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Cotton and Wool Outlook: May 2024

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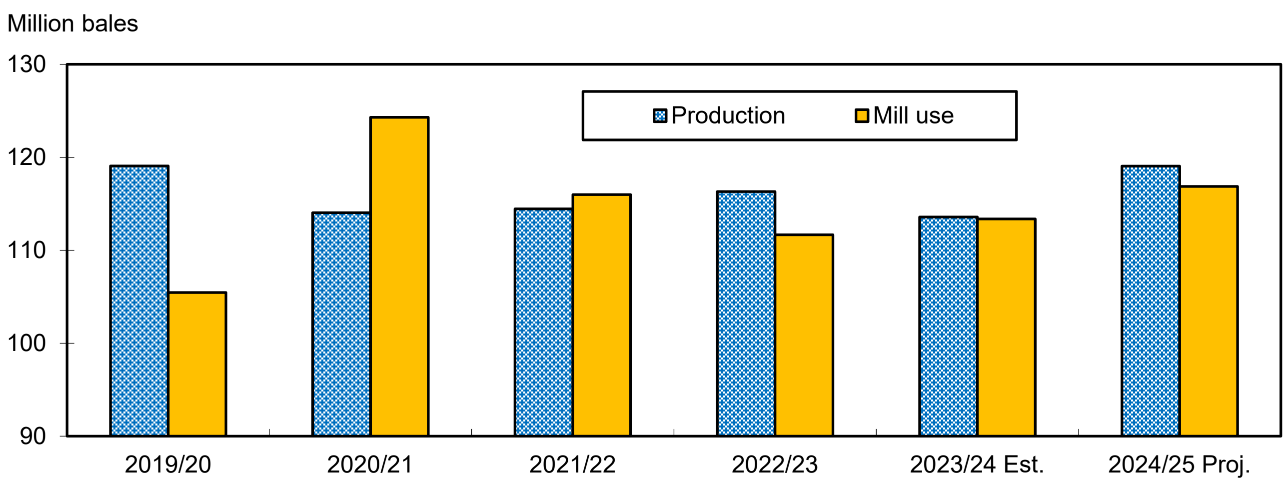
The United States Leads 2024/25 Global Cotton Production Increase

The initial U.S. Department of Agriculture (USDA) cotton projections for 2024/25 (August–July) indicate an increase in global production compared with 2023/24 (figure 1). World cotton production is projected at 119.0 million bales in 2024/25, 5.5 million bales (5 percent) above 2023/24. The major producing countries are mixed, with the United States and Brazil leading the increase but partially offset by declines in India and China. U.S. cotton production is expected to rise nearly 4 million bales (33 percent) to 16.0 million bales in 2024/25.

World cotton mill use also is forecast to increase in 2024/25, up 3 percent (3.5 million bales) to 116.9 million bales. Mill use in each major cotton spinning country is projected to increase, with China and India accounting for more than half of the world total again in 2024/25. Global ending stocks are forecast to expand 3 percent (2.5 million bales) to 83.0 million bales in 2024/25 as world production growth is expected to outpace mill use. Global trade remains relatively unchanged from 2023/24, with the United States and Brazil the leading exporters.

Figure 1
Global cotton production and mill use



Note: 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

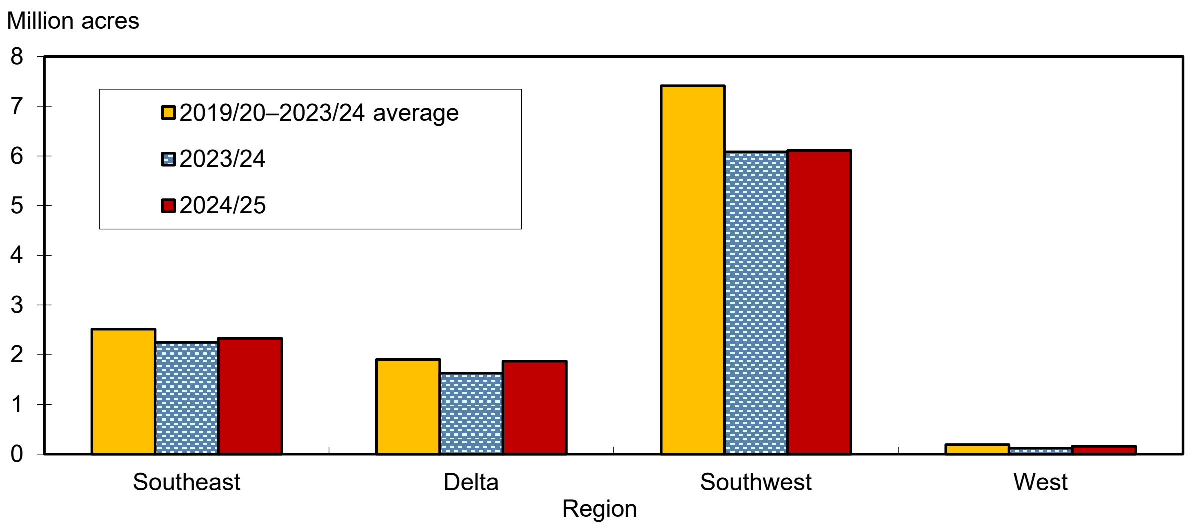
Domestic Outlook

U.S. Cotton Crop Forecast To Rise in 2024/25

USDA's initial projection for 2024/25 U.S. cotton production is 16.0 million bales, nearly 33 percent (3.9 million bales) above the final 2023/24 estimate. Based on the USDA, NASS March *Prospective Plantings* report, 2024/25 cotton planted area is estimated at approximately 10.7 million acres, 440,000 acres higher than the 2023/24 estimate. As the planting window for the 2024/25 cotton crop approached, cotton price expectations at harvest were lower than a year ago, but prices for competing crops had declined even more. As a result, price expectations favored the planting of cotton this spring, supporting higher 2024/25 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 this year. USDA will update the plantings estimate at the end of June.

Planted area for upland cotton is forecast 4 percent higher in 2024/25, with extra-long staple (ELS) cotton expected to increase 38 percent from 2023/24. For the upcoming season, upland acreage is projected slightly higher in each of the Cotton Belt regions (figure 2). Based on the *Prospective Plantings* report, the Southwest upland area is estimated at 6.1 million acres, less than 1 percent above 2023/24. The Southwest is forecast to account for approximately 58.5 percent of the total 2024/25 upland area, below the 5-year average. Cotton acreage in the Southeast is projected at 2.3 million acres, 3.5 percent above 2023/24 but 200,000 acres below the 5-year average. In 2024/25, the Southeast is expected to contribute 22 percent of the total cotton area.

Figure 2
U.S. regional upland cotton planted area



Note: 2024/25 based on *Prospective Plantings* report.

Source: USDA, Economic Research Service based on USDA, National Agricultural Statistics Service, *Crop Production* reports.

For the Delta region, 2024/25 cotton area is forecast at 1.9 million acres, 15 percent higher than 2023/24 but equal to the 5-year average. The Delta's share of total upland area in 2024/25 is expected to approach 19 percent, the highest since 2009/10. Upland cotton area in the West is expected to jump by nearly one-third in the new marketing year—reaching 160,000 acres. Despite the sizable year to year gain, planted area in the West 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 fifth consecutive year in 2024/25. In contrast, ELS cotton area—planted mainly in the West—is forecast at 203,000 acres, up from 2023/24's 147,000 acres. California is the leading ELS-producing State, accounting for two-thirds of the total.

As of early May, drought conditions have improved across much of the Southwest cotton region compared with a year ago. On the Texas High Plains—where the State's cotton is mostly planted—accumulated precipitation from November 2023 through April 2024 was more than double the year-ago level. Although potential 2024/25 crop prospects are improved, weather conditions moving forward will influence final cotton plantings, crop conditions, and yield. As of May 12, 33 percent of the U.S. cotton area was planted—above last season and the 2019–23 average of 31 percent. Several States differed considerably from their 5-year averages as of May 12, including Missouri (+30 percent), Mississippi (+19 percent), Virginia (+16 percent), Arizona (+11 percent), and Arkansas (+10 percent).

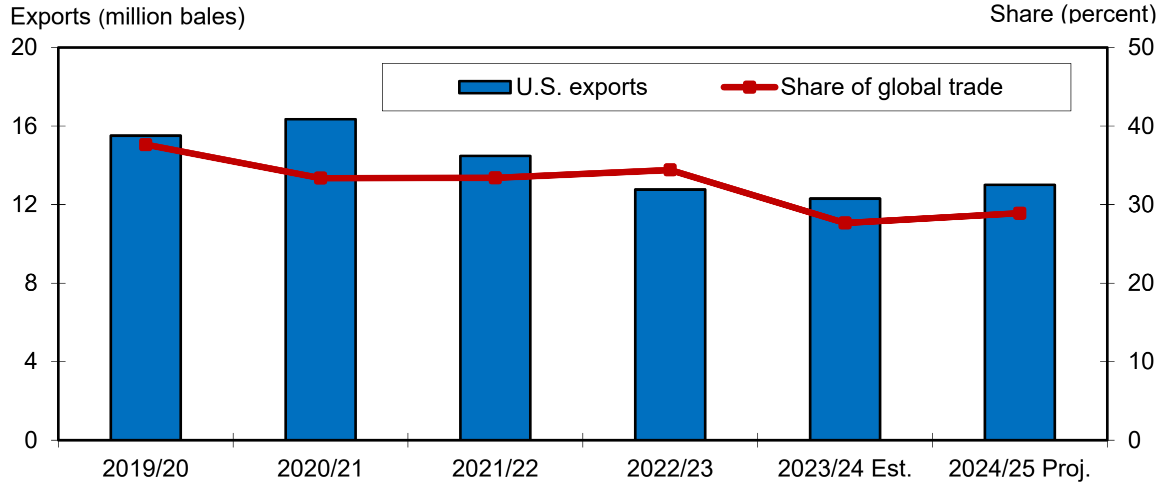
U.S. cotton harvested area for 2024/25 is projected at 9.1 million acres, nearly 42 percent (2.7 million acres) above the final 2023/24 estimate. The initial 2024/25 forecast is based on the 2014/15–2023/24 average abandonment, weighted by region, with Southwest abandonment adjusted to reflect the moisture conditions to date. The U.S. abandonment rate is projected at approximately 14.5 percent, compared with 37 percent indicated for 2023/24. The national yield is forecast at 842 pounds per harvested acre and is based on the 2019/20–2023/24 crop average yields, weighted by region. The initial U.S. yield for 2024/25 is estimated below the 2023/24 yield of 899 pounds per harvested acre as a larger harvested area is expected from the lower-yielding Southwest region in 2024/25.

U.S. Cotton Demand Expected Higher in 2024/25

U.S. cotton demand (mill use plus exports) is projected to increase modestly in 2024/25 to 14.9 million bales, about 6 percent above 2023/24. The United States is expected to remain the leading raw cotton exporter to the world. An increase in the 2024/25 U.S. supply is projected to support higher U.S. cotton exports as global mill use and trade expands. The initial U.S. export projection for 2024/25 is 13.0 million bales, 700,000 bales above the previous year and the highest in 3 years. In 2024/25, the U.S. share of global cotton trade is forecast at 29 percent, slightly above 2023/24 but below previous recent years as competition from other producing countries, mainly Brazil, is expected to limit U.S. exports in 2024/25 (figure 3). U.S. cotton exports are forecast to account for 87 percent of U.S. cotton demand in 2024/25, with U.S. mill use projected slightly higher at 1.9 million bales.

With total U.S. cotton production forecast to exceed demand in 2024/25, ending stocks are projected to increase from the relatively low level realized in 2023/24 after 2 years of reduced production. Cotton stocks are forecast to rise approximately 54 percent (1.3 million bales) to 3.7 million bales on July 31, 2025. The 2024/25 stocks-to-use ratio (25 percent) is also expected to increase from 17 percent in 2023/24. Based on these initial projections, the 2024/25 U.S. upland farm price is forecast at 74 cents per pound, compared with the 2023/24 estimate of 76 cents and 2022/23's 84.8 cents.

Figure 3
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.

U.S. Cotton Estimates for 2023/24 Revised in May

U.S. cotton production for the 2023/24 crop was reduced marginally in May as USDA released its final cotton production estimates, with revisions to harvested area, yield, and production. (See table 10 associated with this report for details.) The U.S. cotton crop was finalized at 12.07 million bales, with a national yield of 899 pounds per harvested acre. Production was nearly 17 percent below 2022/23 as U.S. harvested area was the lowest in over 150 years. The national yield was also below 2022/23's record of 953 pound per harvested acre. The U.S. 2023/24 demand estimate was increased in May, with U.S. cotton mill use forecast up slightly at 1.8 million bales for the season, while exports remain estimated at 12.3 million bales. Based on the latest estimates for 2023/24, U.S. cotton ending stocks are forecast at a relatively low 2.4 million bales, 1.85 million bales below a year earlier. The associated stocks-to-use ratio is projected at 17 percent, compared with 29 percent realized for 2022/23.

International Outlook

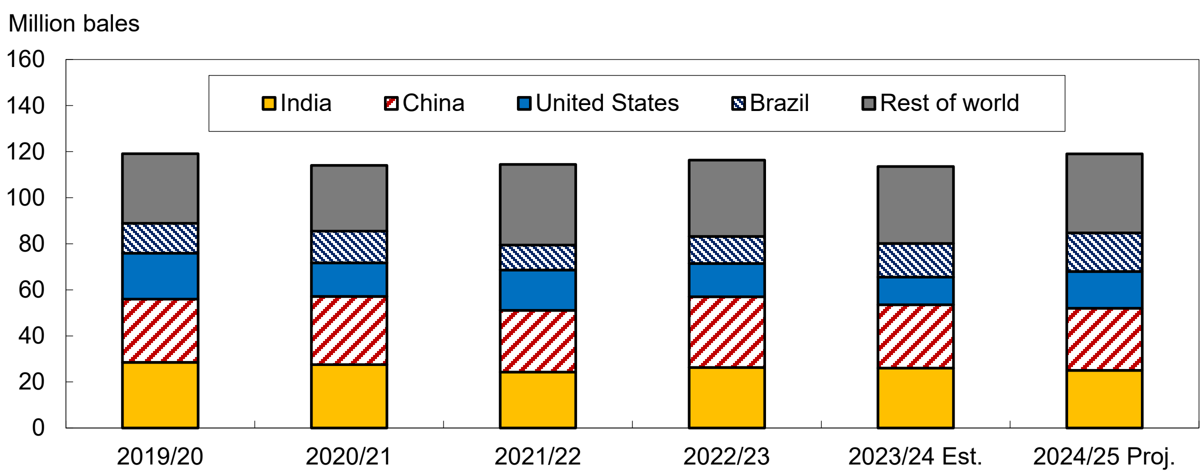
Global Cotton Production Forecast Higher in 2024/25

USDA's initial projection for 2024/25 world cotton production is 119.0 million bales, about 5.5 million bales (5 percent) above the 2023/24 estimate and the highest since 2019/20. The rise is the result of a 3-percent increase in harvested area and a higher global yield. World harvested area is estimated at 32.4 million hectares (80.2 million acres), 940,000 hectares above 2023/24. The global cotton yield is forecast to reach 799 kilograms (kg) per hectare (713 pounds per acre) in 2024/25, about 2 percent above the previous year and the 3-year average.

Year to year shifts in output volume among the major cotton producing countries are estimated to be mixed in 2024/25 (figure 4). The United States and Brazil are expected to account for most of the 2024/25 global production gain, offset slightly by declines in India, China, and Pakistan. China remains the world's leading cotton producer and USDA's initial forecast for 2024/25 indicates a 2-percent reduction for the crop. Cotton production in China is projected at 27.0 million bales, 500,000 bales below 2023/24, as harvested area and yield are estimated slightly lower in 2024/25. China's harvested area is forecast at 2.85 million hectares while the national yield is projected at 2,063 kg per hectare.

Production in India—the second largest cotton-producing country—is projected at 25 million bales in 2024/25, 4 percent (1 million bales) below 2023/24 and the second lowest crop since 2009/10. The expected decline for 2024/25 is the result of a lower harvested area and yield forecast. India's cotton harvested area is projected at 12.4 million hectares in 2024/25, a 300,000-hectare decrease. The national yield is forecast at 439 kg per hectare—the same as the 3-year average—down from the last 2 years. Pakistan's 2024/25 production estimate (6.5 million bales) also indicates a 3-percent (200,000 bales) decrease from the previous year. The production decline is the result of a projected decrease in yield from 2023/24, down 18 kg per hectare to 590 kg per hectare in 2024/25. Area harvested in Pakistan remains unchanged in 2024/25 at 2.4 million hectares.

Figure 4
Leading global cotton producers



Note: 1 bale = 480 pounds.

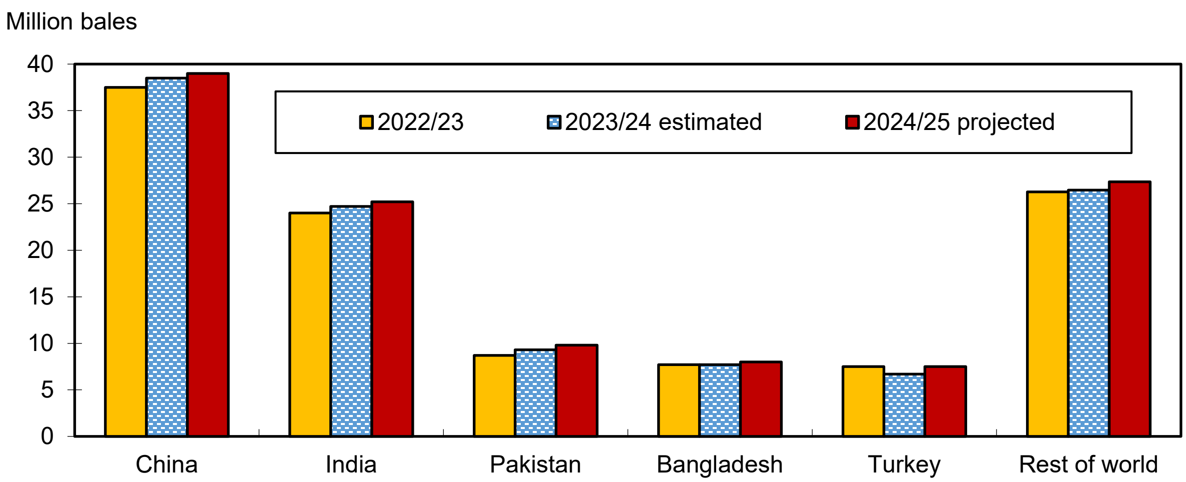
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

Higher crop expectations are forecast for the United States and Brazil. The projected U.S. cotton production gain (3.9 million bales) is due to an increase in expected harvested area as abandonment is forecast below the elevated level of the previous 2 years. For Brazil, cotton production is projected at a record 16.7 million bales. Area is expected to increase 17 percent to 1.94 million hectares in 2024/25, its highest since 1991/92, while yield declines from the 2023/24 record of 1,911 kg per hectare to 1,874 kg per hectare. For Australia, cotton production is forecast to remain unchanged at 5.0 million bales, with a decrease in area harvested offset by an increase in yield.

World Cotton Mill Use Projected To Expand in 2024/25

Global cotton mill use in 2024/25 is expected to increase for a second consecutive year to its highest in 4 years. Lower world cotton fiber prices and the need to replenish textile and apparel pipelines to more normal levels are expected to support the continued global cotton mill use recovery in 2024/25. In addition, higher mill demand is supported by the forecast for steady world economic growth of 3.2 percent for calendar years 2024 and 2025, despite continued inflationary pressures on monetary policy. USDA's initial 2024/25 projection for global cotton mill use is 116.9 million bales, 3 percent (3.5 million bales) above the 2023/24 estimate. At the current projection, 2024/25 world mill use would experience consecutive increases for the first time since 2017/18. Cotton mill use by country in 2024/25 is expected to see modest growth in each of the major cotton consuming countries compared with 2023/24 (figure 5). China and India are expected to lead cotton mill use in 2024/25, with a combined forecast of 64.2 million bales, or 55 percent of the world total.

Figure 5
Leading global cotton consumers



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

In China, cotton mill use is projected to increase for a third consecutive year in 2024/25, although growth is forecast below the world average. China's mill use is forecast at 39.0 million bales, 500,000 bales above 2023/24 and the highest in 4 years. India's mill use is also forecast to increase 500,000 bales (2 percent) in 2024/25 to 25.2 million bales, the highest since 2020/21's record of 26.0 million bales. For Pakistan, cotton mill use is projected to rise nearly 5.5 percent (500,000 bales) in 2024/25 to 9.8 million bales as larger supplies support the continued rebound from the two-decade low experienced in 2022/23. Pakistan is forecast to account for more than 8 percent of the global total in 2024/25. Increases are also expected for other major spinning countries, including Bangladesh, Turkey, and Vietnam. In 2024/25, cotton mill use for these countries is forecast to reach 8.0 million bales (+300,000 bales), 7.5 million bales (+800,000 bales), and 7.0 million bales (+200,000 bales), respectively. Mill use in these three countries is expected to account for a combined 19 percent of global cotton use in 2024/25.

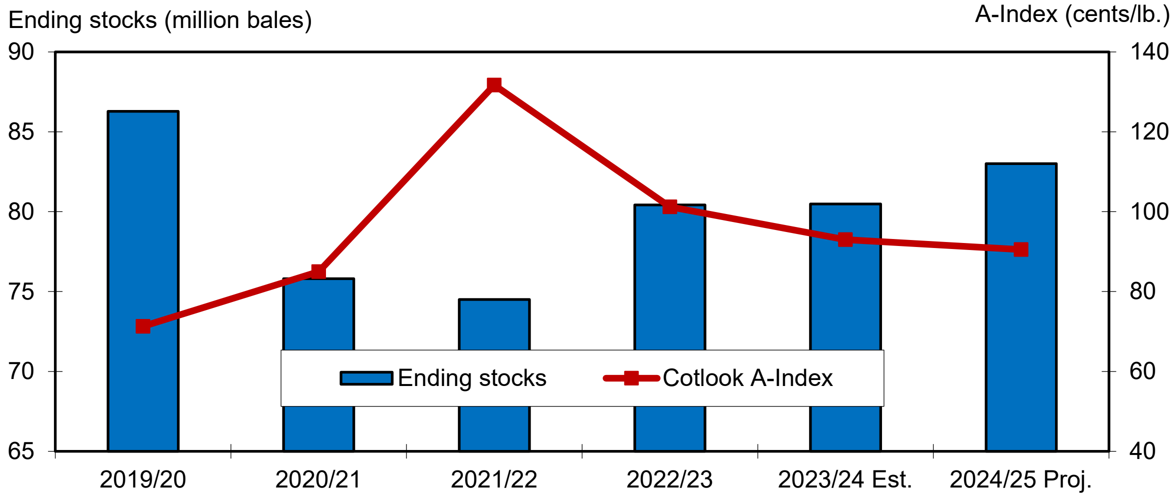
Global 2024/25 Cotton Trade and Stocks Forecast Higher

World cotton trade in 2024/25 is forecast at 45.0 million bales, 500,000 bales (1 percent) above the previous season and the highest in 4 years. With a higher world cotton mill use projection, 2024/25 cotton import volumes by the major importing countries are projected higher, except for China. Although China is expected to import the largest volume of cotton in 2024/25, at 12.0 million bales, the volume is below the 2023/24 estimate of 14.8 million bales that helped replenish the national reserve stocks. Other major importers, however, are projected to import additional cotton supplies in 2024/25 as their textile output is forecast to expand. Bangladesh is forecast to import 8.0 million bales (+8 percent) in 2024/25, while Vietnam is projected to be the third largest cotton importer at 7.0 million bales (+3 percent). These three countries are expected to account for 60 percent of the global cotton imports in 2024/25.

Cotton trade projections by country indicate that additional supplies in the United States and Brazil are likely to support higher exports in 2024/25 as world cotton mill use expands further. U.S. cotton exports (13.0 million bales) are expected to increase moderately (up 700,000 bales) from 2023/24, while exports from Brazil are projected to rise 3 percent (up 400,000 bales) to 12.5 million bales. Combined exports from the United States and Brazil are projected to contribute more than 55 percent of the global total in 2024/25. For Australia, 2024/25 cotton exports are forecast at 5.3 million bales (down 700,000 bales from 2023/24) as supplies are reduced despite a similar crop forecast in 2024/25.

With global cotton production projected to exceed mill use in 2024/25, world ending stocks are forecast to rise after remaining relatively stable during the previous 2 years (figure 6). Stocks are projected at 83.0 million bales in 2024/25—about 2.5 million bales above the year before—with global cotton prices moderating further from the recent high in 2021/22. Stock changes for the major producing countries are expected to vary in 2024/25. Ending stocks are projected to rise in the United States (up 1.3 million bales from 2023/24), Brazil (up 900,000 bales), and Pakistan (up 350,000 bales) in 2024/25. However, stocks in China are forecast marginally lower in 2024/25 to 41.0 million bales, with a larger decrease (down 700,000 bales) projected for India to 10.8 million bales. As a share of global stocks, China is projected to account for 49 percent of the 2024/25 total, while India contributes 13 percent. The United States, Brazil, and Pakistan are expected to account for an additional 12 percent of world cotton stocks. The 2024/25 world cotton price—represented by the A-Index—is projected to decrease slightly from an estimated 93 cents per pound in 2023/24.

Figure 6
Global cotton stocks and prices



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

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