Cotton Outlook

Thursday, February 19, 2026

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THE WORLD AND UNITED STATES COTTON OUTLOOK

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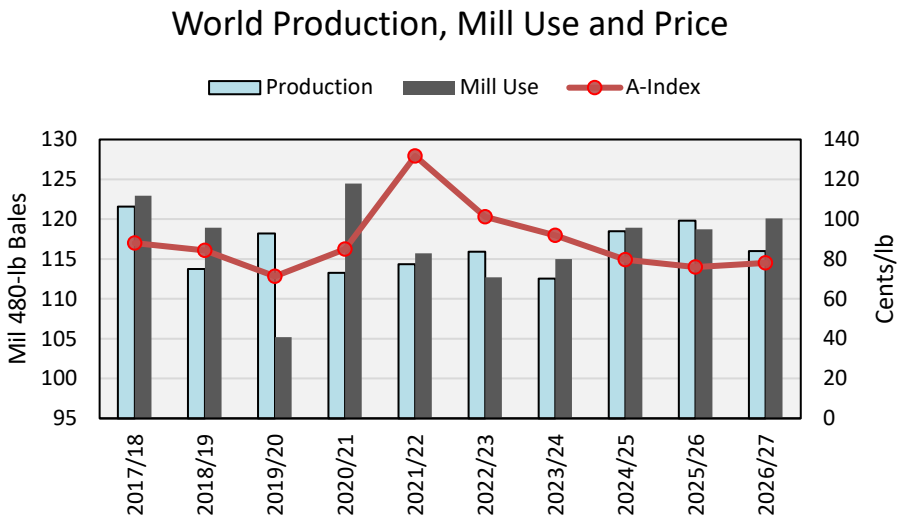
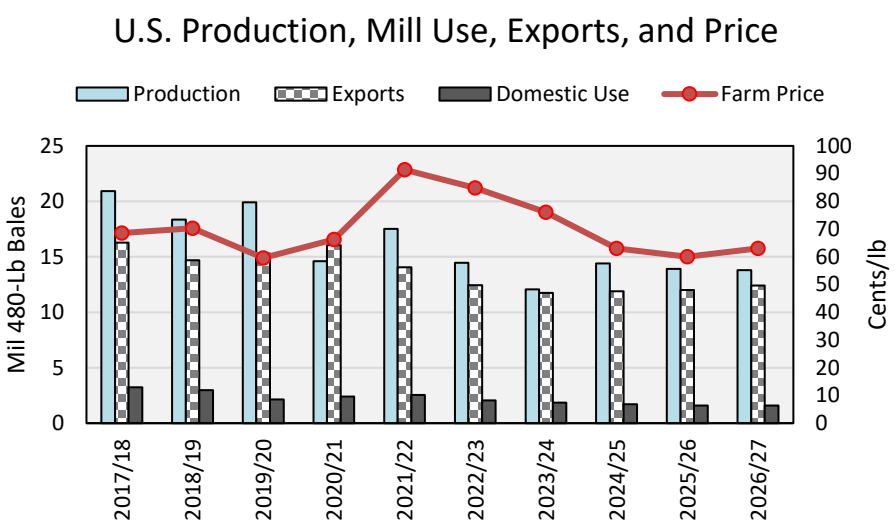
Introduction

The USDA forecasts global cotton production to decline by 3 percent to 116.0 million bales due to reduced area and yield in some major producers in its first forecast for the 2026/27 marketing year (August-July). Meanwhile, cotton consumption is expected to rise by 1 percent to 120.1 million bales, driven by a stable trading environment and higher economic growth. This would mark only the third time since 2007/08 that consumption exceeds 120 million bales. Despite robust growth in total textile fiber consumption from 337 million bale-equivalents in 2007 to 520 million in 2024, the increase has been dominated by man-made fibers, reducing cotton's share from over 35 percent to around 22 percent over the past two decades. Ending stocks are projected at 71.2 million bales, down 5 percent from 2025/26. Cotton prices will remain under pressure with the A-Index averaging 78 cents per pound, just 2 cents higher than 2025/26.



In 2026/27, U.S. all-cotton planted area is expected to increase slightly to 9.4 million acres, up just over 100,000 acres from 2025/26 as Texas cotton area rebounds from its lowest level since 2015/16. With an average abandonment rate of 19 percent and a yield of 856 pounds per acre, production is projected at 13.6 million bales, 2 percent below 2025/26. Domestic mill use remains at 1.6 million bales, while exports are forecast at 12.2 million bales, 200,000 higher than 2025/26 due to larger Chinese imports. Ending stocks will decrease by 200,000 bales to 4.2 million, with a stocks-to-use ratio of 30 percent, down 6 percent from 2025/26. The season-average farm price for upland cotton is predicted to be 63 cents/lb., up 3 cents from 2025/26, supported by the slight increase in global cotton consumption and lower U.S. and world stocks.



World Cotton Situation, 2025/26

World Cotton Production, 2025/26

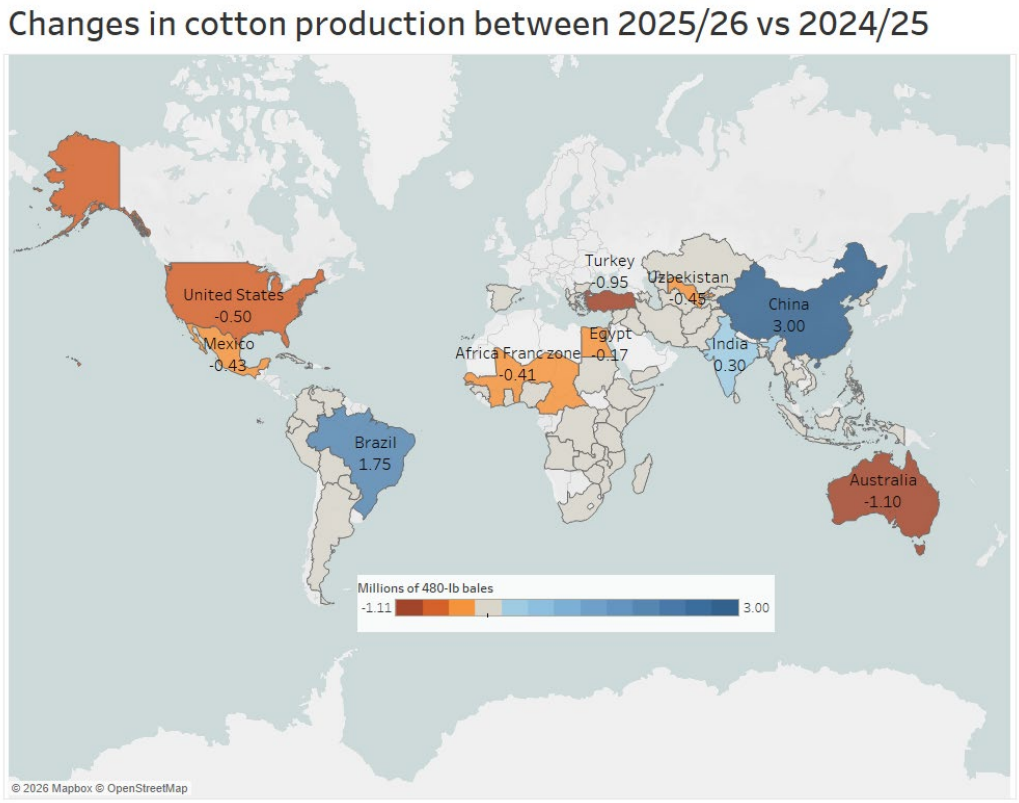
World cotton production in 2025/26 increased 1 percent from the previous year to 119.9 million bales, the second highest in 10 years. Low cotton prices and weather conditions in a few countries reduced area but the decline was offset by improved growing conditions in China and India, and continued growth in Brazil's cotton area. The global average yield increased 3 percent to a record 885 kilograms per hectare (kg/ha), supported by record high yields in China and Brazil for 2025/26 and increases estimated for Australia, India, and Greece. Conversely, yield is forecast to decline for several countries, including Turkey, Mexico, Egypt, and the United States. Brazil's cotton production outpaced the United States for the third consecutive year.

In China, cotton production increased 3.0 million bales (9 percent) to 35.0 million bales in 2025/26, continuing the upward trend from the sharp decline in 2023/24. The larger crop allowed China to remain the world's largest cotton producer. Area planted to cotton in Xinjiang continued to increase to a new record in 2025/26 while area outside of Xinjiang declined again this season. Higher labor costs, lower mechanization levels, lower productivity and yield outside of Xinjiang, and state cotton subsidies to Xinjiang farmers, all contribute to the continuing shift to the Xinjiang region. Xinjiang growing conditions have been near-perfect for the second season in a row, resulting in expanding production and a record-high yield for China in 2025/26 of 2,499 kg/ha, the highest of any country.

India saw cotton area decline in 2025/26, down 284,000 hectares to 11.2 million, a decrease of 2 percent from 2024/25. However, India's yield increased 4 percent and was able to more than offset the decline in area. As a result, India's production rose 300,000 bales to 23.5 million bales in 2025/26, 1 percent above last year.

Brazil's 2025/26 cotton crop is forecast at nearly 18.8 million bales, a third consecutive record and surpassing last year's record by 1.8 million bales and the previous year (2023/24) by 4.2 million bales. The increase was a result of both higher area and a record yield. Area increased 150,000 hectares from the previous season, primarily in the Mato Grosso and Bahia regions. Brazil's growing conditions improved from last season resulting in a yield increase of 2 percent to 1,944 kg/ha and above the previous record set in 2023/24. Brazil was the world's third largest cotton producer in 2025/26.

Cotton production in the United States decreased slightly in 2025/26 after rebounding last season. U.S. production declined 500,000 bales in 2025/26 due to a reduction in yield as harvested area was unchanged. Planted acreage declined 17 percent to about 9.3 million acres, a result of lower prices, weather conditions, and competition with other crops. Yield was down 3 percent as lower abandonment in Texas resulted in an increased proportion of lower-yielding dryland acres in the State.



Pakistan's 2025/26 production was unchanged from 2024/25 at 5 million bales. The increase in yield offset the decline in area harvested. Yield increased nearly 3 percent, while area harvested declined by 50,000 hectares.

In Africa's Franc Zone, the 2025/26 cotton crop declined about 415,000 bales from the year before, with both area and yield contributing to the decrease. As a result, cotton production was

down 9 percent from 2024/25 to 4.0 million bales.

Australia's 2025/26 cotton production is forecast 1.1 million bales lower than the year before, at 4.5 million bales. Yield increased slightly but could not offset the large decline in harvested area. Harvested area declined 22 percent (130,000 hectares) to 470,000 hectares in 2025/26.

Turkey's output in 2025/26 declined 24 percent to 3.0 million bales after a rebound in 2024/25. Production decreased 950,000 bales due to reduced harvested area and a decrease in yield. Turkey's yield fell 11 percent (196 kg/ha) to 1,654 kg/ha, the second lowest in 5 years.

2025/26 China Supply and Demand

China's 2025/26 consumption is estimated at 39.0 million bales, unchanged from 2024/25 and 1.4 million bales above the 5-year average. Imports are forecast to increase 415,000 bales from the previous year to 5.6 million but well below the 15.0 million bales reached in 2023/24. Weaker import demand from both domestic mills and state reserves has reduced imports in the last 2 years, mostly due to supplies being sufficient to meet spinners' immediate needs and to robust levels of government reserves. China's 2025/26 ending stocks are projected at 36.4 million bales which, if realized, would be the second largest in 9 years.

China Cotton Supply and Demand 2024/25 and 2025/26

Attribute	Unit	2024/25	2025/26	Change (%)
Beginning Stocks	mil. bales	36.7	34.8	-5.1
Area Harvested	mil. HA	2.9	3.1	5.2
Production	mil. bales	32.0	35.0	9.4
Imports	"	5.2	5.6	8.0
Total Supply	"	73.9	75.4	2.1
Exports	"	0.1	0.1	23.0
Domestic Use	"	39.0	39.0	0.0
Ending Stocks	"	34.8	36.4	4.4
State Reserve	"	15.0	15.0	0.0
Stock to Use	%	89.2	93.1	4.3

As the world's largest cotton consumer and importer of cotton yarn, China's supply and use situation is crucial to the overall direction and vitality of the global cotton supply chain. China's domestic use is forecast flat as a greater volume of cotton product orders from the United States and European Union are diverted to other major competitors, including Vietnam.

World Cotton Consumption, 2025/26

World cotton consumption in 2025/26 is forecast at 118.7 million bales, marginally lower than the previous year and below the record level of 124.5 million bales reached in 2020/21. The COVID-19 pandemic resulted in remarkably large swings in consumption with use down 12 percent in 2019/20 and up 18 percent in 2020/21. The 2021/22 spike in world cotton prices then helped drive world consumption in 2022/23 to its lowest non-pandemic year level since 2013/14.

World Cotton Supply and Demand 2024/25 and 2025/26

Attribute	Unit	2024/25	2025/26	Change (%)
Beginning Stocks	mil. Bales	73.3	73.8	0.6
Area Harvested	mil. HA	30.0	29.5	-1.9
Production	mil. Bales	118.5	119.9	1.1
Imports	"	43.0	43.7	1.6
Total Supply	"	234.9	237.3	1.0
Exports	"	42.4	43.7	3.1
Domestic Use	"	118.9	118.7	-0.2
Ending Stocks	"	73.8	75.1	1.8
Stock to Use	%	62.0	63.3	2.0

According to the International Monetary Fund's (IMF) January 2026 World Economic Outlook, the global economy grew 3.3 percent in calendar year 2025, the same as 2024, as higher growth in the Euro Area, United Kingdom, and Japan offset slower growth in the United States and Canada. China's economy was estimated to grow at 5.0 percent in both 2024 and 2025. However, changes in trade policy and competition with synthetic fibers hindered demand for cotton leading to a decline in cotton consumption despite positive economic growth.

In the first few months of 2025/26, new tariffs and rapidly changing trade policy disrupted the flow of cotton products. China, a major cotton product exporter, experienced export growth of more than 5 percent as increased shipments to Asia, Africa, and Russia more than offset falling shipments to the United States. Through November 2025, U.S. imports have fallen 6 percent year over year as lower shipments from China and India more than offset growing imports from Pakistan, Bangladesh, and Vietnam. The European Union has been less affected by the trade disruptions and cotton product imports continue to expand in 2025/26, although at a slower rate than last year.

2025/26 World Trade and Stocks

World cotton imports in 2025/26 are forecast to rebound nearly 700,000 bales to 43.7 million bales. Imports by Vietnam, Bangladesh, and Pakistan are projected to remain higher than China in 2025/26 with a combined share of world imports of 50 percent. Vietnam's imports are forecast up slightly to a record 8.1 million bales in 2025/26, Bangladesh's imports are forecast down slightly to 8.0 million bales, and Pakistan's imports are forecast down 400,000 bales to 5.7 million. China's 2025/26 imports are forecast to increase 415,000 bales to 5.6 million, accounting for just 13 percent of global cotton imports compared to over one-third in 2023/24.

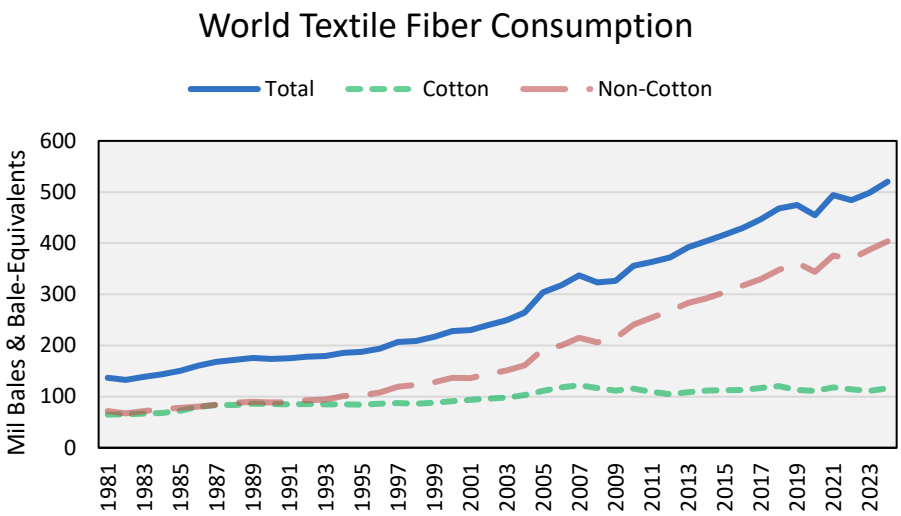
In 2025/26, Brazil is expected to remain the top exporter for the third consecutive year and account for 33 percent of global trade with exports projected to increase 1.5 million bales to 14.5 million. Despite a smaller crop, U.S. exports are projected up 100,000 bales to 12.0 million, 27 percent of world trade. Australia's exports are forecast up nearly 300,000 bales to 5.5 million but below record shipments in 2022/23, while exports from the Franc Zone are forecast down slightly. Australia's share of world trade is projected at 13 percent and the Franc Zone share at 9 percent.

World ending stocks in 2025/26 are expected to be nearly 1.4 million bales above the previous year at 75.1 million bales. The largest increases are forecast for China and Brazil, with higher production in both countries.

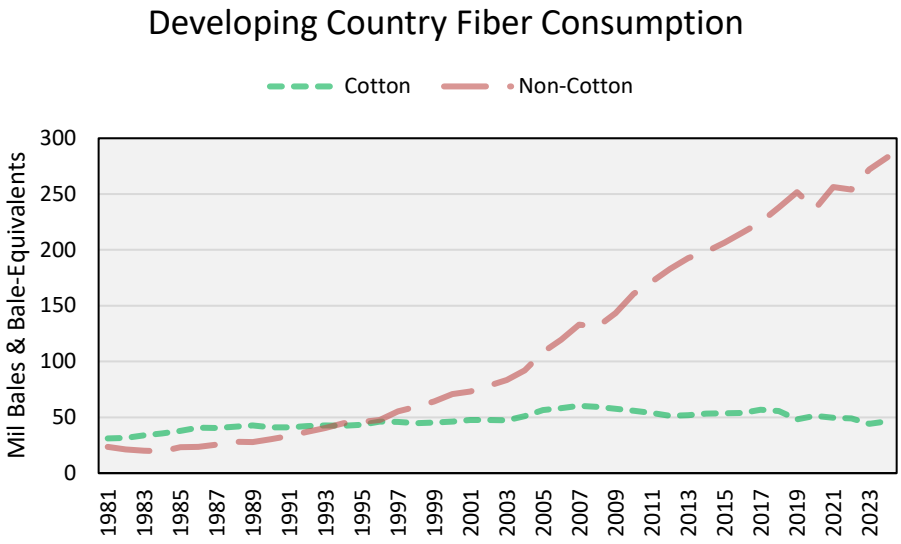
Battle with Synthetic Fibers

Although global textile consumption continues to grow at a strong pace, cotton is not capturing any of that growth and is losing market share to non-cotton[1] fibers as a result. The International Cotton Advisory Committee's (ICAC) 2024 World Textile Demand[2] report shows that cotton's share of global textile fiber consumption has fallen to the low 20 percent range in recent years, down from over 50 percent in the 1970s. Furthermore, consumption of cotton has not grown at all since 2007/08 when it reached over 120 million bales; cotton consumption for 2025/26 is estimated below 119 million bales. Over this same period, consumption of non-cotton fibers (mostly synthetics) has almost doubled, from roughly 215 million bale-equivalents to 420 million.

1/ Wool, synthetic and cellulosic fibers. Synthetic and cellulosic fibers are categorized as man-made fibers. According to the ICAC World Textile Demand report, in 2024 global consumption of wool equaled approximately 4.9 million bale-equivalents, synthetics 365.4 million bale-equivalents, and cellulosic 33.5 million bale-equivalents.
2 / ICAC estimates are on a calendar year basis. In this document, marketing years are generally denoted by referencing 2 years (e.g., 2025/26) whereas calendar years reference only 1 year (e.g., 2025).

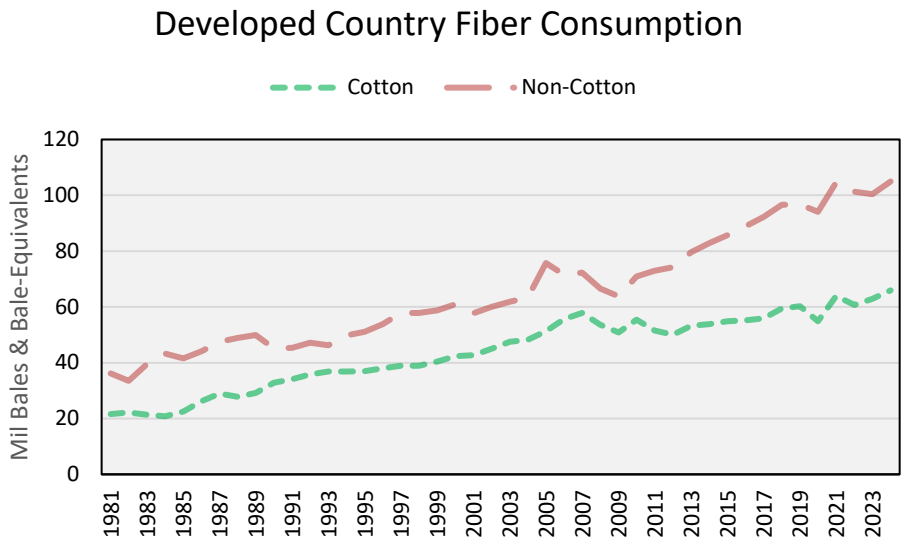


While cotton has lost ground to synthetics around the world, the problem is particularly acute in the developing world where consumption fell from 60 million bales in 2007 to 47 million bales in 2024. In comparison, consumption of non-cotton fibers in developing countries grew from 133 million bale-equivalents to 283 million bale-equivalents over this same period. In other words, the developing world more than doubled its consumption of non-cotton fibers between 2007 and 2024, while its consumption of cotton declined by over 20 percent. From another perspective, the 13-million-bale decline in cotton consumption in the developing world (post-2007) amounts to more than 10 percent of global cotton consumption in 2007.



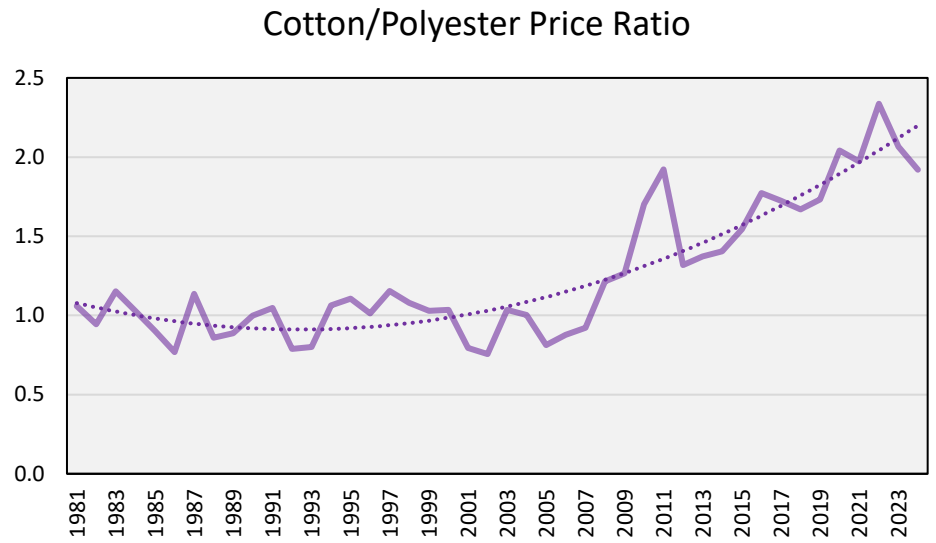
The situation is less dire in the developed countries of the world where demand for cotton has continued to grow, albeit at a much slower pace than synthetic fibers over the past two decades. Between 1981 and 2007, demand for cotton in developed countries increased by about 36 million bales, virtually the same amount as the increase in demand for non-cotton fibers. In the post-

2007 period, however, consumption growth for non-cotton fibers has far outstripped that of cotton. Specifically, since 2007, demand for cotton in developed countries has grown by 8 million bales while demand for non-cotton fibers increased by over 32 million bale-equivalents. Nevertheless, the 8-million-bale consumption increase in the developed world is far outweighed by the 13-million-bale decline in the developing world.[3]



The fortunes of cotton changed dramatically following the global financial crisis of 2007-08. As discussed, cotton consumption stagnated and even declined post-2007 while man-made fibers captured all of the growth in textile fiber consumption. A change in cotton and polyester price expectations is likely a significant factor. Between 1981 and 2007 the ratio of cotton to polyester staple prices averaged about 0.96 with a high of 1.16 and a low of 0.75. Cotton and polyester prices were approximately equal on average and stayed in a competitive range. Beginning in 2008, however, cotton and polyester prices began to diverge with the ratio hitting 1.21 that year and growing to 1.92 in 2011 as cotton prices hit a record high. Since 2007, the cotton/polyester price ratio has averaged 1.70 with a high of 2.34 (2022) and a low of 1.21 (2008). With a strong cost advantage post-2007, along with versatility, manufacturing and use benefits, man-made fibers have been the fabric of choice for textile manufacturers absent a strong consumer preference for cotton textile products.

3/ Though dwarfed by consumption in developed and developing countries, increases in cotton consumption in the former Soviet Union and allied centrally planned economies helped further offset some of the decline in developing countries.



U.S. Cotton Situation, 2025/26

Area and Production

The 2025/26 U.S. cotton crop is estimated at 13.9 million bales, down 500,000 bales (3 percent) from 2024/25 and the fourth consecutive crop below 15 million bales. The last time U.S. production was below 15 million bales for at least 4 consecutive years was 1987/88 when acreage set-asides and other supply control measures were still in use. About 9.3 million acres of upland and ELS cotton were planted in 2025/26, 17 percent fewer than in 2024/25 and the lowest figure since 8.6 million in 2015/16. Low prices compared to competing crops, along with dry conditions in some areas, were behind the decline.

Harvested area is estimated at 7.8 million acres, virtually identical to 2024/25, because abandonment is far lower in 2025/26. The latest estimates indicate that 1.5 million acres (16 percent) of 2025/26 planted area has been abandoned, substantially lower than the 30 percent abandonment rate (3.4 million acres) in 2024/25. As usual, most of the abandoned area in 2025/26 is in Texas (1.3 million acres) with drought the primary cause of loss. The 2025/26 abandonment rate in Texas is nevertheless low at 24 percent; this is half the 5-year average of 50 percent, as the crop received timely rainfall during the growing season.

The national average yield for 2025/26 is estimated at 856 pounds per harvested acre, down 30 pounds from 2024/25. Upland production is estimated at over 13.5 million bales, almost 400,000 bales below 2024/25, with an average yield of 847 pounds per harvested acre, down from 922 pounds the prior year. Extra-long staple (ELS) cotton production is estimated at 388,000 bales, down 18 percent from 2024/25 because of lower area. The average ELS yield in 2025/26 is estimated at 1,348 pounds per harvested acre, over 200 pounds higher than the previous year.

U.S. Cotton Area, Abandonment, Yield, and Production, 2021/22 to 2025/26

	Unit	2021/22	2022/23	2023/24	2024/25	2025/26
Planted acres	mil. Acres	11.2	13.7	10.2	11.2	9.3
Harvested acres	mil. Acres	10.3	7.3	6.4	7.8	7.8
Abandonment rate	%	8.4	47.0	37.1	30.2	15.9
Yield/harvested acre	lbs./acre	820	953	900	886	856
Production	mil. Bales	17.5	14.5	12.1	14.4	13.9

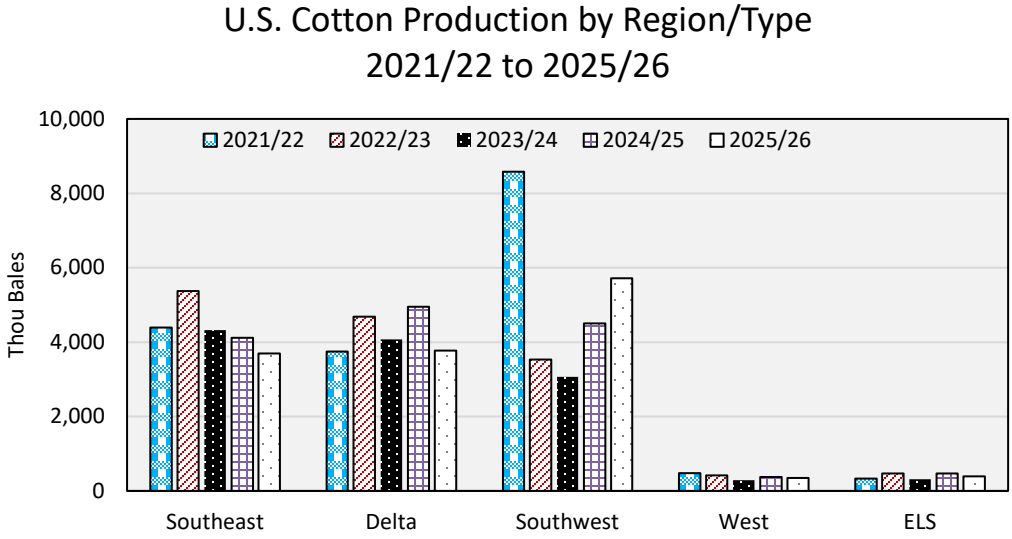
Upland cotton production in 2025/26 is lower in the Southeast, Delta, and West, while being higher in the Southwest. In the Southeast, upland production of 3.7 million bales is 10 percent lower than in 2024/25, and over 700,000 bales below the 5-year average. The region accounts for 27 percent of the 2025/26 U.S. upland crop. Upland planted area in 2025/26 decreased 26 percent from the previous year to 1.7 million acres and is 670,000 acres below the region's 5-year average. The Southeast yield of 1,054 pounds per harvested acre was a record, up 183 pounds from 2024/25 and 147 pounds above the 5-year average.

In the Delta, upland production of 3.8 million bales is 24 percent lower than in 2024/25 and almost 550,000 bales below the 5-year average. The region accounts for 28 percent of the 2025/26 U.S. upland crop, below the 5-year average of 31 percent. Upland planted area of 1.5 million acres is almost 500,000 acres lower than in 2024/25, about 320,000 acres below the 5-year average, and the lowest since 2016/17. The 2025/26 Delta yield of 1,249 pounds per harvested acre is the third consecutive year a new record has been established.

Upland production in the Southwest of 5.7 million bales is 27 percent greater than the 2024/25 crop and about 680,000 bales higher than the 5-year average. The Southwest contributes 42 percent of U.S. upland production in 2025/26, up significantly from its 5-year average of 35 percent. Upland planted area is down 11 percent from last year to 5.8 million acres while harvested area of 4.4 million acres is up 35 percent because of timely precipitation during the growing season. As a result, the abandonment rate of 24 percent is far below the 50 percent, 61 percent, and 73 percent abandonment rates of the 3 previous years. The 2025/26 Southwest yield of 622 pounds per harvested acre, however, is 6 percent lower than last year's yield and 8 percent below the 5-year average.

The 2025/26 upland crop in the West is estimated at 345,000 bales, down 8 percent from 2024/25. Upland cotton production in the region continues to wither as the region accounts for less than 3 percent of the upland crop in 2025/26. As recently as 2004/05, the region produced an upland crop of 2.6 million bales and contributed almost 12 percent of U.S. upland production. Upland planted area in 2025/26 is down 15 percent to 135,000 acres, the fifth consecutive year below 200,000 acres. Harvested area of 124,000 acres is down 14 percent from 2024/25. The West region average yield was 1,339 pounds per harvested acre, 93 pounds higher than 2024/25

and almost identical to the 5-year average.



ELS cotton planted area was down 32 percent to 142,000 acres in 2025/26, 31,000 acres below the 5-year average. The 2025/26 national average ELS yield of 1,348 pounds per harvested acre is 220 pounds higher than last year and 118 pounds above the 5-year average. Also, it is the first national average ELS yield above 1,300 pounds since 2020/21; from 2011/12 to 2020/21, the lowest national average ELS yield was 1,340 pounds per harvested acre. California accounted for 77 percent of the 2025/26 U.S. ELS crop, consistent with its typical share of ELS production.

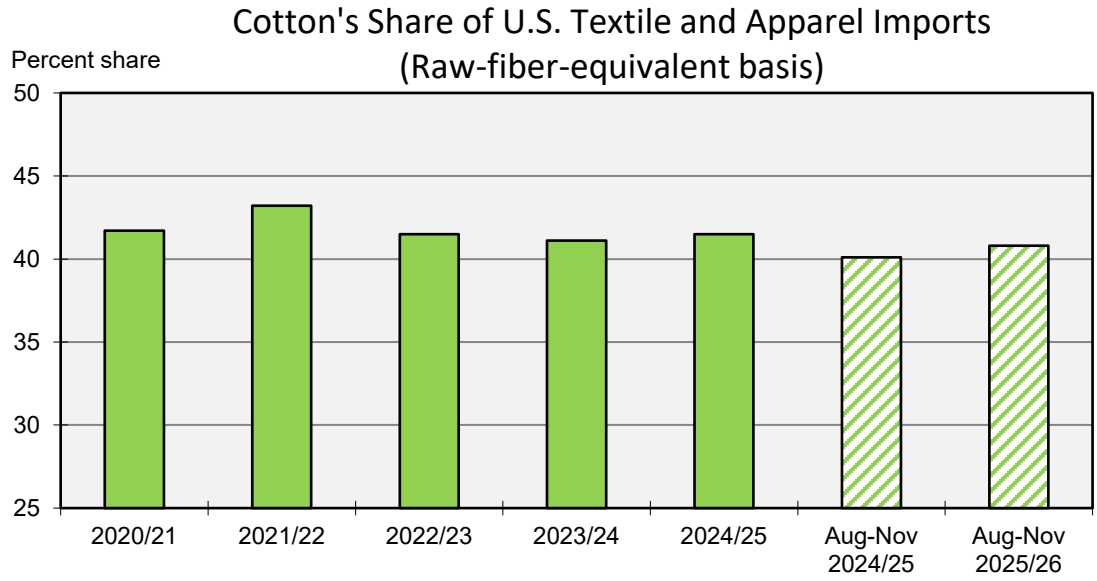
U.S. Cotton Supply and Demand, 2024/25 and 2025/26

Attribute	Unit	2024/25	2025/26	Change (%)
Beg. Stocks	mil Bales	3.2	4.0	27.0
Production	"	14.4	13.9	-3.4
Imports	"	0.0	0.0	0.0
Total Supply	"	17.6	17.9	2.0
Mill Use	"	1.7	1.6	-5.9
Exports	"	11.9	12.0	0.8
Total Use	"	13.6	13.6	0.0
Ending Stocks	"	4.0	4.4	10.0
Stocks-to-Use	%	29.4	32.4	10.2
Farm Price	cents/lb	63.0	60.0	-4.8

Domestic Mill Use and Consumer Demand

U.S. cotton mill use in 2025/26 is forecast at 1.6 million bales, compared with last season's 1.7 million bales. Mill use is expected to decline this season despite stable growth in the global economy. While inflationary effects on consumer purchasing power are projected to ease in 2026, cotton apparel product demand growth remains limited despite relatively stable cotton/polyester price ratios. Economic uncertainties and the growth of synthetic fiber use have restrained U.S. cotton textile exports and limited mill use this season. During the first 5 months of 2025/26, U.S. cotton mill use reached approximately 0.7 million bales, 2 percent below a year earlier. Similarly, the pace of cotton mill use during the remaining months of this season is expected to underperform the previous 2024/25 season. U.S. cotton mill use in 2025/26 is expected to decline nearly 6 percent year over year to its lowest level in 145 years.

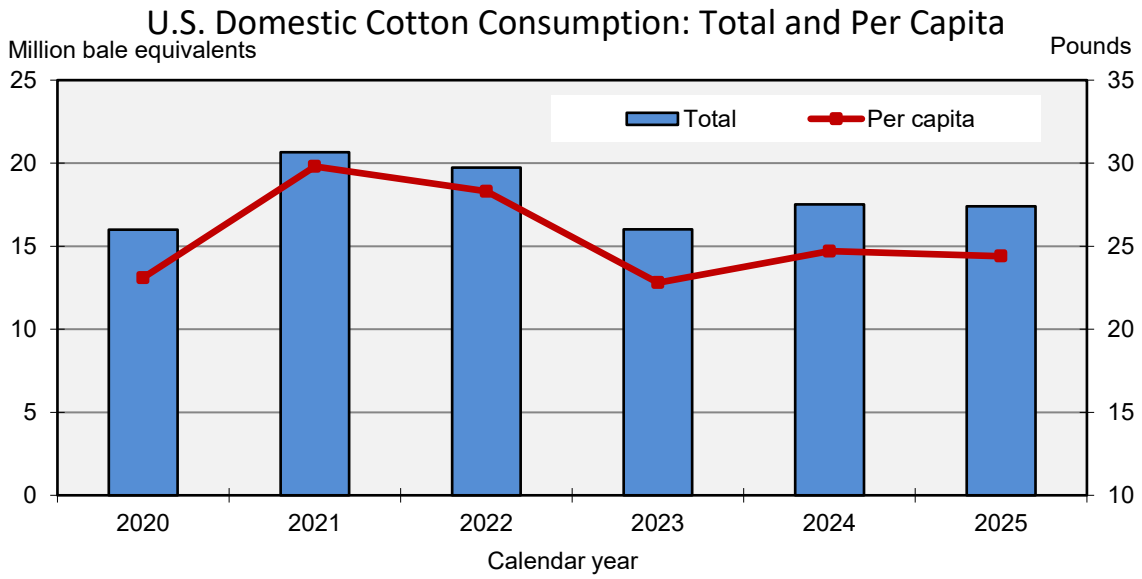
Consumer demand for textile and apparel products generally follows the global economy. Although the world Gross Domestic Product (GDP) in calendar year 2025 grew at the same rate as the year before, total U.S. fiber product imports declined somewhat from a considerable increase in 2024. Fiber product imports on a raw-fiber equivalent basis decreased an estimated 2.5 percent in calendar year 2025 after rising 9 percent in 2024. Cotton and synthetic products accounted for a combined 90 percent of total fiber product imports in 2025. In contrast, total U.S. fiber product exports declined an estimated 4.5 percent in 2025, with cotton products accounting for 40 percent of the reduction.



In calendar year 2025, U.S. cotton textile and apparel imports are estimated slightly lower to approximately 17.9 million bale-equivalents, while synthetic product imports decreased nearly 5 percent. Despite continued competitively priced synthetic fibers (like polyester) and sustained demand for athleisure clothing (containing mostly synthetic fibers), the U.S. fiber product import

share increased marginally for cotton. In calendar year 2025, the cotton product import share advanced to 42 percent, with synthetic product imports accounting for about 49 percent of the total.

U.S. cotton product exports were 4 percent lower in calendar year 2025 at 2.1 million bale-equivalents. Meanwhile, U.S. domestic consumption of cotton (mill use plus net textile trade) in calendar year 2025 is estimated marginally lower at 17.4 million bale-equivalents, compared with 17.5 million bale-equivalents in 2024. U.S. per capita cotton consumption in calendar year 2025 is estimated at 24.5 pounds, compared with approximately 25 pounds in 2024.



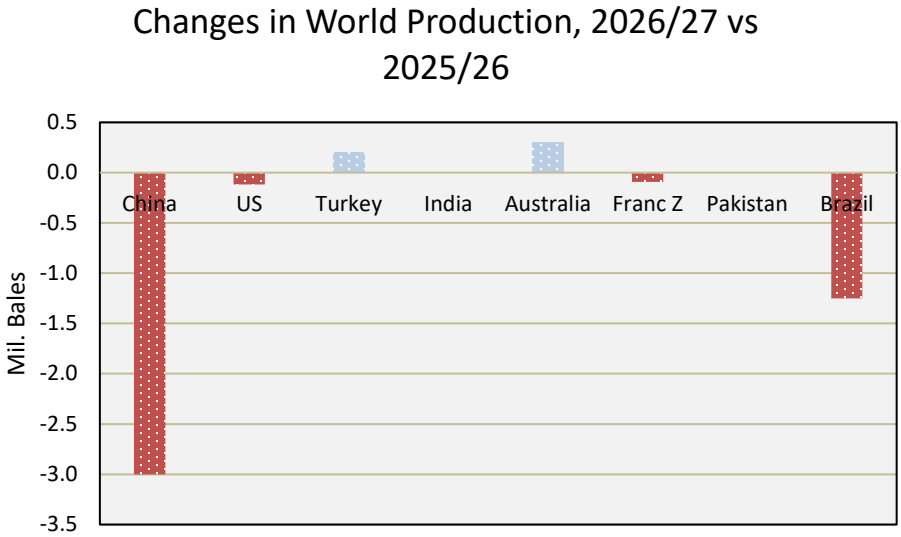
World Cotton Outlook, 2026/27

World Cotton Production, 2026/27

World cotton production is projected to decline 3.9 million bales to 116.0 million in 2026/27, slightly above the 5-year average. Lower production is forecast for China, Brazil, the United States, the African Franc Zone, and Greece. Modest increases are projected for Australia, Turkey, Mexico, Central Asia, and Egypt, while no change is forecast for India and Pakistan. The rank order is not expected to change among the major producers with China again being the largest producer, followed by India, Brazil, and the United States, respectively. Brazil has firmly established itself as the world's third largest producer of cotton and leading exporter, eclipsing the historical positions of the United States.

China's 2025/26 crop is forecast at 32.0 million bales, 3.0 million below the 2025/26 estimate, due to a combination of lower area and yields. Chinese government officials have announced

their intent to reduce cotton area in Xinjiang in response to changes in market demand and to redirect agricultural resources to raise grain production capacity. Reflecting these intentions, projected cotton area for 2026/27 is reduced by 5 percent to 2.9 million hectares. The 2026/27 yield is projected to be slightly lower, equal to the 2024/25 yield but trailing the record 2025/26 yield. Growing conditions in Xinjiang in 2025/26 were near-perfect and the national average yield was a new record, higher than the previous record established in 2024/25.



Planting of the 2026/27 crop in Brazil is nearing completion. Projected cotton area is down 5 percent to 2.0 million hectares as low prices and a stronger currency dampen enthusiasm for cotton. The projected national average yield is down 2 percent to 1,905 kg/ha, below the record 2025/26 yield but still the third highest on record. As a result, a crop of 17.5 million bales is projected, 1.3 million bales below 2025/26 but the second largest crop in history.

Availability of water is a critical determinant of Australia's cotton area, both for irrigated production dependent on reservoir discharges and dryland production dependent on timely rainfall. Reservoir supplies in New South Wales — key for cotton irrigation — are down slightly versus the same time last year and are at the lowest levels since May 2021. Furthermore, 2025's weak La Niña offered limited moisture relief and reservoir recharge for 2025/26 crop cotton. NOAA's NWS CPC currently forecasts a greater than 60 percent chance of El Niño to develop by autumn, which would portend toward a warmer- and drier-than-normal boreal summer crop growing season for 2026/27. With planting many months away, 2026/27 cotton area is projected to increase 6 percent from 2025/26 to 500,000 hectares. Yields are expected to be consistent with recent experience and are assumed to be approximately equal to the 3-year average. As a result, Australia's 2026/27 crop is projected to be 300,000 bales higher than 2025/26 at 4.8 million bales.

Cotton area in Turkey is expected to be flat in 2026/27 as farmers continue to struggle with

profitability. With water issues easing, the national average yield is projected to rebound a bit from 2025/26, up 5 percent to 1,742 kg/ha, reflecting the general upward trend in cotton yields. Turkey's 2026/27 cotton crop is projected at 3.2 million bales, up 200,000 from 2025/26 based on the higher yield.

Greece's cotton crop is projected at 1.0 million bales, similar to 2025/26. Cotton area is forecasted to go down slightly (5 percent) to 200,000 hectares because of low prices. Lingering water issues are expected to continue to impact yield expectations. However, the national average yield is projected to increase 3 percent from 2025/26 to 1,089 kg/ha but remains below the yield performance of the 2016 to 2022 period.

Cotton production in India for 2026/27 is projected to be 23.5 million bales, the same as 2025/26. Persistent pest issues, low prices, and inadequate precipitation have led farmers to switch less productive acres to competing crops in the past 2 years. With abundant precipitation in the past monsoon season, cotton area is projected to increase 3 percent to 11.5 million hectares, approximately equal to 2024/25 cotton area. India's yields have been stable the past 8 years with a range of just 35 kg/ha between the low and high estimates. The projected yield for 2026/27 of 445 kg/ha is 3 percent below 2025/26, but slightly above the 5-year average as some earlier years experienced more severe pest and disease issues.

Pakistan's 2026/27 cotton crop is projected to be unchanged from its 2025/26 crop at 5.0 million bales. Cotton area is also forecast to be unchanged from 2025/26 at 2 million hectares. Over the past decade, pest pressures, declining productivity, and unfavorable market returns relative to competing crops have led to a significant decline in cotton area in some regions of the country. Recently, cotton area has stabilized in the low 2-million-hectare range. Recognizing the importance of cotton to Pakistan's economy, in late calendar year 2025 the Pakistani government began efforts to revive the country's cotton industry. While those efforts may pay off in future years, no impact is assumed for 2026/27.

USDA Projections for China, 2026/27

China's 2026/27 production is forecast at 32.0 million bales, down from the previous year's level which was the highest in more than a decade. Consumption is forecast to increase almost 1 percent to 39.3 million bales, the highest level in 6 years and above the 5-year average of 37.6 million bales. As the world's largest exporter of cotton fabric and apparel, expectations for greater global apparel imports are expected to boost cotton consumption. However, concerns about domestic consumer demand and changing trade policies are expected to limit China's growth in cotton consumption, keeping it below the forecast global growth rate of just over 1 percent. With China's production forecast at the lowest level in 3 years, imports are forecast to rise by 25 percent to 7.0 million bales and, depending on final production estimates, there is the

potential for sales of foreign cotton from the state reserve.

China Cotton Supply and Demand 2025/26 and 2026/27

Attribute	Unit	2025/26	2026/27	Change (%)
Beginning Stocks	mil. Bales	34.8	36.4	4.4
Area Harvested	mil. HA	3.1	2.9	-4.9
Production	mil. Bales	35.0	32.0	-8.6
Imports	"	5.6	7.0	25.0
Total Supply	"	75.4	75.4	-0.1
Exports	"	0.1	0.1	0.0
Domestic Use	"	39.0	39.3	0.8
Ending Stocks	"	36.4	36.0	-1.0
State Reserve	"	15.0	15.0	0.0
Stock to Use	%	93.1	91.6	-1.8

World Cotton Consumption, 2026/27

World cotton consumption in 2026/27 is expected to rise to 120.1 million bales, its highest level in 6 years. This projected 1.4-million-bale increase implies a growth rate of 1.2 percent, below the 1.6 percent average annual rate of global cotton consumption growth realized since 1960/61, and a resumption of growth after stagnant demand in 2025/26. Consumption levels remain below the record level of 124.5 million bales witnessed in 2020/21, with the last 5 marketing years only averaging roughly 116.2 million bales. In 2026/27, consumption is forecast higher as prospects for global economic growth are expected to stimulate cotton demand despite smaller global cotton supplies.

Consumer demand remained resilient in 2025 despite trade disruptions impacting some of the largest consumers of cotton products, and it is expected to continue to grow in 2026 based on global economic demand forecasts. In its January 2026 World Economic Outlook, the IMF forecast growth for 2026 at 3.3 percent and for 2027 at 3.2 percent, roughly equal to the estimated GDP growth for 2025. As the largest importer of cotton products, economic growth is expected to rise slightly in 2026 in the United States, supported by falling interest rates and lower taxes as the economy overcomes the impact of higher tariffs. This should help maintain a steady demand for cotton products. The European Union is also expected to help maintain demand for cotton products as economic growth in this second largest importer is forecast at a similar rate in 2026 and 2027 compared to 2025. On the other hand, economic growth is expected to slow in China, a major consumer of raw cotton and exporter of cotton products, from 5.0 percent in 2025 to 4.5 percent and 4.0 percent in 2026 and 2027, respectively, despite

domestic stimulus policies.

In 2025/26, new tariffs and trade disruptions reshaped the flow of cotton products in ways that are expected to continue into 2026/27. For example, China, a major cotton product exporter, was able to continue growing its exports by shifting cotton product shipments from the United States to a broad swath of markets around the world. At the same time, cotton product importers in the United States turned to alternative suppliers such as Pakistan, Vietnam, and Bangladesh to more than offset falling imports from China as U.S. cotton product imports rose over 1 percent year over year in the first 11 months of 2025. These adjustments demonstrate the resilience of the cotton textile supply chain and its ability to meet increasing consumer demand in the face of trade disruptions and policy uncertainty. In fact, the cotton product supply chain proved more adaptable than the supply chain for MMF products as U.S. MMF product imports fell over 3 percent in the first 11 months of 2025. China has historically supplied more than half of the MMF products imported by the United States compared to about 20 percent of imported cotton products.

Despite this optimistic view of global economic growth and supply chain resiliency, lower global cotton supplies and competition from synthetic fibers are expected to limit the potential growth in cotton consumption. The sum of beginning stocks and production is forecast to fall by 2.5 million bales in 2026/27 as lower production more than offsets higher beginning stocks. This limits the potential for expansion of cotton consumption as prices are expected to rise. However, cotton prices have proven stable despite various shocks in the past year creating a stable operating environment for spinners who have kept limited stocks on site and only made purchases for nearby supplies. Therefore, consistent demand is expected to continue despite lower supplies as mills will need to continue to replenish stocks. Finally, cotton consumption will continue to face headwinds from competition with synthetic fibers. The growth in the supply of synthetic fibers has significantly outpaced the growth in cotton consumption in recent years, and this trend is likely to continue even with a projected rise in cotton consumption in 2026/27.

2026/27 World Trade and Stocks

World cotton trade is expected to rise slightly in 2026/27 to 44.0 million bales as China's imports are expected to increase, and consumption is projected to rise in import-dependent countries such as Vietnam and Bangladesh. The world's two largest exporting countries—Brazil and the United States—will meet this increased import demand despite lower forecast production as they draw down stocks.

World ending stocks of cotton are expected to fall nearly 4.0 million bales in 2026/27 due to global consumption outpacing production. At 71.2 million bales, stocks are forecast slightly above the volume in 2021/22 and at the third lowest level in the past decade. With stocks tighter,

prices in the United States and the world are expected to rise, and the A-Index is forecast to increase to 78 cents per pound.

World Cotton Supply and Demand 2025/26 and 2026/27

Attribute	Unit	2025/26	2026/27	Change (%)
Beginning Stocks	mil. Bales	73.8	75.1	1.8
Area Harvested	mil. HA	29.5	29.4	-0.3
Production	mil. Bales	119.9	116.0	-3.2
Imports	"	43.7	44.0	0.7
Total Supply	"	237.3	235.1	-0.9
Exports	"	43.7	44.0	0.7
Domestic Use	"	118.7	120.1	1.2
Ending Stocks	"	75.1	71.2	-5.2
Stock to Use %	%	63.3	59.3	-6.3

U.S. Cotton Outlook, 2026/27

Area, Production, and Supply

The early USDA projection for 2026 U.S. cotton planted area is 9.4 million acres, slightly above 2025's 9.3 million acres and the second lowest since 2015. Historically, the relationship between expected harvest prices for cotton relative to corn and soybeans has played an important role in the cotton area planted. Cotton harvest futures prices from mid-January through mid-February 2026 averaged half a cent (1 percent) below price expectations in early 2025, with corn harvest prices 2 percent lower in 2026. Meanwhile, 2026 soybean harvest prices were approximately 3 percent higher during the mid-January through mid-February period. Consequently, the changes in relative crop prices suggest that total cotton area in 2026 may be similar to levels from a year ago.

Planted acreage decisions this spring likely will be influenced by additional factors including the cotton farmers' experiences during the previous season, insurance reference prices, fixed cost investments, and the soil moisture conditions heading into planting season. A record yield per harvested acre was recorded in the Delta and Southeast regions in 2025, but the cotton yield in the Southwest—the largest cotton-producing region—was below the 5-year average. Meanwhile, 2026 crop insurance reference prices are expected to be similar to 2025, which were at their lowest in 5 years. As the 2026 spring planting season approaches, dry conditions across the Cotton Belt as of mid-February are more prevalent than a year ago. As a result, weather

conditions and rainfall during the growing season will provide additional uncertainty.

U.S. Cotton Area, Yield, and Production
2025/26 and 2026/27

Attribute	Unit	2025/26	2026/27	Change (%)
Planted area	mil. acres	9.28	9.40	1.3
Harvested area	"	7.81	7.63	-2.2
Abandonment rate	%	15.9	18.8	18.2
Yield/harvested acre	lbs./acre	856	856	0.0
Production	mil. bales	13.92	13.60	-2.3

USDA's first survey of producer planting intentions—*Prospective Plantings*—will be conducted in early March and published on March 31, 2026. For the purposes of this analysis, 2026 cotton plantings of 9.4 million acres (+1.3 percent) are estimated to result in harvested area of approximately 7.6 million acres, or 2 percent below 2025. The projected national abandonment rate of 19 percent is based on 10-year regional averages, with the 2026 Southwest abandonment rate estimated below the 10-year average of 37 percent. Southwest abandonment rates are highly variable demonstrated by 2021's rate of 12 percent followed by 2022's record of 73 percent. Last season, the Southwest abandonment rate was 24 percent. Conditions later this spring and summer will have a considerable impact on cotton plantings and the U.S. crop size. The latest NOAA seasonal outlook for the Southwest indicates that drought is likely to persist or develop over much of the region's cotton growing area at least through April 2026.

USDA is forecasting a 2026 national average yield—based on regional averages—of 856 pounds per harvested acre, unchanged from 2025. The 2026 U.S. cotton crop is projected at 13.6 million bales, compared with 2025's estimate of 13.9 million bales. The lower production is attributable to a modestly higher abandonment rate resulting in expected harvested area that is below 2025. Lower or similar cotton crop expectations to last season are anticipated for each of the Cotton Belt regions, except for the Southwest, where 2026 cotton production is projected to increase slightly. Based on higher U.S. carry-in stocks of 4.4 million bales for 2026/27, together with the slightly lower production forecast, a total supply of 18.0 million bales is projected which would be marginally above the 2025/26 level and the largest in 4 years.

U.S. Disappearance, Ending Stocks, and Farm Price

U.S. cotton mill use is projected at 1.6 million bales in 2026/27, unchanged from 2025/26. While global cotton mill use is expected to expand above the long-run annual growth rate in 2026/27, U.S. mill use is forecast to remain flat compared with many of the cotton spinning countries. Continued competition from foreign manufacturing of both cotton and synthetic fibers—such as polyester—is expected to keep U.S. cotton mill use at its lowest level in over a century. U.S. cotton mill use is projected to account for approximately 12 percent of total U.S. cotton demand

in 2026/27 (similar to 2025/26) as opportunities for increased U.S. raw cotton exports are expected to be limited as well.

U.S. cotton exports are projected to rise 200,000 bales in 2026/27 to 12.2 million bales, as expectations for increased foreign import demand help support the higher global cotton mill use forecast. As a result, world cotton trade is projected higher in 2026/27, and many of the exporting countries will likely benefit. Plentiful U.S. cotton supplies in 2026/27 are expected to support the slightly higher export projection as the United States remains the second largest cotton exporter in 2026/27. The U.S. share of world trade is expected to remain relatively stable in 2026/27, with the share forecast at 27.7 percent due to competition from other foreign cotton producers, most notably Brazil.

U.S. Cotton Supply and Demand,
2025/26 and 2026/27

Attribute	Unit	2025/26	2026/27	Change (%)
Beginning Stocks	mil. Bales	4.0	4.4	10.0
Area Harvested	mil. HA	3.2	3.1	-2.2
Production	mil. Bales	13.9	13.6	-2.3
Imports	"	0.0	0.0	0.0
Total Supply	"	17.9	18.0	0.5
Exports	"	12.0	12.2	1.7
Use	"	1.6	1.6	0.0
Total Use	"	13.6	13.8	1.5
Ending Stocks	"	4.4	4.2	-4.5
Stock to Use %	%	32.4	30.4	-6.2
Farm Price	cents/lb.	60.0	63.0	5.0

U.S. 2026/27 cotton ending stocks are forecast to decrease moderately (4.5 percent) from the 2025/26 level as the larger export projection reduces stocks. At 4.2 million bales, 2026/27 ending stocks are projected 200,000 bales below 2025/26 but still the second highest stock level in the past 4 years. In addition, the stocks-to-use ratio is expected to decline slightly in 2026/27 to approximately 30 percent, compared with the 5-year average of 29 percent. Based on the initial U.S. and global cotton supply and demand projections for 2026/27, the U.S. average price received by upland cotton producers is expected to rise modestly to 63 cents per pound, compared with the current 2025/26 forecast of 60 cents.

Appendix: U.S. Farm Policy

The One Big Beautiful Bill Act (HR1) became law effective July 4, 2025, and modified the 2018 Farm Bill while extending certain provisions through the 2031 crop year. Below are background and discussion of current farm policies.

In general, many of the provisions of the 2014 Farm Bill such as Marketing Assistance Loans and the ARC/PLC programs that were carried over to the 2018 Farm Bill were once again carried forward by HR1, with upward adjustments to loan rates for crops and an increase for Average Revenue Coverage and Price Loss Coverage (ARC/PLC) reference prices. ARC was also modified with the benchmark revenue to 10 percent from crop year 2025 through crop year 2031. Also, the Secretary provided notices to owners of eligible farms to allocate an additional 30 million base acres across all commodities.

For cotton, most of the farm program provisions were unchanged or modestly adjusted from the 2014 and 2018 Farm Bills. Under HR1, the upland cotton marketing assistance loan rate is raised from 52 to 55 cents/lb. for crop years 2026-2031, the ELS rate was raised from $0.95/lb. to $1.00/lb., and seed cotton loan rates continue to correspond with their respective upland and ELS loan rates. The Economic Adjustment Assistance for Textile Mills program (EAATM) payment was increased from 3 to 5 cents per pound beginning August 1, 2025. The Extra Long Staple (ELS) Competitiveness payment program remained in place.

Seed Cotton ARC/PLC Provisions

When cotton lint was removed as a covered crop in the 2014 Farm Bill, cotton base acres were eliminated and were replaced by "generic" base acres. These generic base acres, on an annual basis, could be eligible for payments based on the proportion of other covered crops planted on a farm with generic base acres.

The 2018 BBA applied only to the 2018/19 crop, but the 2018 Farm Bill applies to the 2019-25 crops (with the second one-year extension) and was extended to 2031 by HR1. Under the BBA, owners of generic base had several options to convert generic base into seed cotton or other covered commodity base acreage, either to 80-100 percent seed cotton base depending on cotton planting history during 2009-12 or to the proportion of all covered crops planted during that period. If a producer planted no covered commodities since 2009, all generic base acres would become unassigned and ineligible for ARC/PLC payments.

The seed cotton ARC and PLC programs operates with the same general parameters as they have with other covered crops during the 2014 Farm Bill. Seed cotton has a reference price of $0.42/lb. until 2031 with the price then increasing 0.5 percent per year until it reaches

$0.4746/lb., and the effective price is the higher of $0.30/lb. or the weighted average price of cotton lint and cottonseed. Payments equal the payment rate (if the effective price is lower than the reference price), times the payment yield, times 88 percent of the seed cotton base acres. The payment yield, by default, is the Counter-Cyclical Payment yield under previous legislation for lint cotton times 2.4, and the option to update yields also exists under the same conditions as for other covered commodities under the 2018 Farm Bill.

Marketing Assistance Loans

There are different provisions for upland cotton, ELS, and seed cotton marketing assistance loans (MALs) in the 2018 Farm Bill and HR1.

The upland cotton MALs remain nonrecourse, meaning that producers are able to forfeit the cotton as full repayment of the MAL. Additionally, HR1 modifies the repayment rate for upland cotton to be the lowest prevailing world market price during the 30-day period beginning on the date on which a loan is repaid. If the rate drops following loan repayment, a refund is to be made to the producer. The formula to calculate the prevailing world market price is also modified to be based on the three lowest rather than the five lowest quoted growths. The upland cotton loan rate is raised to $0.55/lb. from $0.52/lb.

The ELS cotton MALs remain nonrecourse. HR1 institutes a prevailing world market price to be calculated for ELS to be used as an alternative repayment rate for ELS MALs adjusted for US quality, location, and transportation costs (similar to upland). The ELS loan rate is raised to $1.00/lb. from $0.95/lb.

Seed cotton loans (unrelated to the ARC/PLC provisions discussed above) are recourse loans, requiring full repayment with interest. The loan rate for seed cotton is the same for upland cotton and ELS cotton, respectively, depending on the variety of the cotton.

Other Cotton Provisions

The other main cotton programs that were continued, with some modification in one case, are the Economic Adjustment Assistance to Textile Mills (“EAATM”) program, the ELS Competitiveness Payment Program, Pima Agriculture Cotton Trust Fund, and the upland Special Import Quota.

The EAATM program, established in 2008 under a different name, provides a fixed payment of $0.05/lb. to domestic users (e.g., mills) of upland cotton beginning August 1, 2025, up from $0.03/lb. and is extended through 2031. The payments are to be used for capital improvements such as purchasing or improving equipment, machinery, and structures.

The ELS Competitiveness Program is designed to make payments to domestic users or exporters of ELS when, for four consecutive weeks, a) the lowest foreign price quote for a competing variety is lower than the U.S. price quote and, b) the low foreign price quote is less than a certain percentage of the U.S. loan rate (previously 134 percent and changed to 113 percent in the 2018 Farm Act). This is extended through 2031.

The Pima Agriculture Cotton Trust Fund is continued unchanged through 2031.

Finally, a special import quota is continued and unchanged from prior farm bills.