



1. HIGHLIGHTS

- ⇒ Production volume has been adjusted to **2.61 million tonnes**, 7% down from the previous forecast. Despite this, if confirmed, this will be the **third largest volume in the country's history**;
- ⇒ Brazil shipped **62.7 thousand tonnes** of cotton in May/2022, generating an income of **US\$ 158 million**. China remains the main destination for Brazilian cotton in the total for the marketing year. From a monthly perspective, Bangladesh, India and Turkey were the main destinations for Brazilian cotton exports in May, totaling **37.4 thousand tonnes** (60% of the monthly volume).
- ⇒ Being completely mechanized, the harvesting of the 2022 crop in Brazil ramped up in June and reached **9.1% of the planted area**.
- ⇒ In June, Brazilian **cotton growers and exporters visited countries in Asia**.

2. STATUS OF THE 2021 CROP



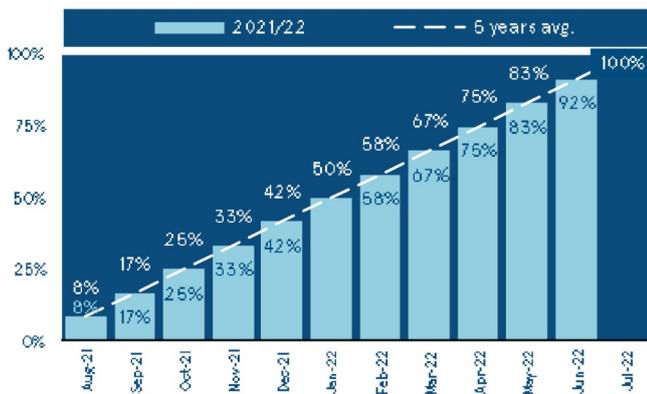
Source: Abrapa state associations and Better Cotton. Up to June 30th, 2022.



2. STATUS OF THE 2021 CROP

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

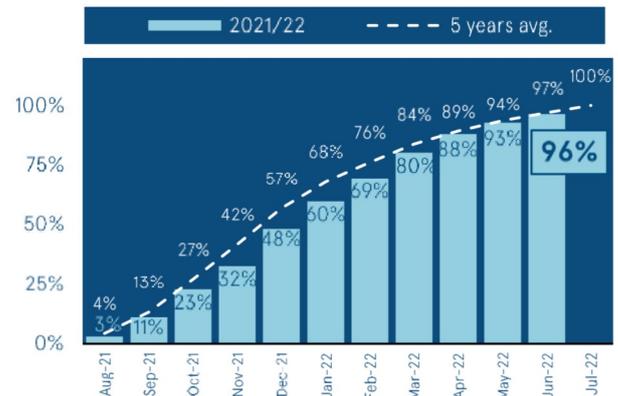
Domestic consumption estimated at 740 thousand tonnes (Aug21-Jul22)



Source: Abrapa, Conab and Abit

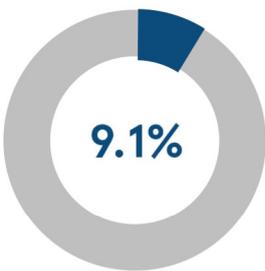
2021/22 EXPORT SHIPMENTS VS AVERAGE % OF ACCUMULATED EXPORTS BY ANEA*

*Brazilian exports for 21/22 estimated at 1.725 million tonnes by Anea

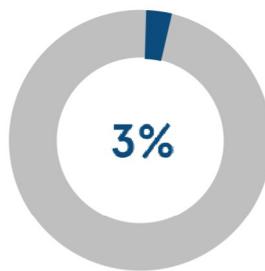


Source: MDIC and Anea

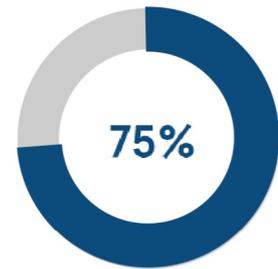
3. STATUS OF THE 2022 CROP



9.1% harvested



3% ginned



75% sold by farmers

Source: Abrapa and state associations. Up to June 30th, 2022.



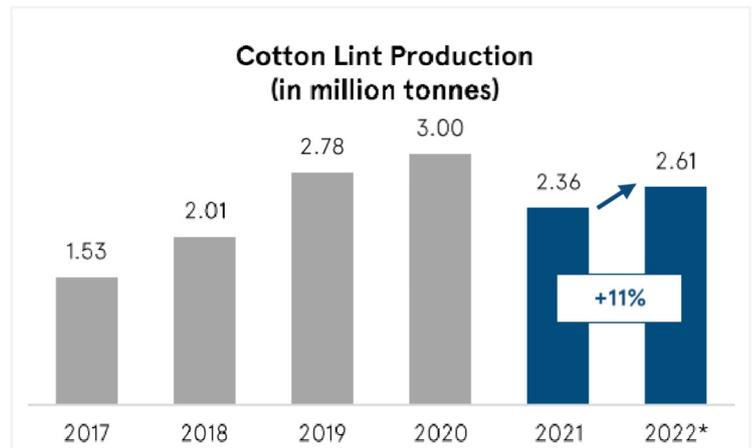
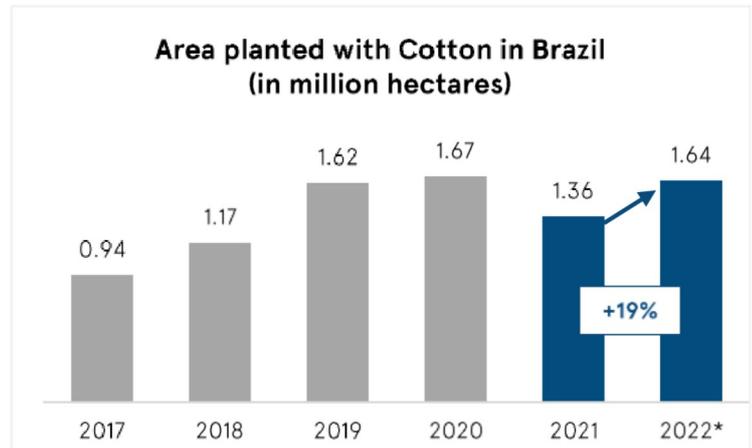
4. 2022 CROP - AREA AND PRODUCTION

At the end of June, Abrapa updated its forecasts for the 2022 crop. The area planted with cotton expanded to **1.64 million hectares**, 19% higher than in the 2021 cycle.

However, climat issues - mainly a drought at the end of the cycle in important producing states - led to a reduction in the country's average yield. As a result, the production forecast was reduced compared to the previous estimate.

The estimated volume is **2.61 million tonnes** of cotton, 11% above the 2021 crop. If this forecast is confirmed, it will be the third-best season for Brazilian cotton in its history.

Looking to **the yield**, Abrapa forecasts a **decrease of 7.2%** reaching **1,595 kg/ha** of cotton lint in 2022.



Source: Conab 2022 Forecast: Abrapa (Jun/22).

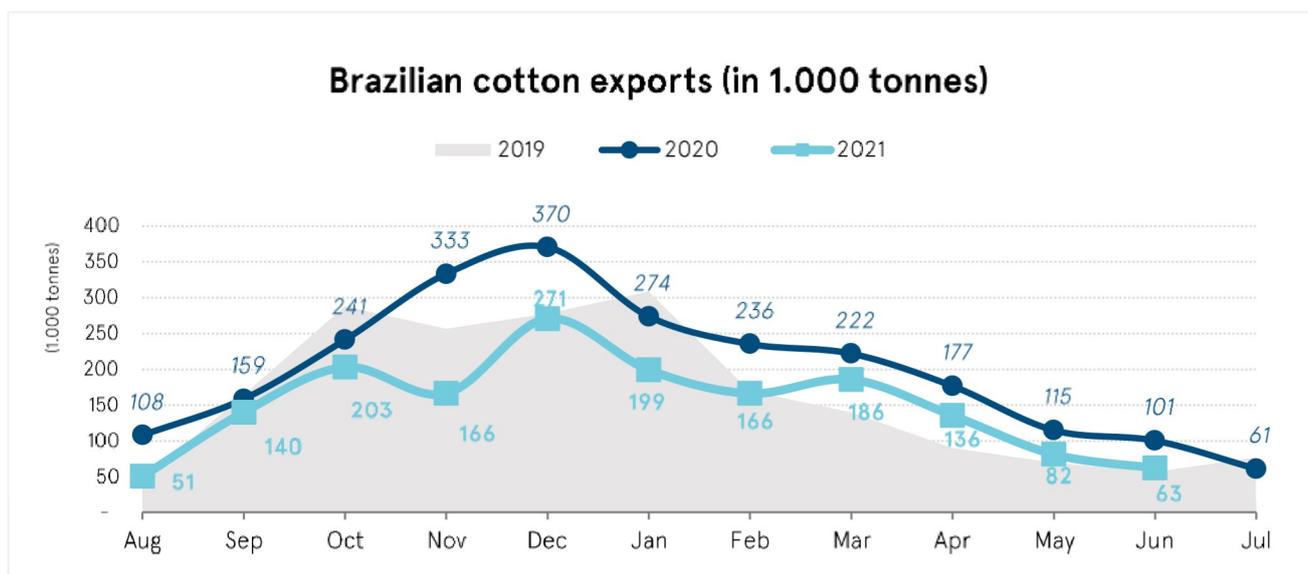
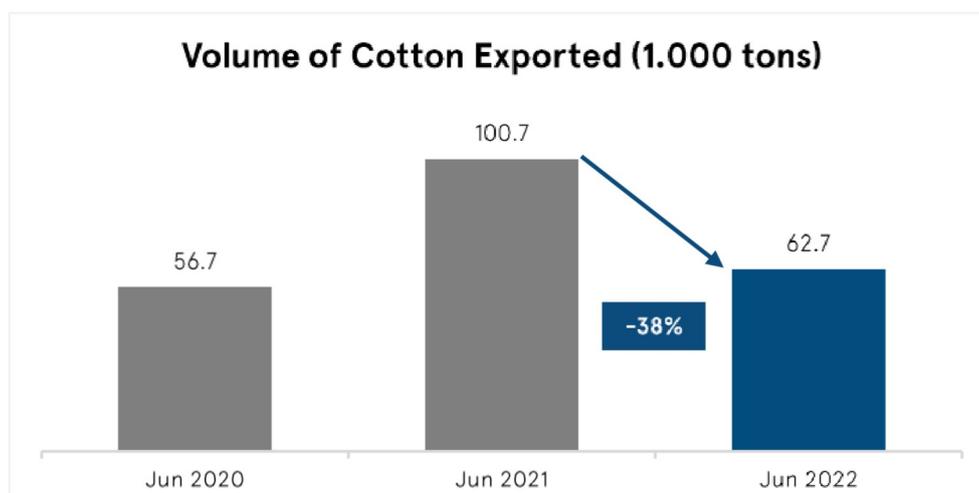
Brazilian Cotton Harvest								
PRODUCTION (million tons)	2017	2018	2019	2020	2021	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	3.82	5.01	6.94	7.37	5.79	6.33	-21.5%	9.3%
LINT (COTTON)	1.53	2.01	2.78	3.00	2.36	2.61	-21.5%	10.6%
YIELD (kg/ha)	2017	2018	2019	2020	2021	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	4,076	4,267	4,292	4,427	4,224	3,872	-4.6%	-8.3%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,719	1,595	-4.6%	-7.2%

Source: Conab Forecast: Abrapa



5. EXPORT SHIPMENTS

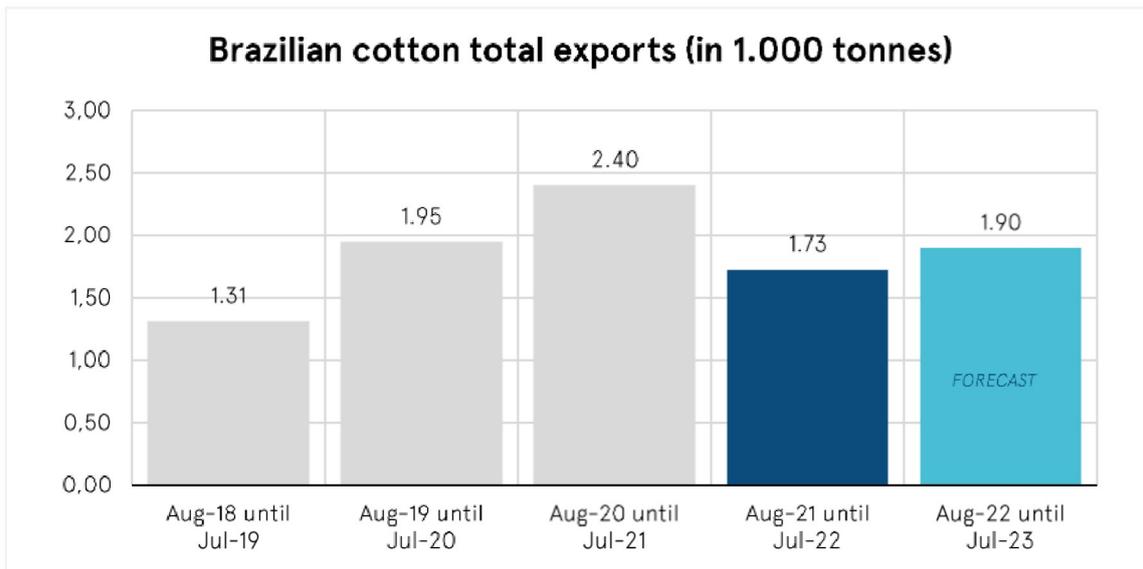
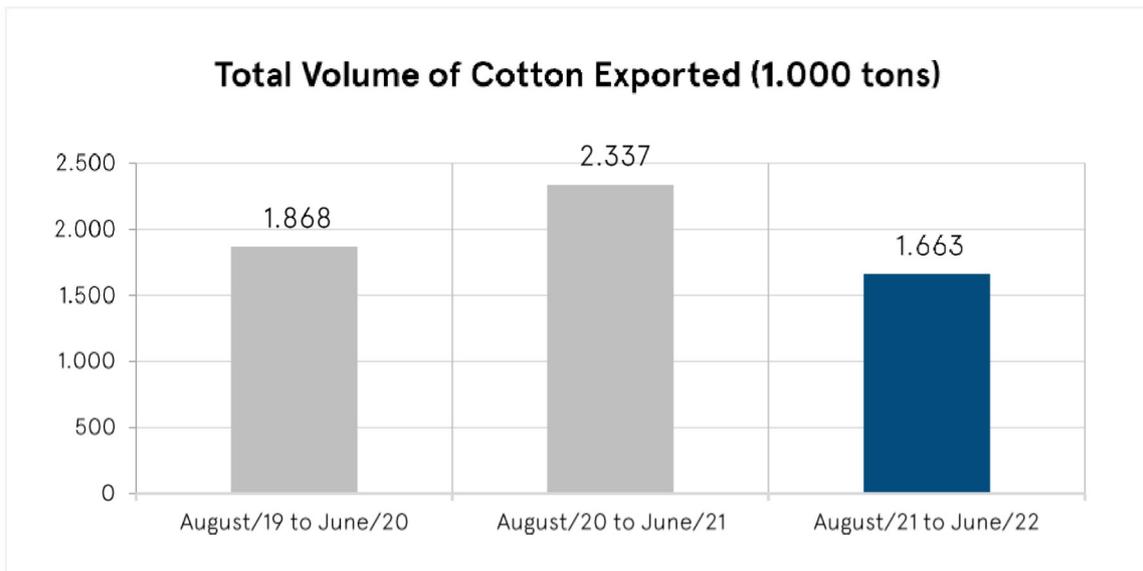
Brazil exported **62.7 thousand tonnes** of cotton in Jun/2022. This volume is 23% below the amount shipped in the previous month, May/2022, and a 38% reduction in comparison to Jun/2021. The June exports of Brazilian cotton resulted in revenues of **US\$ 158 million**.



Source: ComexStat – ME, July/2022



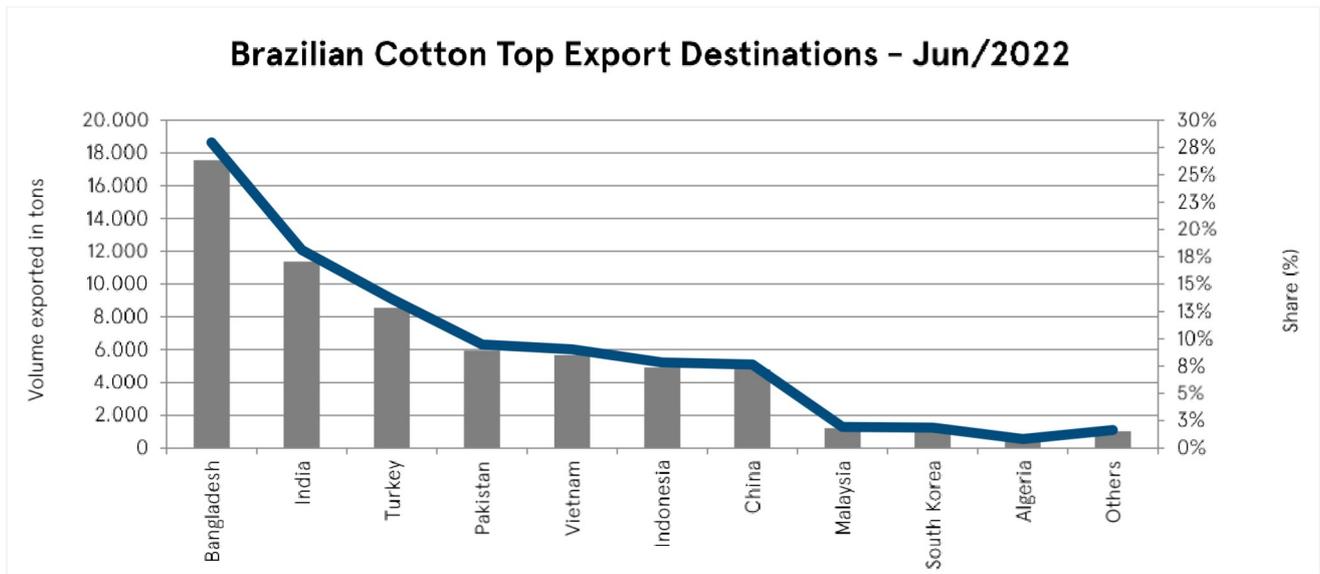
From August/21 to Jun/22, Brazil shipped **1.663 million tonnes** of cotton overseas. This volume corresponds to a performance that is 29% below the amount recorded between August/20 and Jun/21. In the ten months of this current market year, exports generated revenues of **US\$ 3.174 billion**.



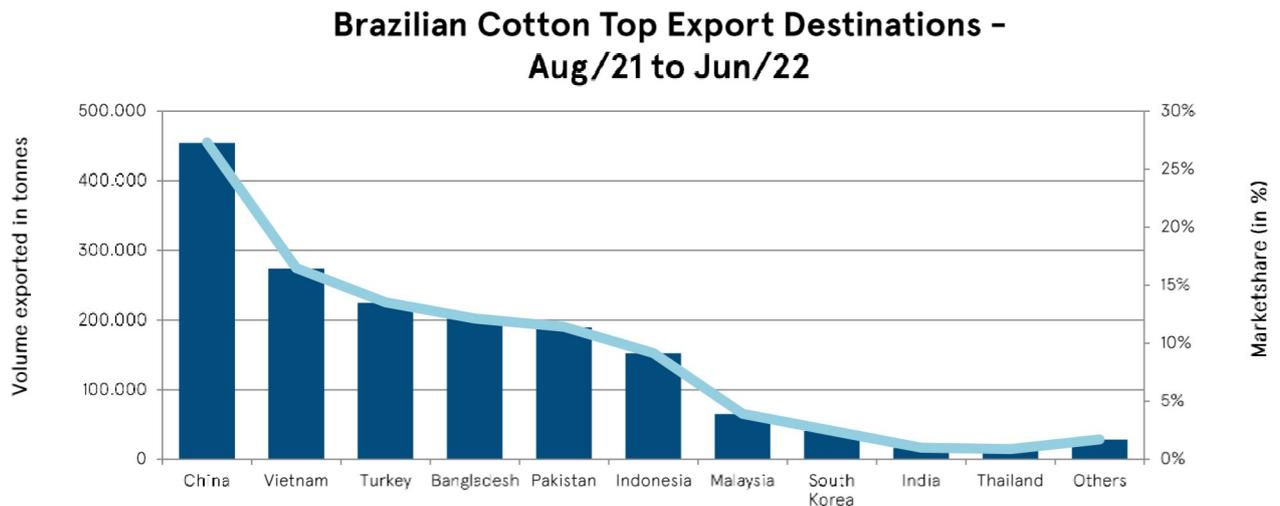
Source: ComexStat - ME, June/2022 Forecasts 2021/22 and 2022/23: Anea



Bangladesh, India and Turkey were the main destinations for Brazilian cotton exports in June, totaling **37.4 thousand tonnes**. Together, the three countries accounted for 59% of the entire volume for the month.



Total numbers still show **China** as the main buyer of Brazilian cotton. The country imported **454 thousand tonnes** between August/2021 and June/2022 and thus accounted for **27%** of all volume exported up to now.

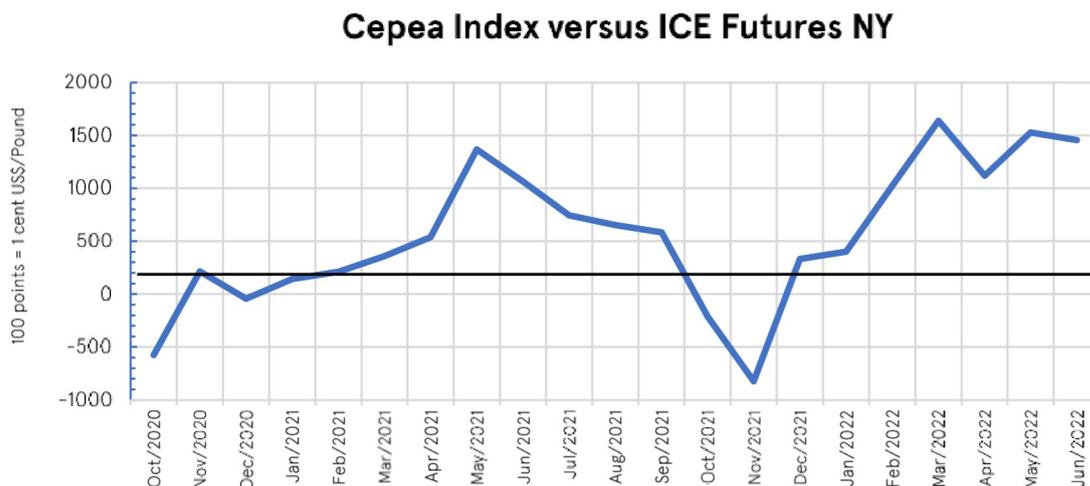
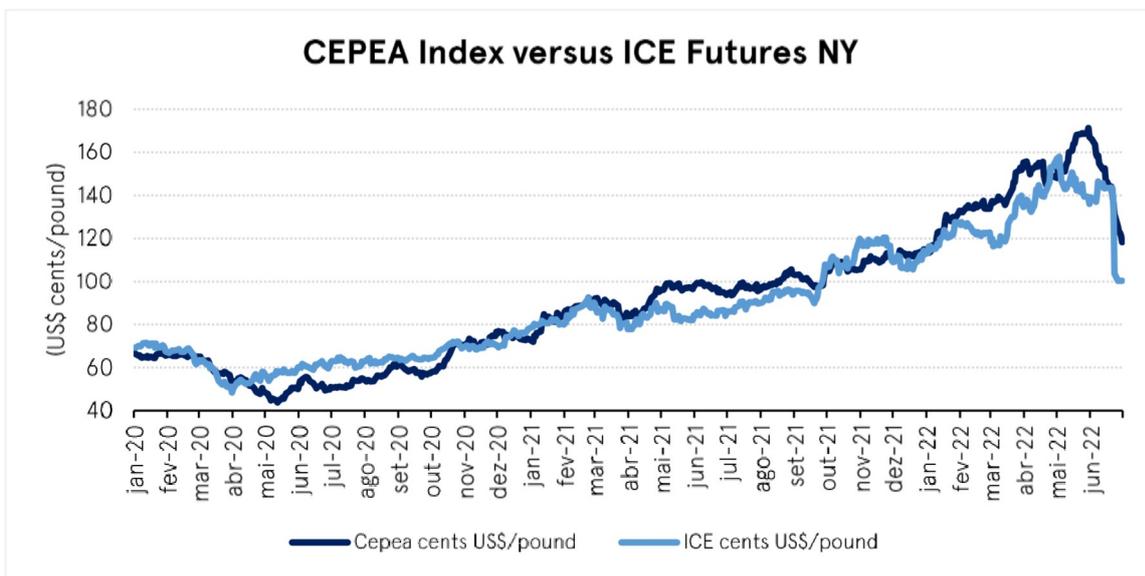


Source: ComexStat - ME, June/2022



6. PRICES

In June/2022, the Cepea index went down to 120 cents (US\$/pound) and accumulated a drop of 14.8%. The downward movement of national and international indices keeps the spread between the Cepea indicator and prices in NY (ICE) above those of last year. On average the spread in the month was 1,421 points.



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



7. MADE IN BRAZIL

Data and information about Brazilian cotton production

Fully mechanized picking ramps up in Brazil in July

In Brazil, the cotton picking period begins in June and continues until August. Last month, the machines ramped up the picking pace and at the end of June, 7% of the total area had already been harvested in the country, according to data from Abrapa.

Something very particular in Brazil is the fact that 100% of the cotton crop is picked mechanically using high technology.

The use of technology for greater control of the harvested bales reduces the contamination of the



cotton and this is a highly valued characteristic in the international market.

Once harvested, the bales are ginned – a process consisting of separating the cotton seed from the lint.

In Brazil, most cotton farms have their own gins. As a result, by June 30th, the country already recorded a ginning level of 3% of the crop.



Brazilian cotton growers and exporters visited countries in Asia

A Brazilian delegation of cotton growers and exporters visited Indonesia, Thailand and Bangladesh in early June. The aim was to develop new business opportunities for Brazilian cotton. Together, the three countries accounted for 313 thousand tonnes of Brazilian cotton between August/21 to May/22, which represents 21% of the total volume shipped.