



Cotton and Wool Outlook: June 2023

Leslie Meyer and Taylor Dew

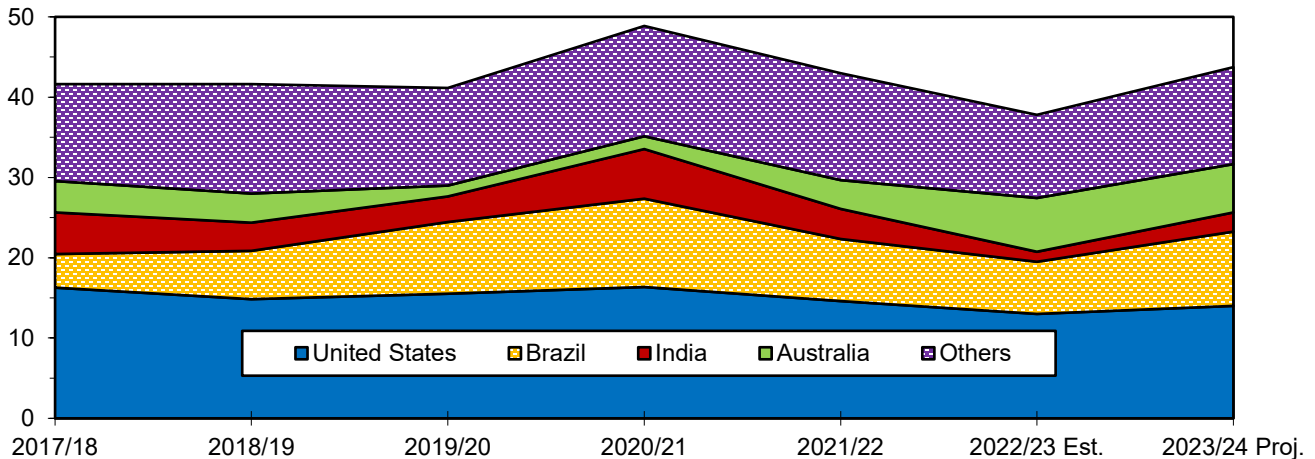
Global 2023/24 Cotton Trade Rising to Second Highest in 11 Years

The latest U.S. Department of Agriculture (USDA) cotton projections for 2023/24 (August–July) indicate an increase in global trade to nearly 43.8 million bales, 16 percent above 2022/23 and the second highest since 2012/13. Record cotton trade of 48.9 million bales occurred in 2020/21. The leading cotton exporters are the United States and Brazil, where projected exports account for 32 percent and 21 percent, respectively, of the 2023/24 world total (figure 1). India’s exports are also expected to rebound. The leading global cotton importers include China, Bangladesh, and Vietnam.

Rising world cotton trade is a result of increased mill demand expectations. Global mill use for 2023/24 is projected to rise 7 percent to 117 million bales, with all of the leading countries projected to increase. World cotton production is forecast at 116.7 million bales in 2023/24, the highest in 4 years. As a result, 2023/24 global cotton stocks are projected slightly lower at 92.8 million bales, with China accounting for 41 percent of the world total. Cotton prices for 2023/24 are expected to decline from 2022/23’s relatively high level.

Figure 1
Leading global cotton exporters

Million bales



Note: 1 bale = 480 pounds

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

Domestic Outlook

U.S. Cotton Crop Forecast Increased in June

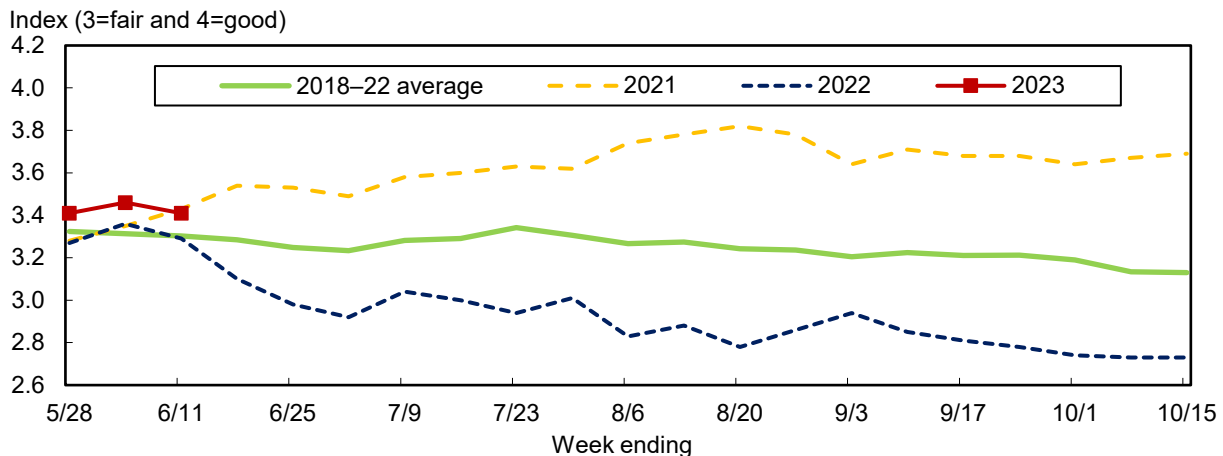
USDA’s 2023/24 U.S. cotton production projection was raised in June to 16.5 million bales, 14 percent (2 million bales) above the 2022/23 crop and 6 percent above the 3-year average. The June forecast increased due to recent precipitation in the Southwest region that improved moisture conditions for spring planting and reduced abandonment expectations. Upland production is estimated at 16.1 million bales—compared with 14 million bales last season—and the extra-long staple (ELS) crop is estimated at 400,000 bales—compared with 470,000 bales for the 2022/23 crop.

Lower cotton prices and higher competing crop prices as planting time approached reduced cotton area expectations for 2023/24. USDA’s March survey of producer’s planting intentions revealed an 18-percent reduction in cotton area from last season, although slightly above the 2021/22 level. The U.S. cotton planting estimate of approximately 11.3 million acres will be updated in USDA’s *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.

As of June 11, 81 percent of the forecast cotton acreage was planted, down from last season’s 89 percent and the 2018–22 average of 86 percent. Early cotton development was slightly below both 2022 and the 5-year average; as of June 11, 11 percent of the area was squaring, compared with 14 percent for last season and the 2018–22 average. U.S. cotton crop conditions reporting also began recently and—as of June 11, 2023—conditions are above the previous year and the 5-year average (figure 2).

Based on current projections, U.S. cotton harvested area is forecast at 9.4 million acres in 2023/24, reflecting a 10-year weighted average abandonment by region, with the Southwest adjusted to denote more favorable moisture conditions. U.S. abandonment is projected at 16 percent, compared with 2022/23’s 47 percent. The 2023/24 U.S. cotton yield—based on a 5-year weighted average by region—is forecast at 841 pounds per harvested acre. The national yield is well below 2022/23’s 950-pound record which was boosted by significant losses of lower-yielding Southwest area where exceptional drought caused record abandonment.

Figure 2
U.S. cotton crop conditions



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

U.S. Cotton Demand and Stock Estimates Revised

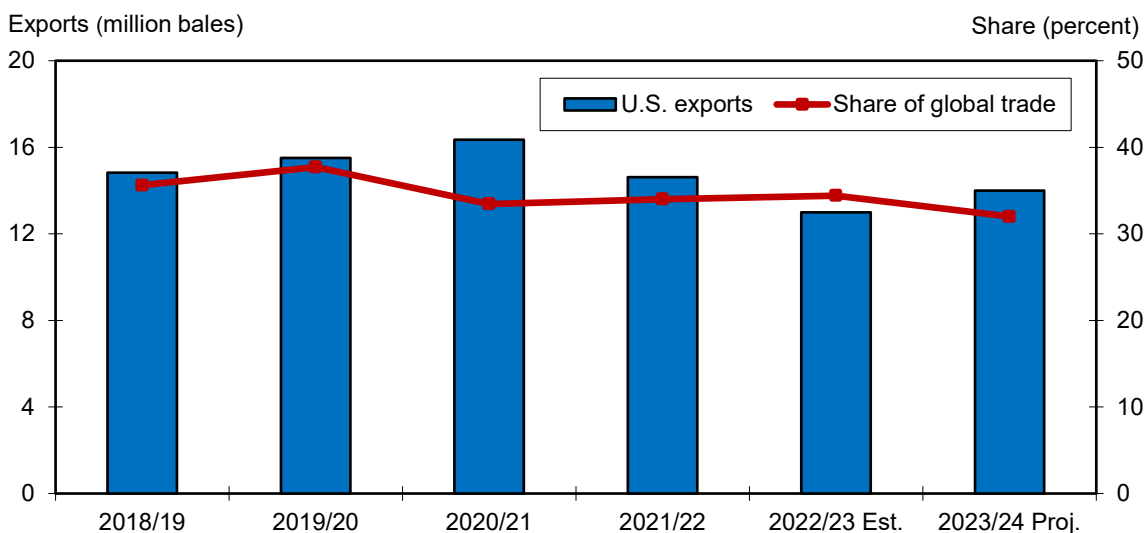
U.S. cotton demand (exports plus mill use) for 2023/24 is projected at 16.2 million bales—500,000 bales above the May forecast—compared with the 2022/23 revised estimate of 15 million bales. U.S. cotton exports, forecast at 14 million bales in 2023/24, are nearly 8 percent above 2022/23 but still one of the lowest levels over the last several years (figure 3). The higher 2023/24 forecast is attributed to expectations for a larger U.S. cotton supply. Additionally, the rebound in global cotton mill use in 2023/24 is expected to support increased U.S. exports, but forecast growth is limited as export competition from other cotton-producing countries persists.

The United States is forecast to remain the world's leading cotton exporter, but other producing countries like Brazil are expected to have larger supplies to compete on the global market compared with the previous year. As a result, the 2023/24 U.S. share of global trade is forecast to decrease slightly to 32 percent, the lowest since 2015/16. U.S. cotton exports are forecast to account for more than 85 percent of U.S. cotton demand in 2023/24, similar to the 5-year average. U.S. cotton mill use is projected at 2.2 million bales in 2023/24, 10 percent (200,000 bales) above 2022/23 but still one of the lowest levels on record. Lower cotton prices and declining yarn inventories around the world are expected to boost U.S. cotton mill use as the United States remains a major exporter of yarn and fabric for apparel production elsewhere.

Based on USDA's June supply and demand estimates, 2023/24 U.S. cotton ending stocks are projected at 3.5 million bales, 300,000 bales (9 percent) above the beginning level but slightly below the median ending stocks during the previous decade. The stocks-to-use ratio is projected at a relatively low 22 percent in 2023/24, similar to the last 2 years. The 2023/24 U.S. upland farm price is forecast to decrease from an estimated 82 cents per pound for 2022/23 to 77 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.

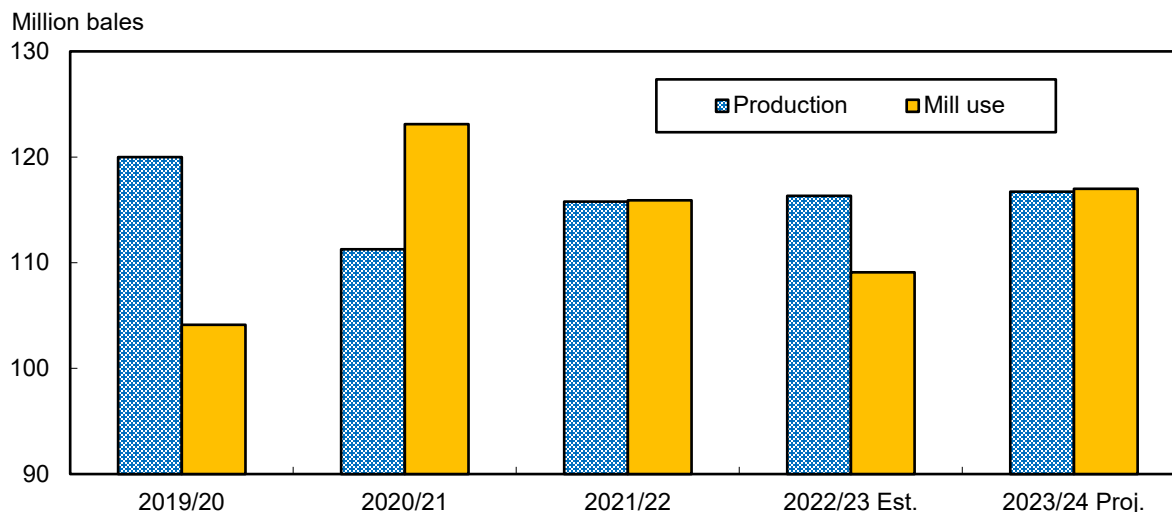
International Outlook

World Cotton Production Projected Slightly Higher in 2023/24

Global cotton production in 2023/24 is forecast at 116.7 million bales, slightly (400,000 bales) above the previous year and the largest crop in 4 years (figure 4). Larger production is forecast for most of the major cotton-producing countries in 2023/24, led by the United States (+2 million bales), Pakistan (+2 million bales), and India (+0.5 million bales). A smaller crop in China (-3.7 million bales), however, is expected to partially offset the increases. Global cotton harvested area in 2023/24 is forecast at 31.9 million hectares (78.8 million acres), slightly above 2022/23 and near the 3-year average. A rebound from weather-related declines last season in the United States and Pakistan are nearly offset by expected 2023/24 area reductions for India and China. The world cotton yield is projected at 797 kilograms (kg) per hectare (711 pounds per acre) in 2023/24, similar to the previous season.

China and India remain the top cotton-producing countries, with production forecast to move in opposite directions in 2023/24. Production in China is projected 12 percent lower in 2023/24—at 27 million bales—as area and yield are each 6 percent lower at 2.9 million hectares and 2,027 kg per hectare, respectively. Cooler than normal temperatures early in the growing season in China's Xinjiang region are expected to limit yield potential. China is projected to contribute 23 percent of global cotton production in 2023/24, compared with 26 percent in 2022/23. For India, a 2-percent increase is projected from the 2022/23 crop as a rebound in yield more than offsets a reduction in area. For 2023/24, 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 448 kg per hectare, the highest in 3 years. India is expected to account for approximately 22 percent of the world's production in 2023/24, similar to the previous year.

Figure 4
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.

In addition to the United States, cotton production is forecast higher for Brazil, Pakistan, and Australia. Brazil's production is projected at 13.25 million bales for 2023/24, marginally above 2022/23 and second only to 2019/20's record of nearly 13.8 million bales. With area forecast unchanged for 2023/24, a slight increase in the national yield (1,770 kg per hectare) accounts for the projected gain, with Brazil expected to contribute 11 percent of the total world cotton crop in 2023/24. Pakistan's cotton production is forecast at 5.9 million bales in 2023/24, compared with the nearly four-decade low flood-damaged crop of 3.9 million bales in 2022/23. A rebound in area and yield is projected, with Pakistan's 2023/24 crop expected to account for 5 percent of global production. Australia's 2023/24 cotton production is projected at 5.8 million bales, 300,000 bales above 2022/23 and near 2021/22's record of 5.85 million bales. Above-average reservoir levels bode well for Australia's crop prospects in 2023/24.

Global Cotton Mill Use To Rebound in 2023/24

World cotton mill use is forecast to rebound in 2023/24 to 117 million bales, 7 percent (7.9 million bales) above 2022/23 and the highest in 3 years (figure 4). After 2 years of mill use declines attributable in part to relatively high cotton fiber prices and rising yarn and fabric inventories, cotton prices have stabilized lower and the inventory destocking that occurred in 2022/23 support considerable mill use growth expectations for 2023/24. Global economic conditions also will play a key role for cotton mill use prospects in 2023/24.

As with total mill use, each major cotton-spinning country is projected to increase in 2023/24 from its year-ago level. China and India remain the leading countries and combined are expected to contribute nearly one-third of the global mill use growth in 2023/24. Cotton mill use in China is projected at 37.5 million bales (+2.7 percent) in 2023/24, slightly above the 3-year average. China is expected to account for 32 percent of 2023/24 world cotton mill use. India's cotton mill use is forecast at 24.5 million bales (+6.5 percent) in 2023/24, marginally below the 3-year average. India is projected to contribute 21 percent of the global total in 2023/24.

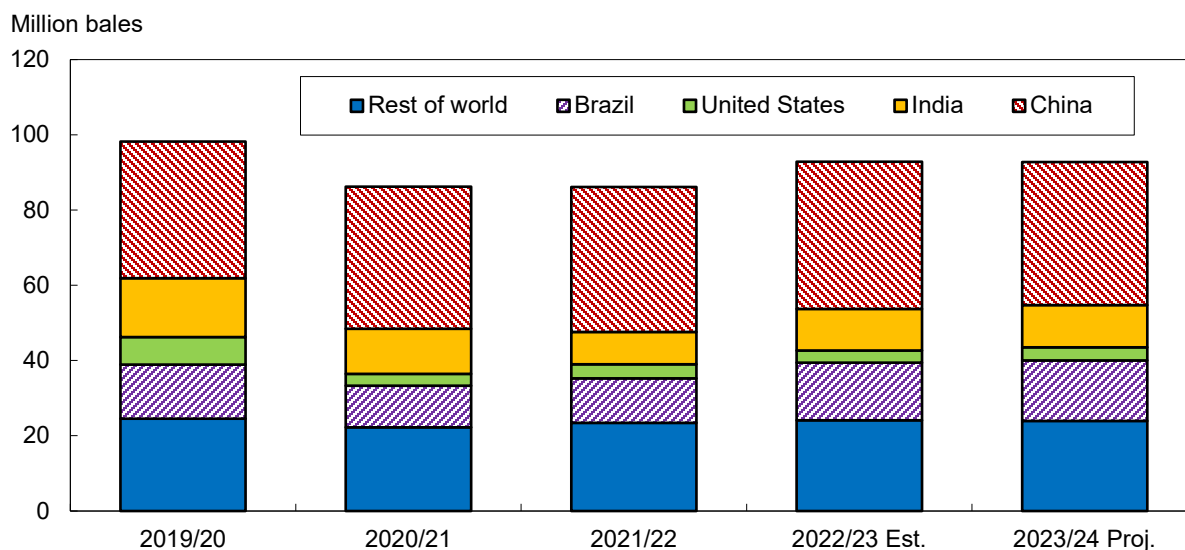
With cotton mill use growth below the world average for China and India, several other countries are forecast to experience year-over-year growth at or above 10 percent. Pakistan is expected to expand 14 percent (+1.2 million bales) to 9.8 million bales in 2023/24 as a larger projected crop will provide local mills with supplies that were limited in 2022/23. Pakistan is forecast to contribute more than 8 percent of the global mill use total in 2023/24. Smaller, but still significant gains are projected for Bangladesh, Vietnam, and Turkey with cotton mill use rebounding toward record levels achieved in recent years. For Bangladesh and Vietnam, 2023/24 cotton mill use for each is forecast to expand 11 percent, reaching 8.1 million bales (+800,000 bales) and 7.1 million bales (+700,000 bales), respectively. Turkey's cotton mill use is projected to rise 10 percent to 8 million bales (+700,000 bales) in 2023/24. Bangladesh, Vietnam, and Turkey are expected to account for a combined 20 percent of global cotton mill use in 2023/24.

World Cotton Trade To Rise; Stocks Virtually Unchanged

With the gain projected for world cotton mill use in 2023/24, global cotton trade is forecast to increase 16 percent (6 million bales) from 2022/23 to 43.8 million bales, the highest in 3 years and the fifth highest on record. Higher trade expectations are projected for most major exporters, except for Australia, where 2022/23 exports are forecast at a record 6.7 million bales. Larger crops in the United States, Brazil, and India are expected to push exports higher for these countries as global import demand expands with higher 2023/24 world mill use expectations. Global cotton imports are projected to increase for each of the major importing countries, with China, Bangladesh, and Vietnam to lead the way in 2023/24.

With global cotton mill use projected to slightly exceed production in 2023/24, world stocks are marginally lower year-over-year (figure 5). Global ending stocks are forecast at 92.8 million bales by the end of 2023/24 but remain well below 2014/15's record of 108.4 million bales. China remains the largest stockholder, with an estimated 38 million bales of ending stocks projected for 2023/24, or 41 percent of the global total. Cotton stocks in Brazil are forecast to increase more than 700,000 bales in 2023/24 to 16.1 million bales—17 percent of the world total—as back-to-back large crops push ending stock expectations to a record. Stocks in India are forecast marginally higher at 11.2 million bales, accounting for 12 percent of the total. The 2023/24 global stocks-to-use ratio is forecast to decrease with the projected increase in world cotton mill use. At 79 percent, the stocks-to-use ratio would be below 2022/23's estimated 85 percent but would remain among the highest since 2015/16.

Figure 5
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.

Suggested Citation

Meyer, Leslie and Taylor Dew, *Cotton and Wool Outlook*, CWS-23f, U.S. Department of Agriculture, Economic Research Service, June 13, 2023.

Use of commercial and trade names does not imply approval or constitute endorsement by USDA.

In accordance with Federal civil rights law and USDA civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov.

USDA is an equal opportunity provider, employer, and lender.