



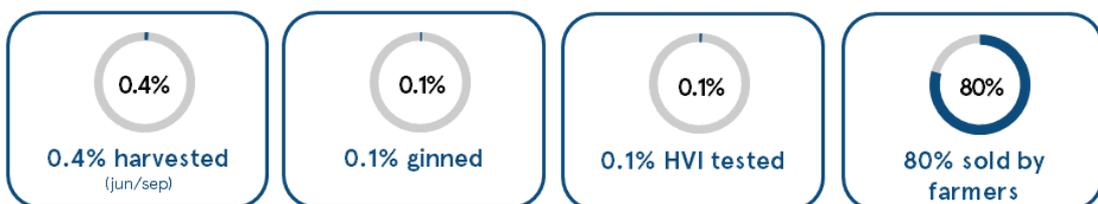
## 1- HIGHLIGHTS

- ⇒ Cotton picking starts in Brazil. Harvest finishes in September.
- ⇒ Abrapa hasn't released its estimates for the 2022 acreage yet (planting starts in Nov/21)
- ⇒ The latest numbers for the 2021 crop show that there has been a 20% reduction in the area planted and a projected 21% reduction in the volume to be produced, compared with the previous cycle.
- ⇒ May was a positive month with shipments beating the performance of May/2020 figures by 66% and reaching a new record.
- ⇒ China remains the top buyer of Brazilian cotton.

## 2-STATUS OF THE 2021 CROP

Cotton harvesting is still at an early stage in Brazil, having started in the Brazilian states of São Paulo, Paraná, Minas Gerais and Mato Grosso do Sul. However, the states with the largest planted area begin picking throughout the month of June, continuing until September. At present, 80% of the 2021 crop has already been sold by producers.

### Status of the 2021 crop

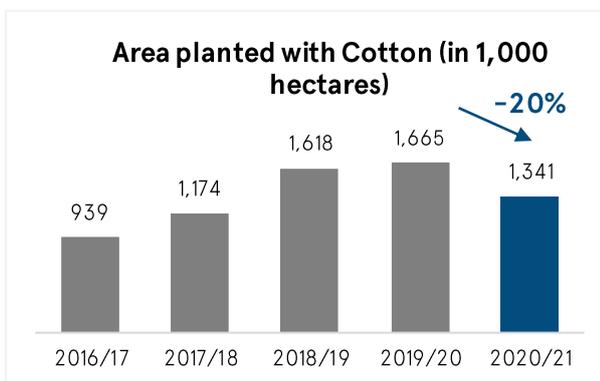




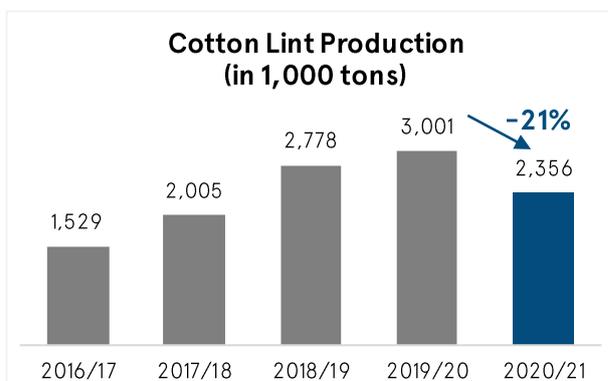
### 3- 2021 CROP - AREA AND PRODUCTION

The planted area for cotton in Brazil in the 2020/21 crop cycle (2021 crop) totalled of 1.341 million hectares – 20% less compared with the previous cycle (1.66 million hectares), according to Abrapa.

In Mato Grosso, the state responsible for 70% of the national cotton production, 942 thousand hectares were set aside for the crop – 17% less compared with 2020.



Source: Conab and Abrapa (2020/21)



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For the 2021 season, it is estimated that Brazil will produce 2,356,576 tons of cotton lint, 21% less than the 3,001,600 tons recorded for the 2019/20 cycle.

The state of Mato Grosso remains at the top of the production ranking with a forecasted harvest of 1,613 million tons of cotton for the current season. This represents a drop of 20% in volume in relation to the previous season.

Although the planted area and estimated production indicate a drop of around 20%, the projected yield for 2021 is 1,758 kg per hectare – just 1% less than in the previous cycle.

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	5,896	-20%
LINT (COTTON)	1,530	2,006	2,779	3,002	2,356	-21%
YIELD (kg/ha)	2016/17	2017/18	2018/19	2019/20	2020/21	Var%
SEED COTTON	4,076	4,267	4,292	4,427	4,366	-1%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,758	-2%

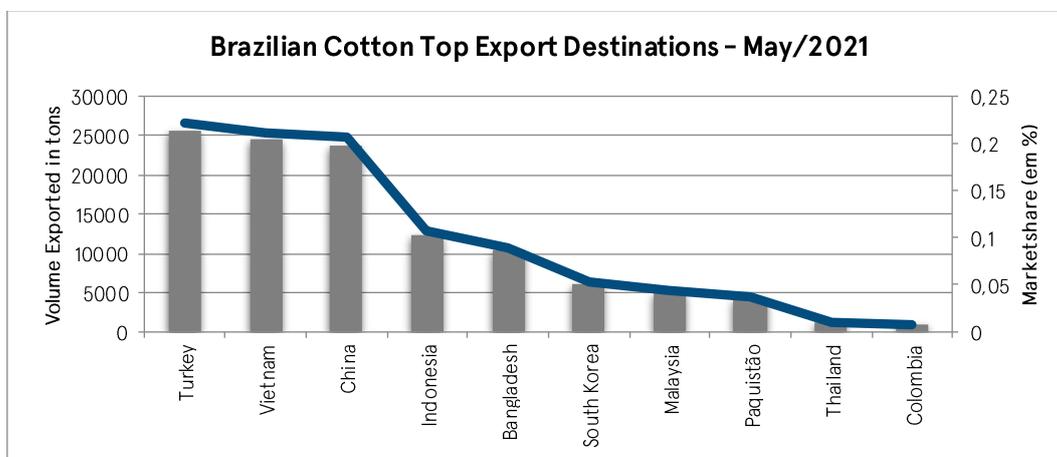
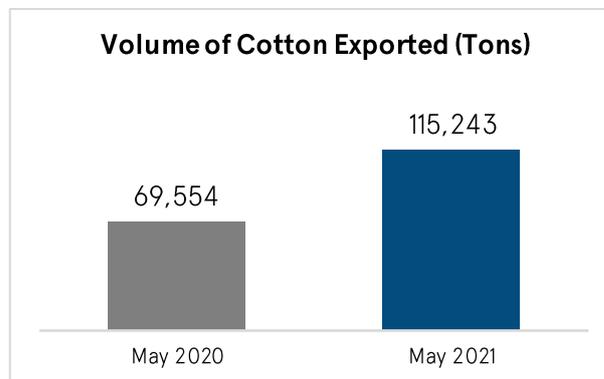
Source: Conab and Abrapa (2020/21)



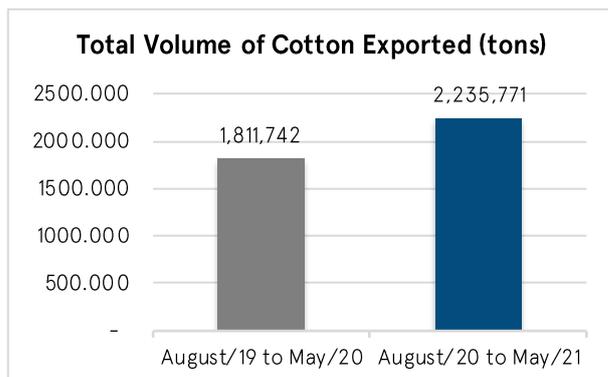
### 4- EXPORT SHIPMENTS

Brazil exported 115,243 tons of cotton in May, achieving a total revenue of US\$ 200 million. The volume shipped is 66% greater than the amount traded in the same month of 2020: this is the best performing month of May in the history of the country's exports.

In May, shipments to Turkey, Vietnam and China were between 23,000 and 25,000 tons to each country. Indonesia was the fourth most important destination with 12,000 tons.



Fonte: ComexStat – ME, junho de 2021.



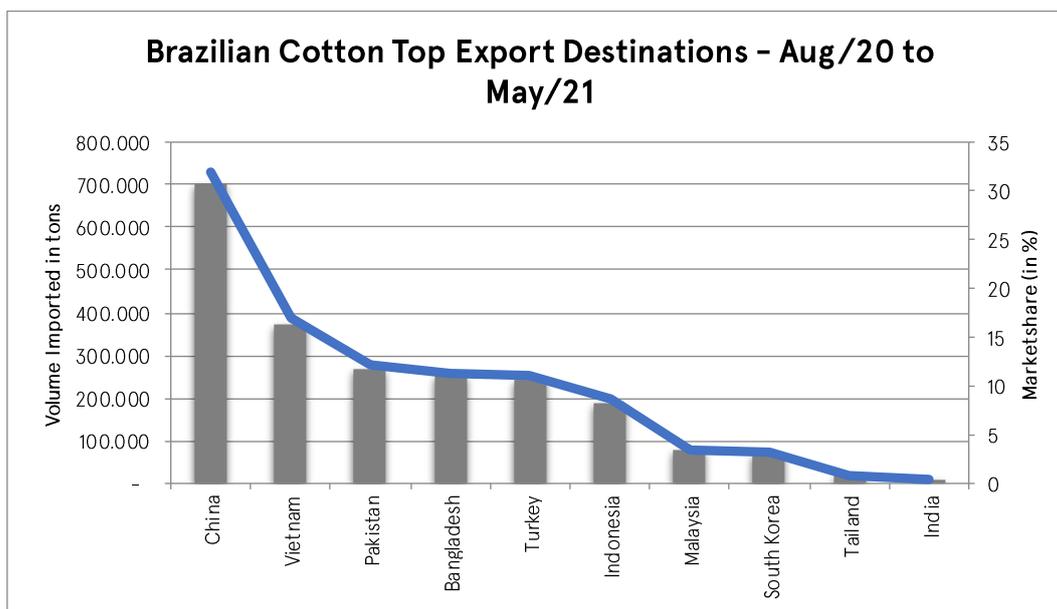
Source: Conab and Abrapa (2020/21)

From August 2020 to May 2021 Brazil exported 2.235 million tons, generating revenue of US\$ 3.489 billion from exports.

The volume shipped in this period is 23% greater than the volume shipped over the same months of the 2019/20 season.



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 Bangladesh (11%), Turkey (11%), Indonesia (8%), Malaysia (3%), South Korea (3%) and finally, Thailand and India (1%).

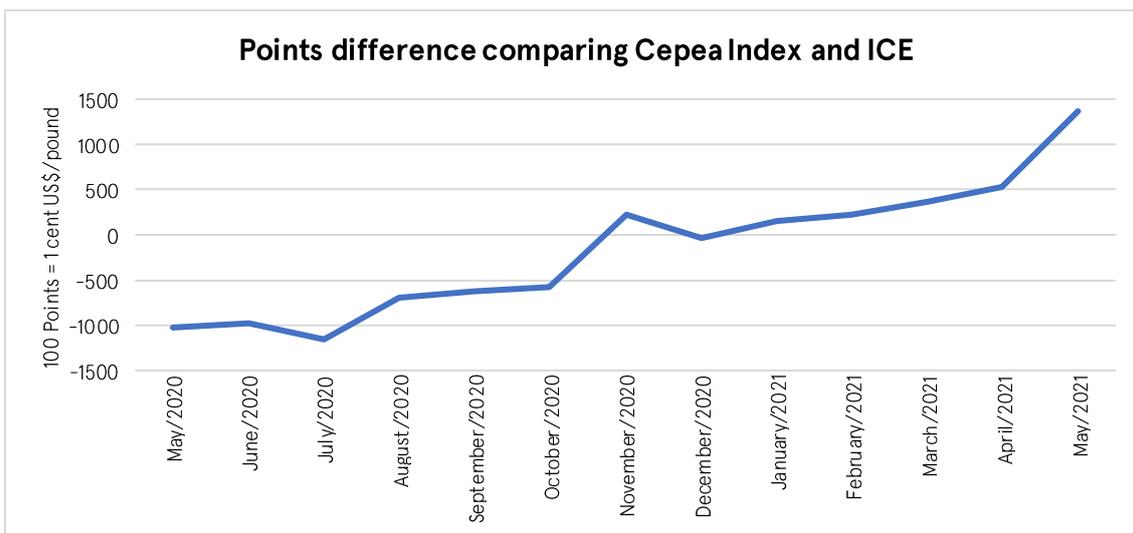
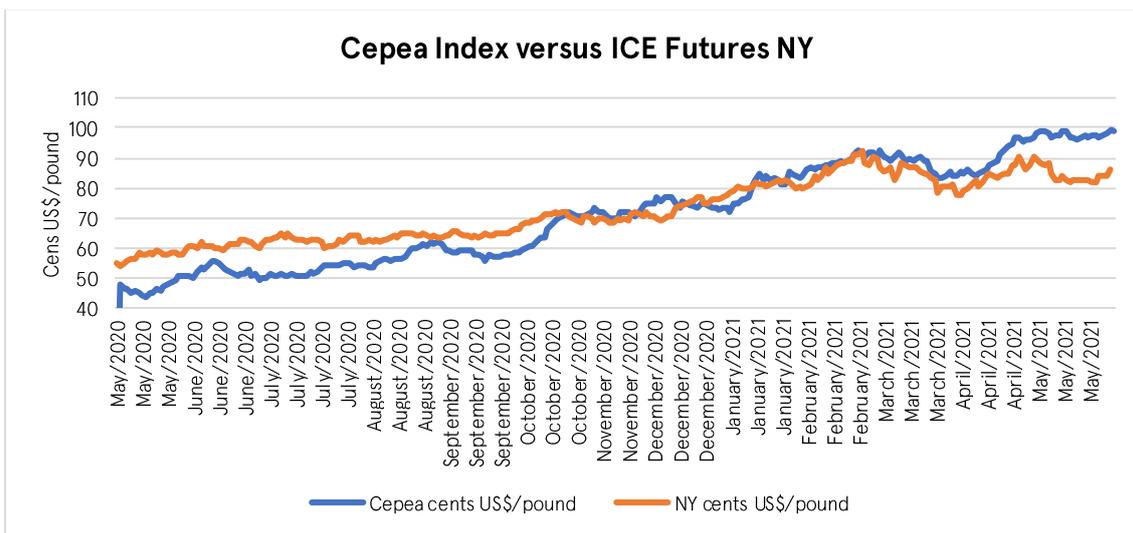


Source: ComexStat - ME, June 2021.



### 5-PRICES

In May 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 May the Cepea price in dollar was just over 1,300 points higher than the ICE Futures.



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