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Cotton and Wool Outlook: October 2024

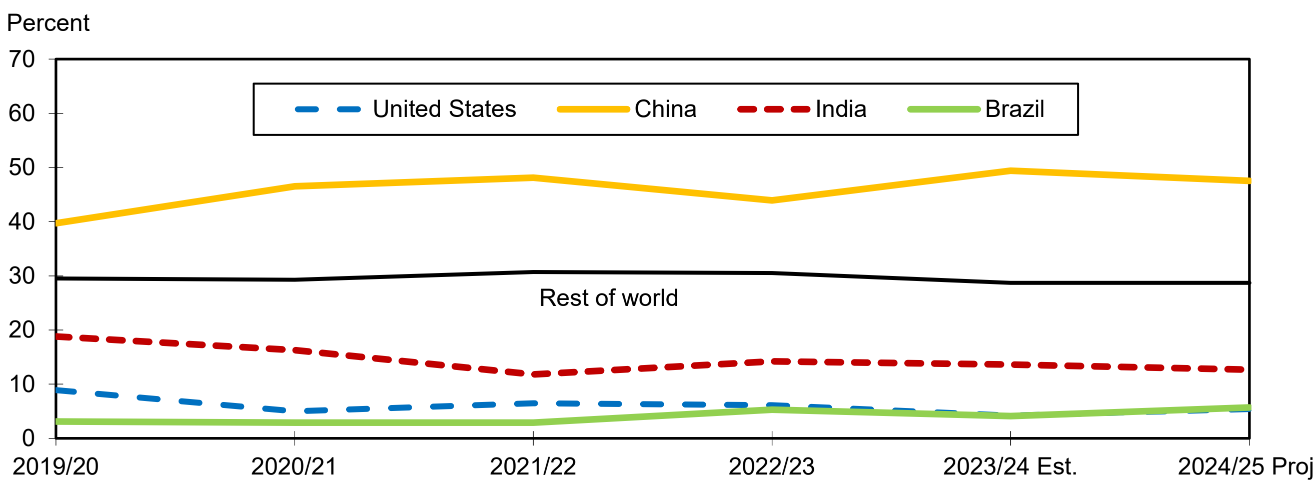
Leslie Meyer and Taylor Dew

World 2024/25 Cotton Stocks Rise Above Last Season as Production Rebounds

The latest U.S. Department of Agriculture (USDA) cotton projections for 2024/25 (August–July) indicate that global ending stocks are expected to increase over 1 million bales as world production rebounds and outpaces mill use. Brazil and the United States are expected to represent most of the increase in global stocks this year. Nevertheless, China maintains the largest supplies, with stocks approaching 50 percent of the world total in recent years (figure 1).

Global cotton production is expected to increase 3.0 million bales (2.6 percent) to 116.6 million in 2024/25, the highest since 2019/20. World cotton mill use is projected to rise 1.9 million bales (1.7 percent) in 2024/25 to 115.7 million. China and Pakistan are the only major consuming countries with lower projected mill use from the previous year. Global cotton trade expectations (42.5 million bales) are forecast 2 percent lower in 2024/25, as China's cotton import projection is reduced 40 percent (6 million bales) from 2023/24.

Figure 1
Share of global cotton ending stocks



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

Domestic Outlook

U.S. Cotton Crop Forecast Lower in October

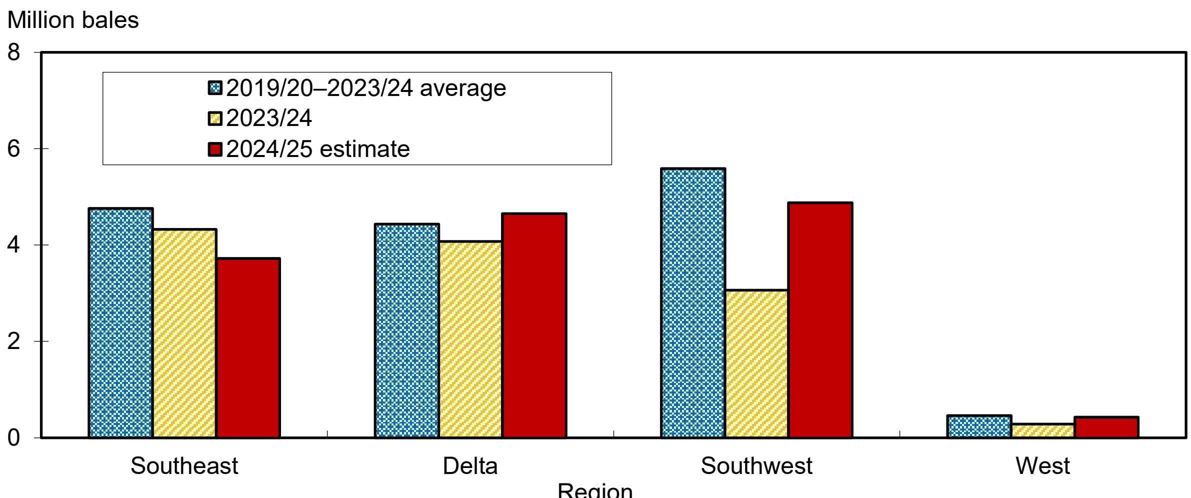
USDA's October *Crop Production* report forecasts 2024/25 U.S. cotton production at 14.2 million bales, 311,000 bales (2.1 percent) below last month's forecast but nearly 18 percent (2.1 million bales) above the 2023/24 crop. Harvested area in 2024/25 is higher than last season, but the national yield is lower. If realized, the 2024/25 U.S. cotton crop would be the second smallest since 2015/16, while the national yield is the lowest since 2015/16.

The 2024/25 U.S. upland cotton crop is forecast at approximately 13.7 million bales, compared with last season's 11.75 million bales. During the past 20 years, the October upland production forecast was above the final estimate 12 times and below it 7 times; no production forecast was published in 2013.

Upland cotton production this season is forecast higher in three of the Cotton Belt regions while lower in the other (figure 2). In the Southwest, the 2024/25 upland crop is forecast at about 4.9 million bales, up 59 percent from 2023/24's drought-reduced crop that was the smallest in nearly 35 years. While 2024/25 planted area (6.5 million acres) was 7 percent above the previous year, harvested area rebounded dramatically as drought conditions improved from those in 2023/24. Harvested area in the Southwest is forecast at 4.1 million acres, implying an abandonment rate of 37 percent, about 24 percentage points below last season's 61 percent. The 2024/25 Southwest upland yield is projected at 573 pounds per harvested acre, compared with the 2019/20–2023/24 average of 665 pounds.

Cotton production in the Delta is estimated at approximately 4.7 million bales in 2024/25, a rebound from the previous year and above the 5-year average of 4.4 million bales. In 2024/25, the Delta's cotton harvested area is forecast at 1.9 million acres, while the region's yield is projected at 1,153 pounds per harvested acre, below last season's record (1,219 pounds) but near the 5-year average.

Figure 2
U.S. regional upland cotton production



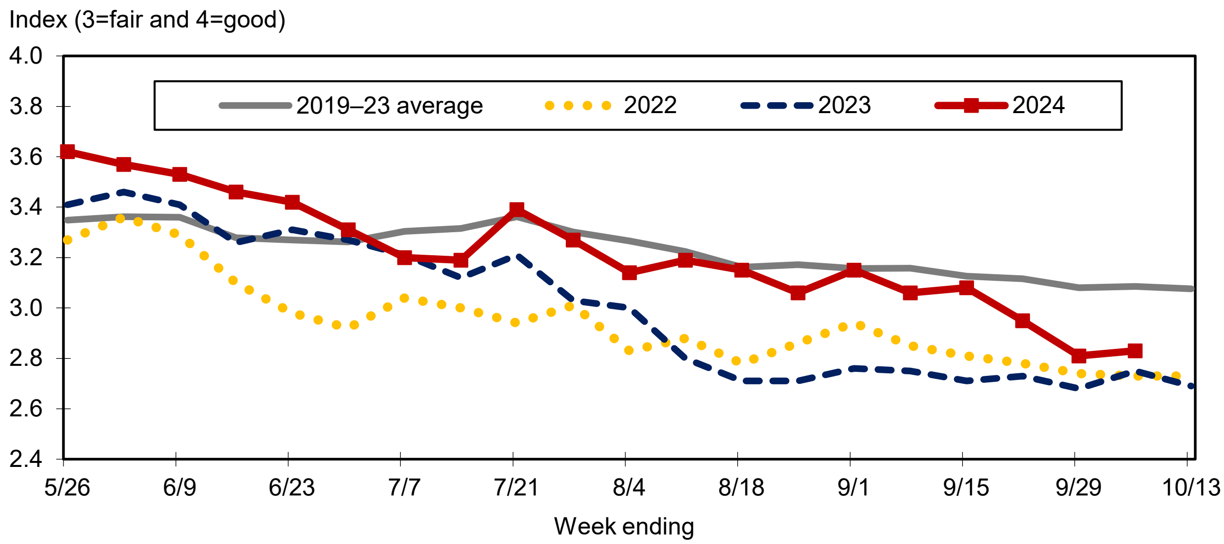
Note: 1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Production* reports.

In the Southeast, 2024/25 cotton production is projected at only 3.7 million bales—14 percent (600,000 bales) below 2023/24 and 1 million bales lower than the 2019/20–2023/24 average. This season's decline is the result of adverse weather conditions in the region, particularly the effects of Hurricane Helene, that affected the crop's yield. While cotton harvested area in 2024/25 is forecast at approximately 2.3 million acres, the Southeast yield is projected at only 785 pounds per harvested acre this season, compared with the 5-year average of 922 pounds.

In the West, the 2024/25 upland crop is projected at 430,000 bales, 145,000 bales above last season and the largest in 3 years as area returned to cotton in 2024/25. The region's upland cotton harvested area (158,000 acres) rebounded from the lowest in over 100 years. Meanwhile, this season's yield (1,437 pounds per harvested acre) is forecast at the second highest since 2016/17's record of 1,538 pounds per harvested acre. The extra-long staple (ELS) crop—grown mainly in the West—is projected at 516,000 bales in 2024/25, 200,000 bales above 2023/24. Increased area and a higher yield this season resulted in the larger ELS crop prospects.

Total 2024/25 U.S. cotton harvested area is estimated at 8.6 million acres, compared with last season's 6.4 million acres, the lowest since harvested acreage records began in 1866/67. The national yield is projected at 789 pounds per harvested acre, compared with 2023/24's 899 pounds. As of October 6, 26 percent of the U.S. cotton crop was harvested, above last season's 23 percent and the 2019–23 average of 22 percent. In addition, 1.1 million bales had been ginned as of October 1, above the comparable period of the last several years. U.S. cotton crop conditions in 2024 have remained above the previous two seasons but have recently declined due to inclement weather (figure 3). As of October 6, 35 percent of the cotton area was rated "poor" or "very poor," compared with 41 percent last year, while 29 percent of the crop area was rated "good" or "excellent," compared with 32 percent a year ago. For current production estimates by State, see table 10 published separately with this report.

Figure 3
U.S. cotton crop conditions



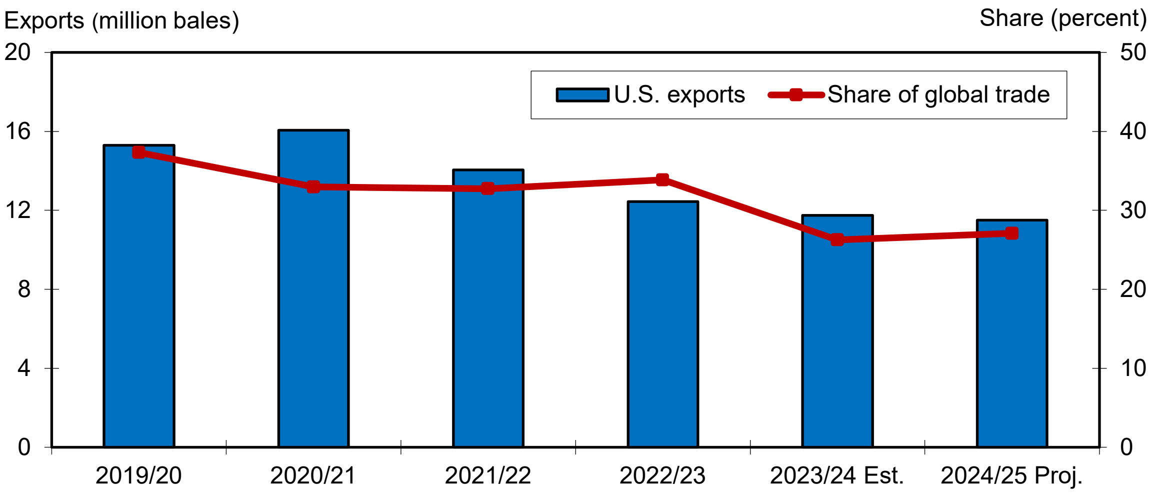
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Progress* reports.

U.S. Cotton Demand Estimates Reduced; Stocks To Increase

The U.S. cotton demand estimate for 2024/25 is projected at 13.3 million bales in October, 400,000 bales (3 percent) lower than last month's projection and below the 2023/24 estimate of 13.6 million bales. U.S. cotton exports account for the bulk of demand and are forecast at 11.5 million bales in 2024/25, with mill use expected to account for the remaining 1.8 million bales. With a reduced world trade forecast this season and lower import demand—particularly from China—U.S. cotton export prospects are expected to be constrained. Uncertainties about the world economy and competition from synthetic fibers are also forecast to limit global cotton mill use growth in 2024/25. Based on the October projections, the 2024/25 U.S. share of world trade is forecast near last season at 27 percent but 6 percentage points below the previous 5-year average (figure 4).

With this month's decrease in the U.S. cotton demand estimate greater than the production decline, 2024/25 U.S. ending stocks are forecast slightly higher in October at 4.1 million bales. U.S. cotton stocks are nearly 1 million bales above last season, which was at a relatively low level due to the 2023/24 drought-reduced crop. The stocks-to-use ratio is forecast at 31 percent at the end of 2024/25, compared with 23 percent for the previous year but similar to 2022/23. Based on the U.S. and global cotton supply and demand estimates and recent prices, the 2024/25 average U.S. upland cotton farm price forecast remains at 66 cents per pound, compared with the final 2023/24 price of 76.1 cents per pound.

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



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

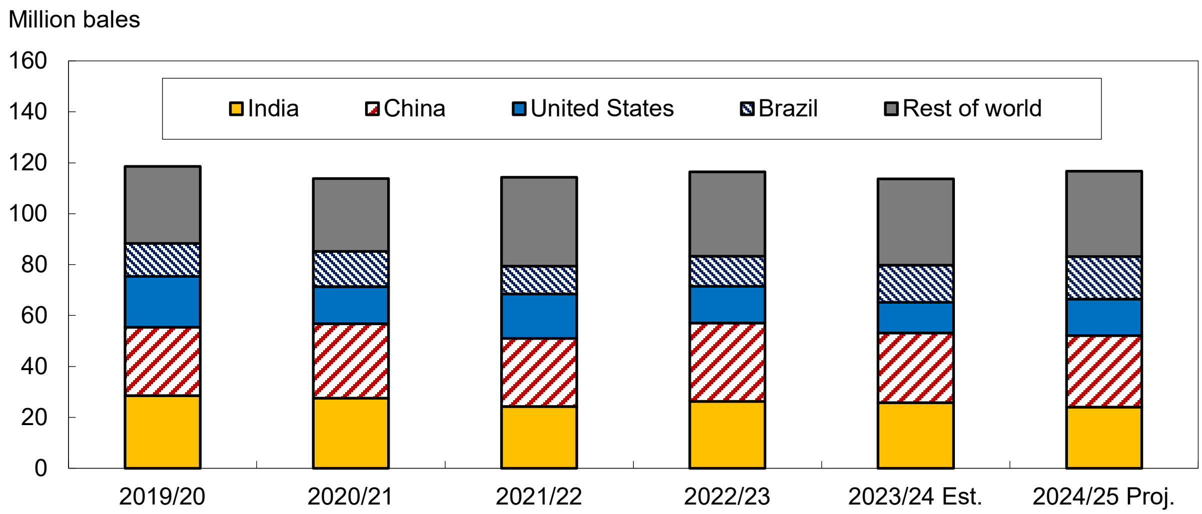
International Outlook

Global 2024/25 Cotton Production Forecast Higher

Global cotton production in 2024/25 is projected at 116.6 million bales, 2.6 percent (3.0 million bales) above the previous year and 1.1 percent above the 5-year average. For 2024/25, cotton production prospects are mixed for the major producing countries. Production in India and Pakistan are projected to decline year-over-year, but gains in the United States and Brazil more than offset the decrease. While a modest increase is seen in China, Australia's crop is forecast unchanged from 2023/24. World 2024/25 cotton harvested area is forecast at 31.2 million hectares (77.0 million acres), less than 1 percent below the previous year. The 2024/25 global cotton yield is forecast at 815 kilograms (kg) per hectare (727 pounds per acre), 3 percent above the 3-year average and a record high.

World cotton production is concentrated among a few countries, with the top four accounting for 71 percent of total expected production in 2024/25, 1 percent above the previous season (figure 5). China and India are expected to remain the leading cotton producers in 2024/25, accounting for 24 percent and 21 percent, respectively, of the global total. China is projected to produce 28.2 million bales of cotton, just over a 3-percent increase from 2023/24. While China's harvested area is expected to be unchanged in 2024/25 at nearly 2.9 million hectares, an increase in yield is responsible for the production gain. China's yield is projected at 2,154 kg per hectare, the second highest on record—just below 2022/23—as growing conditions have been favorable this season. Production in India is forecast at 24.0 million bales, 7 percent (1.8 million bales) below 2023/24, with lower cotton area—the result of increased plantings of competing crops—primarily responsible for the decrease. India's area is expected to decline 7 percent (900,000 hectares) to 11.8 million hectares, while the national yield remains relatively flat at 443 kg per hectare.

Figure 5
World cotton production



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

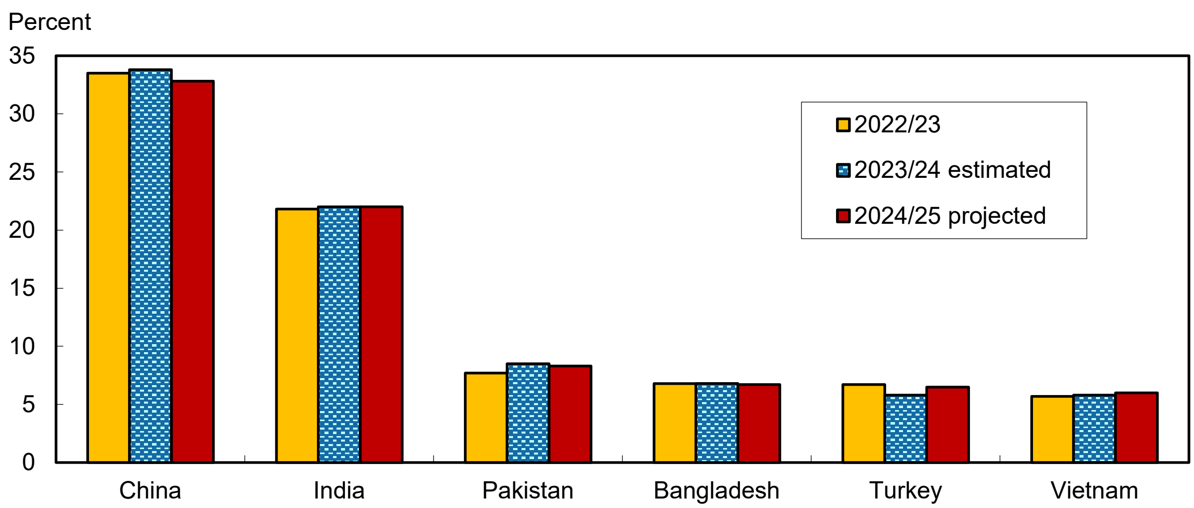
Brazil's 2024/25 cotton production is estimated to increase 15 percent over the previous year, to a record 16.8 million bales. The 2.2-million-bale larger crop projection for Brazil is the result of increased area that more than offsets a decline in yield. Brazil's harvested area is estimated at 1.9 million hectares, a 17-percent increase from 2023/24 and more than 25 percent above the 3-year average as increased competitiveness on the world market led to the expansion of cotton area. Brazil's yield is projected at 1,885 kg per hectare, down slightly from last year's record high of 1,911 kg per hectare. Brazil is expected to account for approximately 14 percent of total global cotton production in 2024/25, up from the previous year's 13 percent, and remains the third largest producer for the second consecutive year.

For Pakistan, 2024/25 cotton production is expected to decline 1.3 million bales (19 percent) from 2023/24 to 5.7 million bales. Harvested area in Pakistan is expected to decline nearly 17 percent (400,000 hectares) to 2.0 million hectares in 2024/25, while a lower projected yield also contributes to the decrease. Pakistan's yield is expected to decline 2 percent in 2024/25 to 621 kg per hectare. Australia's 2024/25 cotton production is expected to be unchanged from 2023/24 as a decrease in yield is estimated to be offset by an increase in harvested area. Harvested area is expected to increase 8 percent (45,000 hectares) to 550,000 hectares in 2024/25, while the yield is forecast 177 kg per hectare lower (an 8-percent decline) to 1,979 kg per hectare.

World Cotton Mill Use To Expand in 2024/25

Global cotton mill use in 2024/25 is forecast at 115.7 million bales, 1.7 percent (1.9 million bales) above 2023/24 as mill demand is expected to rise slightly to near the level achieved in 2021/22. Cotton mill use among the leading cotton-spinning countries—China, India, Pakistan, Bangladesh, Turkey, and Vietnam—is forecast to be mixed in 2024/25 compared with last year's levels, with the top six countries accounting for 82 percent of the global total, slightly below the year before (figure 6).

Figure 6
Share of total cotton consumption by major spinner



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

For China, 2024/25 cotton mill use is projected at 38.0 million bales, a modest reduction from the previous year as growth of synthetic fibers is expected to limit cotton mill use. China remains the leading cotton spinner in 2024/25, however, contributing one-third of the global total. In India, cotton mill use is forecast to rise 2 percent (500,000 bales) to 25.5 million bales in

2024/25—the highest level in 4 years—and account for 22 percent of global mill use, similar to the previous 2 years.

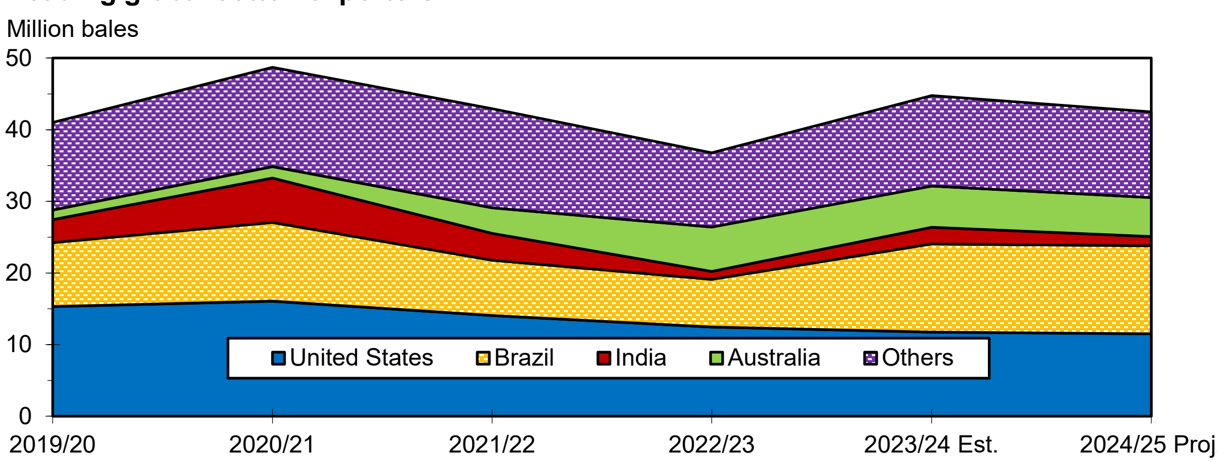
For the other leading countries, the share of world cotton mill use is forecast to contribute a combined 27.5 percent in 2024/25, up from about 27 percent during the previous year. In Pakistan, cotton mill use is projected at 9.6 million bales, slightly below last season as reduced crop prospects limit supplies for local mills despite higher projected imports. Cotton use in Bangladesh is forecast at 7.8 million bales in 2024/25, with mill use expanding marginally for a second consecutive year but remaining below the 8.8-million-bale record set in 2021/22. Meanwhile, above-average growth rates are projected for Turkey and Vietnam this season. For Turkey, cotton mill use is projected to rebound from nearly a decade low in 2023/24, rising more than 13.5 percent (900,000 bales) on increased supplies in 2024/25 to 7.5 million bales. Mill use in Vietnam is forecast 4.5 percent (300,000 bales) higher at 6.9 million bales in 2024/25, the highest in 4 years.

Global Cotton Trade Lower in 2024/25; Stocks To Rise

World cotton trade for 2024/25 is projected at 42.5 million bales, 2.3 million bales or 5 percent below the previous year. The lower trade is the result of decreased import expectations by China as they limit imports in 2024/25 after procuring substantial levels for their national reserve in 2023/24. Imports by China are forecast at 9.0 million bales this season, compared with 15.0 million bales in 2023/24. For Bangladesh and Vietnam, 2024/25 cotton imports are forecast at 7.7 million bales (up 125,000 bales) and 6.9 million bales (up 315,000 bales), respectively, as imports continue to support the textile industries in these countries.

Brazil is expected to be the leading cotton exporter for the second consecutive season in 2024/25. Although reduced U.S. crop prospects are projected to limit U.S. exports (11.5 million bales) once again in 2024/25, cotton shipments by Brazil are expected to benefit from a record crop. Brazil's exports are forecast at 12.3 million bales in 2024/25. Although exports are similar to the year before, Brazil's share of global cotton trade is projected to climb to 29 percent, compared with the U.S. share of 27 percent. Australia's cotton exports in 2024/25 (5.4 million bales) are projected to decline 6 percent but the share of the country's world trade remains near 13 percent this season (figure 7).

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.

Based on the latest cotton supply and demand projections, global ending stocks are forecast at 76.3 million bales in 2024/25, 1.5 percent (1.1 million bales) above last season. Although cotton ending stocks are forecast above a year ago, the global stocks-to-use ratio is estimated at 66 percent in 2024/25, similar to the previous two seasons.

For the major producing countries, 2024/25 stock changes are forecast to vary, with gains in Brazil and the United States partially offset by declines in China and India. Cotton stocks in Brazil are projected at 4.3 million bales in 2024/25, 1.2 million bales higher year-over-year, largely the result of a record cotton crop. U.S. ending stocks are forecast 30 percent higher from a relatively low level in 2023/24 to 4.1 million bales this season. In contrast, cotton stocks in China are projected to decrease nearly 900,000 bales to 36.2 million bales, or 47 percent of the global total in 2024/25. Stocks in India are projected to decrease moderately (500,000 bales) to 9.7 million bales, with India's stocks expected to account for 13 percent of 2024/25 global total. Cotton stocks in Australia are forecast 5.5 percent lower at 4.0 million bales in 2024/25, while Pakistan's stocks are expected to be nearly unchanged at 1.9 million bales.

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