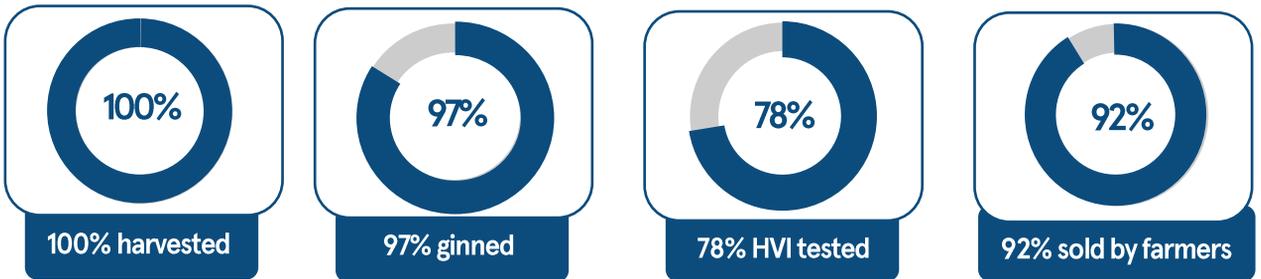


1. HIGHLIGHTS

- ⇒ With 97% of cotton production ginned, Brazil directs attention to the next cycle;
- ⇒ Although 10% of the 2022 crop has been sown up to December 10th, planting is expected to intensify in January;
- ⇒ In November, Brazil exported 166 thousand tonnes of cotton and China remains the main buyer;
- ⇒ 2021 ended with an annual growth of 12% in Responsible Brazilian Cotton production (Better Cotton).
- ⇒ Now 84% of all Brazilian cotton production is certified with the rigorous ABR standards, which operates in benchmark with Better Cotton.

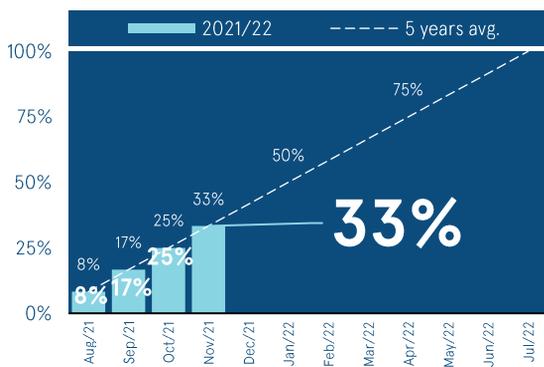
2. STATUS OF THE 2021 CROP ⁽¹⁾



(1) Source: Abrapa and state associations. Up to December 10th, 2021.

2021/22 Domestic use estimate vs. accumulated domestic use 5-year avg

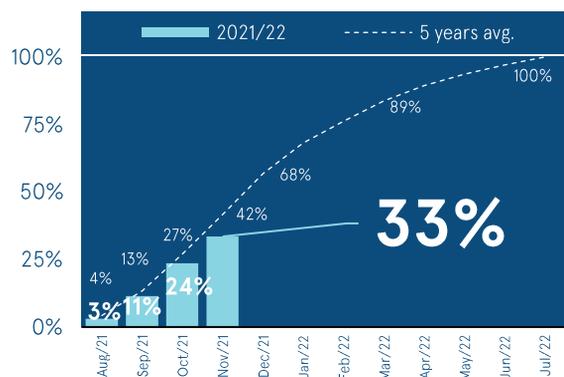
Domestic consumption estimated at 740 thousand tonnes (Aug21-Jul22)



Source: Abrapa, Conab and Abit

2021/22 Export Shipments vs Average % of Accumulated Exports for Anea*

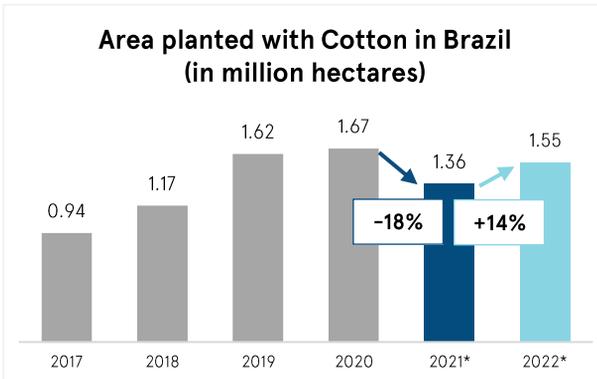
*Brazilian exports for 21/22 estimated at 1.7 million tonnes by Anea



Source: MDIC and Anea



3. 2021 AND 2022 CROPS – AREA AND PRODUCTION



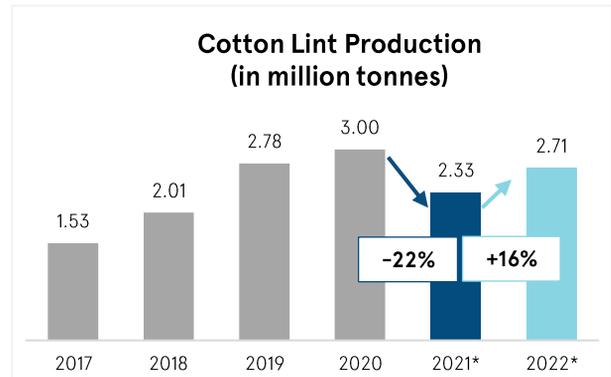
Source: Conab (Dec-21) *Forecast: Abrapa

The Brazilian cotton area for the **2021 crop** was **1.36 million hectares** which means a reduction of 18% in relation to the previous season.

A new Abrapa forecast indicates that the cotton area will reach **1.55 million hectares** in the **2022 season**, an expansion of 14% in comparison with the current season. Planting of the **2022 crop** has already reached 9% of the estimated total planted area and will continue up to mid-February of next year.

In the **2021 season**, Brazilian growers will have produced **2.33 million tonnes** of cotton. This volume is 22% lower than the amount produced last year.

A new Abrapa forecast indicates a growth of 16% in the **2022 season** with a production of **2.71 million tonnes**. If this forecast is confirmed, it will be the third-best season for Brazilian cotton in history.



Source: Conab (Dec-21) *Forecast: Abrapa

Looking to the **2022 season**, Abrapa forecasts an increase of 2.6% in Brazilian cotton yields reaching the mark of **1,751 kg/ha of cotton lint**.

Brazilian Cotton Harvest

PRODUCTION (million tonnes)	2017	2018	2019	2020	2021*	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	3.82	5.01	6.94	7.37	5.69	6.62	-22.8%	16.4%
LINT (COTTON)	1.53	2.01	2.78	3.00	2.33	2.71	-22.5%	16.5%

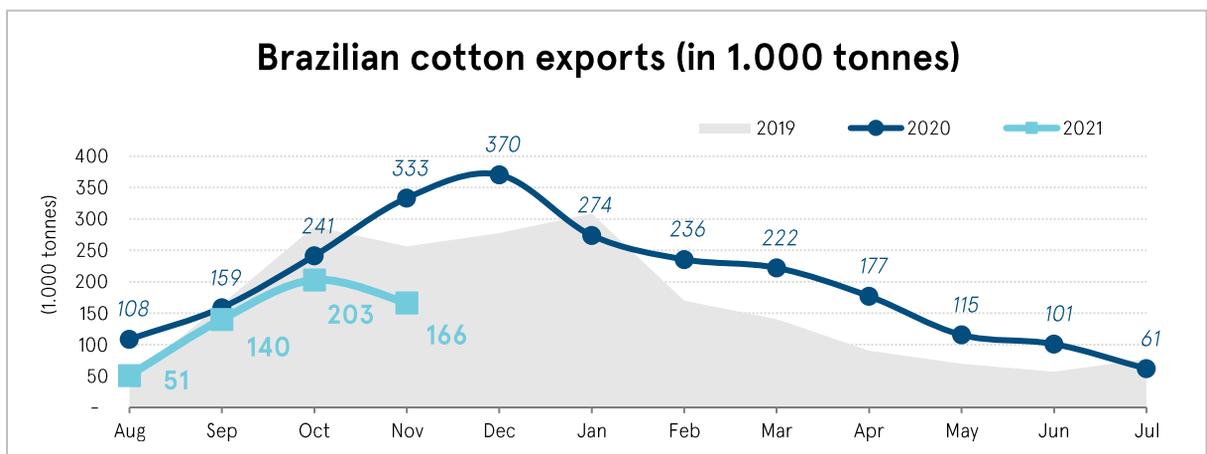
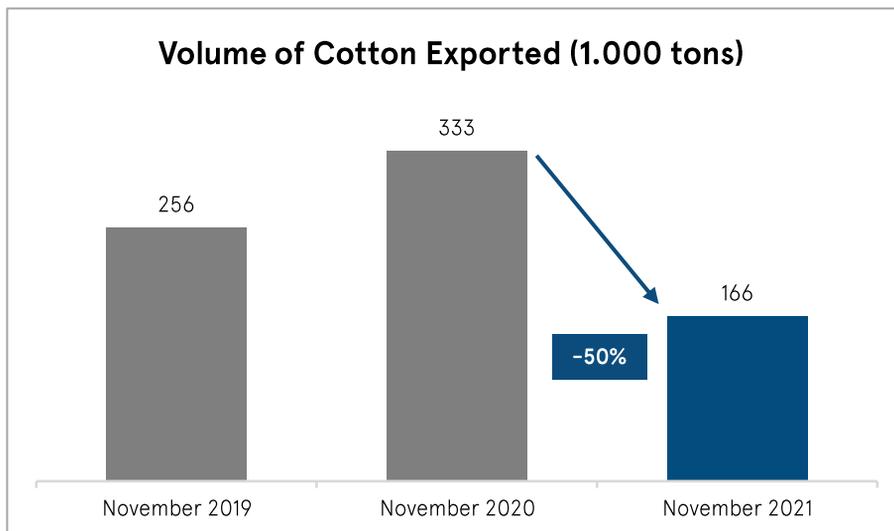
YIELD (kg/ha)	2017	2018	2019	2020	2021*	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	4,076	4,267	4,292	4,427	4,172	4,279	-5.8%	2.6%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,707	1,751	-5.3%	2.6%

Source: Conab (Dec-21) *Forecast: Abrapa



4. EXPORT SHIPMENTS

Brazil exported **166 thousand tonnes** of cotton in November/2021. This volume is 18% above the amount shipped last month, October/2021, and it indicates a decrease of 50% in comparison to November/2020. Despite this, monthly exports of Brazilian cotton resulted in revenues of **US\$ 290 million**.

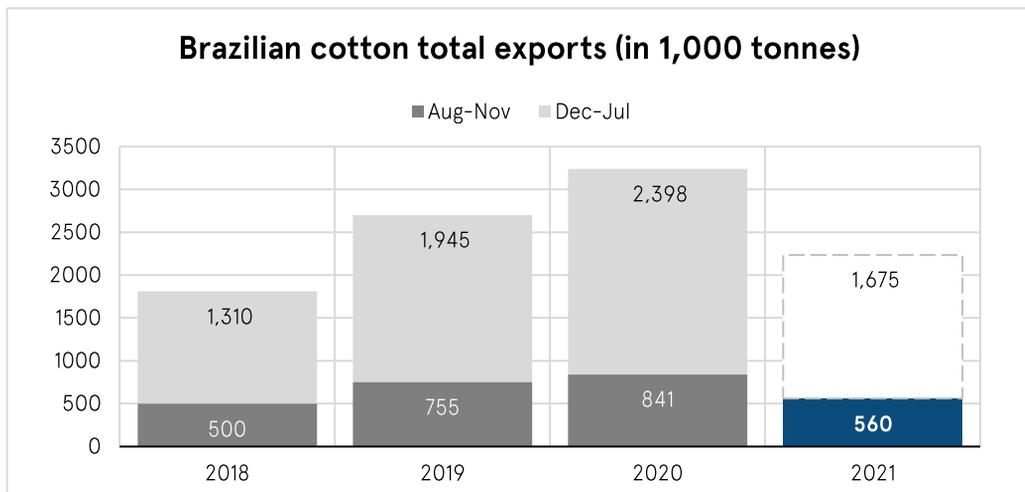
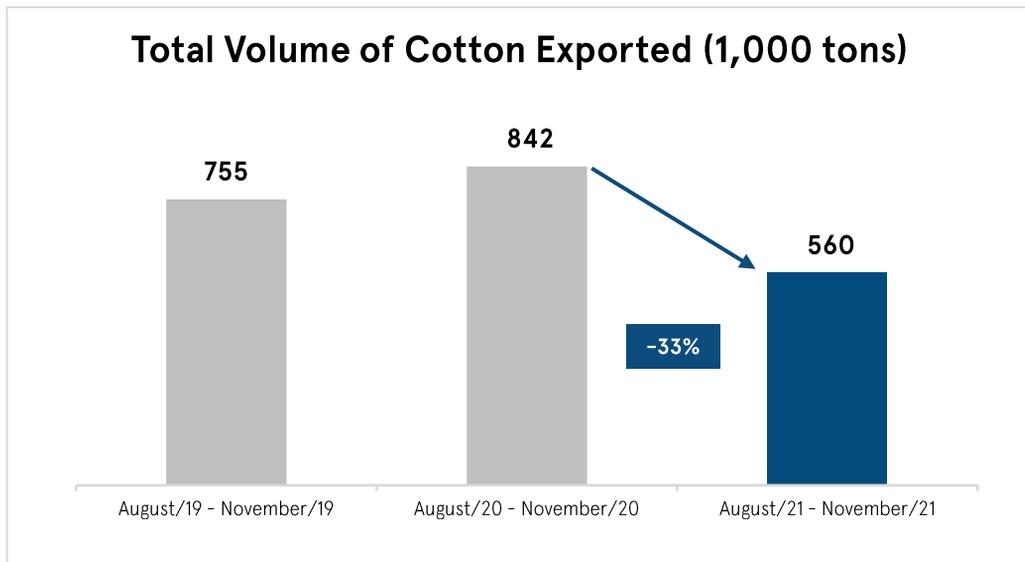


Source: ComexStat - ME, December/2021



4. EXPORT SHIPMENTS

From August to November, Brazil shipped **560 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is 33% below the amount recorded between August and November 2020. In this first quarter of the current market year, exports generated revenues of **US\$ 964.8 million**.



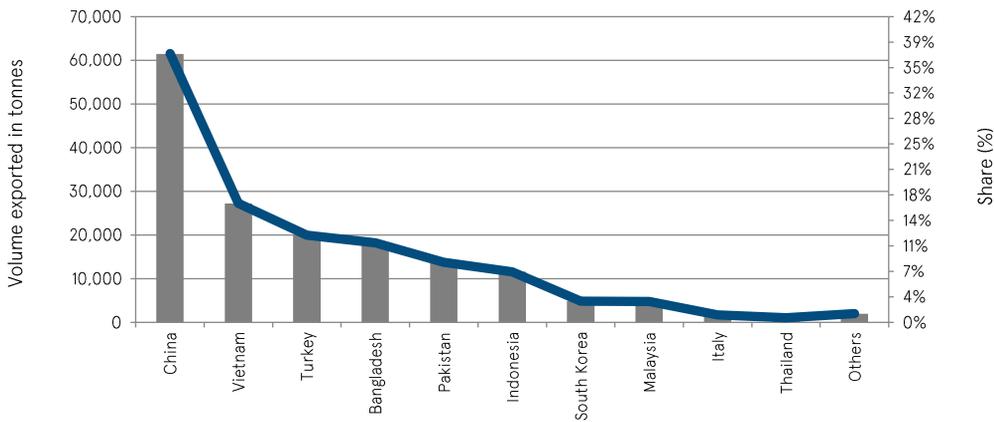
Source: ComexStat - ME, December/2021. Forecast: Anea



4. EXPORT SHIPMENTS

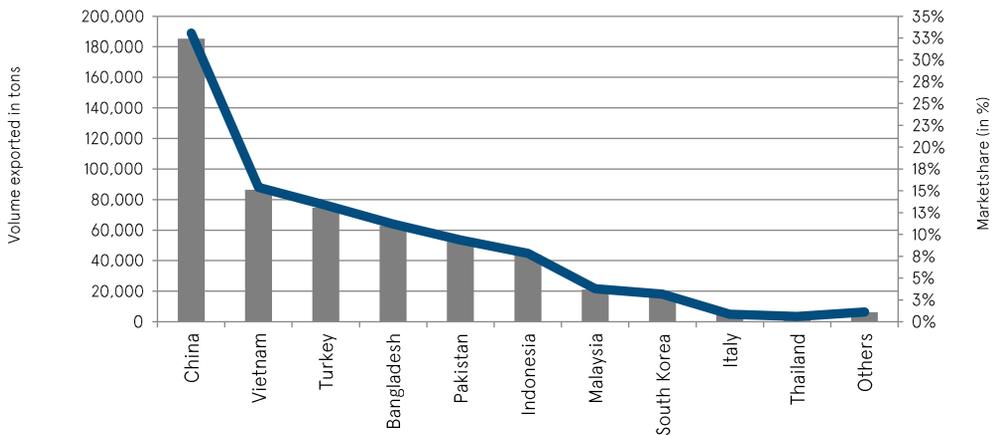
The main destination of Brazilian cotton in November was **China**, which imported 61.4 thousand tonnes accounting for 37% of the entire volume for the month.

Brazilian Cotton Top Export Destinations - Nov/2021



As happened in October, accumulated numbers show **China** as the main buyer of Brazilian cotton. The country has imported **185 thousand tonnes** from August to last month and thus accounted for **33%** of all volume exported up to now.

Brazilian Cotton Top Export Destinations - Aug/21 to Nov/21



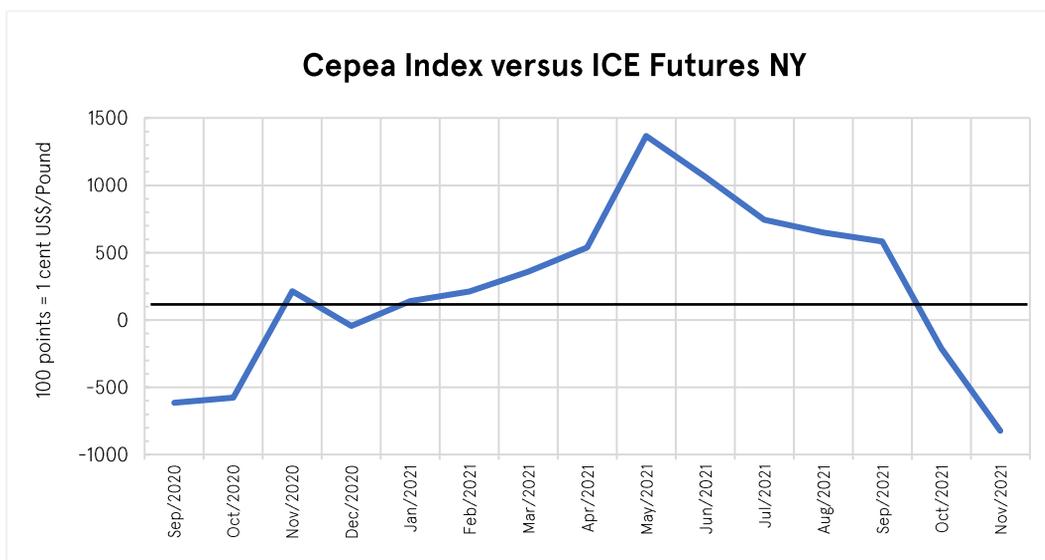
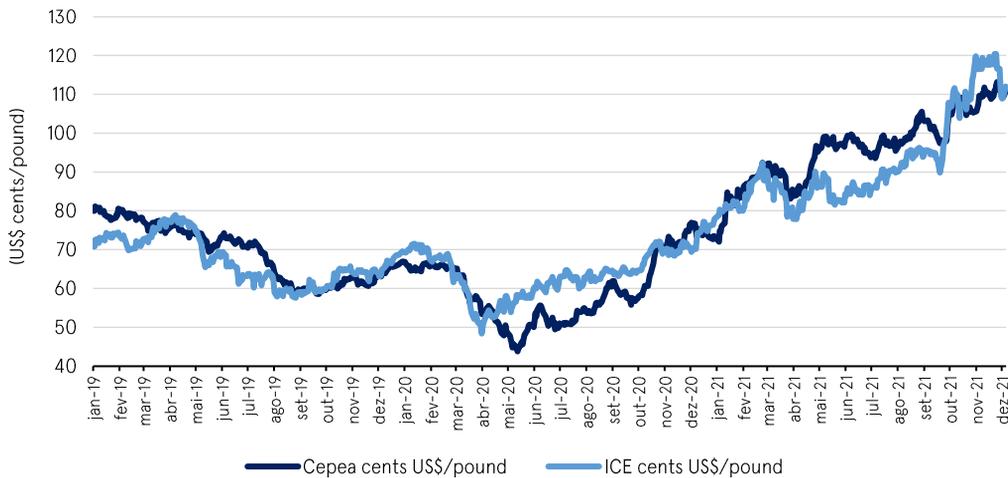
Source: ComexStat - ME, December/2021



5. PRICES

Despite the NY cotton prices experiencing a **surge from September** onwards, the **Brazilian index has not kept up**. The Cepea-Esalc Index in November was at 109.7 dollars/pound.

CEPEA Index versus ICE Futures NY



Source: Cepea/USP and ICE Futures, December 2021.



6. MADE IN BRAZIL

Data and information about Brazilian cotton production



Brazilian Responsible Cotton grows 12% this season

In the 2020/21 crop year, **84% of all Brazilian cotton production was certified** by the socio-environmental program **Brazilian Responsible Cotton**, which represents a **12% growth** compared to last season.

Brazilian Responsible Cotton is an initiative developed by the Brazilian Cotton Growers Association, Abrapa, to promote the sustainable management of farms through the **progressive evolution** of social, environmental, and economic practices. Since 2013, the program has been benchmarked with *Better Cotton (BCI)* and now both programs are guided by the same principles.



Check out the Brazilian Responsible Cotton's pillars!

SOCIAL PILLAR	ENVIRONMENTAL PILLAR	ECONOMIC PILLAR
<p>Formal labor contracts;</p> <p>Fair working conditions;</p> <p>Health and safety at work.</p>	<p>Preservation of water sources and quality;</p> <p>Preservation of soil health;</p> <p>Protection of ecosystems;</p> <p>Best farming practices.</p>	<p>Sustainable and economic farm management;</p> <p>Return on investment.</p>

