



Date: May 12, 2021

1- EXECUTIVE SUMMARY - 2020/21 SEASON

The month of May has started in Brazil with the first pickers being sent into the fields to begin cotton picking, which will continue through to September. In some states, such as Mato Grosso – the nation’s top cotton producing state – the cotton growers carefully monitor the weather in order to achieve maximum plant development.

For the 2020/21 season, which is coming into the final stage with the beginning of picking, 65% of the cotton production comes from the second crop (following soybean harvesting, usually in January) and 35% from the first crop (which takes place after the beginning of the rainy season).

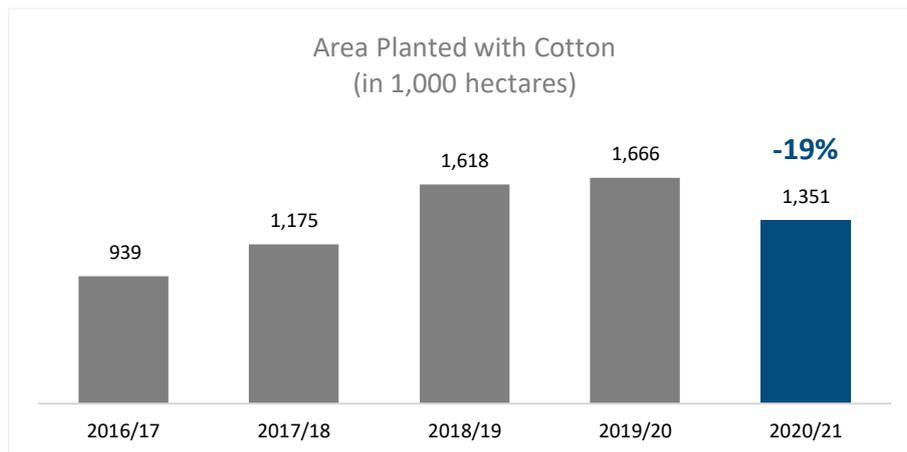
According to Abrapa, there has been a 19% reduction in the area planted and a projected 20% reduction in the volume to be produced. As well as reflecting the impacts of the Covid-19 pandemic on agricultural output, the drop in cotton production can also be put down to climate conditions – which caused a delay in soybean planting in Mato Grosso, shifting the planting window for the second crop – and the fall in profit margins in comparison with other crops such as soybean and corn.

Meanwhile, exports of the 2020/21 season crops (in relation to cotton from the previous season, 2019/20) remain intense. April was a positive month with sales beating the performance of April/20 figures by 95% and reaching a new record. After nine months of the trading year, the country has already overtaken the volumes traded between August 2019 to June 2020. China remains the top buyer of Brazilian cotton.

1

2- PLANTED AREA

The planted area for cotton in the country in 2020/21 is a total of 1.35 million hectares (Ha.) – 19% less compared with the previous cycle (1.66 million Ha.), and also less than that recorded in 2018/19 (1.61 million Ha.)



Source: Conab and Abrapa (2020/21).

Since 65% of cotton grown in Brazil comes from the second crop, the summer crop’s behavior can have significant influence on the cotton growing cycle. This season, the climate difficulties that affected the soybean crop, especially in Mato Grosso – the state responsible for 70% of the national cotton production



Date: May 12, 2021

– helps to explain the reduction in the area planted. The appeal of better international prices for soybean and corn are also significant factors.

In Mato Grosso, 973 thousand hectares were set aside for the crop – 19% less compared with 2019/20. Bahia, the second largest national producer, reduced its area by 15% and planted 266 thousand hectares, whilst Goiás, the third in the national production rankings, recorded 27 thousand hectares – 23% less than that used in the previous season.

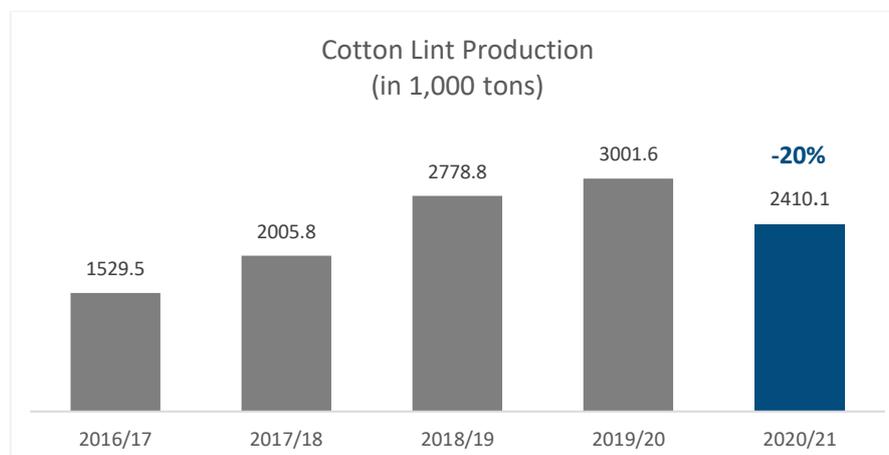
Area Planted with Cotton (in 1,000 hectares)						
STATES	2016/17	2017/18	2018/19	2019/20	2020/21	Var %
BA	202	264	332	314	266	-15%
GO	26	33	42	36	27	-23%
MA	23	22	28	28	26	-7%
MG	16	25	42	38	26	-31%
MS	29	30	37	32	23	-28%
MT	628	778	1,093	1,166	973	-17%
PI	6	7	16	18	7	-59%
PR	-	-	1	1	1	-21%
SP	3	6	10	11	4	-64%
TO	5	3	4	7	3	-51%
Others*	4	7	13	15	15	0%
BRAZIL	939	1,175	1,618	1,666	1,351	-19%

Source: Conab and Abrapa (2020/21).

2

3- PRODUCTION AND YIELD

For the 2020/21 season, it is estimated that Brazil will produce 2,410,117 tons of cotton lint, 20% less than the 3,001,600 tons recorded for the 2019/20 cycle. The volume forecasted is also 13% less than the amount recorded in 2018/19.





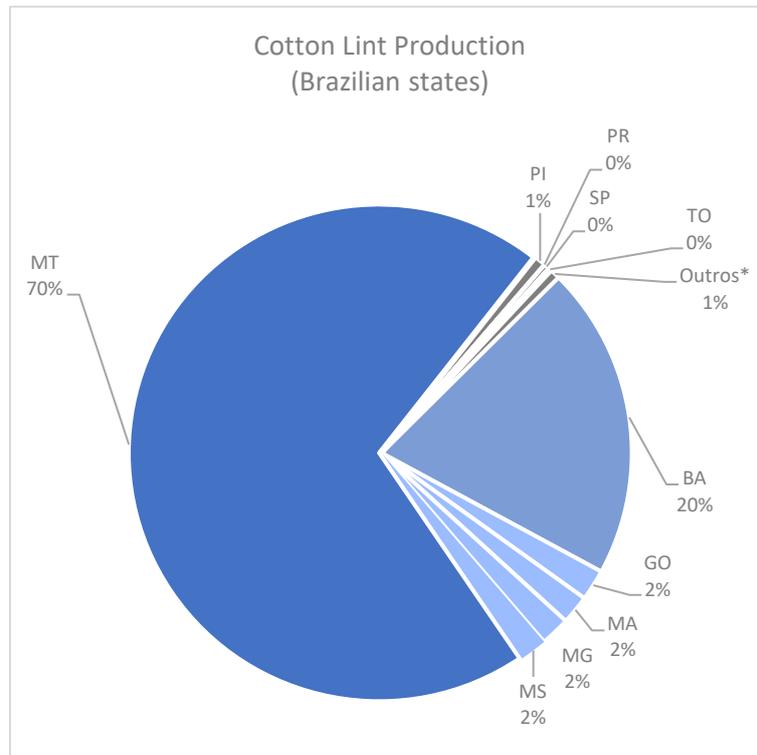
Date: May 12, 2021

Source: Conab and Abrapa (2020/21).

The state of Mato Grosso remains at the top of the production ranking with a forecasted harvest of 1.688 million tons of cotton for the current season. This represents a drop of 20% in volume in relation to the previous season. Bahia and Goiás have reduction rates of 17% and 19%, respectively.

Cotton Lint Production (in 1,000 tons)						
STATES	2016/17	2017/18	2018/19	2019/20	2020/21	Var %
BA	346	498	598	597	492	-17%
GO	42	53	69	60	49	-19%
MA	35	35	41	46	45	-1%
MG	23	40	68	65	46	-28%
MS	49	56	68	58	43	-27%
MT	1,011	1,290	1,869	2,099	1,688	-20%
PI	9	12	25	30	17	-44%
PR	-	-	1	1	1	-34%
SP	4	8	16	17	8	-54%
TO	6	4	7	11	6	-50%
Others*	5	9	19	17	15	-13%
BRAZIL	1,530	2,006	2,779	3,002	2,410	-20%

Source: Conab and Abrapa (2020/21).



Source: Conab and Abrapa (2020/21).

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

Date: May 12, 2021

Although the planted area and estimated production indicate a drop of around 20%, the projected yield for 2020/21 is 1,784 kg per hectare – just 1% less than in the previous cycle.

Brazilian Cotton Harvest - 2020/21						
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	1,530	2,006	2,779	3,002	2,410	-20%
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	1,629	1,708	1,717	1,802	1,784	-1%

Source: Conab and Abrapa (2020/21).

If the estimates are confirmed, Brazil will solidify its position as the fourth largest world producer of cotton, behind India, China and the United States, followed by Pakistan – which despite having a larger planted area, has lower yield capacity.

Global Ranking - Cotton - 2020/21				
Ranking	Country	Estimated Area*	Estimated Production**	Estimated Yield***
1st	India	12,957	6,307	487
2nd	China	3,170	5,910	1,864
3rd	USA	3,521	3,201	909
4th	Brazil	1,351	2,410	1,784
5th	Pakistan	2,189	0.89	407
6th	Uzbekistan	1,032	0.55	533

* In millions of hectares; ** In millions of tons; *** In Kg of lint/hectare

Source: ICAC and Abrapa (May/2021)

4- DOMESTIC CONSUMPTION

The textile mills and consultants have pointed to a recovery in the domestic consumption of cotton in Brazil for the 2020/21 cycle. The expectation is that 720 thousand tons of fiber will be absorbed into the domestic market, up by 16% in relation to the 620 thousand tons recorded in 2019/20. This scenario changes slightly for the following trading year as the prospects identified by Abrapa are that the second and third waves of the pandemic have caused a **retraction of Brazilian's consumption capacity**, resulting in a forecasted 700 thousand tons in 2021/22.

Domestic Consumption - Cotton						
Domestic Consumption	2017/18	2018/19	2019/20	2020/21	2021/22	Var %
Cotton (in 1,000 tons)	700	720	620	720	700	16%

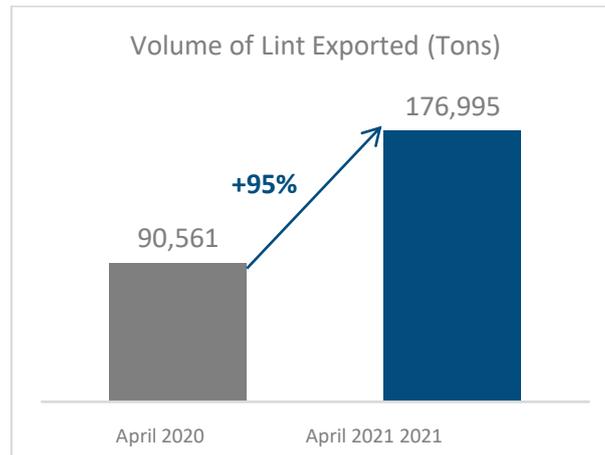
Source: Abit, Abrapa, Agroconsult, Conab and ComexStat. Last updated: April, 2021. Figures in thousands of tons. *Export estimate for 2022 = 70% of the estimated production

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

Date: May 12, 2021

5- EXPORTS

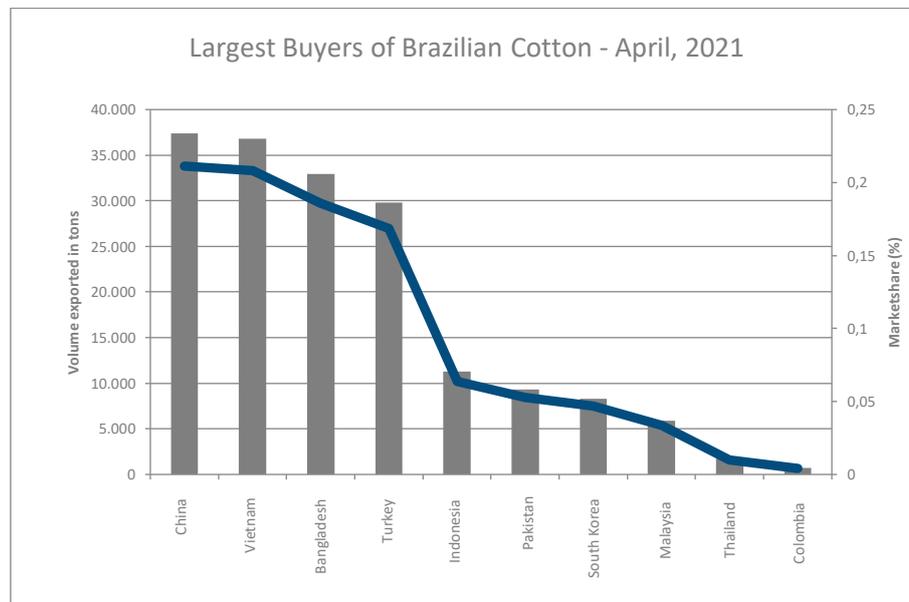
Brazil exported 176,995 tons of cotton in April, achieving a total revenue of US\$300 million. The volume shipped is 95% greater than the amount traded in the same month of 2020: **this is the best performing month of April in the history of the country's exports.**



Source: ComexStat – ME, May 2021.

5

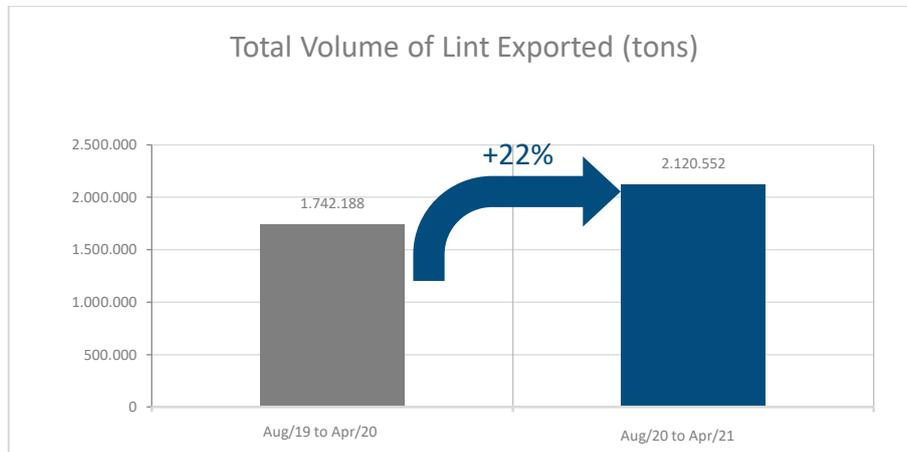
In April, China, Vietnam and Bangladesh imported approximately between 33,000 and 37,000 tons each but **China remains at the top of the buyer's ranking** with 37.6 thousand tons imported in April. Turkey was in fourth position with purchases of 29.8 thousand tons.



Source: ComexStat – ME, May 2021.

Date: May 12, 2021

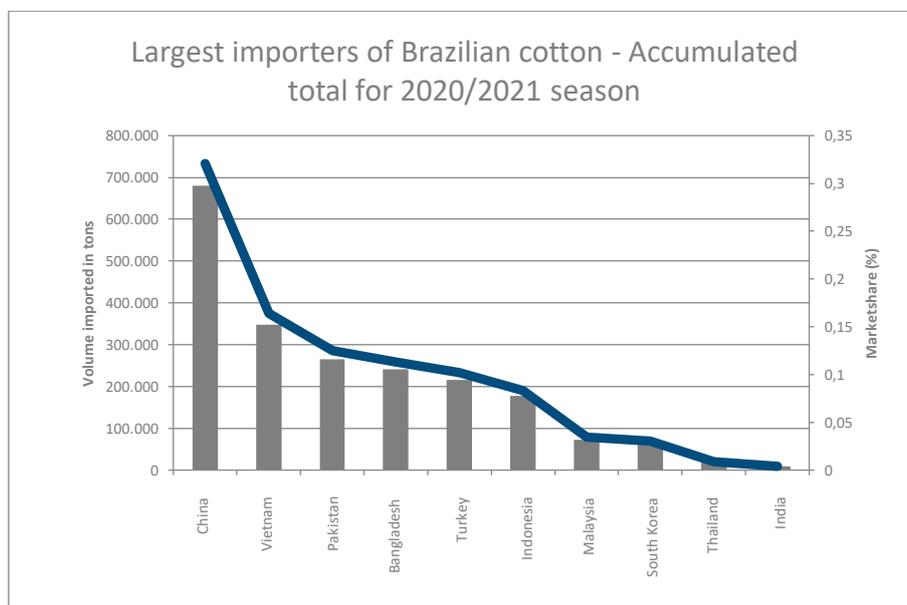
From August 2020 to April 2021 Brazil exported 2.12 million tons, generating revenue of US\$ 3.288 billion from exports. The volume shipped in this period is **22% greater** than the volume shipped over the same months of the 2019/20 season.



Source: ComexStat – ME, May 2021.

The list of the top ten world importers of Brazilian cotton for the accumulated total in the 2020/21 season has **China and Vietnam in the top two positions** (with market shares of 32% and 16% of the total exported, respectively). Then comes Pakistan (13%), Bangladesh (11%), Turkey (10%), Indonesia (8%), Malaysia (3%), South Korea (3%) and finally, Thailand and India (1%).

6



Source: ComexStat – ME, May 2021.

In April, the trade surplus for Brazilian cotton reached US\$3.284 billion. This means that Brazil has once again achieved a **historic record** with three months still to go before the end of the 2020/21 season exports.

Cotton Trade Balance

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



Date: May 12, 2021

Revenue (US\$)	2016/17	2017/18	2018/19	2019/20	2020/21*
Exports	966,561,030	1,489,623,877	2,250,266,320	3,069,281,196	3,288,390,056
Imports	70,341,613	33,644,428	8,170,912	2,567,874	4,260,693
Balance	896,219,417	1,455,979,449	2,242,095,408	3,066,713,322	3,284,129,363

Volume (tons)	2016/17	2017/18	2018/19	2019/20*	2020/21*
Exports	638,725	908,879	1,309,712	1,945,558	2,120,552
Imports	41,170	17,903	3,656	1,022	1,878
Balance	597,555	890,976	1,306,056	1,944,535	2,118,675

Source: ComexStat – ME, May 2021. * Period between Aug/20 and Apr/21 (= 9 months)

With the forecasts for cotton exports being fulfilled, Brazil has taken the position as the **second largest global exporter**, behind the United States.

Export Ranking - Cotton - 2020/21		
Ranking	Country	Estimated Exports*
1st	USA	3.389
2nd	Brazil	2.315
3rd	CFA African Zone**	1.230
4th	India	1.140
5th	Australia	260

* In millions of tons. **Economic block of 14 African countries that export cotton as a block

Source: ICAC and Anea – May/2021.

6- PRICES AND TRADING

The Cepea index, the main pricing reference used in Brazil for domestic trading, has been achieving levels **above the NY ICE Futures market since the last quarter of 2020**, with an average of +1,000 points in the first week of May.

Source: Cepea and ICE Futures, May 2021.

At present, 27% of the 2021/22 cycle, 65% of the 2020/21 cycle and 96% of the 2019/20 has been traded by the Brazilian growers.

Cotton Trading Rate (May/2021)		
Brazil	Traded 2019/20	96%
	Traded 2020/21	65%
	Traded 2021/22	27%

Source: State Associations and IMEA



ed. 01



Cotton Brazil market report

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

Date: May 12, 2021

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

Cotton Brazil market report
✉ cottonbrazil@cottonbrazil.com

cottonbrazil.com
f @ y t in [cottonbrazil](#)



ABRAPA



ANEA

ApexBrasil

