USDA
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Outlook
Economic Research Service | Situation and Outlook Report

CWS-24g | July 16, 2024 Next release is August 14, 2024

Cotton and Wool Outlook: July 2024

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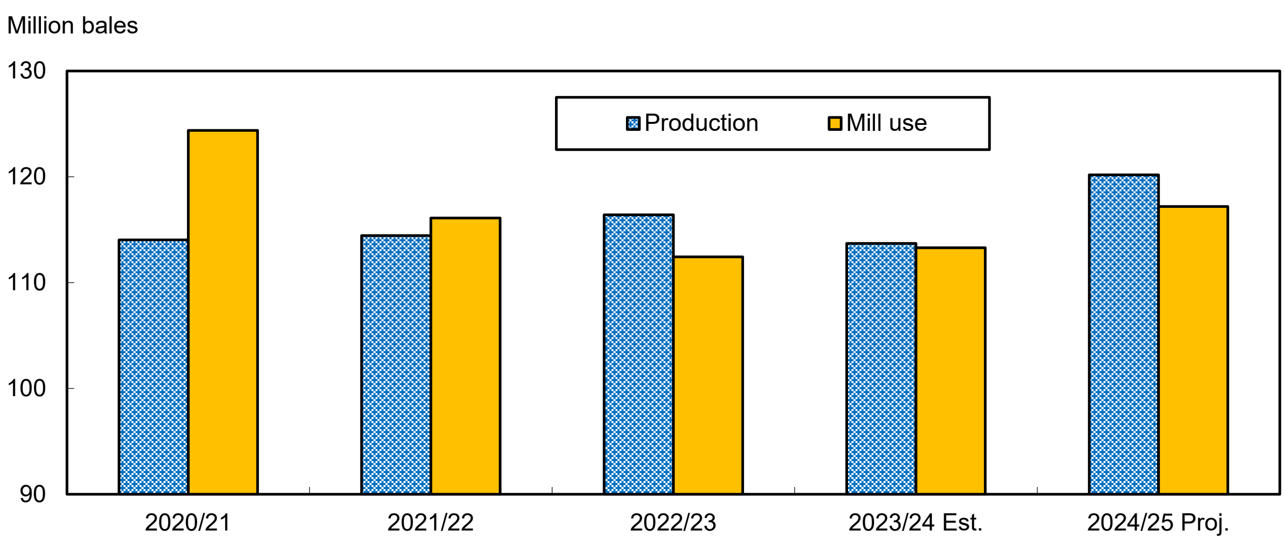
Global 2024/25 Cotton Production Forecast To Increase

The latest U.S. Department of Agriculture (USDA) cotton projections for 2024/25 (August–July) indicate that world cotton production will increase 6.5 million bales (5.7 percent) to 120.2 million bales, the highest global production since 2017/18 (figure 1). The projected increase is led by a rebound for the United States. World ending stocks are forecast to increase 3.3 million bales (4 percent) to 82.6 million bales as production is projected above mill use for the third consecutive year.

Global cotton mill use also is projected to increase from the previous season to 117.2 million bales in 2024/25, the highest since 2020/21. Mill use in 2024/25 is projected to increase for each of the top five cotton-spinning countries. World cotton trade expectations (44.6 million bales) show continued growth from the recent low in 2022/23 and are the second highest since 2012/13. World cotton prices for 2024/25, however, are estimated at a 5-year low as global ending stocks are the highest since 2019/20.

Figure 1
Global cotton production and mill use



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

Approved by USDA's World Agricultural Outlook Board

Domestic Outlook

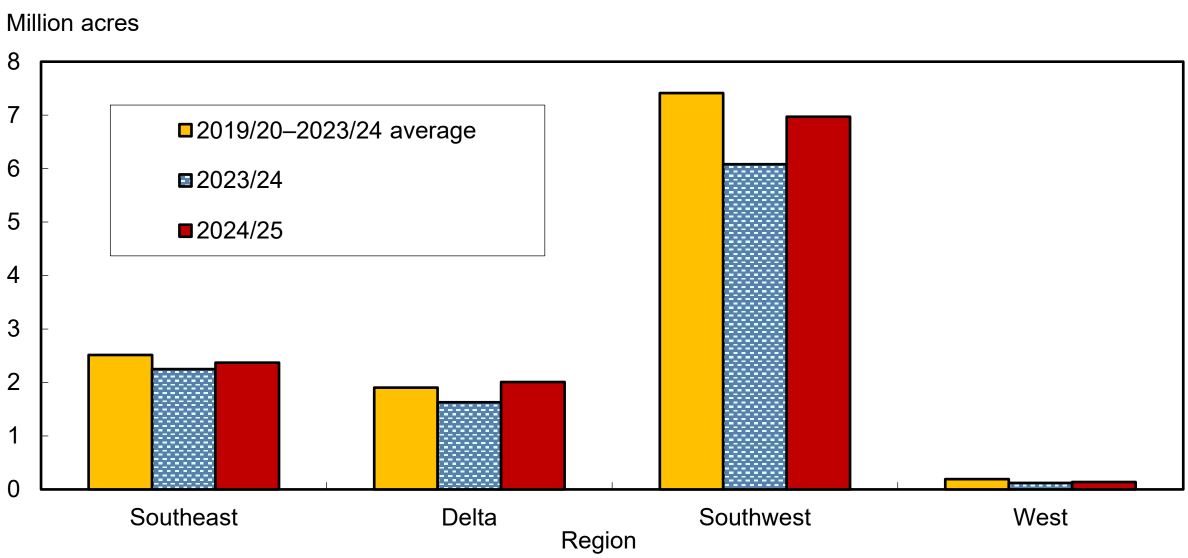
U.S. 2024/25 Cotton Crop Projection Increased in July

U.S. 2024/25 cotton production is projected at 17.0 million bales this month, up 1 million bales from the June projection and nearly 5 million bales (41 percent) above the 2023/24 crop. Based on the USDA National Agricultural Statistics Service (NASS)'s *Acreage* report released June 28, U.S. producers planted or intended to plant approximately 11.7 million acres to cotton for 2024/25. This is 1 million acres (9 percent) above the March indications and 14 percent higher than the final 2023 plantings. (See table 10 associated with this report.) Relatively lower competing crop prices this spring were a major contributing factor to the increased cotton planted area in 2024.

Projected upland cotton area is higher for each of the Cotton Belt regions in 2024/25 but below the 5-year average for most regions (figure 2). Planted area in the Southwest is forecast at 7.0 million acres, nearly 900,000 acres (15 percent) above 2023/24 but 6 percent below the 2019/20–2023/24 average. The Southwest is expected to account for 61 percent of total U.S. upland area in 2024/25—near the 5-year average—indicating the region's continued importance to U.S. cotton crop expectations.

In the Southeast, 2024/25 cotton acreage is projected at nearly 2.4 million acres, 5 percent higher than last season but approximately 5.5 percent below the 5-year average. The Southeast is forecast to account for about 20.5 percent of the U.S. cotton area in 2024/25, near the 2019/20–2023/24 average. For the Delta region, the 2024/25 cotton area—estimated at 2.0 million acres—is 23 percent above the 2023/24 level which was equal to the lowest acreage during the previous 6 years. The Delta is expected to account for 17.5 percent of the U.S. upland cotton area in 2024/25, slightly above the 5-year average.

Figure 2
U.S. regional upland cotton planted area



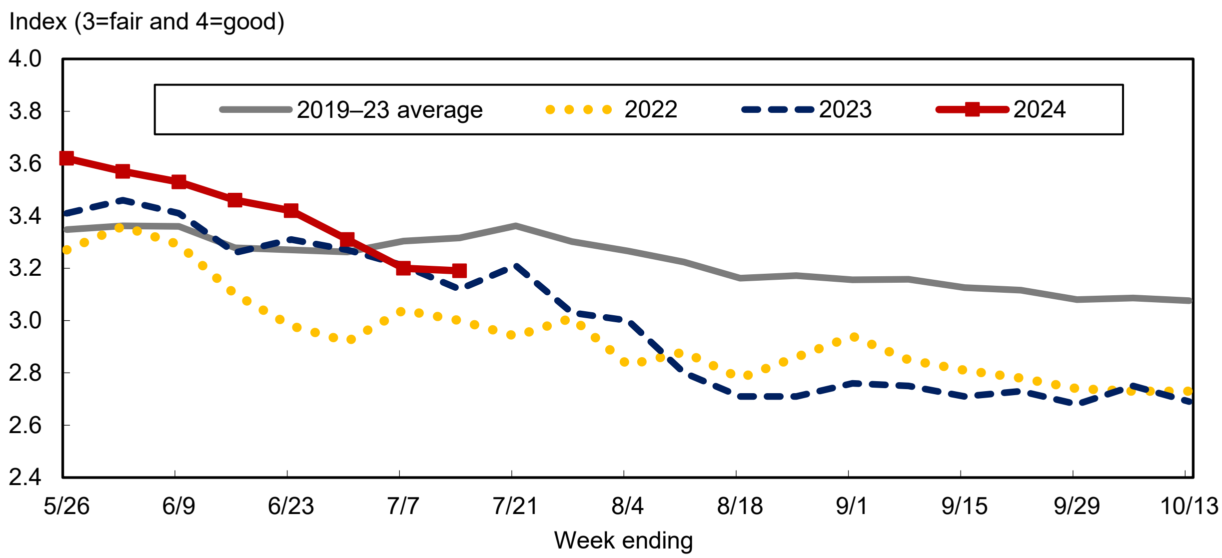
Note: 2024/25 based on *Acreage* report.
Source: USDA, Economic Research Service based on USDA, National Agricultural Statistics Service, *Crop Production* reports.

Upland cotton plantings in the West are forecast to increase modestly to 138,000 acres in 2024/25, compared with 2023/24's 121,000 acres—the lowest area in more than a century. Extra-long staple (ELS) cotton acreage—mostly grown in the West—is forecast at 182,000 acres in 2024/25, 24 percent above a year ago. Expectations for increased demand for ELS cotton are expected to support the higher area, matching the 2022/23 planting level.

Total 2024/25 cotton harvested area is projected in July at nearly 9.7 million acres, 50 percent higher than 2023/24. U.S. abandonment in 2024/25 is forecast at 17 percent, compared with 37 percent last season and 47 percent in 2022/23. The abandonment projection is based on 10-year averages by region, with the estimate of Southwest abandonment below the 10-year average, reflecting precipitation and crop conditions to date. The U.S. cotton yield is projected at 844 pounds per harvested acre based on 5-year average yields by region. If realized, the U.S. yield would be lower than the previous two seasons, as a larger proportion of lower yielding Southwest cotton acreage is projected to be harvested this season. USDA's NASS will publish its first survey-based estimates for 2024/25 in August.

U.S. cotton crop development as of July 14 indicated that 64 percent of the 2024/25 crop was squaring, above last season and the 2019–23 average. Cotton area setting bolls reached 27 percent, compared with 23 percent in 2023 and a 5-year average of 22 percent. U.S. cotton crop conditions early this season have declined and as of mid-July are near those in 2023 and below the 5-year average (figure 3). As of July 14, 45 percent of the U.S. cotton area was rated "good" or "excellent," equal to 2023, while 23 percent was rated "poor" or "very poor," compared with 28 percent a year ago.

Figure 3
U.S. cotton crop conditions



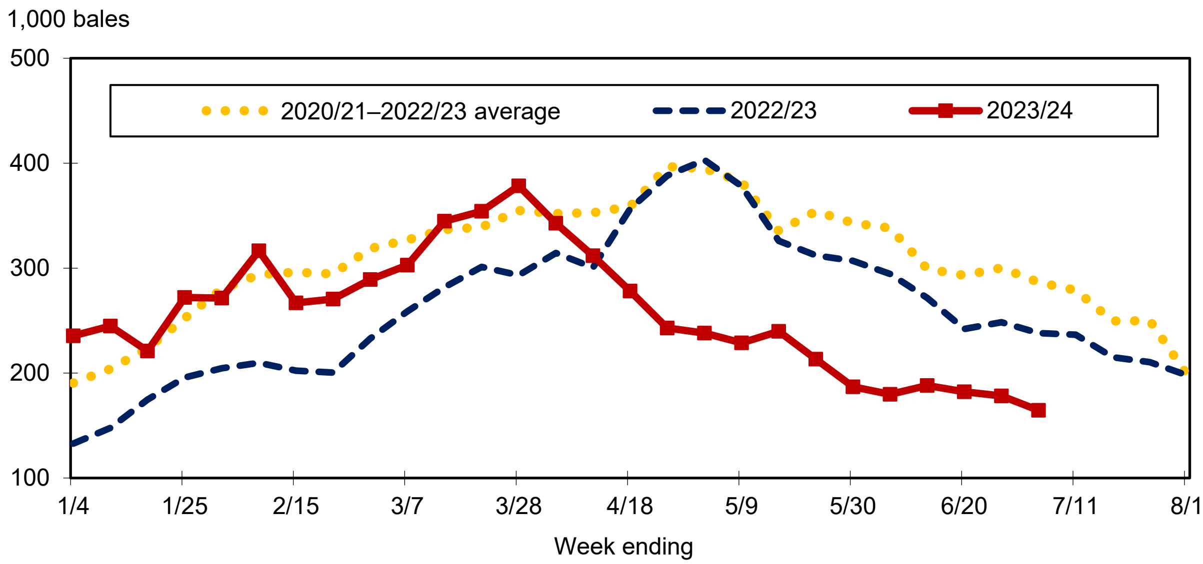
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Progress* reports.

U.S. 2024/25 Cotton Demand Unchanged; 2023/24 Exports Revised Lower

The U.S. cotton demand (mill use plus exports) forecast for 2024/25 remains projected at 14.9 million bales, 11 percent above 2023/24. For 2024/25, U.S. cotton mill use is forecast at 1.9 million bales, slightly above the year before but still one of the lowest levels on record. Increased U.S. supplies for 2024/25 are expected to boost export prospects 12 percent during the upcoming season, with exports projected at 13.0 million bales. However, larger supplies in several other exporting countries—mainly Brazil—are expected to limit the gain in U.S. cotton exports and the U.S. share of world trade in 2024/25. The U.S. share of global trade is projected at approximately 29 percent in 2024/25, compared with 26 percent during the previous year and 34 percent in 2022/23.

For 2023/24, U.S. cotton exports were revised this month based on recent data. Exports were lowered 200,000 bales to 11.6 million bales and are forecast to be the lowest since 2015/16. U.S. cotton exports generally follow a seasonal pattern, peaking in the spring before declining through the end of the season. For 2023/24, U.S. cotton exports peaked earlier than usual. Competition from Brazil was the major reason for the early U.S. decline and for this month's additional reduction to the export estimate (figure 4).

Figure 4
Moving average of U.S. cotton export shipments

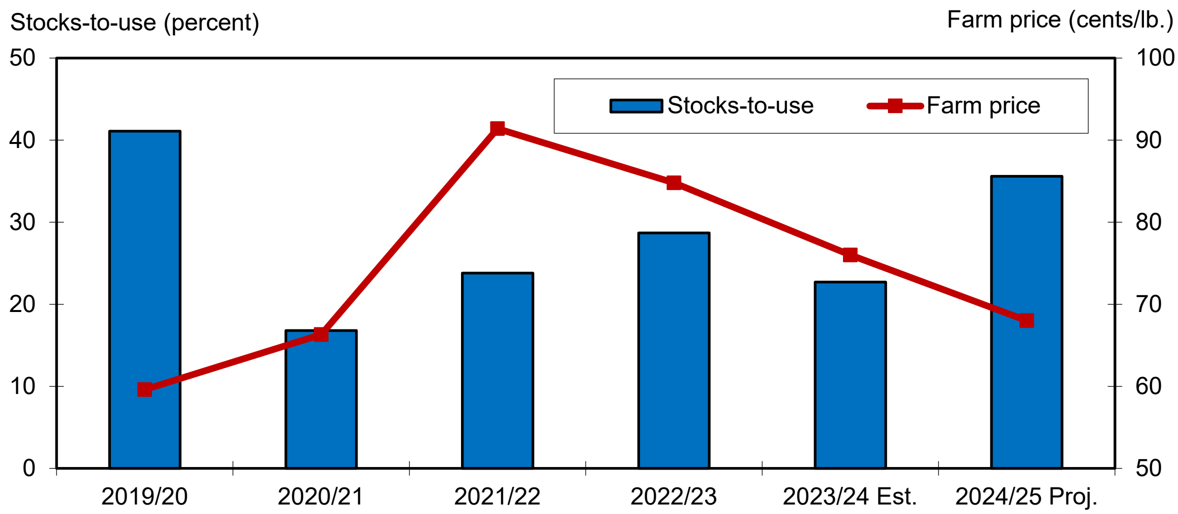


Note: 1 bale = 480 pounds. 3-week moving average shipments for last 7 months of marketing year.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Export Sales* reports.

U.S. 2024/25 Cotton Stocks and Stocks-to-Use To Rise

Based on USDA's July supply and demand estimates, 2024/25 U.S. cotton ending stocks are projected at 5.3 million bales, 2.25 million bales above the year before and the highest since 2019/20 when ending stocks were 7.25 million bales. The 2024/25 stocks-to-use ratio, at 36 percent, is forecast 13 percentage points above 2023/24, its highest in 5 years (figure 5). Based on current U.S. supply and demand estimates, cotton prices are expected to weaken in 2024/25. The average U.S. upland farm price is forecast to decline for the third consecutive season from the recent high in 2021/22. For 2024/25, the U.S. farm price is projected at 68 cents per pound as stocks build compared with 76 cents per pound estimated for 2023/24.

Figure 5
U.S. cotton stocks-to-use and price



Note: Farm price = average received by upland producers.
Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates* reports.

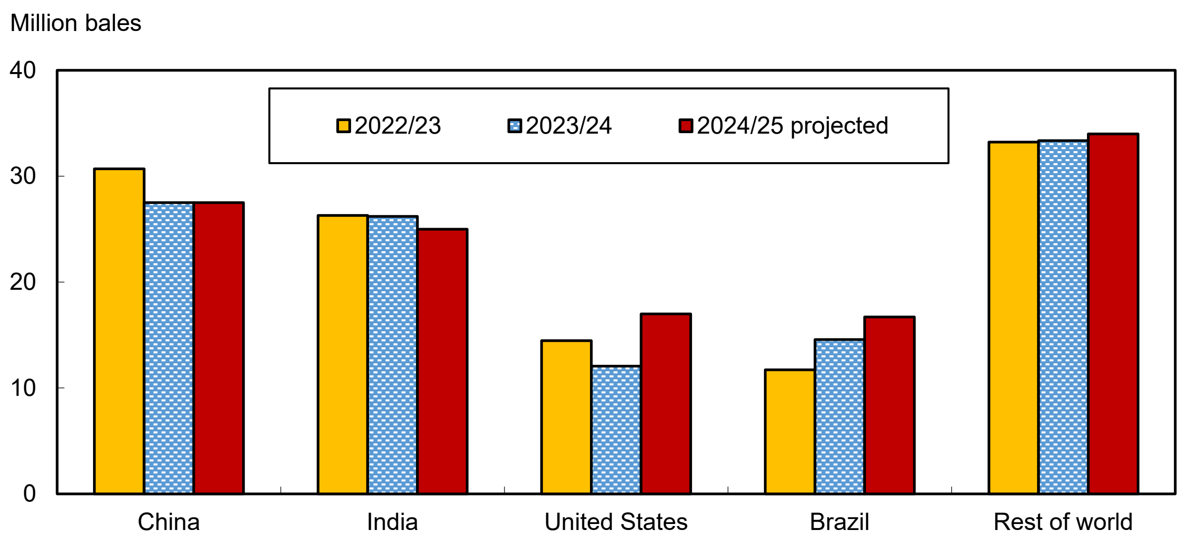
International Outlook

World 2024/25 Cotton Production Forecast Higher

Global cotton production in 2024/25 is projected at 120.2 million bales, 6 percent (6.5 million bales) above the previous year and 4 percent above the 5-year average. For 2024/25, cotton production prospects for the major-producing countries are mixed, with considerable increases for the United States and Brazil more than offsetting smaller decreases for India and Pakistan. World 2024/25 cotton harvested area is forecast at 32.4 million hectares (80.1 million acres), 3 percent above 2023/24 but near the average of the last 5 years. The harvested area increase is largely attributable to gains in the United States and Brazil, with weather conditions more favorable than in 2023/24. The 2024/25 global cotton yield is forecast at 808 kilograms (kg) per hectare (721 pounds per acre), 3 percent above the 3-year average and a record.

World cotton production is concentrated among a few countries, with the top four countries accounting for 72 percent of total expected production in 2024/25, compared with 71 percent for the previous season (figure 6). China and India are forecast to remain the leading cotton producers in 2024/25, accounting for 23 percent and 21 percent, respectively, of the global total. China is projected to produce 27.5 million bales of cotton in 2024/25, unchanged from the previous year. China's slight reduction in area year over year to 2.85 million hectares in 2024/25 is the lowest in 75 years. With marginally lower harvested area, an increase in China's 2024/25 yield results in the unchanged production forecast. China's yield is projected at 2,101 kg per hectare. Production in India is forecast at 25.0 million bales, 4.5 percent (1.2 million bales) below 2023/24, with lower area and yield forecast. Higher alternative crop expectations are projected to reduce India's cotton area by 2 percent in 2024/25 to 12.4 million hectares, while the yield is forecast to decrease from a 3-year high to 439 kg per hectare.

Figure 6
Leading global cotton producers



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

A rebound in cotton production is projected for the United States in 2024/25, after drought conditions adversely affected the cotton crop in both 2022/23 and 2023/24. U.S. cotton production is forecast to rise 4.9 million bales (41 percent) as the harvested area projection rises 50 percent from 2023/24. U.S. yield is forecast to decrease as dryland area increases in the Southwest region. Production in Brazil is forecast at a record 16.7 million bales in 2024/25, an increase of 14.5 percent (2.1 million bales) from the previous year. The larger crop projection is the result of an increase in area harvested that more than offsets a decline in yield. Brazil's harvested area is forecast at 1.9 million hectares (+17 percent), while the yield is projected at 1,874 kg per hectare, down from 2023/24's record.

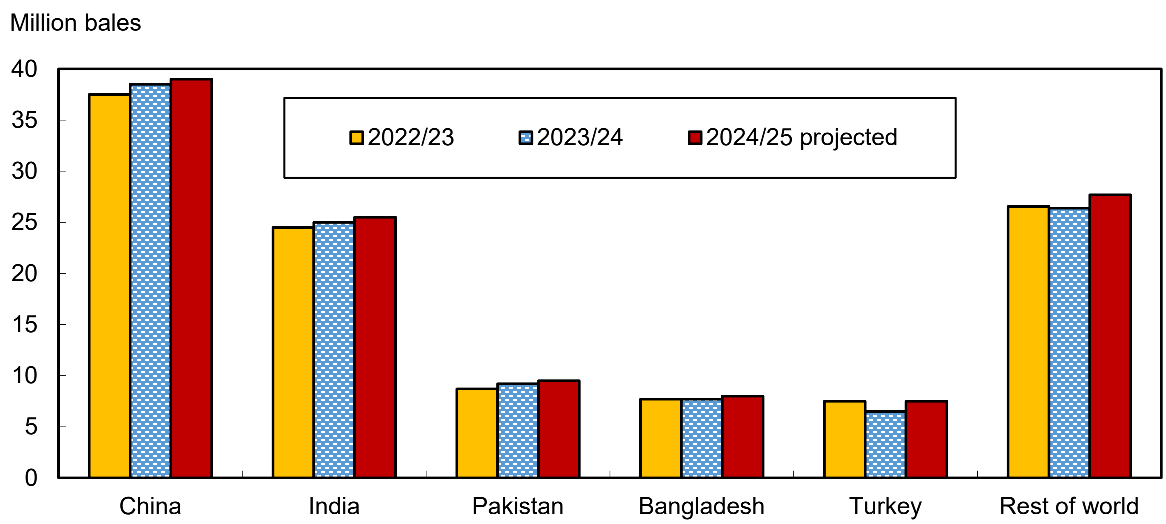
For Pakistan, 2024/25 cotton production is forecast to decline 10 percent (700,000 bales) from the previous year to 6.0 million bales. Although harvested area is projected to decline, Pakistan's yield is expected to increase slightly to 622 kg per hectare and limit the production decrease in 2024/25. Australia's cotton production is forecast unchanged at 5.0 million bales in 2024/25 as higher area is offset by a lower national yield.

World Cotton Mill Use Projected Higher in 2024/25

World cotton mill use is forecast to expand nearly 3.5 percent (3.9 million bales) in 2024/25 to 117.2 million bales, the highest in 4 years. Anticipated stable global economic growth for calendar years 2024 and 2025 and lower cotton fiber prices are projected to support higher mill use despite inflationary pressures. The potential for a rebound in yarn and fabric inventories also is expected to support mill use growth in 2024/25.

Based on the latest world cotton projection, mill use for each of the major cotton-spinning countries is forecast to rise in 2024/25 (figure 7). The top five countries account for more than 76 percent of global cotton mill use. China is expected to continue as the largest cotton mill user as it remains a key exporter of cotton apparel products. China is projected to account for 33 percent (39 million bales) of global cotton mill use in 2024/25, up 500,000 bales from 2023/24 and the highest since 2020/21.

Figure 7
Leading global cotton consumers



Note: 1 bale = 480 pounds.

Source: USDA, Economic Research Service based on USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates* reports.

India’s cotton mill use is forecast to increase 2 percent (500,000 bales) to 25.5 million bales and contribute 22 percent of the global cotton total in 2024/25. Like China, mill use in India is projected to be its highest in 4 years. Pakistan’s mill use is expected to rise for a second consecutive year (+300,000 bales) to 9.5 million bales—the highest in 3 years—as adequate supplies are projected to support the textile industry in 2024/25. In addition, Bangladesh, Turkey, and Vietnam are forecast to experience above-average mill use gains in 2024/25, with cotton use reaching 8 million bales (+4 percent), 7.5 million bales (+15 percent), and 7.1 million bales (+3.5 percent), respectively.

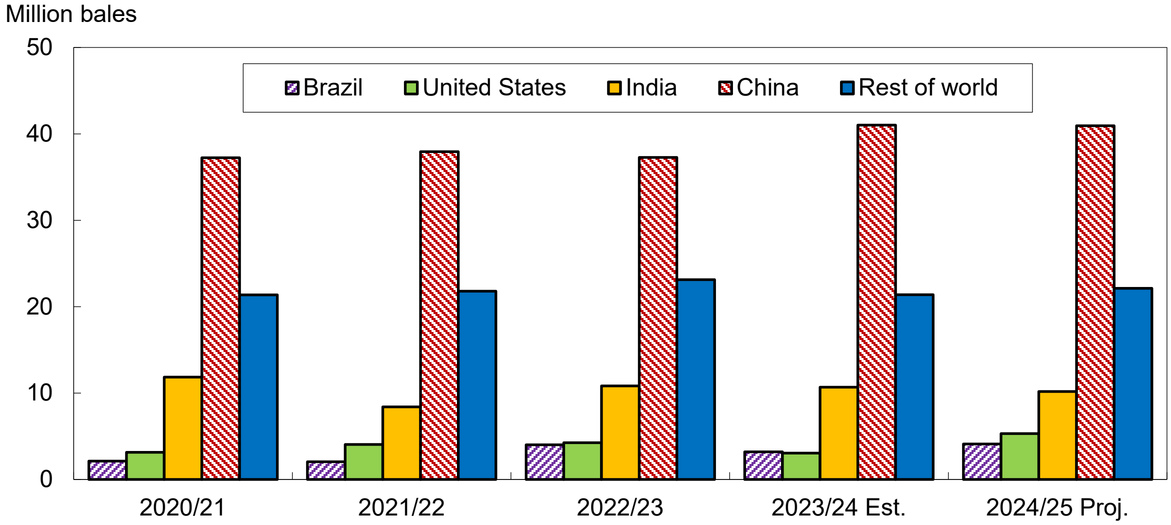
Global Cotton Trade Slightly Larger in 2024/25; Stocks Projected Higher

World cotton trade in 2024/25 is projected at 44.6 million bales, up 400,000 bales year-over-year. Although global mill use is estimated to increase nearly 3.5 percent in 2024/25, cotton trade is expected to expand only 1 percent from 2023/24 as lower projected exports to China limit the gain. World cotton trade in 2024/25 is led by increased exports by the United States and Brazil, combining for more than half of the global trade. U.S. cotton exports are expected to rebound after 2023/24’s reduced production limited export opportunities. In 2024/25, U.S. exports are forecast to rise 12 percent to 13.0 million bales. Brazil’s cotton exports also are projected higher (+200,000 bales) for 2024/25 at 12.5 million bales—a second consecutive record, if realized. Shipments from Australia in 2024/25, however, are forecast to decline for a second consecutive year after reaching a record (6.2 million bales) in 2022/23. Australia’s 2024/25 cotton exports are forecast at 5.4 million bales as production is projected to remain flat.

China is forecast to continue as the leading cotton importer in 2024/25. Imports, however, are expected to decrease from 2023/24 when China imported a large quantity of cotton to help replenish its national reserve. China’s imports are projected at 11.5 million bales in 2024/25, compared with 14.8 million bales the year before—the highest since 2012/13. The higher global cotton import projection is led largely by increases for the other leading importers/spinners, including Bangladesh, Vietnam, Turkey, and Pakistan. For Bangladesh and Vietnam, 2024/25 cotton imports are projected at 8 million bales (+8 percent) and 7.1 million bales (+4 percent), respectively. Imports for Turkey and Pakistan are also forecast to each rise 1.2 million bales, reaching 4.7 million and 3.9 million bales, respectively, and supporting the local textile industry.

Global cotton ending stocks are forecast at 82.6 million bales in 2024/25, 4 percent (3.3 million bales) above 2023/24, as global production exceeds mill use for the third consecutive season. Cotton stocks are expected to reach their highest level since 2019/20—largely the result of the increase for the United States—as declines are projected for the two largest stockholders, China and India (figure 8). China remains the leading cotton stockholder (40.9 million bales) in 2024/25. Although marginally below the year before, China is expected to account for nearly half of the global total in 2024/25. Stocks in India are forecast to increase 500,000 bales in 2024/25 to approximately 10.2 million bales, contributing 12 percent of the world total. While U.S. cotton stocks (5.3 million bales) are projected to rise more than 2 million bales in 2024/25, stocks in Brazil (4.1 million bales) and Pakistan (2.0 million bales) are forecast to increase 900,000 bales and 350,000 bales, respectively. Stocks are forecast to rise in the United States and Brazil because of larger production in 2024/25. The global stocks-to-use ratio is forecast at approximately 71 percent in 2024/25, similar to the previous 2 years.

Figure 8
Global cotton ending stocks



Note: 1 bale = 480 pounds.

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

Suggested Citation

Meyer, L., & Dew, T. (2024). *Cotton and wool outlook: July 2024* (Report No. CWS-24g). U.S. Department of Agriculture, Economic Research Service.