



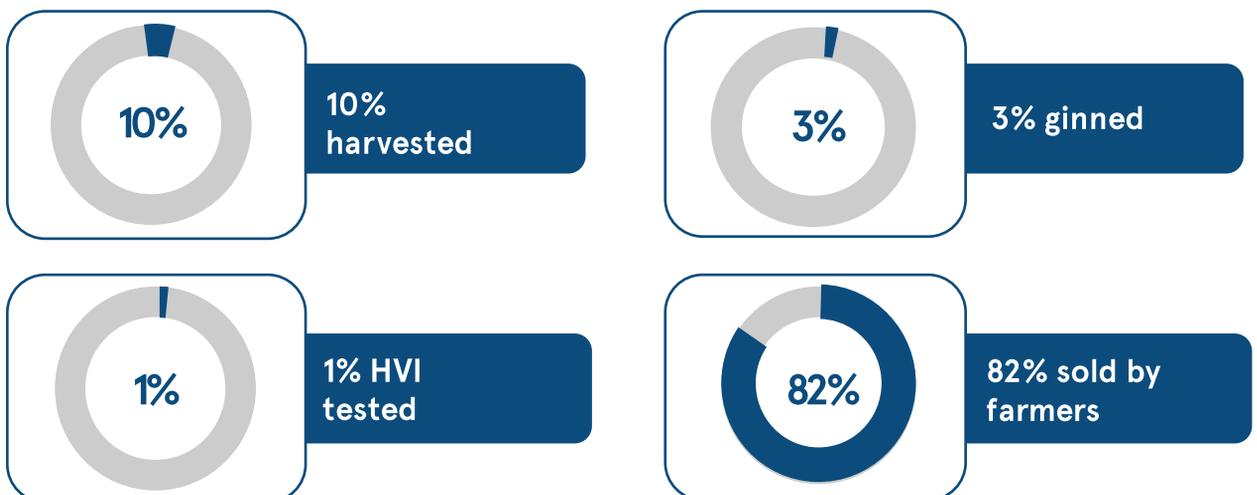
1. HIGHLIGHTS

- ⇒ The cotton harvest advances in June, reaching 10% of the area.
- ⇒ The latest numbers for the 2021 crop show that there has been a 17.8% reduction in the area planted and a projected 18.1% reduction in the volume to be produced, compared with the previous cycle.
- ⇒ Abrapa hasn't released its estimates for the 2022 acreage yet (planting starts in Nov/21).
- ⇒ June was a positive month with shipments beating the performance of June/2020 figures by 25% and reaching a new record for the month.
- ⇒ China remains the top buyer of Brazilian cotton.

2. STATUS OF THE 2021 CROP

The cotton harvest in Brazil continues through to September. By the end of June, the harvest rate was 10% of the total area. Ginning, which will tend to ramp up in the coming days, reached 3% of production. Another important indicator for the market is the percentage of forward cotton contracting. This month, 82% of the 2020/21 crop has already been sold by producers.

Status of the 2021 crop

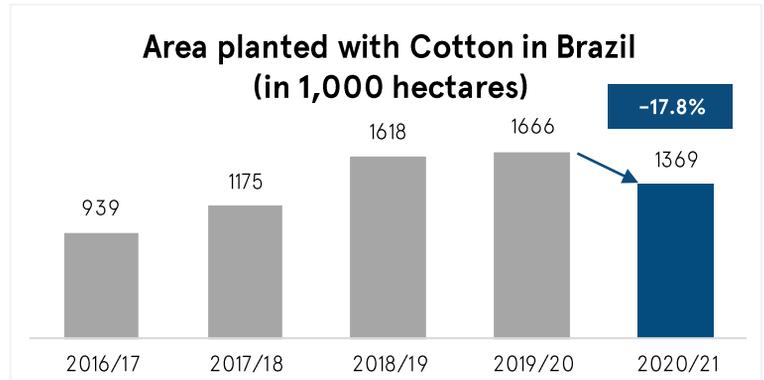




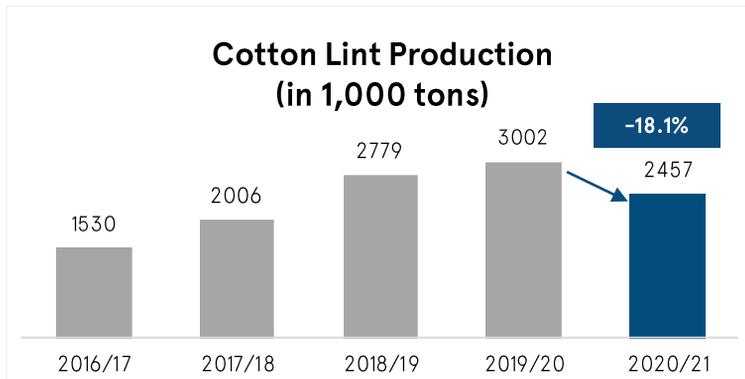
3. 2021 CROP - AREA AND PRODUCTION

The most recent update of the size of the cotton area in Brazil indicates an area of 1,369 million hectares for the 2020/21 crop. This represents a reduction of 17.8% in relation to the 1,666 million hectares planted in the previous season.

Harvesting is ongoing and will continue through to September. By the end of June, 10% of the planted area had been harvested, according to data from Abrapa.



Source: Conab and Abrapa (2020/21)



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It is forecasted that 2,457 million tons of cotton lint will be produced in the 2020/21 season. In relation to the 2019/20 season, this is equivalent to a reduction of 18.1% of the Brazilian production.

The state of Mato Grosso remains as the leading state in cotton production in the country, accounting for 70% of the total. It is estimated the state will produce 1,724 million tons in the current season.

Despite the 18.1% reduction in the volume produced, the yields for the 2020/21 season will not suffer any significant drops. It is estimated there will be a 1% decrease in relation to the yields achieved in the previous season, reaching the level of 1,793 kg/ha.

Brazilian Cotton Harvest

PRODUCTION (1.000 tons)	2016/17	2017/18	2018/19	2019/20	2020/21	Var %
SEED COTTON	3,828	5,013	6,945	7,373	6,010	-18%
LINT (COTTON)	1,530	2,006	2,779	3,002	2,457	-18%
YIELD (kg/ha)	2016/17	2017/18	2018/19	2019/20	2020/21	Var %
SEED COTTON	4,076	4,267	4,292	4,427	4,388	-1%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,793	-1%

Source: Conab and Abrapa (2020/21)

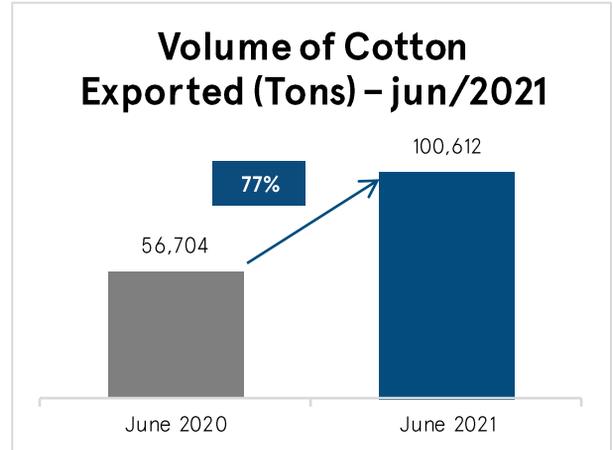


4. EXPORT SHIPMENTS

Brazilian cotton exports continued to rise in June. 100,612 tons were shipped this month, a figure that surpasses the June 2020 exports by 77%.

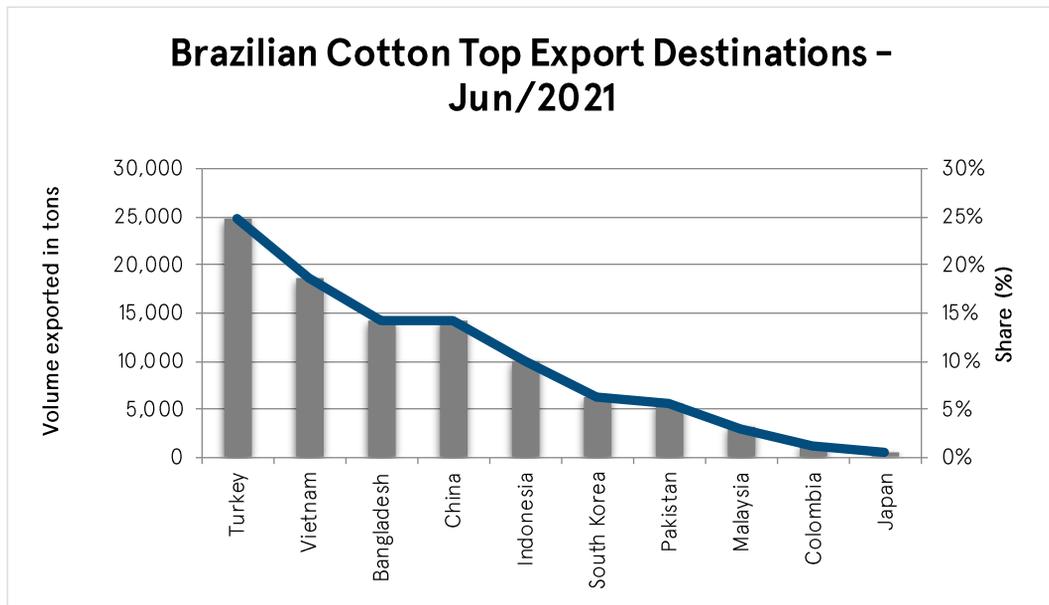
This was the best month of June in the history of Brazilian cotton exports.

Revenue generated by foreign trade in cotton reached US\$ 177 million in the month.



Source: ComexStat – ME, June/2021

Turkey (24,800 thousand tons), Vietnam (18,600 tons) and Bangladesh (14,300 tons) were the countries that most imported the Brazilian fiber this month. The ranking of the main buyers also includes China, which bought 14,200 tons, in fourth place, and Indonesia, with 10,100 tons.

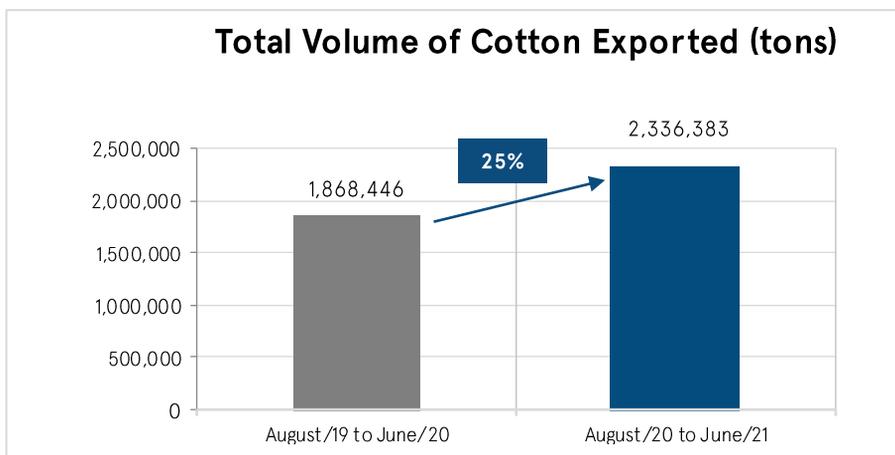


Source: ComexStat – ME, June/2021



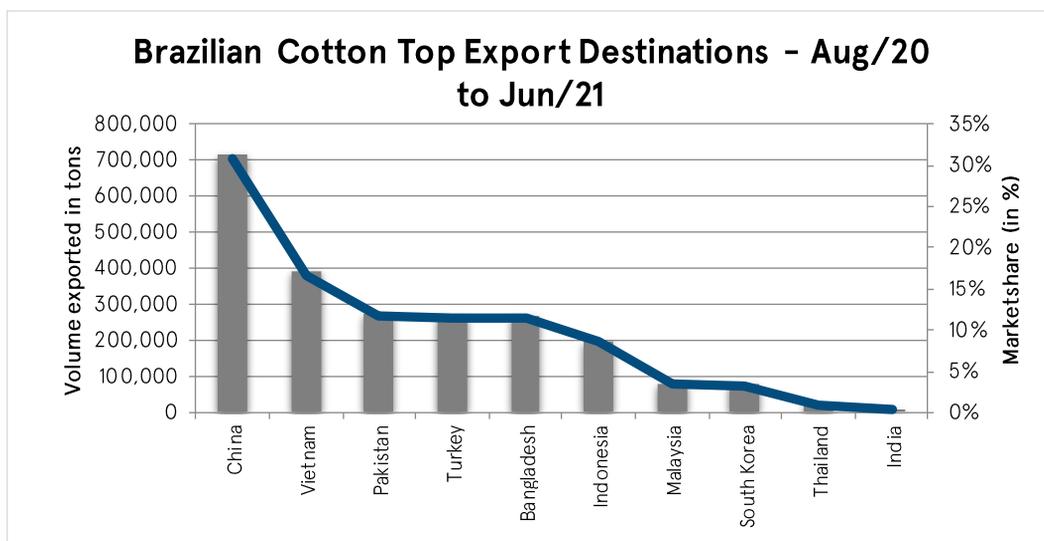


From August 2020 to June 2021 Brazil exported 2,336 million tons, generating revenue of US\$ 3,666 billion from exports. The volume shipped in this period is 25% greater than the volume shipped over the same months of the 2019/20 season.



Source: ComexStat – ME, June/2021

The top ten destinations of Brazilian cotton for the accumulated total in the 2021 season has China, Vietnam and Pakistan in the top three positions (with market shares of 31%, 17% and 12% of the total exported, respectively). Then comes Turkey (11%), Bangladesh (11%), Indonesia (9%), Malaysia (3%), South Korea (3%) and finally, Thailand and India (1% e 0, 4%).

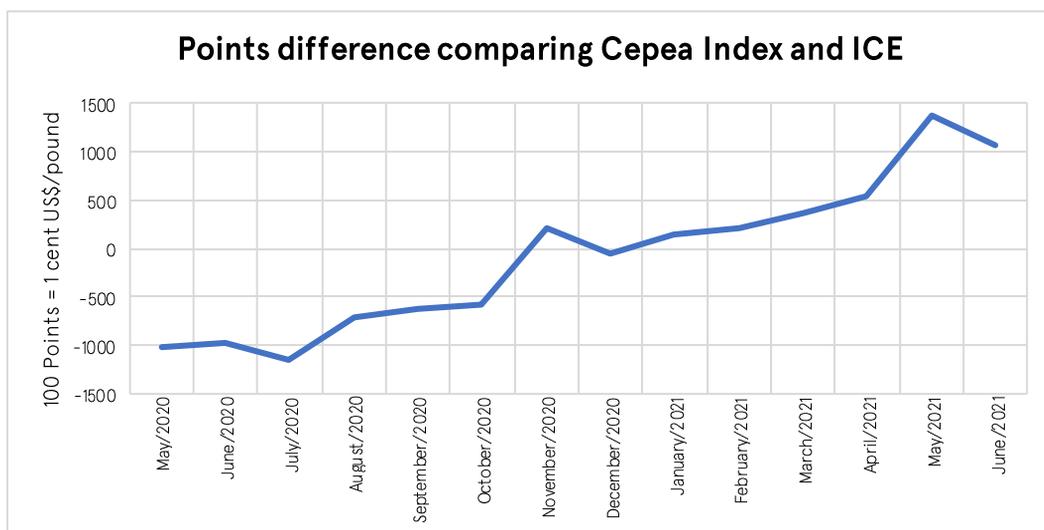
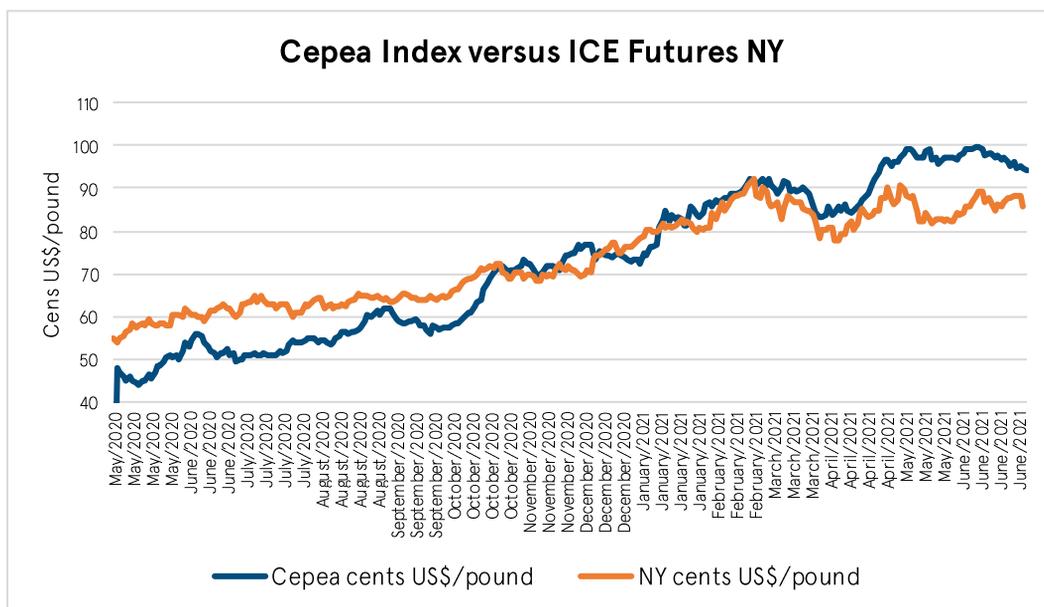


Source: ComexStat – ME, June/2021



5. PRICES

In June 2021, the price of Brazilian cotton on the domestic market (Cepea Index) remained above the international price of cotton quoted on ICE Futures. The internal demand and the volume of shipments abroad are some of the factors that explain this situation. In June the Cepea price in dollar was 1,064 points higher than the ICE Futures.



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