COTTON MARKET REPORT JANUARY 2026

World cotton market outlook

Global Cotton Production Reaches Highest Level Since 2017/18

According to the latest estimates from the U.S. Department of Agriculture (USDA), global cotton production for the 2025/26 marketing year (August–July) is projected to rise by approximately 950,000 bales (around 1 percent) compared to 2024/25, reaching 119.4 million bales. This represents the largest global crop in eight years. The increase is driven by year-on-year production gains among the three leading cotton-producing countries. China remains the world's largest producer, accounting for an estimated 29 percent of total global output in 2025/26.

Global cotton mill consumption in 2025/26 is forecasted to remain steady at 118.9 million bales, unchanged from the previous season, as increases in some countries are offset by declines in others. World cotton trade is projected at 43.8 million bales, with Brazil and the United States expected to remain the leading exporters, while Vietnam and Bangladesh continue to be the dominant importers. As global production is anticipated to exceed mill use, world ending stocks are forecasted to increase by approximately 1 percent to 74.5 million bales in 2025/26.

Global trade in the 2024/25 season declined by 7.4% to 9.1 million tonnes, largely due to reduced import demand from China, which outweighed growth in other regions. Tariff escalations also contributed to notable shifts in trade forecasts and cotton lint trade flows during the current season, and their influence is expected to persist in the months and seasons ahead.

Local situation

Commercial production

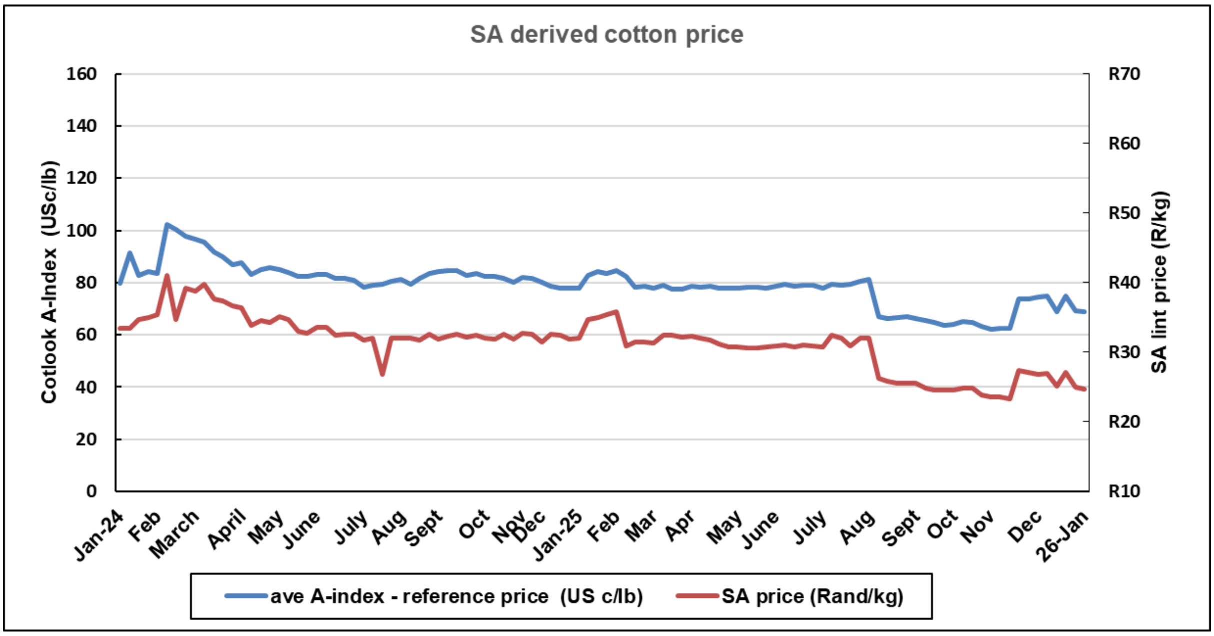
The 2025/26 first crop estimate indicates a 19% increase in the total planted hectares compared to 2024/25, driven by expansions in both irrigated and dryland areas, while total production is forecasted to rise by 3% to increase to 83 141 bales, supported by a strong recovery in dryland yields despite a moderate decline in yields produced under irrigated conditions.

	2025/2026 1st Estimate	Change previous year	2024/25 Final
Hectares Irrigated	6 261	13%	5 535
Hectares Dryland	9 309	23%	7 546
Total Hectares	**15 570**	**19%**	**13 081**
Yield Irrigated	4 631	-1%	4 655
Yield Dryland	1 565	65%	946
Total Production 200 kg lint bales	**83 141**	**33%**	**62 320**

Irrigated hectarages are 6 261 ha, while those planted under dryland are slightly more, with an estimated number of 9 309 ha. This is slightly up from the previous season by 19%. Yields expected under dryland are estimated to be around 1.5 tonnes seed cotton per ha, while under irrigation it is expected to be slightly down to 4 631 kg seed cotton per ha.

Price

The cotton price has declined to reach an average weekly price for the Cotlook A index of R24,64 at the end of January. For financiers the price of cotton is important, and when comparing crops head-to-head, cotton looks expensive and less attractive. But when we compare rotations over two years and per rand invested, cotton shows its true colours and value since it reduces input costs of follow-up crops; it increases margins of wheat and maize, it improves return per capital input and it requires less cash pressure on the farmer's pocket (Chris Oelsich, AgVio) (See the latest Cotton SA magazine, published in December 2025).



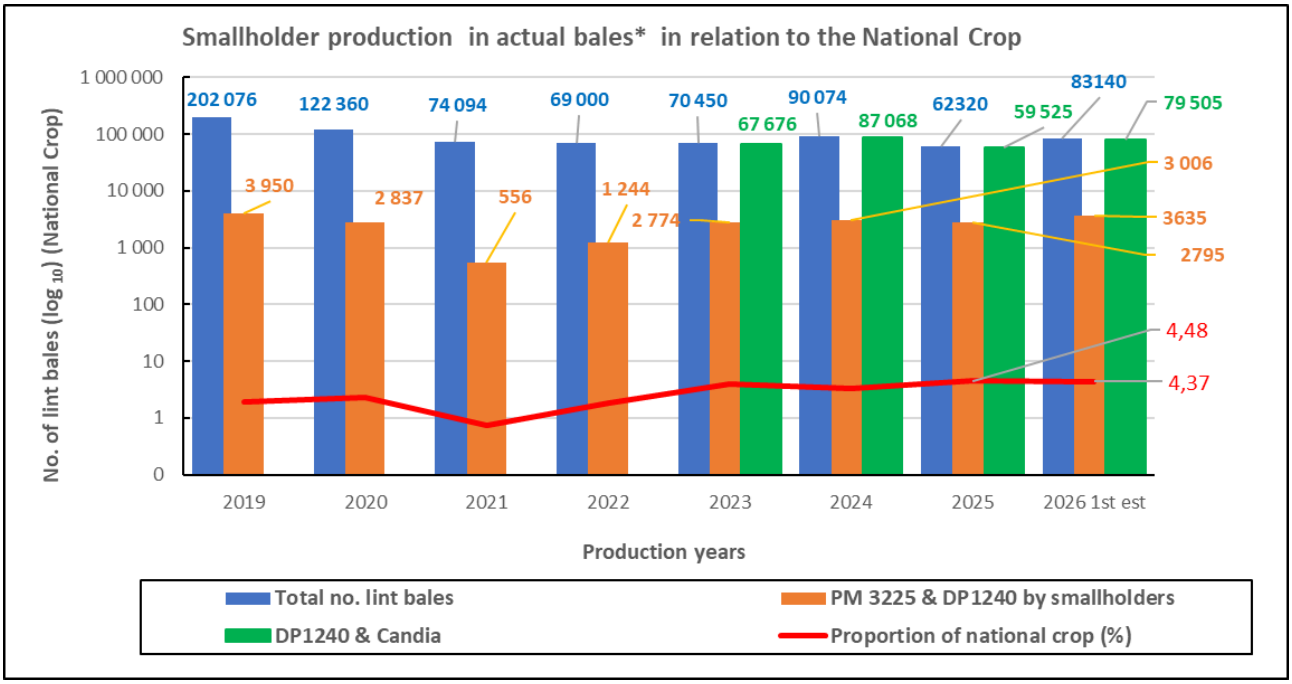
Smallholder production

Smallholder cotton production is concentrated in KwaZulu-Natal's Makhathini area and Mpumalanga, with a total of 1 187 farmers cultivating an estimated 2 319 hectares under dryland conditions. It is estimated that there is a potential expansion to 19 000 hectares available for dryland production, and over 3 000 ha available under irrigation, should infrastructure can be delivered to the areas to provide irrigation. The number of bales estimated to be produced by smallholders for the current season is 2635 bales. Feedback from the Nkomazi area is that at least 30% of the 875 ha were planted by hand, due to the fields being very wet and dificult to access. Of the 875 ha around 263 ha was flooded and it is doubted if these hectarages will recover. Leafhoppers remain a challenge, and the importance of accessibility to seed of a hairy cultivar like PM 3225 is critical to establish the crop. Challenges, among others, include funding for input provisions, and the timeously ordering of the seed. The good news is that there is a new cultivar available to try in the new season for smallholders. Irrigation areas need to be identified and projects on a small pilot scale initiated to increase smallholder production. Challenges under dryland production remains huge.

Smallholder Cotton Farmers: Production Areas per Province in South Africa

Smallholder production has decreased as a percentage of the national crop, from 4.48% to 4.37 %, and it remains to be seen what realises at the end of the season. Much is done to encourage smallholder production, a smallholder tour to look at cotton varieties, as wel las a workshop is planned for the present season.

Province	Smallholder Cotton Farmers	Hectares Dryland – Estimated	Hectares Dryland – Potential	Hectares Irrigation – Estimated	Hectares Irrigation – Potential
Mpumalanga – Nkomazi	310	875	10 000	0	1 250
Mpumalanga – Nokaneng	12	60	3 000	0	100
Mpumalanga – Seabe	1	15	0	0	0
Limpopo – Matlarekeng	4	69	2 000	0	400
KZN – Makhathini	860	1 300	4 000	0	2 000
TOTAL	**1 187**	**2 319**	**19 000**	**0**	**3 750**



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