



1. HIGHLIGHTS

- ⇒ As the cotton plants develop in the fields, the harvest of the 2022 crop is taking shape in the main growing regions of Brazil.
- ⇒ Brazil shipped **81.6 thousand tonnes** of cotton in May/2022, generating an income of **US\$ 189.4 million**. China remains the main destination for Brazilian cotton in the total for the marketing year. From a monthly perspective, Bangladesh, Indonesia and Vietnam were the main destinations for Brazilian cotton exports in May, totaling **45.9 thousand tonnes** (56% of the monthly volume).
- ⇒ The BCI report shows that Brazil remains as the country with the highest production volume of cotton licensed by Better Cotton®.
- ⇒ In early June, a delegation consisting of Brazilian cotton producers and exporters promoted a trade mission to Indonesia, Thailand and Bangladesh.

2. STATUS OF THE 2021 CROP



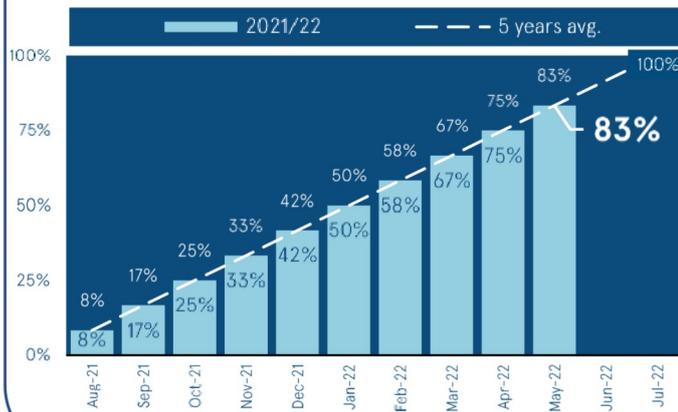
Source: Abrapa state associations and Better Cotton. Up to June 9th, 2022.



2. STATUS OF THE 2021 CROP

2021/22 DOMESTIC USE ESTIMATE VS. ACCUMULATED DOMESTIC USE 5-YEAR AVG

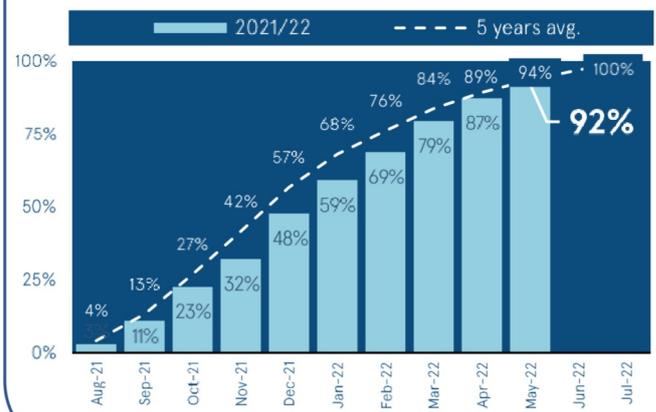
Domestic consumption estimated at 740 thousand tonnes (Aug21-Jul22)



Source: Abrapa, Conab and Abit

2021/22 EXPORT SHIPMENTS VS AVERAGE % OF ACCUMULATED EXPORTS BY ANEA*

*Brazilian exports for 21/22 estimated at 1.74 million tonnes by Anea

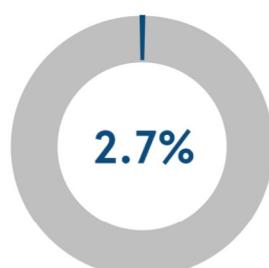


Source: MDIC and Anea

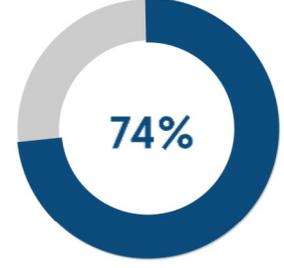
3. STATUS OF THE 2022 CROP



100% planted



2.7% harvested



74% sold by farmers

Source: Abrapa and state associations. Up to June 9th, 2022.



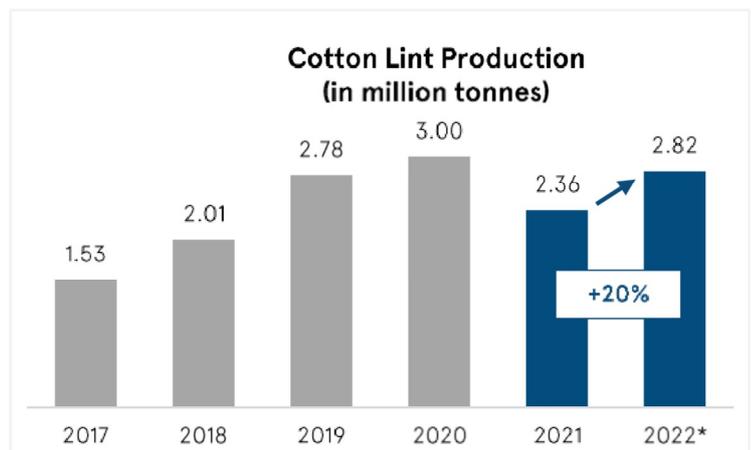
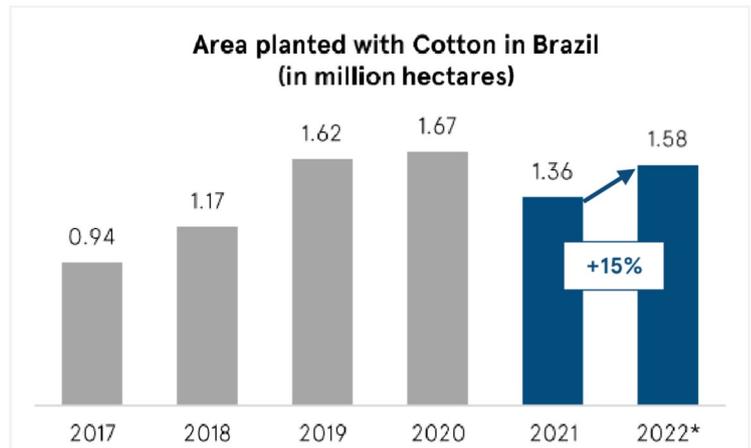
4. 2022 CROP - AREA AND PRODUCTION

Abrapa estimated in March 22, that the cotton area in Brazil would be 1.58 million hectares in the 2022 crop, 15% higher than the 2021 crop. With this increase in the planted area, Abrapa forecasts a growth of 20% in the 2022 season with a production of 2.82 million tonnes.

If this forecast is confirmed, it will be the second-best season for Brazilian cotton in its history.

Conab updated the forecast at the beginning of June and their production forecast is similar to Abrapa's.

Since the last production forecast the field conditions have changed following a very dry period at the end of the season. The lower-than-expected rainfall in April may reduce potential yields but despite this the current crop is still expected to be larger than the previous season.



Source: Conab 2022 Forecast: Abrapa.

Looking to the **2022 season**, Abrapa forecasts an increase of 3.8% in Brazilian cotton yields reaching the mark of **1,785 kg/ha** – the second highest in its history.

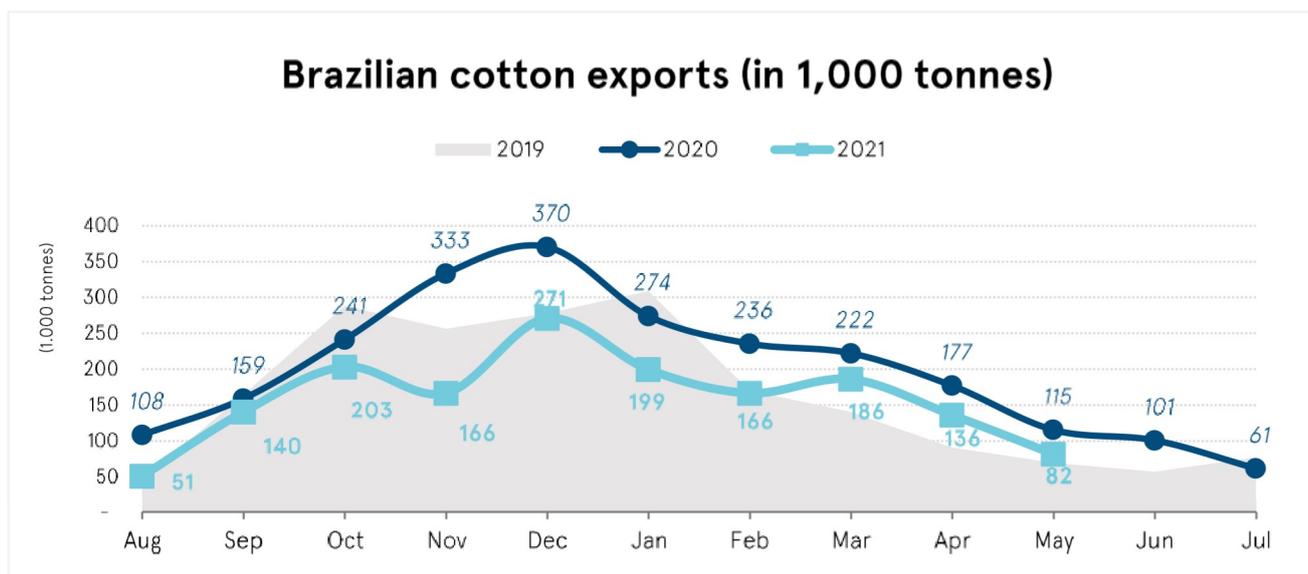
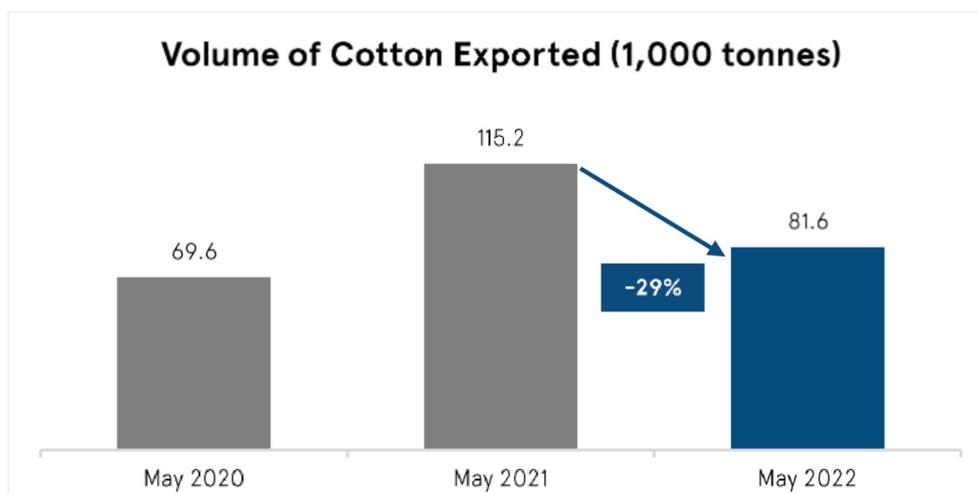
Brazilian Cotton Harvest							21 vs. 20 (%)	22 vs. 21 (%)
PRODUCTION (million tons)	2017	2018	2019	2020	2021	2022*		
SEED COTTON	3.82	5.01	6.94	7.37	5.79	6.89	-21.3%	19.5%
LINT (COTTON)	1.53	2.01	2.78	3.00	2.36	2.82	-21.5%	19.6%
YIELD (kg/ha)	2017	2018	2019	2020	2021	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	4,076	4,267	4,292	4,427	4,224	4,335	-4.6%	2.6%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,719	1,785	-4.6%	3.8%

Source: Conab Forecast: Abrapa



5. EXPORT SHIPMENTS

Brazil exported **81.6 thousand tonnes** of cotton in May/2022. This volume is 40% below the amount shipped in the previous month, April/2022, and a 29% reduction in comparison to May/2021. Despite this, May exports of Brazilian cotton resulted in revenues of **US\$ 189.4 million**.

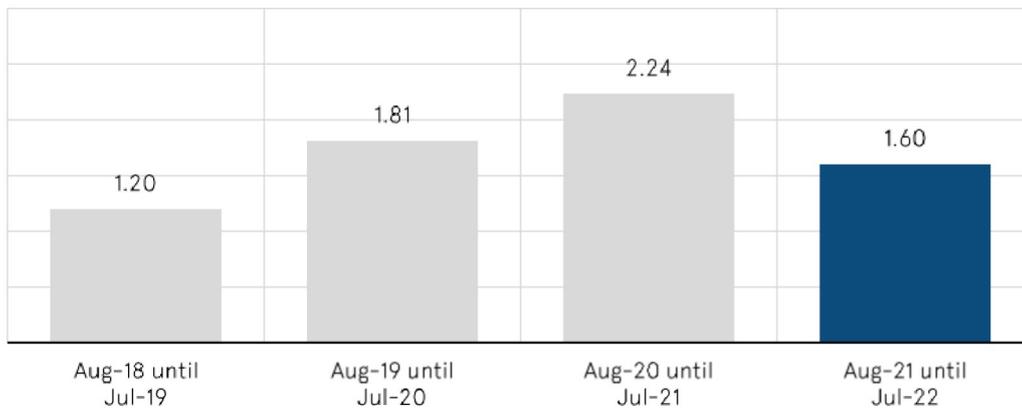


Source: ComexStat – ME, June/2022

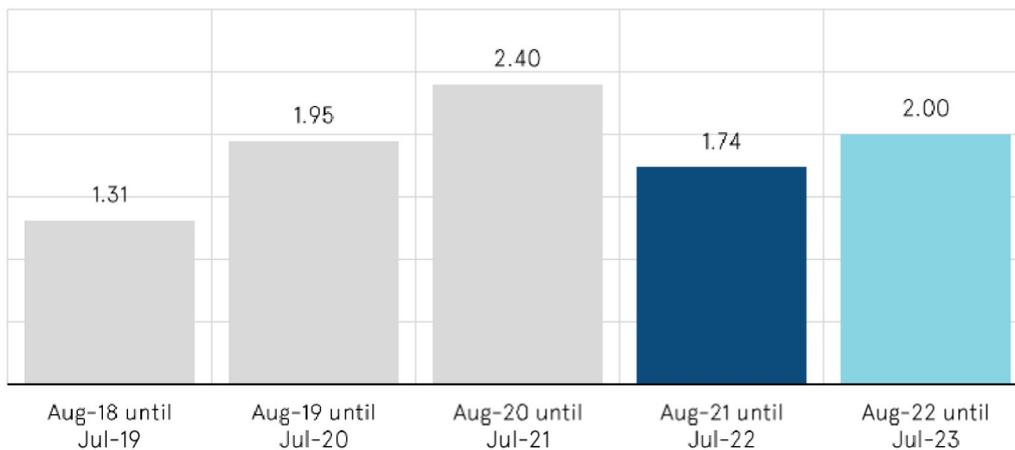


From August/21 to May/22, Brazil shipped **1.6 million tonnes** of cotton overseas. This volume corresponds to a performance that is 28% below the amount recorded between August/20 and May/21. In the ten months of this current market year, exports generated revenues of **US\$ 3.016 billion**.

Brazilian cotton accumulated exports (in 1.000 tonnes)



Brazilian cotton total exports (in 1,000 tonnes)

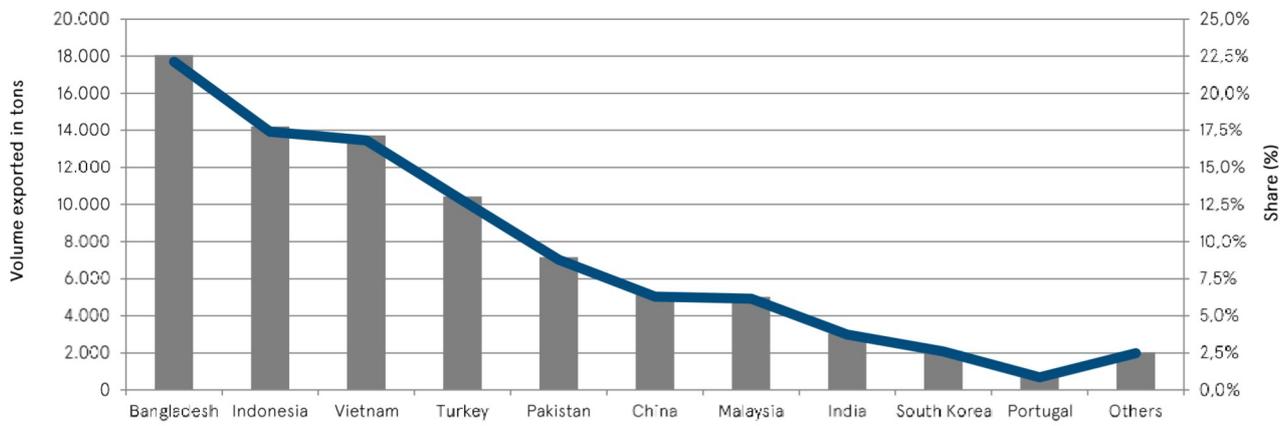


Source: ComexStat - ME, May/2022 Forecasts 2021/22 and 2022/23: Anea



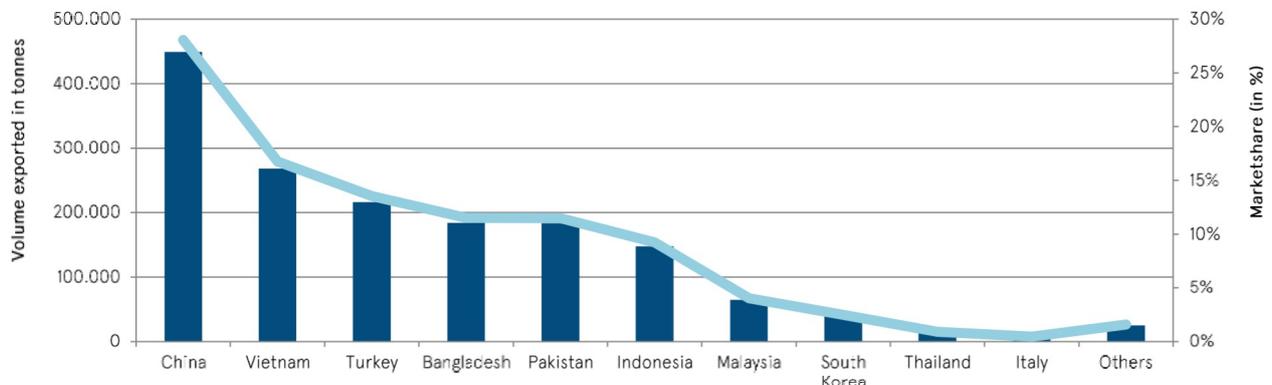
Bangladesh, Indonesia and Vietnam were the main destinations for Brazilian cotton exports in May, totaling 45.9 thousand tonnes. Together, the three countries accounted for 56% of the entire volume for the month.

Brazilian Cotton Top Export Destinations - May/2022



Total numbers still show **China** as the main buyer of Brazilian cotton. The country imported **449 thousand tonnes** between August/2021 and May/2022 and thus accounted for **28%** of all volume exported up to now.

Brazilian Cotton Top Export Destinations - Aug/21 to May/22

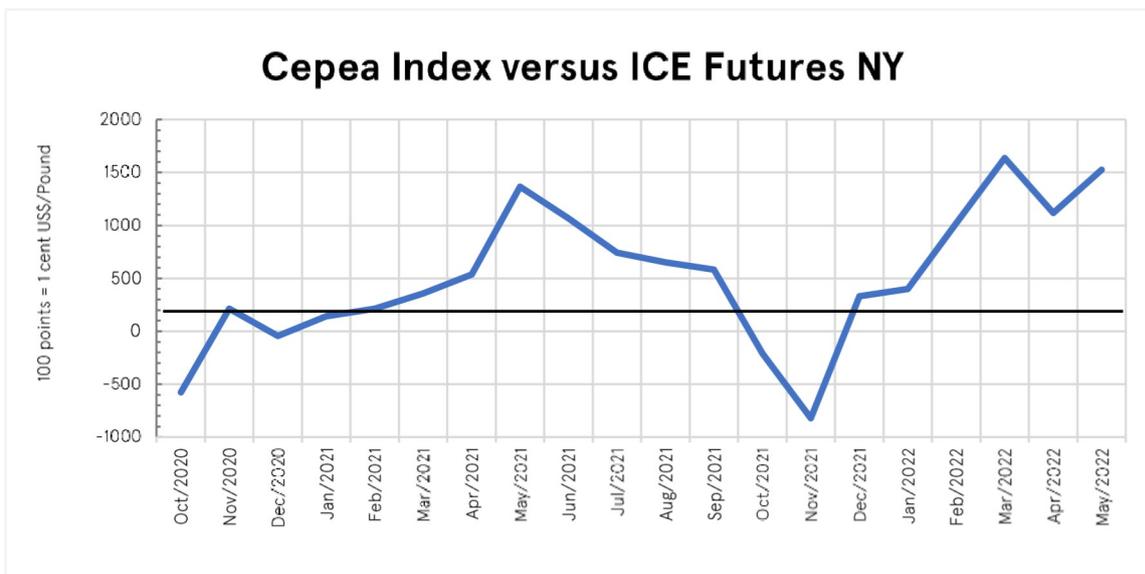
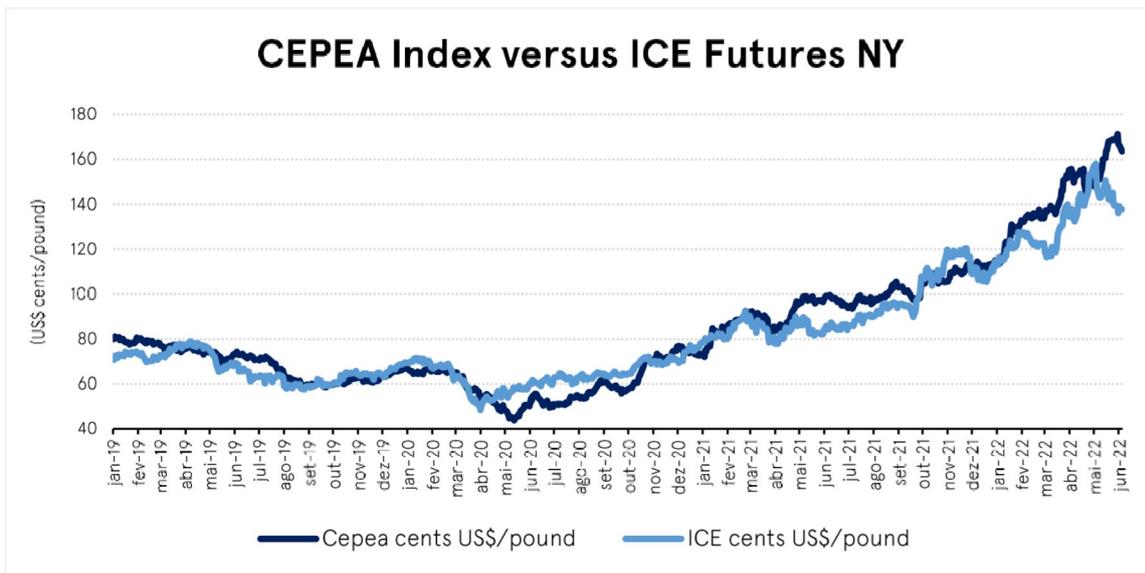


Source: ComexStat - ME, June/2022



6. PRICES

In May/2022, the Cepea index reached 170 cents (US\$/pound) and accumulated an increase of 14.8%. With Brazilian and international prices going in opposite directions, the spread between the Cepea indicator and ICE rose again in May 2022. In the monthly average, the spread was 1,526 points - slightly higher than the spread recorded in May/2021.



Source: Cepea/USP and ICE Futures, June/2022



7. MADE IN BRAZIL

Data and information about Brazilian cotton production

Brazil is still the country with the highest cotton volume licensed by better cotton

The Better Cotton® program has released a report for the 2020/21 crop. Brazil remains as the country with the highest volume of licensed production.

Brazilian cotton growers increased their share from 38% to 42% in the 2020/21 harvest, totaling more than 1.9 million tonnes.

In global terms, 2.2 million cotton producers distributed across 24 countries had their production certified in the 2020/21 season.

As a result, 4.7 million tonnes of Better Cotton® was licensed – which corresponds to 20% of the world's cotton production.

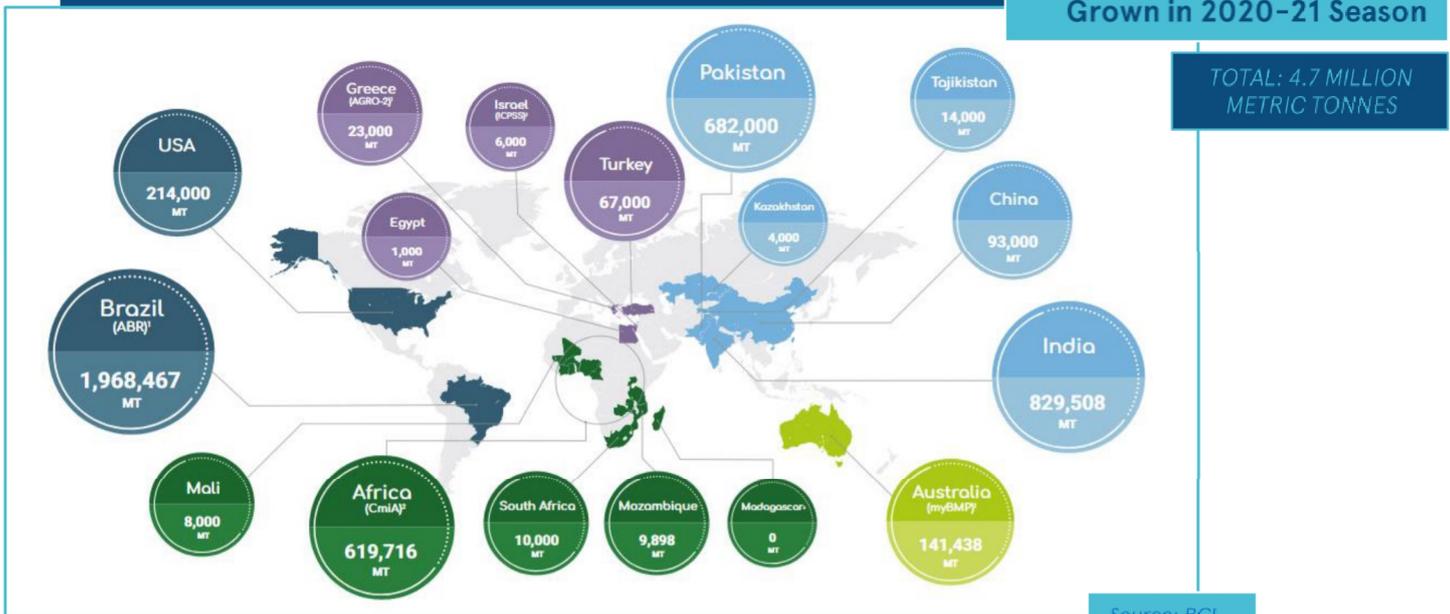
Compared to 2019/20, this volume represents a 25% reduction in global certification and reflects the difficulties faced by the sector following the Covid pandemic.

Brazil's high performance level is due to cotton grower's adherence to the Abrapa certification scheme (ABR program), which operates in benchmark with the Better Cotton® program guidelines.

In both schemes, the aim has been to multiply responsible and sustainable practices on farms since 2012.

Volume of Better Cotton Grown in 2020-21 Season

TOTAL: 4.7 MILLION METRIC TONNES



Source: BCI