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Report Highlights:

Brazil's cotton harvest, despite delays in some regions, is advancing successfully. Favorable weather during the final stages and enhanced cultivation practices contributed to robust production levels and exceptional fiber quality. While certain areas faced yield challenges due to irregular rainfall, expansion in planted area and advances in crop management have sustained output. Domestic consumption growth remains relatively steady, and exports continue to rise, with Brazil successfully diversifying its international markets beyond the People's Republic of China (PRC). Despite tighter profit margins, the country maintains its position as a leading global cotton exporter, with stable domestic use and healthy stock levels.

Period Comparison Reference Guide

In October 2023, a series of revisions were made to Brazil cotton data and the way it was reported, with the purpose of improving the harvest and export timing alignment as well as provide better estimates of Brazil ending stocks. This revision led to a shift in USDA’s marketing year (MY) area and production estimates to one year ahead (e.g., MY 2024/25 is reported as MY 2025/26). Further details can be found in the following [World Agricultural Production](#) and [Cotton: World Markets and Trade](#) reports.

In order to reflect these changes, USDA estimates for Brazil’s area and production now reflect the calendar year (CY) harvest for the first listed year of the split (e.g. 2025 for 2025/26), instead of the previous method of using the next calendar year’s harvest.

As such, MY 2025/26 estimates for area, production, and yield now refer to recently sowed cotton that will enter the market in 2026. In Brazil, MY 2025/26 production estimates are often referred to as season 2024/25 (referring to CY 2025 harvest).

Table 1

USDA revised and Brazil’s MY equivalence for cotton area, production, yield, consumption, and trade.

PS&D Attributes	USDA’s MY	Brazil’s MY Equivalent
Area, production, yield	2025/26 (Aug – Jul)	2024/25 (Aug – Jul)
	2024/25 (Aug – Jul)	2023/24 (Aug – Jul)
Consumption, trade	2025/26 (Aug – Jul)	2025/26 (Aug – Jul)
	2024/25 (Aug – Jul)	2024/25 (Aug – Jul)

Source: Post Brasilia OAA (Office of Agricultural Affairs).

Introduction

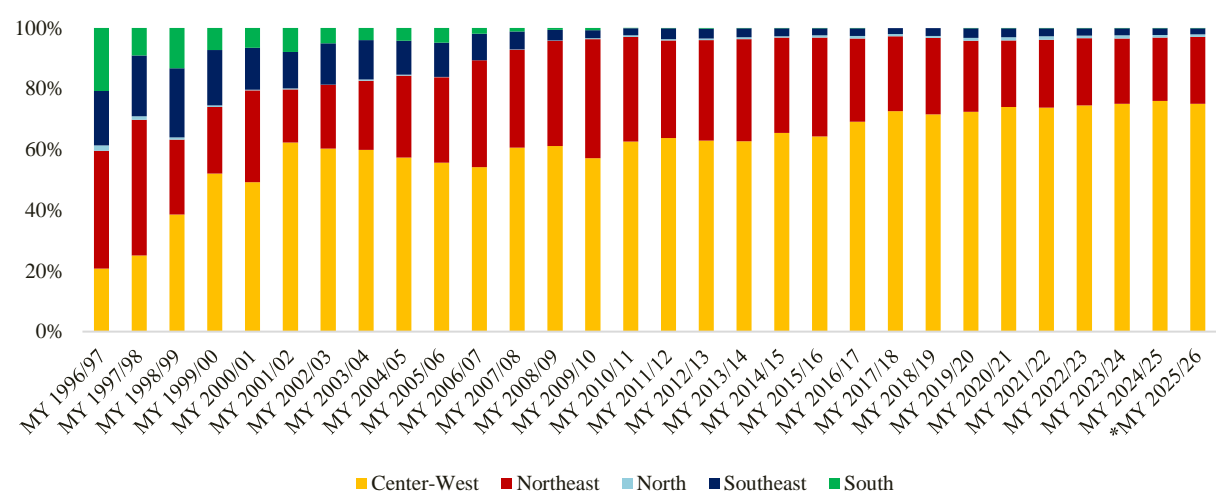
The cotton harvest in Brazil is in its final stages and progressing well, particularly in Mato Grosso and Mato Grosso do Sul, supported recently by more favorable weather compared to most other regions. In contrast, productivity in Minas Gerais and Bahia—another key cotton-producing region—was limited by irregular rainfall and drought, though irrigated fields are performing better. Despite yield challenges, fiber quality especially in Bahia improved, reflecting advances in genetics and crop management. Meanwhile, other states in the MATOPIBA region (Maranhão, Tocantins, Piauí, and Bahia) reported strong performance with high yields, underscoring the region’s growing importance in the future of cotton production.

Area, Production & Yield

For MY 2025/26, Post estimates Brazil’s total cotton planted area at 2.1 million hectares, maintaining levels relatively in line with the original forecast published in April 2025. This represents an increase of nearly 8 percent compared to the previous year, with the majority of expansion occurring in Brazil’s Northeast region. The growth was driven by strong recent performance of the crop, favorable forward sales opportunities, and the continued profitability of cotton.

Figure 1

Evolution of Brazil’s geographical distribution of cotton area (MY 1995/96 – MY 2025/26)



Source: Companhia Nacional de Abastecimento (Conab) | Chart elaborated by Post Brasilia - Office of Agricultural Affairs (OAA). Note: Data for the latest MY, marked with (), considers Post’s estimates and forecasts.*

The MY 2025/26 harvest is near completion, and Post revised production estimates to 18.1 million bales (approximately 3.94 MMT). This represents a 1.6 percent increase from the original forecast of 17.8 million bales (3.87 MMT) and a 6.5 percent increase from MY 2024/25, a previous record-breaking year with total production reported at 17 million bales (3.7 MMT).

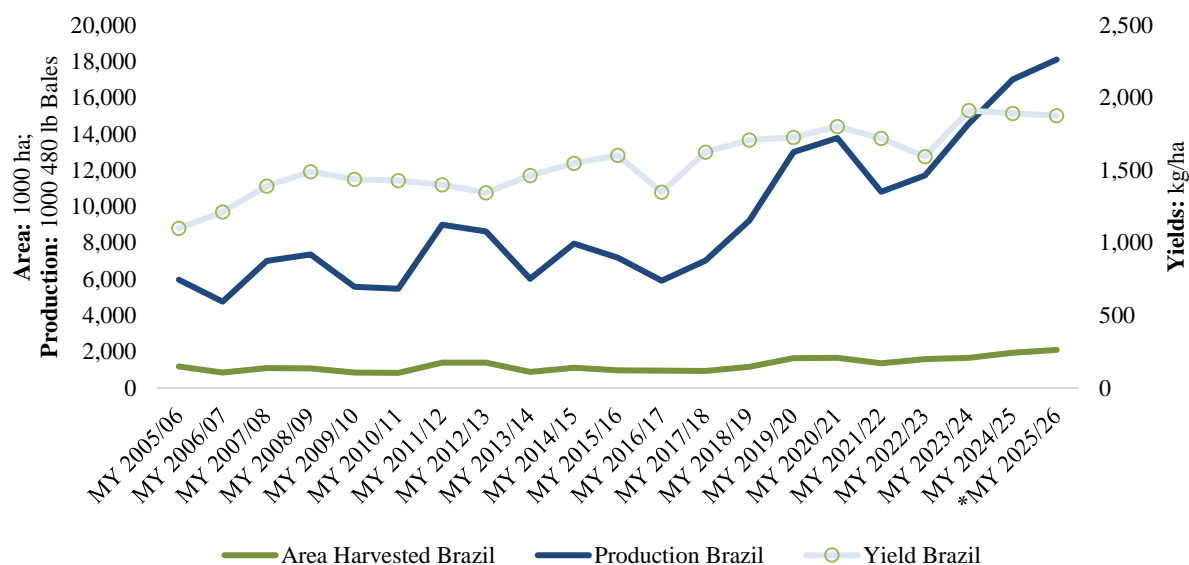
The revised increase is primarily attributed to the expansion in planted area, but improved cultivation practices and late-season rainfall in the Central-West region also supported crop development, particularly for later-planted fields. However, these rains also delayed the start of harvest in several key producing areas.

Unstable weather in many regions, particularly during the first four months of 2025, is considered the primary cause of the decline in national average productivity. For MY 2025/26, yields are estimated at

1,877 kg/ha, representing a 1.36 percent decrease from the previous marketing year, when the national average yield was 1,903 kg/ha.

Figure 2

Evolution of Cotton Area, Production and Yield in Brazil (MY 2005/06 – MY 2025/26)*



Source: Companhia Nacional de Abastecimento (Conab) | Chart elaborated by Post Brasilia - Office of Agricultural Affairs (OAA). Note: Data for the latest MY, marked with (), considers Post's estimates and forecasts.*

Main Cotton Producing States Update

Mato Grosso: Harvesting is progressing rapidly, especially in second-crop areas. Dry and moderately warm weather in July favored harvest operations and helped preserve fiber quality. First-crop fields suffered from excessive rain early in the cycle, slightly reducing yields compared to last year. Cotton cultivation remains strong due to profitability, market stability, and long-term investment returns, sustaining large planted areas.

Goiás: Over 90 percent of the cotton area is harvested, with the remainder in good condition and nearing maturity. Yields range from fair to good, supported by favorable weather and effective pest management. Irregular rainfall and rocky soils reduced productivity in some areas, but strong results in the south kept the state average high. June rains negatively affected fiber quality, increasing impurities and reducing uniformity, although cotton boll weights remained satisfactory. Rainfed crops performed

well overall but faced some fiber quality issues, while irrigated areas benefited from controlled conditions and showed strong final development.

Minas Gerais: Harvesting is nearly complete. Prolonged drought during the first trimester impacted certain areas at a critical yield stage. In the second week of August, harvesting of irrigated fields intensified, improving reported yields. However, yields are still expected to remain below last season's levels. Total production is projected to exceed last year due to expanded planted area.

Mato Grosso do Sul: Harvest is advancing quickly under favorable, dry, and warmer conditions during August. Overall performance has been satisfactory compared to last season. Some late-cycle weather issues occurred in key regions, but productivity projections remain high. Fiber quality is a concern due to rain and cold snaps in June–July; however, the potential impacts are still uncertain and have not been widely reported at this stage of harvest.

Maranhão: The main crop harvest is complete. Despite early- to mid-cycle weather and pest challenges, results have been positive, reflecting improved technical management and overall regional performance. Second-crop fields are progressing gradually, with plots showing better-than-expected yields and superior fiber quality, generating strong commercial value.

Tocantins: Recent dry and stable weather has favored harvest activities. In some areas, harvesting began slightly late but, as of the third week of August, nearly 50 percent of the planted area has already been harvested. Overall, activities indicate high yield potential for the state.

Piauí: The harvest is now complete with good overall yields. Only Uruçuí, a small but critical southwestern region, experienced reduced productivity due to a dry spell in February. As a first-crop region, cotton benefited from high rainfall during the growing season, supported this year by La Niña, which favored crop development. Area expansion continues, with more irrigated fields sustaining high productivity. Although still a small-scale producer, Piauí shows strong growth prospects, with cultivation expected to increase in upcoming seasons.

Bahia: Harvest is near completion, with lower average yields compared to last season. Irrigated fields are expected to produce better results. Irregular rainfall, drought during boll formation, and some pest pressure reduced productivity. However, current dry weather, strong sunlight, and cooler temperatures have benefited the harvest, contributing to better yields. Fiber quality has improved—particularly in strength, length, and whiteness—thanks to better genetics, balanced nutrition, and the use of growth regulators.

Prices & Commercialization

Cotton Margins Tighten as Corn Prices Retreat in the First Half of 2025

After a boom in international cotton prices between 2021 and 2022, which peaked in May 2022 at nearly US\$146 cents/lb, prices stabilized in 2023 around US\$80 cents/lb, closing the year near US\$87 cents/lb. Throughout 2024 and into 2025, cotton prices declined further, averaging between US\$68 and US\$79 cents/lb from January to June 2025, before softening to the low US\$70s by July and August.

Meanwhile, corn prices, which reached nearly US\$16/60kg in early 2025, gradually fell over the year, moving from the US\$14–15 range in March–April to about US\$11.6 by August. This shift narrows the profitability gap that had earlier favored corn over cotton, although relative returns still depend heavily on yield performance and input costs.

Figure 3

Evolution of international corn (CBOT) and cotton (ICE) prices (Jan 2021 – Aug 2025)



Source: Center for Advanced Studies on Applied Economics (CEPEA) | Chart elaborated by Post Brasilia - Office of Agricultural Affairs (OAA).

According to estimates from the Mato Grosso Institute of Agricultural Economics (IMEA)—which take into account production costs, expected yields, and average farmgate prices—cotton’s margin advantage has weakened in Mato Grosso, one of the main cotton and corn-producing states in the country.

Although overall profit margins for cotton in the current marketing year are expected to remain positive, they are projected to be significantly tighter than in previous years. In some cases, corn profitability may match or even exceed that of cotton, despite the recent decline in corn prices.

Despite this potential decline in profitability, cotton area continues to expand, particularly among growers already invested in cotton-specific infrastructure and equipment. However, this strategy is likely to change in the upcoming years, as indicated by Post contacts.

Consumption & Economic Outlook

Post revises up the cotton consumption forecast for MY 2025/26 (August 2025 – July 2026) to approximately 3.5 million bales (762,000 metric tons), a 3 percent increase from the 3.4 million bales (718,000 metric tons) recorded in MY 2024/25.

Over the past decade, Brazil's domestic cotton consumption remained largely stable, fluctuating only slightly in response to economic performance, inflation and interest rates, and household purchasing power. The demand for cotton-made fabric and clothing is income-elastic, meaning consumption is sensitive to income variations and often one of the first sectors affected during periods of economic instability.

According to the Brazilian Central Bank (BCB), projected inflation for 2025 decreased slightly from 4.95 percent to 4.86 percent. However, this projection still exceeds the target ceiling set by the National Monetary Council (CMN) of 3 percent, with a tolerance limit up to 4.5 percent. For 2026, the inflation estimate fell from 4.4 percent to 4.33 percent, and for 2027, from 4 percent to 3.97 percent.

The BCB also revised Brazil's GDP growth forecasts. For 2025, growth was adjusted from 2.21 percent to 2.18 percent, and for 2026, from 1.87 percent to 1.86 percent. The 2027 forecast remains unchanged at 1.87 percent.

Exchange rate projections were slightly adjusted, with the U.S. dollar (USD) now expected at BRL 5.59 for 2025 (previously 5.60), BRL 5.64 for 2026 (previously 5.70), and BRL 5.63 for 2027 (previously 5.70). The benchmark interest rate (Selic) projections were maintained at 15 percent for 2025 and 12.50 percent for 2026.

While these revisions indicate a slightly better economic outlook for the upcoming year, they are not significant enough to stimulate an increase in domestic cotton consumption. This suggests limited growth potential for domestic cotton demand in the outyear.

Trade

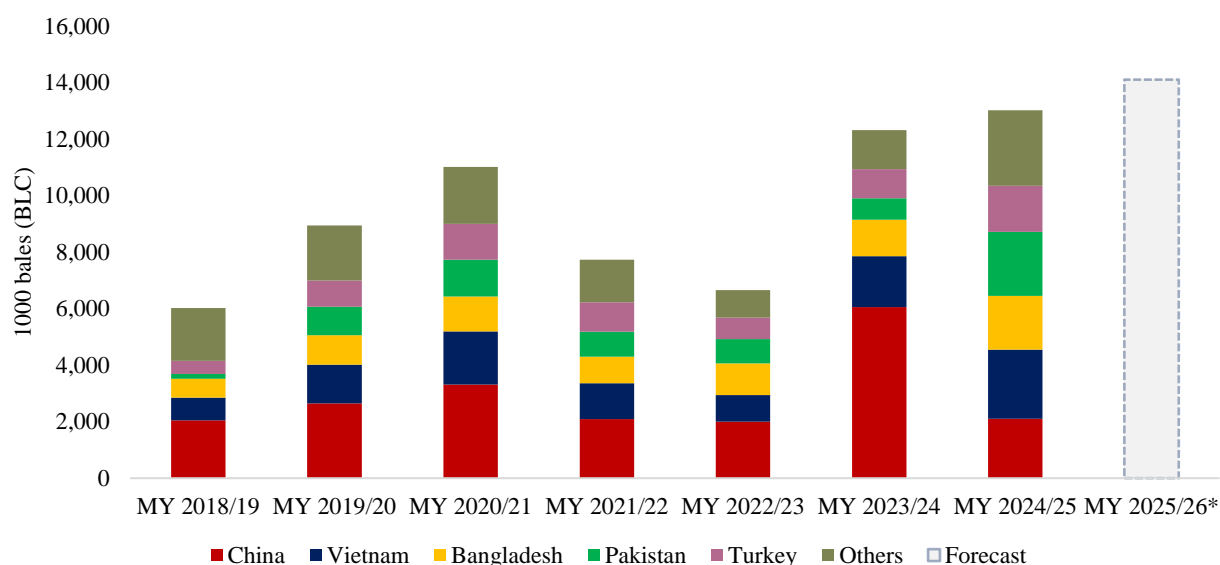
Brazil's cotton exports are expected to continue growing. Total exports for MY 2024/25 (August 2024 – July 2025) are estimated at 13 million bales (2.8 MMT), nearly a 6 percent increase from the previous year, when exports totaled 12.3 million bales (2.7 MMT) for MY 2023/24. This points to a robust export market, with another record-breaking year in shipments.

Another notable change in the export scenario is the diversification of destinations for Brazilian cotton. Exports to the People's Republic of China (PRC)—the main market in the previous year—declined significantly to 2.1 million bales (458,000 metric tons), a 65 percent decrease compared to MY 2023/24.

The reduction in PRC imports from Brazil is largely due to high domestic production, large inventories, and weakening demand from its textile sector. As a result, overall PRC cotton imports fell to their lowest levels in the past decade.

Figure 4

Evolution of Brazil's Cotton Exports to Top 5 Destinations (MY 2018/19 – MY 2025/26)



Source: Trade Data Monitor (TDM) / Chart elaborated by Post Brasilia - Office of Agricultural Affairs (OAA). Note: Data for the latest MY, marked with (), considers Post's estimates and forecasts.*

While this represented a sharp setback for Brazilian shipments to the PRC, Brazil's cotton exports as a whole remained resilient. The country successfully diversified its buyers, expanding sales to other Asian markets and maintaining its position as the world's leading exporter.

Sector contacts at Post also suggest that the PRC may have outsourced part of its cotton processing activities to other countries in the region, which could help explain the shift in Brazilian cotton destinations and the corresponding increase in demand from other Asian markets.

Notable increases in cotton exports were observed primarily in shipments to Pakistan, which surged by nearly 200 percent, followed by Turkey (59 percent), Bangladesh (46 percent), and Vietnam (36 percent). Exports to all other destinations combined also rose significantly, up 94 percent.

Post revises its estimate for MY 2025/26 exports, projecting 14.1 million bales (3.1 million metric tons). This represents a 1.5 percent increase from the original estimate and an 8 percent increase compared to MY 2024/25, indicating a slowdown in the export momentum Brazil experienced over the past few years.

Production, Supply, and Distribution (PSD) in 480 lb. bales

Cotton	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1660	1660	1945	1945	2100	2100
Beginning Stocks 1000 480 lb. Bales	3928	3928	2826	2826	3311	3411
Production 1000 480 lb. Bales	14570	14570	17000	17000	18250	18100
Imports 1000 480 lb. Bales	6	6	5	5	5	5
Total Supply 1000 480 lb. Bales	18504	18504	19831	19831	21566	21516
Exports 1000 480 lb. Bales	12310	12310	13020	13020	14300	14100
Domestic Use 1000 480 lb. Bales	3368	3368	3500	3400	3500	3500
Loss 1000 480 lb. Bales	0	0	0	0	0	0
Domestic Use and Loss 1000 480 lb. Bales	3368	3368	3500	3400	3500	3500
Ending Stocks 1000 480 lb. Bales	2826	2826	3311	3411	3766	3916
Total Distribution 1000 480 lb. Bales	18504	18504	19831	19831	21566	21516
Stock to Use % (PERCENT)	18.03	18.03	20.04	20.77	21.16	22.25
Yield (KG/HA)	1911	1911	1903	1903	1892	1877
(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Production, Supply, and Distribution (PSD) in 1000 MT

Cotton	2023/2024		2024/2025		2025/2026	
Market Year Begins	Aug 2023		Aug 2024		Aug 2025	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1660	1660	1945	1945	2100	2100
Beginning Stocks 1000 MT	855	855	615	615	721	743
Production 1000 MT	3172	3172	3701	3701	3973	3941
Imports 1000 MT	1.3	1.3	1.1	1.1	1.1	1.1
Total Supply 1000 MT	4029	4029	4318	4318	4695	4685
Exports 1000 MT	2680	2680	2835	2835	3113	3070
Domestic Use 1000 MT	733	733	762	740	762	762
Loss 1000 MT	0	0	0	0	0	0
Domestic Use and Loss 1000 MT	733	733	762	740	762	762
Ending Stocks 1000 MT	615	615	721	743	820	853
Total Distribution 1000 MT	4029	4029	4318	4318	4695	4685
Stock to Use % (PERCENT)	18.03	18.03	20.04	20.77	21.16	22.25
Yield (KG/HA)	1911	1911	1903	1903	1892	1877
(1000 HA), 1000 MT, (PERCENT), (KG/HA)						

Attachments:

No Attachments