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Positive pricing news for Australian cotton farmers

Following a challenging 2025/26 growing season marked by constrained water availability and rising input costs, conditions are beginning to improve for Australian cotton farmers after some positive pricing momentum emerged through late Autumn.

According to [ANZ's Winter Commodity InFocus report](#), prices rebounded strongly through Autumn, reaching levels not recorded since the harvest of 2024.

In early May, the benchmark price of spot cotton on the international market rose above 90 US cents per pound (USc/lb), staging a greater than 25 per cent recovery after bottoming out at 73 USc/lb for the growing season last December.

While the market lost some gains in recent days, ANZ State Director, Ben Barrett, says several factors are driving a more positive outlook.

“The rebound appears to be a combination of things. Firstly, despite conditions now starting to improve, there had been some production concerns due to dry conditions in key US growing regions.

There was also an increase in immediate demand from cotton mills, on top of improved consumer demand signals from large consuming nations such as the US and China,” Mr Barrett said.

According to the United States Department of Agriculture, retail apparel sales in China finished 2025 strongly, as household spending was encouraged through government stimulus measures.

Meanwhile, the price difference between cotton and synthetic may also have been a factor in increasing demand for cotton, as the price and availability of oil pose threats to synthetic fibre production, supply and prices.

“Despite this, there remains significant uncertainty over demand estimates over the next 12 months. The overall impact of increasing and prolonged global inflation on consumer demand for all textile and apparel products remains yet to be seen,” Mr Barrett continued.

Looking ahead to the 2026/2027 crop, the first official forecasts suggest a sizable 6.6 million bale reduction in global production to around 116 million bales, with declines in production in China, Brazil, the US and Australia.

The Australian Bureau of Agricultural and Resource Economics and Sciences expects planted area in Australia for the new season to reach just a little over 400,000 hectares – the lowest since the drought impacted years experienced from 2020 until 2022.

“A smaller Australian crop, amongst the backdrop of smaller global supply, should increase competition for exports and in theory, indicate a favourable future for prices,” Mr Barrett concluded.

Ross Brown, Director of Ginning Marketing Solutions, agrees growers are feeling upbeat about future prices.

“Local cotton prices have made up some ground over recent months, largely post the start of the US/Iran conflict. Back in early March prices were sub \$550/bale before hitting recent highs of \$645/bale. Cover crops were planted by some growers in recent weeks, while others held to reevaluate water allocations and cost of production.

“Many growers now expect \$650+/bale to be the starting target for the upcoming season, however, enduring inflationary pressures and tighter consumer spending may still have something to say about forward consumption numbers,” Mr Brown concluded.

Further insights are available in the 2026 Winter edition of ANZ's *Agri InFocus Commodity Insights* report.

For media enquiries contact:

Emily Arnold

Public Relations Advisor

Tel: +61 413 610 338

Kate Power

Public Relations Manager

Tel: +61 481 547 556