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India Cotton Output Seen Rising Despite Global Production Decline Outlook



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Kedia Advisory - India's cotton production is projected to increase by 8% in the upcoming season, supported by normal monsoon expectations and stable acreage of around 11.8 million hectares, according to the International Cotton Advisory Committee (ICAC). The additional production is expected to be absorbed by rising domestic consumption and strong yarn exports, particularly to China. In contrast, global cotton production is forecast to decline by 2% to 25.7 million tonnes as major producers face lower acreage, adverse weather, and rising costs. Cotton output is expected to fall in China, the United States, Brazil, and Australia, tightening global supply conditions.

Key Highlights

- India's cotton production is forecast to rise 8% with normal monsoon support.
- India is expected to retain the world's largest cotton cultivation area at 11.8 million hectares.
- Global cotton production is projected to decline 2% to 25.7 million tonnes.
- Cotton output is expected to fall in China, the US, Brazil, and Australia.

- Strong domestic demand and yarn exports to China are likely to absorb India's additional production.

Cotton market fundamentals remain supportive as India is expected to strengthen its position in the global cotton sector with an estimated 8% increase in production during the upcoming season. The positive outlook is largely driven by forecasts of a normal monsoon and stable cultivation area of approximately 11.8 million hectares, allowing India to maintain the world's largest cotton acreage.



Higher domestic demand from the textile industry and robust yarn exports, particularly to China, are expected to absorb the additional cotton output. This growing demand base could help support market sentiment despite the anticipated rise in production. India's cotton sector continues to benefit from its strong spinning and textile manufacturing capacity, which remains a key driver of consumption.

Globally, however, cotton supply is expected to tighten. According to the International Cotton Advisory Committee (ICAC), worldwide cotton area is projected to decline by 1% to around 30.1 million hectares, while global production is forecast to fall by 2% to 25.7 million tonnes. International cotton trade is also expected to contract by 1.4% to approximately 9.5 million tonnes.

The weaker global outlook is attributed to rising production costs, shifting crop preferences, and unfavorable weather conditions across major producing nations. China, the world's largest cotton producer, is expected to see output decline by 4% to 7 million tonnes. In the United States, cotton area is projected to shrink by 6%, reducing production to its lowest level in three seasons.

Brazil and Australia are also expected to witness significant declines in cotton output. Brazil's production may fall by 10% following a reduction in acreage, while Australia's output is forecast to decline due to extreme dryness, limited irrigation water supplies, and elevated input costs.

India's expanding cotton production amid declining global output could strengthen its position in international markets, while tightening global supplies may provide additional support to cotton prices.