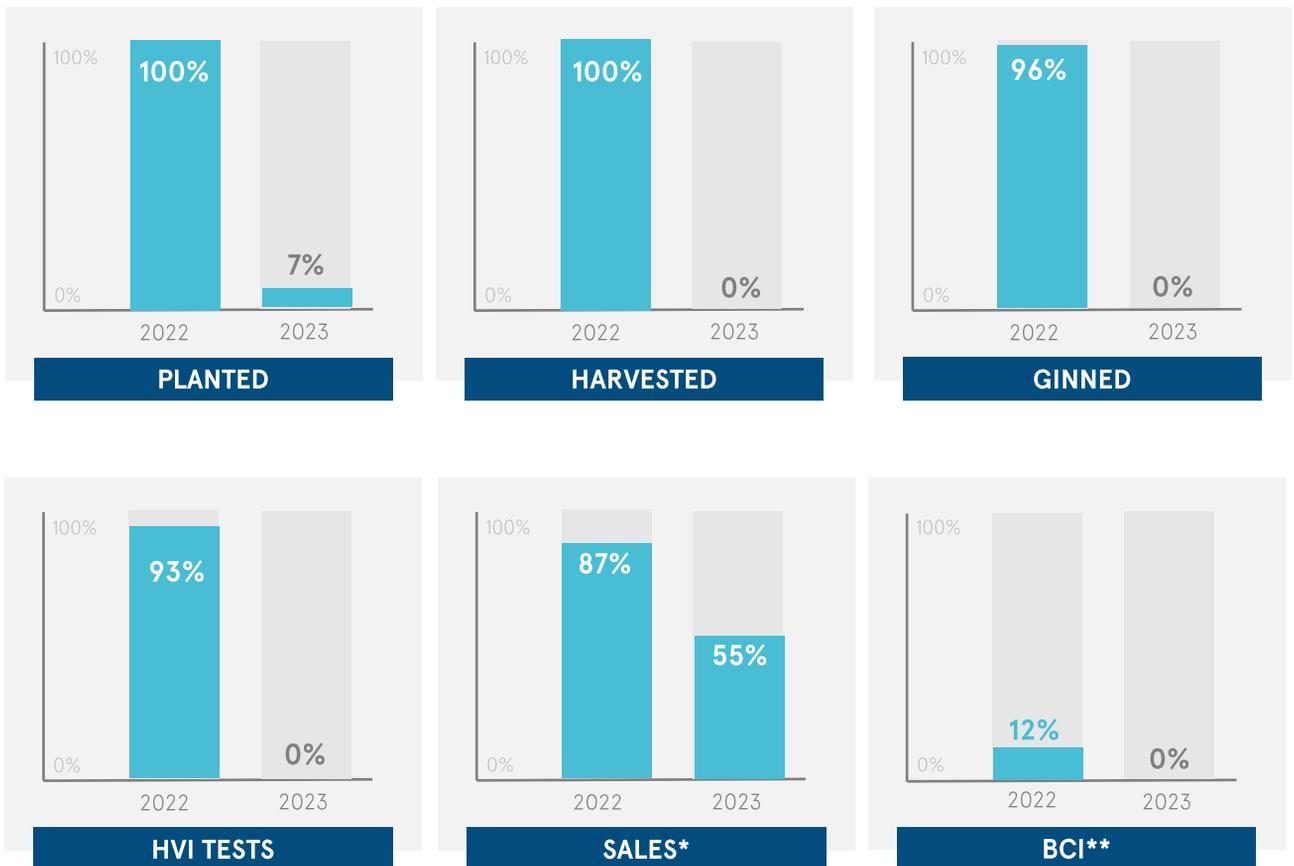




1. HIGHLIGHTS

- In November, **cotton planting in Brazil reached 7%** of the total area to be planted in the country. This percentage is expected to grow even more in December;
- Abrapa estimates that the 2023 crop will achieve an area of **1.66 million hectares** from which **2.94 million tonnes** will be produced. These numbers were updated in early December;
- Brazil exported **268.6 thousand tonnes of cotton in Nov/2022**. In the first four months of this marketing year, Brazil shipped **776 thousand tonnes** - this is 39% above the amount recorded in the same period in previous year;
- Not even high production costs will impede the **advance** of Brazilian cotton in 2023. Find out why at the end of this report.

2. STATUS OF BRAZIL'S COTTON CROPS

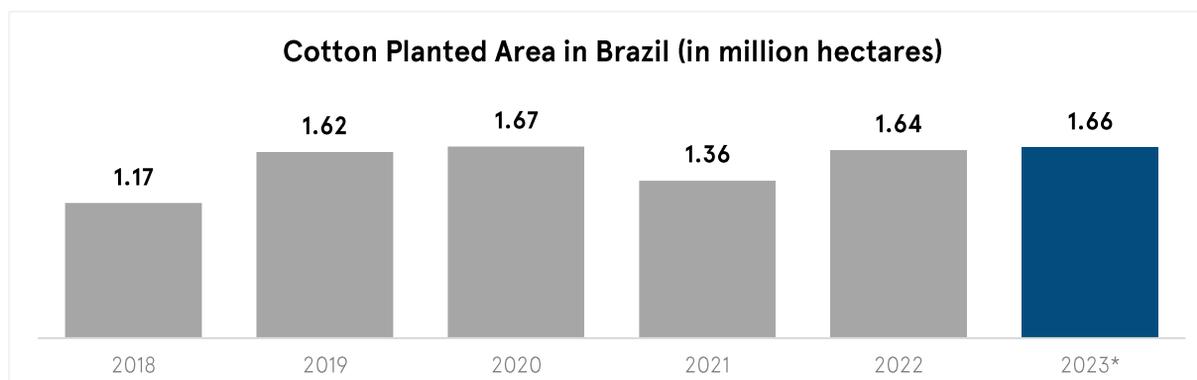


* Cotton sold by farmers

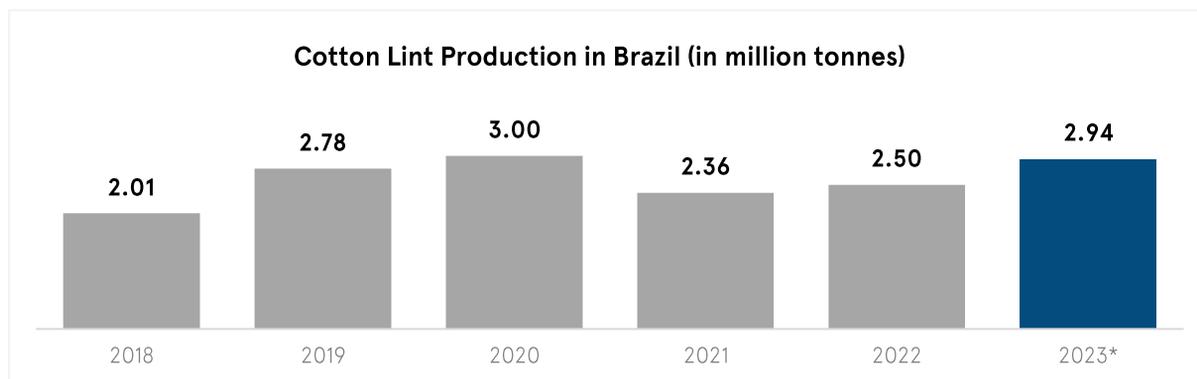
**Better Cotton Claim Units claimed by buyers

3. 2023 CROP

Abrapa estimates that the 2023 crop will achieve an area of **1.66 million hectares** from which **2.94 million tonnes** will be produced. These numbers were updated in early December and now show a significant growth in cotton production in the next crop. If this forecast is confirmed, the country will have an increase of 1% in the planted area and 18% in the volume to be harvested.



Planting season in Brazil starts in November of the previous year



Source: Conab. *2023 Forecast: Abrapa.

In terms of yield, Abrapa forecasts an **increase of 16.1%**, rising to **1,772 kg of cotton lint/ha** in 2023.

Brazilian Cotton Harvest

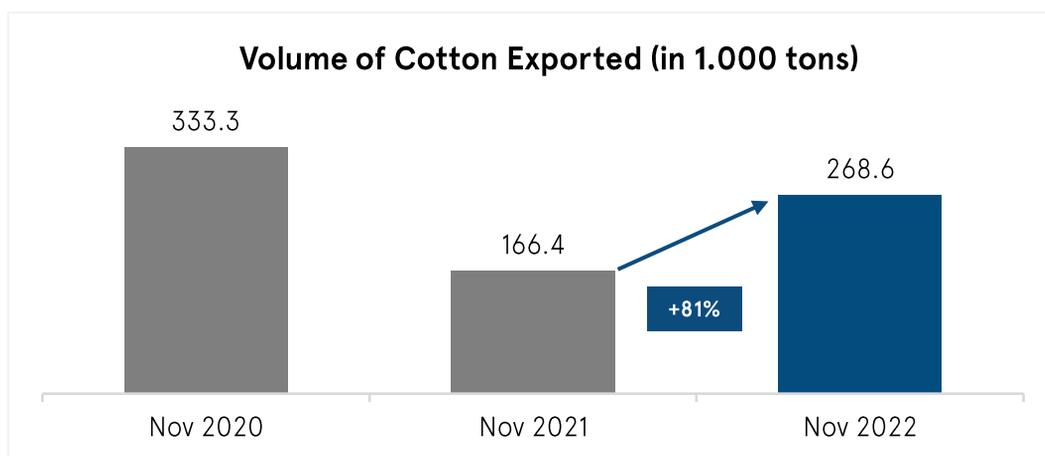
PRODUCTION (million tons)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	5.01	6.94	7.37	5.79	6.06	7.15	4.7%	18.0%
LINT (COTTON)	2.01	2.78	3.00	2.36	2.50	2.94	5.8%	17.6%

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	3,705	4,303	-12.4%	16.1%
LINT (COTTON)	1,708	1,717	1,802	1,721	1,525	1,772	-11.4%	16.1%

Source: Conab. *Forecast: Abrapa (Dec 2022)

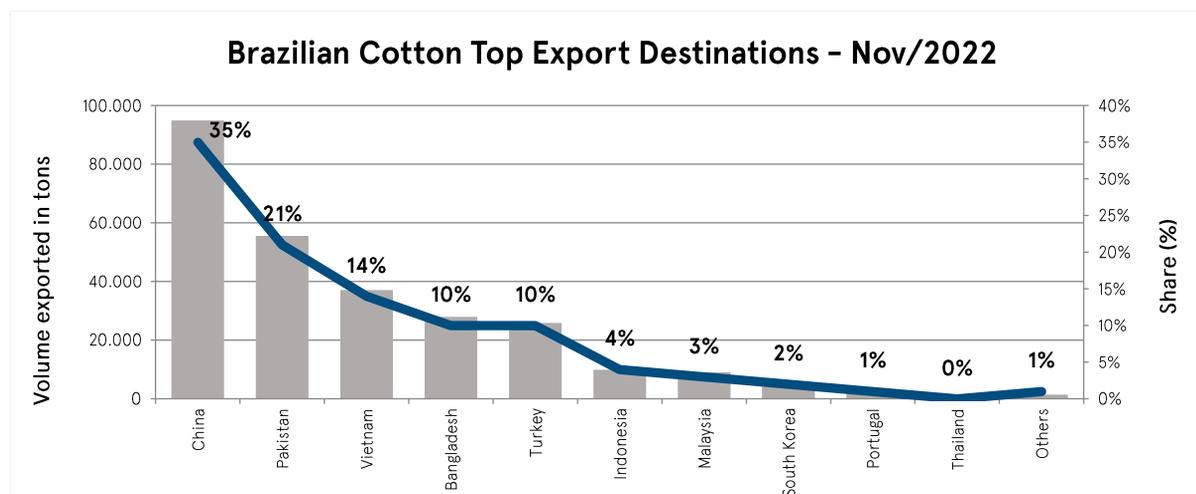
4. EXPORT SHIPMENTS

Brazil exported **268.6 thousand tonnes** of cotton in Nov/2022. This volume is 3% above the amount shipped in the previous month, Oct/2022, and represents an 81% increase in comparison to Nov/2021. The November exports of Brazilian cotton resulted in revenues of **US\$ 526 million**.



Source: ComexStat – ME, December/2022

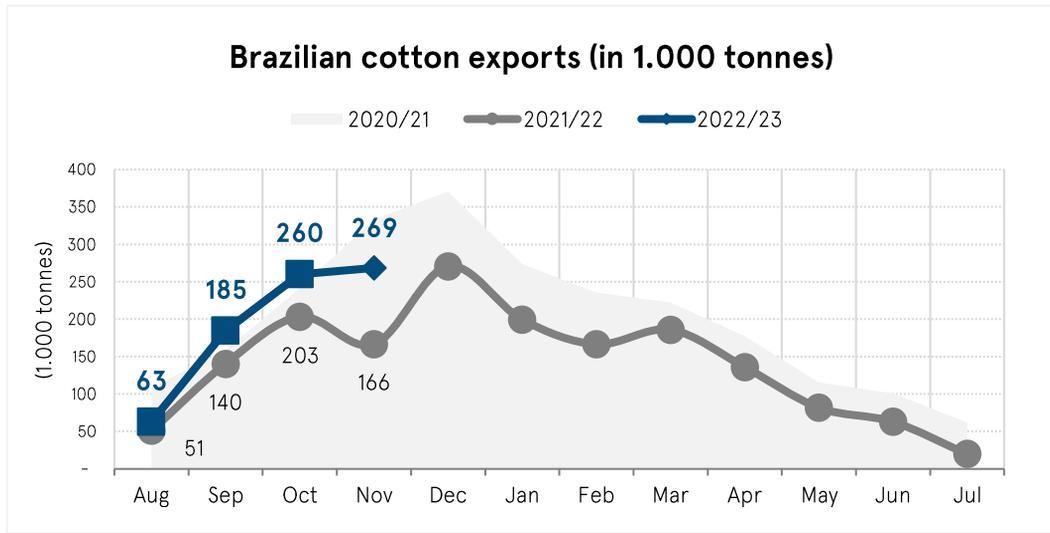
China, Pakistan and Vietnam were the main destinations for Brazilian cotton exports in November, totalling **187.5 thousand tonnes**. Together, the three countries accounted for **70%** of the entire volume for the month.



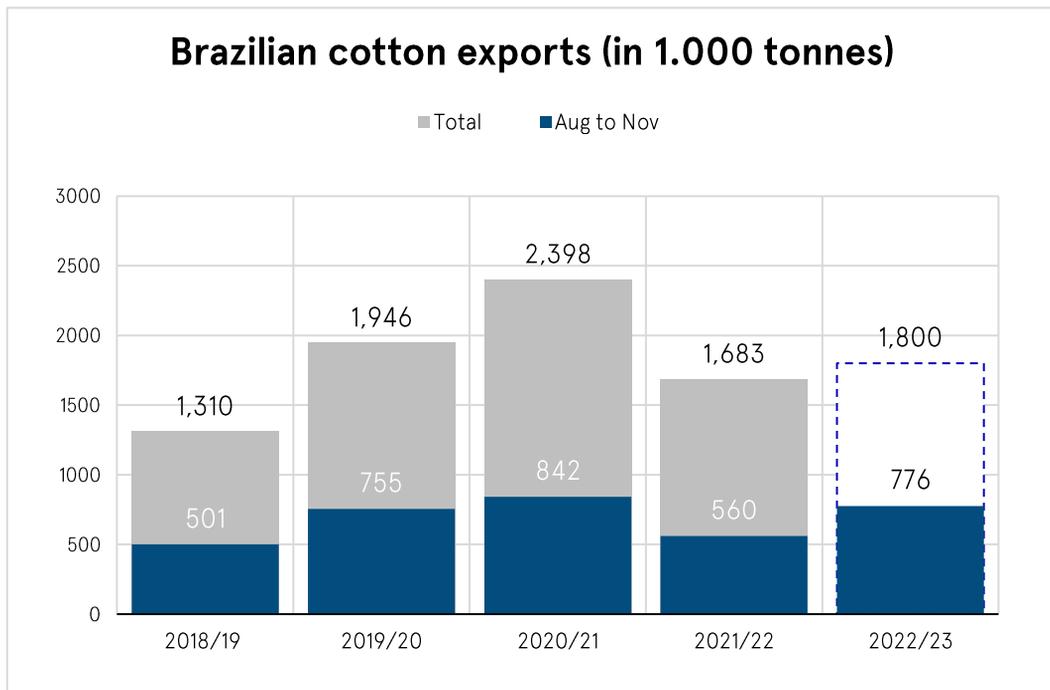
Source: ComexStat – ME, December/2022



In the comparative analysis, the volume of Brazilian cotton shipped from August to November 2022 is **the second largest** on record for this period, with the highest being achieved in 2020.



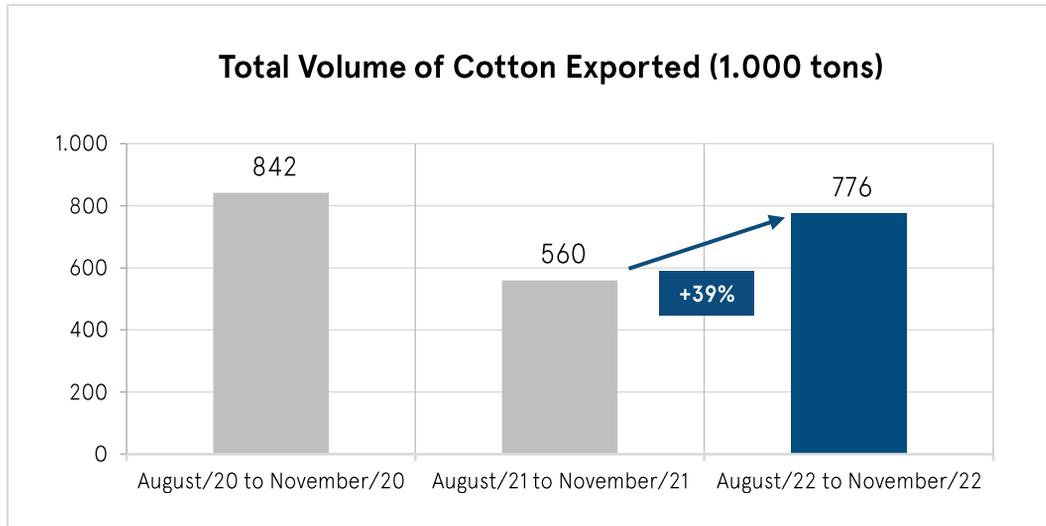
Source: ComexStat – ME, December/2022 . Marketing Year: August to July



Source: ComexStat – ME, December/2022 Market Year: August to July

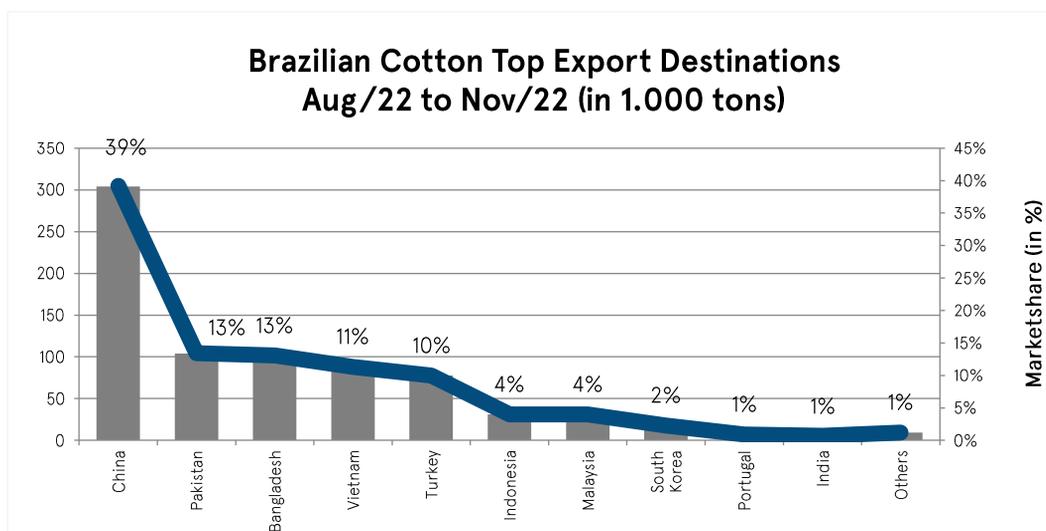


In the first four months of the market year (Aug/22 to Nov/22), Brazil shipped **776 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is 39% above the amount recorded for the same period in 2021. In the four months of this current market year, exports generated revenues of just over **US\$ 1.5 billion**.



Source: ComexStat - ME, December/2022

Total numbers still show **China** as the main buyer of Brazilian cotton. China imported **304 thousand tonnes** between August and November and thus accounted for **39%** of all the volume exported up to now.



Source: ComexStat - ME, December/2022

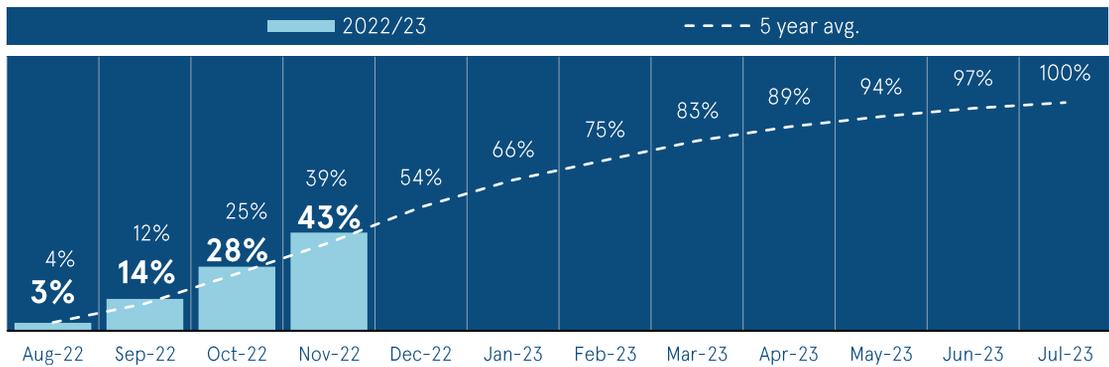


5. 2022/23 MARKET YEAR EXPORTS AND DOMESTIC USE

The charts below compare the performance of the current market 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*

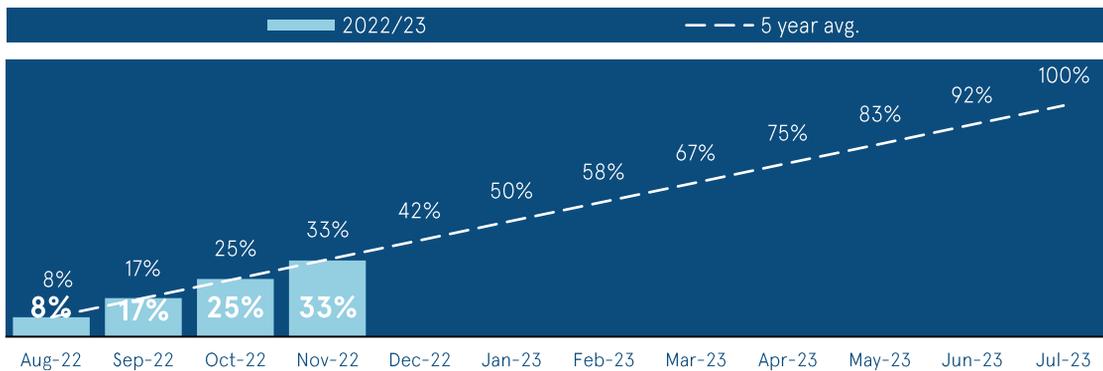
*Brazilian exports for 22/23 estimated at 1.8 million tonnes by Abrapa



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)

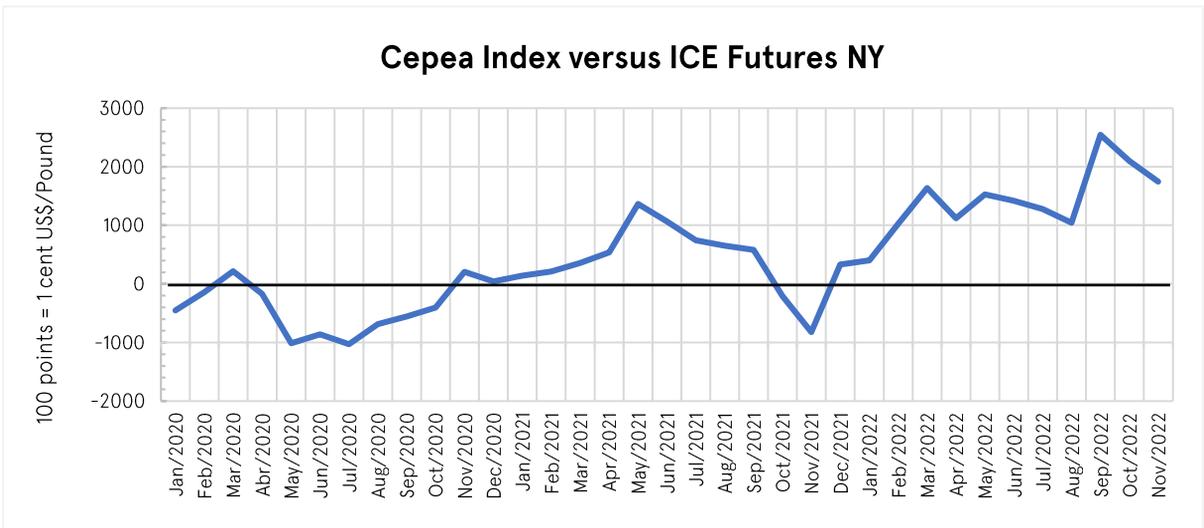
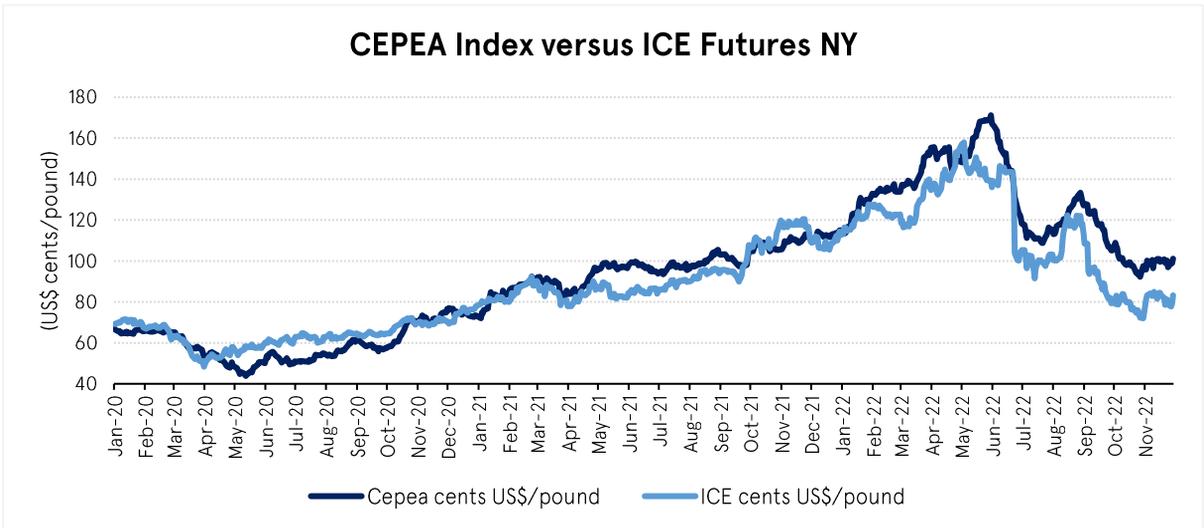


Source: Abrapa, Conab and Abit



5. PRICES

In December/2022, the Cepea Index* recorded a **increased of 3.8%** and finished the month at **101.19 cents (US\$/pound)**. The spread between Brazilian and international prices closed the month of November at 1,742 positive. Brazilian prices remain above the historical average for this period of the year.



Source: Cepea/USP and ICE Futures, December/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

Not even an economic adverse scenario will impede the advance of Brazilian cotton in 2023

December is when cotton planting intensifies in Brazil. In November, just 3% of the total area forecasted for the 2023 crop had been planted. This percentage will start rising between now and February when the planting period ends.

The 2023 crop is getting underway in the midst of a challenging scenario. International issues have contributed to higher fertilizer and fuel prices. As a result of this, all the forecasts indicate that growing cotton this season will be more expensive.

This is true in the case of the state of Mato Grosso which is responsible for 70% of Brazilian cotton production. According to IMEA, production costs in the state will rise on average by 26% in comparison with the last season. From one season to the next, fertilizer prices have increased by 57%.

Despite the possibility that the 2023 growing season will not be

very profitable, Abrapa predicts an increase of the cotton acreage in Brazil of 1.5%, with a total of 1.658 million hectares. Farmers are focusing on investing in farm performance with a long term view.

“Our aim is to further expand our share of the international cotton market. This is why, despite an adverse scenario, we will keep up our continuous cotton exports because we are the second largest exporter in the world and the largest global supplier of Better Cotton”, stated Mr. Julio Busato, president of Abrapa.



ABRAPA