



Cotton and Wool Outlook: August 2024

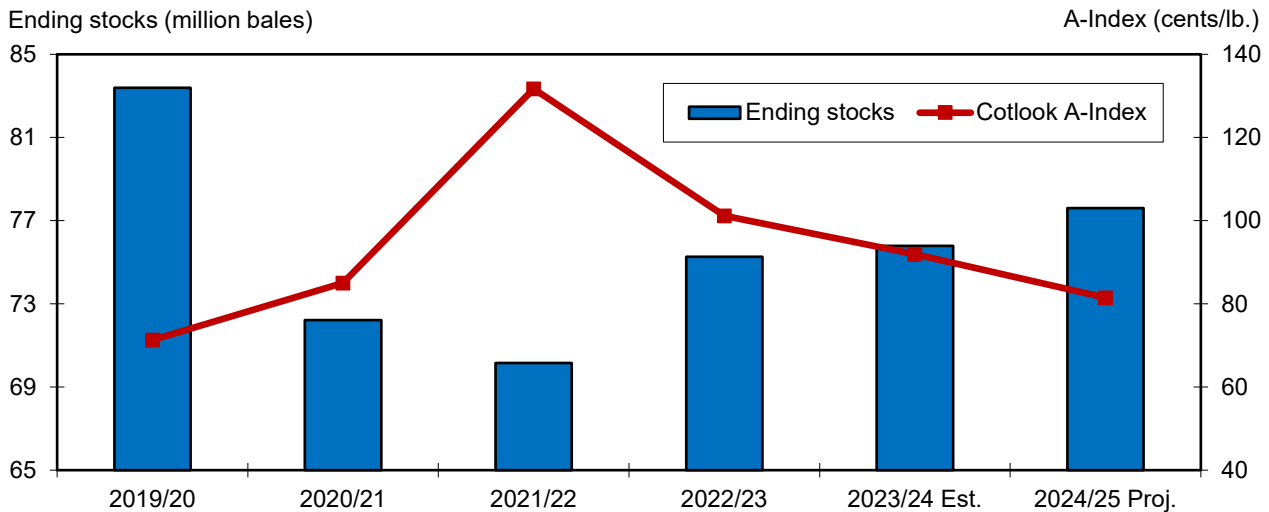
Leslie Meyer and Taylor Dew

Global 2024/25 Cotton Stocks To Rise as Production Outpaces Mill Use

The latest U.S. Department of Agriculture (USDA) cotton projections for 2024/25 (August–July) indicate that world cotton ending stocks are expected to increase 1.8 million bales (2.4 percent) from the previous year to 77.6 million bales. The stock growth results from increased production outpacing a rise in mill use. With world cotton stocks expected to rise to the highest level in 5 years, global cotton prices are projected to decline for a third consecutive year in 2024/25 (figure 1).

Global cotton production is estimated to increase 4.1 million bales (3.6 percent) from the previous year to 117.6 million bales, the highest world production since 2019/20. The United States and Brazil are the major contributors to the global production gain in 2024/25. World cotton mill use is projected to expand 3.9 million bales (3.4 percent) in 2024/25 to 116.2 million bales. All five major cotton-spinning countries are projected to observe mill use gains in 2024/25. Global cotton trade expectations (43.5 million bales) decline slightly from 2023/24 as China’s import demand is reduced considerably for 2024/25.

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.

Domestic Outlook

U.S. Cotton Crop Forecast Reduced but Highest in 3 Years

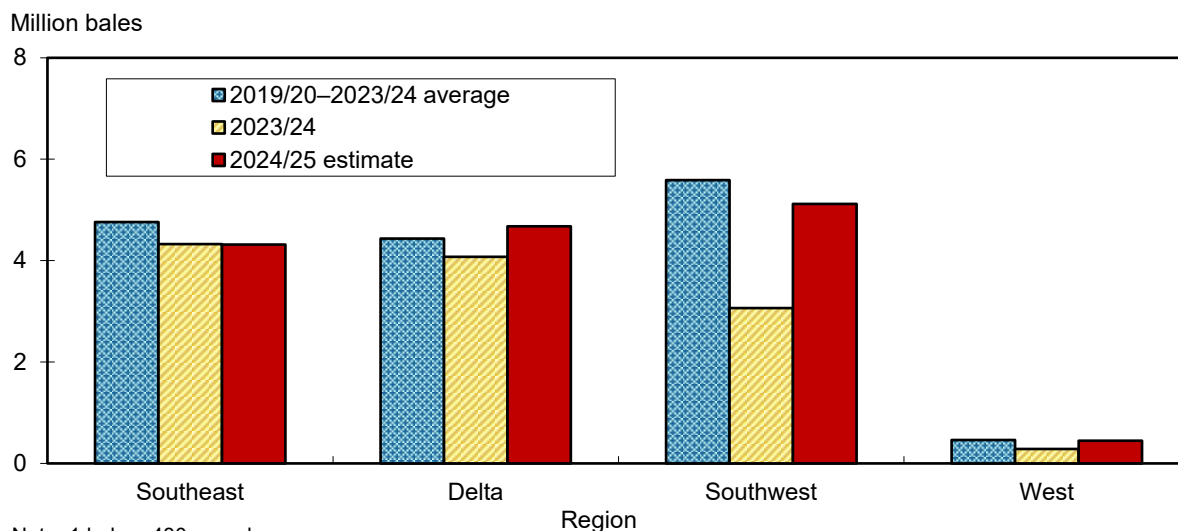
USDA’s first survey-based estimate of the 2024/25 U.S. cotton crop is 15.1 million bales. Although 11 percent below last month’s projection, the estimate is 25 percent above last season’s final estimate of 12.1 million bales. The 2024 cotton planted area estimate of nearly 11.2 million acres is based on all available data, including the latest certified acreage from the Farm Service Agency. This season’s cotton planted area is 9 percent above 2023/24, as cotton prices heading into planting season were more favorable relative to other crops.

With improved moisture conditions compared with a year ago across much of Texas—the largest cotton-producing State—the early-season U.S. abandonment projection is reduced compared with last year. A U.S. abandonment rate of 23 percent projected for 2024/25 is below the year before and less than half the 47 percent record for 2022/23. U.S. cotton harvested acreage is forecast at 8.6 million acres, the highest in 3 years. The U.S. cotton yield is projected at 840 pounds per harvested acre in 2024/25, 50 pounds below the 3-year average.

Upland cotton production in 2024/25 is forecast at approximately 14.6 million bales, 24 percent above 2023/24 and the largest crop since 2021/22. During the past 20 years, the August upland production forecast was above the final estimate 12 times and below it 8 times. Past differences between the August forecast and the final production estimates indicate a two out of three chance for the 2024/25 upland crop to range between 13.1 million and 16.0 million bales.

U.S. upland production expectations are higher for three of the Cotton Belt regions this season compared with last year while the Southeast is forecast nearly identical to 2023/24 (figure 2). In contrast, the Delta crop is projected above the 5-year average while the other regions are expected to fall short of that mark.

Figure 2
U.S. regional upland cotton production



Note: 1 bale = 480 pounds.

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

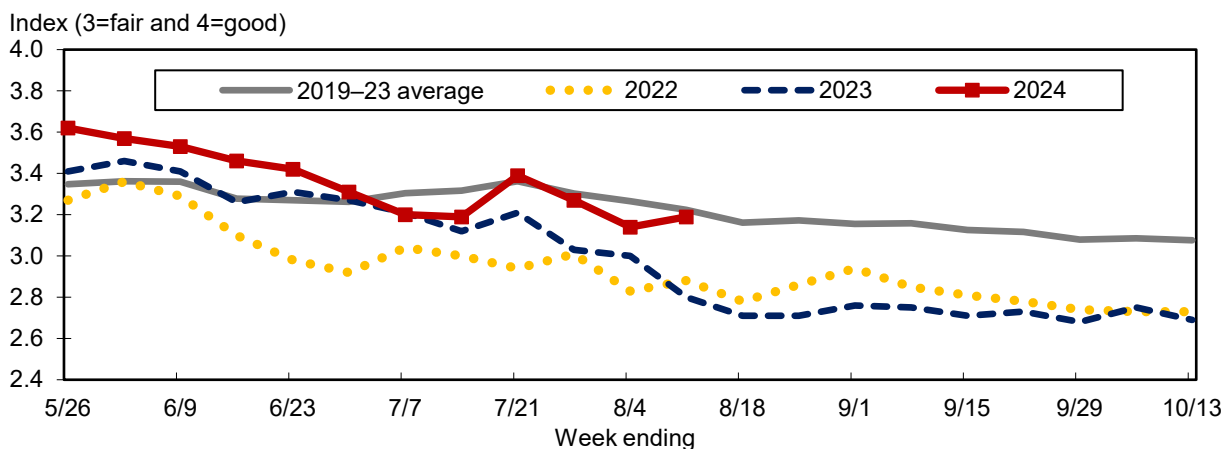
Based on the August estimate, 2024/25 Southwest upland cotton production is projected at 5.1 million bales, the third lowest in a decade but above the drought-reduced crops of last season and 2022/23. Crop conditions this season are better than the 5-year average but conditions during the next 2 months will influence production considerably. Southwest abandonment in 2024/25 is currently projected at 37 percent, below the 5-year average of 45 percent. The Southwest yield is estimated at 602 pounds per harvested acre in 2024/25, the lowest since 2011/12. The Southwest is expected to account for 35 percent of total U.S. upland production in 2024/25, compared with 26 percent last season.

In the Delta, the 2024/25 cotton crop is estimated at nearly 4.7 million bales, above last season and the 5-year average. Increased area this season is slightly offset by a reduction in yield from 2023/24's record of 1,219 pounds per harvested acre to 1,160 pounds. The Delta region is expected to contribute 32 percent of U.S. upland production in 2024/25. For the Southeast, 2024/25 production is projected at 4.3 million bales, similar to last season but below the 5-year average, while the yield is forecast at 909 pounds per harvested acre, the lowest in 4 years. The Southeast region is estimated to produce 30 percent of the U.S. upland crop this season.

In the West, 2024/25 upland production is estimated to increase from a nine-decade low to 445,000 bales, as harvested area rebounds from the smallest in over a century and yield (1,494 pounds per harvested acre) is also expected to rise. The West is expected to account for 3 percent of the total U.S. upland crop. Extra-long staple (ELS) cotton production is estimated at 553,000 bales in 2024/25, considerably (75 percent) above last season as California responds with increased area. A higher ELS national yield—estimated at 1,383 pounds per harvested acre—also contributes to the larger 2024/25 crop and is projected to be the highest in 5 years.

U.S. cotton crop development is running ahead of last season and the 5-year average. Cotton area setting bolls reached 74 percent as of August 11, compared with 69 percent in 2023 and 73 percent for the 2019–23 average. In addition, 13 percent of the area had bolls opening, compared with 12 percent for last year and the 5-year average. Bolls opening in Arizona reached 64 percent by August 11, compared with the 2019–23 average of 33 percent, while Arkansas had bolls opening on 28 percent of its area, compared with a 5-year average of 6 percent. U.S. cotton crop conditions remain above the previous 2 years and are near the 5-year average (figure 3). As of August 11, 46 percent of the U.S. cotton area was rated “good” or “excellent,” compared with 36 percent in 2023, while 25 percent was rated “poor” or “very poor,” compared with 43 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. Cotton Demand and Stock Estimates Revised

U.S. cotton demand (mill use plus exports) and stocks for 2024/25 and 2023/24 were adjusted in August based on the latest available data. U.S. exports for 2024/25 are forecast at 12.0 million bales, 1.0 million below the July projection but slightly above the previous year (figure 4). The lower forecast is attributable to the reduced crop estimate this month as well as decreased import prospects from China, a major destination for U.S. cotton. U.S. cotton mill use is projected at 1.9 million bales in 2024/25, unchanged from July but slightly above last year.

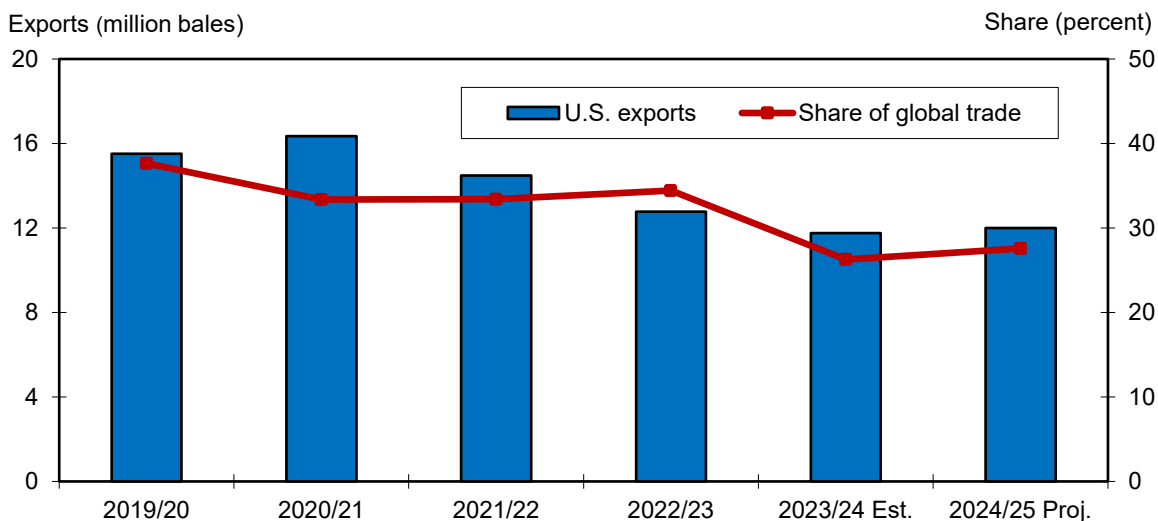
The U.S. export estimate for 2023/24 was increased this month to 11.75 million bales, the lowest since the 2015/16 shipments of 9.2 million bales. Complete data for 2023/24 U.S. cotton exports will be available in September. Estimated U.S. cotton mill use remains at 1.85 million bales in 2023/24.

The United States is expected to be the second largest cotton exporter to the world in 2024/25. Lower U.S. production, associated with drought conditions in recent years, helped promote Brazil as the top exporter in 2023/24 and the export competitiveness is expected to continue this season. The U.S. share of global trade is projected at 28 percent for 2024/25, compared with 26 percent the year before. U.S. cotton exports are forecast to account for 86 percent of U.S. cotton demand in 2024/25, similar to the previous season.

With U.S. cotton production projected to exceed demand in 2024/25, ending stocks are expected to increase to 4.5 million bales, 43 percent above the beginning level and the highest in 5 years. The stocks-to-use ratio (32 percent) is projected at its largest since 2019/20. Along with the higher U.S. stocks, global cotton production is also expected to exceed demand in 2024/25 and supports this month's lower U.S. price prospects. For 2024/25, the upland cotton farm price is forecast at 66 cents per pound, below an estimated 76 cents per pound in 2023/24.

Figure 4

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 Product Trade Slightly Lower in First Half of 2024

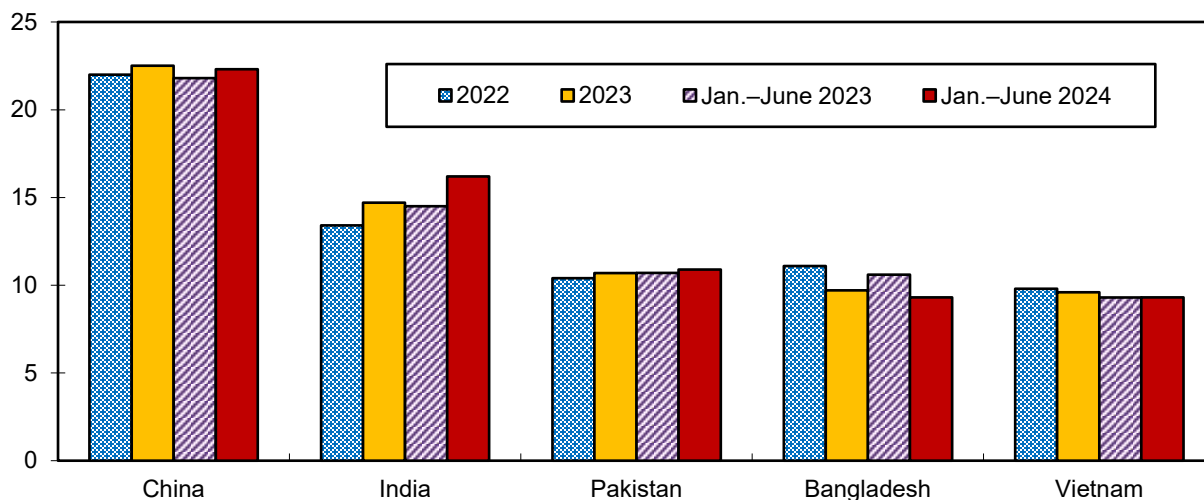
Total U.S. cotton textile and apparel trade declined during the first half of 2024, compared with the corresponding 2023 period. U.S. cotton product imports totaled the equivalent of 7.2 million 480-pound bales of raw cotton during January–June 2024 compared with 7.4 million bales during the first 6 months of 2023, a 3-percent decline. Cotton product exports decreased 5 percent to approximately 1.2 million bale-equivalents. As a result, the cotton textile and apparel trade deficit fell about 2.5 percent during the first half of 2024, reaching 6.1 million bale-equivalents.

U.S. cotton product imports are sourced from many countries, although most products are imported from a handful of suppliers. During the first half of 2024, the top five countries contributed 68 percent of total U.S. cotton product imports, slightly above the corresponding period in 2023. Although the total share is similar, changes are notable for a couple of countries, indicating the vitality of each country’s spinning industry relative to the rest of the world (figure 5). While China remains the leading cotton product supplier to the United States with a market share remaining near 22 percent in 2024, other countries experienced notable shifts. India’s share of cotton products imported by the United States continues to grow and surpassed 16 percent during the first 6 months of 2024, up from about 14.5 percent in 2023 and 13.5 percent in 2022. Textile and apparel export opportunities also increased slightly for Pakistan in 2024 while lower shares are likely for Bangladesh, where recent turmoil disrupted factory operations and port activities that could affect U.S. product sourcing further in the second half of 2024. Vietnam is also likely to see a lower share in 2024 than in recent years.

Figure 5

Leading suppliers of U.S. cotton textile and apparel imports

Percent share of total



Source: USDA, Economic Research Service using data from U.S. Department of Commerce, Bureau of the Census.

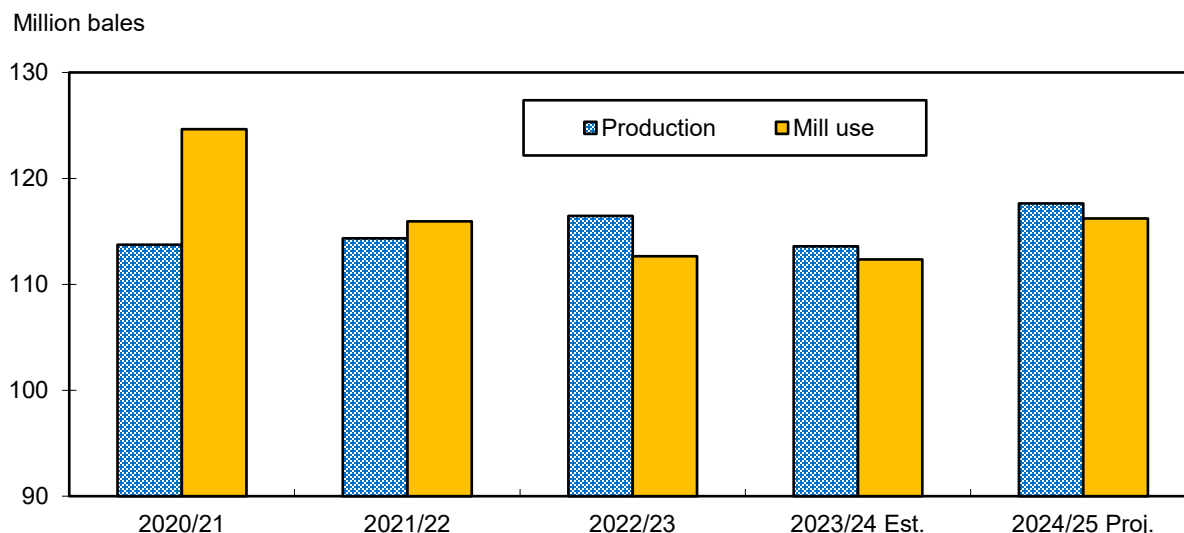
International Outlook

Global 2024/25 Cotton Production Forecast Higher

Global cotton production in 2024/25 is projected at 117.6 million bales, about 3.5 percent (4.1 million bales) above the previous year and 2 percent above the 5-year average (figure 6). For 2024/25, cotton production prospects for most of the major-producing countries are projected to increase. Year-over-year gains in the United States and Brazil were largely responsible for the global increase, offset slightly by declines in India and Pakistan. World 2024/25 cotton harvested area is forecast at 31.5 million hectares (77.8 million acres), less than 1 percent above the previous year. The 2024/25 global cotton yield is forecast at 813 kilograms (kg) per hectare (725 pounds per acre), 3 percent above the 3-year average and a record high.

World cotton production is concentrated among a few countries, with the top four countries accounting for 71 percent of total expected production in 2024/25, the same as the previous season. China and India are expected 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, a slight (0.5 percent) increase from 2023/24. China's harvested area is expected to be unchanged in 2024/25 at 2.85 million hectares. With no change to harvested area, an increase in yield is responsible for the year-over-year production gain. China's yield is projected at 2,101 kg per hectare, the second highest on record. Production in India is forecast at 24.5 million bales, 6.5 percent (1.7 million bales) below 2023/24, with lower area and yield forecast compared with last year. India's yield is projected to be 445 kilograms per hectare while the cotton area is expected to decline 5.5 percent (700,000 hectares) to 12.0 million hectares.

Figure 6
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.

In addition to the cotton production rebound projected for the United States in 2024/25, Brazil's production is estimated to increase approximately 14.5 percent over the previous year, to a record 16.7 million bales. The larger 2024/25 crop projection (+2.1 million bales) in Brazil is the result of increased area that more than offsets a small decline in yield. Brazil's harvested area is estimated at 1.9 million hectares (up 17 percent year-over-year), while the yield is projected at 1,874 kg per hectare, down 2 percent from last year's record of 1,911 kg per hectare.

For Pakistan, 2024/25 cotton production is expected to decline 700,000 bales (10 percent) from 2023/24 to 6.0 million bales. Harvested area in Pakistan is expected to decline 12.5 percent (300,000 hectares) to 2.1 million hectares in 2024/25, with yield projected slightly higher and limiting the overall production decline this season. Yield is expected to increase 2 percent in 2024/25 to 622 kg per hectare. Australia's cotton production is expected to be unchanged at 5.0 million bales in 2024/25 as higher area is offset by a lower national yield. Australia's harvested area is expected to increase 8 percent (40,000 hectares) to 550,000 hectares in 2024/25 while the yield is forecast lower at 1,979 kg per hectare.

World 2024/25 Cotton Mill Use Projected To Rise Modestly

Global cotton mill use in 2024/25 is projected at 116.2 million bales, nearly 3.5 percent above 2023/24's revised estimate of 112.4 million bales and its highest in 4 years. Stable global economic growth expectations and lower cotton fiber prices compared with a year ago are projected to support increased world cotton mill use in 2024/25.

Cotton mill use in China—the leading cotton spinner—is projected at 38.0 million bales in 2024/25, 500,000 bales (1 percent) above the previous year. China is forecast to account for 33 percent of global cotton mill use in 2024/25. Mill use in India is projected to increase 2 percent (500,000 bales) to 25.5 million bales as rising product exports support the mill use gain. India is expected to account for 22 percent of the world mill use total in 2024/25. Pakistan's 2024/25 cotton mill use is forecast at 9.6 million bales, 2 percent above the year before as larger supplies are available to local textile mills. Higher cotton mill use in 2024/25 is also projected for Bangladesh (7.8 million bales), Turkey (7.6 million bales), and Vietnam (7.1 million bales), with growth rates above the world average for Turkey and Vietnam.

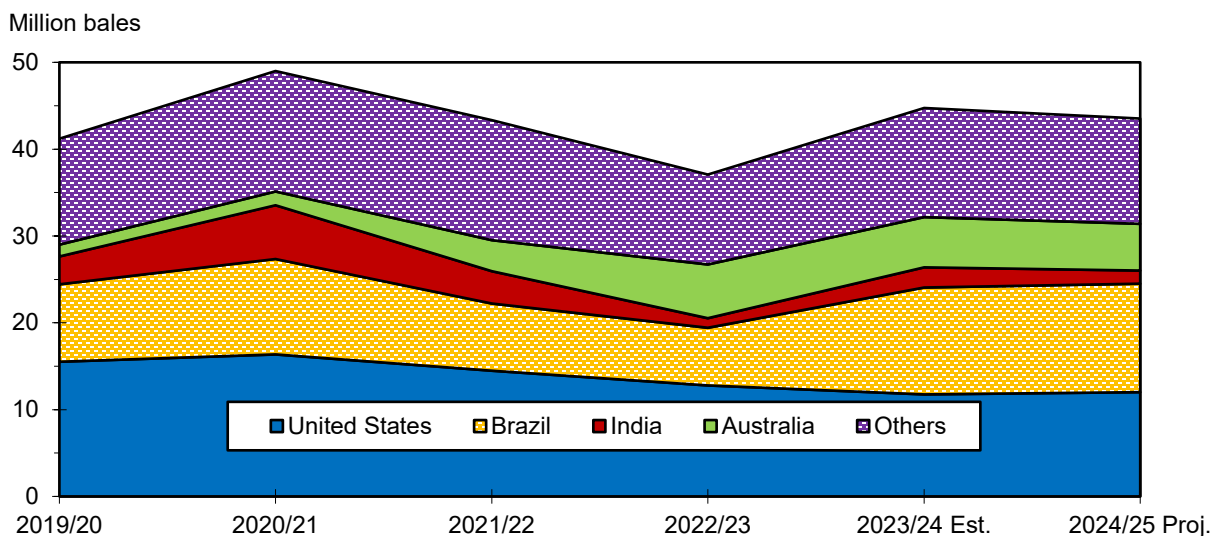
Global Cotton Trade Lower; Ending Stocks To Increase

World cotton trade in 2024/25 is forecast at 43.5 million bales, compared with 44.7 million bales in 2023/24. With global cotton mill use projected to expand in 2024/25, most major importing countries—excluding China—are expected to experience higher imports as well. Global cotton imports are forecast only slightly higher at 43.6 million bales in 2024/25, as China is projected to reduce its imports considerably this season. China, Bangladesh, and Vietnam are projected to be the largest importers in 2024/25, with imports of 10.0 million bales (-4.8 million bales), 7.8 million bales (+500,000 bales), and 7.1 million bales (+400,000 bales), respectively.

Small export gains are seen for several countries but larger decreases elsewhere more than offset the gains. Larger exportable supplies in Brazil and the United States this season contribute to their small gains, while India's lower crop projection limits its cotton export opportunities. Brazil and the United States are expected to account for a combined 56 percent of global exports in 2024/25 (figure 7). Brazil became the leading cotton exporter last season when U.S. supplies were limited and is projected to remain the top exporter in 2024/25. Brazil is forecast to export a record 12.5 million bales (+200,000 bales) of cotton in 2024/25. Australia's exports are projected at 5.4 million bales, modestly below last season as supplies are lower in

2024/25 despite an unchanged crop estimate. India's cotton exports (1.5 million bales) in 2024/25 are projected 825,000 bales lower due to its smaller supplies. For Mali and Benin—the largest African Franc Zone exporters in 2024/25—exports are estimated at 1.3 million (+150,000 bales) and 1.0 million bales (-50,000 bales), respectively.

Figure 7
Leading global cotton exporters



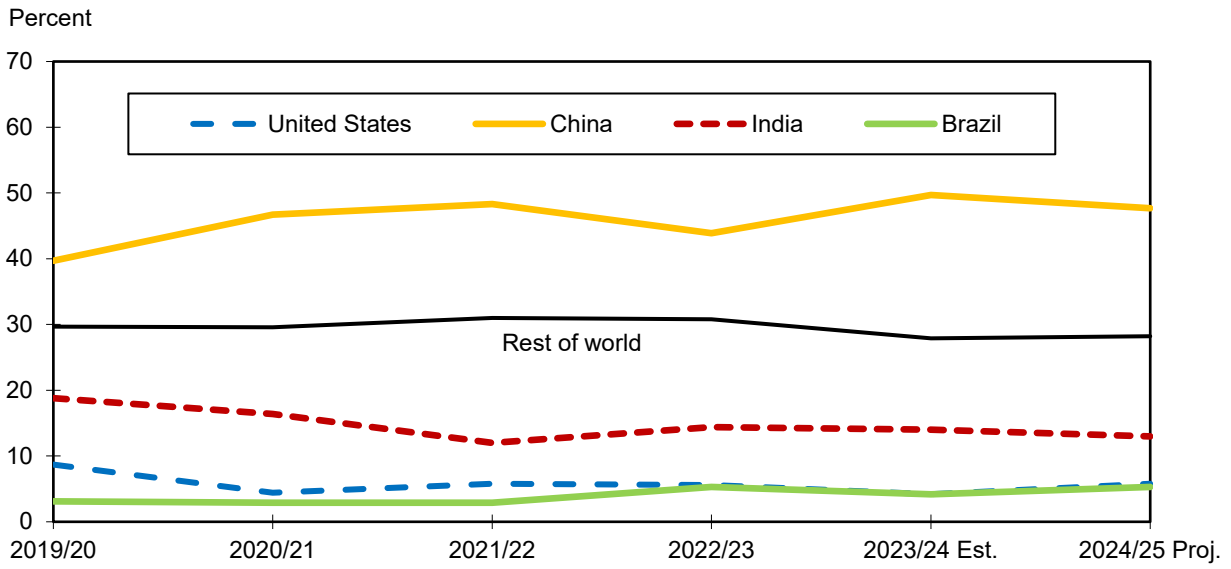
Note: 1 bale = 480 pounds

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

Global cotton ending stocks for 2024/25 are projected at 77.6 million bales, 1.8 million bales (2.4 percent) above last season and the highest since 2019/20. The 2024/25 global stock increase is led by the United States, Brazil, and Pakistan, where stocks are projected nearly 1.4 million bales, 900,000 bales, and 350,000 bales, respectively, above the year before. Partially offsetting these gains are lower stocks in China and India. In China, ending stocks are estimated at 37.1 million bales in 2024/25, down from last season but the second highest level since 2016/17. India's stocks are projected 500,000 bales lower in 2024/25 at 10.1 million bales, the lowest in 3 years. Brazil's stocks are estimated at 4.1 million bales at the end of 2024/25, an increase of nearly 29 percent year-over-year and the second highest on record as a record crop is anticipated. Cotton stocks in Pakistan are similarly expected to rise 21 percent to 2.0 million bales by the end of 2024/25. The 2024/25 global cotton stocks-to-use ratio is projected to remain flat for a third consecutive year despite rising stock levels. Forecast at 67 percent, the stocks-to-use ratio represents 8 months of mill use at the current global use estimate.

Ending stocks as a share of world supplies by country vary from year-to-year depending on production and trade. Stocks for the top four producing countries combined are projected to account for about 72 percent of the global total, slightly above the 5-year average. China—the largest stockholder—is projected to hold approximately 48 percent of the global total in 2024/25, while India accounts for an additional 13 percent (figure 8). The United States and Brazil are forecast to hold about 6 percent and 5 percent, respectively, of the global cotton supplies at the end of 2024/25, up from last year but similar to 2022/23.

Figure 8
Share of global cotton ending stocks



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

Highlight

Historical Adjustments to China’s Cotton Supply and Demand Estimates Lead to Lower 2023/24 Beginning Stocks

Cotton estimates for China play a major role in the global supply and demand outlook. China is by far the single largest cotton spinning country—contributing one-third of global cotton mill use—and is the largest stockholder—accounting for nearly half of the world’s surplus stocks each year. China is also among the leading cotton producing and importing countries.

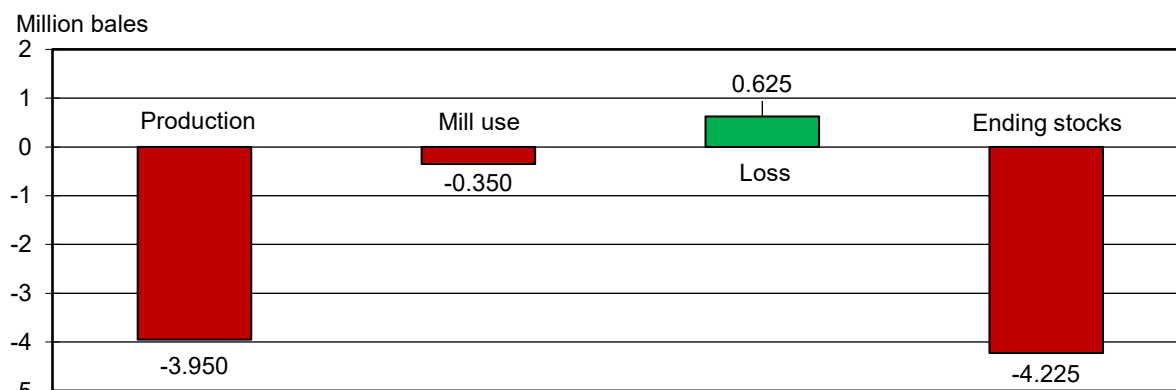
China’s prominence in the global cotton market emphasizes the importance of USDA’s China cotton supply and demand projections, with back-year estimate adjustments sometimes deemed necessary after reexamining historical data or considering additional information. The August 2024 revisions to China’s supply and demand balance sheet for 2015/16–2022/23 are a reevaluation of previous production, use, and stocks data. During the 8-year period, China’s cotton area and production outside of Xinjiang declined due to subsidy policy changes and decreased faster than previously estimated. The non-Xinjiang revisions led to a cumulative production decline of 3.95 million bales (figure 9).

In addition to the decreased production, a loss was contained in the August 2024 revisions that lowered stocks further. China auctioned domestic cotton from its reserves in 2021/22. However, large supplies from the 2011/12–2013/14 crops remained after the sales program ended and that cotton was never sold. To account for the unusable supplies, a loss adjustment of 625,000 bales was included in 2021/22. Partially offsetting the loss were annual revisions to China’s cotton mill use during 2018/19–2022/23 that resulted in an aggregate mill use reduction of 350,000 bales.

Based on these adjustments, China’s cotton stock estimates over the 2015/16–2022/23 period were lowered a total of 4.225 million bales. Ending stocks for 2022/23 are now projected lower at 33.1 million bales. While USDA’s estimates of China’s stocks remain sizeable—approximately half of the global total—the historical revisions provide an important foundation for subsequent cotton supply and demand estimates for China and the world.

Figure 9

Cumulative historical adjustments to China’s cotton supply and demand estimates, 2015/16–2022/23



Note: 1 bale = 480 pounds. August 2024 adjustments for noted years.

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

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