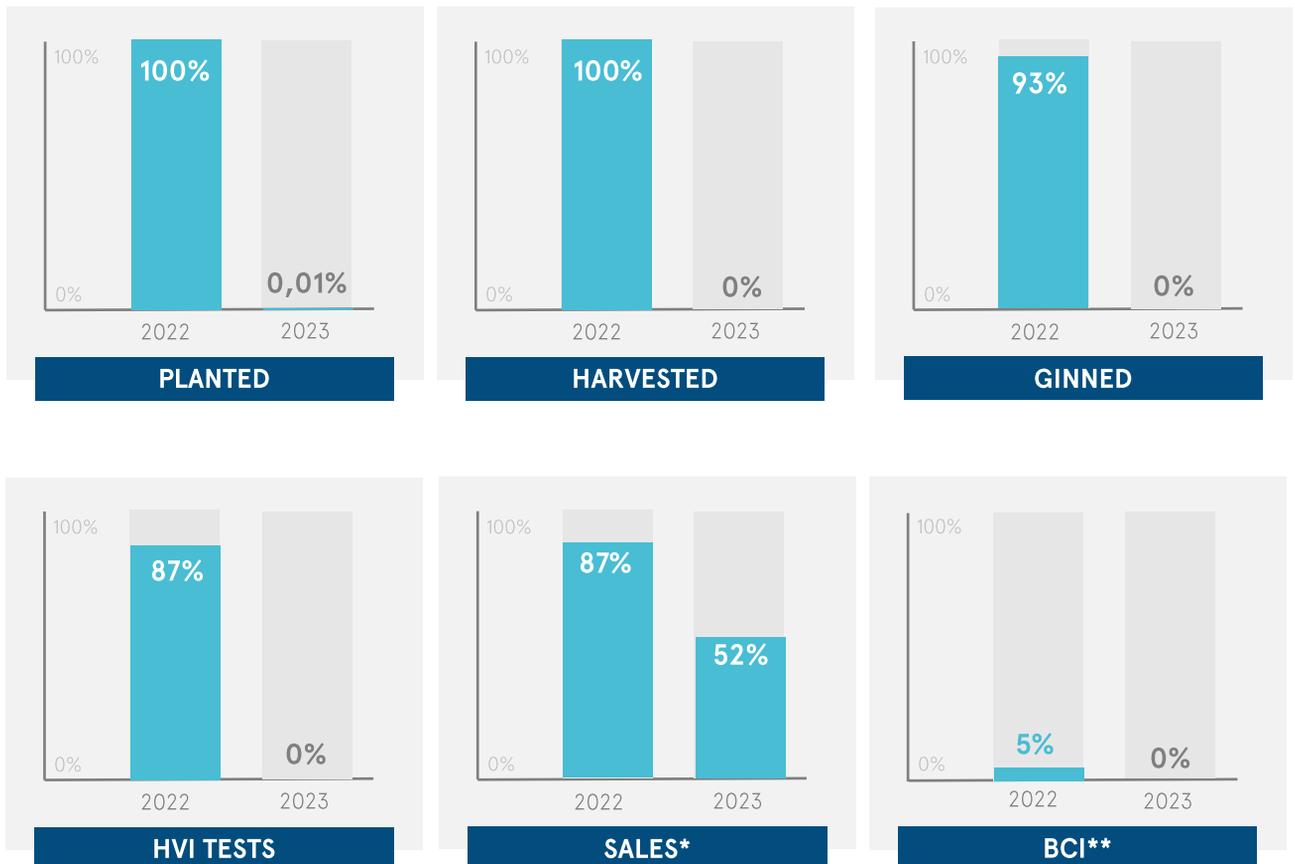




## 1. HIGHLIGHTS

- **Harvesting** of the 2022 crop in Brazil was concluded last month. **Ginning** has advanced to 93% of the total production and 87% has already been **HVI tested**.
- Brazil exported **260 thousand tonnes** of cotton in Oct/2022, which corresponds to an **increase of 41%** in relation to Sep/2021;
- **China, Bangladesh and Vietnam** were the main destinations for Brazilian cotton exports in October, accounting for 70% of the entire volume for the month;
- **Payment for environmental services** on an ABR cotton farm is presented as a case study at COP27.

## 2. STATUS OF BRAZIL'S COTTON CROPS



\* Cotton sold by farmers

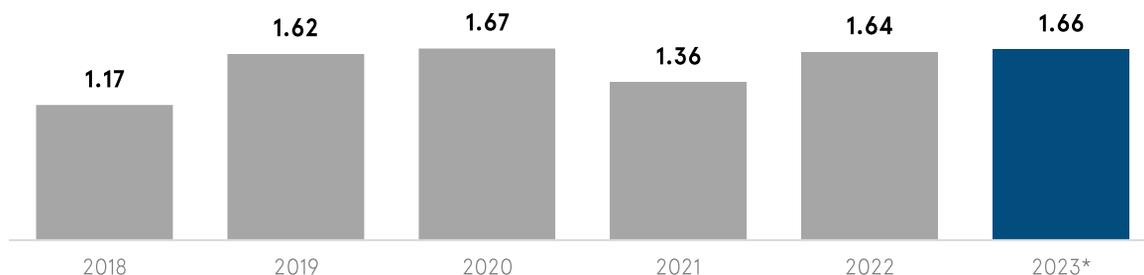
\*\*Better Cotton Claim Units claimed by buyers



## 3. 2023 CROP

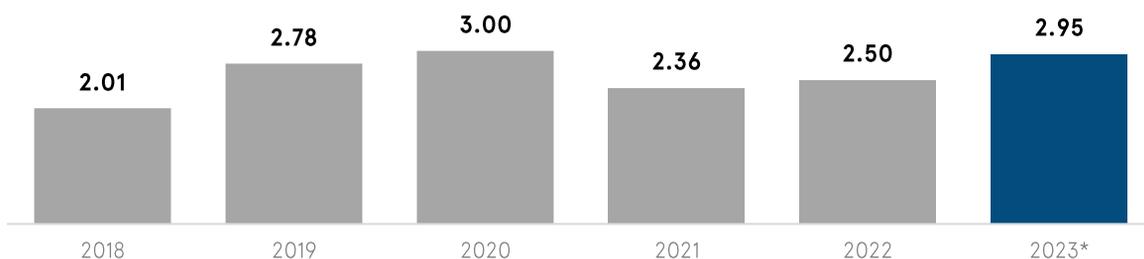
Abrapa estimates that the 2023 crop will achieve an area of **1.66 million hectares** from which **2.95 million tonnes** will be produced. These numbers were updated in October and indicate a small growth in cotton production in the next crop. If this projection is confirmed, the country will have an increase of **1.2% in the planted area** and **18% in the volume to be harvested**.

Cotton Planted Area in Brazil (in million hectares)



Planting season in Brazil starts in November of the previous year

Cotton Lint Production in Brazil (in million tonnes)



Source: Conab. \*2023 Forecast: Abrapa.

In terms of yield, Abrapa forecasts an **increase of 16.5%, rising to 1,776 kg/ha.** in 2023.

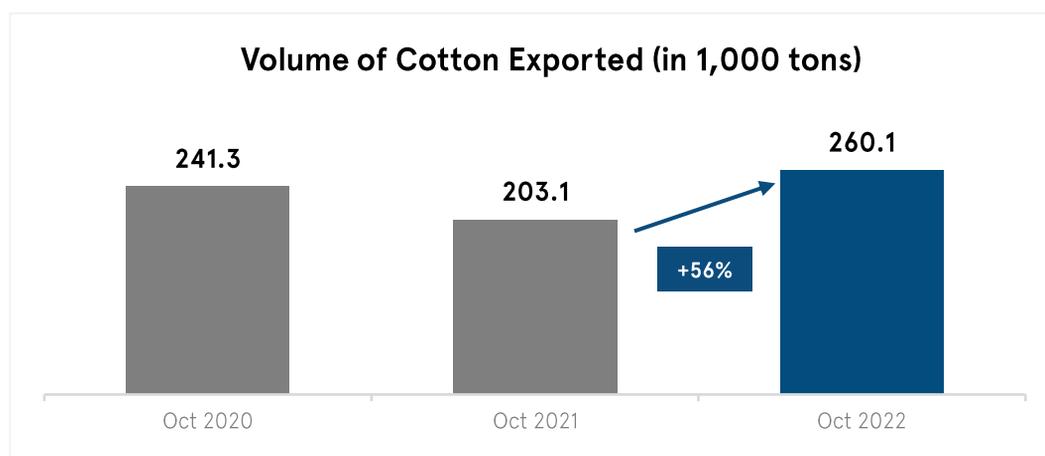
Brazilian Cotton Harvest

PRODUCTION (million tons)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	5.01	6.94	7.37	5.79	6.06	7.15	4.7%	18.0%
LINT (COTTON)	2.01	2.78	3.00	2.36	2.50	2.95	5.9%	18.0%
YIELD (kg/ha)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	4,267	4,292	4,427	4,230	3,702	4,326	-12.5%	16.9%
LINT (COTTON)	1,708	1,717	1,802	1,721	1,525	1,776	-11.4%	16.5%

Source: Conab. \*Forecast: Abrapa (November 2022)

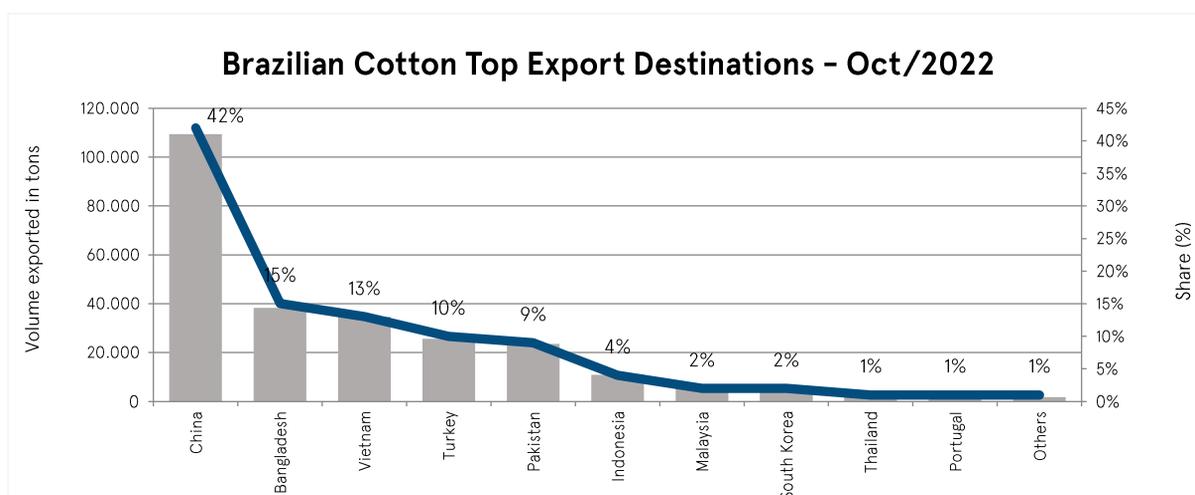
## 4. EXPORT SHIPMENTS

Brazil exported **260.1 thousand tonnes** of cotton in Oct/2022. This volume is 41% above the amount shipped in the previous month, Sep/2022, and represents a 56% increase in comparison to Oct/2021. The October exports of Brazilian cotton resulted in revenues of **US\$ 545 million**.



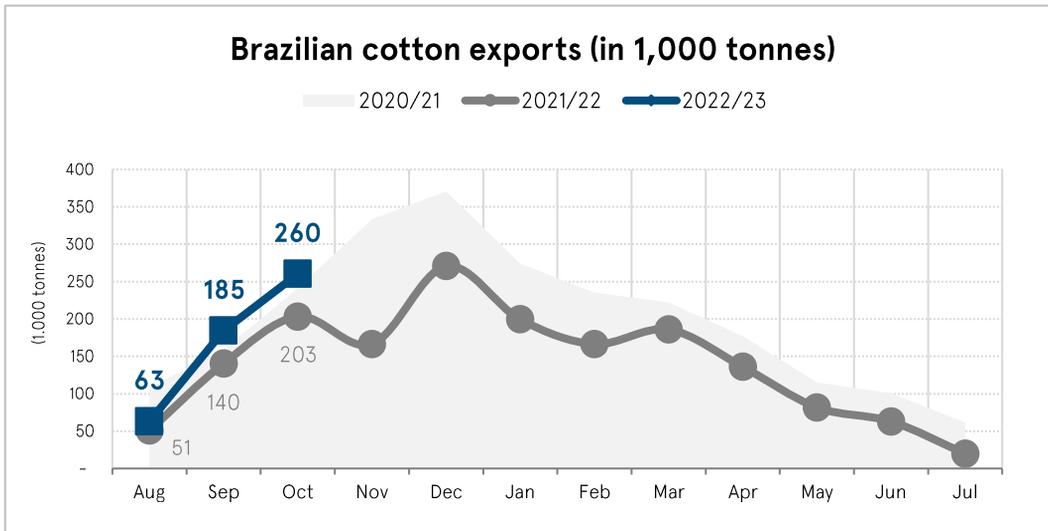
Source: ComexStat – ME, November/2022

**China, Bangladesh and Vietnam** were the main destinations for Brazilian cotton exports in October, totalling **182 thousand tonnes**. Together, the three countries accounted for **70%** of the entire volume for the month.

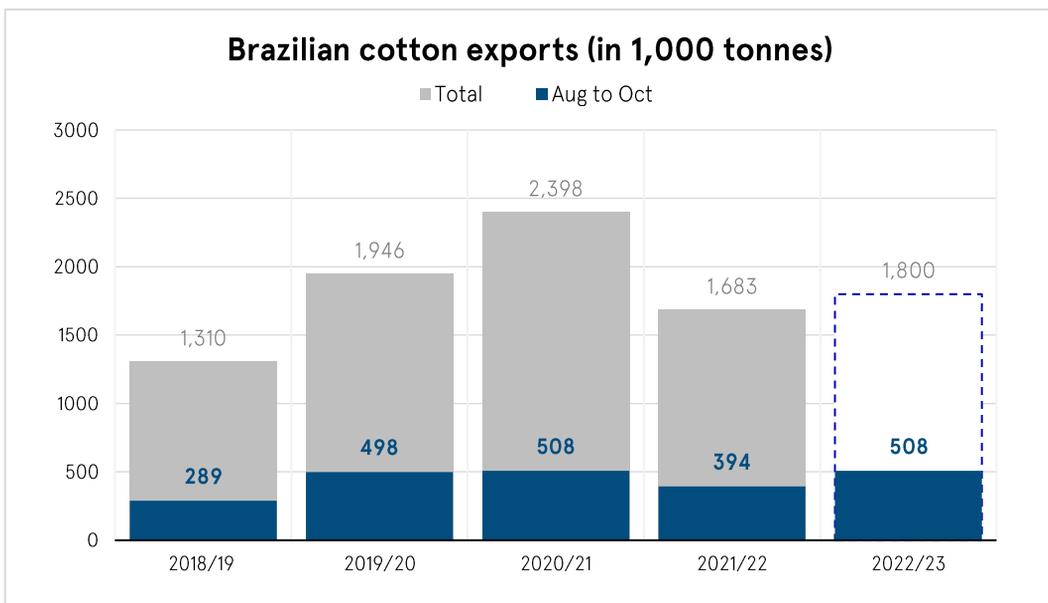


Source: ComexStat – ME, November/2022

The volume of Brazilian cotton shipped abroad from August to October in 2022 **exceeds** the performance recorded in 2018, 2019 and 2021. The volume is similar to the 508 thousand tonnes exported in 2020.

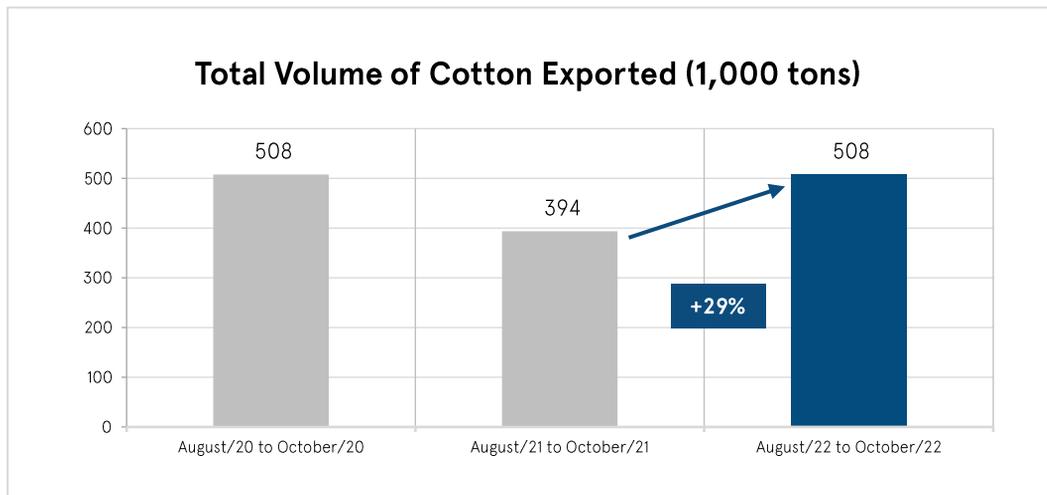


Source: ComexStat – ME, November/2022 . Marketing Year: August to July



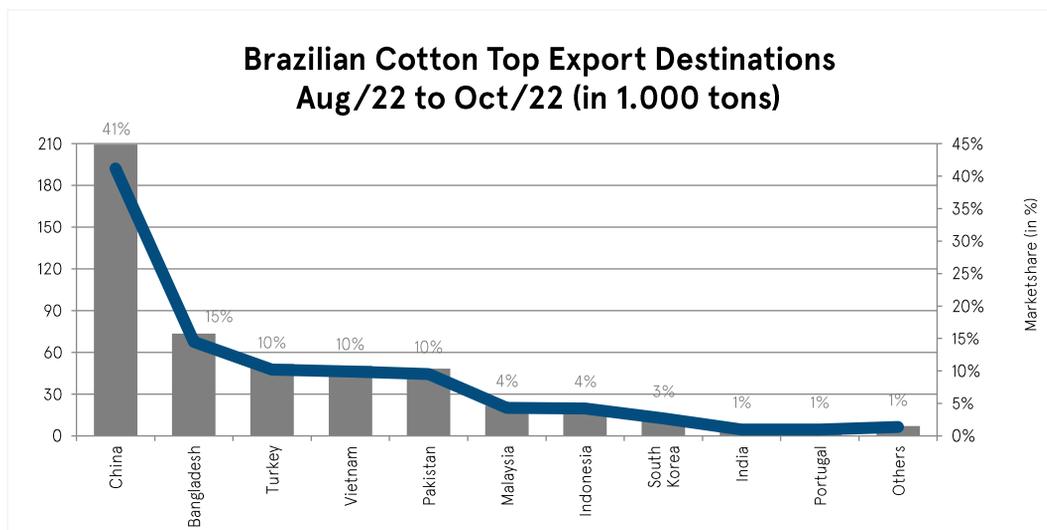
Source: ComexStat – ME, November/2022 Marketing Year: August to July

In the first three months of the marketing year (Aug to Oct/22), Brazil shipped **508 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is 29% above the amount recorded between the same months in 2021. In the three months of this current marketing year, exports generated revenues of just over **US\$ 1 billion**.



Source: ComexStat – ME, November/2022

Total numbers still show **China** as the main buyer of Brazilian cotton. The country imported **209 thousand tonnes** between August and October and thus accounted for **41%** of all the volume exported up to now.



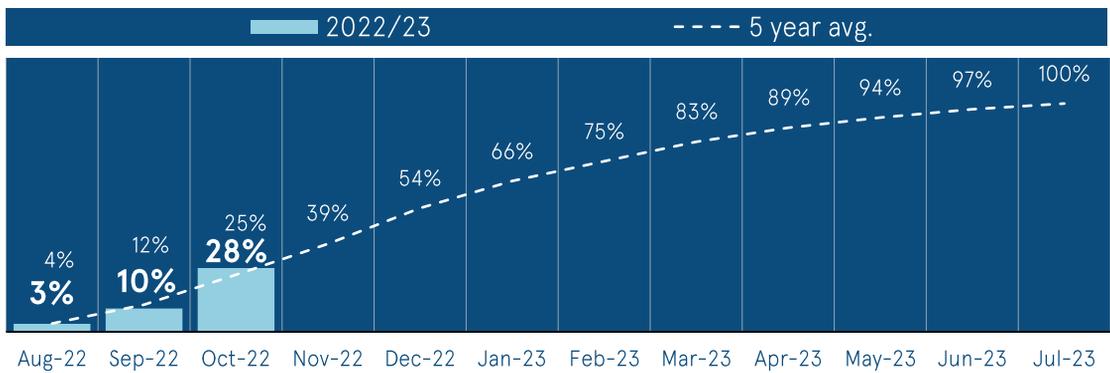
Source: ComexStat – ME, November/2022

## 5. 2022/23 MARKETING YEAR EXPORTS AND DOMESTIC USE

The charts below compare the performance of the current marketing year (2022/23) with Brazilian cotton exports over the last five years and the average volume consumed domestically in Brazil also over the last five years.

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

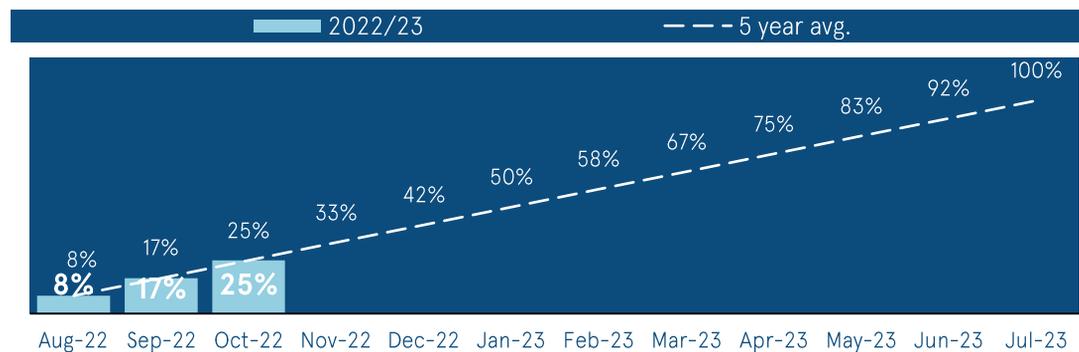
\*Brazilian exports for 22/23 estimated at 1.8 million tonnes by Abrapa



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)

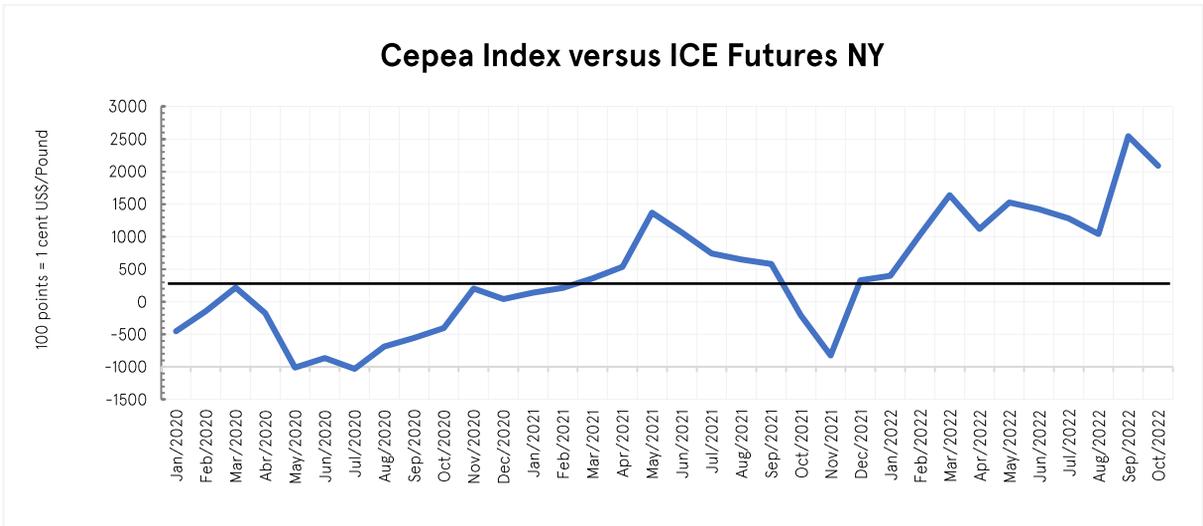
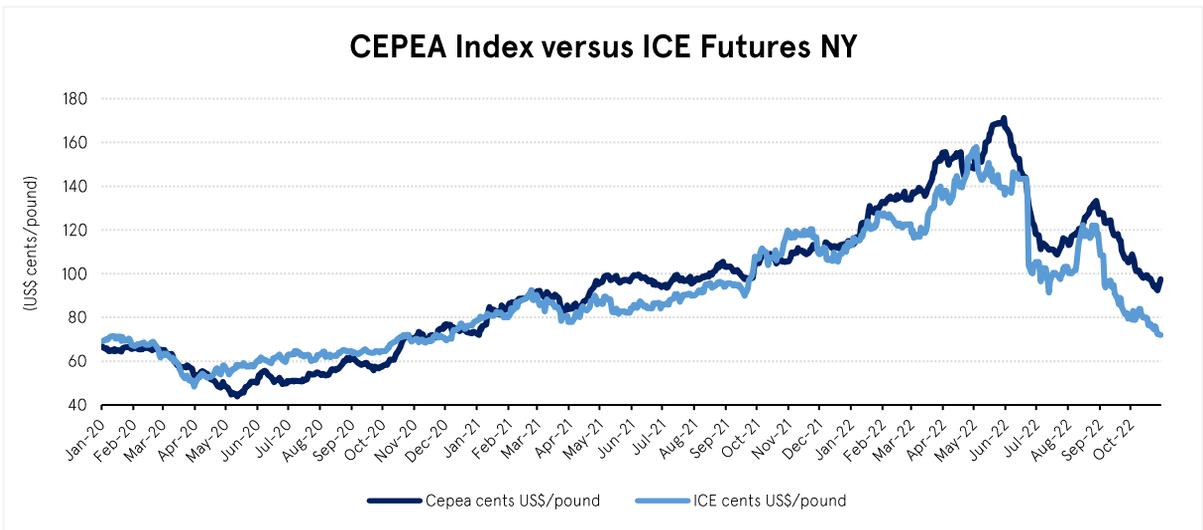


Source: Abrapa, Conab and Abit



## 5. PRICES

In October/2022, the Cepea Index\* recorded a **drop of 10.4%** and finished the month at **97.5 cents (US\$/pound)**. The spread between Brazilian and international prices closed the month of October with 2,090 positive points. Brazilian prices continue to be valued above the historical average for this period of the year.



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

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

## 7. MADE IN BRAZIL

Data and information about Brazilian cotton production

### Planting begins and accelerates in December

The sowing of cotton in Brazil began in the first days of November and continues through to February. Initially, the machines were turned on in the states of São Paulo and Paraná. However, the pace tends to

accelerate in December when work begins in the main Brazilian production areas: Mato Grosso and Bahia. From March to May, the development of plants takes place. Harvesting takes place from June to September.

### Sustainability as a mainstream strategy

In Brazil, keeping the forest standing has become a new source of income for cotton producers. The logic is simple: farms that preserve an area greater than that required by Brazilian laws are remunerated.

This is what happens on the **Perdizes farm**, located in Mato Grosso. In addition to the 27,229 hectares preserved, the property has 1,358 hectares in which native vegetation is kept untouched. The area was registered in a private financial compensation program created in 2020, which today exceeds 9 thousand hectares.

This successful experience is being conducted at one of the hundreds of farms with the Responsible Brazilian Cotton (ABR) certification protocol and also licensed by Better Cotton. The initiative will be presented by Abrapa during the 27th United Nations Conference on Climate Change (COP27), which takes place from November 6 to 18 in Egypt.

