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Cotton and Wool Outlook: June 2025

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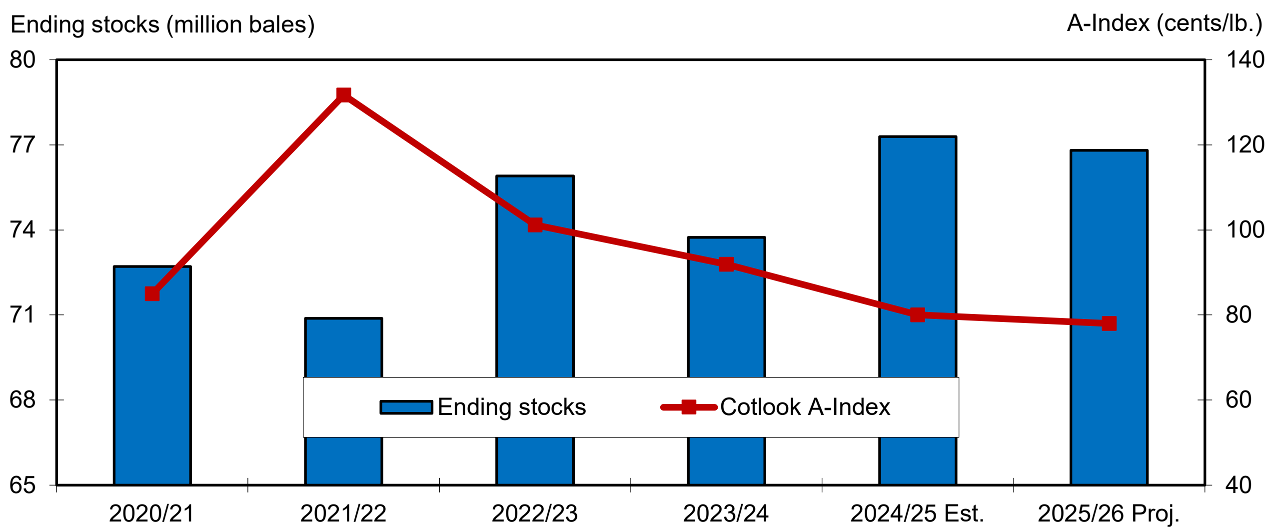
Global 2025/26 Cotton Ending Stocks Decline as Mill Use Outpaces Production

The latest U.S. Department of Agriculture (USDA) cotton projections for 2025/26 (August–July) indicate a decrease in world cotton ending stocks to 76.8 million bales, slightly below 2024/25 but the third-highest since 2015/16 (figure 1). Global cotton production is estimated at 117.0 million bales, 2.5 percent (2.9 million bales) below last year. Mill use is projected to increase slightly (1 percent) to 117.8 million bales in 2025/26, the highest in 5 years.

Global cotton trade for 2025/26 is projected to increase 5 percent and help support the increase in mill demand expectations. Global cotton exports are forecast at 44.8 million bales, 2.2 million above last year and the highest since 2020/21. The leading cotton exporters are Brazil and the United States, where projected exports account for 32 percent and 28 percent, respectively, of the 2025/26 world total. Global cotton prices for 2025/26 are expected to remain near the 2024/25 level of 80 cents per pound.

Figure 1
Global cotton stocks and prices



1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from Cotlook and USDA, Interagency Commodity Estimates Committee.

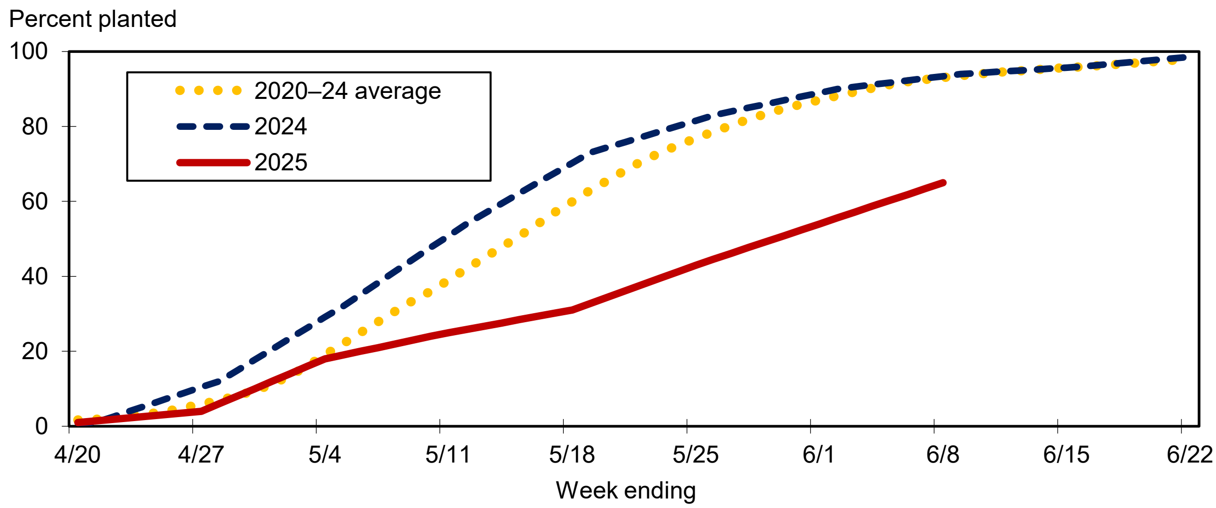
Domestic Outlook

U.S. Cotton Crop Forecast Reduced in June

USDA's 2025/26 U.S. cotton production projection was lowered 500,000 bales this month to 14.0 million bales, nearly 3 percent below the 2024/25 crop but approximately 2.5 percent above the 2022/23–2024/25 average. Upland production is estimated at 13.6 million bales, compared with 13.9 million bales last season. The extra-long staple (ELS) crop is estimated at 370,000 bales, compared with 471,000 bales for the 2024/25 crop.

As planting time approached this spring, competing crop price expectations at harvest were below a year ago, but prices for cotton had declined even more. Consequently, relative prices favored the planting of competing crops and support the lower cotton area expectations for 2025/26. USDA's March *Prospective Plantings* indicated a nearly 12-percent decrease in cotton area compared with last season to 9.9 million acres. Weather is also expected to play an additional role in the final cotton planted area in each State this year. Extensive rainfall in Mississippi during the normal planting period is one example. Planting progress there has trailed the 5-year average since early May (figure 2). With these significant planting delays and insurance deadlines, "prevented" plantings are likely to reduce cotton area from initial indications in March.

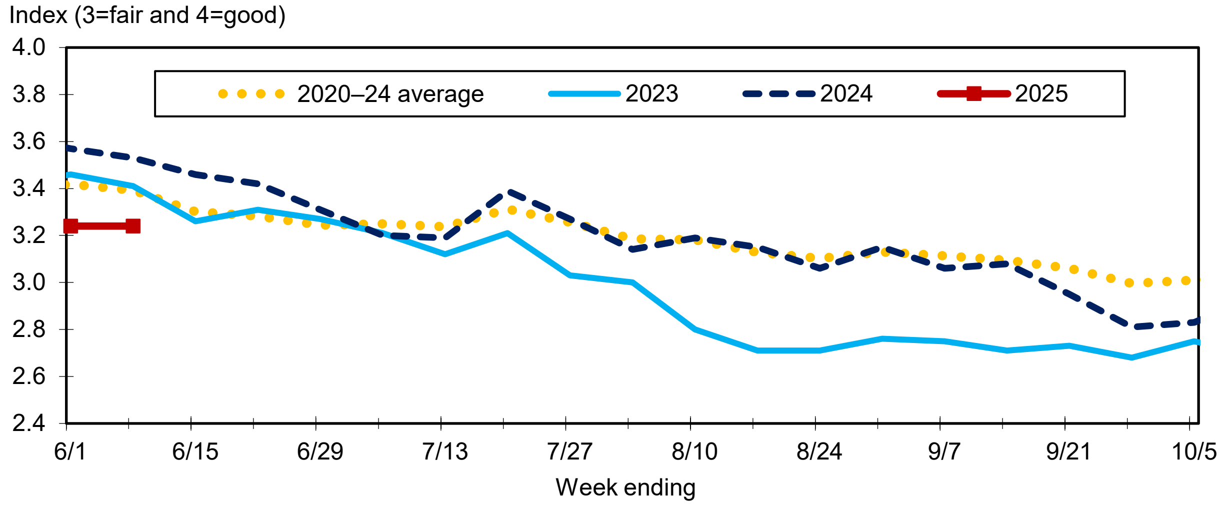
Figure 2
Mississippi cotton planting progress



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

On a national basis, 76 percent of the forecast cotton acreage was planted as of June 8, slightly below last season's 79 percent and the 2020–24 average of 80 percent. The U.S. cotton planting estimate will be updated in USDA's June *Acreage* report released on June 30. The report will include actual plantings as of early June, as well as estimates of any remaining cotton area to be planted. Reporting of cotton development began in early June. As of June 8, 12 percent of the 2025 area was squaring, compared with 13 percent in 2024 and the 2020–24 average of 12 percent. U.S. cotton crop conditions reporting also began recently; as of June 8, conditions are below the last several years at this stage of the growing season (figure 3).

Figure 3
U.S. cotton crop conditions



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

Based on current projections, U.S. cotton harvested area is forecast at 8.2 million acres in 2025/26, reflecting a 10-year weighted average abandonment by region, with the Southwest and Delta adjusted to reflect moisture conditions thus far this season. U.S. abandonment is projected at approximately 17 percent, compared with 30 percent in 2024/25. The 2025/26 U.S. cotton yield—based on a 5-year weighted average by region, with the Delta adjusted to reflect delayed planting—is forecast at 820 pounds per harvested acre. The national yield is expected to be the lowest in 4 years as the lower-yielding Southwest region is forecast to account for a larger share of the harvested area.

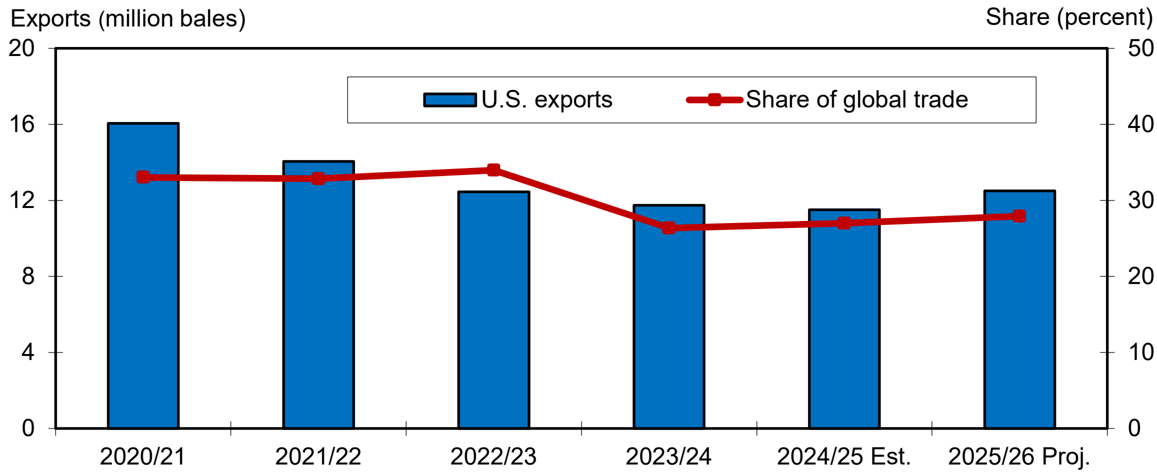
U.S. 2025/26 Cotton Demand Unchanged; Stocks Revised

U.S. cotton demand (exports plus mill use) for 2025/26 remains projected at 14.2 million bales this month, 1.0 million bales above the revised higher 2024/25 estimate. U.S. cotton exports—forecast at 12.5 million bales in 2025/26—are nearly 9 percent above 2024/25, with the projected increase attributable to a larger U.S. cotton supply expectation and a higher foreign import demand forecast. However, other producers, such as Brazil, will continue to compete with the United States for global cotton trade share. A slight rebound in the 2025/26 U.S. share to 28 percent is projected, but the share remains below recent previous years that averaged 32 percent (figure 4).

U.S. cotton exports are forecast to account for 88 percent of U.S. cotton demand in 2025/26, slightly above the 2022/23–2024/25 average of nearly 86.5 percent. U.S. cotton mill use contributes the remaining share with the United States a key exporter of yarn and fabric for apparel production elsewhere. U.S. mill use is forecast at 1.7 million bales in 2025/26, equal to 2024/25 and one of the lowest levels on record.

Based on USDA's June supply and demand estimates, 2025/26 U.S. cotton ending stocks are projected at 4.3 million bales, slightly below 2024/25 and one of the lowest levels over the last several years. The U.S. stocks-to-use ratio is projected at 30 percent for 2025/26, compared with 33 percent last season and 23 percent in 2023/24. Likewise, the 2025/26 average U.S. upland cotton farm price is forecast near that of the current season. For 2025/26, the farm price is forecast at 62 cents per pound, compared with the 2024/25 estimate of 63 cents per pound.

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

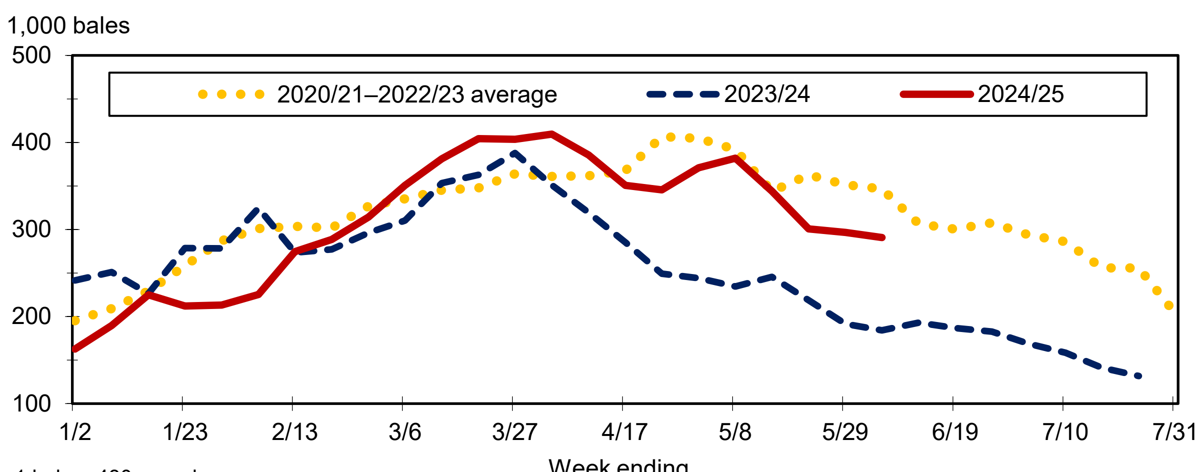


1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

U.S. 2024/25 Cotton Estimates Revised in June

U.S. cotton export and stock estimates for 2024/25 were adjusted in June. The U.S. export forecast was increased 400,000 bales this month to 11.5 million based on the strength of recent shipments. U.S. cotton export shipments follow a seasonal pattern, with shipments—based on a 3-week moving average—usually peaking in late April before declining to the end of the marketing year in July (figure 5). For 2024/25, U.S. cotton exports appeared to peak a month earlier like in 2023/24. Unlike last season, however, 2024/25 exports witnessed a boost in late April through early May that supports this month's upward adjustment. As a result of the revised export forecast, 2024/25 U.S. cotton ending stocks are forecast 400,000 bales lower this month at 4.4 million bales. Despite the reduction, ending stocks are 1.25 million bales above 2023/24, with a stocks-to-use ratio of 33 percent—the highest in 5 years.

Figure 5
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, *Export Sales* reports.

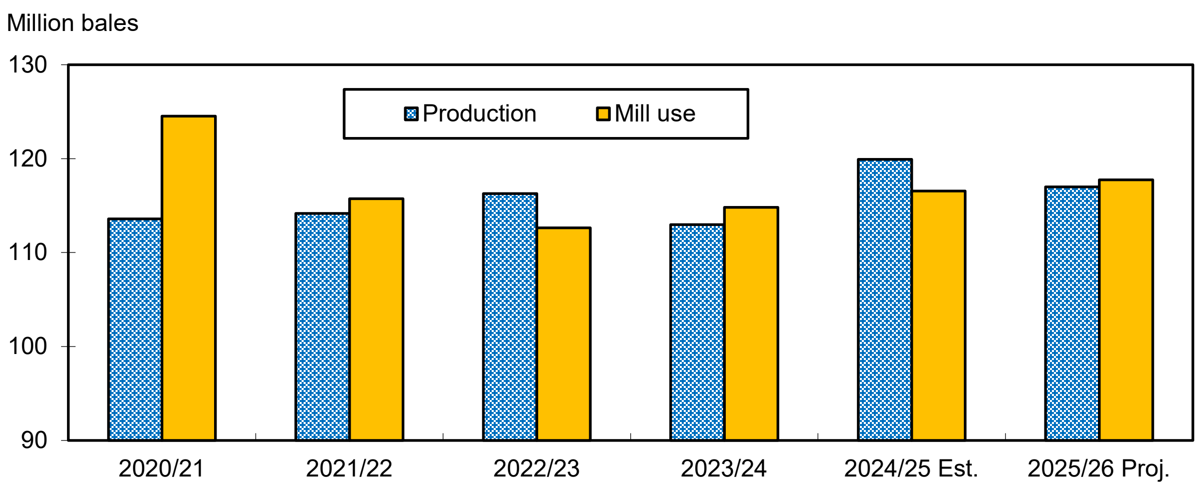
International Outlook

World Cotton Production Projected Lower in 2025/26

Global cotton production in 2025/26 is projected at 117.0 million bales, nearly 2.5 percent (2.9 million bales) below the previous year but 1.6 million bales above the 5-year average (figure 6). For 2025/26, cotton production prospects for the major-producing countries are mixed with the majority of countries showing decreases. Production in Brazil and Pakistan are projected to increase slightly but are more than offset by declines from China, Australia, India, and the United States. World 2025/26 cotton harvested area is forecast at 30.2 million hectares (74.6 million acres), down slightly from 2024/25 and more than 1 million hectares below the 5-year average. The 2025/26 global cotton yield is forecast at 843 kilograms (kg) per hectare (752 pounds per acre), 2 percent below last year's record high.

World cotton production is concentrated among a few countries, with the top 4 countries accounting for 73 percent of total expected production in 2025/26, similar to 2024/25. China and India are forecast to remain the leading global cotton producers in 2025/26, accounting for 26 percent and 20 percent, respectively. China is forecast to produce 30.0 million bales in 2025/26, 2 million bales (6 percent) below the previous year. China's national yield is expected to decline, while harvested area is 2 percent higher at 2.95 million hectares in 2025/26. China's yield is projected at 2,214 kg per hectare, an 8-percent (188 kg per hectare) decrease from 2024/25's record. Production in India is forecast at 23.5 million bales, 2 percent (500,000 bales) below 2024/25, with lower harvested area and a relatively unchanged yield. Higher alternative crop expectations are projected to reduce India's 2025/26 cotton area by approximately 2.5 percent to 11.2 million hectares, while the yield is forecast to increase marginally to 457 kg per hectare.

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.

For Pakistan, 2025/26 cotton production is forecast to increase 4 percent (200,000 bales) from the previous year to 5.2 million bales. Harvested area is projected to remain unchanged from 2024/25 at 2.0 million hectares while the national yield is expected to increase 22 kg per hectare to 566 kg per hectare in 2025/26. Brazil is forecast to reach its third consecutive record-high cotton production (18.25 million bales) in 2025/26. The gain is a result of higher area harvested with a nearly unchanged yield from last year. Area harvested is forecast to increase about 8 percent (155,000 hectares) to 2.1 million hectares while yield is expected to decline less than 1 percent to 1,892 kg per hectare. Australia, in contrast, is forecast to decrease production by 27 percent (1.5 million bales) in 2025/26. Switching to alternative crops, less than ideal growing conditions, and water availability account for a lower estimate for harvested area and yield. Australia’s harvested area is projected 23 percent (140,000 hectares) lower at 460,000 hectares, while the national yield is expected 4.5 percent lower at 1,941 kg per hectare.

World Cotton Mill Use Growth Forecast in 2025/26

Global cotton mill use is projected to increase 1 percent (1.2 million bales) in 2025/26 to 117.8 million bales, the highest in 5 years (figure 6). Lower world cotton fiber prices and the need to replenish yarn and fabric inventories are expected to support the higher mill use forecast for 2025/26. Global economic growth projections for calendar years 2025 and 2026 are anticipated to promote consumer demand for cotton apparel products although the growth is expected to be limited by the continued competition from synthetic fibers. Based on the 2025/26 projection, world cotton mill use is forecast to improve for the third consecutive year.

Each major country’s cotton mill use is projected to rise in 2025/26 from its year-ago level, with China and Pakistan the exceptions. China and India remain the leading cotton-consuming countries and together are forecast to account for approximately 53 percent of the global total. China’s mill use is projected at 36.5 million bales in 2025/26, 500,000 bales (1.4 percent) below 2024/25 and the lowest in 4 years as mill use is expected to shift to other countries as retailers diversify product sourcing. Nevertheless, China is expected to account for nearly one-third of 2025/26 global cotton mill use. Pakistan’s 2025/26 cotton mill use is forecast to remain flat at 10.6 million bales after a 9-percent growth in 2024/25. Large projected cotton supplies once again support the mill use estimate which is forecast at its highest since 2021/22. Pakistan is forecast to account for 9 percent of the world total in 2025/26.

With cotton mill use growth below the world average for China and Pakistan, several other countries—India, Bangladesh, Vietnam, and Turkey—are forecast to experience growth that exceeds the global average in 2025/26. India’s cotton mill use is forecast at 25.5 million bales (+2.0 percent) in 2025/26, 500,000 bales above 2024/25 and the 3-year average. India is expected to contribute approximately 21.5 percent of total world cotton mill use in 2025/26. Mill use in Bangladesh is forecast to improve slightly (100,000 bales) to 8.4 million bales in 2025/26, reaching its highest since 2021/22. Bangladesh is forecast to contribute 7 percent of the global total. Vietnam’s mill use is expected to rise 200,000 bales to a record 8.0 million bales in 2025/26. As Vietnam’s cotton use expands for a third consecutive year, it is forecast to account for nearly 7 percent of the world total in 2025/26. Cotton mill use in Turkey is projected to experience the largest percentage growth of any major consumer in 2025/26, rising nearly 3 percent. At 7.3 million bales, Turkey’s projected mill use would rebound to its highest level in 3 years and contribute 6 percent of the world total in 2025/26.

World Cotton Trade To Rise Year-Over-Year in 2025/26; Stocks To Decrease Marginally

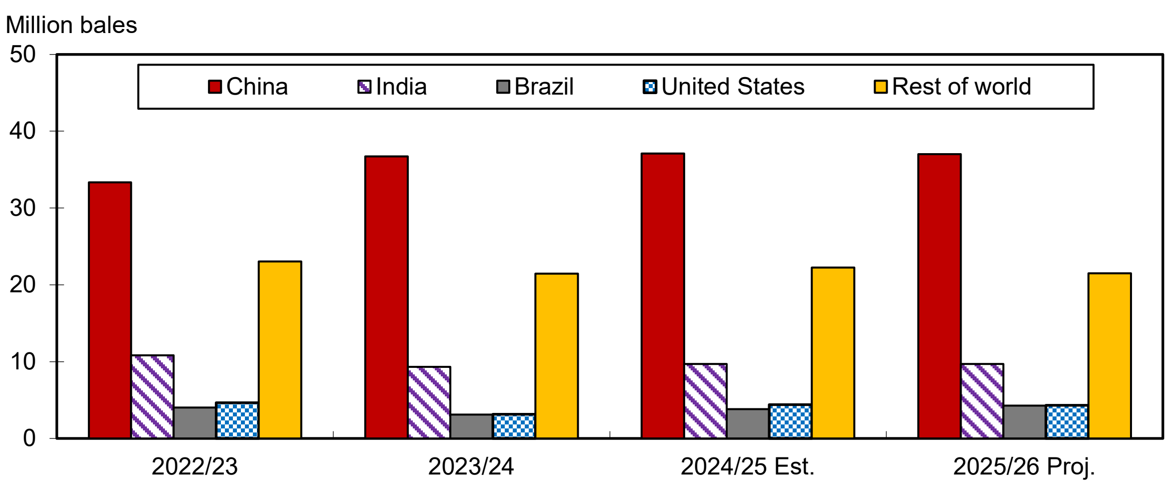
Despite only a slight gain expected in world cotton mill use, global cotton trade in 2025/26 is projected to increase 5 percent to its largest since 2020/21’s record. World cotton trade is forecast at 44.8 million bales in 2025/26, up 2.2 million bales year-over-year. Higher exports are largely projected for the leading cotton exporters—Brazil and the United States—as cotton supplies expand in each country. Brazil's cotton exports in 2025/26 are projected at a record 14.3 million bales, 10 percent (1.3 million bales) above 2024/25. Brazil is expected to account for 32 percent of global trade in 2025/26. The United States is expected to contribute 28 percent of world cotton trade (12.5 million bales) in 2025/26. Lower exports are forecast for Australia (5.0 million bales) as smaller supplies are anticipated in 2025/26 while exports by Mali and Benin are forecast at their highest in 4 years.

Bangladesh is expected to be the leading cotton importer once again in 2025/26 as imports are projected to increase 200,000 bales year-over-year to 8.4 million bales. Bangladesh is forecast to account for 19 percent of global imports in 2025/26. Vietnam's cotton imports are also projected to expand 200,000 bales to 8.0 million, a record, as mill use rises further. For China, cotton imports are projected to remain relatively flat in 2025/26 and account for 14.5 percent of the world total. China is forecast to import 6.5 million bales of cotton in 2025/26, up from 5.5 million bales during the previous year but well below 2023/24's 15.0 million bales when China imported significant amounts to restock the national reserve. Other major importers include Pakistan and Turkey, where cotton imports are projected at 5.3 million bales and 4.8 million bales, respectively.

With world cotton mill use projected to exceed production in 2025/26, global stocks are forecast to decline 500,000 bales year-over-year to 76.8 million bales—still the second highest since 2019/20. For most of the major producing countries, 2025/26 ending stocks are forecast to remain relatively flat, with the exception of Brazil (+450,000 bales) and Australia (-750,000 bales).

Stocks in China are projected at 37.0 million bales for 2025/26, compared with 37.1 million bales the previous season (figure 7). At the end of 2025/26, China is projected to hold 48 percent of the global supplies. In India, ending stocks are forecast unchanged at 9.7 million bales, or approximately 12.5 percent of the global total. Meanwhile, Brazil is expected to hold nearly 4.3 million bales of stocks at the end of 2025/26—similar to the United States—while Australia's stocks decline to 4.2 million bales. With world stocks and the stocks-to-use ratio projected to decrease only marginally in 2025/26, global cotton price expectations are for the Cotlook A-Index to average near the 2024/25 level of 80 cents per pound.

Figure 7
Global cotton ending stocks



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

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