

# COTTON MARKET REPORT AUGUST 2024



## International developments

Global cotton production for the 2024/2025 season is projected to rise to 25.62 million tons, representing a 6.2% increase from the previous season. This increase is primarily driven by improved weather conditions in major producing countries such as the U.S., China and Brazil. India, the world's largest cotton producer, is expected to contribute significantly to the global supply, though some reductions in harvested acreage due to adverse weather and a shift to alternative crops could moderate output. In Brazil, production is expected to grow due to increased acreage and investments in modern farming techniques.

Weather conditions will be a defining factor for cotton production in the 2024/2025 season. The U.S., particularly Texas and the Southwest, faces ongoing drought concerns that may limit cotton yields. While the El Niño weather pattern is expected to bring more rain to parts of the Southeast and the Mid-South, areas like West Texas may still experience below-average rainfall, negatively affecting dryland farming.

India is also grappling with adverse weather conditions, including a delayed monsoon and uneven rainfall distribution. Favourable conditions in regions like Brazil could lead to record production, as investments in irrigation and sustainable farming practices pay off.

Consumption is forecasted to reach its highest level in four years, driven by strong demand in markets such as China, Bangladesh, and Vietnam, which are major players in garment production. Despite the rise in consumption, global cotton stocks are expected to increase slightly, which may moderate price gains. The U.S. cotton market faces additional challenges from competition with other crops such as corn and soybeans. Higher prices for these crops, coupled with increased input costs, could lead U.S. farmers to reduce cotton acreage, particularly in regions where profitability is lower. This is already reflected in USDA estimates, which predict a slight decline in U.S. cotton acreage despite favourable early-season planting conditions.

## International Pricing

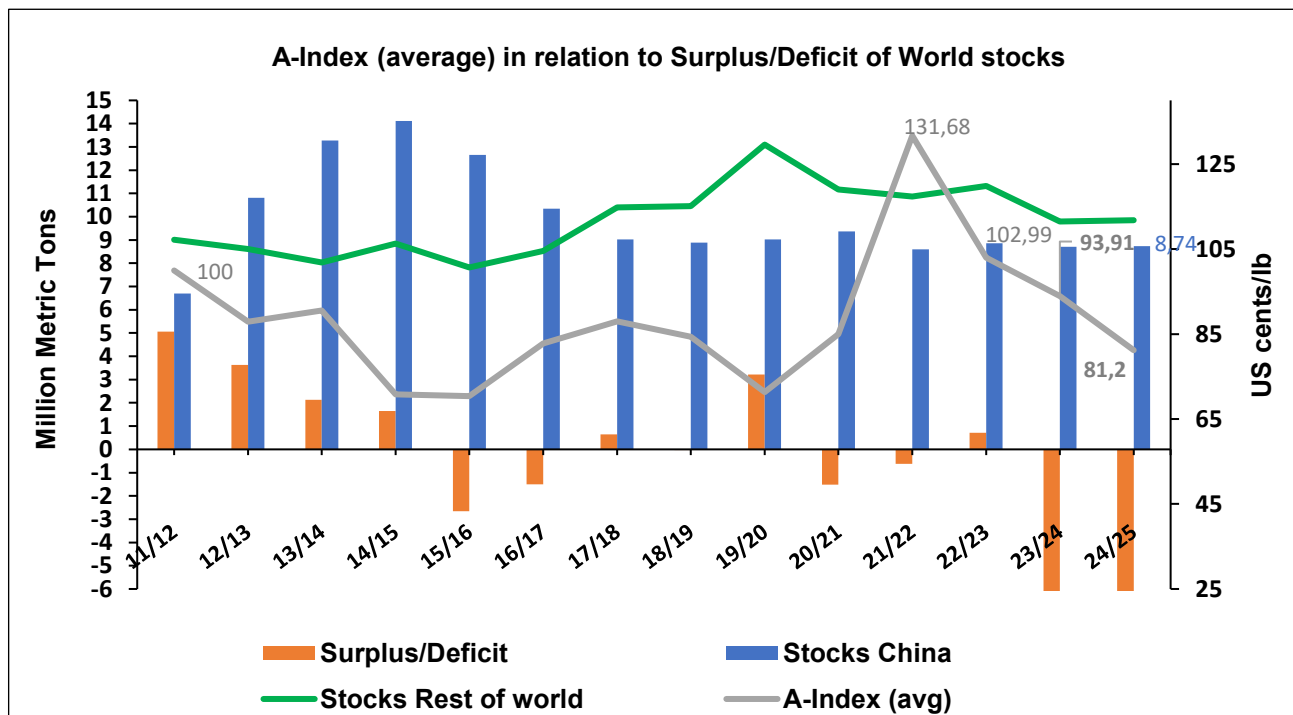
The Secretariat's current price forecast of the season-average A index for 2024/25 ranges from 92.00 cents to 97.00 cents, with a midpoint at 94.00 cents per pound.



## CURRENT GLOBAL COTTON MARKET OUTLOOK FOR 2024/2025

Colour indicates movement from previous season

<b>31.763</b> Area (million hectares)	<b>806.61</b> Yield (kilograms per hectare)	<b>25.62</b> Global Production (million tonnes)
<b>18.563</b> Beginning Stocks (million tonnes)	<b>10.069</b> Imports (million tonnes)	<b>25.87</b> Consumption (million tonnes)
<b>10.069</b> Exports (million tonnes)	<b>18.343</b> Ending Stocks (million tonnes)	<b>0.71</b> Stocks to Mill Use (ratio)



(Quoted in US cents per pound)	04/09/24	Season Low	Season High	1 Year Ago	2 Years Ago
Cotlook A-Index	81.20	78.45	81.75	95.75	114.60
NY Futures Nearby Contract <sup>a</sup>	69.79	66.20	70.76	86.87	100.29
Basis <sup>b</sup>	11.41	11.07	12.55	10.31	11.47
2024/25 average to date <sup>c</sup>	80.00				
2023/24 average <sup>c</sup>	92.02				

<sup>a</sup> Previous day's close.

<sup>b</sup> Current A-Index minus NY ICE Nearby Futures (previous day settle price)

<sup>c</sup> Average price for a given season, August 1 to July 31 or average-to-date.



## Local situation

The weekly average cotton reference price based on the NY Futures, provided to farmers every week, was 69,74 US c/lb, ending on 30 August 2024. Cotlook A-Index was 81.20 US c/lb (R27,08), for SLM 1  $\frac{1}{16}$ ", at the end of the last week of August 2024.

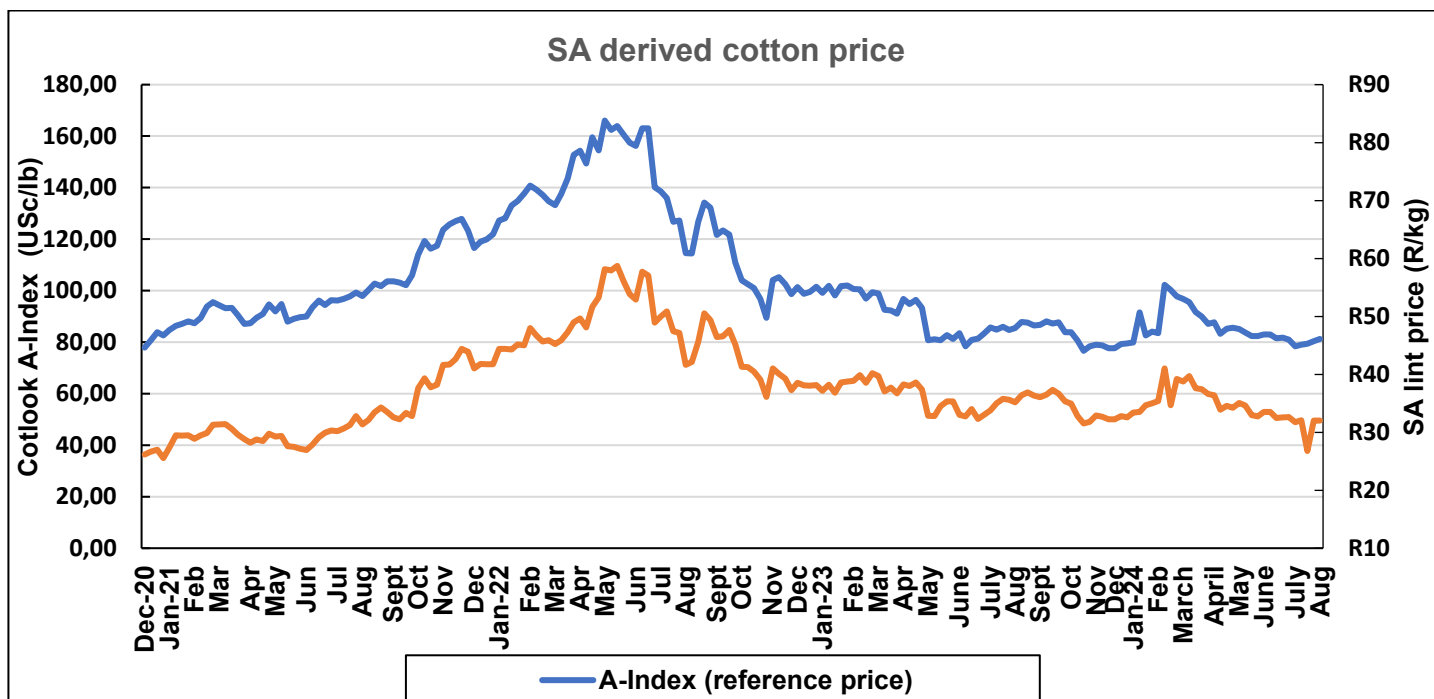
Cotton SA evaluated 64 404 samples at the end of August from irrigated production, while only 9 361 samples were received from dryland production. A total of 73 765 samples were tested from the South African crop. The Cotton SA Grading Facility has also received a number of samples from Eswatini that makes the total of samples received at the end of August 74 136.

The major portion of the samples tested to date, 83,3% falls within the three top grades of GOOD MIDDLING, STRICT MIDDLING and MIDDLING.

The seasonal average fibre length of the national crop so far is 1.16 HVI length (1  $\frac{5}{32}$ "); average micronaire is 4,22, and the fibre strength is 29,75 grams/Tex.

Most lint bales originated from the Limpopo Province with the Koedoeskop Cotton Gin, processing around 26 872 lint bales, while Great North Cotton Gin, delivered 17 768 lint bales so far.

Samples received from the Northern Cape Cotton Gin, equal 12 910 bales, while Vaalharts Cotton Gin, has delivered 9004 bales, and the GWK Cotton Gin, around 3 500 bales. Weiße Cotton Gin produced only 226 bales up to this stage. Cotton originating from the Ubongwa ginnery is 3 485 bales in total, of which the larger proportion is commercial cotton, from the Mkuze area. Ginning will continue in the various regions to end off the season by end of November.



RSA CROP	2023/2024 8 <sup>th</sup> Estimate (August 2024)	2022/2023 Final Estimate (November 2023)
<b>Ha Irrigation</b>	7 040	6 308
<b>Ha Dryland</b>	10 009	13 556
<b>Total Ha</b>	<b>17 070</b>	<b>19 864</b>
<b>Yield Irrigation (Kg seed cotton/ha)</b>	4 818	4 327
<b>Yield Dryland (Kg seed cotton/ha)</b>	877	1 285
<b>Total no. lint bales (@ 200kg/bale)</b>	<b>81 271</b>	<b>80 225</b>

### Smallholder production

Smallholder performance for the month of August was measured until the 30<sup>th</sup> of August. A total of 2 268 lint bales (statistical bales) were produced by Smallholders so far, which makes out 3,07 % of the South African crop of samples received. Most samples originate from two cultivars, DP1240 and Candia, produced by commercial farmers. The Ubongwa ginnery is still in full swing, and the number of bales produced from this area, is expected to increase. Great North Cotton Gin has started to gin the samples from the Nkomazi area, and the volumes of lint originating from smallholders are expected to increase.

The 8<sup>th</sup> crop estimate for smallholder production is around 4 5789 bales. Limpopo province is estimated to have planted 244 ha, produced under dryland conditions. Once the cotton is delivered

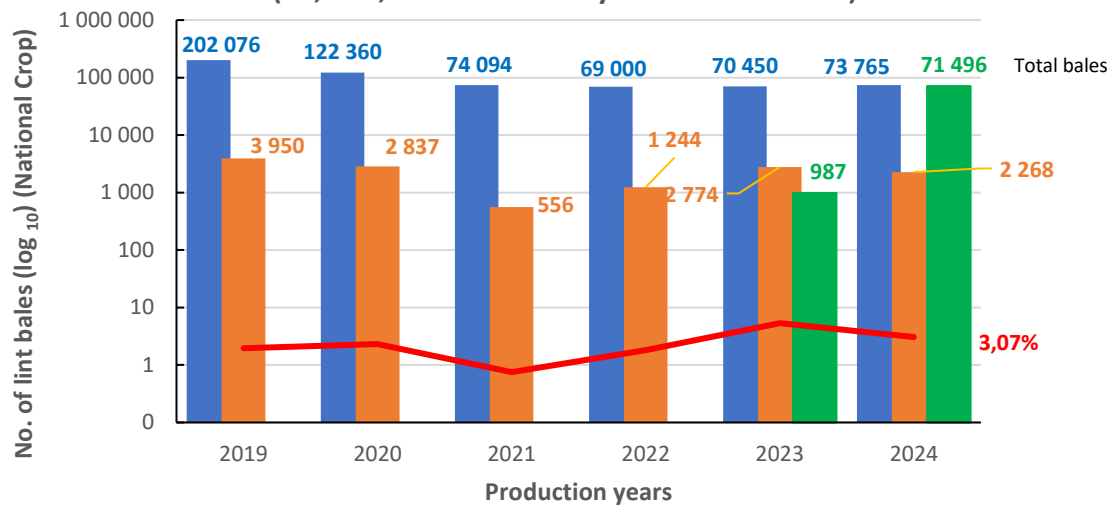
and ginned, the estimated average yield can be confirmed. Mpumalanga (Nkomazi) produced an estimated 350 ha, produced under dryland circumstances, with low yields of 600kg/ha seed cotton, while the estimated hectares of Nokaneng is 990 ha.

In KZN, the estimated hectares remain at 2 680 ha, produced under dryland, with an estimated yield of 800 kg seed cotton per ha. Hectarages for Rust de Winter, remains at 17 ha, planted under dryland conditions, with an estimated yield of 600kg/ha. This cotton is being ginned at the time of writing of this report. The hope is that the proportion of the crop that can be attributed to smallholder production will increase as ginning takes place.





**Smallholder production in actual bales\* in relation to the National Crop  
(96,92%, contributions by DP1240 & Candia).**



■ Total no. lint bales 
 ■ PM 3225 
 ■ DP1240 & Candia 
 — Proportion of national crop (%)

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