



**COTTON
OUTLOOK**

NEWS • DATA • ANALYSIS

**38TH
INTERNATIONAL
COTTON
CONFERENCE
BREMEN**

**25 - 27
MARCH
2026**



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ORIENTATION AND RELIABILITY IN THE GLOBAL COTTON MARKET

MARCH 2026

FOR MORE THAN A CENTURY...

Cotton Outlook has shaped the international cotton market with independent, credible analyses and in-depth market expertise.

Credibility and authority form a common basis with the Bremen Cotton Exchange. For 150 years, it has enjoyed a worldwide reputation as the institutional backbone of the cotton trade in the Hanseatic city of Bremen. Thanks to its achievements, it is regarded as a respectful and trustworthy partner and can look back on a long tradition as an international centre of excellence for cotton quality, classing, arbitration, knowledge transfer and exchange between market partners. The Bremen Cotton Exchange Association owns a company building and service centre on the market square in Bremen's city centre.



**FRITZ A.
GROBIEN**

President
Bremen Cotton Exchange

This guarantees its financial independence and, in conjunction with its partners ICA Bremen and its quality testing laboratory, as well as the Fibre Institute Bremen, which is affiliated with the University of Bremen, enables it to invest in research and development for the benefit of cotton.

Looking ahead, markets are changing. Climatic risks, geopolitical tensions, regulatory interventions and structural changes along the textile value chain are significantly increasing the complexity of market observation. In this challenging environment, reliable information, such as that provided by Cotton Outlook, and an intensive exchange of experiences are key prerequisites for functioning markets.

In this context, the 38th International Cotton Conference will take place from 25 to 27 March in Bremen's parliament building under the motto 'Let's Talk about Cotton'. The conference originated in 1965 from a laboratory managers' conference as a platform for exchange on issues of cotton quality testing and its international standardisation. In later years, as its scope broadened, it developed into the International Cotton Conference with participants from all major cotton-producing countries, the cotton trade, textiles processing and retail. More than 450 delegates from 40 countries are expected to attend this year's event.

In addition to the traditional focus on cotton quality and testing, lectures and panel discussions will address challenges currently facing the cotton industry, cotton recycling and the circular economy. For the first time, a keynote speech will deal with modern forms of agriculture and their development. Furthermore, cotton

cultivation in specific regions will be analysed, with a particular focus on Africa.

Beyond the conference event itself, the Cotton Week, which takes place from 23 to 27 March, offers a whole range of additional formats, including a spinning seminar and the Discover Natural Fibre Initiative (DNFI) meeting.

Another special feature this year: The International Cotton Advisory Committee (ICAC) will hold its 83rd Plenary Meeting from 23 to 24 March at the Parliament building in Bremen. The meeting takes place immediately ahead of the 38th International Cotton Conference Bremen (25 to 27 March 2026) and marks a historic premiere: for the first time, the ICAC Plenary will be hosted in close cooperation with the Bremen Cotton Exchange and the Faserinstitut Bremen e.V. (FIBRE).

All events organised by the International Cotton Conference Bremen, and its side events, are based on continuous and thorough analysis of market developments that goes beyond short-term market movements and highlights technical, economic and supranational connections.

All this is essential to ensure the long-term functioning of a globally networked market – especially in view of increasing sustainability requirements, growing supply chain transparency, new regulatory frameworks and the changing expectations of downstream industries.

The International Cotton Conference Bremen not only provides guidance in a complex market environment; it also offers a reliable basis for informed decisions and constructive dialogue along the entire value chain.



ALFRED H KNIGHT



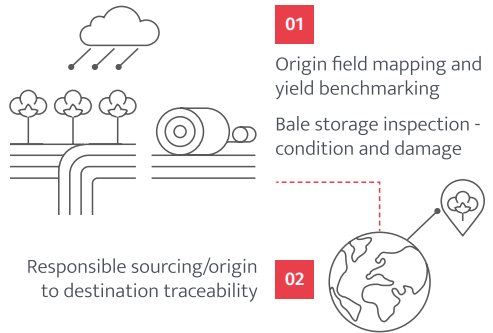
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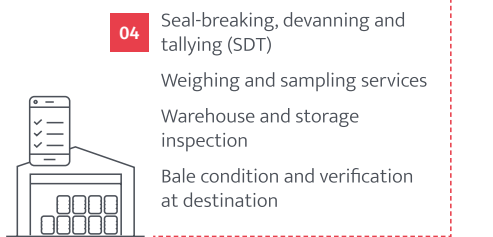


Responsible sourcing/origin to destination traceability

02



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**COTTON
OUTLOOK**

NEWS • DATA • ANALYSIS

CHANGING PATTERNS OF GLOBAL COTTON AND TEXTILES TRADE

MARCH 2026

WORLD COTTON PRICES

Since delegates last met in Bremen in March 2024, international cotton prices declined sharply before entering a prolonged period of stasis throughout 2025. The Cotlook A Index (measuring shippers' offering rates for Middling 1-1/8" cotton, Cost and Freight to Far Eastern ports) remained bound to a narrow range of just 7.55 cents last year, reaching a high of 80.55 cents per lb on April 25, and a low of 73.00 on December 17.

Both fundamental factors and the behaviour of speculative investors on the ICE futures platform have been offered as explanations for the relative stasis. First, larger outputs in major producing countries such as China, Brazil, the US and Australia boosted supply, while demand for cotton remained relatively flat as consumers in key markets including the EU and the US faced persistently high inflation and interest rates, restricting spending on discretionary goods such as clothing and home textiles, then compounded by the uncertainty surrounding US tariffs (explored below) and the impact on trade and costs.



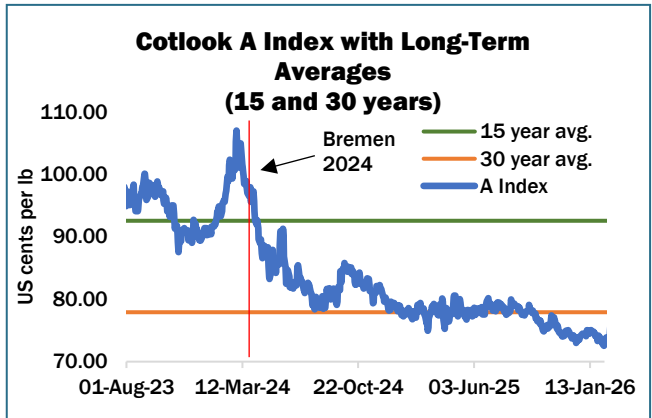
**RUBY
MCGRATH**

Trade and markets reporter
Cotton Outlook



As for Managed Money investors, this group has held a net short position on the No. 2 Cotton contract since April 2024, and short holdings increased to a record volume equivalent to over eight million 480-lb bales in October 2025, weighing on prices in New York. While this position subsequently declined, the 7.5 million bales still held by early February 2026 remains a heavy influence.

In the first part of this year, prices have retreated further, the nearby delivery in New York recording new life of contract low closes, although shippers' basis levels have firmed slightly. Trading ranges remained historically narrow, despite consecutive climbs in open interest to record highs, and robust daily volumes.



BUMPER CROPS MET WITH WEAK DEMAND

As mentioned, one factor that has weighed on prices has been the substantial oversupply of cotton relative to demand. Bumper crops in major producing countries pushed Cotlook's estimates of world output above 26 million tonnes in 2024/25 and 2025/26.

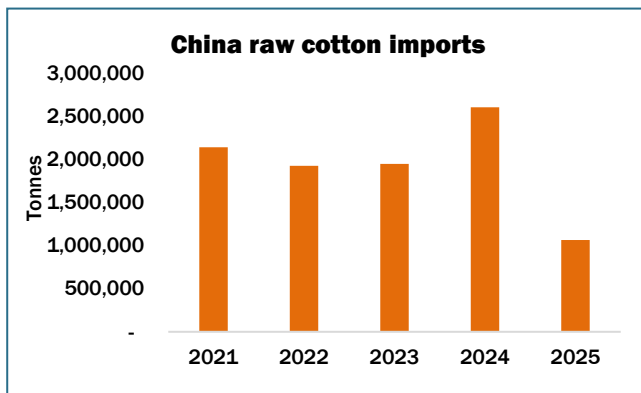
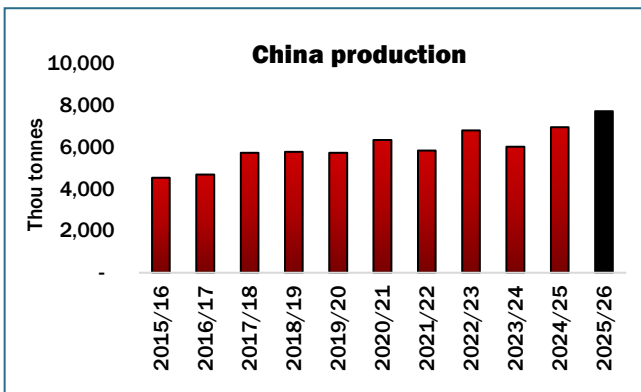
Accounting for the largest share of global production, developments in China are watched particularly closely. In that country, the vast majority of cotton cultivation has shifted to the Xinjiang region in recent years, where generally favourable conditions, mechanisation, and technical advancements have resulted in record yields over the past five or so seasons.

National production has steadily increased since 2023/24, reaching an estimated 7.7 million tonnes in 2025/26, which would be the largest total in 17 years.

The substantial supply of domestic cotton has in part resulted in relatively flat import demand over the past two years: the cumulative volume of arrivals in the season to December was ten percent below the same period in 2024/25, and 56 percent behind that in 2023/24. That said, deliveries in December 2025 (177,000 tonnes), were the highest for almost a year and a half, and many observers indicated continued purchases in January as buyers responded to a rally on ZCE and took advantage of the allocations of Tariff-Rated Quota for 2026.

Since China has been a significant importer in the past (with volumes boosted significantly at intervals by restocking of the State Reserve) a consistent return to the international market would certainly have an impact on demand and prices, but that prospect appears unlikely for the time being.

Domestic consumption, meanwhile, remains robust: Cotlook's estimate for 2024/25 was up by five percent from the year before at 8.56 million tonnes, while our forecast for 2025/26 currently stands at 8.6 million, with an upward bias. Furthermore, yarn imports have also been an encouraging indicator of downstream demand, as the total for the season to December was 18 percent ahead of 2024/25, and all of the top four yarn

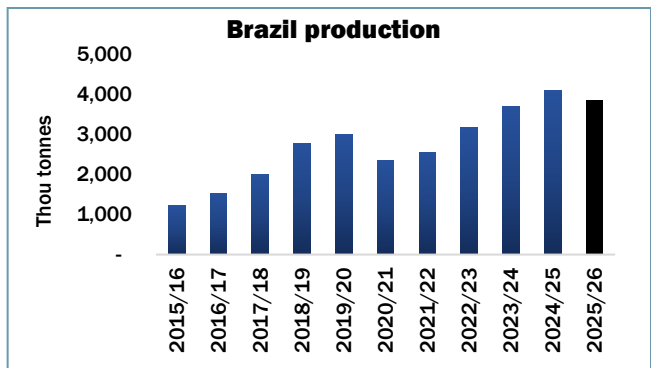


suppliers had grown their volumes to China year on year, ranging between 20 percent in the case of Vietnam and 43 percent for India. This has had the effect of increasing yarn prices slightly both within China and in the major suppliers, to the benefit of spinners who have generally faced flat or even negative margins for some time.

Elsewhere in the Northern Hemisphere, production in the United States picked back up to over three million tonnes after the 2023/24 campaign when output totalled just 2.6 million tonnes, the lowest figure in decades. In this country, much depends on drought conditions and weather events, particularly in the major producing state of Texas where yields and abandonment can vary significantly year on year. The bulk of cotton production is exported as domestic consumption has declined since the 20th century, thus contributing in no small part to global supply.

A topic of much discussion in recent years has been the substantial expansion of production in Brazil, also primarily destined for export. The area dedicated to cotton in that country has doubled over the past decade, while yields have improved markedly too. Output reached a record of around 4.1 million tonnes in 2024/25, before falling back slightly to an estimated 3.85 million, still the third biggest crop that season globally.

The growth of Southern Hemisphere cotton production, boosted by Brazil's expansion, has meant year-round availability for mills which historically had not been possible, and has intensified competition with the exportable supply of cotton from the Northern Hemisphere.



Also contributing to the Southern Hemisphere's robust cotton output is Australia and the more stable pattern of production observed there over the past few seasons, diverging from the usual rise-and-fall cycle linked to periods of drought. Output is estimated to have reached or exceeded one million tonnes for the past five campaigns, a feat otherwise achieved only three times in the past three decades.

Overall, there has certainly been no shortage of cotton globally in recent years, but demand has generally stagnated resulting in substantial ending stocks and persistently weak prices. Looking ahead to 2026/27, some larger producing nations are expected to reduce the area dedicated to cotton somewhat, although government support programmes in certain countries (such as in China, the US and India) may prevent a significant move away from cotton in those cases.

While a smaller output could encourage some bullish momentum for prices, most observers are of the view that demand must pick up in no small way to begin absorbing the excesses of supply in order for a significant shift in outlook to materialise. In the first weeks of 2026, modest signs of improved activity were observed (buoyed mostly by China), but it remains to be seen if that momentum can be built upon, and as will be discussed below, uncertainty surrounding tariffs and changing patterns of trade still loom.



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TARIFFS AND THE IMPACTS ON TRADE FLOWS

Another key development that has shaped the cotton and textiles landscape over the past year is of course the array of tariffs announced by the US administration. It is particularly relevant given that the US is the largest purchaser and consumer of textiles and apparel products in the world, with the vast majority sourced from overseas: textiles imports (all fibres) in 2024 amounted to 107 billion square metre equivalents, with a value of \$108 billion. Cotton products' share of that total, measured by quantity, was 16 percent, but the proportion by cost was 41 percent given the higher intrinsic value of cotton goods.

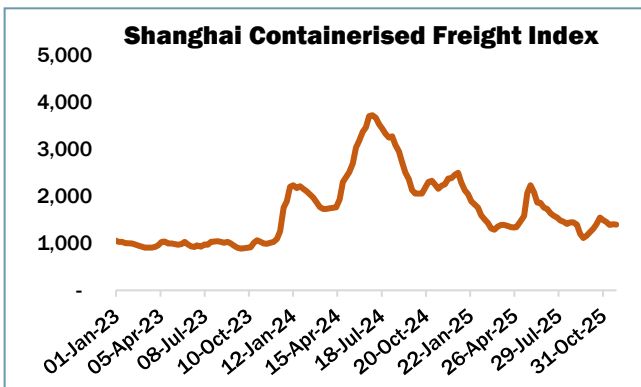
Trade tensions with China intensified in early 2025, with additional tariffs of 10 percent placed on Chinese goods entering the US from February 4, a move met with targeted retaliatory duties from Beijing of 10 to 15 percent on certain goods from the US. A series of escalations followed, culminating in 145 percent duties on imports of Chinese products and raw materials, and 125 percent on US items travelling in the other direction.

On April 2, Washington also announced new tariffs affecting almost all countries, including a blanket rate of 10 percent and various 'reciprocal' duties for nations deemed to have large trade surpluses. Textile manufacturing bases were hit: levies on products from Cambodia and Vietnam were threatened at 49 and 46 percent respectively, and at 37 percent for those from Bangladesh, 32 percent for Indonesia, 29 for Pakistan, 25 for India and 20 percent for the EU. A 90-day pause on the reciprocal duties was announced a week later, to allow time for negotiations with countries (with the exception of China).

As a result of the rapid changes and the extended pauses as talks ensued for months, uncertainty was cast on purchasing decisions across supply chains. Some commitments to buy finished products were withdrawn or delayed as importers awaited clarity regarding the eventual price they would have to pay, and in some cases, orders

shifted to countries with lower duties. The effect was to further entrench the hand to mouth buying approach of mills that had already become the norm as few were willing to build inventories at a time of persistently unreliable demand coupled with the now almost year-round availability of cotton, as mentioned above.

As the deadline for negotiations loomed with many deals yet to be concluded, exporters rushed to ship goods before the higher duties took effect, and freight rates jumped in response to the acceleration of demand: between late April and early June, the Shanghai Containerised Freight Index (reflecting freight prices for container transport from the main Chinese ports) rose by 67 percent, while the Drewry World Container Index had increased by a similar proportion.



While deals were eventually struck with several countries to reduce levies, in many

cases they remained higher than those in place before, and threats of new tariffs have circulated regularly in the period since, underscoring the unpredictability of the new trading environment.

DEVELOPMENTS IN CHINA

Returning to China, officials from Beijing and Washington met in May 2025 and announced an agreement to reduce duties for a period of 90 days, to 30 percent on Chinese goods and 10 percent on those from the US. In June, a new deal was revealed involving a 55-percent levy on goods exported from China, including the 10 percent baseline 'reciprocal' tariff, 20 percent due to fentanyl trafficking, and a 25-percent duty reflecting pre-existing charges. Tariffs on products flowing from the US to China were set at 10 percent.

Four months later, Trump and Xi agreed to extend certain tariff exclusions, and defer the 24-percent reciprocal duties levied on Chinese goods for an additional year, while China promised to make corresponding adjustments to its countermeasures against the US. An accord was also reached to expand trade in agricultural products, including soybeans, although cotton was not mentioned.

At the time of writing, that pause continues and negotiations remain a possibility, with a meeting between the leaders currently scheduled for April.

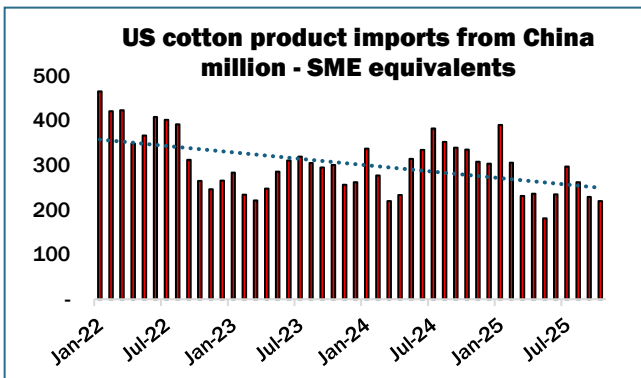
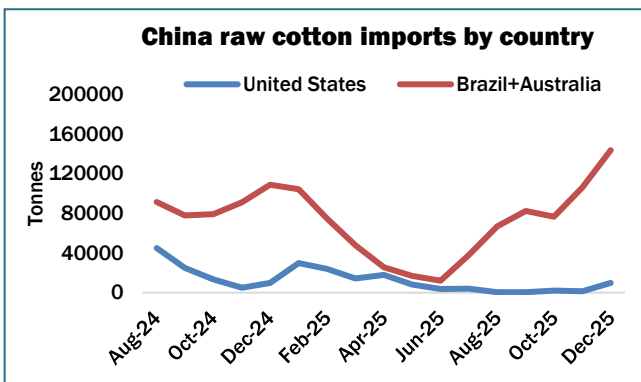
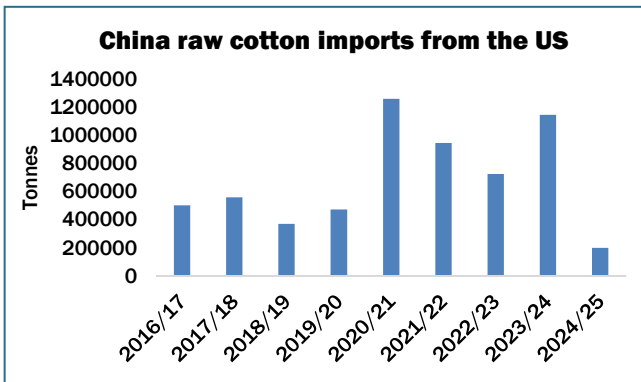
Since China is a key buyer of US cotton and supplier of textiles and apparel to that market, the developments over the past year have been watched closely as growers, manufacturers, exporters and retailers have had to digest the impacts of the changing relationship of the trade partners.

First, while China's raw cotton purchases from the international market have declined as a whole, the proportion supplied by the US has also fallen sharply. According to Customs data, the US accounted for 35 percent of imports in 2023/24, declining to 18 percent in the following season and just three percent in the first five months of 2025/26. Those from Brazil have meanwhile held steady at roughly 40 percent, while shipments from Australia have jumped from 11 to 46 percent over the same timeframe.

In the other direction, then, exports from China to the US also appear to have been impacted.

Cotton product import figures have shown a downward trend in recent years, as demonstrated by the accompanying chart, and that has continued during the renewed trade conflict. Arrivals of cotton products (measured by square metre equivalents) in the January-October period of 2025 were 17 percent behind the same timeframe in 2024, while the decline for cotton apparel imports was 20 percent.

It seems, however, that Chinese exporters have been able to turn to alternative markets such as those in the ASEAN region, Latin America, Europe and Africa to make up for the shortfall, demonstrated by the record trade surplus (all goods) reached last year of US\$1.19 trillion.



VIETNAM'S RESILIENCE

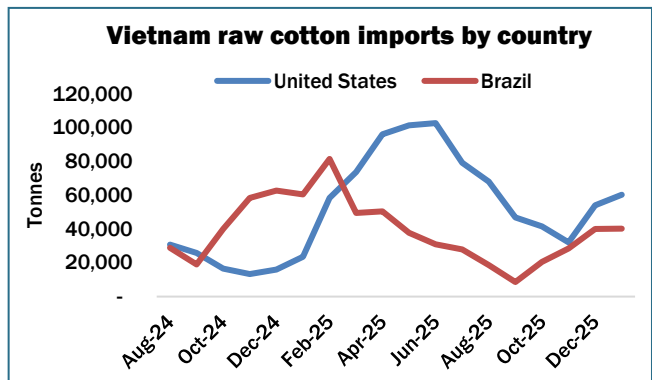
One country that has contributed to filling the gap in US textiles and apparel imports is Vietnam. While extraordinarily high tariffs of 46 percent were placed on goods from that market by Washington in April, a deal was struck in July reducing that figure to 20 percent in return for free access to US products travelling in the opposite direction.

Trading relationships between the US, Vietnam, and its powerful neighbour China remained fragile, however, as Washington had warned that Vietnam should reduce its reliance on raw materials sourced from China to avoid returning to the April 2 tariffs. Furthermore, a 40-percent duty was placed by the US on transshipment goods, thought to be targeting Chinese-produced products travelling via Vietnam, a move met with disapproval by Beijing. Therefore, Hanoi faces difficulties in balancing the often opposing aims of the world's two largest economies while preserving its own trading interests.

Nevertheless, in the first ten months of 2025, US imports of cotton products from Vietnam were 16 percent greater than in January-October 2024, while the rise for cotton apparel products was 13 percent.

Trade in the other direction also increased: in the August-December timeframe of 2023/24, the US contributed just 13 percent to Vietnam's imports of raw cotton, rising to 16 percent in the following season and as much as 39 percent in 2025/26.

Contributing factors to the greater US cotton business (in addition to relationship-building in the face of trade conflicts) include the increasingly common requests from retailers for raw materials with sustainability and traceability certifications, which are now widely available in the US. Furthermore, new legislation is expected to be implemented in that country aimed at promoting demand for its domestic crop. The Buying American Cotton Act, introduced to Congress in January 2026, would provide tax incentives for those retailers selling goods containing a proportion of US cotton, thus encouraging garment exporters to meet those requirements to secure business ahead of competitors.





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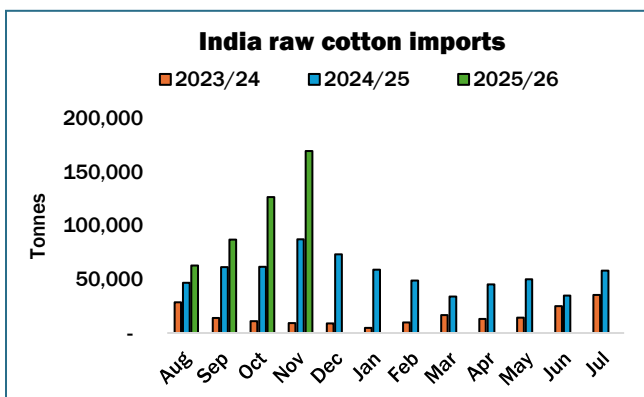


CHANGES IN SOUTH ASIAN MANUFACTURING HUBS

A volatile trading relationship has also been evident between the US and key textiles manufacturing hubs in South Asia. The US set tariffs on Indian goods at 25 percent from August 1, 2025, below those applied to many competitor countries, but an additional 25 percent duty related to India's trade with Russia was then also announced. In early February 2026, however, the reciprocal levy was cut to 18 percent, and the extra tariff was withdrawn, following talks between Trump and Modi.

Despite the duties, the US remained the top destination for India's textiles exports throughout last year, accounting for a similar proportion to the previous two years. In fact, India overtook China as the principal supplier of America's cotton product imports in the first 10 months of 2025 versus the same period in 2024.

Meanwhile, India has become a net importer of raw cotton, and arrivals in the August-November timeframe increased by 73 percent year-on-year between 2024 and 2025, doubtless encouraged by the temporary pause on the 11-percent duty usually applicable, between August 19 and December 31 last year.



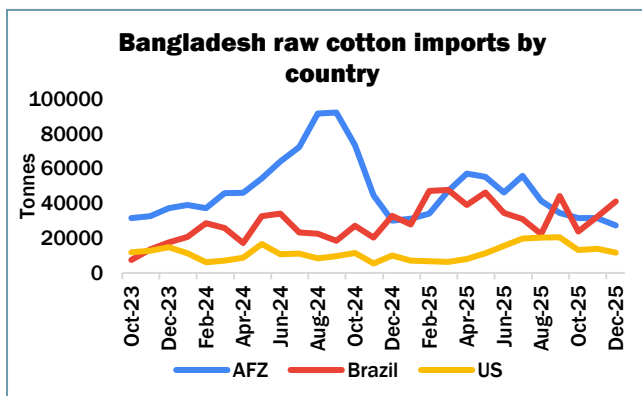
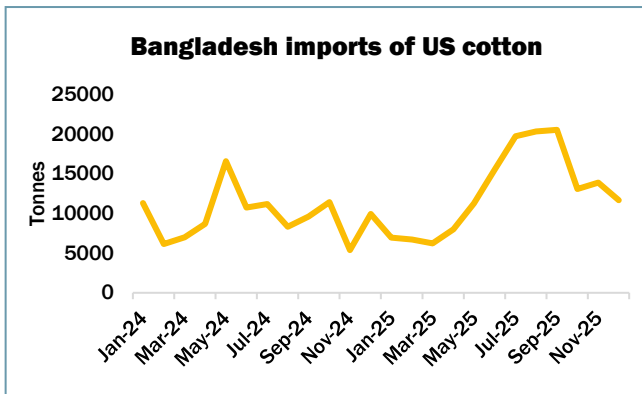
The US accounted for 17 percent of shipments in that period, second only to Australia.

In Bangladesh, manufacturers and exporters with US customers raised concerns that in addition to persistent problems beleaguering the textiles sector (such as high costs, difficulties accessing finance, and civil unrest that at times resulted in the closure of enterprises), they would now also face tariffs of 37 percent to that market. During the extended pause for negotiations, it was feared that international buyers would cancel or delay orders resulting in losses and/or increased costs. In August, the rate was reduced to 20 percent (in addition to levies already in place), and some garment orders from US retailers returned as clarity regarding costs was gained, but nevertheless the fee would need to be absorbed at least in part throughout the supply chain. At the time of writing, further trade talks have been mooted, and exporters will doubtless be hopeful of an additional reduction or more favourable terms.

While US cotton does not typically account for a significant proportion of Bangladesh's imports (contributing just seven percent in 2024/25), a notable uptick was observed between March and September last year, the period during which tariffs were announced and negotiations took place.

It is plausible that the increase was an effort to contribute to reducing the country's trade surplus with the US, and to improve relations, while perhaps also acknowledging the possibility of the BACA legislation.

US cotton, however, faces competition in most destinations with Brazilian supplies, and in Bangladesh the historically favoured West African lint also appears to be struggling to keep up. The accompanying chart demonstrates the changing dynamic, which may well prove an extremely difficult challenge for West African producers as a key buyer turns to other suppliers.



A similar story regarding tariffs also emerged in Pakistan – the 29 percent ‘reciprocal’ levy originally announced for goods from that market entering the US, a key export destination for textiles and apparel for Pakistan, caused great concern amongst manufacturers while the delay resulted in uncertainty along the supply chain. Eventually, a reduced duty of 19 percent was implemented, still a significant burden, but here too it appeared that exports remained resilient: Pakistan’s contribution to US imports of cotton products actually increased in the January-October period in 2025 versus 2024, from 15 percent to 16 percent.

CONCLUSION

To summarise, while international cotton prices have been less than inspiring over the past two years, it is evident that the trading landscape for physical cotton (as well as yarn and textiles) has changed notably. An unpredictable environment in terms of tariffs has meant that supply chains have had to adapt and at times exporters have had to diversify their markets as well as considering the source of their raw material inputs. It appears that while the flow of cotton goods from China to the world's top importer was affected (as were US exports of raw cotton to that destination), that market remained resilient nonetheless, and other suppliers were able to at least partially fill the gap. That said, the changes have had the effect of causing much uncertainty and complicating the outlook for upcoming seasons in terms of trade and demand, while cotton production is expected to continue to outpace consumption, weighing on prices and sentiment, unless of course the landscape fluctuates again in such a manner that these fundamentals are altered in another direction.

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The world cotton market has experienced a period of inertia recently, but it will not stay static forever – indeed, that dynamic has already begun to change in 2026. Timely knowledge of daily and weekly shifts is vital to those engaged in buying or selling raw cotton. Cotlook provides a range of ways to access this information.



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Weekly round up of all major developments in the cotton industry

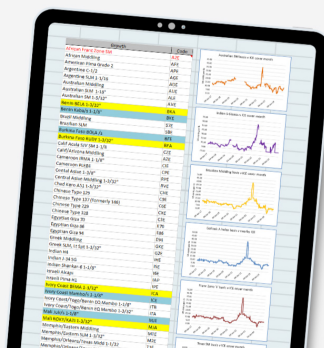


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