COTTON MARKET REPORT MAY 2025

INTERNATIONAL - ICAC projections for the 2025/26 season

World cotton production and consumption are projected to be around 26.0 MT and 25.7 MT respectively, while trade is forecasted to rebound to reach 9.7MT.

Production

The world cotton lint production projection for 2025/26 is held close to the current season at about 26.0 million tonnes, with the average world yield expected to be around 827 kg/ha and harvested area under cotton at 31.5 million hectares. Downward pressure on cotton prices and weather impacts is likely to revise our projected world production levels downward in the coming months. This month's reporting on the projections remains neutral, since the trends are unclear, because of high uncertainty in the market. In terms of production by region, upward revisions for Brazil, USA and the West African region were negated by slight reduction from China in the 2025/26 season. In 2024/25 China experienced exceptional yields of 2 257kg/ha the highest levels ever recorded, mostly because no extreme adverse weather events affected cotton planting, maturation, or harvest. While area under cotton for China in 2025/26 is held close to the current season, production is projected to be slightly lower than the exceptional levels experienced in the current season, taking into consideration an expected reversion to more normal weather that is expected to bring yields closer to average levels. Currently, it is projected for China to produce around 6.3 million tonnes of cotton slightly less than the current season but still will remain the highest in the world. The area under cotton and production for the USA is projected to increase in the 2025/26 season by 7% and 1% respectively to 3,4 million hectares and 3.1 million tonnes. The area under cotton is revised upwards based on the prospective planting report. The USDA's lower forecast projection of the abandonment rate for 2025/26 based on early weather reports, drove the upward revision in US cotton production. While weather has negatively impacted the crop in the USA in recent years (especially in Texas), a good season with less negative weather impacts may help US production levels rebound.

In Brazil, another bumper crop is expected in 2025/26, if weather remains favourable for cotton cultivation, with an early forecasted production level of 4.0 million tonnes.

Consumption

Consumption is projected to be slightly lower than production in 2025/26 at 25.7 million tonnes, with consumption in China holding steady; consumption outside of China is projected to increase slightly in 2025/26 with increased consumption in India and Pakistan.

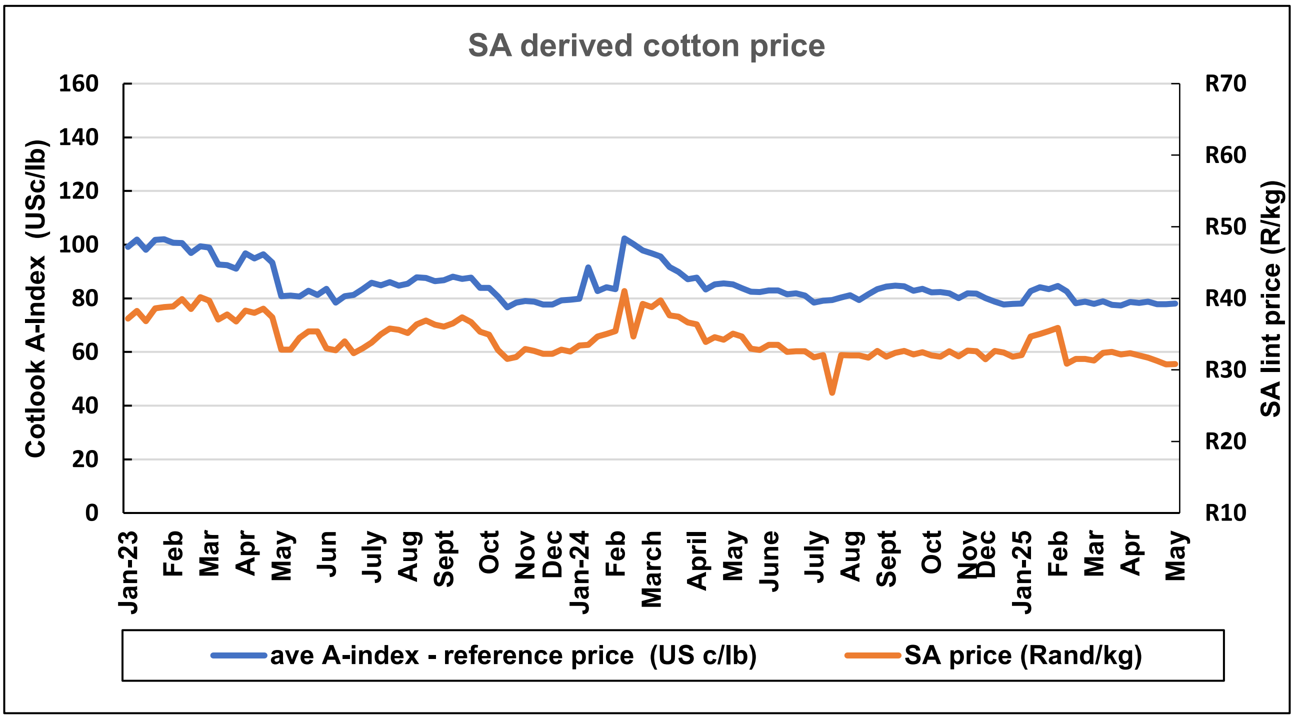
Trade

World cotton trade is expected to reach 9.65 million tonnes due to increased stocks from the current season and projected mill use demand. The exports from the USA and Brazil are expected to increase, due to the likely increase in production, which would lead to the projected increase in exports. It is expected that China's import levels will revise upwards to fulfil its mill use demand and reserve stocks.

Cotton futures have been trading in a narrow range between 65 and 66 cents per pound since mid-May, weighed down by weak demand and expectations of increased supply. Market sentiment remains fragile amid shifting trade actions from President Trump and ongoing tensions with key partners, including China and the EU. Confusion deepened following a court ruling that blocked US tariff hikes and a subsequent temporary stay on that decision. Meanwhile, the latest U.S. weekly export report showed net sales of upland cotton for the 2024–25 season at 118,700 running bales, down 16% from the previous week but 8% above the four-week average. On the supply side, US cotton production is being closely monitored due to weather-related risks in West Texas. Global cotton production for 2025–26 is expected to increase by nearly 1.5% from 2024–25.

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 varied between R32,01, on the 2nd of May to R30, 80 on the 30th May. The weekly average, for the week ending 30 May 2025, Dec’25 NY Futures for STRICT LOW MIDDLING, 1 $^{1}/_{16}$”, was 68,48 US c/lb, equalling R26,59 (Ave exchange rate R17,9077 to 1 US$ for the last week). The 5th crop estimate shows 12 240 hectares realizing, with the total lint bale numbers estimated at 63 660 lint bales.

Crop estimates vs previous estimates

	2024/2025 5th Estimate	2024/2025 4th Estimate	Monthly Change	Change previous year	2023/24 Final
Hectares Irrigated	5 975	5 975	0%	-17%	7 226
Hectares Dryland	6 265	8 465	-26%	-44%	11 159
Total Hectares	**12 240**	**14 440**	**-15%**	**-33%**	**18 385**
Yield Irrigated	4 558	4 558	0%	-10%	5 071
Yield Dryland	1 020	1 002	2%	7%	954
Total Production 200 kg lint bales	**63 660**	**67 944**	**-6%**	**-29%**	**90 118**

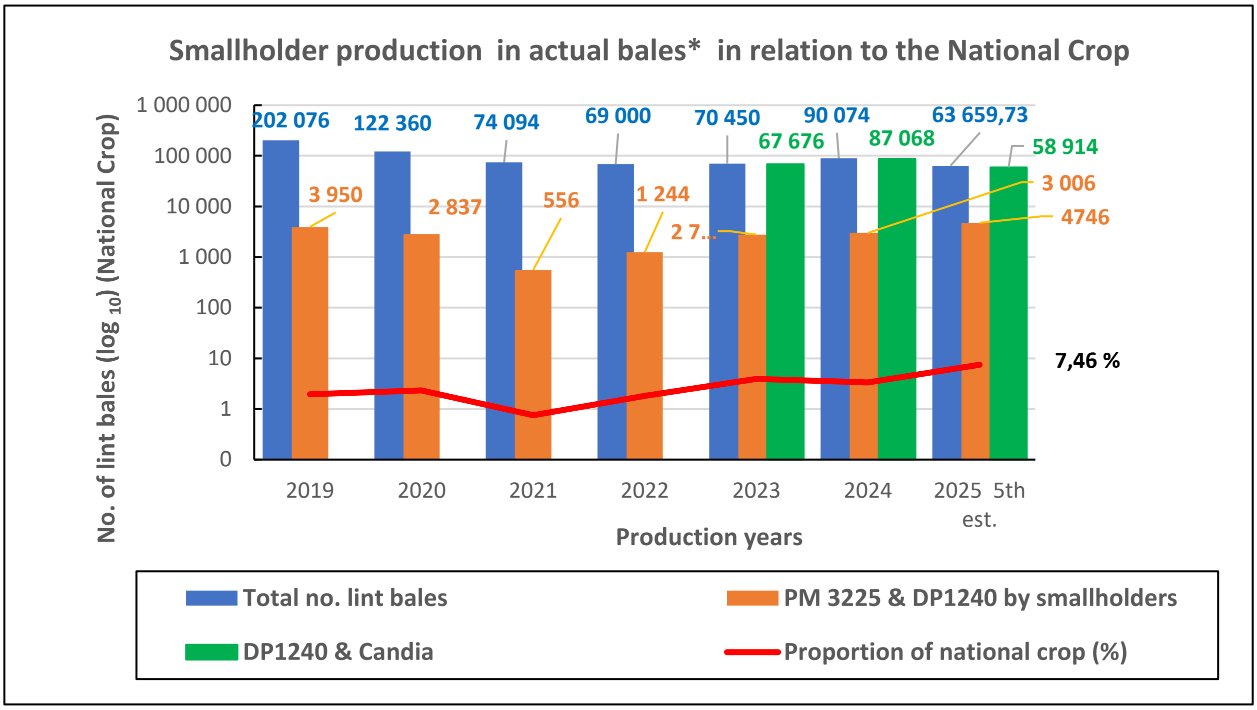
The estimated number of lint bales is slightly lower than the 4th estimate, which is also reflected in the lower number of hectarages that realized due to the environmental impacts of first drought then flooding in the cotton production areas.

Smallholder production

The number of estimated smallholder lint bales remain 4 746 bales. Harvesting is currently being undertaken, and the report received from the Nkomazi area is that about 80% of seed cotton has been harvested so far, amounting to 46 bales of seed cotton. The Great North Gin is working closely with the co-operatives in Nkomazi to harvest and transport seed cotton to the ginnery. A total of 3 495 bales are expected from the Makhathini region, to make up the total of 5 271 bales from KwaZulu Natal. The Grading facility at Cotton SA has received 880 samples from the Ubongwa Ginnery up to the end of May. More samples are expected from this area as the picking season progresses.

A steady income of lint samples is being received from commercial production from the Koedoeskop ginnery, Great North, Vaalharts Cotton and the Northern Cape area, up to a total of 5907 lint bales. Most of the samples originate from the Northern Cape. The hope is that as the harvesting progresses in the dryland areas where cotton was planted a bit late, the volumes of seed cotton will increase. However, the vulnerability of

the seasonal weather and the cold spell received early June, might influence the ripening of the fibre negatively. It remains to be seen if cotton can outperform other crops during this late season period.



Enquiries: Dr Annette Bennett

012 804 1462