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Cotton and Wool Outlook: May 2025

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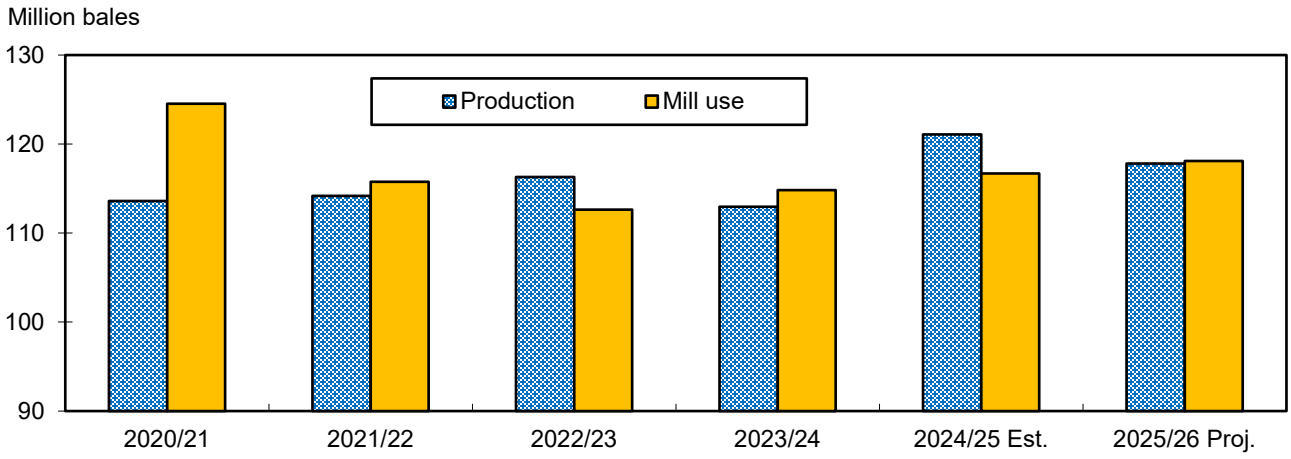
World 2025/26 Cotton Production Projected To Decline Year Over Year

The initial U.S. Department of Agriculture (USDA) cotton projections for 2025/26 (August–July) indicate a decrease in global production compared with 2024/25. World cotton production is projected at 117.8 million bales in 2025/26, nearly 3 percent (3.3 million bales) below 2024/25 but among the largest crops of the last several years (figure 1). Projections for the major producing countries are mixed, however, with China, Australia, and India experiencing declines that are partially offset by gains in Brazil, Pakistan, and the United States. U.S. cotton production is expected to rise marginally to 14.5 million bales in 2025/26.

Global cotton mill use is forecast to increase 1 percent (1.4 million bales) in 2025/26 to 118.1 million bales. Mill use is projected to rise in most major cotton spinning countries in 2025/26 except for China and Pakistan. China and India account for more than half of the world mill use total once again in 2025/26. Global cotton trade is projected to increase along with mill use, rising to its highest in 5 years. World ending stocks are forecast at 78.4 million bales in 2025/26, unchanged from 2024/25 and one of the largest levels of the last decade.

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

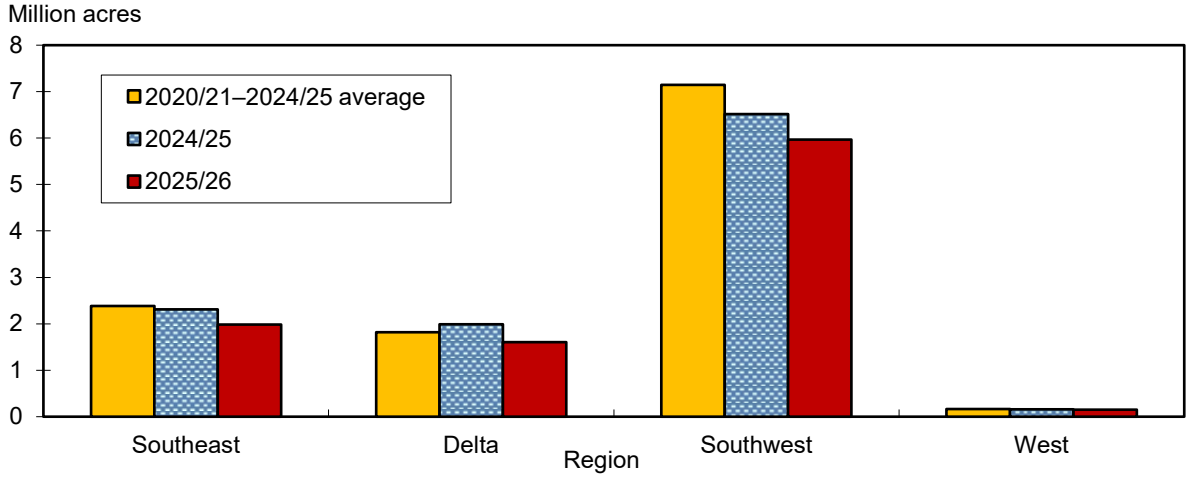
Domestic Outlook

U.S. Cotton Crop Forecast To Rise Slightly in 2025/26

USDA's initial 2025/26 projection for U.S. cotton production is 14.5 million bales, slightly above the final 2024/25 estimate. Based on the USDA, National Agricultural Statistics Service's (NASS) March *Prospective Plantings* report, 2025/26 cotton planted area is estimated at approximately 9.9 million acres, 1.3 million acres below the 2024/25 estimate. As the planting period for the 2025/26 cotton crop approached, competing crop price expectations at harvest were lower than a year ago, but prices for cotton had declined even more. As a result, price expectations favored the planting of other crops this spring, supporting the lower 2025/26 cotton acreage intentions. Other factors—such as weather, 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 11.5 percent lower in 2025/26, with extra-long staple (ELS) cotton expected to decline 24 percent from 2024/25. For the upcoming season, upland acreage is projected lower in each of the Cotton Belt regions (figure 2). Based on the *Prospective Plantings* report, the Southwest upland area is estimated at 6.0 million acres, 8 percent below 2024/25. The Southwest is forecast to account for 61.5 percent of the total 2025/26 upland area, near the 5-year average. Cotton acreage in the Southeast is projected at 2.0 million acres, 14 percent below 2024/25 and the lowest since 2009/10. In 2025/26, the Southeast is expected to contribute approximately 20.5 percent of the total upland cotton area.

Figure 2
U.S. regional upland cotton planted area



Note: 2025/26 based on *Prospective Plantings* report.
Source: USDA, Economic Research Service based on USDA, National Agricultural Statistics Service, *Crop Production* reports

For the Delta region, 2025/26 cotton area is forecast at 1.6 million acres, 19 percent lower than 2024/25 and 200,000 acres below the 5-year average. Despite its smallest area since 2016/17, the Delta's share of total upland area in 2025/26 is expected to remain above the 5-year average at 16.5 percent. Upland cotton area in the West is also projected marginally lower in the new marketing year—reaching 152,000 acres in 2025/26—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 sixth consecutive year in 2025/26. In addition, ELS cotton area—planted mainly in the West—is forecast at 157,000 acres, down from 2024/25's 207,000 acres. California is the leading ELS-producing State, accounting for approximately 65 percent of the total area in 2025/26.

As of early May, drought conditions have recently improved across much of the Southwest cotton region as beneficial rainfall occurred. On the Texas High Plains—where the State's cotton is mostly planted—accumulated precipitation from November 2024 through April 2025 was more than one-third higher than the year-ago level. Although potential 2025/26 crop prospects have improved, weather conditions moving forward will influence final cotton plantings, crop conditions, and yield. As of May 11, 28 percent of the U.S. cotton area was planted, compared with last season's 32 percent and the 2020–24 average of 31 percent. Several States differed considerably from their 5-year averages as of May 11, including Louisiana (-16 percentage points), Kansas (-15 points), Mississippi (-14 points), and Missouri (+17 points).

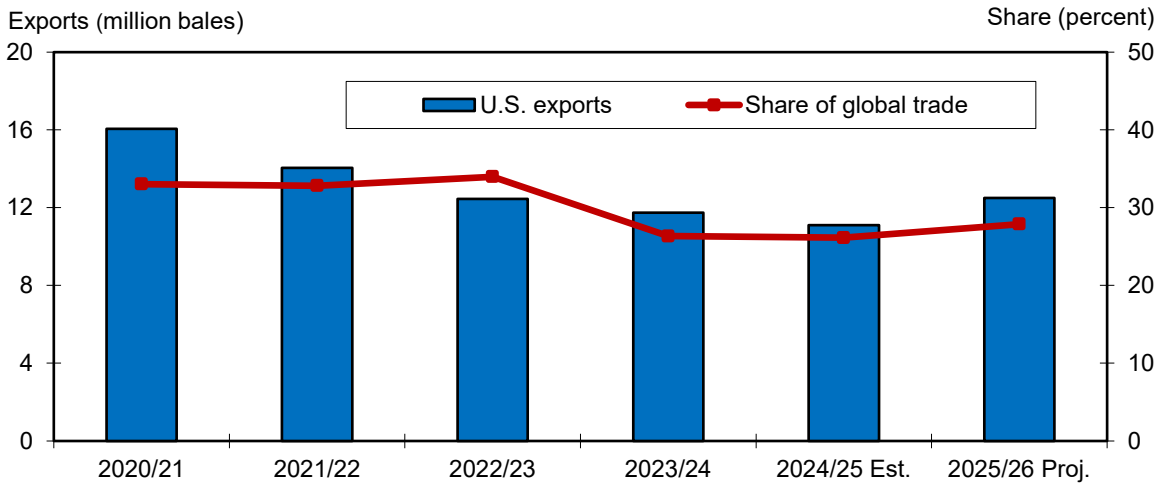
U.S. cotton harvested area for 2025/26 is projected at approximately 8.4 million acres, 7 percent (560,000 acres) above the final 2024/25 estimate. The initial 2025/26 forecast is based on the 2015/16–2024/25 average abandonment, weighted by region, with Southwest abandonment adjusted to reflect the moisture conditions to date. With the early Southwest abandonment projection considerably lower for 2025/26, the U.S. abandonment rate is projected at approximately 15 percent, compared with 30 percent indicated for 2024/25. The national yield is forecast at 832 pounds per harvested acre and is based on 2020/21–2024/25 crop average yields, weighted by region. The initial U.S. yield for 2025/26 is estimated below the 2024/25 yield of 886 pounds per harvested acre as a larger share of harvested area is expected from the lower-yielding Southwest region in 2025/26.

U.S. Cotton Demand Expected Higher in 2025/26

U.S. cotton demand (mill use plus exports) is projected to increase in 2025/26 to 14.2 million bales, about 11 percent above 2024/25. U.S. cotton exports are forecast to account for the growth—contributing 88 percent of U.S. cotton demand in 2025/26—with U.S. mill use projected to remain stable at 1.7 million bales. The initial U.S. export projection for 2025/26 is 12.5 million bales, 1.4 million 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. A larger U.S. supply in 2025/26, as well as expectations for a rise in global import demand, is projected to support higher U.S. cotton exports. In 2025/26, the U.S. share of global cotton trade is forecast at 28 percent, compared with the previous year's 26 percent (figure 3). Competition from Brazil, however, is expected to limit further potential growth in U.S. cotton exports in 2025/26.

With total U.S. cotton production forecast to exceed demand in 2025/26, ending stocks are projected to increase from 2024/25 to its highest level in 6 years. Cotton stocks are forecast to rise 8 percent (400,000 bales) to 5.2 million bales on July 31, 2026. However, the 2025/26 stocks-to-use ratio (37 percent) is projected to be slightly lower. Based on these initial projections, the 2025/26 U.S. upland farm price is forecast at 62 cents per pound, compared with the 2024/25 estimate of 63 cents and 2023/24's 76.1 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 2024/25 Revised Slightly in May

U.S. cotton production estimates for the 2024/25 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 14.41 million bales, unchanged from the previous estimate, as numerous State revisions were offsetting. U.S. production was 19 percent above 2023/24 as harvested area rebounded 21 percent to 7.8 million acres, the highest total in 3 years. The national yield for 2024/25 was finalized at 886 pounds per harvested acre, 13 pounds below the previous year. The U.S. 2024/25 demand estimate was increased in May, with U.S. cotton exports raised 200,000 bales to 11.1 million to reflect the recent shipment pace. Mill use remains estimated at 1.7 million bales for the season. Based on the latest estimates for 2024/25, U.S. cotton ending stocks are forecast at 4.8 million bales, 1.65 million above a year earlier. The associated stocks-to-use ratio is projected at 37.5 percent, compared with 23 percent realized for 2023/24.

International Outlook

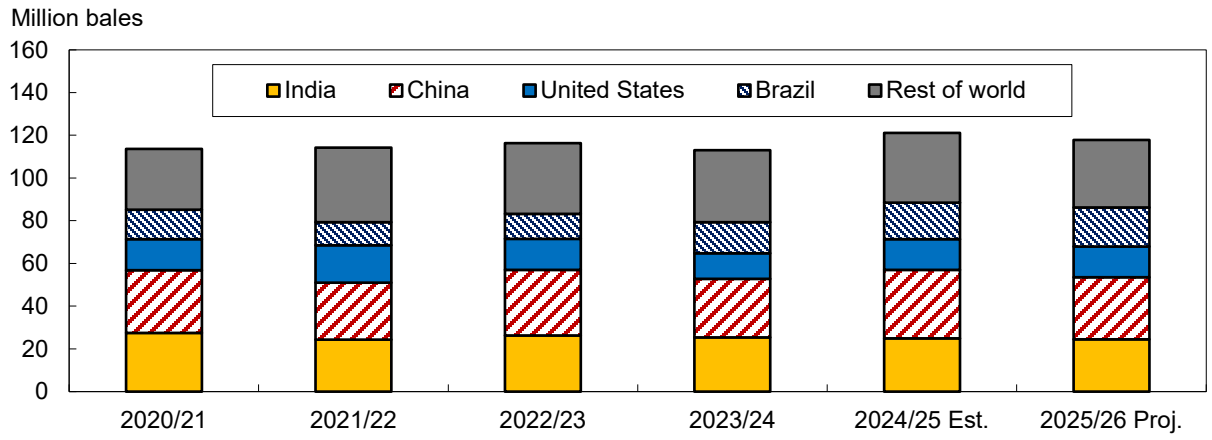
Global Cotton Production Projected To Decline in 2025/26

USDA's initial projection for 2025/26 world cotton production is 117.8 million bales, about 3.3 million bales (3 percent) below the current 2024/25 estimate but still the second highest since 2019/20. The 2025/26 decline is largely the result of a projected 4-percent decrease in the global yield, as harvested area is forecast at 30.9 million hectares (76.4 million acres) or 1 percent (330,000 hectares) above the previous year. The global cotton yield is forecast at 830 kilograms (kg) per hectare (740 pounds per acre) in 2025/26, below the previous year's record of 862 kg per hectare but above the 3-year average.

Year-to-year shifts in output among the major cotton producing countries are estimated to be mixed in 2025/26 (figure 4). China, India, and Australia are expected to account for most of the 2025/26 global production decline, offset somewhat by gains for the United States, Brazil, and Pakistan. China remains the world's leading cotton producer and USDA's initial forecast for 2025/26 indicates a 9-percent reduction for the crop. Cotton production in China is projected at 29.0 million bales—3.0 million bales below 2024/25—as harvested area remains unchanged at 2.9 million hectares while yield declines moderately in 2025/26. Excellent 2024/25 growing conditions led to a record yield of 2,402 kg per hectare, but a return to normal growing conditions is expected to lower the yield to 2,177 kg per hectare, slightly below the 3-year average.

Production in India—the second-largest cotton-producing country—is projected at 24.5 million bales in 2025/26, 2 percent (500,000 bales) below 2024/25 and the second-lowest crop since 2009/10. The expected decline for 2025/26 is the result of a lower yield forecast. India's cotton harvested area is projected to remain unchanged at 11.8 million hectares in 2025/26. Despite the lower national yield forecast of 452 kg per hectare, it is still above the 3-year average. Pakistan's 2025/26 production estimate (5.5 million bales) indicates a 10-percent (500,000 bale) gain from the previous year, the result of an approximate 5-percent increase for both yield and area harvested. Pakistan's national yield is projected at 570 kg per hectare while area is forecast at 2.1 million hectares in 2025/26.

Figure 4
Leading global cotton producers



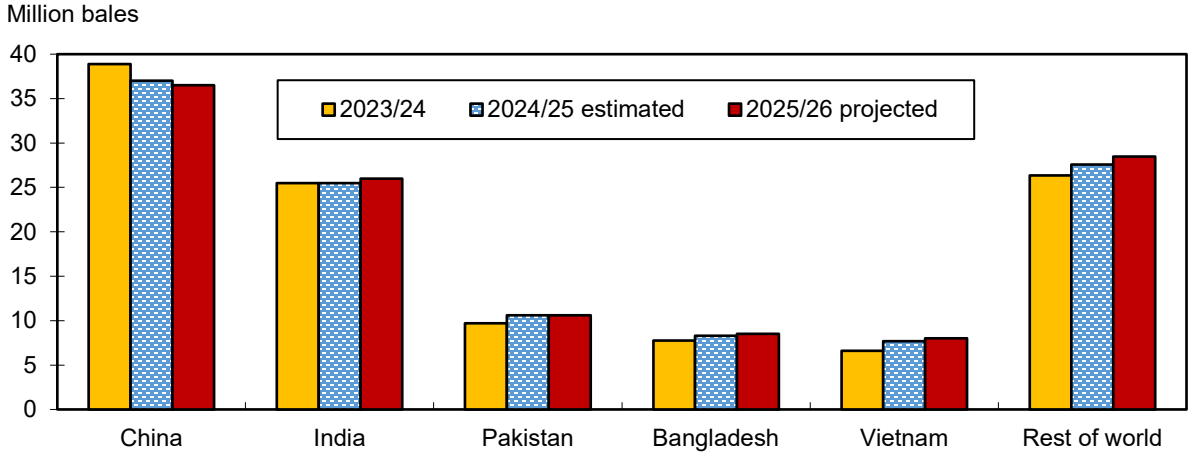
1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply*

Higher production expectations are also forecast for the United States and Brazil. The projected U.S. cotton crop indicates a slight increase (90,000 bales) due to increased harvested area that is partially offset by a decrease in yield. For Brazil, cotton production in 2025/26 is projected to reach a record harvest (18.25 million bales) for the third consecutive year. Area harvested is expected to rise nearly 8 percent to 2.1 million hectares in 2025/26, the highest since 1988/89, while yield is forecast to decline slightly from 2024/25 to 1,892 kg per hectare. For Australia, cotton production is forecast 27 percent (1.5 million bales) lower at 4.1 million bales. The decrease is due to lower forecasts for both area and yield based on declining water availability and switching to alternative crops. Harvested area is expected at 460,000 hectares in 2025/26 while yield is forecast at 1,941 kg per hectare.

Global Cotton Mill Use Projected Higher in 2025/26

World cotton mill use in 2025/26 is projected to increase slightly for the third consecutive year to its highest in 5 years. Abundant supplies, lower world cotton prices, and the need to replenish textile and apparel pipelines are expected to support the continued global cotton mill use recovery in 2025/26. However, global economic uncertainties and continued competition from synthetic fibers are forecast to limit additional growth in the upcoming season. USDA's initial 2025/26 projection for global cotton mill use is 118.1 million bales, 1.2 percent (1.4 million bales) above the 2024/25 estimate. Cotton mill use by country in 2025/26 is expected to see modest growth in most of the major cotton consuming countries compared with 2024/25 (figure 5). Reduced cotton mill use is projected for China while mill use in Pakistan is unchanged. China and India are expected to lead cotton mill use in 2025/26 with a combined forecast of 62.5 million bales, or 53 percent of the world total.

Figure 5
Leading global cotton consumers



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

In China—the largest user of raw cotton—mill use is projected to decrease slightly in 2025/26 as global economic uncertainty and the desire for apparel brands to diversify product sourcing weigh on cotton mill use. China's mill use is forecast at 36.5 million bales, 500,000 bales (1.4 percent) below 2024/25 and the lowest in 4 years. India's cotton mill use, on the other hand, is forecast to increase 500,000 bales (2 percent) in 2025/26 to 26.0 million bales, matching 2020/21's record. For Pakistan, 2025/26 cotton mill use is projected to remain flat at 10.6 million

bales after rebounding in 2024/25 from recent lows during the previous two seasons. Pakistan is forecast to account for 9 percent of the global total in 2025/26. For other major spinning countries—including Bangladesh, Vietnam, and Turkey—moderate gains are projected in 2025/26. Cotton mill use for these countries is forecast to reach 8.5 million bales (+200,000 bales), 8.0 million bales (+300,000 bales), and 7.5 million bales (+400,000 bales), respectively. Mill use in these three countries is expected to account for a combined 20 percent of global cotton use in 2025/26.

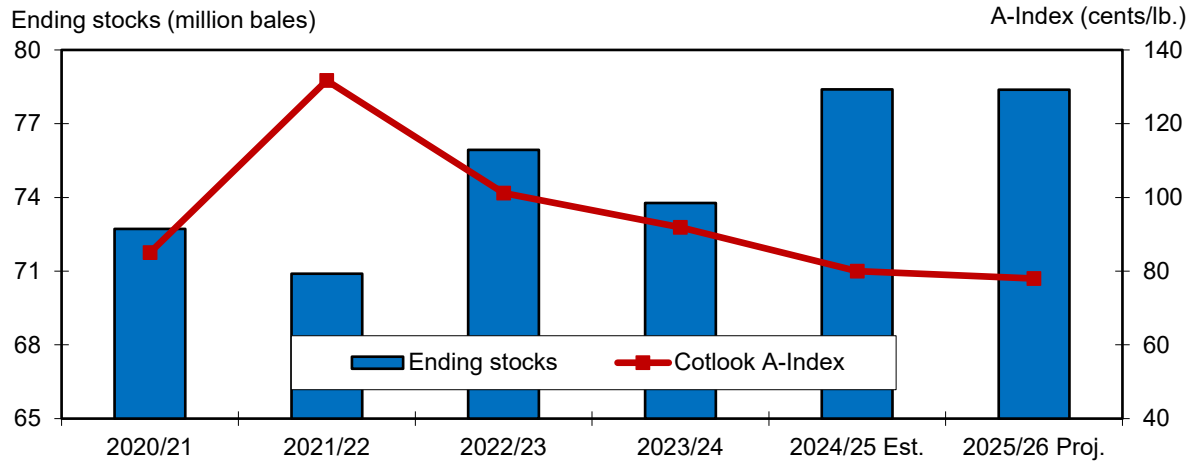
Global 2025/26 Cotton Trade Forecast Higher; Stocks Flat

Global cotton trade in 2025/26 is forecast at 44.8 million bales, about 5.5 percent (2.4 million bales) above the previous season and the highest since 2020/21. Cotton trade projections by country indicate that increased cotton supplies in Brazil and the United States are likely to support higher exports in 2025/26 as world cotton mill use expands further. Brazil's cotton exports are projected to reach a record 14.0 million bales (+8.5 percent) in 2025/26 as production continues its trend higher. U.S. cotton exports (12.5 million bales) are projected to rebound considerably (approximately 12.5 percent) from 2024/25 with its largest exportable supplies in 4 years. Combined exports from Brazil and the United States are projected to contribute 59 percent of the global total in 2025/26. For Australia, 2025/26 cotton exports are forecast at 4.9 million bales (down 400,000 bales from 2024/25) as supplies are at a 4-year low with Australia's reduced crop forecast.

With a higher world cotton mill use projection, 2025/26 cotton imports by the major importing countries are projected to increase, except for Pakistan which is forecast to have a larger cotton crop. For 2025/26, Bangladesh is projected to remain the largest importer of raw cotton, followed by Vietnam and China. These three countries are expected to account for 52 percent of global cotton imports in 2025/26. Bangladesh is forecast to import a record 8.5 million bales (+4 percent) in 2025/26 to support its expanding textile industry. Vietnam is also projected to import its largest volume of cotton at 8.0 million bales (+4 percent) as mill use reaches a record high. China is expected to be the third-largest cotton importer (7.0 million bales) in 2025/26, however, China's projected increase (+1.0 million bales) accounts for much of the global forecast growth.

With world cotton production and mill use projected to nearly offset each other in 2025/26, global ending stocks are forecast unchanged but remain at an elevated level. Stocks are projected at 78.4 million bales for the second consecutive year in 2025/26 (figure 6). If realized, global cotton stocks would remain at one of the highest levels of the last decade, keeping prices relatively flat compared with recent years. Stock changes for the major producing countries are expected to largely offset each other in 2025/26. Ending stocks are projected to rise from 2024/25 in Brazil (+750,000 bales) and the United States (+400,000 bales) to 4.7 million bales and 5.2 million bales, respectively. Meanwhile, 2025/26 ending stocks in China (37.0 million bales) are forecast 600,000 bales lower than 2024/25 while supplies in Australia (4.1 million bales) are reduced 650,000 bales. Stocks in India are projected to remain flat at 10.0 million bales in 2025/26. As a share of global stocks, China is projected to account for 47 percent of the 2025/26 total while India contributes 13 percent. The United States, Brazil, and Australia are expected to account for an additional 18 percent of world cotton stocks. The 2025/26 world cotton price—represented by the A-Index—is projected to decline slightly from an estimated 80 cents per pound in 2024/25.

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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