



Cotton Brazil market report

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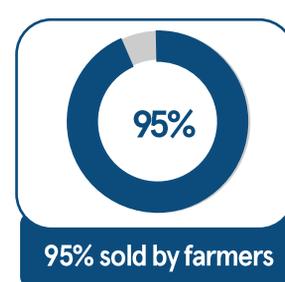
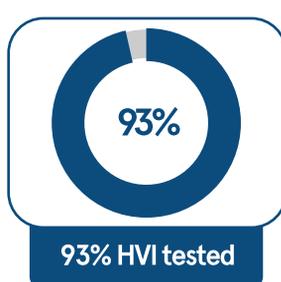
Monthly information on the Brazilian cotton crops and market news.
An information service produced and provided by Abrapa.

January 18th 2022

1. HIGHLIGHTS

- ⇒ The ginning of the 2021 crop is practically finished in Brazil and 38% of the 2022 crop has been planted up to January 13th 2022;
- ⇒ In December/2021, Brazil exported 270.6 thousand tonnes of cotton (63% above the amount shipped in November/2021). From Aug/21 to Dec/21, Brazil shipped 831 thousand tonnes of cotton overseas;
- ⇒ China remains the main buyer of Brazilian cotton;
- ⇒ ICAC points to Brazil as the country with the largest no-till cotton growing areas.

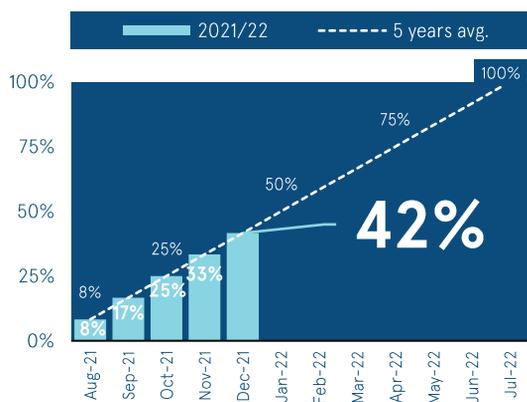
2. STATUS OF THE 2021 CROP



(1) Source: Abrapa and state associations. Up to January 13th, 2022.

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

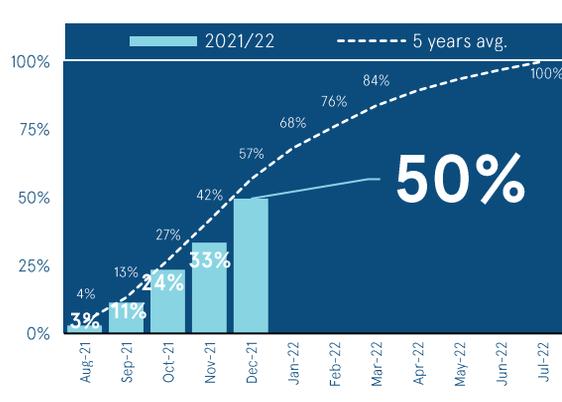
Domestic consumption estimated at 740 thousand tonnes (Aug21-Jul22)



Source: Abrapa, Conab and Abit

2021/22 Export Shipments vs Average % of Accumulated Exports by Area*

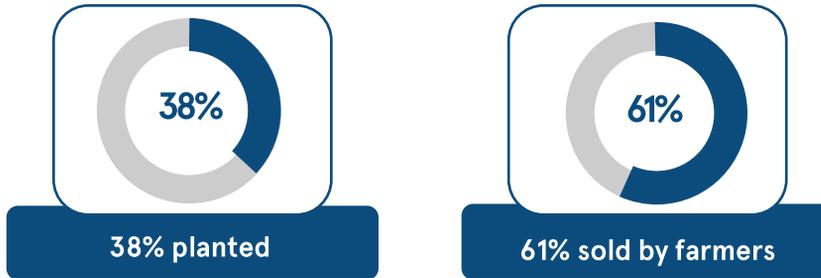
*Brazilian exports for 21/22 estimated at 1.7 million tonnes by Anea



Source: MDIC and Anea



3. STATUS OF THE 2022 CROP

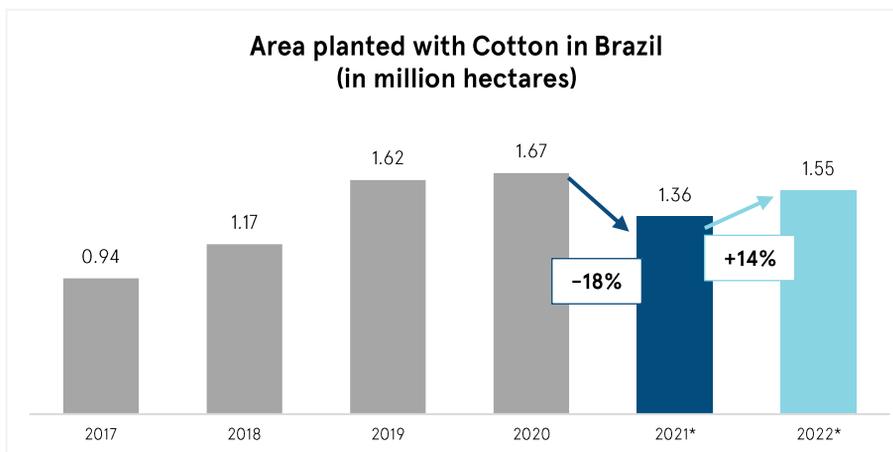


Source: Abrapa and state associations. Up to January 13th, 2022.

4. 2021 AND 2022 CROPS – AREA AND PRODUCTION

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.

An 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 35% of the estimated total planted area and will continue up to mid-February of next year.



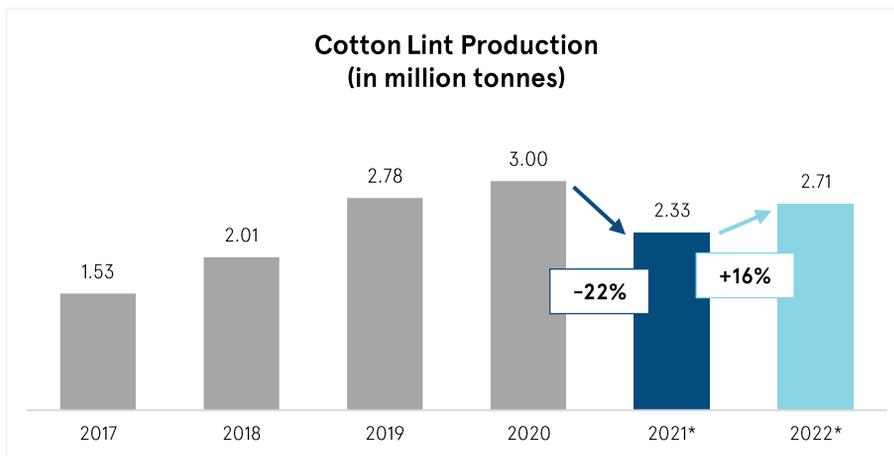
Source: Conab (Jan-22) *Forecast: Abrapa



4. 2021 AND 2022 CROPS – AREA AND PRODUCTION

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

An 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 Jan-212 *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%

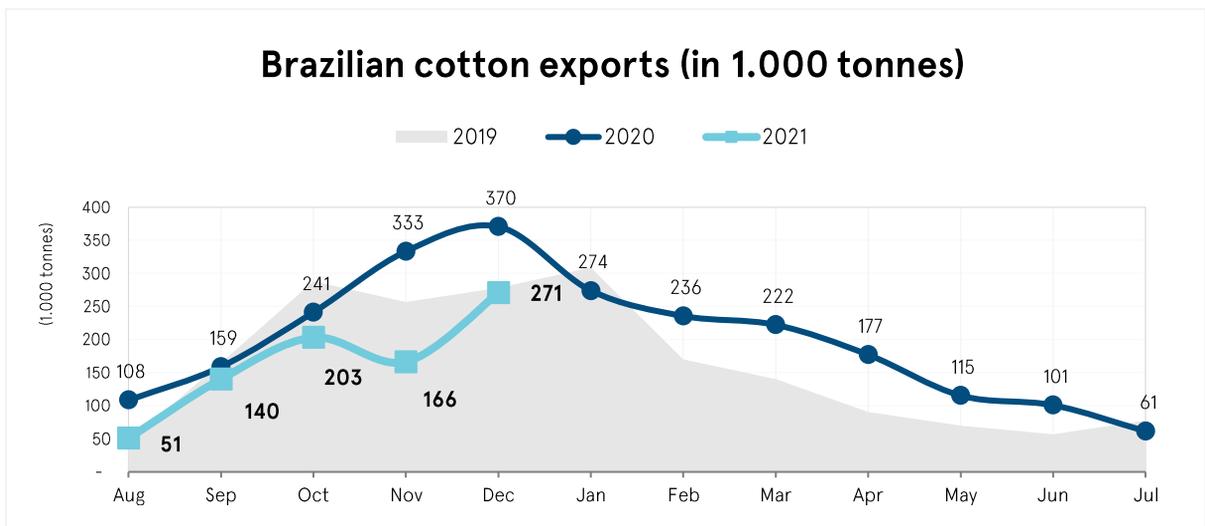
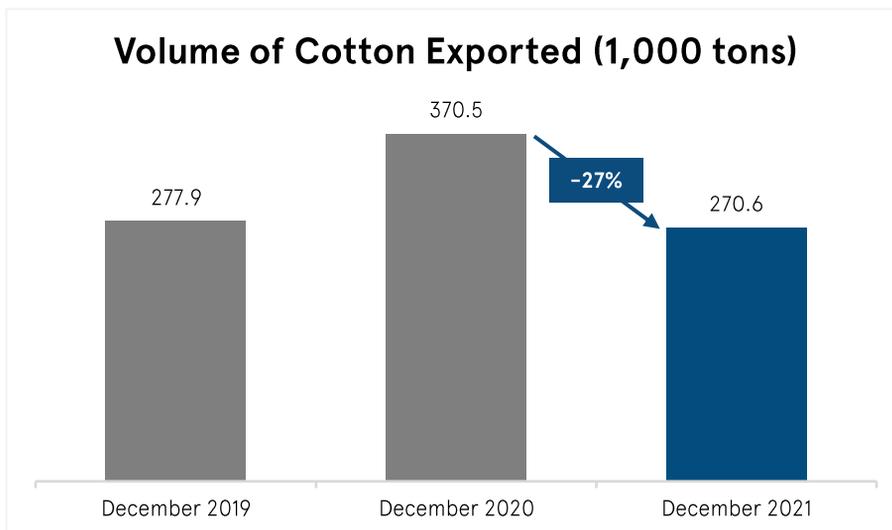
YIELD (kg/ha)	2017	2018	2019	2020	2021*	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	4,076	4,267	4,292	4,427	4,172	4,279	-5.8%	2.6%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,707	1,751	-5.3%	2.6%

Source: Conab (Jan-22) *Forecast: Abrapa



5. EXPORT SHIPMENTS

Brazil exported **270.6 thousand tonnes** of cotton in December/2021. This volume is 63% above the amount shipped in the previous month, November/2021, a 27% reduction in comparison to December/2020. Despite this, monthly exports of Brazilian cotton resulted in revenues of **US\$ 488 million**.

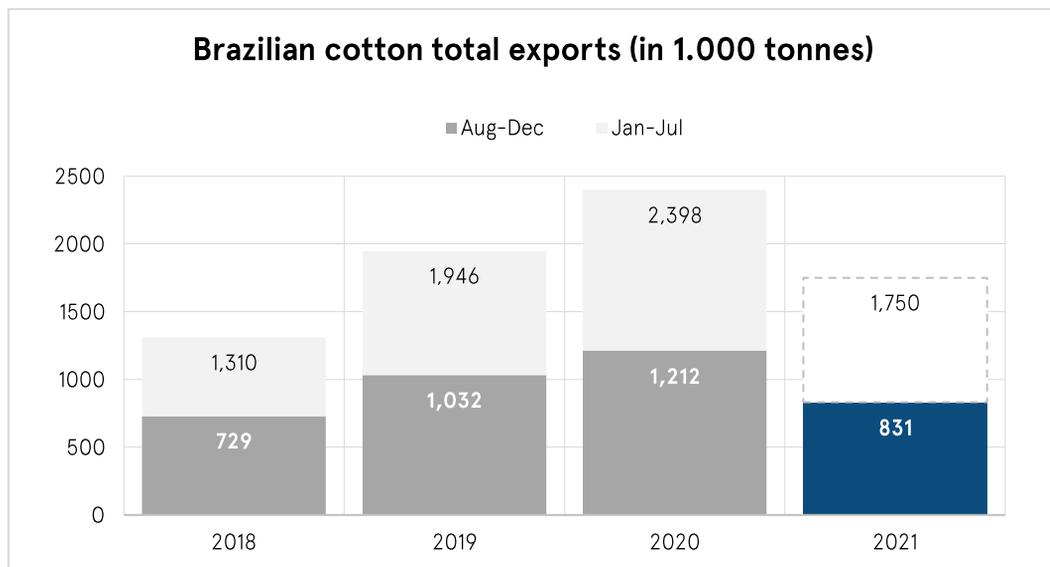
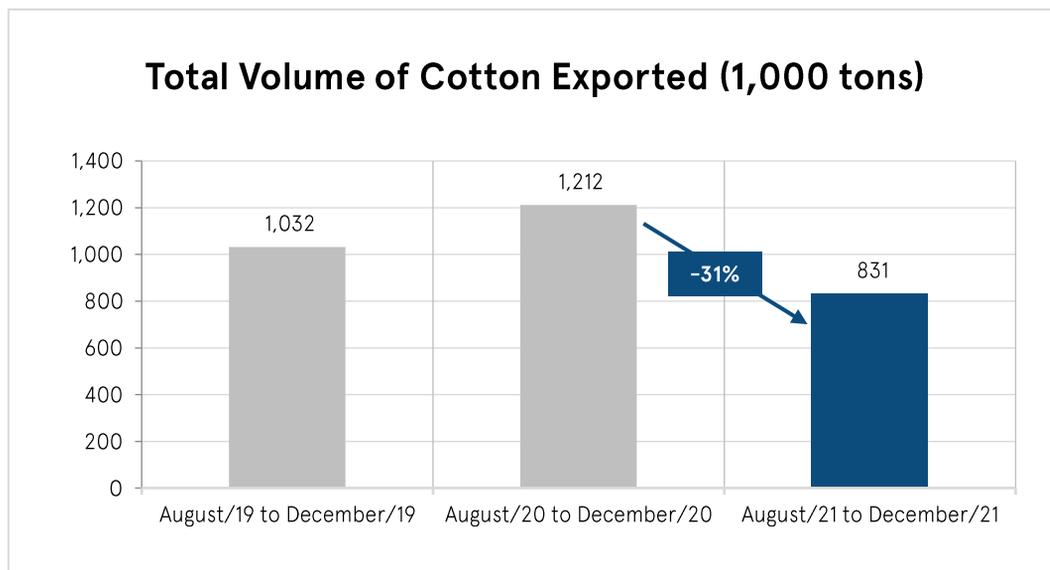


Source: ComexStat - ME, January/2022



5. EXPORT SHIPMENTS

From August to December, Brazil shipped **831 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is 31% below the amount recorded between August and December 2020. In this first five months of current market year, exports generated revenues of **US\$ 1,452 million**.



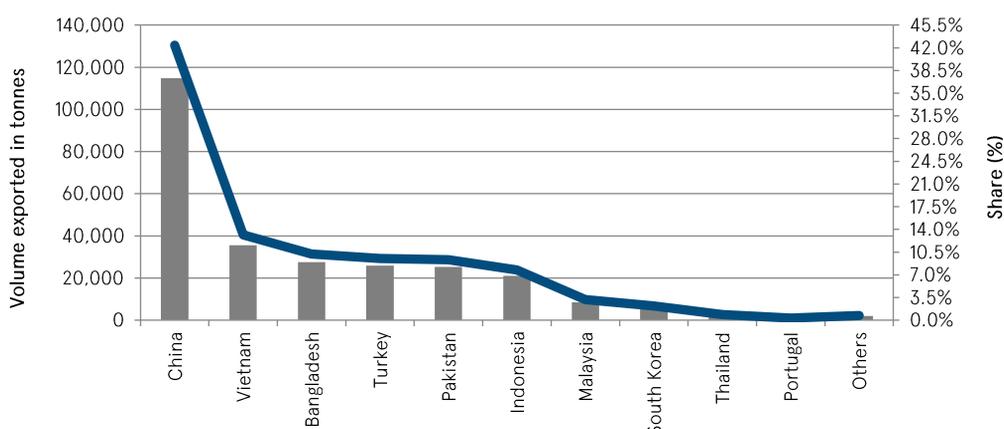
Source: ComexStat - ME, January/2022. Forecast: Anea



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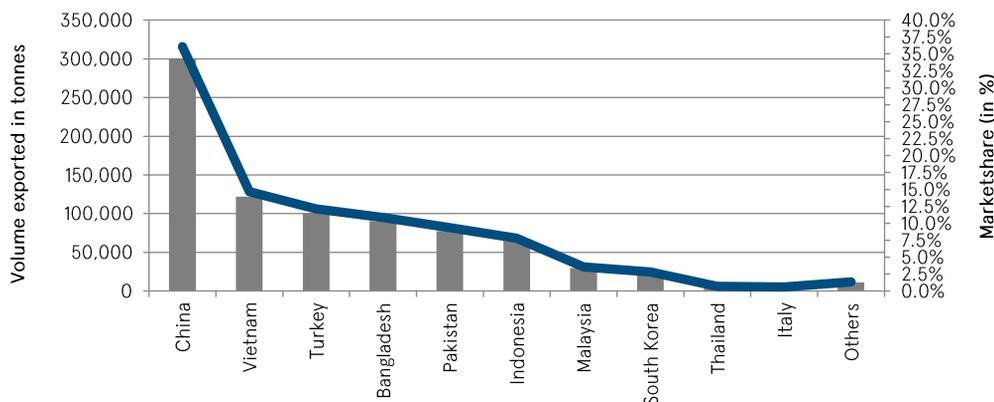
The main destination for Brazilian cotton in December was **China**, which imported 114 thousand tonnes accounting for 42% of the entire volume for the month.

Brazilian Cotton Top Export Destinations - Dec/2021



As happened in November, accumulated numbers show **China** as the main buyer of Brazilian cotton. The country imported **300 thousand tonnes** between August and last month and thus accounted for **36%** of all volume exported up to now.

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



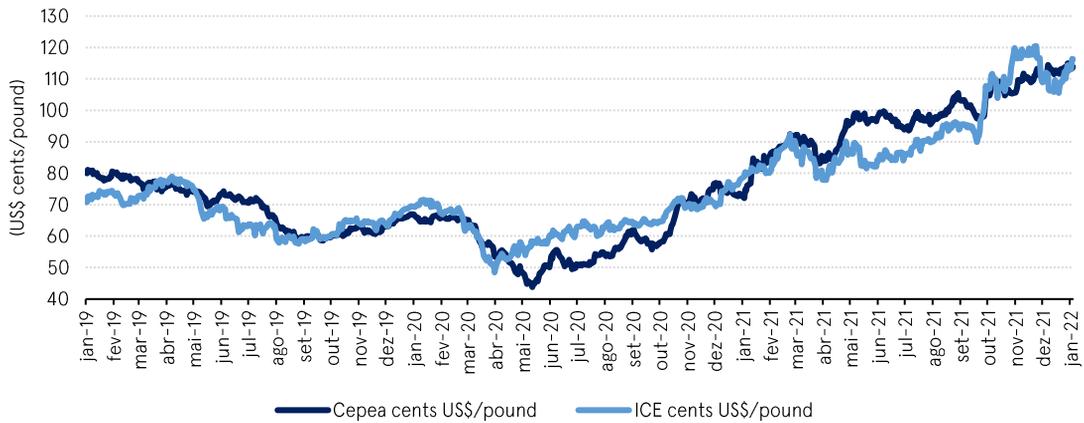
Source: ComexStat - ME, January/2022



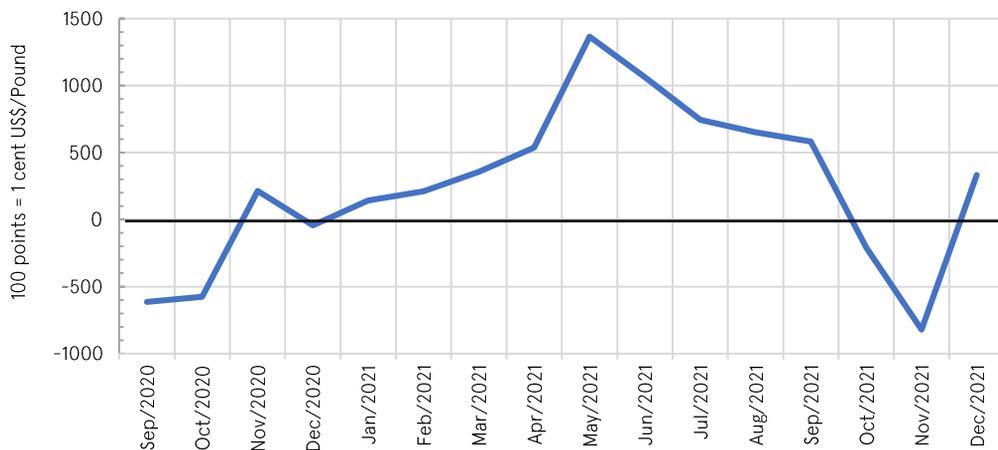
6. PRICES

The NY cotton prices went back up in December, as did the Brazilian index. The Cepea- Esalq Index in December was at 112.5 dollars/pound.

CEPEA Index versus ICE Futures NY



Cepea Index versus ICE Futures NY



Source: Cepea/USP and ICE Futures, January 2022



7. MADE IN BRAZIL

Data and information about Brazilian cotton production

The reasons why Brazil is a big believer of zero-tillage farming

Planting cotton without tilling the soil is a traditional farming technique used in several countries that has been increasingly valued recently. Today, zero-tillage is one of the most recommended practices for conservational and regenerative farming.

Brazil leads the global ranking of cotton production using a no-tillage system, according to ICAC. 75% of all cotton growing areas in Brazil adopts a no-till system. After Brazil come Australia (70%) and Argentina (65%).

BENEFITS

Positive impacts for local biodiversity and the environment

Sustainable cotton has added value in international markets

Bio defense agents reduce the need for chemical fertilizers

Less soil erosion + greater water absorption + more effective irrigation

A healthier soil has more biodiversity + carbon sequestration

Lower fossil fuel consumption

Cotton Area Using Zero-tillage

Source: ICAC Cotton Data Book 2021

