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# GLOBAL COTTON MARKET ANALYSIS

*Comprehensive Review 2000–2025 & 2026 Outlook*

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Production · Exports · Imports · Consumption · Prices · Stocks · Futures  
China · India · Brazil · United States · Pakistan · Australia · West Africa

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# EXECUTIVE SUMMARY

**~62¢/lb**  
ICE Cotton (Feb 2026)

**119.9M**  
Bales Forecast 2025/26

**118.7M**  
Mill Use 2025/26

**75.1M**  
Ending Stocks 2025/26

**The global cotton market is navigating a prolonged downturn amid ample supplies.** ICE cotton futures fell 6% in 2025 and hover near ~62¢/lb in February 2026 — a 61% decline from the May 2022 high of \$1.56/lb. Global production for 2025/26 is forecast at 119.9M bales (USDA Feb 2026 WASDE), led by China (29%), India (21%), and Brazil's meteoric rise as the world's #1 exporter, surpassing the US for the first time in 2024/25.

Mill use at 118.7M bales remains below the 2020/21 record of 124.5M bales, as polyester (59% of global fiber output vs cotton's 19%) continues to erode cotton's market share. China and India account for 54% of global spinning. The US Uyghur Forced Labor Prevention Act (UFLPA) has reshaped supply chains, reducing Xinjiang cotton in Western markets while boosting US, Brazilian, and Australian sourcing.

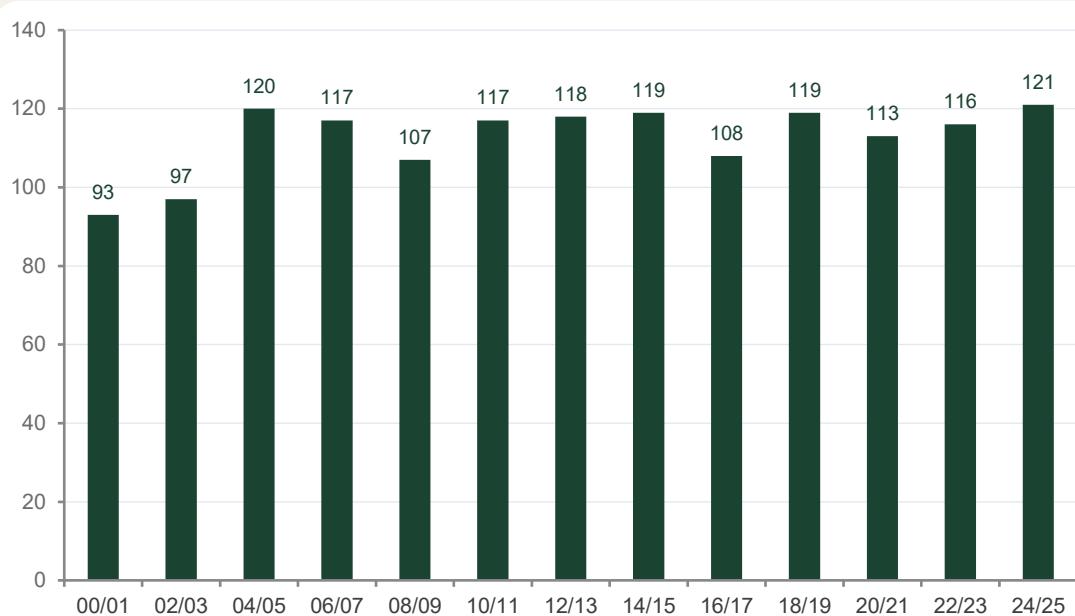
This 30-slide analysis covers the top producing countries, global trade dynamics, price evolution, futures market structure, sustainability, UFLPA implications, and a scenario-based 2026 outlook.

# GLOBAL PRODUCTION

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*Historical trends, country profiles & record-breaking harvests*

# GLOBAL COTTON PRODUCTION 2000–2025



## KEY INSIGHTS

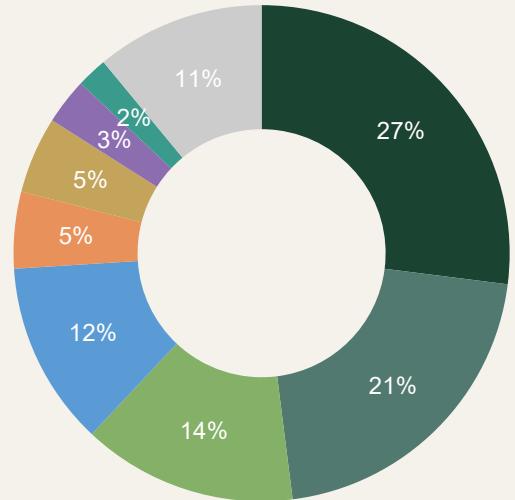
Production oscillated between 93M and 121M bales over 25 years — far less growth than other agricultural commodities.

2024/25: 120.9M bales — a 7-year high driven by Brazil (+15%), US (+19%), and record global yields (854 kg/ha).

2025/26 forecast: 119.9M bales (USDA Feb WASDE) — production revised up 425K bales on China & South Africa gains.

**Key shift:** Brazil overtook the US as #1 exporter in 2024/25 — a historic realignment.

# PRODUCTION SHARE BY COUNTRY (2024/25 EST.)



■ China ■ India ■ Brazil ■ United States ■ Pakistan  
■ Australia ■ Turkey ■ Uzbekistan ■ Others

## China

**31.8M bales**

*Xinjiang >90% of crop*

## India

**25.0M bales**

*Area at lowest since 2016/17*

## Brazil

**17.0M bales**

*Record — now #1 exporter*

## United States

**14.4M bales**

*Rebound from drought lows*

# TOP 10 COTTON PRODUCERS: PRODUCTION TRENDS

(Million 480-lb Bales)

Country	20/21	21/22	22/23	23/24	24/25E	25/26F	Share	Trend
China	29.5	27.0	30.3	27.2	31.8	<b>30.0</b>	25%	▲ Xinjiang
India	28.0	26.5	25.3	25.4	25.0	<b>23.5</b>	20%	▼ Area down
Brazil	10.5	12.9	13.0	14.6	17.0	<b>18.7</b>	16%	▲▲ Record
United States	15.0	17.6	14.5	12.1	14.4	<b>13.9</b>	12%	▼ Area cuts
Pakistan	4.5	5.8	4.7	6.2	6.0	<b>5.0</b>	4%	▼ Pest issues
Australia	2.4	5.2	4.5	4.6	5.4	<b>4.5</b>	4%	▼ Water limits
Turkey	3.5	4.2	4.0	3.6	3.8	<b>3.5</b>	3%	→ Stable
Uzbekistan	3.0	2.8	2.7	2.6	2.8	<b>2.6</b>	2%	→ Reform era
Benin	1.5	1.4	1.5	1.5	1.6	<b>1.7</b>	1%	▲ W. Africa
Mali	1.4	1.6	1.2	1.3	1.5	<b>1.5</b>	1%	▲ Recovery

Global total 2025/26F: ~119.9M bales. Brazil's MY 2025/26 production revised to 18.7M bales (Post Brasilia, +10.3% YoY) — a new record. Global yield forecast: 886 kg/ha.

# CHINA: THE WORLD'S COTTON SUPERPOWER

**~29%**

Global Production Share

**31.8M**

Bales 2024/25 (5yr High)

**37.5M**

Mill Use (32% of World)

**>90%**

Production in Xinjiang



## Production & Xinjiang Dominance

- Over 90% of China's cotton grown in Xinjiang (XUAR)
- 2025/26 forecast: 30.0M bales (~6% YoY, yield decline)
- Record yields in 2022/23 — highly mechanized harvesting
- State Reserve actively manages supply via imports/auctions
- Imports: 6.8M bales 2024/25 — down from 11-year high
- Bt cotton widely adopted; mechanical harvesting expanding



## Geopolitical & Trade Impact

- UFLPA (enforced June 2022): presumes all Xinjiang goods made with forced labor
- CBP detained >12,500 shipments worth \$3.68B
- 144 entities on UFLPA Entity List (Jan 2025)
- Chinese/Vietnamese mills increasingly source US, Brazilian, Australian cotton
- Mill use declining: 37.5M bales in 2024/25, ~2.5% YoY
- 2026/27: consumption forecast to rise to 39.3M bales (6yr high)

# INDIA: 2ND LARGEST PRODUCER & NET IMPORTER

**~21%**

Global Production Share

**25.0M**

Bales 2024/25 (-2%)

**25.0M**

Mill Use (22% World)

**11.8M ha**

Area (Lowest since 16/17)



## Production Challenges

- Cotton area declined to 11.8M hectares in 2024/25 (-7% YoY, lowest since 2016/17)
- Farmers shift to more profitable rice and pulses despite MSP hikes (+7%)
- Severe heatwaves in Northern India hampered 2024 planting
- Yield improved to 461 kg/ha (highest since 2019/20), partially offsetting area losses
- CAI raised 2025/26 crop estimate to 317 lakh bales (+2.5%)



## Becoming a Net Importer

- For only the 2nd time in two decades, India became a net cotton importer in 2024/25
- Imports surged to 2.3M bales (nearly 3x prior year)
- Driven by strong mill demand, reduced crop, and competitive import prices
- US export commitments to India surged 6x YoY
- Exports fell to 1.3M bales (-1.0M YoY)
- 2025/26: production forecast at 23.5M bales (-6%)

# BRAZIL: THE NEW GLOBAL COTTON CHAMPION

**18.7M**

Bales 2025/26 (Record)

**#1**

World's Top Exporter

**30.5%**

Global Export Share

**\$5.3B**

Export Revenue 2024



## Production & Area Expansion

- Harvested area: 2.1M ha in 2025/26 (+8% YoY)
- Mato Grosso: ~70% of production; Bahia: ~19%
- Planted as 2nd crop (safrinha) after soybeans
- Record national yield: 1,944 kg/ha (+2.1% YoY)
- Production: 18.7M bales (4.1 MMT, +10.3% YoY) — Post Brasilia
- Production costs: 44.7¢/lb (IMEA) — declining



## Export Dominance

- Overtook US as #1 exporter in 2024/25
- Exported record 2.84M tonnes in 2024/25 (+6% YoY)
- Calendar year 2025 exports: 2.89M tonnes (+4.2%)
- Top destinations: Pakistan, Bangladesh, Vietnam, China, India
- Cotton Brazil (Abrapa) Singapore hub driving Asian penetration
- 2025/26 exports forecast: 14.1M bales — maintaining leadership

# UNITED STATES: FROM DOMINANT EXPORTER TO #2



## Production & Acreage Decline

- 2024/25 production: 14.4M bales (+19% YoY, but 3rd smallest since 2015/16)
- 2025/26F: 13.9M bales (WASDE Feb); planted area: 9.28M acres (-17%)
- Farmers rotating to corn/soybeans — better returns
- National yield: 856 lb/harvested acre (2025/26)
- Upland farm price forecast: 60¢/lb — below break-even



## Export Position & Stocks

- Exports 2025/26: 12.0M bales (WASDE Feb, down from 12.2M Jan)
- Export sales lagging: 7.0M bales vs 8.2M same period last year
- US ending stocks: 4.4M bales (3rd consecutive annual increase)
- Domestic mill use: 1.6M bales — historic low
- Per capita cotton consumption: 24.5 lbs (2025)



## STRUCTURAL SHIFT

Brazil's lower production costs (44.7¢/lb vs US break-even ~65¢/lb), weak Real, and expanding Asian market access have permanently altered the competitive landscape. Cotton faces multi-year negative returns in the US — American Farm Bureau data shows staggering losses for 7 major crops including cotton over the past 3 years.

# PAKISTAN & AUSTRALIA: CONTRASTING TRAJECTORIES

## PAKISTAN

- 5th largest producer: 6.0M bales 2024/25
- 2025/26 forecast: 5.0M bales (USDA) — pest and seed quality issues
- Devastated by 2022 floods — slow, incomplete recovery
- 3rd largest spinner: mill use 10.3M bales (+6%)
- Massive import dependency: 5.5M bales (+72% YoY)
- Textile sector = ~60% of exports; needs ~16M bales/yr but produces only ~6M domestically
- Imports surging from Brazil (+200% YoY)
- Karachi Cotton Association suspended price publication Dec 2025

## AUSTRALIA

- 6th largest producer: 5.4M bales 2024/25
- 2025/26 forecast: 4.5M bales (-20% on water allocation constraints)
- Among world's highest yields: 2,041 kg/ha (forecast)
- Highly irrigated, mechanized production system
- Near-100% export orientation — minimal domestic spinning
- Major UFLPA beneficiary — increased sourcing by US brands
- Murray–Darling Basin water allocation critical to output
- Premium quality + traceability = highly valued Xinjiang alternative

# WEST AFRICA: THE C-4+ COTTON ECONOMIES

The C-4+ countries (Benin, Burkina Faso, Chad, Mali, plus Côte d'Ivoire) represent the heart of African cotton production, accounting for ~5% of global output but ~15% of global raw cotton exports. Africa's role as an alternative sourcing origin is growing as Western brands diversify away from Xinjiang.

## Benin

**~1.6M bales**

#1 in CFA zone. Strong govt support & pest control investments.

## Côte d'Ivoire

**~730K bales**

+12% YoY. CCA farm gate at CFA 310/kg. Govt CFA 3.7B subsidies.

## Mali

**~1.5M bales**

#2 producer. CMDT-led sector. 2025/26 aims +50K ha expansion.

## Burkina Faso

**Recovering**

Production fell 44% since 2021/22 (insecurity). 2025/26 rebound +15%.

*Strategic value: Hand-picked, rain-fed cotton with low chemical input — increasingly attractive for sustainability-conscious brands. Key challenges: jassid pest infestations, rising fertilizer costs (3x since 2020), and political instability in the Sahel.*

# GLOBAL TRADE & CONSUMPTION

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*Export flows, mill use dynamics & the shifting textile geography*

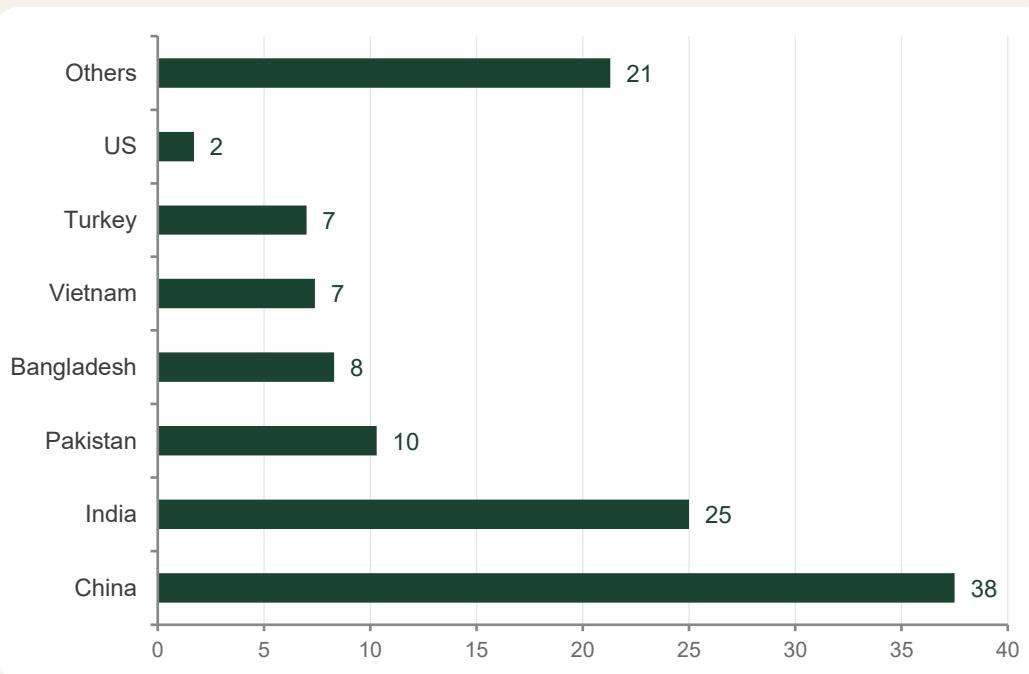
# GLOBAL COTTON EXPORTS & TRADE FLOWS

	Exports (M bales)	Share	Imports (M bales)	Share
Brazil	13.0	30.5%	—	—
United States	11.9	25.8%	—	—
Australia	4.5	10.5%	—	—
India	1.3	3%	2.3	5%
Bangladesh	—	—	8.2	19%
Vietnam	—	—	7.4	17%
China	—	—	6.8	16%
Pakistan	—	—	5.5	13%
Turkey	—	—	4.2	10%

## TRADE DYNAMICS

- Global trade 2024/25: 42.3M bales (-5% YoY)
- 2025/26F: 43.7M bales (WASDE Feb)
- Bangladesh emerged as #1 importer
- China imports declining from highs — State Reserve well-stocked
- Brazil-Pakistan trade surged +200%
- Vietnam: cotton export commitments at 6-year high from US
- Australia exports forecast up 300K bales to 5.5M in 2025/26

# GLOBAL COTTON MILL USE & CONSUMPTION



## CONSUMPTION TRENDS

- Global mill use 2024/25: 115.2M bales — near 10-year average
- China + India = 54% of global spinning
- Vietnam: fastest growing spinner — mill use up 12%
- US mill use collapsed to 1.6M bales (Feb WASDE) — one of lowest on record
- 2025/26: 118.7M bales — 200K below Jan estimate
- Still ~5% below the 2020/21 record of 124.5M bales
- Synthetic fibers dominate: 365.4M bale-equivalents (ICAC 2024)

# COTTON VS POLYESTER: THE FIBER MARKET BATTLE

Attribute	Cotton	Polyester
Global Fiber Share (2024)	19% (~24.5M tonnes)	59% (~78M tonnes)
Growth Trend	Stagnant to slight decline	Rising ~3–5% annually
Price (Feb 2026)	~62¢/lb (\$1.37/kg)	~\$2.04/kg yarn (India)
Water Intensity	High (2,700L per t-shirt)	Low (but fossil fuel input)
Biodegradability	Fully biodegradable	Non-biodegradable (microplastics)
Production Source	Agricultural (weather-dep.)	Industrial (oil-dependent)
Carbon Footprint	1.1–7.5 kg CO <sub>2</sub> /kg	5.5–9.5 kg CO <sub>2</sub> /kg
Recycling	Emerging (fiber-to-fiber)	12% recycled (from bottles, 98%)
Key Certifications	BCI, GOTS, US Trust Protocol	GRS, OEKO-TEX

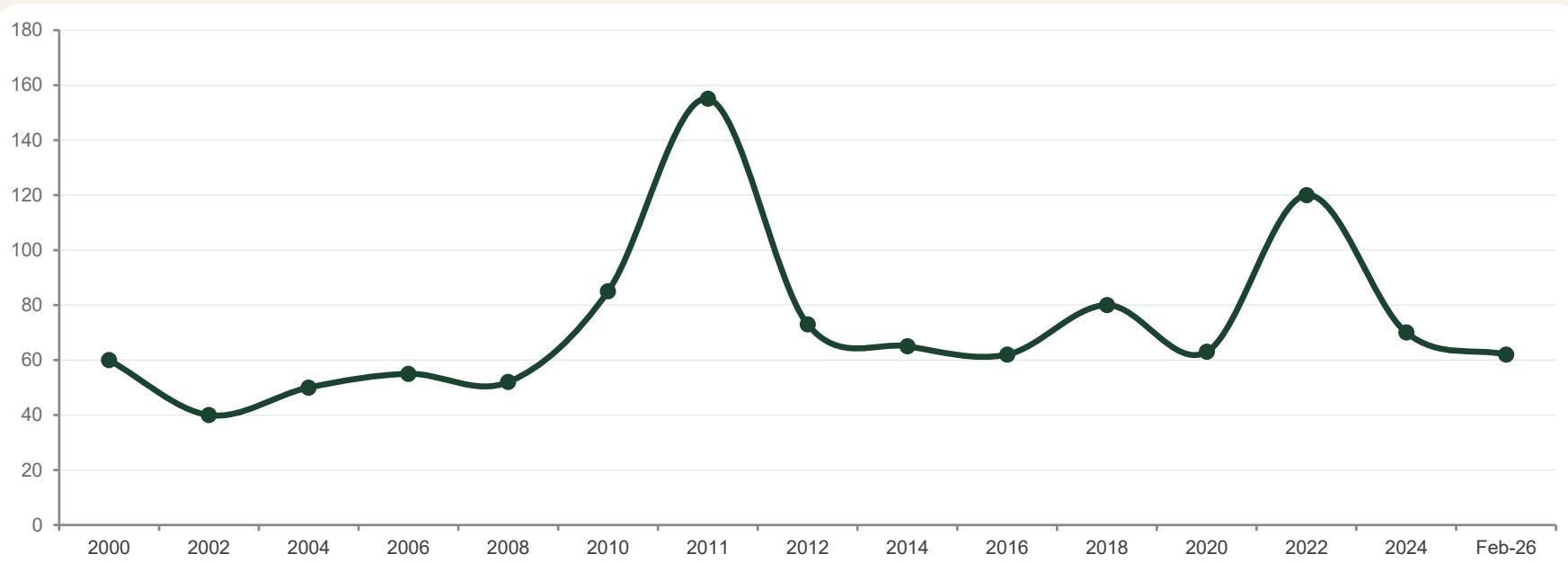
Cotton's share fell from ~40% in 2000 to 19% in 2024. Global fiber production hit record 132M tonnes in 2024 (doubled since 2000). Cotton's sustainability advantages (biodegradability, no microplastics) drive renewed brand interest, but 34% now comes from certified sustainable sources.

# PRICES & FUTURES

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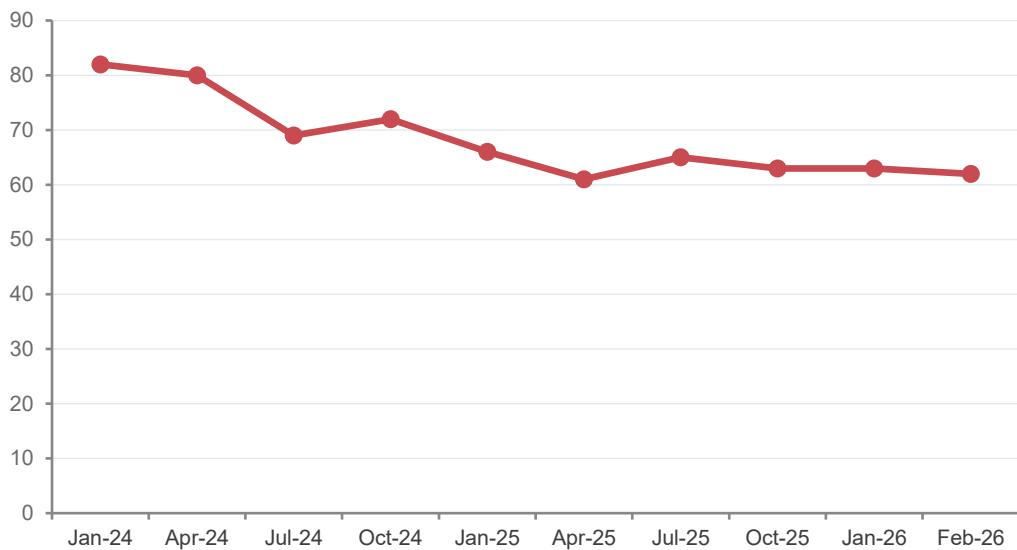
*Historical cycles, the 2024–2026 downturn & market structure*

# COTTON PRICE HISTORY: 25 YEARS (ICE NO.2 ¢/LB)



Key Cycles: 2001 trough (~35¢) → 2008 spike (90¢) → 2011 all-time high (\$2.27 on China panic buying) → Long decline → 2022 post-COVID rally (\$1.56) → Prolonged bear market to ~62¢ (Feb 2026). Price declined 61% from May 2022 peak. Feb 2026 low: 60.90¢.

# THE 2024–2026 COTTON PRICE DOWNTURN



## PRICE DRIVERS

2025 low: 60.80¢ (Apr 2025)

Feb 2026 low: 60.90¢

### Bearish factors:

- Global production at 7-year high
- US & global stocks rising 3rd year
- Weak apparel demand / slowdown
- Polyester price advantage widening
- Strong USD pressuring commodities

*Contango structure: Mar-26 63.7¢ → May-26 64.6¢ → Jul-26 66.3¢ → Dec-26 68.5¢ → Mar-27 69.2¢. Open interest hit record 386,418 contracts (Feb 4, 2026). Forward curve below 70¢ through 2028.*

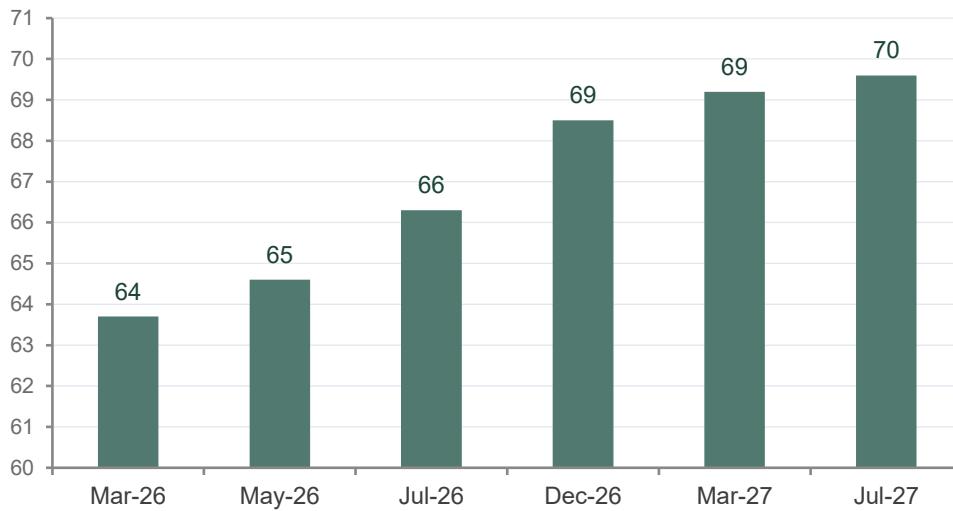
# GLOBAL SUPPLY-DEMAND BALANCE & STOCKS

Season	Production	Mill Use	Surplus/(Deficit)	End. Stocks	Stocks/Use
2020/21	113.0	124.5	(11.5)	72.5	58%
2021/22	118.0	119.5	(1.5)	70.0	59%
2022/23	116.0	113.5	2.5	74.0	65%
2023/24	112.2	115.0	(2.8)	73.3	64%
2024/25E	120.9	115.2	5.7	78.9	68%
2025/26F	<b>119.9</b>	<b>118.7</b>	<b>1.2</b>	<b>75.1</b>	<b>63%</b>

## INVENTORY ANALYSIS

Global ending stocks for 2025/26 projected at 75.1M bales (WASDE Feb, stocks-to-use ratio 63%). China holds ~46% of global cotton inventories in its State Reserve. Stocks ex-China estimated at ~37M bales — considerably tighter. The WASDE Feb report raised global production by 425K bales while cutting consumption by 200K and exports by 60K — a bearish signal that pushed the upland farm price forecast to 60¢/lb.

# ICE COTTON NO.2 FUTURES: MARKET DYNAMICS



## CONTRACT SPECS

Exchange: ICE Futures U.S.  
Contract size: 50,000 lbs  
Margin: ~\$1,254/contract  
At 62¢: contract value ~\$31,000

### Key metrics:

Open interest: record 386,418 (Feb 4)  
2025 range: 60.80¢–69.75¢ (9¢)  
No cotton ETFs/ETNs exist  
Deliverable inv: 8,600 bales (low)

*Contango structure — market expects modest recovery but remains below 70¢ through 2028. Rising open interest while price declines = bearish confirmation. Seasonal patterns favor spring/summer highs — 2022 high occurred in May.*

# SUSTAINABILITY & GEOPOLITICS

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*Water, carbon, UFLPA & the forced labor supply chain revolution*

# COTTON SUSTAINABILITY: WATER, LAND & CARBON

## Water Footprint

- ~2,700 liters per t-shirt (WWF)
- Aral Sea: starker example of cotton irrigation disaster
- US cotton: 58% irrigation efficiency improvement over 20 years
- ~35% of global cotton irrigated; 65% rain-fed



## Chemical & Pest Use

- 2.4% of cultivated land but ~5% of global pesticides
- US: 95% reduction in insecticides since 1993 (Bt cotton)
- Organic cotton: ~1% of global production
- 34% from certified sustainable sources (BCI, GOTS, Trust Protocol)



## Carbon & Climate

- Carbon footprint: 1.15–7.48 kg CO<sub>2</sub>/kg
- Cotton acts as carbon sink in fibers, stalks, roots
- Use phase (washing/drying): >65% of lifetime energy
- Fully biodegradable vs polyester microplastics

# UFLPA & COTTON SUPPLY CHAIN TRANSFORMATION

## THE LAW

- UFLPA signed Dec 2021, enforced June 2022
- Rebuttable presumption: all Xinjiang goods = forced labor
- Xinjiang = >90% of China's cotton
- CBP detained >12,500 shipments (\$3.68B)
- 144 entities on UFLPA Entity List (Jan 2025)
- 26 cotton-related companies added Jan 2025

## SUPPLY CHAIN IMPACT

- US cotton apparel imports from China declined
- Chinese/Vietnamese mills shift to US, Brazilian, Australian cotton
- 68% of companies only review Tier 1-2 suppliers (KPMG)
- RAND: US firms retain significant Tier 3-4 exposure
- China's MMF exports grew 40%+ over 5 years

## TRACEABILITY

- Isotope testing (Oritain) to verify cotton origins
- Blockchain tracking deployed
- DNA tagging technologies emerging
- EU forced labor regulation in development
- Compliance costs rising industry-wide

# CLIMATE CHANGE: IMPACT ON COTTON PRODUCTION

## Temperature & Yield

- Cotton requires 150–200 frost-free days
- Extreme heat  $>35^{\circ}\text{C}$  causes boll shedding
- Potsdam Institute: significant yield declines projected without CO<sub>2</sub> fertilization
- Key risk zones: Argentina, Iraq, Egypt, US, Brazil, India, Pakistan

## Water Stress

- Erratic rainfall constrains rain-fed cotton (65% of global production)
- Texas: 37% abandonment in 2023/24 (drought)
- Pakistan 2022 floods: ~45% of crop destroyed
- India: declining water tables in Central Highlands

## Pest Migration

- Cotton jassid: devastated West Africa 2022/23 (~37% in some countries)
- Warming expands pest ranges globally
- Bt cotton resistance eroding: pink bollworm in India
- Cotton leaf curl virus expanding in Pakistan

Adaptation: Drought-resistant varieties, precision irrigation (58% efficiency gains in US), regenerative agriculture, and geographic shifts to favorable zones.

# 2025/26 SEASON: PRODUCTION & OUTLOOK FORECASTS

Country	2024/25 Est.	2025/26 Fcst.	Change	Key Driver
China	31.8M	<b>30.0M</b>	<span style="color:red">-6%</span>	Yield decline, stable area
India	25.0M	<b>23.5M</b>	<span style="color:red">-6%</span>	Lower planted area
Brazil	17.0M	<b>18.7M</b>	<span style="color:green">+10%</span>	Record area, NE expansion
United States	14.4M	<b>13.9M</b>	<span style="color:red">-3%</span>	17% drop in planted area
Australia	5.4M	<b>4.5M</b>	<span style="color:red">-17%</span>	Water allocation constraints
Pakistan	6.0M	<b>5.0M</b>	<span style="color:red">-17%</span>	Seed quality & pest issues
<b>World Total</b>	120.9M	<b>119.9M</b>	<span style="color:red">-1%</span>	WASDE Feb 2026 (+425K)

The 2025/26 season shows most major producers contracting except Brazil. US planted area dropped 17% as farmers flee cotton for corn/soybeans. Brazil is the sole major grower expanding — production revised up to 18.7M bales (Post Brasilia), firmly establishing it as #3 producer and #1 exporter. WASDE Feb raised global production by 425K bales (China, South Africa) while cutting consumption by 200K.

# 2026 PRICE OUTLOOK & SCENARIO ANALYSIS

## BASE CASE (55%)

60–70¢/lb

Ample supplies persist. Brazil record crop hits market. US acreage decline partially offsets surplus. Mill use grows modestly. Stocks-to-use stays elevated at ~63%. Seasonal rally to 67–70¢ spring, settling 63–67¢ year-end. WASDE Feb confirms bearish fundamentals.

## BULL CASE (20%)

70–85¢/lb

Major weather event disrupts India or China crop. US drought returns. Prices below production cost trigger further acreage cuts. Speculative buying returns (open interest at record highs). Demand recovery from textile restocking cycle.

## BEAR CASE (25%)

55–60¢/lb

Global recession reduces apparel demand. US-China tariff war escalates. Brazil's record crop exceeds expectations. Polyester price drop accelerates substitution. Cotton breaks below 60¢ support for first time since 2020.

# KEY RISKS & OPPORTUNITIES FOR 2026

## RISKS

- Persistent oversupply: 2nd consecutive year of production > consumption
- Polyester substitution accelerating as price gap widens
- US-China trade tensions and tariffs on cotton apparel
- Global economic slowdown reducing apparel spend
- La Niña/El Niño weather disruption in key regions
- UFLPA compliance costs rising across supply chain
- US cotton below break-even: farm price forecast 60¢/lb



## OPPORTUNITIES

- Cyclical bottom: prices near 60¢ historically trigger production cuts → rebalancing
- Sustainability premium: cotton biodegradability vs microplastic concerns
- 34% of global cotton now certified sustainable — growing brand demand
- Africa as alternative origin: C-4+ countries + traceable cotton
- Regenerative cotton practices gaining traction — carbon sequestration
- Seasonal price patterns favor spring/summer recovery
- Record open interest (386K contracts) = potential buying fuel

# THE GLOBAL COTTON VALUE CHAIN



## STRUCTURAL TRANSFORMATION

Brazil has permanently reshaped global cotton trade as #1 exporter (30.5% share). Polyester's structural dominance (59% vs cotton's 19%) is the existential challenge, but cotton's biodegradability and sustainability credentials create a counter-narrative. UFLPA has bifurcated supply chains: Western brands avoiding Xinjiang while China's domestic market remains self-sufficient. Climate-driven production reallocation is accelerating — Texas losing acreage to drought, Pakistan declining, Brazil's tropical dual-crop system proving most resilient.

# CONCLUSION & KEY TAKEAWAYS

- 1** Cotton is at a cyclical low — prices near 60¢/lb represent a 61% decline from the 2022 peak. Three consecutive years of rising stocks keep the market bearish, but US acreage cuts (-17%) signal eventual rebalancing.
- 2** Brazil has permanently altered the competitive landscape — as #1 exporter with 30.5% market share, record 18.7M bale production, and lowest-cost structure (44.7¢/lb). The US has lost its 30-year export leadership.
- 3** Polyester's structural dominance (59% vs cotton's 19%) is the industry's existential challenge. But cotton's biodegradability and microplastic-free advantage create a counter-narrative favoring natural fibers.
- 4** UFLPA has bifurcated supply chains — Western brands avoiding Xinjiang drive demand for US, Brazilian, Australian, and African-origin cotton with full traceability. EU forced labor regulation follows.
- 5** The structural price floor is likely 55–65¢/lb. A weather shock in a major producer remains the primary catalyst for meaningful price recovery. Record futures open interest (386K contracts) suggests building speculative interest at these lows.