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Cotton and Wool Outlook: December 2024

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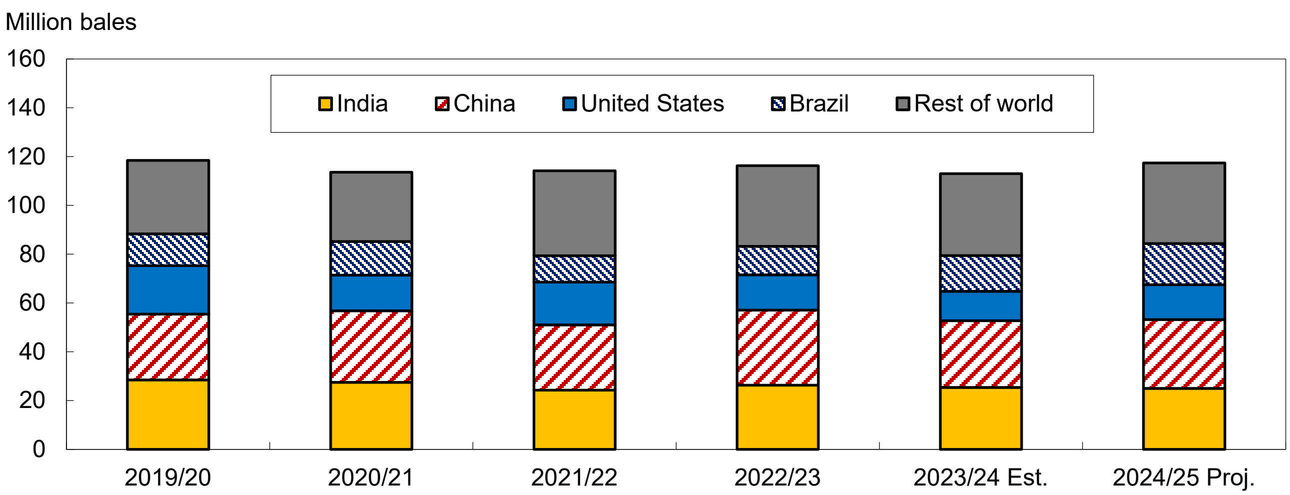
Global 2024/25 Cotton Production Increases to Highest Level Since 2019/20

The latest U.S. Department of Agriculture (USDA) cotton projections for 2024/25 (August–July) indicate that global production is forecast at 117.4 million bales, a 4-percent increase from 2023/24 and the highest in 5 years. Led by the United States, Brazil, and China, the global increase is partially offset by reductions for Pakistan and India (figure 1).

Global cotton mill use is expected to rise nearly 1.5 million bales (1 percent) to 115.8 million bales, the highest since 2020/21. Slight gains for five of the six top cotton-spinning countries account for the 2024/25 world increase, with China's expected mill use decline slowing the global growth this year. World cotton trade is forecast at 42.3 million bales this season, a 5-percent decrease from 2023/24 as China's imports decline significantly. Global ending stocks are estimated to rise in 2024/25 as the year-over-year production gain outpaces the mill use growth. World cotton stocks are projected to increase approximately 2 million bales to 76.0 million in 2024/25, a stocks-to-use ratio of 66 percent.

Figure 1
World cotton production



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

Approved by USDA's World Agricultural Outlook Board

Domestic Outlook

U.S. Cotton Crop Forecast Slightly Higher in December

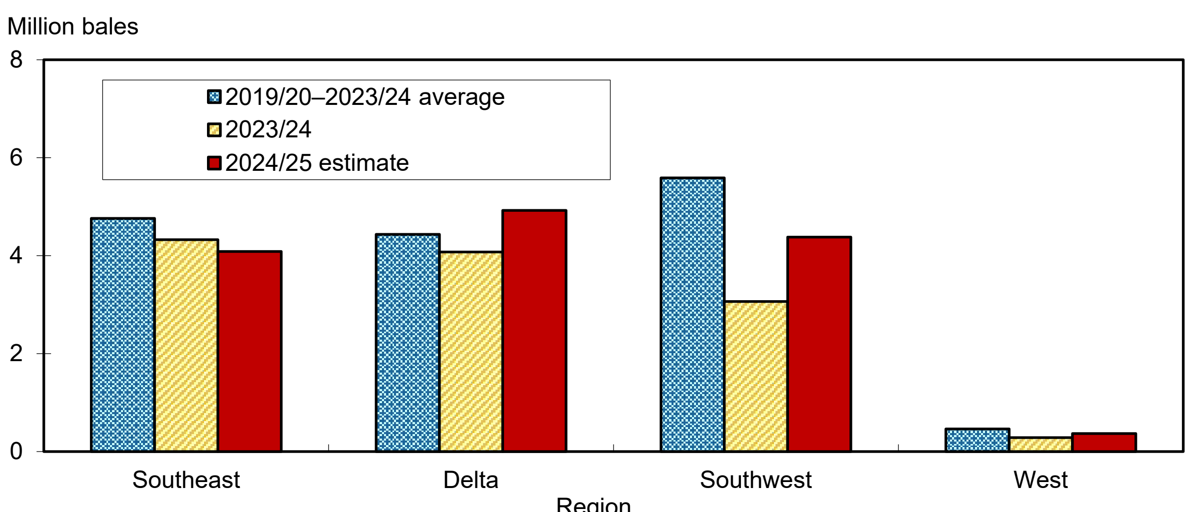
USDA's December *Crop Production* report forecasts 2024/25 U.S. cotton production at nearly 14.3 million bales, 64,000 bales (0.5 percent) above last month's forecast and about 2.2 million bales (18 percent) higher than the 2023/24 crop. Harvested area in 2024/25 is estimated at 8.6 million acres, compared with last season's 6.4 million acres—the smallest U.S. harvested area on record dating back to 1866/67.

Growing conditions in the Southwest region were improved relative to the previous two seasons as abandonment was reduced considerably for the region. The implied U.S. abandonment rate is estimated at approximately 23 percent, compared with last season's 37 percent. The 2024/25 national yield of 792 pounds per harvested acre is below the 5-year average of 871 pounds and the lowest since 2015/16. Upland cotton production is estimated at about 13.75 million bales, while the extra-long staple (ELS) crop is forecast at 498,000 bales. (For current production estimates by State, see table 10 published separately with this report.)

Upland cotton production this season is forecast higher in three of the Cotton Belt regions while slightly lower in the Southeast (figure 2). In the Southeast region, 2024/25 cotton production is projected at 4.1 million bales—about 5.5 percent (241,000 bales) below 2023/24 and 14 percent lower than the 2019/20–2023/24 average. Cotton harvested area in 2024/25 (2.3 million acres) is forecast below the 5-year average and at the lower end of estimates for the last decade. The Southeast yield is projected at 860 pounds per harvested acre this season, the lowest in 4 years.

Cotton production in the Delta region is estimated at 4.9 million bales in 2024/25, 850,000 bales above the year before and the highest in 5 years. In 2024/25, cotton harvested area is forecast at 1.9 million acres—slightly above the 5-year average—while the region's yield is projected at a record 1,222 pounds per harvested acre, outpacing last season's 1,219 pounds.

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 Southwest, the 2024/25 upland crop is projected near 4.4 million bales, 43 percent above 2023/24's drought-reduced crop that was the smallest since 1989/90. While 2024/25 planted area (6.5 million acres) was 430,000 acres higher than 2023/24, harvested area is forecast considerably higher to near the 5-year average. Harvested area in the Southwest is projected at 4.1 million acres in 2024/25—with a calculated abandonment rate of 37 percent, compared with last season's 61 percent. The 2024/25 Southwest upland yield is forecast at 515 pounds per harvested acre, well below the 5-year average of 665 pounds and the lowest since 2003/04.

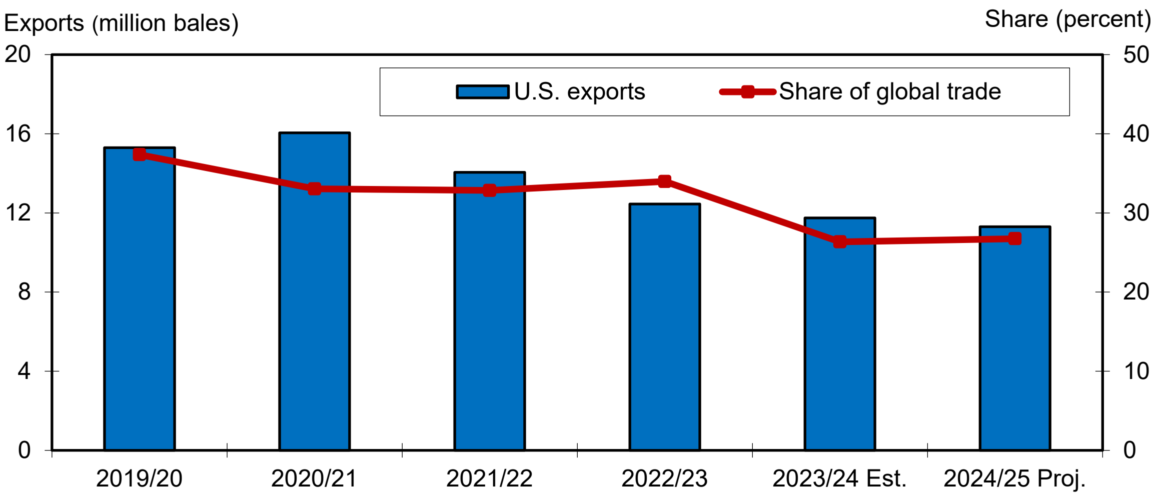
In the West, 2024/25 upland production is projected at 367,000 bales, 21 percent below the 5-year average and the second lowest production since 1932/33. Harvested area is estimated at a relatively low 144,000 acres, while this season's yield (1,227 pounds per harvested acre) is forecast below the 5-year average. The extra-long staple (ELS) crop—grown mainly in the West—is projected at 498,000 bales in 2024/25, above last season's 316,000 bales and the highest in 4 years. Although harvested area is estimated at its highest since 2020/21, the ELS yield (1,245 pounds per harvested acre) is forecast to remain below the 2019/20–2023/24 average.

U.S. Cotton Demand Estimates Unchanged; Stocks Higher

U.S. cotton demand for 2024/25 is projected unchanged in December at 13.1 million bales, nearly 4 percent (500,000 bales) below 2023/24 and the lowest level since 2015/16. U.S. cotton exports account for the largest share of demand and are forecast at 11.3 million bales in 2024/25. U.S. mill use is expected to account for an additional 1.8 million bales this season—the lowest in over a century.

With a lower world trade projection this season, increased competition from Brazil, and reduced foreign import demand—particularly from China—U.S. cotton export prospects are projected to be their lowest in 9 years. Based on the December projections, the 2024/25 U.S. share of global trade is forecast to remain relatively flat this season at approximately 27 percent, compared with the 2019/20–2022/23 average of 34 percent (figure 3).

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.

With the December increase in the U.S. cotton production estimate and demand unchanged, 2024/25 U.S. ending stocks are forecast 100,000 bales higher this month, at 4.4 million bales. U.S. cotton stocks are 1.25 million bales above 2023/24 but below the previous two seasons. The stocks-to-use ratio is forecast at approximately 33.5 percent at the end of 2024/25, compared with 23 percent in 2023/24, and the highest in 5 years. Based on the U.S. and world cotton supply and demand estimates and recent prices, the 2024/25 average U.S. upland cotton farm price is forecast at 66 cents per pound, compared with the final 2023/24 price of 76.1 cents per pound and 2022/23's 84.8 cents.

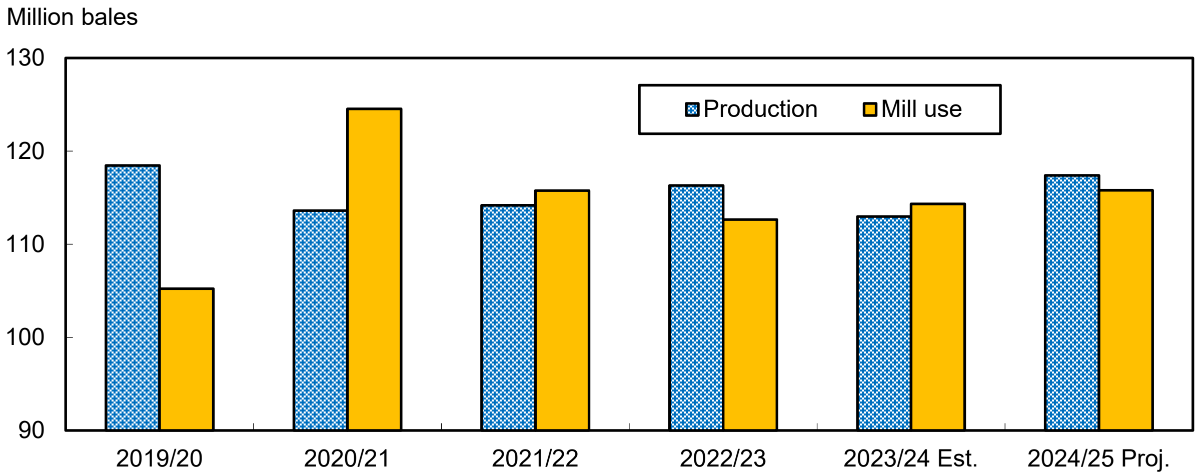
International Outlook

World 2024/25 Cotton Production Forecast at 5-Year High

Global cotton production in 2024/25 is projected at 117.4 million bales, 1.2 million bales above the November estimate and a 3.9-percent increase from last season's 113.0 million bales (figure 4). The 2024/25 production estimate is the highest since 2019/20 and includes larger crops for the United States, Brazil, and China, offset slightly by decreases in Pakistan and India. World cotton harvested area is forecast at 30.9 million hectares (76.4 million acres) in 2024/25, less than a 1-percent decline from last season. A higher global cotton yield is responsible for the production increase in 2024/25 and is projected at a record 827 kilograms (kg) per hectare (738 pounds per acre). The global yield is expected to increase 38 kilograms per hectare (5 percent) from last season's estimate of 789 kg per hectare (704 pounds per acre).

Cotton production prospects for the major producing countries in 2024/25 are estimated to increase except for Pakistan and India. Production in China—the leading cotton producer—is forecast at 28.2 million bales this season, 3 percent (850,000 bales) above 2023/24, as yield increases with area unchanged. Growing conditions in China were extremely favorable, and the national yield is projected to reach the second highest ever at 2,154 kg per hectare (1,921 pounds per acre) in 2024/25. Harvested area is estimated to remain at 2.9 million hectares this season. China is expected to account for 24 percent of global production in 2024/25.

Figure 4
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.

For India, 2024/25 cotton production is projected at 25.0 million bales, nearly 2 percent (400,000 bales) below last season, with declines in area offset slightly by an increase in yield. Harvested area is forecast at 11.8 million hectares (down 7 percent) as alternative crops were favored over cotton. India's yield is forecast at 461 kg per hectare, above last season and the 3-year average. India is expected to account for 21 percent of world production this season, down 1 percent from 2023/24. Cotton production in Pakistan is expected to decrease significantly from last season to 5.5 million bales (down 21 percent). Pakistan's forecast production decrease is due to a decline in both area harvested and yield. Harvested area in 2024/25 is projected to decrease nearly 17 percent (400,000 hectares) to 2.0 million hectares, while Pakistan's national yield is forecast at 599 kg per hectare, compared with last season's yield of 635 kg per hectare. Pakistan is forecast to account for approximately 5 percent of the global crop in 2024/25.

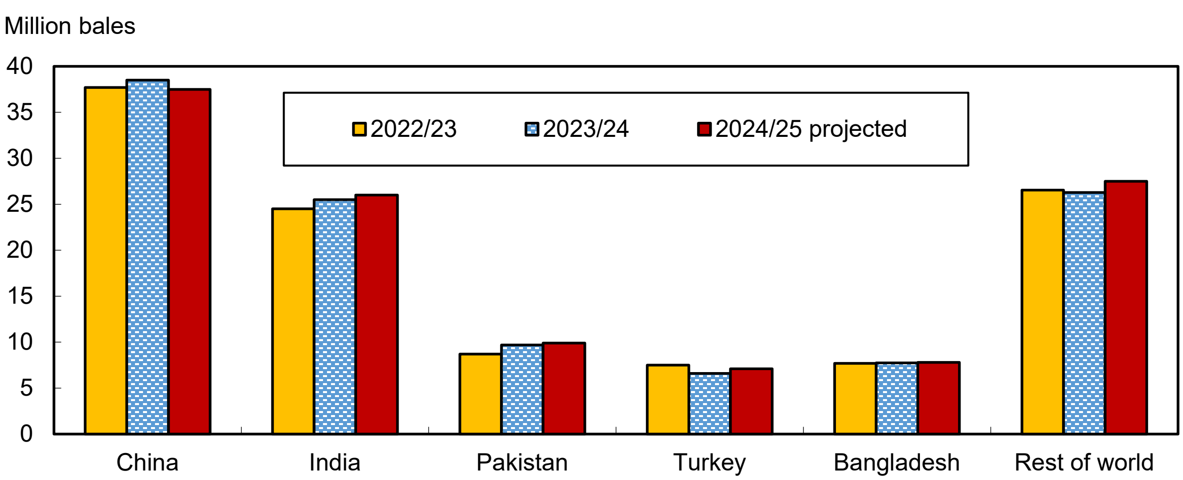
For the Southern Hemisphere, 2024/25 cotton production is forecast higher for Brazil and unchanged for Australia compared with last season. Cotton production in Brazil is estimated at a record 16.9 million bales in 2024/25, a 16-percent (2.3-million-bale) increase as estimated harvested area of nearly 2.0 million hectares is the highest in three decades. Brazil's 2024/25 yield remains just below last season's record (1,911 kg per hectare) at 1,868 kg per hectare. Brazil remains the third largest producer in 2024/25—behind China and India—and is expected to account for 14 percent of the global crop. For Australia, 2024/25 cotton production is forecast at 5.0 million bales, unchanged from the year before. Projected harvested area for 2024/25 is forecast to increase nearly 8 percent to 55,000 hectares. However, the national yield is projected to decline a similar percentage in 2024/25 to 1,979 kg per hectare.

World Cotton Mill Use Projected To Rise in 2024/25

Global cotton mill use in 2024/25 is forecast to increase 1.3 percent from the year before to 115.8 million bales, the highest in 4 years. World cotton use this season remains 7 percent below the record (124.5 million bales) set in 2020/21, as global economic uncertainties and favorable synthetic fiber prices have weighed on cotton mill use in recent years. Nevertheless, the cotton mill use forecast is higher this season for most of the leading cotton-spinning countries—India, Pakistan, Bangladesh, Turkey, and Vietnam—with China the exception. Despite a 1-million-bale lower forecast for China in 2024/25, these top six countries are expected to account for more than 80 percent of total global cotton mill use.

For China, 2024/25 cotton mill use is forecast at 37.5 million bales, 500,000 bales lower than the November forecast and about 2.5 percent (1.0 million bales) below the previous year, but similar to 2022/23 (figure 5). Despite the year-to-year reduction, China is forecast to remain the leading cotton spinner in 2024/25, contributing nearly one-third of the global total. For India—the second largest cotton spinner—2024/25 mill use is forecast at 26.0 million bales, 500,000 bales above both the November forecast and the previous year. India is expected to account for 22 percent of global mill use this season.

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.

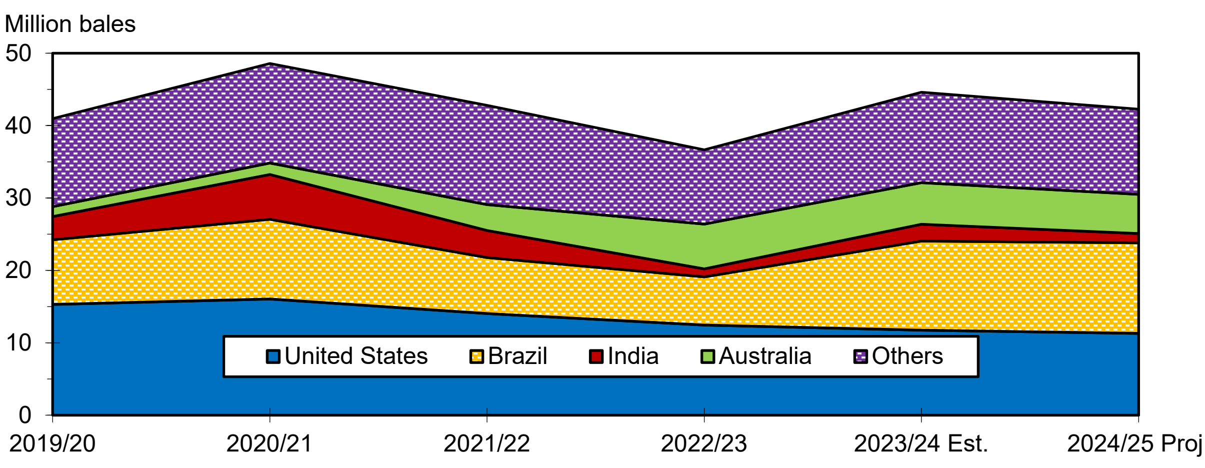
Cotton mill use is forecast to increase in Pakistan, Bangladesh, and Turkey in 2024/25, contributing a combined 21 percent of world mill use, similar to the previous year. In Pakistan, 2024/25 cotton mill use is projected to rise 2 percent after last season's 11-percent gain. Cotton mill use in Pakistan is forecast to reach 9.9 million bales this season, up 400,000 bales from November and slightly above the 3-year average. Mill use in Bangladesh is forecast at 7.8 million bales in 2024/25, unchanged from the November forecast but up marginally (50,000 bales) from the year before and 1.0 million bales below the 2021/22 record. For Turkey, cotton mill use is projected to rebound 500,000 bales to 7.1 million bales as supplies (production and imports) increase in 2024/25. In addition, mill use in Vietnam is expected to expand 6 percent (400,000 bales) to 7.0 million bales this season, up slightly from the previous month's forecast.

Global Cotton Trade Lower; Stocks Higher in 2024/25

World cotton trade in 2024/25 is projected lower this season, largely the result of a reduced import projection for China. Cotton imports by China are forecast to decline from an 11-year high that helped replenish stocks in the national reserve. Global imports are forecast at 42.3 million bales in 2024/25, slightly below the 5-year average. China, Bangladesh, and Vietnam are projected to be the leading cotton importers again this season. Imports by China are forecast 500,000 bales lower this month at 8.5 million bales, or 20 percent of the global total. Imports by Bangladesh are expected to rise slightly this season to 7.7 million bales, while Vietnam is projected to import 7.0 million bales, a growth of more than 400,000 bales or 6 percent.

As with imports, world cotton exports are forecast lower in 2024/25, with various suppliers expecting mixed results compared with 2023/24 (figure 6). Reduced exports by the United States, Australia, India, and others more than offset expected gains for Brazil and Benin this season. U.S. cotton exports are forecast to decrease 450,000 bales (3.8 percent) to 11.3 million bales. Australia is projected to reduce its exports by 6 percent to 5.4 million bales in 2024/25, but exports remain one of the largest levels in a dozen years. For India, exports in 2024/25 are projected at 1.3 million bales, 1 million below last season as a smaller crop and higher mill use moderate exports. For Brazil, cotton exports are expected to benefit from a record crop, with shipments forecast to increase 190,000 bales to a high of 12.5 million bales in 2024/25. Brazil is forecast to be the largest exporter for the second consecutive season with its share of 2024/25 global cotton trade forecast near 30 percent.

Figure 6
Leading global cotton exporters



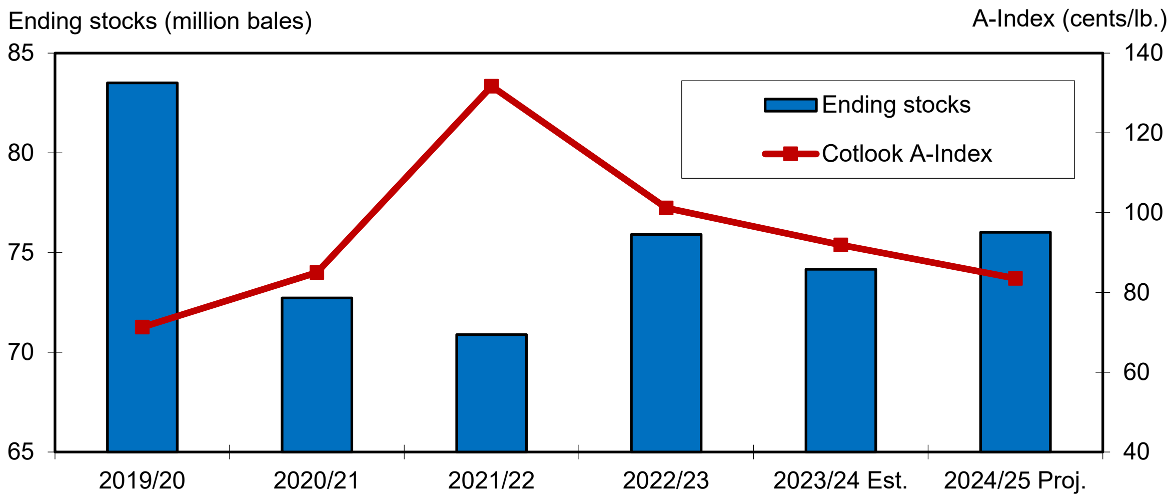
1 bale = 480 pounds
Source: USDA, Economic Research Service based on USDA, *World Agricultural Supply and Demand Estimates* reports.

Based on the latest cotton supply and demand projections, global ending stocks are forecast at 76.0 million bales in 2024/25, compared with nearly 74.2 million bales last season. World cotton stocks are forecast to increase 2.5 percent (1.9 million bales) as the global production gain exceeds the mill use increase this season.

For the major producing countries, 2024/25 cotton ending stocks are forecast to increase mainly in the United States and Brazil, with a decline noted in China. U.S. stocks are forecast to increase 40 percent to 4.4 million bales in 2024/25 as production rebounds. Cotton stocks in Brazil are projected at 4.2 million bales in 2024/25, a year-over-year increase of 36 percent due to a record crop. In contrast, stocks in China are projected to decrease nearly 2.5 percent (875,000 bales) to 36.2 million bales but still account for nearly 48 percent of the global total in 2024/25. Cotton stocks in India and Pakistan are respectively projected unchanged or marginally higher at season's end. India's stocks are forecast at 9.3 million bales, while stocks in Pakistan are expected at 1.9 million bales at the close of 2024/25.

With continued global economic uncertainty affecting cotton demand for textile and apparel products, world cotton stocks and the stocks-to-use ratio (66 percent) are projected slightly higher in 2024/25. Consequently, the 2024/25 world cotton price (Cotlook A-Index) is expected to decline for the third consecutive season, averaging below the 2023/24 level of 92 cents per pound (figure 7).

Figure 7
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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