



ACSA

AUSTRALIAN COTTON SHIPPERS ASSOCIATION

MARKET REPORT - AUGUST 2025

UPDATE

It's hard to believe we're in August already. With the 2025 crop now largely harvested, attention has turned to the final stages of ginning, with most locations expected to wrap up by early October.

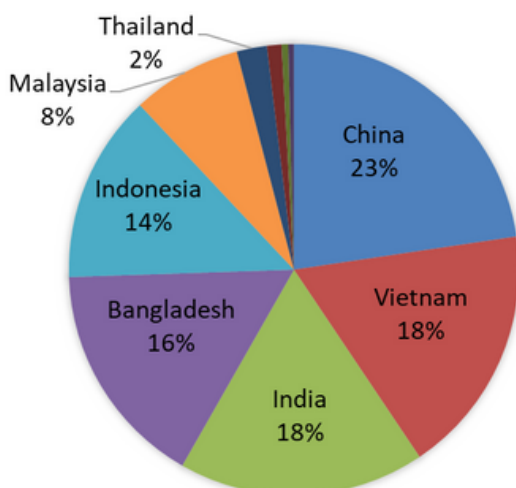
There's no denying this has been a particularly challenging year, but it's also clear that valuable lessons have been learned and change is on the horizon across a number of areas. The volume of cotton tendered this season was significant and for the most part, efficiently handled by the supply chain. The off-season will present a valuable opportunity to review systems and make targeted improvements.

Forward pricing for the 2025 and 2026 crops has been a challenge, largely due to the range-bound futures market. Global trade deals now approaching completion may signal a turning point for the market. After enduring a sustained period of bearish news, the cotton market may finally be positioned to shift its outlook. With greater clarity on trade and more stability in sight, there's hope the industry can begin to look forward with a renewed sense of confidence.

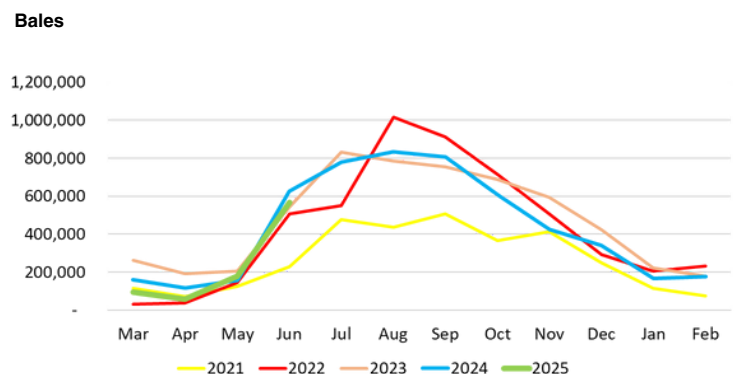
Planting decisions for the 2026 crop are fast approaching and growers will be hoping the global macro-economic outlook continues to improve. A stronger backdrop could support a return to forward prices exceeding the \$600 level - a key threshold for many growers. Easing interest rates, controlled inflation and signs of rising consumer sentiment all contribute to a more positive outlook for the months ahead.

Cliff White
Chair

AUSTRALIAN COTTON EXPORTS 2025 SEASON YTD SHIPMENTS - to June 30, 2025



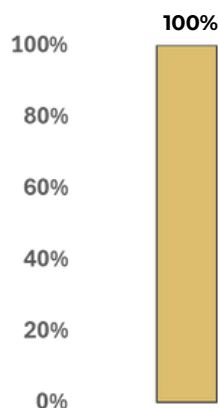
HISTORICAL SHIPPING PACE



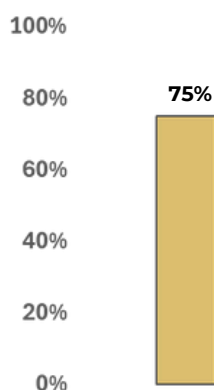
CROP UPDATE

- Harvest complete
- Ginning anticipated to be complete by early October
- Growers considering 2026 plantings

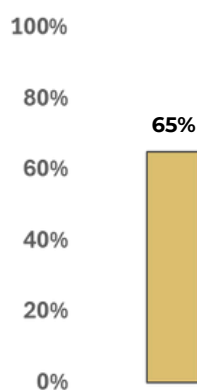
HARVEST PROGRESS



GINNING PROGRESS



CLASSING PROGRESS



Source : Data from industry estimates

OCEAN FREIGHT - WHAT'S DRIVING PRICES?

By Domenico Magnano, Olam Queensland Cotton

Ocean freight plays a vital role in connecting Australian exporters with global markets - but it also comes with complexity and cost. Alongside road freight, ocean shipping is one of the two largest contributors to our “TCB or total cost to buyer” formula. Understanding what drives freight prices is essential to managing margins, competitiveness and supply chain planning.

In 2025, we've continued to see volatility in both pricing and space availability. These fluctuations are shaped by a range of factors - from global trade imbalances and container size mismatches to geopolitical instability and structural changes within the shipping industry.

Australia's trade model is heavily reliant on imports - bringing in consumer goods, industrial inputs and raw materials from key manufacturing hubs like China, Southeast Asia and Europe. These inbound shipments represent the “head haul” for shipping lines - the part of the journey that generates the majority of revenue.

The return journey - the “back haul” - presents a challenge. Outbound cargo from Australia, particularly agricultural commodities and minerals, often cannot fill ships to the same capacity. To avoid the cost of repositioning empty containers, carriers look to incentivise back haul cargo. This explains the lower freight rates to China this year, as lines seek to maximise vessel utilisation.

However, not all carriers approach repositioning the same way. Some are more competitive in certain regions or trade lanes depending on their access to balanced cargo flows or ability to recover costs.

Another pressure point is container type. Imports typically arrive in 40-foot containers, while many Australian exports move in 20-foot containers - and again unbalanced with containers not necessarily available at key cotton export ports. This imbalance complicates logistics planning. In some markets, like the Indian Subcontinent, 20-foot containers are being snapped up by higher-paying cargo with the going rate on par with 40-foot rates.

Another often-overlooked factor is second leg space. Even when a vessel's main leg appears to have capacity, the transshipment connection to the final destination can be constrained. Carriers with their own feeder networks - essentially “shuttle buses” between ports - can control this cost and service more effectively. In contrast, carriers relying on third-party feeders often face higher costs and less reliability, which can influence both rate and availability.

OCEAN FREIGHT - WHAT'S DRIVING PRICES CONT...

Fuel remains a major cost driver. Bunker fuel prices fluctuate with global oil markets and are passed on through Bunker Adjustment Factor charges. We've also seen emergency surcharges due to geopolitical tensions- such as Red Sea disruptions stemming from the Israel-Iran conflict.

The industry is also undergoing structural change. Major carriers are consolidating and vertically integrating with logistics providers to offer end-to-end services. While this improves control, it may reduce competition and impact pricing flexibility.

The takeaway? Australian cotton merchants are endeavouring to stay ahead of freight developments and working closely with logistics partners to navigate the months ahead.

MEET YOUR SUPPLY CHAIN PARTNER

Omnicotton is a global cotton merchant with a focus on sourcing machine-picked, contamination-free, high-quality cotton from the three top-producing countries, the United States, Brazil and Australia.



Founded in 2002 and operating out of offices in Dallas, Texas; São Paulo, Brazil; and Brisbane, Australia, Omnicotton leverages its international presence to build partnerships with growers and spinning mills throughout the world. We operate efficient supply chain and trading operations, have a client-first mindset and a clear understanding that trust and reliability are essential components of long-term success in the cotton business.

Omnicotton is an active participant in all major cotton trade associations including the International Cotton Association, Australian Cotton Shippers Association, American Cotton Shippers Association, and ANEA, as well as numerous sustainability-focused programs and associations.



CONTACT

www.austcottonshippers.com.au

Jules Willis | ceo@austcottonshippers.com.au | +61 404 392 311

