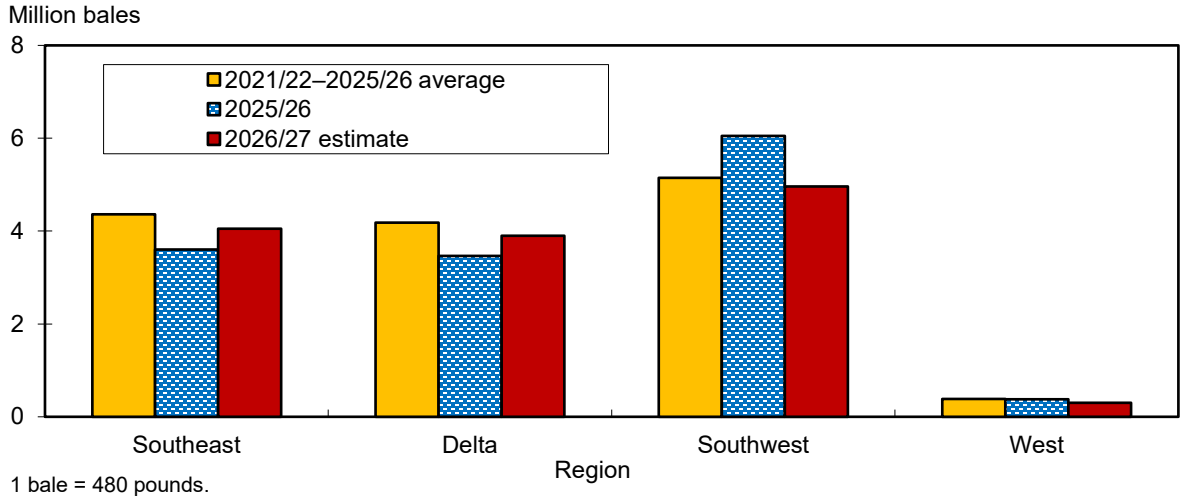
U.S. Cotton Crop Forecast at Second Lowest Since 2015/16

USDA's first survey-based estimate of the 2026/27 U.S. cotton crop is 13.6 million bales, 2 percent below last season's final estimate of 13.9 million bales and one of the lowest in a decade. The 2026 cotton planted area estimate of nearly 10.5 million acres is based on all available data, including USDA administrative acreage data. This season's planted area is 13 percent (1.2 million acres) above 2025/26, reflecting more favorable cotton prices relative to other crops ahead of planting.

With increased planted area this season, U.S. cotton harvested acreage is forecast to rise to nearly 8.2 million acres in 2026/27, the highest in 5 years. The U.S. cotton yield is projected at 798 pounds per harvested acre in 2026/27, about 80 pounds below the 3-year average and the lowest since 2015/16. Across much of the Southwest—the largest cotton-producing region—hot and dry conditions have prevailed this season and contributed to a higher early-season national abandonment projection. The U.S. abandonment rate is projected at 22 percent in 2026/27, compared with about 15.5 percent in 2025/26.

U.S. upland cotton production in 2026/27 is forecast at 13.2 million bales, 2 percent below 2025/26 and the second-smallest crop in 11 years. Upland production expectations are higher for two Cotton Belt regions (Southeast and Delta) this season compared with last year, while the Southwest is forecast considerably lower in 2026/27 and the West is slightly lower (figure 2). Based on the August estimate, 2026/27 Southwest upland cotton production is projected at approximately 5.0 million bales, 18 percent below last season but still the second-highest in 5 years. Crop conditions as of early August are below last season and the 5-year average, with Southwest abandonment projected at approximately 34 percent, 10 percent above 2025/26. The Southwest yield is estimated at 554 pounds per harvested acre in 2026/27, well below average and the lowest since 2003/04. The Southwest is expected to account for about 38 percent of total U.S. upland production in 2026/27, compared with 45 percent last season. Conditions during the next 2 months, however, could further influence the production share this season.

Figure 2
U.S. regional upland cotton production



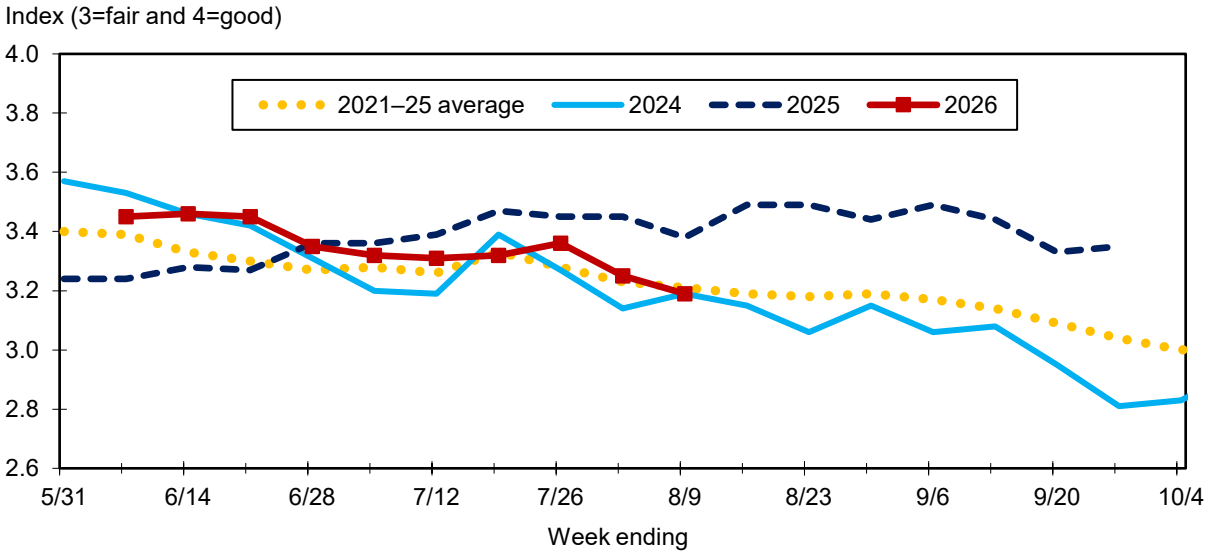
1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Production* reports.

In the Delta, the 2026/27 cotton crop is estimated at 3.9 million bales, 12.5 percent above last season but below the 5-year average of 4.2 million bales. This season's area is slightly higher than in 2025/26 but is one of the lowest of the past decade. The Delta yield is forecast at a record 1,232 pounds per harvested acre, with the region expected to contribute 29.5 percent of U.S. upland production in 2026/27. For the Southeast, 2026/27 production is projected at nearly 4.1 million bales, 450,000 above last season but near the 2024/25 level. Yield is forecast at 930 pounds per harvested acre, nearly 100 pounds lower than 2025/26. The Southeast region is estimated to produce 30.5 percent of the 2026/27 U.S. upland crop.

In the West, 2026/27 upland production (at 299,000 bales) is estimated to fall below 300,000 bales for only the second time in nearly a century. While upland area remains one of the lowest on record, the production decline is due to a significant reduction in yield which is projected at only 1,073 pounds per harvested acre, the smallest since 1998/99. The West is expected to account for 2 percent of the total U.S. upland crop. Extra-long staple (ELS) cotton (also referred to as American Pima) production is estimated at 399,000 bales in 2026/27, slightly below last season as higher area is offset by a lower yield. ELS planted area is estimated at 148,000 acres, with a national yield estimated at 1,333 pounds per harvested acre.

U.S. cotton crop development continues to track near last season and the 5-year average. Cotton area setting bolls reached 65 percent as of August 9, compared with 64 percent in 2025 and 67 percent for the 2021–25 average. In addition, 10 percent of the national area had bolls opening, compared with 8 percent for last year and 9 percent for the 5-year average. Arizona leads on this metric, with bolls opening on 45 percent of its area. Meanwhile, 2026 U.S. cotton crop conditions continue below last season but match both 2024 and the 2021–25 average (figure 3). As of August 9, 50 percent of the U.S. cotton area was rated "good" or "excellent," compared with 53 percent in 2025, while 22 percent was rated "poor" or "very poor," compared with 18 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 Unchanged in August

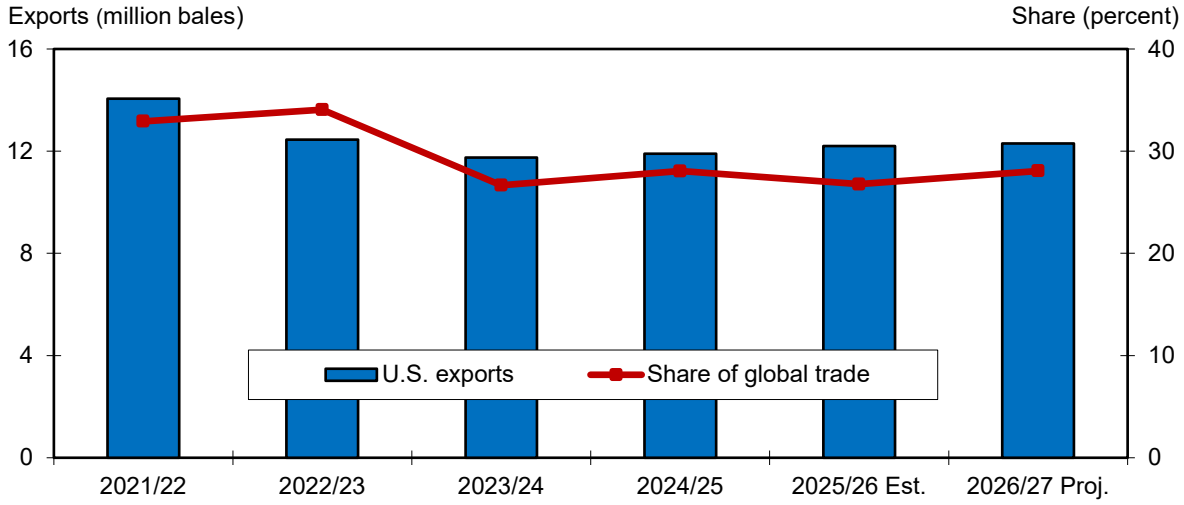
U.S. cotton demand (mill use plus exports) estimates for 2026/27 and 2025/26 were unchanged in August. U.S. exports in 2026/27 are forecast at 12.3 million bales, 100,000 bales above the 2025/26 level (figure 4). The United States is projected to continue as the second-largest cotton exporter to the world in 2026/27. Lower U.S. production, associated with drought conditions in recent years, helped elevate Brazil as the top exporter in 2023/24, and Brazil is expected to continue in that role this season as another large crop is forecast. The U.S. share of global trade is projected at 28 percent for 2026/27, up slightly from 2025/26 but equal to the 2024/25 level. U.S. cotton exports are forecast to account for 88 percent of U.S. cotton demand in 2026/27, similar to last season.

U.S. cotton exports for 2025/26 remain estimated at 12.2 million bales, slightly above the previous season and the highest in 3 years. Complete data for 2025/26 U.S. cotton exports will be available in September with the release of the July Census data. In addition to the Census data and export shipment data from *U.S. Export Sales* reports, USDA incorporates an additional internal data source to derive the final export estimate reported in the *WASDE* balance sheet.

U.S. cotton mill use is projected at 1.6 million bales in 2026/27, unchanged from July and marginally above last season. U.S. cotton mill use remains estimated at 1.55 million bales for 2025/26, the lowest in over a century, as domestic manufacturing remains constrained.

With total U.S. cotton demand projected to exceed production in 2026/27, ending stocks are expected to decline to 4.0 million bales, nearly 5 percent (200,000 bales) below last season but equal to stocks at the end of 2024/25. The stocks-to-use ratio (29 percent) is also forecast to decrease from 2025/26's 30.5 percent. Along with the lower U.S. stocks, 2026/27 global cotton mill demand is expected to exceed world production and supports this month's higher seasonal price prospects. For 2026/27, the U.S. upland cotton farm price is forecast at 75 cents per pound, compared with the revised 2025/26 price of 61.5 cents, and is the highest since 2023/24.

Figure 4
U.S. cotton exports and share of global trade



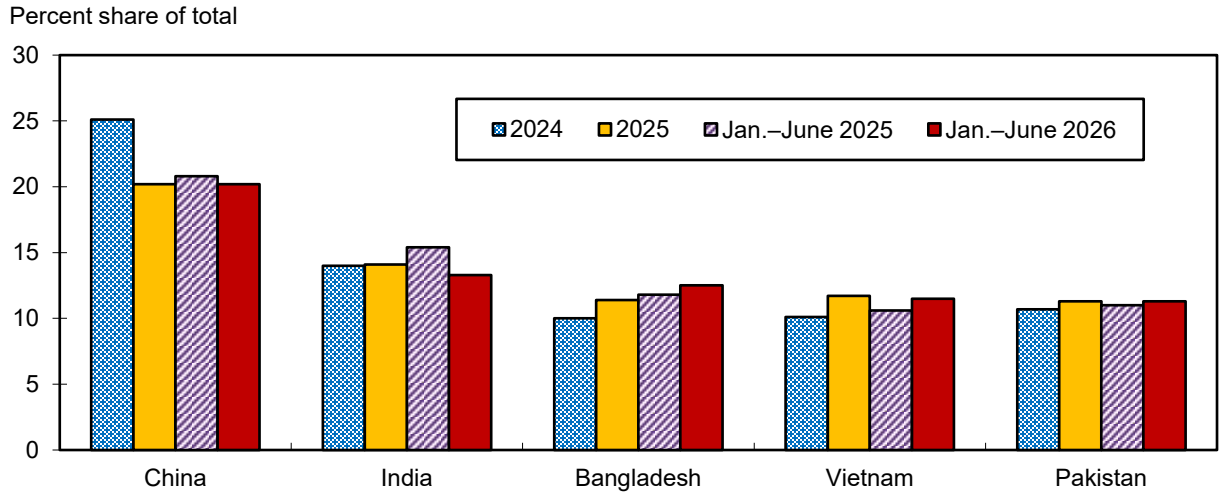
1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

U.S. Cotton Product Trade Lower in First Half of 2026

Total U.S. cotton textile and apparel trade declined during the first half of calendar year 2026, compared with the corresponding 2025 period. U.S. cotton product imports decreased 6 percent and totaled the equivalent of 8.4 million 480-pound bales of raw cotton during January–June 2026, compared with the revised 8.9 million bales during the first 6 months of 2025. Meanwhile, cotton product exports decreased slightly (0.1 million bale-equivalents) to just below 1.0 million bale-equivalents. With the import reduction greater than the export decline, the cotton textile and apparel trade deficit decreased nearly 5 percent during the first half of 2026 to 7.45 million bale-equivalents.

U.S. cotton product imports are sourced from numerous countries, although the bulk of imported products are from a handful of suppliers. During the first half of 2026, the top five countries (China, India, Bangladesh, Vietnam, and Pakistan) contributed 69 percent of total U.S. cotton product imports (raw-fiber-equivalent volume), marginally below the corresponding period in 2025. Although the total share is similar to a year ago, shifts occurred among the major supplying countries (figure 5). The leading suppliers of cotton products to the United States—China and India—saw their market share decline to 20 percent and 13 percent, respectively. In contrast, the market share for Bangladesh, Vietnam, and Pakistan experienced offsetting gains. Bangladesh's share of cotton products imported by the United States continued to trend higher, reaching 12.5 percent during the first 6 months of 2026, up from about 11.5 percent in calendar year 2025 and 10.0 percent in 2024, and parallels Bangladesh's growing textile industry. For Vietnam and Pakistan, the market share surpassed 11.5 and 11.3 percent, respectively, so far in 2026. While above the first half of 2025, the U.S. import share from Vietnam and Pakistan are similar to calendar year 2025.

Figure 5
Leading suppliers of U.S. cotton textile and apparel imports



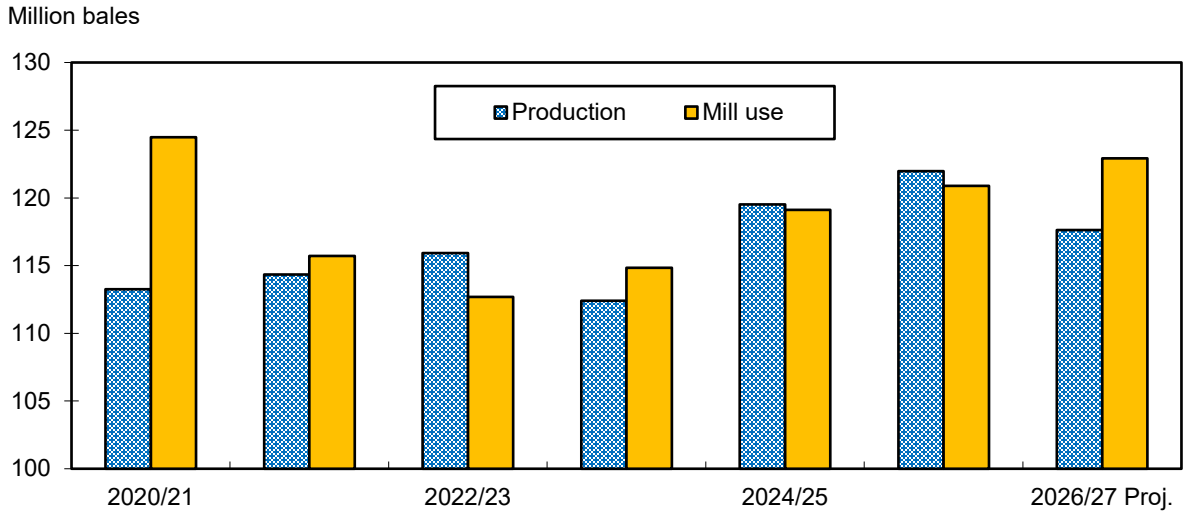
Note: Share of U.S. cotton product import volume (raw-fiber-equivalent basis) by major supplier.
Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census.

International Outlook

Global Cotton Production Forecast Lower in 2026/27

Global cotton production in 2026/27 is projected at 117.6 million bales, approximately 4 percent (4.3 million bales) below the previous year but marginally above the 5-year average of 116.8 million bales (figure 6). For 2026/27, cotton production prospects for all major-producing countries are projected to decrease except for a slight increase from India. The countries that are projected to lead the global decline in 2026/27 are China, Australia, Brazil, the United States, and Pakistan. World 2026/27 cotton harvested area is forecast at 29.6 million hectares (73.2 million acres), about 4 percent below the 5-year average. The 2026/27 global cotton yield is forecast at 865 kilograms (kg) per hectare (772 pounds per acre), down from last year's record of 904 kg.

Figure 6
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.

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, slightly more than 2025/26. China and India are forecast to remain the leading global cotton producers in 2026/27, accounting for 28.5 and 20 percent, respectively, of the global total. China is projected to produce 33.5 million bales of cotton, down 6 percent (2.3 million bales) from 2025/26. A decline in both China's harvested area and yield is responsible for the production decline. China's harvested area is expected to decrease slightly to 3.0 million hectares. The national yield is expected to also decline to 2,431 kg per hectare, 5 percent below last year's record of 2,556 kg per hectare.

India is forecast to be the only major cotton producing country to increase its production in 2026/27. At 24.0 million bales, up 1 percent (200,000 bales) from last year, the production increase is the result of a rebound in area harvested that more than offsets a decline in yield. India's harvested area is estimated at 11.5 million hectares in 2026/27, an increase of 300,000

hectares (3 percent) from last year. The national yield (454 kg per hectare) is expected to decline 2 percent (9 kg per hectare) from 2025/26 to its lowest in 3 years.

In 2026/27, cotton production is projected to decrease for Brazil and the United States. Brazil's production is estimated to decline for the first year since 2021/22, down nearly 3 percent to 18.25 million bales. The 2026/27 production decline is a result of lower harvested area that more than offsets a small increase (2 percent) in yield to a record 1,987 kg per hectare.

For Pakistan, 2026/27 cotton production is expected to decline 200,000 bales (4 percent) to 5.1 million bales. Harvested area in Pakistan is expected to remain unchanged from 2025/26 at 2.0 million hectares. Yield is expected to decline 22 kg per hectare to 555 kg in 2026/27, a 4-percent decrease from the previous year. Australia's cotton production is expected to fall 33 percent (1.5 million bales) to 3.0 million bales in 2026/27 because of the country's reduced reservoir levels. Australia's harvested area is expected to decrease 31 percent (145,000 hectares) to 325,000 hectares in 2026/27, while yield is forecast to decline 4 percent to 2,010 kg per hectare.

World 2026/27 Cotton Mill Use Projected To Rise Further

Global cotton mill use in 2026/27 is forecast at 122.9 million bales, nearly 2 percent above the 2025/26 estimate and the highest since the Coronavirus (COVID-19)-related rebound in 2020/21. Steady global economic growth continues to support world mill use that is driven by consumer demand for textile and apparel products. In 2026/27, global cotton mill use is expected to rise for the fourth consecutive year, with most major cotton-spinning countries—led by China, India, and Pakistan—expected to increase their mill use of cotton from 2025/26.

China and India remain the leading cotton-consuming countries and together are forecast to account for 34 and 22 percent, respectively, of the global total. China's cotton mill use is projected at 42.0 million bales in 2026/27, 1 percent (500,000 bales) above 2025/26 and the highest since 2010/11. China consistently remains the largest supplier of apparel products to the world.

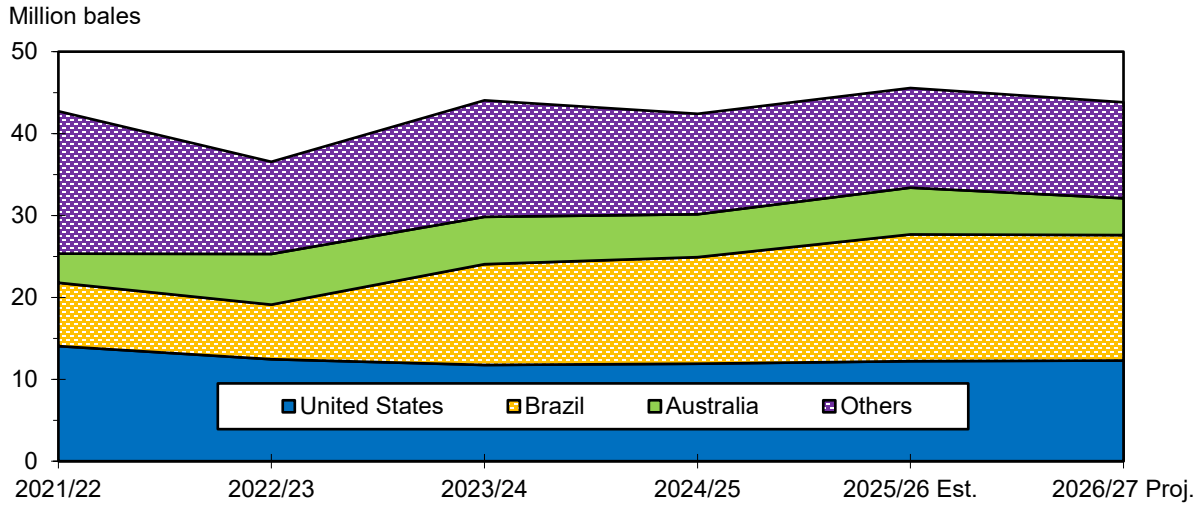
Although cotton mill use growth for China is below the world average of 1.7 percent, several other countries—Pakistan, India, and Bangladesh—are forecast to experience larger growth than the world average in 2026/27. India's cotton mill use is projected at 26.5 million bales (up 2 percent or 500,000 bales) in 2026/27 and is forecast 5 percent above the 5-year average. Pakistan's 2026/27 cotton mill use is expected to rebound 5 percent (500,000 bales) to 10.2 million bales after a 900,000-bale decline in 2025/26 that was driven by limited import opportunities. Pakistan's mill use is forecast to account for 8 percent of the world total in 2026/27. Mill use in Vietnam is forecast to rise slightly (50,000 bales) to 8.2 million bales in 2026/27, contributing approximately 7 percent of the global total. Mill use in Bangladesh is forecast to rise nearly 3 percent (200,000 bales) to 7.6 million bales in 2026/27, accounting for 6 percent of the global total. Meanwhile, 2026/27 cotton mill use in Turkey is projected at the 2025/26 level of 6.8 million bales, contributing about 5.5 percent of the global total in 2026/27 and 2025/26.

Global Cotton Trade and Stocks Expected Lower in 2026/27

World cotton trade in 2026/27 is projected at 43.8 million bales, compared with 45.6 million bales in 2025/26. The export decrease in 2026/27 is largely attributable to a reduction for Australia, which accounts for nearly 70 percent of the global forecast decline (figure 7). Australia's exports are projected at 4.5 million bales in 2026/27, 21 percent below last season,

as lower supplies are expected to be available for export. Smaller export changes in 2026/27 are seen for several countries including India, Brazil, and the United States.

Figure 7
Leading global cotton exporters



Note: 1 bale = 480 pounds
Source: USDA, Economic Research Service based on USDA, *World Agricultural Supply and Demand Estimates* reports.

Brazil is expected to continue as the leading cotton exporter for a fourth consecutive year in 2026/27. Brazil is forecast to export 15.3 million bales of cotton in 2026/27, down 200,000 bales from last season's record; nevertheless, Brazil is projected to account for 35 percent of world cotton exports this season. Exports by India and the United States in 2026/27 are expected to increase year over year, with gains of 400,000 bales and 100,000 bales, respectively. India's cotton exports are projected to rebound to 1.5 million bales in 2026/27 as a slight increase in the crop is expected. For the United States, projected exports of 12.3 million bales would be the largest in 4 years if realized.

Despite an increased global cotton mill use forecast for 2026/27, world cotton import demand is expected to decrease 500,000 bales (1 percent) as some cotton-spinning countries draw down their raw cotton inventories. The modest import decline is associated with some offsetting changes among the major importing countries. Cotton import reductions are forecast for China and India—the two largest producers—where imports are projected at 7.0 million bales and 3.0 million bales, respectively. In contrast, imports are forecast higher for Bangladesh (7.4 million bales), Pakistan (5.0 million bales), and Turkey (4.8 million bales) in 2026/27, while cotton imports by Vietnam (8.2 million bales) are forecast nearly identical to those in 2025/26.

World cotton ending stocks for 2026/27 are projected at 69.7 million bales, 5.1 million bales (7 percent) below last season and the lowest in 15 years. The 2026/27 global stock decrease is led by China, Australia, and India, where stocks are projected to be 1.6 million bales, 1.4 million bales, and 1.0 million bales lower than the previous year, respectively. Smaller reductions are forecast for Brazil, the United States, and Pakistan in 2026/27.

In China, cotton ending stocks are estimated at 34.7 million bales in 2026/27, down 4 percent from last season and the lowest in 4 years. India's stocks are projected 9 percent lower in 2026/27 to 10.0 million bales. Cotton stocks in Australia are forecast 37 percent lower at approximately 2.4 million bales—the lowest since 2019/20—the result of a relatively small crop.

Brazil's stocks are estimated at nearly 3.2 million bales at the end of 2026/27, a 12-percent reduction year over year. The 2026/27 global cotton stocks-to-use ratio is projected to decline for the fourth consecutive year to its lowest since 2010/11. Forecast at 57 percent, the stocks-to-use ratio represents less than 7 months of mill use at the current global usage rate, compared with a 5-year average of more than 7.5 months.

Ending stocks by country as a share of world supplies vary from year to year depending on production and trade. Stocks in 2026/27 for the top four producing countries combined are projected to account for about 74 percent of the global total, 3 percent above the 3-year average. China—the largest stockholder—is projected to hold approximately 50 percent of the global total in 2026/27, while India accounts for an additional 14 percent. The United States and Brazil are forecast to hold approximately 5.5 percent and 4.5 percent, respectively, of the global cotton supplies at the end of 2026/27, near their shares during the preceding 2 years.

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