



# COTTON OUTLOOK

NEWS • DATA • ANALYSIS

February 2025



## WORLD LONG STAPLE MARKET UPDATE



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# Welcome to Cotlook's February 2025 long staple update



**Antonia Prescott,**  
Editor,  
Cotton Outlook

We are now past the mid-point of the 2024/25 cotton season, and in the long staple sector some dominant trends have emerged. Rather like last season – though for different reasons – the offering rates of international traders for LS styles tended to rise in the early months, as the market contemplated the prospect of a disrupted supply from Egypt, despite a successful growing campaign. However, a bearish narrative subsequently reasserted itself as Egyptian stocks did in fact make their way into sales channels but then – along with other LS supplies, which were also more abundant than last year – encountered stagnant demand.

In this report, we will discuss these and other influences on the specialised sector, including the patterns of trade in the major producing and consuming countries and the outcomes of the various long staple crops in 2024/25, as well as considering the outlook for the upcoming planting season.

## **Minimum guaranteed pricing imposed at Egyptian seed cotton auctions**

Perhaps the single largest influence on long staple pricing in the past six months – aside from persistently low demand, of course – has been the policy adopted by the Egyptian government to enforce a minimum guaranteed price at the seed cotton auctions that began in October 2024.

The confirmation in August of the measure that was first announced in February last year caused some consternation amongst the local industry and beyond, since the mooted prices (£12,000 per kantar for long staple varieties grown in the Nile Delta, including Giza 94, Giza 86 and Giza 97, and £10,000 per kantar for Upper Egypt varieties – principally Giza 95) were felt to be higher than international customers would bear. This threatened

to interrupt the supply of Egyptian cotton as shippers promised to hold back from the sales, which would have left the state-owned Holding Company as the primary – perhaps the sole – buyer.

Negotiations ensued, and various mitigating measures were requested, including direct subsidies to farmers to offset the minimum prices and support with financing costs (interest rates in Egypt have ranged between 27 and 30 percent in recent months). A resolution was reached in November, and traders finally felt able to participate in the seed cotton sales the following month when the minimum prices were reduced by £2,000 per kantar for each variety.

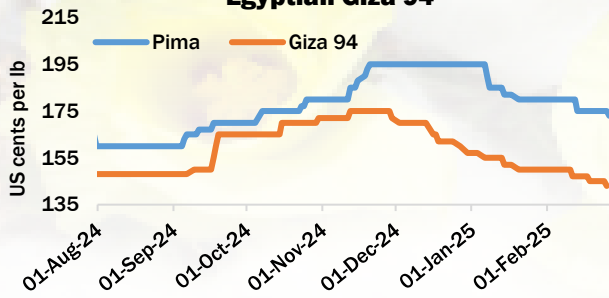
Nevertheless, sales from farmers have progressed relatively slowly in the past three months. By February 24, over 25 percent of the estimated total of this season's seed cotton output (which amounts to around 1.7 million kantars of all varieties) was still unsold. Some producers, who delivered their stocks to collection centres around three months ago, are unhappy with the delay in payment and are calling for the government-run Holding Company to buy up the remaining supply.

In mid-February, the Agriculture Minister released an official statement confirming that this season's minimum guaranteed pricing for seed cotton at auction will not continue in 2025/26. Auction opening prices for the different varieties will be announced in April.

## **Pima and Giza prices rise, then weaken**

Cotton Outlook's quotations for US Pima (Grade 2, 1-7/16", CFR Far East) and Egyptian Giza 94 began the 2024/25 season at 160 and 148 cents per lb respectively. However, in September, the threat of disrupted supply from Egypt began to exert upward pressure on international offering rates for long

### Cotlook quotations for US Pima and Egyptian Giza 94

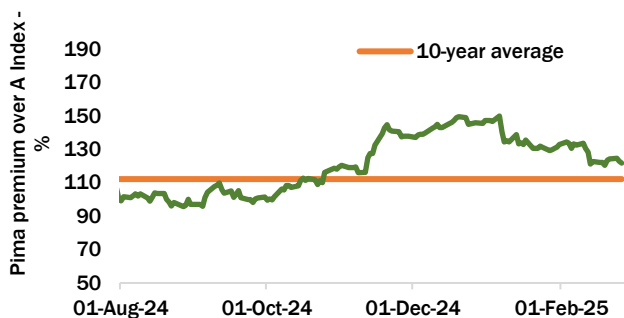


staple supplies, even in the face of still disappointing downstream demand. This momentum continued over the following two months, until the quotations reached a high point for the season so far in mid to late November: 195 cents per lb for Pima and 175 c/lb for Giza 94.

In December, though, the resolution of the impasse in Egypt described above meant that some of the support for long staple prices then dissipated. Giza supplies have fallen to 143 cents per lb in the weeks since, and Pima quotations by a smaller margin to 173 cents.

The differential between the values has fluctuated quite widely since August 1 – from just five cents in the early season, to 40 cents immediately after the turn of the year, to 30 cents by February 26. Meanwhile, the shifting size of the premium that US long staple cotton represents (measured in relation to the Cotlook A Index on the same date) throughout the first half of the season owes as much to the dynamic in the upland market as it does to the variation in long staple prices. From August to early November, the Cotlook Long Staple Premium was below or near to its long-term average of 112 percent. However, as upland prices declined, the relative value of Pima cotton increased to a maximum of almost 150 percent in early January. By February 26, the premium was 122 percent, still some way above the long-term average.

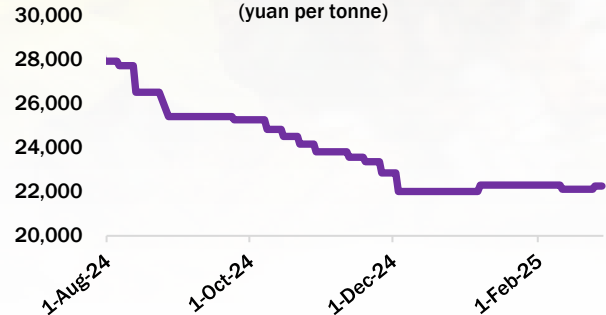
### Cotlook Long Staple Premium



The trajectory of prices in the Chinese market for the domestic Type 137 long staple style has been somewhat different, characterised by persistent weakness over several months in reaction to low

demand from downstream entities. Type 137 began the 2024/25 marketing year quoted at 27,900 yuan per tonne (approximately 173 cents per lb) and has declined steadily over several months, reaching a low so far of 22,000 yuan per tonne (137 c/lb) before recovering a little ground.

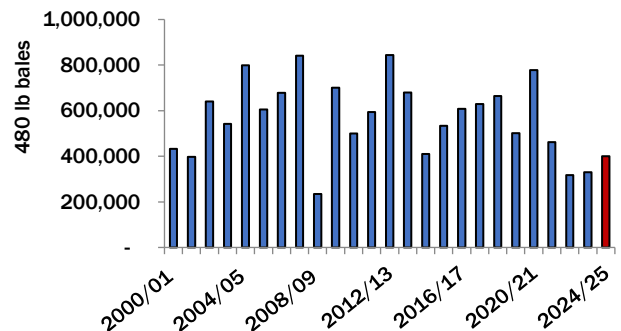
### T-137 price (yuan per tonne)



### Trade

For most of the season, USDA's forecast for Pima exports between August 1, 2024 and July 31, 2025 has been steady at 400,000 statistical bales.

### US Pima exports



If achieved, that total (from a substantially larger crop) would be 21 percent more than the year before. By mid-February, the tally of commitments plus shipments to all markets was 290,335 running bales, almost three quarters of the expected final figure. Shipments alone amounted to 212,898 running bales (approximately 218,200 480-lb bales), or 55 percent of USDA's forecast total.

An analysis of the figures according to importing country highlights the differing fortunes of the long staple sectors in India and China. By mid-February, the overall commitment for India was 118,300 running bales, higher than the end of season shipment figures in either of the previous years. In fact, shipments alone amounted to 93,200 bales, with almost half the season left to run. China's registrations by the same point amounted to 37,700 running bales, 35 percent of last year's final figure, while 26,200 had been dispatched. Other destinations have made relatively good progress with both sales and shipments.

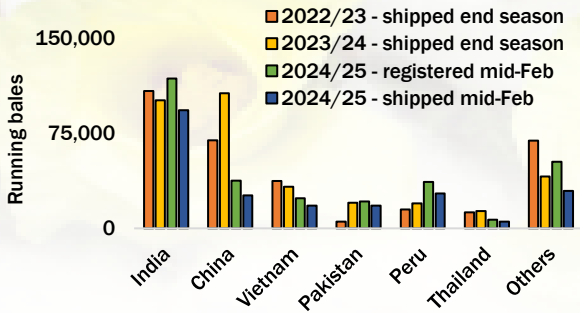
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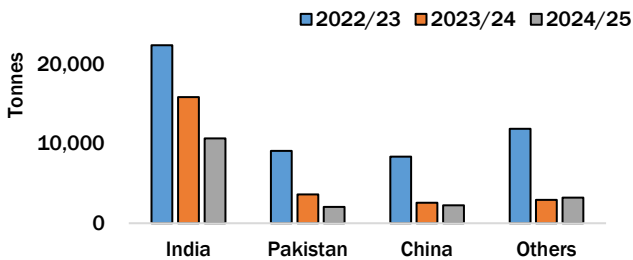


### US Pima export registrations to major markets



A review of Egyptian sales, meanwhile, underscores just how painful the situation is for market participants in that country at present. By February 15, total registrations for extra-long and long staple varieties amounted to just 18,180 tonnes, 27 percent less than this time last year and 65 percent less than in 2023. Purchases by all three of the principal markets are behind the past two years as, for the reasons explored above, traders have struggled to place high-priced Egyptian cotton with international customers since the start of the season on September 1, 2024.

### Egyptian LS and ELS export registrations - main markets by mid-February



Uncommitted LS and ELS supplies amount to almost 69,000 tonnes, representing 71 percent of the season's total supply.

(figures in tonnes)	Extra Giza (45/87/93/96/92)	Super Giza (97/94/86)	Total
<b>2023/24 Beginning stocks</b>	3,136	10,062	13,198
<b>Estimated crop</b>	7,250	76,064	83,314
<b>Total supply</b>	10,386	86,125	96,512
<b>Distribution to local mills</b>	1,374	7,125	8,499
<b>Export commitments</b>	2,307	16,913	19,220
<b>Actual export shipments</b>	1,663	8,202	9,865
<b>Total uncommitted</b>	<b>6,705</b>	<b>62,087</b>	<b>68,793</b>

Source: Catgo

### Production in 2024/25

Since August, USDA's estimates for US Pima yields have fallen almost every month, as the full extent of the toll exacted by the very high temperatures during the growing season has gradually come to light. The latest assessment of output by area is 1,119 lbs per acre (1,254 kilos per hectare), barely an improvement on the 1,101 lbs per acre achieved in 2023/24, which was the lowest for many years.



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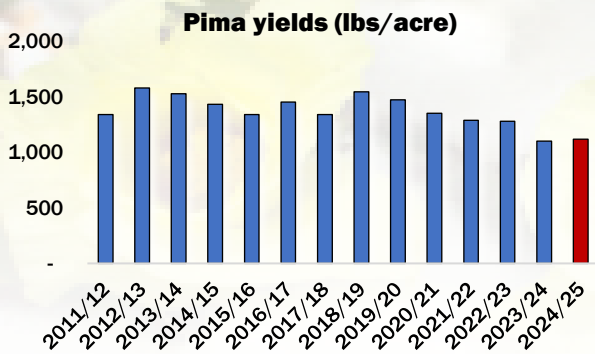
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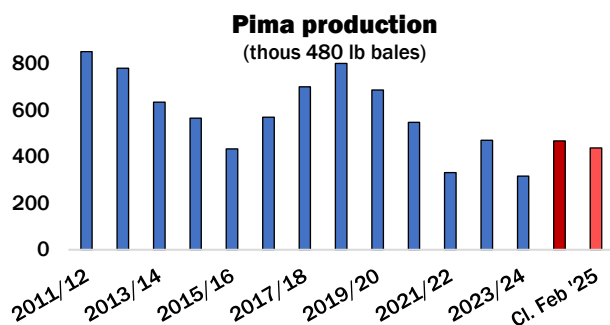
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By February 20, 427,077 running bales (approximately 437,750 statistical bales) had been classed, compared to the Department's forecast of 468,000 480-lb bales. Around eighty percent of Pima output this year is from California; Texas contributed a further 11 percent, while the remainder came from New Mexico and Arizona. Ginning by February 1 amounted to 417,550 running bales (428,000 statistical bales).



By contrast, as in the arena of upland production, long staple cultivation in **China's** Xinjiang region this year has benefited from near-ideal growing conditions. Local estimates have increased from around 30,000 tonnes at the beginning of the season to between 55,000 and 60,000 tonnes by mid-February, produced from a total of around 580,000 mu (38,600 ha).

According to Catgo, the intended area for the 2024/25 **Egyptian** crop was 319,100 feddan (approximately 134,000 hectares). By the end of planting in August, 98 percent of that total had been achieved, including 179,500 feddan (75,400 ha) dedicated to Giza 94, representing almost the entirety of government intentions. Catgo estimates that total Super Giza production (long staples, Giza 86, 94 and 97) is around 76,000 tonnes, 45 percent more than the year before, while Extra Giza cotton (extra-long staples, Giza 45, 87, 92, 93 and 96) amounts to 7,250 tonnes, 6.5 percent more than last season.

By February 10, 1,542,960 seed cotton kantars of all varieties had been classed (90 percent of the expected final total), including 910,000 kantars of

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Giza 94, 230,000 kantars of Giza 86 and 93,000 of Giza 97. ELS cotton accounts for 132,000 kantars classed to that date. Eighty-three percent of the volume is intended for commercial use, while the remainder is reserved for fundamental seed production. Around half of the total classed has been ginned.

## Supply and demand

The significant volatility for long staple prices in recent years is credited with the fluctuating output, including a strong post-Covid campaign in 2022/23, followed by a subsequent dip in reaction to falling prices as well as flooding in the US Far West. The current campaign has seen a recovery to around 357,000 tonnes, approximately the average for the past ten years.

World LS Output (tonnes)			
	2022/23	2023/24	2024/25
<b>United States</b>	102,300	69,000	102,000
<b>Egypt</b>	108,300	59,500	83,300
<b>India</b>	75,000	80,000	80,000
<b>China</b>	85,000	28,000	57,500
<b>Turkmenistan</b>	15,000	13,000	13,000
<b>Israel</b>	16,000	13,000	8,280
<b>Peru</b>	4,000	5,000	5,000
<b>Greece</b>	1,000	1,500	3,000
<b>Uzbekistan</b>	4,000	2,000	2,000
<b>Spain</b>	1,500	450	1,700
<b>Tajikistan</b>	1,000	1,000	1,000
<b>Total</b>	<b>413,100</b>	<b>272,450</b>	<b>356,780</b>

However, that increase has not been matched by demand, estimates of which have declined since our last review in August and now show a reduction from the 2023/24 season. It remains to be seen whether and at what point the lower prices that have been conceded by traders and producers will result in an upturn in purchases in the major consuming



<b>World LS Consumption</b>			
	<b>(tonnes)</b>		
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
<b>India</b>	138,000	130,000	130,000
<b>China</b>	110,000	60,000	40,000
<b>Egypt</b>	15,000	17,000	20,000
<b>South East Asia</b>	18,000	17,000	17,000
<b>CIS</b>	15,000	16,000	16,000
<b>Latin America</b>	10,000	12,000	15,000
<b>Pakistan</b>	22,000	12,000	12,000
<b>Europe (inc. Turkey)</b>	10,000	6,000	6,000
<b>Bangladesh</b>	4,000	2,000	3,000
<b>United States</b>	1,800	2,175	2,175
<b>Others</b>	1,500	4,000	5,000
<b>Total</b>	<b>345,300</b>	<b>278,175</b>	<b>266,175</b>

centres, or if further reductions in offering rates will be required. Moreover, competition from other fibres (oil-based, cellulosic or even longer staple upland cotton) that can be spun into fine yarns is fierce and the mood in several quarters is quite depressed.

### **Outlook for 2025/26 production**

In recent years, long staple production appears to have entered a cycle of boom and bust, influenced a lot by weather events of course, but also exacerbated by farmers' reactions in sequential seasons to fluctuating prices that have encouraged them either to invest in or shy away from LS cultivation according to the apparent returns available. While 2024/25 has been a period of recovery, the current unsatisfactory

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pace of consumption and the associated low prices seem likely to give rise to another decline in the area dedicated to long staples in the coming season.

In the US, the National Cotton Council's early estimate of planted area, informed by survey responses from producers in December and January, is 158,000 acres (64,000 hectares), 23.5 percent lower than the total achieved in 2024/25. Of course, much will also depend on improving recent yields. At present, the water situation in California appears relatively benign – by February 25 the Sierra Nevada snowpack that provides irrigation for fields in the San Joaquin Valley was 87 percent of the average

by that date, and water allocations for farms may be higher than last year.



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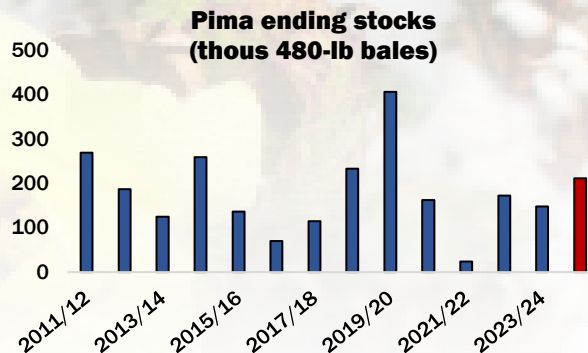
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In China, the enthusiasm generated by this year's higher than anticipated output is tempered by low demand in the domestic market. Early indications are that the area dedicated to long staple varieties in Aksu and Kashgar Prefectures may fall to around 500,000 mu in total, with an associated reduction in output, also dependent on growing conditions.

Finally, as already intimated, the low level of sales commitments for Egyptian cotton implies that carryover into the 2025/26 season will be substantial, perhaps in excess of 50,000 tonnes. While sowing in the country is still some way off – the campaign usually gets underway in mid-April – observers are



already expressing the view that the area planted to all cotton varieties could be reduced by 50 percent or even more.

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