



## 1. HIGHLIGHTS

- ⇒ Cotton picking has started in a few places around Brazil. All eyes are now on the **weather** impact: the growers are looking at how the crops will behave following low rainfall in April. Despite the weather issue, the production level in Brazil is expected to maintain its recovery in 2022 compared to 2021.
- ⇒ Brazil shipped **136 thousand tonnes** of cotton in April/2022, generating an income of **US\$ 306.6 million**. China remains the main destination for Brazilian cotton in the total for the marketing year. Vietnam and Turkey were the countries to which the highest volumes were shipped in April;
- ⇒ Currently, Brazilian **farms are undergoing on-site audits for certification** by the Brazilian Responsible Cotton (ABR) program, which provides access to Better Cotton licensing.

## 2. STATUS OF THE 2021 CROP



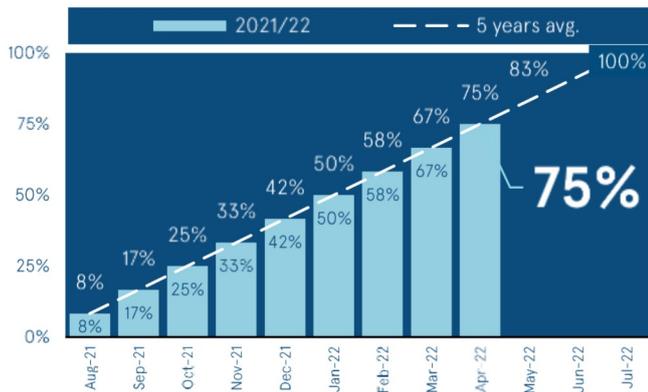
Source: Abrapa state associations and Better Cotton. Up to May, 12<sup>th</sup>, 2022.



## 2. STATUS OF THE 2021 CROP

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

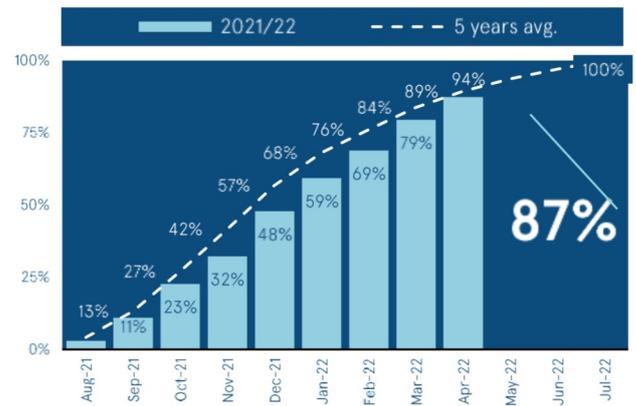
Domestic consumption estimated at 740 thousand tonnes (Aug21-Jul22)



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

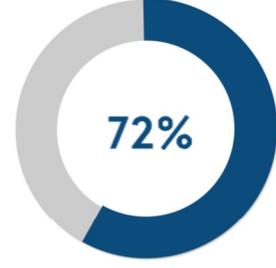
## 3. STATUS OF THE 2022 CROP



100% planted



0.2% harvested



72% sold by farmers

Source: Abrapa and state associations. Up to May, 12<sup>th</sup>, 2022.



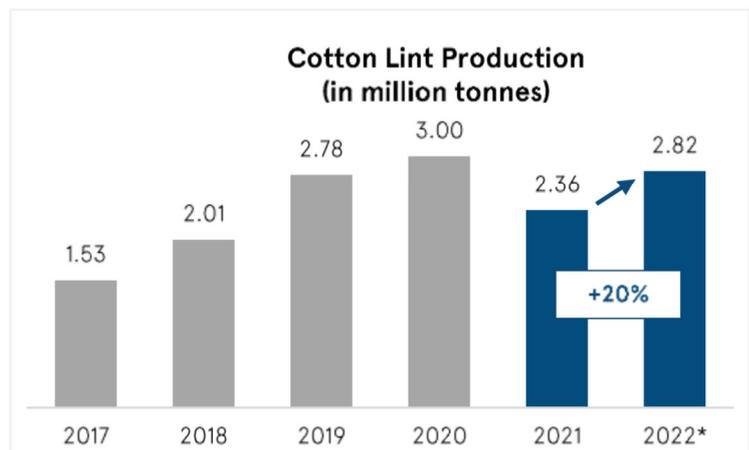
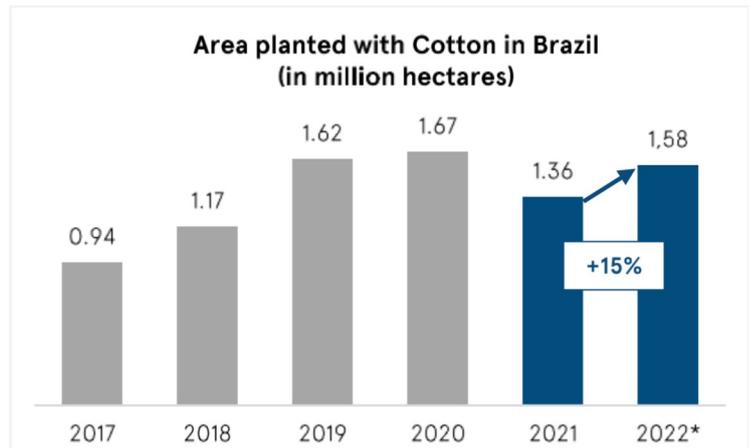
## 4. 2022 CROP - AREA AND PRODUCTION

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 May and their production forecast is similar to Abrapa's.

Since the last production forecast the field conditions changed with a very dry period at the end of the season. The lower rain than expected in April may reduce potential yields but despite this, the current crop is still expected to be greater 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.

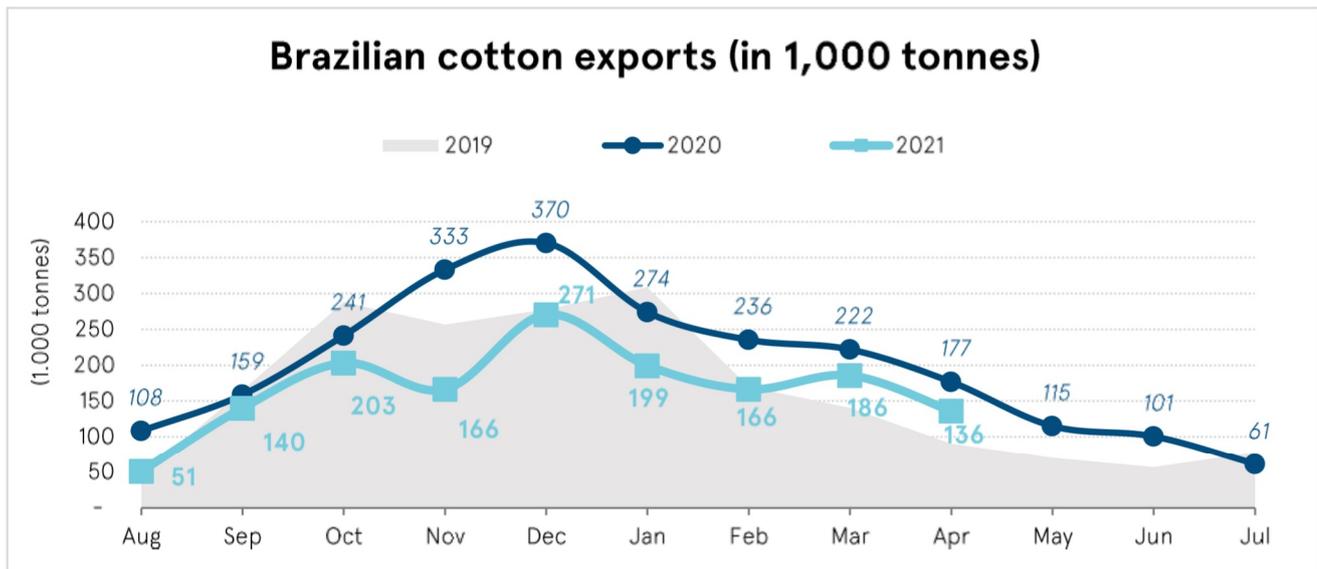
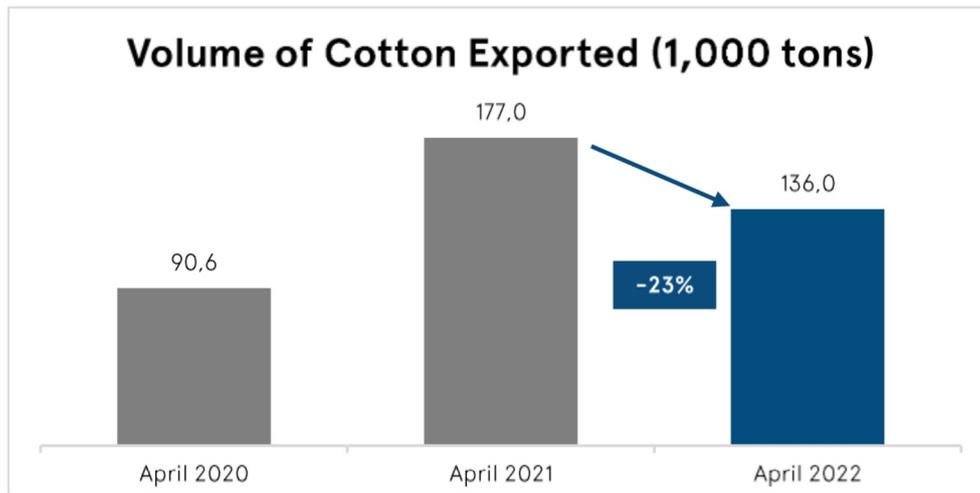
Brazilian Cotton Harvest								
PRODUCTION (million tons)	2017	2018	2019	2020	2021	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	3.82	5.01	6.94	7.37	5.79	6.89	-21.3%	19.5%
LINT (COTTON)	1.53	2.01	2.78	3.00	2.36	2.82	-21.5%	19.6%
YIELD (kg/ha)	2017	2018	2019	2020	2021	2022*	21 vs. 20 (%)	22 vs. 21 (%)
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

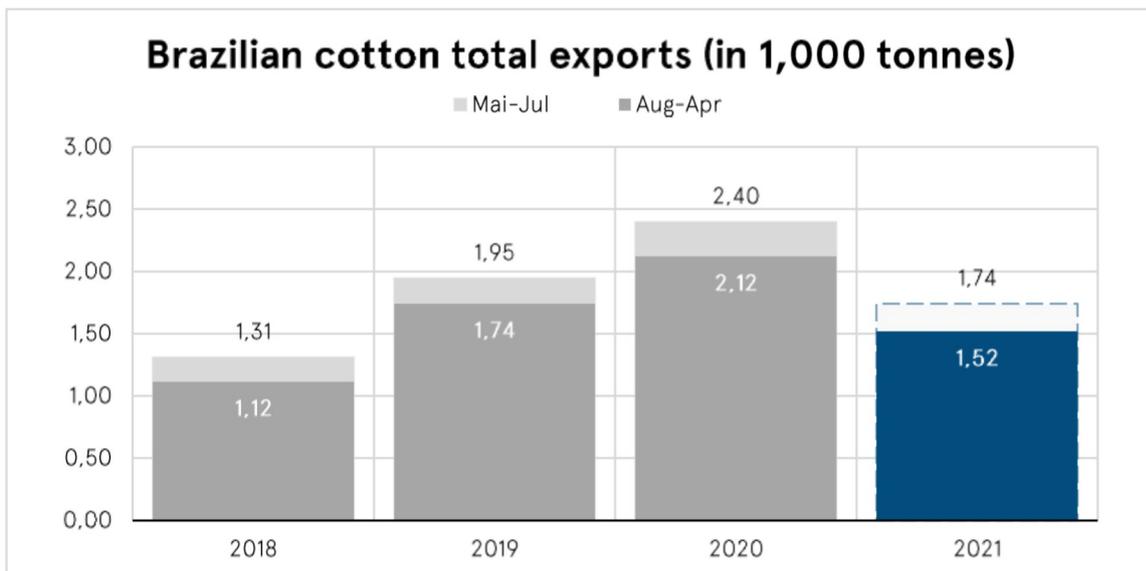
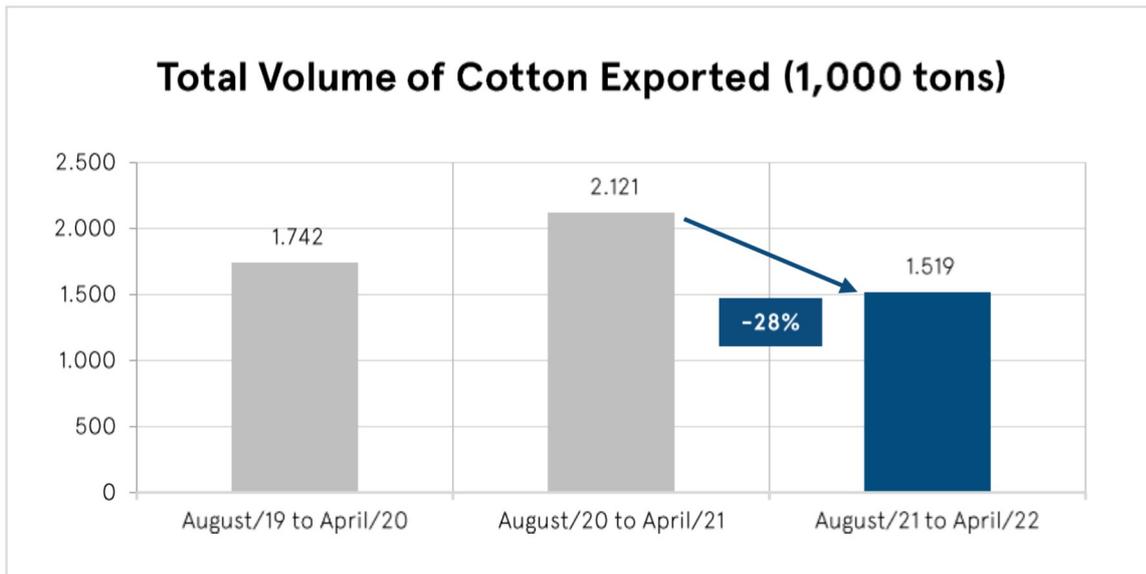
Brazil exported **136 thousand tonnes** of cotton in April/2022. This volume is 27% below the amount shipped in the previous month, March/2022, and a 23% reduction in comparison to April/2021. Despite this, April exports of Brazilian cotton resulted in revenues of **US\$ 306.6 million**.



Source: ComexStat - ME, May/2022



From August/21 to April/22, Brazil shipped **1.519 million tonnes** of cotton overseas. This volume corresponds to a performance that is 28% below the amount recorded between August/20 and April/21. In the nine months of this current market year, exports generated revenues of **US\$ 2.827 billion**.

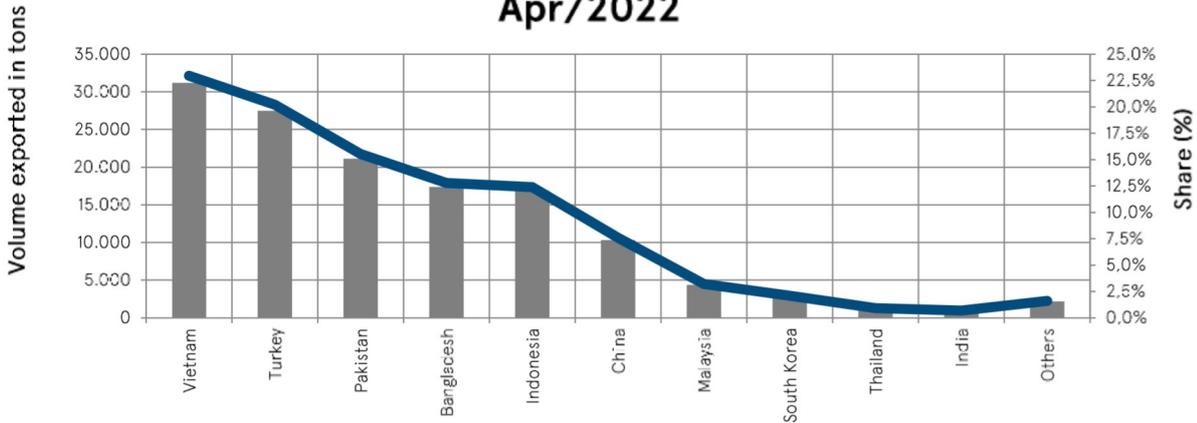


Source: ComexStat - ME, May/2022 Forecast: Anea



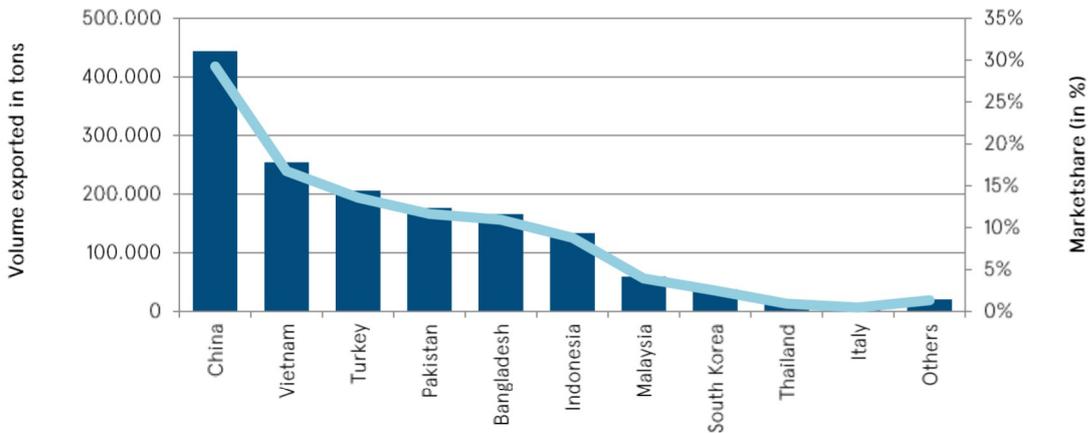
Vietnam and Turkey were the main destinations for Brazilian cotton exports in April, totaling 58.7 thousand tons for the two destinations. Together the two countries accounted for 43% of the entire volume for the month.

### Brazilian Cotton Top Export Destinations - Apr/2022



Total numbers still show **China** as the main buyer of Brazilian cotton. The country imported **444 thousand tonnes** between August/2021 and April/2022 and thus accounted for **29%** of all volume exported up to now.

### Brazilian Cotton Top Export Destinations - Aug/21 to Apr/22

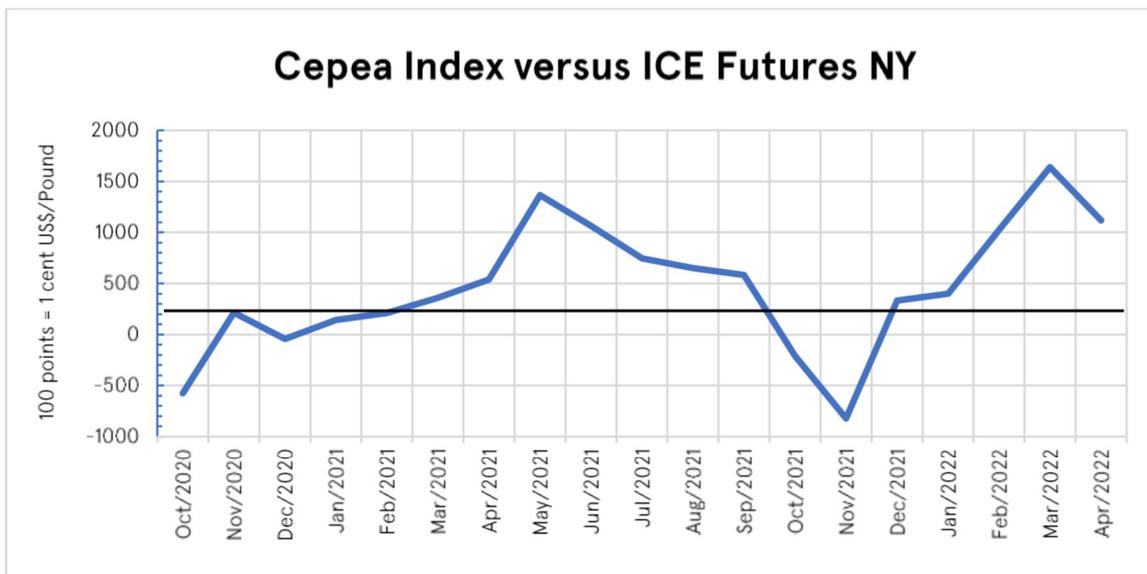
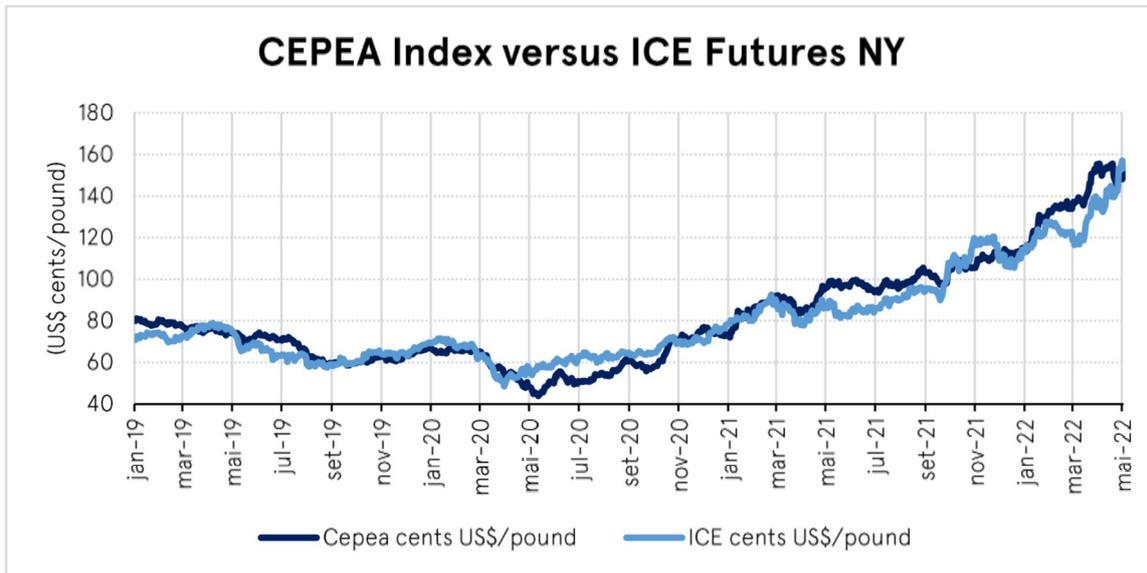


Source: ComexStat - ME, April/2022



## 6. PRICES

The Cepea index reached 149.2 cents (US\$/pound) at the end of April/2022. The index fell 3.9% (in US\$) in April 2022. The spread between the Cepea indicator and the NY (ICE) prices reduced in April 2022, reaching a monthly average of 1,190. In early May, the difference between the two price indices was close to zero.



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



## 7. MADE IN BRAZIL

Data and information about Brazilian cotton production

### Farms undergo auditing in Brazil

Cotton farms in Brazil are currently undergoing audits. The aim is to verify if producers are applying good farming, environmental and labor practices in the 2022 season.

The on-site audit is one of the stages of the Abrapa Brazilian Responsible Cotton (ABR) socio-environmental certification program.

In addition to including all the requirements of the worldwide *better cotton* certification, the Abrapa program includes other requirements by Brazilian national legislation, totaling 183 items that need to be complied with by cotton growers in order to receive certification.



Thirty-two farms in Bahia and eight in Goiás were the first to be certified in this cycle. In the previous season, 84% of the cotton produced by Brazil was certified by Abrapa and *better cotton*.

### Auditing companies are independent

All certified farms in Brazil undergo an external audit which is carried out by independent and internationally

recognized certification bodies. For the current season, the third-party certifiers are ABNT, Genesis Certificados and Bureau Veritas.

They perform on-site verification of the criteria established by both Better Cotton and Abrapa to check compliance.

See more details in: [www.cottonbrazil.com/sustainability](http://www.cottonbrazil.com/sustainability)