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Cotton and Wool Outlook: June 2024

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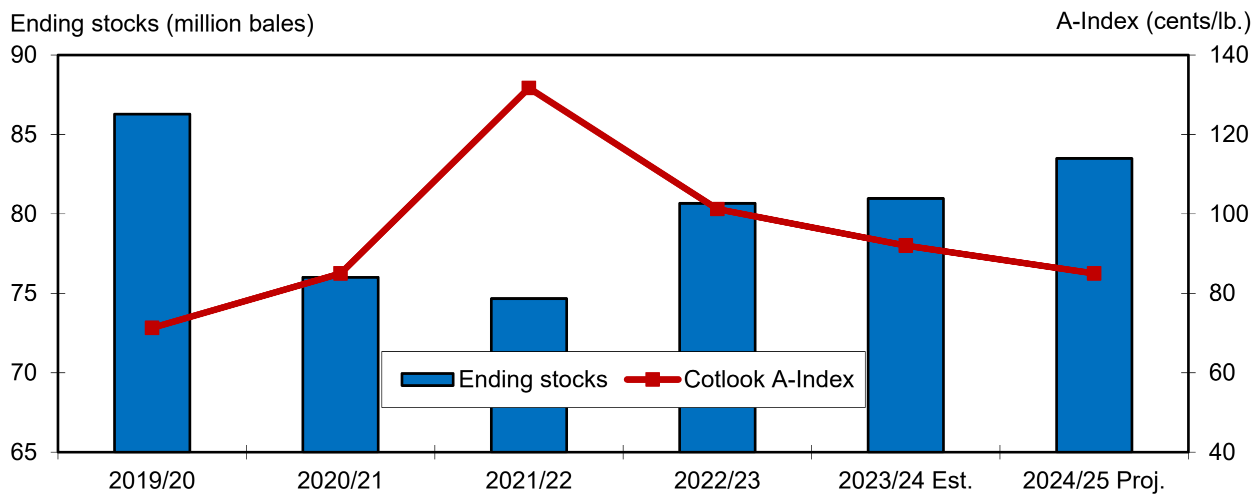
Global 2024/25 Cotton Stocks Projected Highest in 5 Years

The latest U.S. Department of Agriculture (USDA) cotton projections for 2024/25 (August–July) indicate an increase in world cotton ending stocks to 83.5 million bales, 3 percent above 2023/24 and the highest in 5 years (figure 1). The gain results from global cotton production expanding more than world mill use for 2024/25. Global cotton production is estimated at 119.1 million bales, nearly 5 percent (5.4 million bales) above 2023/24. Mill use is projected to increase 3.4 percent (3.9 million bales) to 116.9 million bales in 2024/25.

Global cotton trade for 2024/25 is projected marginally higher with the increase in mill demand expectations. Global cotton trade is forecast at 45.0 million bales, 1.5 percent above 2023/24 and the second highest since 2012/13. The leading cotton exporters are the United States and Brazil, where projected exports account for 29 percent and 28 percent, respectively, of the 2024/25 world total. Global cotton prices for 2024/25 are expected to decline for the third consecutive year.

Figure 1
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.

Approved by USDA's World Agricultural Outlook Board

Domestic Outlook

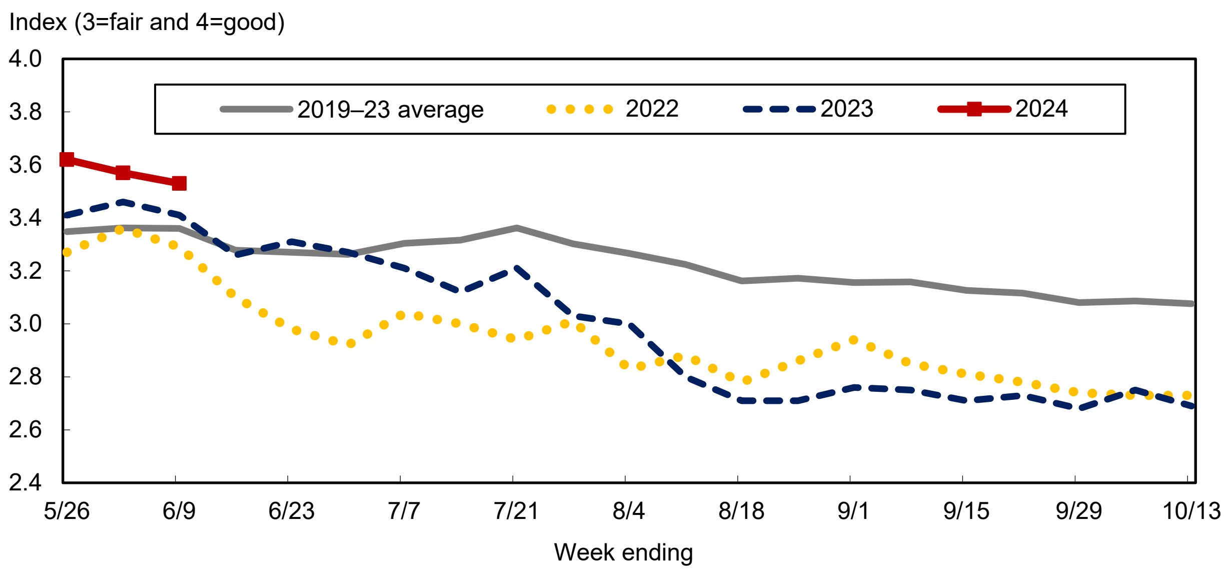
U.S. Cotton Crop Forecast Unchanged in June

USDA's 2024/25 U.S. cotton production projection remains estimated at 16.0 million bales, nearly 33 percent above the 2023/24 crop and 9 percent above the 2021/22–2023/24 average. Upland production is estimated at 15.5 million bales, compared with 11.8 million bales last season. The extra-long staple (ELS) crop is estimated at 530,000 bales, compared with 316,000 bales for the 2023/24 crop.

As planting time approached this spring, cotton price expectations at harvest were below a year ago, but price expectations for competing crops declined even more. Consequently, relative prices favored the planting of cotton and support the higher cotton area expectations for 2024/25. USDA's March *Prospective Plantings* indicated a 4-percent increase in cotton area compared with last season. The U.S. cotton planting estimate of approximately 10.7 million acres will be updated in USDA's June *Acreage* report released on June 28. The report will include actual plantings as of early June, as well as estimates of any remaining cotton area to be planted.

As of June 9, 80 percent of the forecast cotton acreage was planted, slightly above last season's 78 percent but equal to the 2019–23 average. Early cotton development was above both 2023 and the 5-year average. As of June 9, 14 percent of the 2024 area was squaring, compared with 10 percent in 2023 and the 2019–23 average of 12 percent. U.S. cotton crop conditions reporting also began recently; as of June 9, conditions are slightly above recent years (figure 2).

Figure 2
U.S. cotton crop conditions



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

Based on current projections, U.S. cotton harvested area is forecast at 9.1 million acres in 2024/25, reflecting a 10-year weighted average abandonment by region, with the Southwest adjusted to reflect the generally more favorable moisture conditions thus far this season. U.S. abandonment is projected at approximately 14.5 percent, compared with 2023/24's 37 percent. The 2024/25 U.S. cotton yield—based on a 5-year weighted average by region—is forecast at 842 pounds per harvested acre. The national yield is expected below the previous year's 899 pounds and 2022/23's record of 953 pounds as increased harvested area in the lower-yielding Southwest region is forecast.

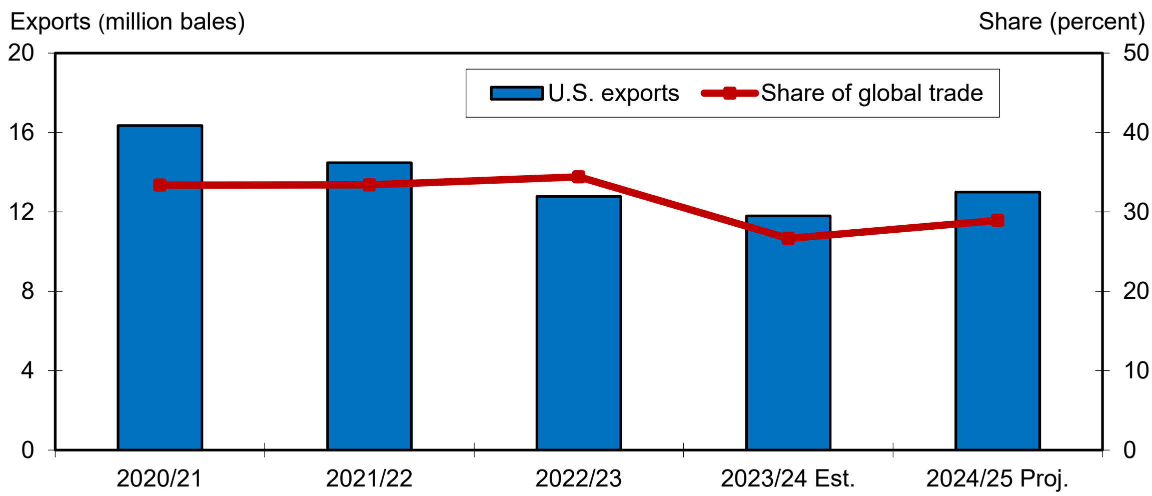
U.S. 2024/25 Cotton Demand Unchanged; Stocks Revised

U.S. cotton demand (exports plus mill use) for 2024/25 remains projected at 14.9 million bales this month, about 1.3 million bales above the revised lower 2023/24 estimate. U.S. cotton exports, forecast at 13.0 million bales in 2024/25, are 10 percent above 2023/24, and the projected increase is partly attributable to a larger U.S. cotton supply expectation. However, other producers will continue to compete with the United States for global trade share. A slight rebound in the 2024/25 U.S. share to 29 percent is projected, but the share remains below recent previous years that averaged 33 percent (figure 3).

U.S. cotton exports are forecast to account for about 87 percent of U.S. cotton demand in 2024/25, slightly above the 2021/22–2023/24 average of nearly 86 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 1.9 million bales in 2024/25, 50,000 bales higher than 2023/24 but still one of the lowest levels on record. (See the Highlight section in the December 2023 *Cotton and Wool Outlook* for additional details.)

Based on USDA's June supply and demand estimates, 2024/25 U.S. cotton ending stocks are projected at 4.1 million bales, 44 percent (1.25 million bales) above the relatively low level for 2023/24 but near that of 2021/22 and 2022/23. The U.S. stocks-to-use ratio is projected at 28 percent for 2024/25, compared with 21 percent last season and 29 percent in 2022/23. The 2024/25 average U.S. upland cotton farm price is forecast to decrease from an estimated 76 cents per pound in 2023/24 to 70 cents per pound.

Figure 3
U.S. cotton exports and share of global trade



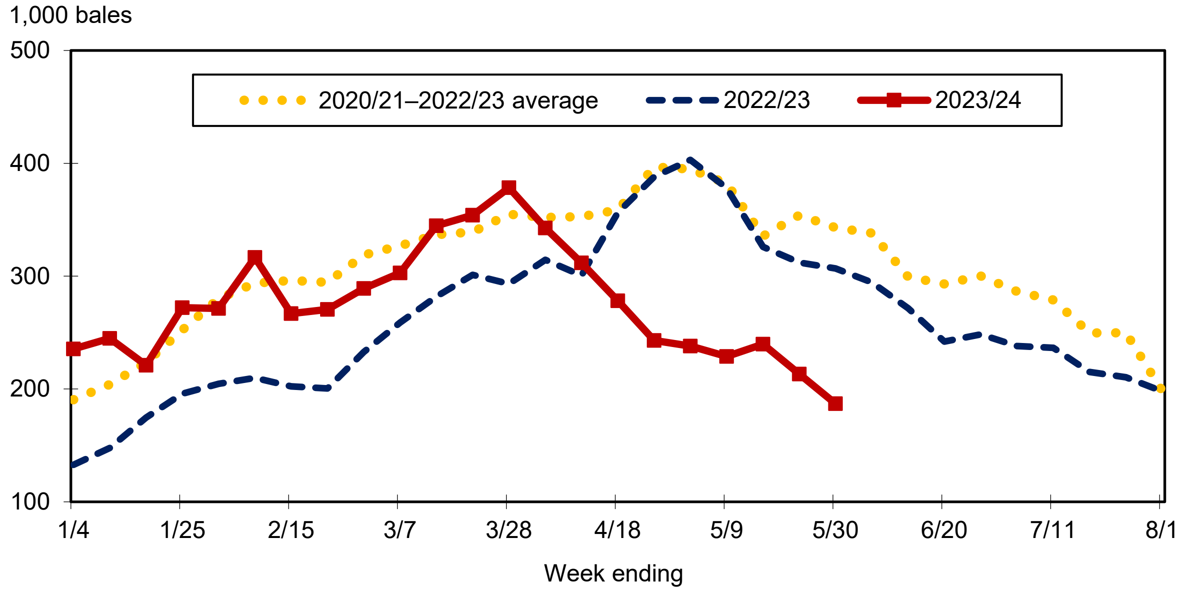
Note: 1 bale = 480 pounds.
Source: USDA, Economic Research Service using data from USDA, *World Agricultural Supply and Demand Estimates* reports.

U.S. 2023/24 Cotton Estimates Adjusted in June

U.S. cotton demand and stock estimates for 2023/24 were revised in June. U.S. mill use was increased 50,000 bales to 1.85 million based on recent mill activity. A larger change occurred in the U.S. export forecast which was reduced 500,000 bales (4 percent) this month to 11.8 million bales. U.S. cotton export shipments usually follow a seasonal pattern, with shipments, based on a 3-week moving average, peaking in late April before declining to the end of the marketing year in July (figure 4). For 2023/24, however, U.S. cotton exports peaked a month earlier and weakened through the end of May, based on the most recent data available. Competition from other producers—primarily Brazil—is the major reason for the early decline in U.S. exports in 2023/24 and key to the reduction in this month's U.S. export forecast. (See the Highlight section of this report for additional details about the ramification of these effects.) Based on the latest estimates, 2023/24 U.S. cotton ending stocks are forecast at a relatively low 2.85 million bales, 1.4 million below the beginning level and the lowest since 2016/17.

Figure 4

Moving average of U.S. cotton export shipments



Note: 1 bale = 480 pounds. Shipments are a 3-week moving average during the last 7 months of the marketing year.
Source: USDA, Economic Research Service using data from USDA, *Export Sales* reports.

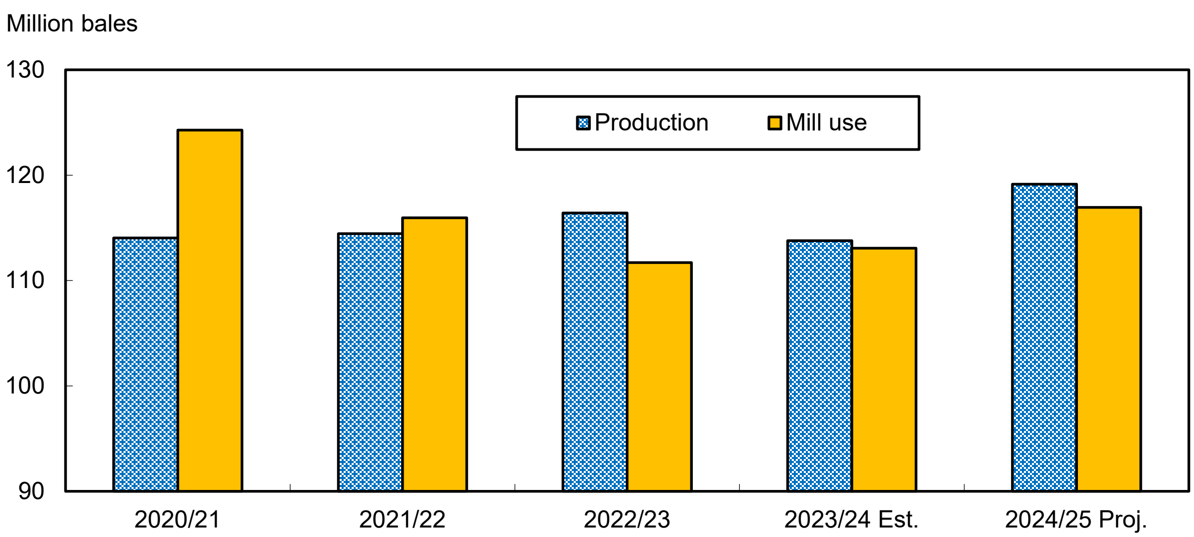
International Outlook

World Cotton Production Projected Higher in 2024/25

Global cotton production in 2024/25 is forecast at 119.1 million bales, nearly 5 percent (5.4 million bales) above the previous year and the largest crop since 2017/18 (figure 5). Larger production is forecast to be split between the major cotton-producing countries in 2023/24, led by the United States (+3.9 million bales) and Brazil (+2.1 million bales). Smaller crops in India (-1.2 million bales), China (-500,000 bales), and Pakistan (-200,000 bales) are projected to partially offset the global increase. World cotton harvested area in 2024/25 is forecast at 32.5 million hectares (80.2 million acres), 3 percent above 2023/24 and above the 3-year average. An area rebound in the United States from last season's weather-related decline is largely responsible for the anticipated global increase. In 2024/25, global harvested area is estimated to be the highest since 2019/20. The world cotton yield is projected at 799 kilograms (kg) per hectare (713 pounds per acre) in 2024/25, an increase of about 2 percent, or 14 kg per hectare above the 3-year average.

China and India remain the top cotton-producing countries, despite production declines forecast for both countries. Production in China is projected about 2 percent lower in 2024/25—at 27.0 million bales—as area is down a similar percentage at 2.85 million hectares and yield is nearly unchanged at 2,063 kg per hectare. China is projected to contribute 23 percent of global cotton production in 2024/25, compared with 24 percent the year before. For India, a 4.5-percent decrease in the 2024/25 crop (25.0 million bales) is projected as both area and yield are reduced. For 2024/25, India's harvested area is forecast to decline as alternative crops are expected to reduce cotton area to 12.4 million hectares. The national yield is forecast at 439 kg per hectare, near the 3-year average. India is expected to account for 21 percent of the world's production in 2024/25, a 2-percent decline from the previous year.

Figure 5
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.

Pakistan’s production forecast is also estimated to decline in 2024/25 as area remains unchanged but the national yield declines. Production in Pakistan is projected 3 percent lower in 2024/25 at 6.5 million bales. Harvested area in Pakistan is forecast at 2.4 million hectares, while the national yield is expected to be 3 percent (18 kg per hectare) lower at 590 kg per hectare.

In addition to the projected one-third increase in the U.S. crop, cotton production is forecast higher for Brazil and is unchanged for Australia. Brazil’s production is projected at 16.7 million bales for 2024/25, nearly 15 percent above 2023/24 and a record. A significant increase in harvested area is expected to more than offset a 2-percent decline in yield this season. Harvested area is forecast to increase 17 percent to 1.9 million hectares, the largest since 1991/92. Brazil is expected to contribute 14 percent of the total world cotton crop in 2024/25. Australia’s 2024/25 cotton production is projected at 5 million bales, unchanged from 2023/24, as elevated reservoir levels support a higher yield prospect that offsets slightly lower area.

Global Cotton Mill Use Growth Forecast in 2024/25

World 2024/25 cotton mill use is projected to reach 116.9 million bales. nearly 3.5 percent (3.9 million bales) above 2023/24 and the highest in 4 years (figure 5). Lower world cotton fiber prices and the need to replenish yarn and fabric inventories are expected to support the mill use forecast for 2024/25. Stable global economic growth projections for calendar years 2024 and 2025 should also promote increased mill use despite continued inflationary headwinds. With the 2024/25 projection, world cotton mill use would reflect consecutive increases for the first time since 2017/18.

Each major country’s cotton mill use is projected to rise in 2024/25 from its year-ago level. China and India are the leading cotton consuming countries and are forecast to account for a combined 55 percent of the global total. China’s mill use is projected at 39.0 million bales (+1.3 percent) in 2024/25, 2.4 million bales above the 3-year average and the highest since 2020/21. China is expected to account for one-third of 2024/25 world cotton mill use. India’s cotton mill use is forecast at 25.2 million bales (+1.6 percent) in 2024/25, 600,000 bales above the 3-year average and the highest in 4 years. India is expected to contribute 21.5 percent of total global cotton mill use in 2024/25.

With cotton mill use growth below the world average for China and India, several other countries—Pakistan, Bangladesh, and Turkey—are forecast to experience growth that exceeds the global average in 2024/25. For Pakistan, 2024/25 cotton mill use is forecast at 9.8 million bales (+6.5 percent), as larger projected supplies will support the continued rebound in cotton mill use. Pakistan’s mill use is forecast to reach its highest in 3 years and account for 8 percent of the world total in 2024/25. Mill use in Bangladesh is forecast to improve 4 percent (300,000 bales) to 8.0 million bales in 2024/25. Like Pakistan, cotton mill use in Bangladesh is expected to reach its highest since 2021/22, contributing 7 percent of the global total. Cotton mill use in Turkey is projected to experience the largest growth of any major consumer in 2024/25, rising more than 15 percent. At 7.5 million bales, Turkey’s mill use would rebound to the 2022/23 level and account for nearly 6.5 percent of the world mill use in 2024/25. Vietnam’s mill use is expected to expand nearly 3 percent to 7.1 million bales in 2024/25, second only to the 7.3-million-bale record in 2020/21.

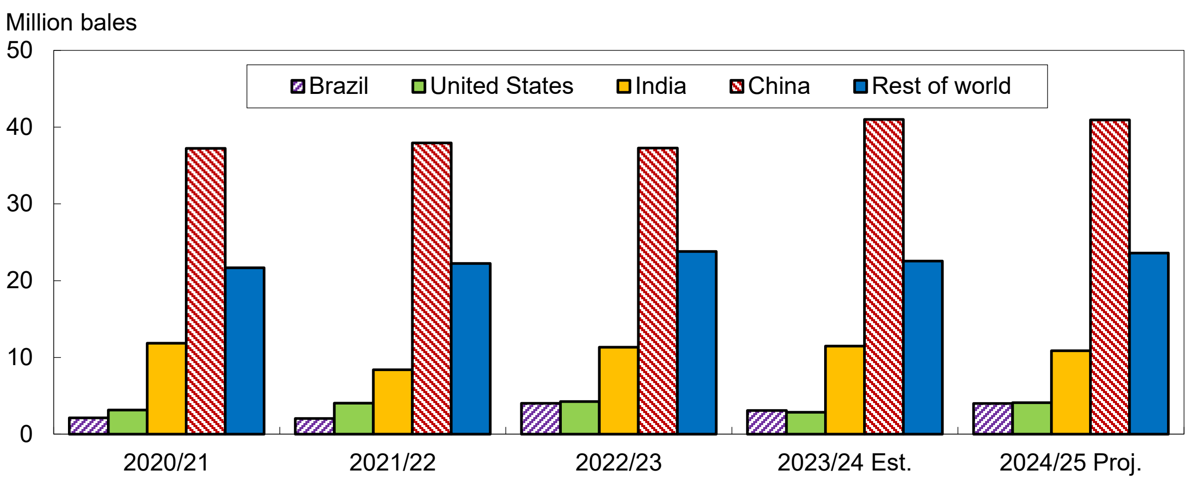
World Cotton Trade Virtually Unchanged; Stocks To Increase

Despite the nearly 3.5-percent gain expected in world cotton mill use, global cotton trade in 2024/25 is projected to increase only marginally but would be the highest in 4 years. Global cotton trade is forecast at 45.0 million bales in 2024/25, compared with 44.3 million bales in 2023/24. Higher exports are projected for the United States as production rebounds, and small export gains are anticipated for Brazil and Mali. The United States is expected to export 13.0 million bales of cotton in 2024/25, while Brazil and Mali ship 12.5 million bales and 1.3 million bales, respectively. Lower exports are forecast for Australia, at 5.4 million bales, and India, at 1.9 million bales, in 2024/25.

China is expected to be the leading cotton importer once again in 2024/25, despite imports projected to decline 19 percent (2.8 million bales) from the year before. In 2023/24, China imported significant amounts of cotton to restock the national reserve, with imports estimated at 14.8 million bales. For 2024/25, China is projected to import 12.0 million bales, or 27 percent of the global import total. Other major importers include Bangladesh and Vietnam, where cotton imports are projected to rise year-over-year to 8.0 million bales (+8 percent) and 7.1 million bales (+3 percent), respectively. Imports by Turkey (4.7 million bales) and Pakistan (3.7 million bales) are expected to see the largest gains in 2024/25, with increases of 1.2 million bales and 1.0 million bales, respectively, as mill use rebounds.

With global cotton production projected to exceed mill use in 2024/25, world stocks are forecast to rise 3 percent to 83.5 million bales, the highest since 2019/20. For the major producing countries, 2024/25 ending stocks are forecast to increase in the United States, Brazil, and Pakistan, with stocks in China nearly unchanged and a decrease forecast for India (figure 6). Stocks in China are projected at approximately 40.9 million bales for 2024/25, compared with 41.0 million bales the previous season. At the end of 2024/25, China is projected to hold 49 percent of the global supplies. In India, ending stocks are forecast at 10.9 million bales, or 13 percent of the global total in 2024/25. With world stocks projected to rise in 2024/25 and the global economic uncertainty surrounding cotton demand, world cotton price expectations are for the Cotlook A-Index to average below 2023/24's 92 cents per pound.

Figure 6
Global cotton ending stocks



Note: 1 bale = 480 pounds.

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

Highlight

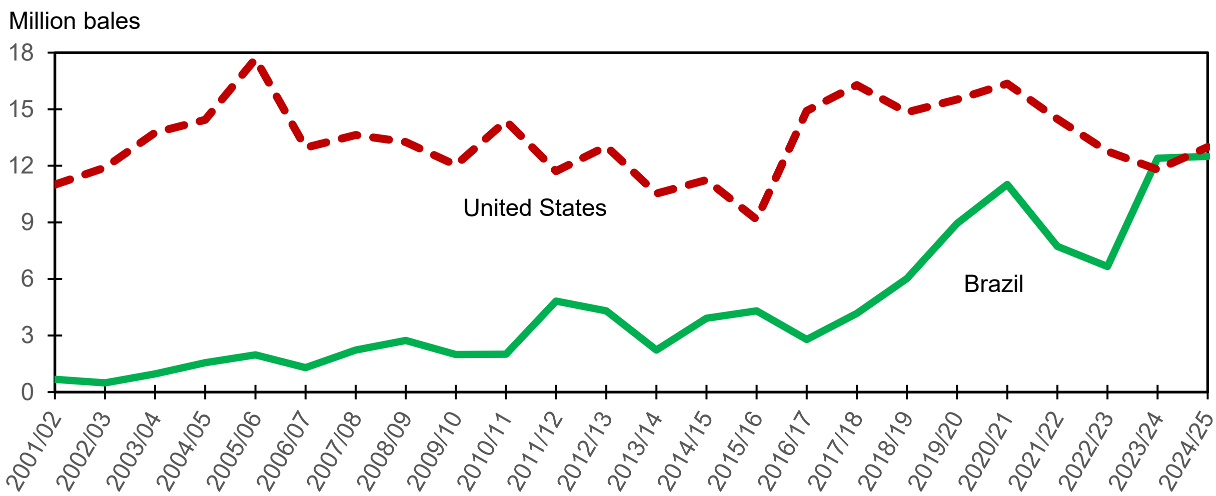
Brazil’s Cotton Export Forecast Surpasses Expected U.S. Shipments for 2023/24

The United States has been the leading raw cotton exporter to the world for virtually every year over the last century. The productivity and efficiency of the U.S. cotton industry generally allowed adequate raw cotton supplies for domestic spinning mills as well as mills outside of the United States. Prior to 2001/02, U.S. spinning mills used most of the cotton produced annually in the United States. In the early 2000s, however, U.S. cotton mill use began trending lower as mills in several countries—particularly China—expanded to take advantage of the quota phase-out on developing countries’ textile and apparel product exports to the United States. As a result, the majority of U.S. cotton has since been destined for export to foreign mills and subject to increased competition from other cotton-producing countries.

Brazil gradually became a major cotton export competitor, particularly in recent years as Brazil’s cotton production expanded and shifted to the Center-West region of the country. For 2023/24, Brazil’s cotton crop is estimated at a record 14.6 million bales, surpassing the U.S. crop that was dramatically reduced by drought in the Southwest, particularly in Texas. This resulted in large exportable supplies in Brazil and decreased supplies in the United States. Exchange rates also favored cotton shipments from Brazil this season. USDA’s June 2024 *World Agricultural Supply and Demand Estimates* (*WASDE*) report forecast that Brazil’s 2023/24 cotton exports (12.4 million bales) would exceed U.S. shipments (11.8 million bales), designating Brazil as the leading cotton exporter for the first time in 2023/24 (figure 7).

The United States relinquished its leading exporter status in several other years over the last century, most recently to Uzbekistan in 1992/93. For 2024/25, the United States is projected to reclaim the leadership role as the top cotton exporter as production rebounds. In the years ahead, the United States and Brazil are expected to continue as key cotton exporters to the world, combining for more than half of the global total.

Figure 7
U.S. and Brazil's cotton export estimates, 2001/02-2024/25 projected



Note: 1 bale = 480 pounds.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service *Production, Supply, and Distribution* query.

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