

Future Brighter for Australian Cotton

By Cliff White, Australian Cotton Shippers Association

After several challenging years marked by market volatility, trade tensions and cautious mill buying driven by high interest rates and inflation concerns, the global cotton market may finally be showing signs of renewed life.

A gradual strengthening in demand may be reflected in solid shipping volumes from Brazil, the US, and notably Australia (acknowledging we are currently in our peak export period). While attention remains focused on the potential resolution of key trade disruptions - with various deadlines coming and going - there's a sense that an end to much of the uncertainty could be within reach and that when this happens demand will increase.

While the current US-China trade tariff truce has offered some hope to markets, it is set to expire on August 12, creating uncertainty around if tariffs will reset to previous heightened levels. The uncertainty poses renewed risks to trade and could have flow on impacts across multiple sectors and markets. Optimism for global markets has also been further reduced following the release of the latest US employment data, which suggests underlying economic challenges.

While a full resolution is yet to materialise, we would like to take a more positive outlook around the ongoing tariff negotiations between the US and other trading partners that are shaping global trade. You'd like to think these developments will deliver positive flow-on effects across the supply chain - helping to rebuild confidence, enhance competitiveness and support demand as the global trading picture becomes clearer.

That said, ICE futures have yet to support a shift in pricing momentum. The December contract remains firmly range-bound between 65 and 70 cents and despite a few attempts to breach 70 cents, the market has not managed to push into new pricing territory. That has primarily been due to US new crop conditions that currently reflect their best ratings in a number of years and the prospect of a 14 million plus bale crop is real. August is a key month for US crop development so keep an eye on their weather conditions. Crop problems are usually a catalyst for a market reaction.

Looking ahead to 2026, Australian cotton merchants will look to take advantage of the increasing opportunities in several key Asian and Sub-Continent markets as supply chain diversification prompts an increased focus on sourcing high quality, sustainable fibre. India and Vietnam are good examples of such markets with ongoing investment in spinning infrastructure.

Whilst India is a major cotton producer it is also benefiting from brands diversifying thus boosting consumption and it relies on imports to supplement quality requirements and meet mill demand. Vietnam remains a standout for Australian cotton, consistently ranking as a top destination thanks to its modern spinning facilities and strong trade linkages with global apparel brands.

Bangladesh, another key export destination that is a growing market for Australian cotton, appears to be entering a period of greater political and economic stability. With national elections scheduled for early 2026, there is cautious optimism that stability will continue and support further growth in the country's export-oriented garment sector - one of the largest in the world. As Bangladesh's apparel exports grow, so too does its demand for reliable, high-quality cotton - a demand well matched to the quality and reliability of Australian cotton.

With our reputation for high-quality, contamination-free cotton and strong sustainability credentials through programs like myBMP and Better Cotton, Australia remains a trusted source of fibre in key consuming markets.

Assuming a season that delivers our usual premium quality parameters and avoids the rain affected harvest challenges of 2025 - growers are well placed to benefit from increased demand.

Undoubtedly global uncertainties remain but the signals for 2026 are encouraging. Improving demand, trade stability and more favourable pricing fundamentals suggest a more positive year ahead. For Australian cotton growers, it's a welcome shift - and a chance to rebuild confidence in planting and marketing decisions for the seasons to come.

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