



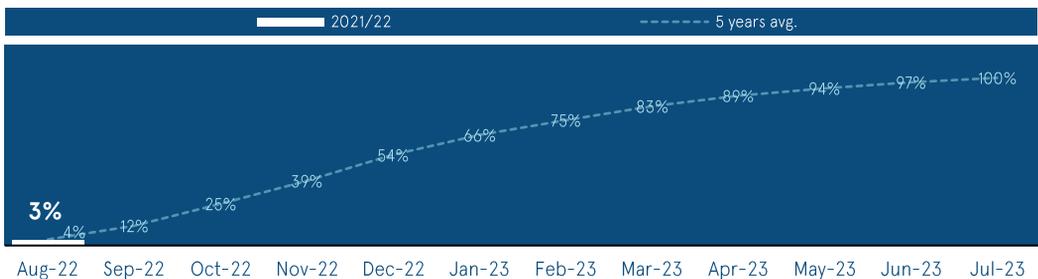
1. HIGHLIGHTS

- August ended with the **cotton harvest** in Brazil **almost concluded** (98%);
- On September 28th, Abrapa will publish an update on the estimates for the 2022 crop as well as the first estimate for the 2023 crop expectations;
- Brazil exported **62.8 thousand tonnes** of cotton in Aug/2022, which corresponds to an **increase of 24%** in relation to Aug/2021;
- **China, Bangladesh and Pakistan** were the main destinations for Brazilian cotton exports in August, accounting for 62% of the entire volume for the month;
- On Brazilian farms, it is time to intensify ginning. At the same time, preparations have begun for the 2023 crop which will be planted from November onwards.

2. 2022/23 MARKETING YEAR EXPORTS AND DOMESTIC USE

2022/23 Export Shipments vs Average % of Accumulated Exports by Area*

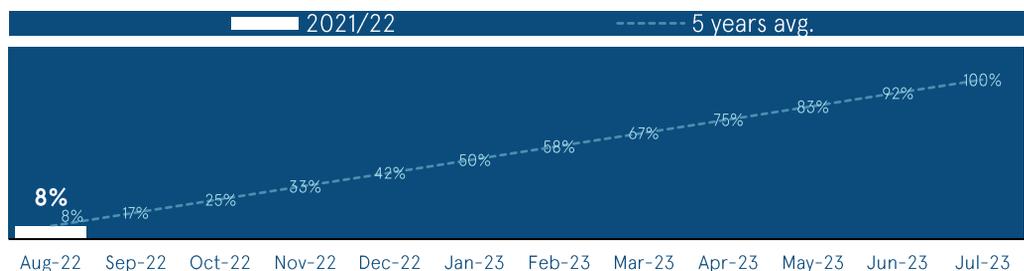
*Brazilian exports for 22/23 estimated at 1.9 million tonnes by Abrapa



Source: MDIC and Abrapa

2022/23 Domestic Use Estimate vs. Accumulated Domestic Use 5-year avg

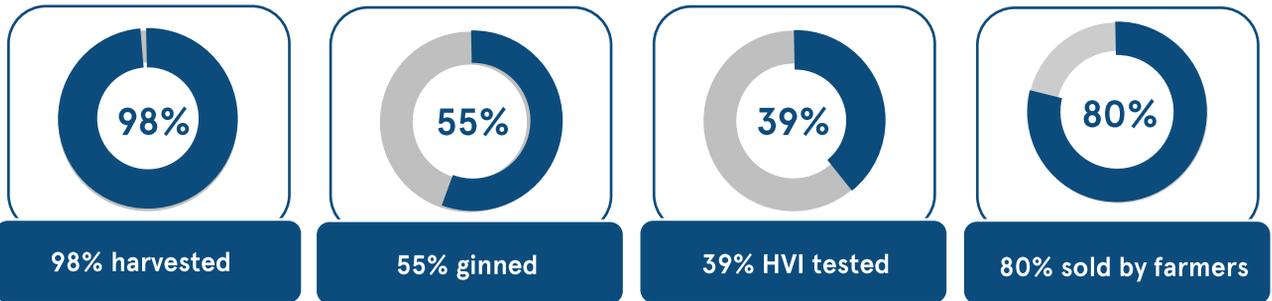
Domestic consumption estimated at 745 thousand tonnes (Aug22-Jul23)



Source: Abrapa, Conab and Abit

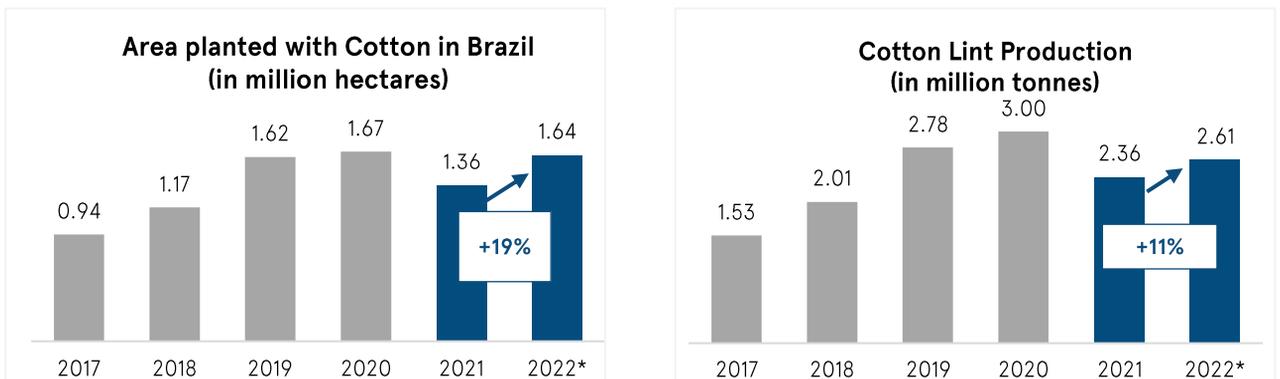


3. 2022 CROP



Source: Abrapa and state associations. Up to September 8th, 2022.

Abrapa estimates that the 2022 crop will reach an area of **1.64 million hectares** from which **2.61 million tonnes** will be produced. These numbers will be updated on September 28th. The National Supply Company (Conab) and the National Association of Cotton Exporters (Anea) forecast a production of 2.55 million tonnes (+8.3% compared to 2021) for the 2022 season.



Source: Conab 2022 Forecast: Abrapa (Jun/22).

In terms of yields, Abrapa forecasts a **decrease of 7.2%**, dropping to **1,595 kg/ha** of cotton in 2022.

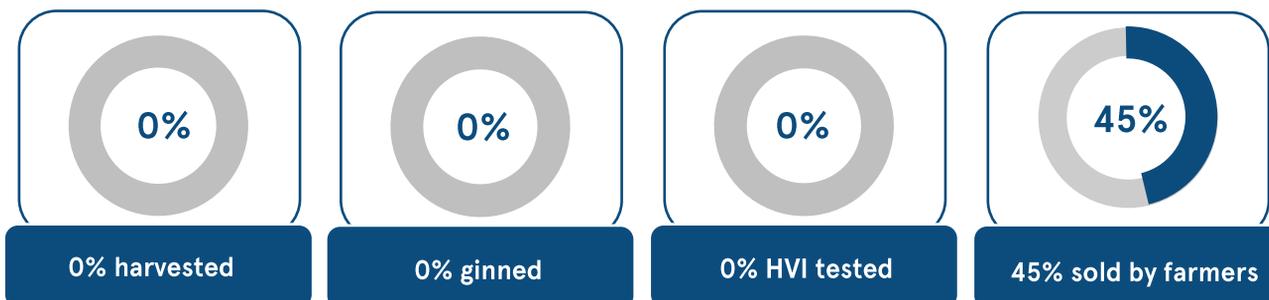
Brazilian Cotton Harvest

PRODUCTION (million tons)	2017	2018	2019	2020	2021	2022*	21 vs. 20 (%)	22 vs. 21 (%)
SEED COTTON	3.82	5.01	6.94	7.37	5.79	6.33	-21.5%	9.3%
LINT (COTTON)	1.53	2.01	2.78	3.00	2.36	2.61	-21.5%	10.6%
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	4,224	3,872	-4.6%	-8.3%
LINT (COTTON)	1,629	1,708	1,717	1,802	1,719	1,595	-4.6%	-7.2%

Source: Conab Forecast: Abrapa



4. 2023 CROP



With the planting of the 2023 crop in Brazil about to start, the first estimates released indicate that Brazilian farmers intend to resume production resulting in volumes that will be higher than those achieved in the current cycle. **Conab estimated 2.92 million tonnes and Anea 2.85 million tonnes for the next season.**

The 2023 crop in Brazil begins in 2022: sowing will begin in early November and will last until February 2023. In some months different stages of the 2022 and 2023 cycles are carried out in Brazilian fields as can be seen in the calendar below.

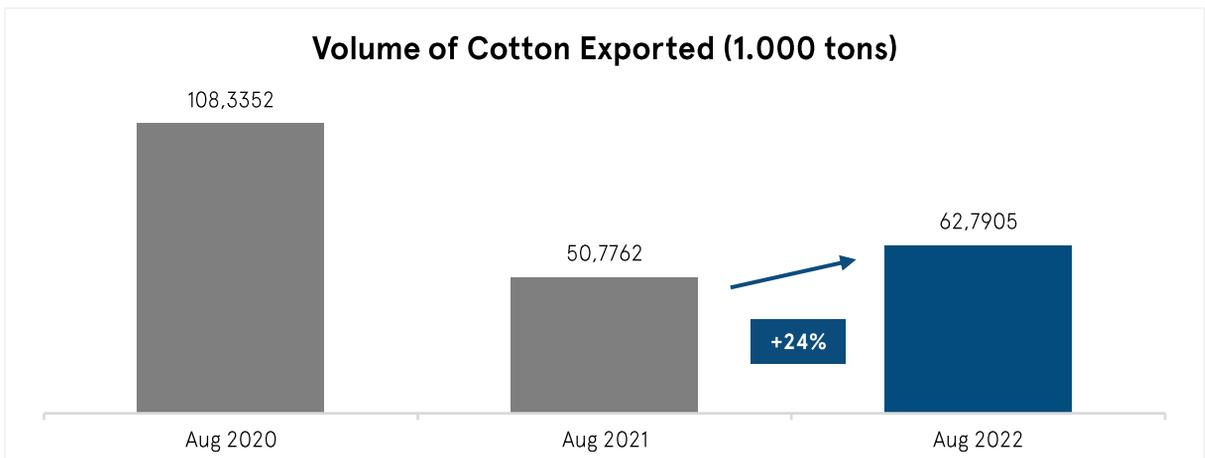
Brazilian cotton crop calendar

BRAZILIAN CROP		2022		2023												
		NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
2022 CROP	Ginning															
	HVI Analysis															
	Export/Domestic Market															
2023 CROP	Planting															
	Harvest															
	Ginning															
	HVI Analysis															
	Export/Domestic Market															

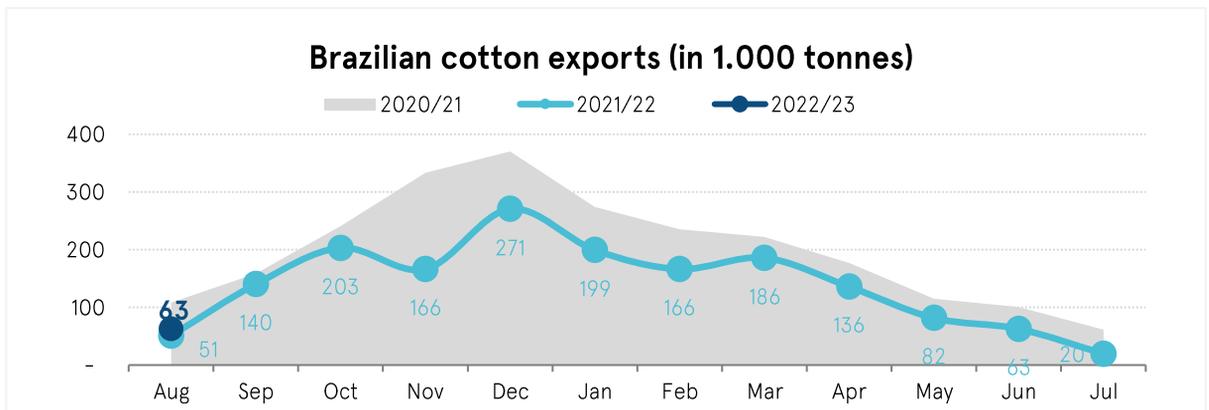


5. EXPORT SHIPMENTS

Brazil exported **62.8 thousand tonnes** of cotton in Aug/2022. This volume is 219% above the amount shipped in the previous month, Jul/2022, and represents a 24% increase in comparison to Aug/2021. The August exports of Brazilian cotton resulted in revenues of **US\$ 124.2 million**.

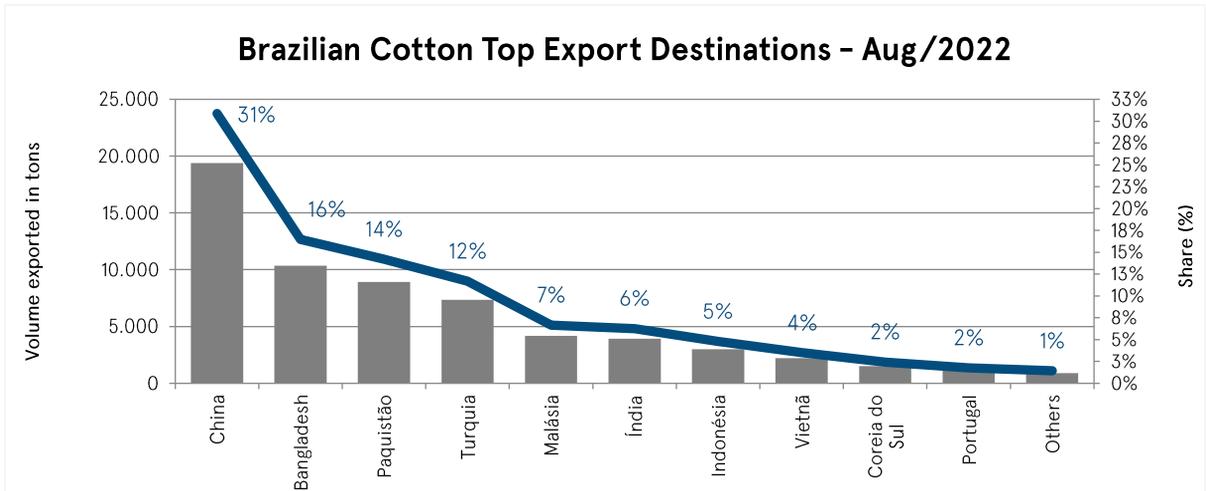


Source: ComexStat – ME, September/2022



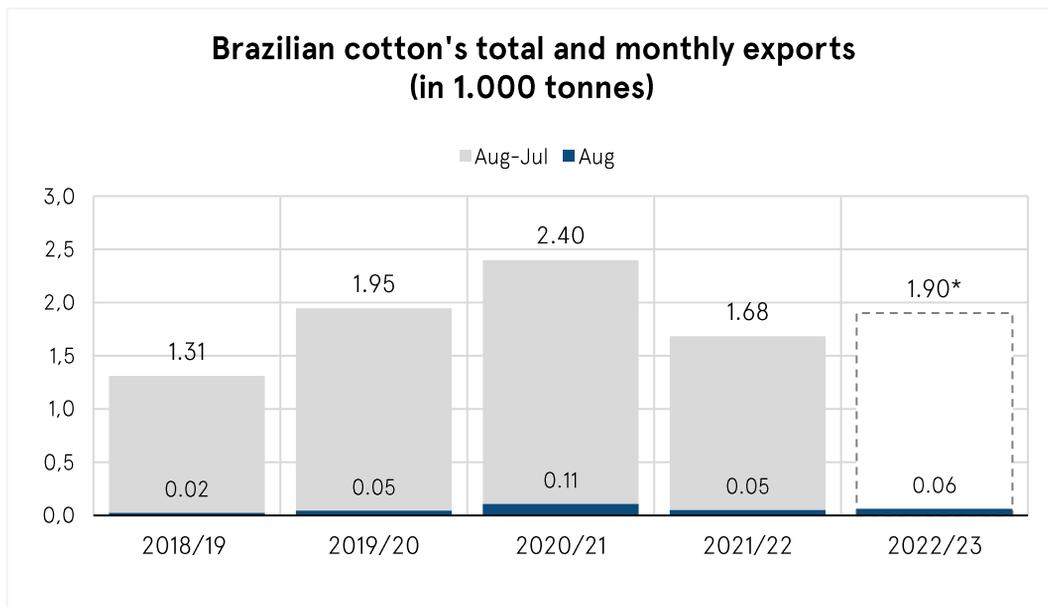
Source: ComexStat – ME, September/2022. Marketing Year: August to July

China, Bangladesh and Pakistan were the main destinations for Brazilian cotton exports in August, totalling **38.6 thousand tonnes**. Together, the three countries accounted for **62%** of the entire volume for the month.



Source: ComexStat - ME, September 1st/2022

The volume of Brazilian cotton shipped abroad in August 2022 is higher than the average for this month over the last four marketing years.

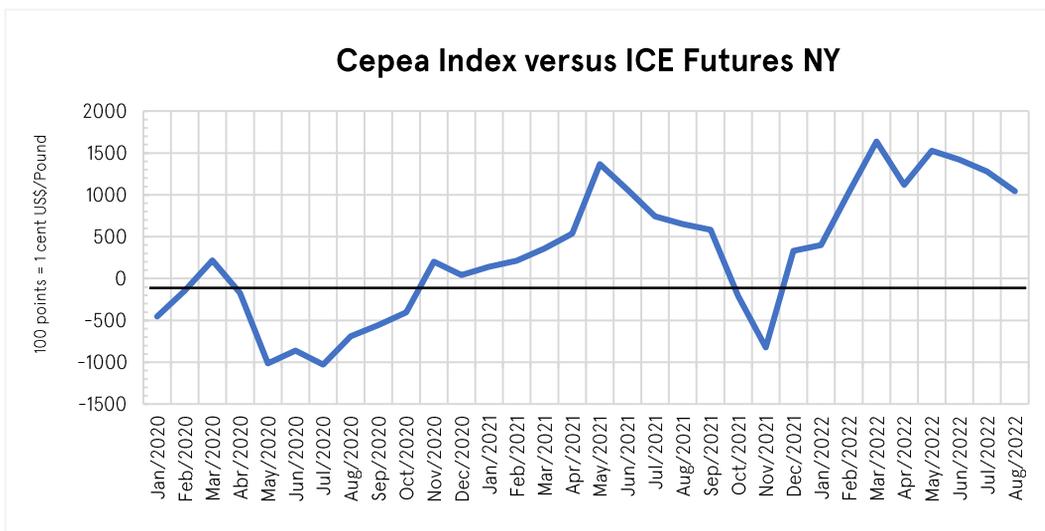
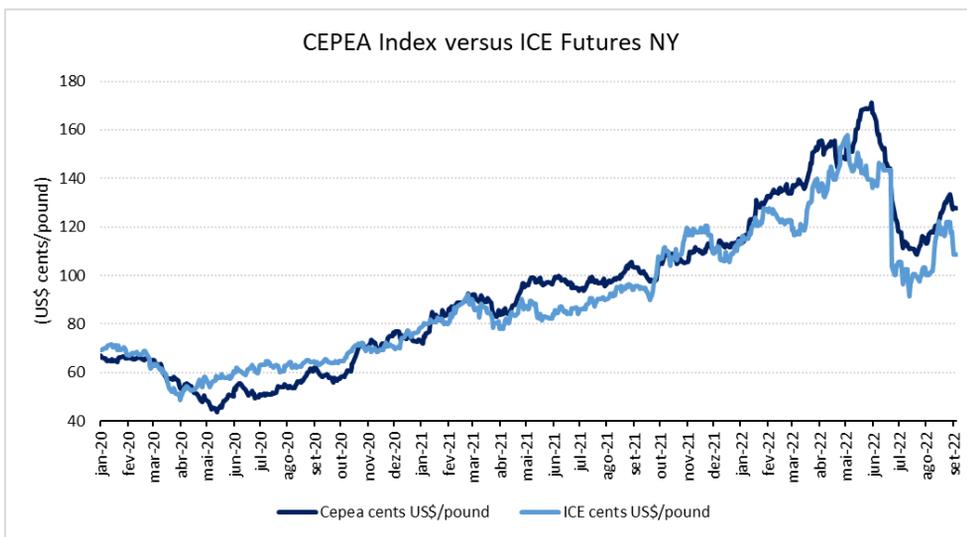


Source: ComexStat - ME, September 1st/2022 . Marketing Year: August to July
* Forecast Abrapa



6. PRICES

In August/2022, the Cepea Index* recorded a **rise of 11.9%** and finished the month at **129 cents (US\$/pound)**. The upward movement of national and international indices has kept the spread between the Cepea indicator and prices in NY (ICE) above that of last year. On average the spread in the month was 1,042 points.



Source: Cepea/USP and ICE Futures, September/2022

The *CEPEA Index is the most commonly used price index for domestic market prices of cotton in Brazil.



7. MADE IN BRAZIL

Data and information about Brazilian cotton production

Brazilian cotton gins undergo socio-environmental certification

Since 2020, Brazil has developed a **specific socio-environmental certification for cotton gins**. This comes as the result of Abrapa's "Brazilian Responsible Cotton" program which has been evolving over the years.

The certification process analyzes the performance of cotton gins using a checklist of 170 indicators grouped into eight overall areas (among which are labour relations, freedom and human rights, health and safety at work, environmental management, biodiversity conservation and farming practices).

When buying certified cotton, the importer can rest assured that he will receive a **shipment that was produced in a socially just and environmentally balanced way**.

Right now, third-party auditors are visiting Brazilian farms to verify compliance with socio-environmental criteria and good practices as laid out by the certification scheme.

Known as "Brazilian Responsible Cotton for Cotton Ginning Plants (ABR-UBA)", the program has grown and gained strength. One of the reasons for this is because

in Brazil **about 90% of the cotton gins are on the farms themselves**. In the 2021 season, around 40% of the 266 cotton gins in Brazil were certified.

So far, this program is unprecedented among countries that have the highest cotton production.

GINNING. By the beginning of September, **55% of the 2022 Brazilian crop had already been ginned** and made ready for export. Ginning is the first stage of the industrial process that transforms cotton into yarn and fabric, and it consists of separating the seeds from cotton lint.



ABRAPA