COTTON MARKET REPORT MARCH 2025

International

So far in the 2024/25 season, world production is estimated to be at 25.9 million tonnes, 7.38 % higher than the previous season. For now, cotton production slightly outpaces consumption, which is estimated to be at 25.5 million tonnes, a 2.27% gain from the previous season. Consumption is expected to remain under pressure with the upcoming tariff escalations, regulatory pressures, and fibre market competition. While inflation could further undermine consumer spending on textile products, a boost in the production of oil and petroleum could also make polyester cheaper and more affordable, increasing fibre market competition for cotton.

World trade is estimated to be about 9.9 million tonnes, which is very close to the previous season's levels. The cotton lint trade is under slight pressure due to tariff escalations between China and USA, with both being leaders and close bilateral trade partners in cotton trade. With China maintaining its position as the world's largest importer and US as the second largest cotton exporter, any changes in trade policies between these two countries could have ripple effects all over the cotton lint trade.

CURRENT GLOBAL OUTLOOK FOR 2024/2025

Colour indicates movement from previous season (ICAC dashboard).

31.479	Area (million hectares)
816.02	Yield (kilograms per hectare)
25.688	Global Production (million tonnes)
18.613	Beginning Stocks (million tonnes)
9.858	Imports (million tonnes)
25.527	Consumption (million tonnes)
9.857	Exports (million tonnes)
18.781	Ending Stocks (million tonnes)
0.74	Stocks to Mill Use (ratio)

World Cotton Exports

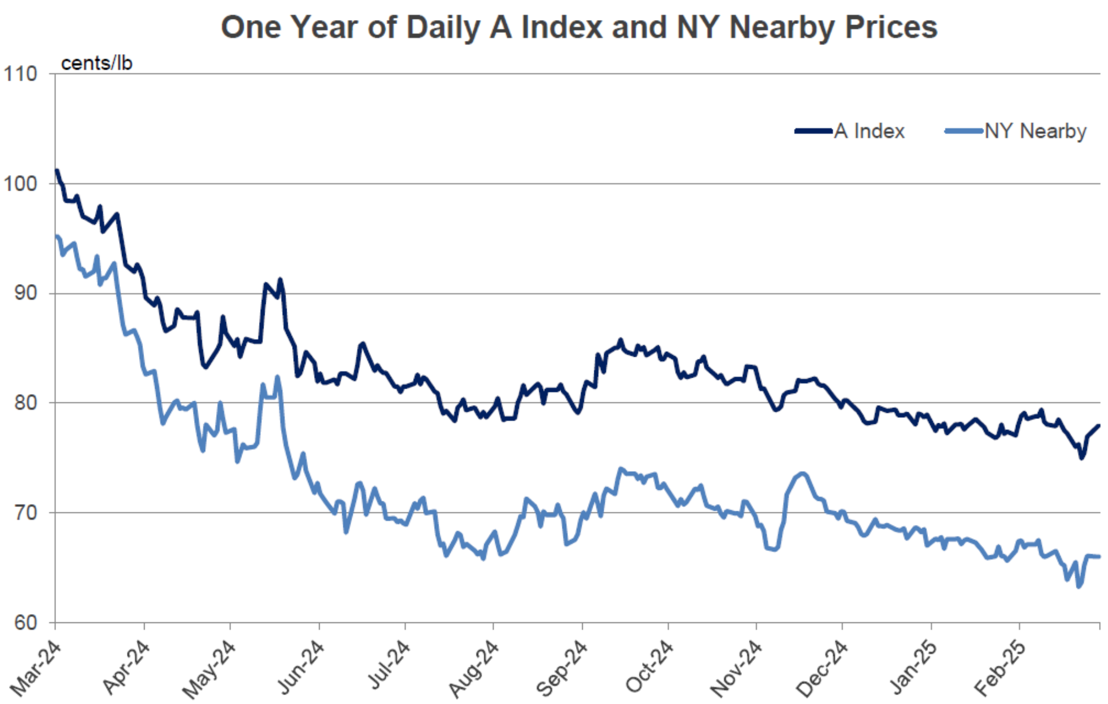
million 480 lb. bales		2024/25	
	2023/24	Feb	Mar
Brazil	12.3	12.8	13.0
United States	11.8	11.0	11.0
Australia	5.7	5.5	5.4
India	2.3	1.4	1.4
Benin	1.1	1.2	1.2
Rest of World	11.4	10.6	10.7
World	44.6	42.5	42.7

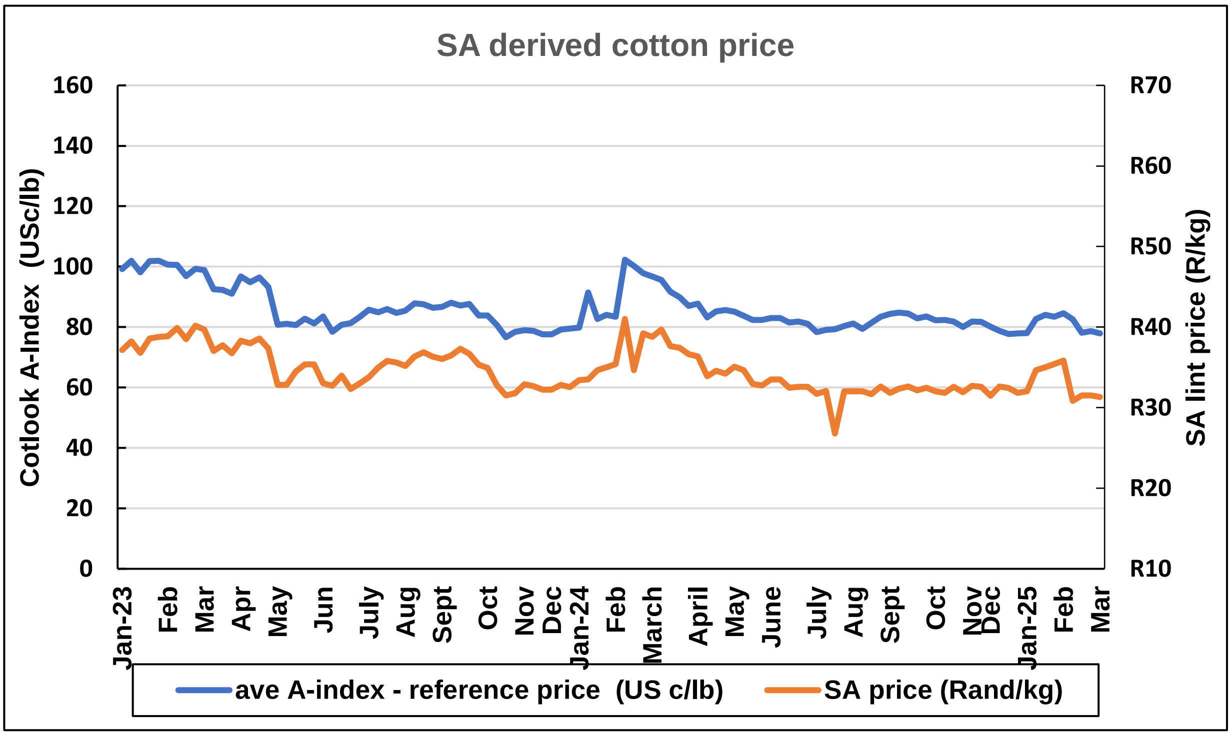
Brazil, Australia likely to gain market in China

In 2018 and 2019, during the trade tension phase between US and China, China had diverted its trade basket away from the USA and towards Brazil and Australia for its cotton import needs; those countries are expected to gain the most if tariff escalations between US and China continue in 2025. In the 2024/25 season, the USA has supplied comparatively more cotton to Pakistan and Vietnam than China. According to Cotton Incorporated, the global trade figure was lifted +215,000 bales to 42.7 million. In terms of imports, the largest changes were for China (-500,000 bales to 6.8 million), Egypt (+100,000 bales to 625,000), Bangladesh (+200,000 to 8.2 million), and Pakistan (+500,000 to 5.5 million). For exports, the largest changes were for Australia (-100,0000 bales to 5.4 million), Turkey (+150,000 bales to 1.0 million), and Brazil (+200,000 bales to 13.0 million). As China's production estimate has increased, China's import figure has fallen. Since November (revisions to imports began sooner than change to production), the forecast for Chinese imports has decreased -3.2 million bales (from 9.0 to 6.8 million bales). The current prediction suggests China will import less than half the volume from last crop year (15.0 million bales). In early March, prices for the nearby May ICE/NY futures contract dipped below the downward sloping channel that has contained values for the past several months. Following the dip, which brought prices as low as 63 cents/lb, prices rebounded back into the channel and are currently trading at 67 cents/lb. It remains to be seen if spinners will take advantage of low prices to buy lint not only through nearby contracts but also increase purchases from forward contracts. Despite some movement higher and lower, the A Index ended the month unchanged at 78 cents/lb.

World Cotton Imports

million 480 lb. bales		2024/25	
	2023/24	Feb	Mar
Bangladesh	7.6	8.0	8.2
Vietnam	6.6	7.4	7.4
China	15.0	7.3	6.8
Pakistan	3.2	5.0	5.5
Turkey	3.6	4.2	4.2
Rest of World	8.1	10.6	10.6
World	44.0	42.5	42.7


One Year of Daily A Index and NY Nearby Prices
cents/lb
110
100
90
80
70
60
A Index
NY Nearby
Mar-24
Apr-24
May-24
Jun-24
Jul-24
Aug-24
Sep-24
Oct-24
Nov-24
Dec-24
Jan-25
Feb-25


SA derived cotton price
Cotlook A-Index (USc/lb)
160
140
120
100
80
60
40
20
0
R70
R60
R50
R40
R30
R20
R10
SA lint price (R/kg)
Jan-23
Feb
Mar
Apr
May
Jun
July
Aug
Sept
Oct
Nov
Dec
Jan-24
Feb
March
April
May
June
July
Aug
Sept
Oct
Nov
Dec
Jan-25
Feb
Mar
ave A-index - reference price (US c/lb)
SA price (Rand/kg)

The Cotlook A-Index, NY futures & RSA price

The weekly average, for the week ending 28 March 2025, Dec'25 NY Futures for STRICT LOW MIDDLING, 1 $^{1}/_{16}$", was 69,48 US c/lb, equalling R27, 87 (exchange rate R18,1883 to 1 US$).

Local situation

The 3rd estimate compiled from returns received from the ginneries, indicates 66 102 lint bales (200 kg bales) expected. This is 27% less than what was expected the previous season. The total no. of hectares is estimated at 5 975 ha planted under irrigation, with a mere 8 465 hectares planted under dryland. This is a total of 14 440 ha. Huge floods were experienced in the Koedoeskop area, and the continuous rain on cotton, can cause boll rot with eventually sooty mould. Farmers should take caution against whitefly and the effect of honeydew on lint throughout the production areas. The hope is that the local crop will stabilise and that losses in some areas will be counterbalanced by very good yields in dryland areas where good rain has fallen.

CURRENT CROP ESTIMATES vs PREVIOUS CROP ESTIMATES

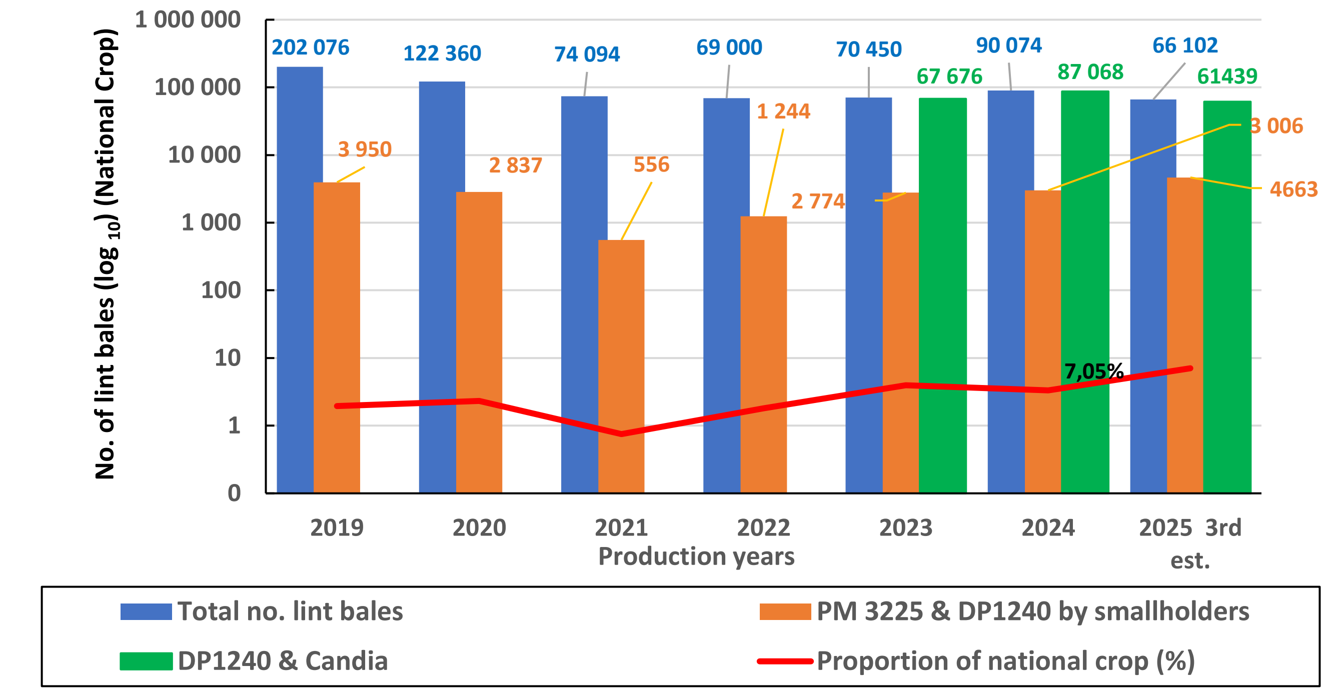
	2024/2025 3rd Estimate	2024/2025 2nd Estimate	Monthly Change	Change previous year	2023/24 Final
Hectares Irrigated	5 975	6 217	-4%	-17%	7 226
Hectares Dryland	8 465	7 910	7%	-24%	11 159
Total Hectares	**14 440**	**14 127**	**2%**	**-21%**	**18 385**
Yield Irrigated	4 449	4 456	0%	-12%	5 071
Yield Dryland	999	985	1%	5%	954
Total Production 200 kg lint bales	**66 102**	**67 255**	**-2%**	**-27%**	**90 118**

Smallholder production

The number of estimated smallholder lint bales stands on 4663 bales. Smallholder production remains a challenge and the management of resources like implements, pesticides etc. The estimated number of lint bales contributed by smallholders has slightly increased from the previous estimate.

Good rain has fallen in most areas, and the hope is that smallholders will harvest a good crop. Handpicking will start soon, and ginners are talking to leader smallholders representing co-operatives, to finalise delivery contracts and to pick and deliver the seed cotton timeously.

Smallholder production of lint bales in relation to the National Crop



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