

COTTON MARKET REPORT JULY 2025



INTERNATIONAL - ICAC projections for the 2025/26 season

Production for 2025/2026 is estimated at 25.9 million tonnes and continues to outpace consumption (25.6 million tonnes) slightly, while trade is projected at 9.7 million tonnes.

Area and Production

Some of the major cotton producing countries face high costs of production, comparatively depressed cotton prices, increased competition from manmade fibres, and increased negative impacts of climate, amongst others, all these challenges are negatively impacting worldwide cotton lint production.

In 2025/26, production will be led by China, comprising 24% of total world production, followed by India, Brazil, the US, and Pakistan, which together represent 77% of total world production. Production increases are expected in India and Brazil based on the increased area sown under cotton. China had a bumper crop in the 2024/25 season — their highest in the last decade, and their highest yields ever — and is on track to have another bumper crop if they manage similar yields in 2025/26. Brazil also reached its highest ever levels of production in 2024/25 and are projected to increase their production by 7% in the 2025/26 season. In general, India is seen with the country of the highest area under production, while China is estimated to lead production and consumption. Brazil is projected to be the leading exporter, and Bangladesh is projected to lead the imports. In 2025/26, production will be led by China, comprising 24% of total world production, followed by India, Brazil, the US, and Pakistan, which together represent 77% of total world production. China had a bumper crop in the 2024/25 season — their highest in the last decade, and their highest yields ever — and is on track to have another bumper crop if they manage similar yields in 2025/26. India will continue to have the most area under cotton, approximately 38% of the total world area, followed by the USA, China, the West Africa region, and Brazil. There is an 11% increase in area sown under cotton for Brazil and 5% increase for the USA, while for all other leading countries, the areas will be close to the 2024/2025 season. For the US, an increase in area is expected as it moves closer to the area under cotton before the pandemic years. In the last few seasons, the US has faced a lot of negative climatic pressures, including drought, that increase its abandonment rate and lower the level of production. For Brazil, it is the highest area under cotton in the last four decades and 11% higher than the 2025/25 season. The main reason is the comparatively lower cost of production than the previous season. A major increase may come from existing



cotton farmers with established machinery for sowing and harvesting – not from new farmers entering the market. Brazil also has done exceptionally well in marketing their cotton and finding and retaining new partners.

Consumption

China is projected to remain the world's largest consumer at 8.2 million tonnes – comprising 32% of total world consumption – followed by India, Pakistan, Bangladesh, and Turkey, which together account for 76% of total world consumption. There are projected upward revisions in consumption for India and Pakistan, with demand outpacing domestic production. Geopolitical challenges and inflation will weigh heavily on consumer spending on discretionary goods like clothing. Consumer demand and a preference to choose cotton over other fibres will be the main determinants that will impact world consumption for cotton in future.

Trade

Leading exporter of cotton lint are projected to remain the same in 2025/26 with slight changes in their world market share. Brazil is projected to remain the largest exporter of cotton lint with approximately 3 million tonnes of projected exports, comprising 32% of total world exports. Brazil will be followed by the USA, West Africa region, Australia, India and the EU. Exports are highly correlated with production, so any downward projected changes in production will cause exports to change. In terms of imports, Bangladesh has replaced China as the largest importer of cotton in the 204/25 season estimates and is projected to remain in the same position for the 2025/26 season. The main reason is the slowdown in the imports from China and increase in demand of cotton from outside of China. Bangladesh, Vietnam, and Pakistan II may increase their imports of US cotton to balance their trade deficit with the United States. Additionally, poor and limited cotton lint production in these countries fuel their demand for cotton from the international market.

Stocks

For the 2025/25 season, the total world ending stocks are estimated to be 16.9 million tonnes. China continues to hold the highest levels of cotton lint stocks, estimated to be around 7.6 million tonnes. Although the highest in the world, China continues to relax its stock reserves of cotton lint, decreasing it by 9% in 2024/25, and is projected to decrease it 4% more in the 2025/26 season. China drastically reduced its imports in 2024/25, using its stock reserves to meet domestic mill use demand.

Price projections

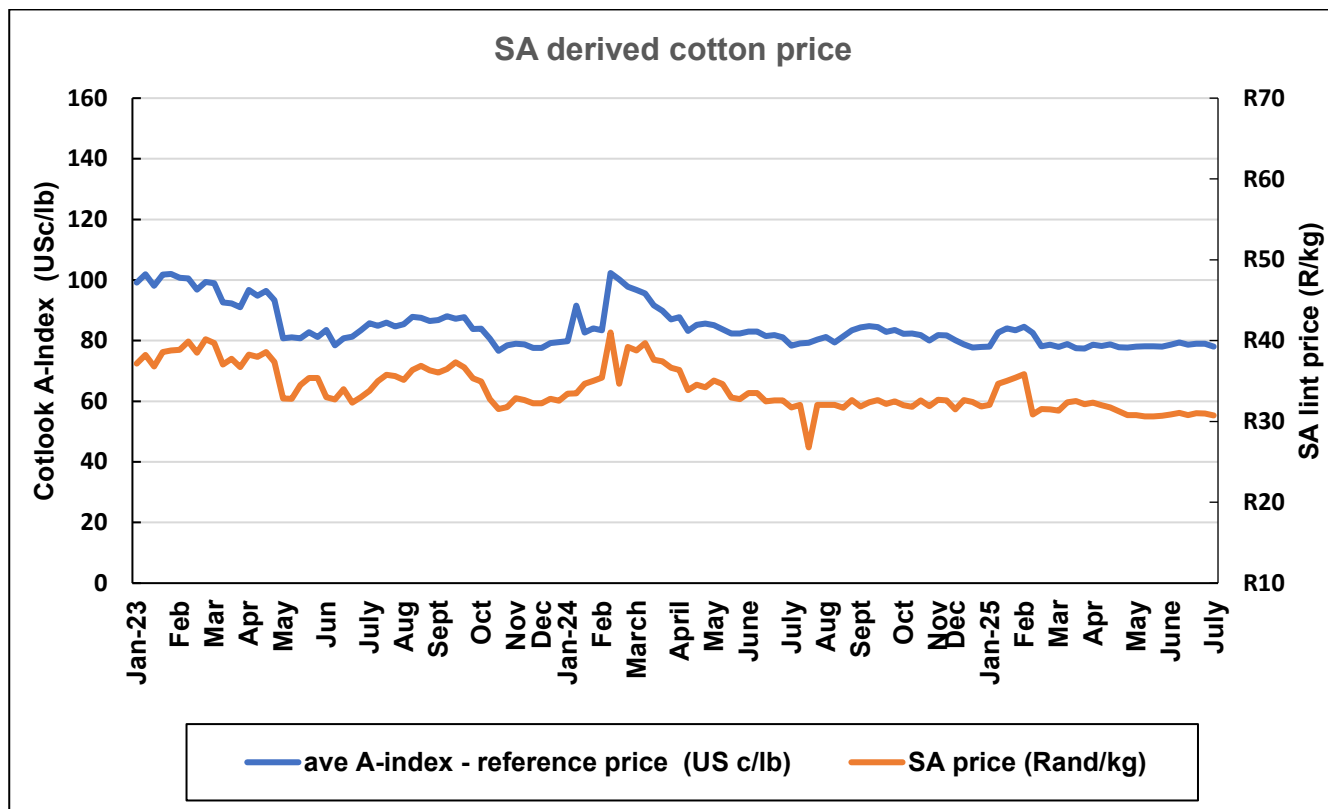
The ICAC forecast for the 2025/26 season, based on current supply and demand estimates, ranges from 57 to 94 cents per pound, with a midpoint of 73 cents per pound.

LOCAL SITUATION

Fluctuations in the weekly average of the Cotlook A-Index in relation to the NY futures & RSA price can be seen below.

The weekly average RSA price, based on the cotlook A index at the end of the first week of July was R30, 86, and by the end of July, the average price was R31, 12 on the 1st of August. The weekly average, for the week ending 1 August, Dec' 25 NY Futures for STRICT LOW MIDDLING, 1 $\frac{1}{16}$ ", was 67,42 US c/lb, equalling R27,19 (Ave exchange rate R17,9964 to 1 US\$ for the last week).





Crop estimates vs previous estimates

The number lint bales samples processed by the Cotton SA Grading Facility is 39 845 up to 1 August 2025. Average fibre length for the season so far is 1.18 HVI length (1 ³/₁₆"), a micronaire of 4.27, Strength of 29,67 g/tex, Uniformity of 82,03, with most samples representing a leaf grade code 3, and most samples falling in the SM, MIDD and SLM colour grades.

Latest crop estimates

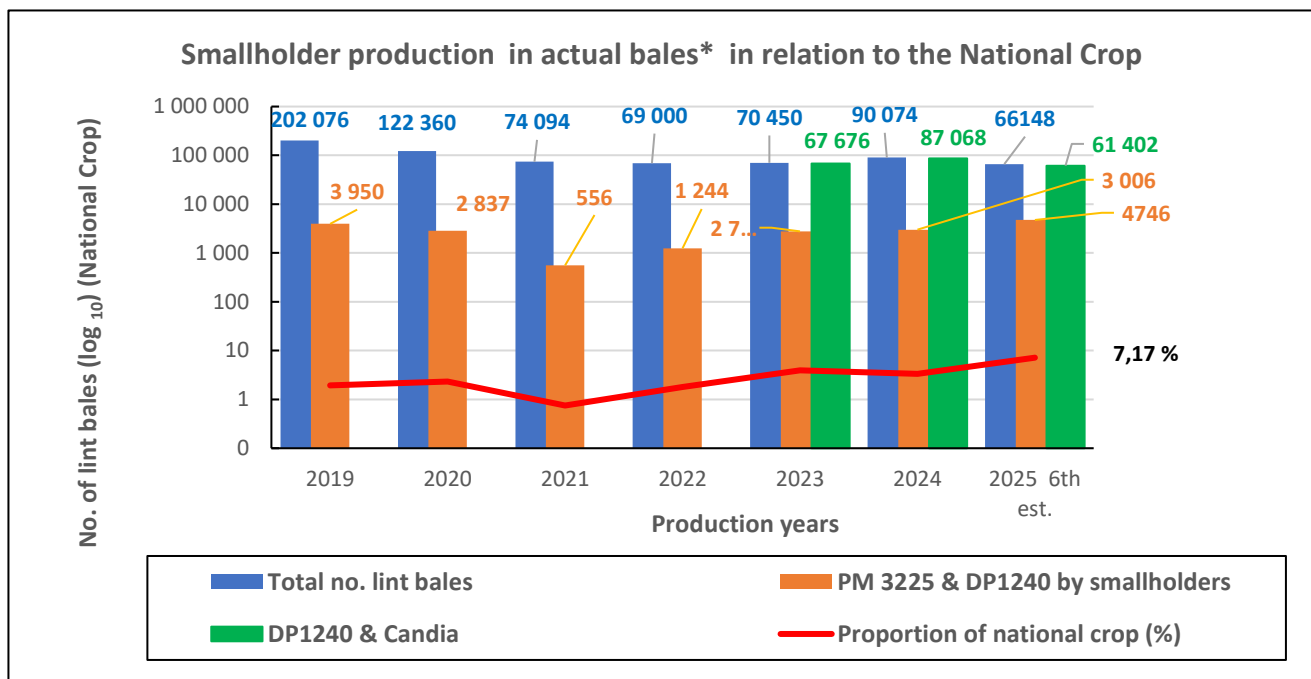
	2024/2025 7th Estimate	2024/2025 6th Estimate	Monthly Change	Change previous year	2023/24 Final
Hectares Irrigated	5 975	5 975	0%	-17%	7 226
Hectares Dryland	6 697	6 697	0%	-40%	11 159
Total Hectares	12 672	12 672	0%	-31%	18 385
Yield Irrigated	4 678	4 678	0%	-8%	5 071
Yield Dryland	1 051	1 051	0%	10%	954
Total Production 200 kg lint bales	66 149	66 149	0%	-27%	90 118

The 7th crop estimate shows no change from the previous estimate, with the total production of lint bales standing on 66 149 bales, a slight increase in the number of lint bales expected. The volume of seed cotton



expected is 34 988 tonnes, of which around 27 949,5 will originate from production under irrigation, while 7 039,3 tonnes seed cotton, are estimated to come from dryland production.

Smallholder production



The 7th estimate is the same as the 6th estimate with smallholder lint bales remain 4 746 bales. The smallholder crop is currently still being harvested and ginning in the Makhathini at the Ubongwa Cotton Gin is still proceeding. The total number of hectares planted by smallholders is estimated at 3 375 ha. The number of smallholder farmers reported stands on 2 047 ha. To expand hectares and production by smallholders, access to affordable harvesting equipment needs to be urgently investigated. Cotton SA is planning a workshop for smallholders in the coming season, to address all issues from planning, budgeting, planting to processing.

The hope is that cotton as a commodity will perform better in the coming season, when prices of other commodities such as soya and maize is expected to drop. Much is being done to find better options for farmers in terms of seed varieties and access to more affordable production finance.

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