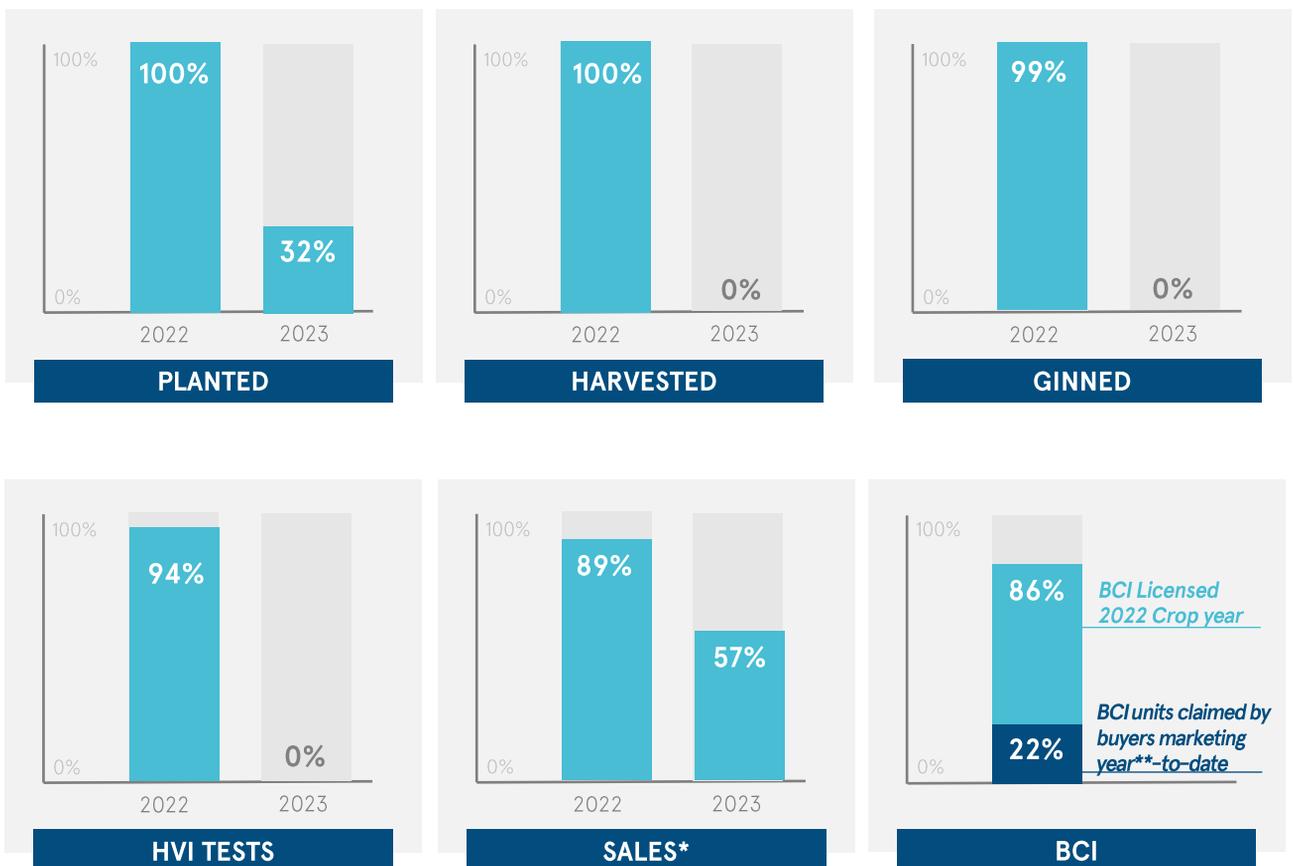


1. HIGHLIGHTS

- **Cotton planting progress in Brazil reached 32%** of the total area by January 12th 2023.
- Abrapa estimates that the 2023 crop will achieve an area of **1.66 million hectares** from which **2.94 million tonnes** will be produced.
- Brazil exported **175.7 thousand tonnes of cotton in Dec/2022**. In the first five months of this marketing year*, Brazil shipped **952 thousand tonnes** - this is 15% above the amount recorded in the same period in the previous year;
- In Brazil, the use of biological pesticides was adopted by 67% of cotton producers in the 2019/20 cycle.

*Marketing Year: Aug-22 to Jul-23

2. STATUS OF BRAZIL'S COTTON CROPS



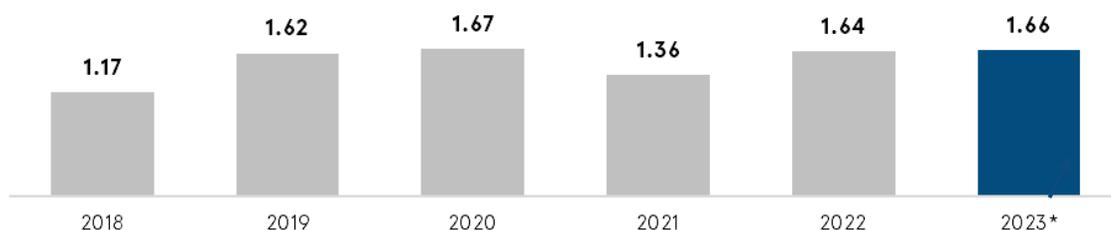
* Cotton sold by farmers

**Marketing Year: Aug-22 to Jul-23

3. 2023 CROP

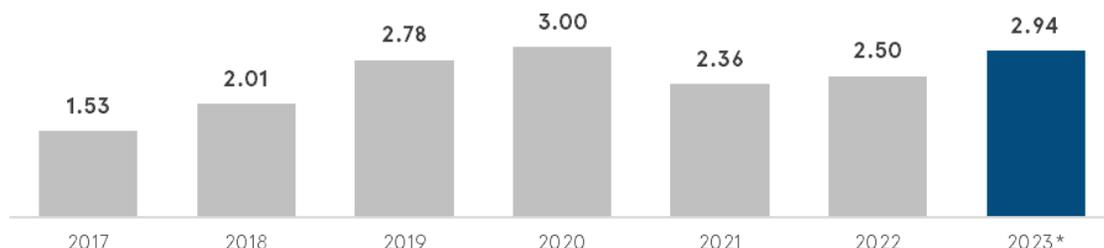
Abrapa estimates that the 2023 crop will achieve an area of **1.66 million hectares** from which **2.94 million tonnes** will be produced. These numbers were updated in early December and now show a significant growth in cotton production in the next crop. If this forecast is confirmed, the country will have an increase of 1.3% in the planted area and 18% in the volume to be harvested.

Area planted with Cotton in Brazil (in million hectares)



Planting season in Brazil starts in November of the previous year

Cotton Lint Production (in million tonnes)



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. In 2022, the drought at the end of the season significantly reduced the cotton yields in Brazil.

Brazilian Cotton Harvest

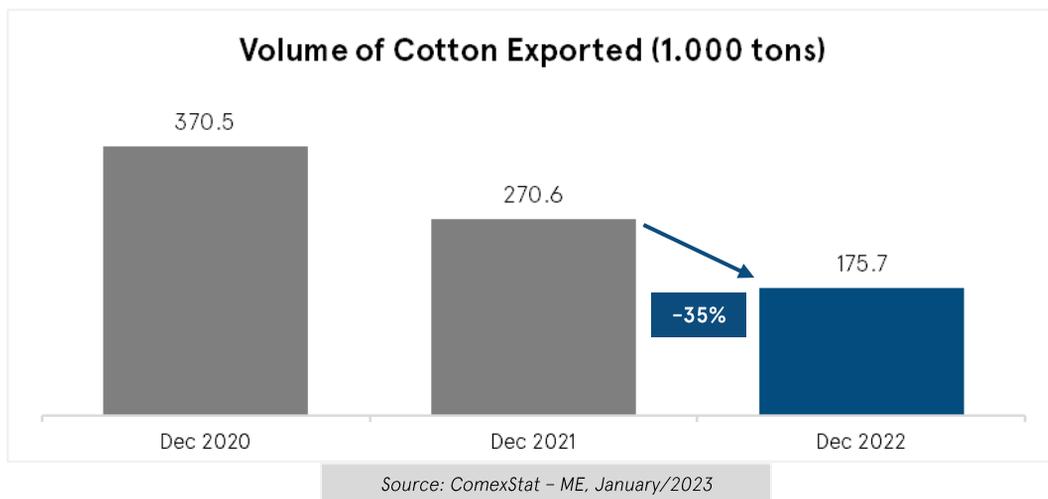
PRODUCTION (million tons)	2018	2019	2020	2021	2022*	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	5.01	6.94	7.37	5.79	6.06	7.15	4.7%	18.0%
LINT (COTTON)	2.01	2.78	3.00	2.36	2.50	2.94	5.8%	17.6%
YIELD (kg/ha)	2018	2019	2020	2021	2022*	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	4,267	4,292	4,427	4,230	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 22)

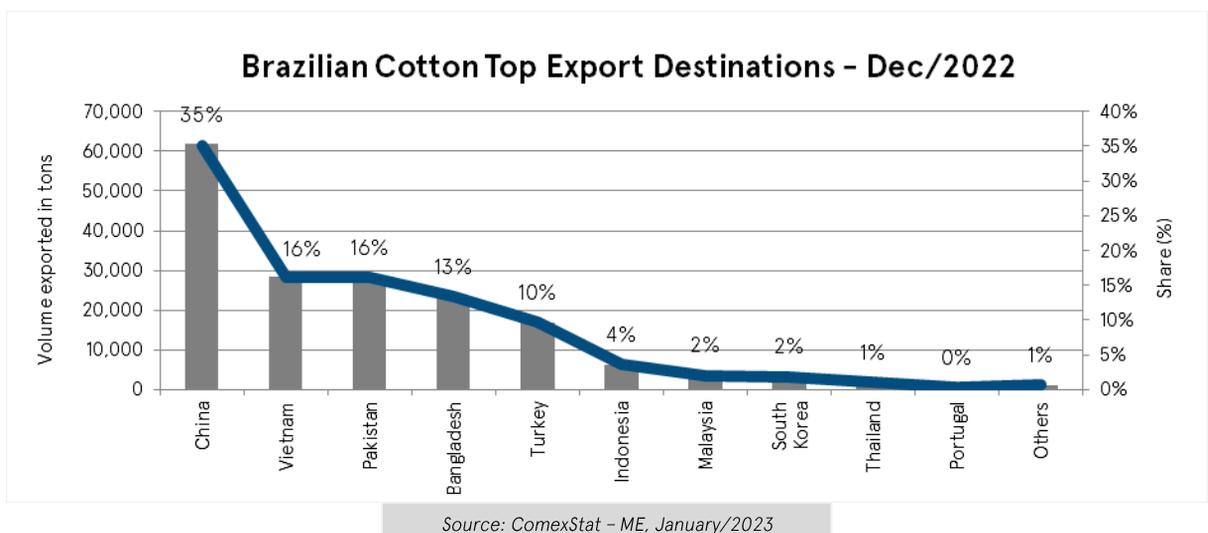


4. EXPORT SHIPMENTS

Brazil exported **175.7 thousand tonnes of cotton in Dec/2022**. This volume is 35% below the amount shipped in Dec/2021. The December exports of Brazilian cotton resulted in revenues of **US\$ 333.6 million**.

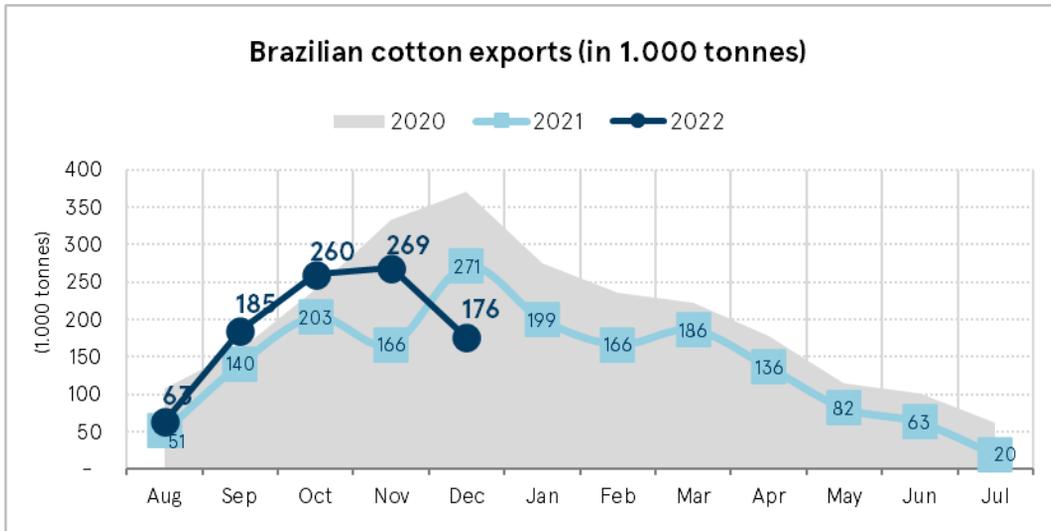


China, Vietnam and Pakistan were the main destinations for Brazilian cotton exports in December, totaling **118.5 thousand tonnes**. Together, the three countries accounted for **67%** of the entire volume for the month.

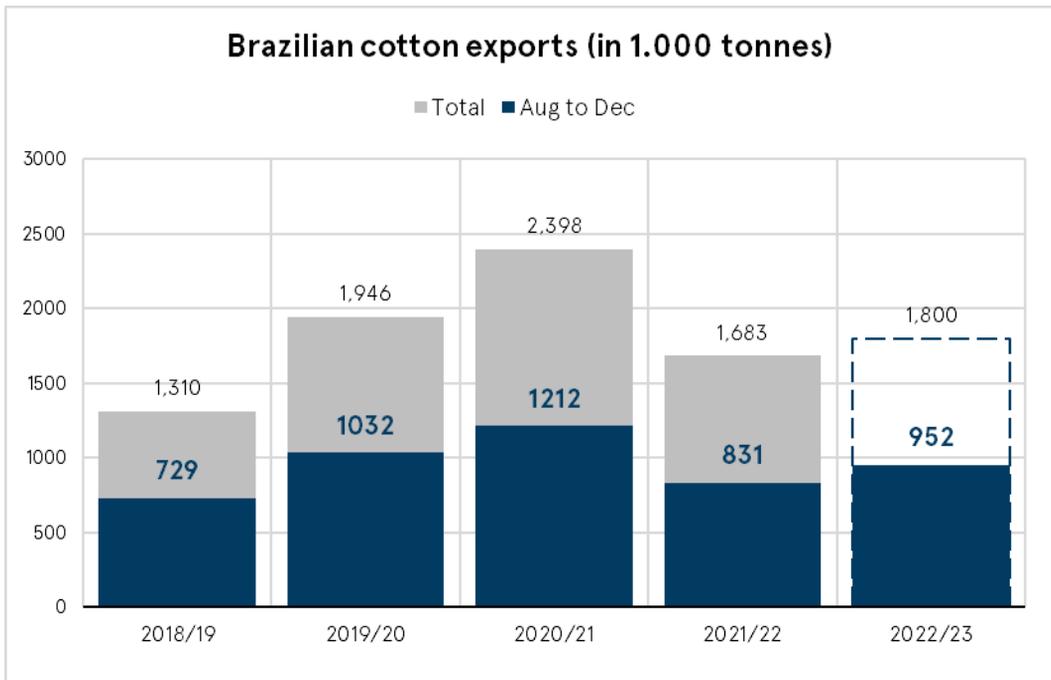




In the cumulative analysis, the volume of Brazilian cotton shipped from August to December 2022 is **the third largest** on record since 2018.

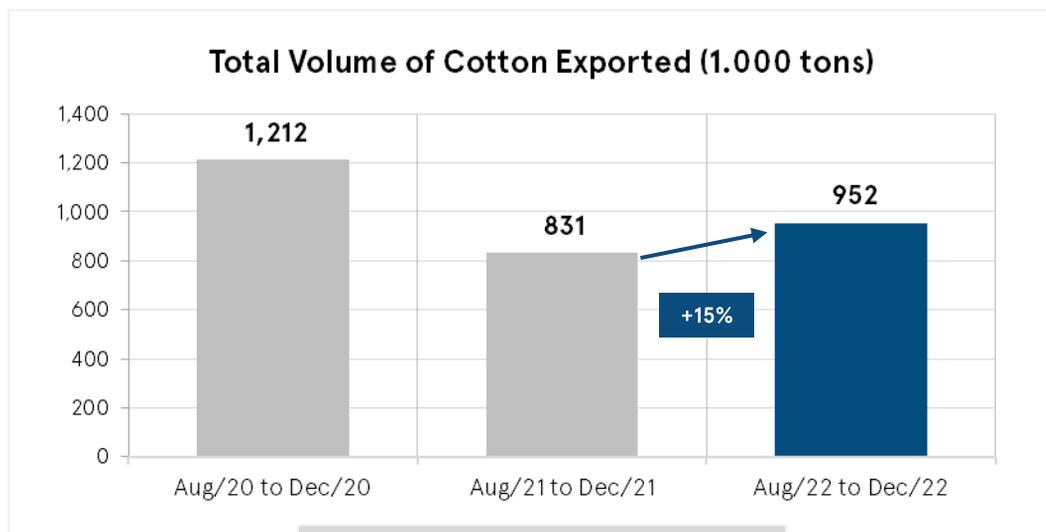


Source: ComexStat - ME, January/2023. Marketing Year: August to July



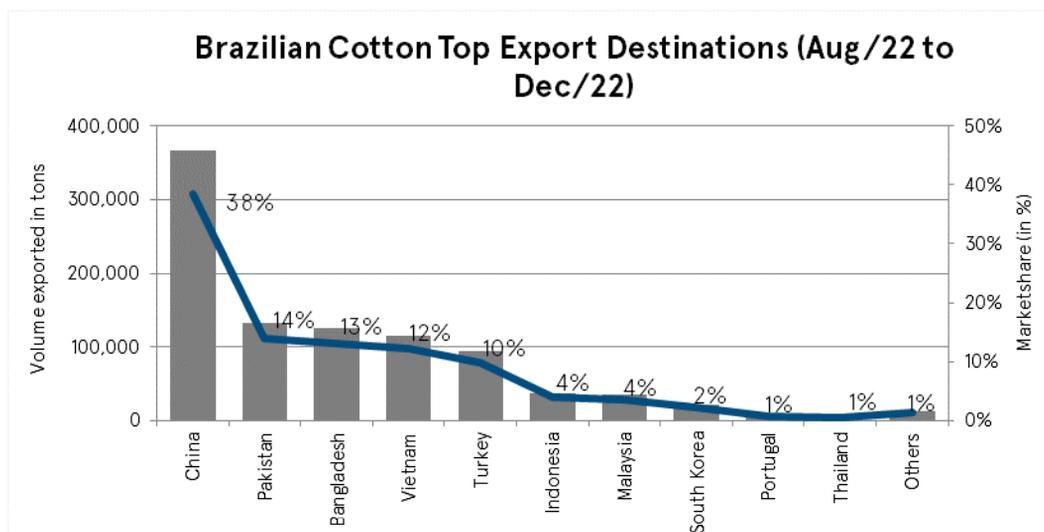
Source: ComexStat - ME, January/2023. Market Year: August to July

In the first five months of the marketing year (Aug/22 to Dec/22), Brazil shipped **952 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is 15% above the amount recorded for the same period in 2021. In these five months, exports generated revenues of just over **US\$ 1.9 billion**.



Source: ComexStat – ME, January/2023

Total numbers show **China** as the main buyer of Brazilian cotton. China imported **365 thousand tonnes** between August and December and thus accounted for **38%** of all the volume exported up to now.

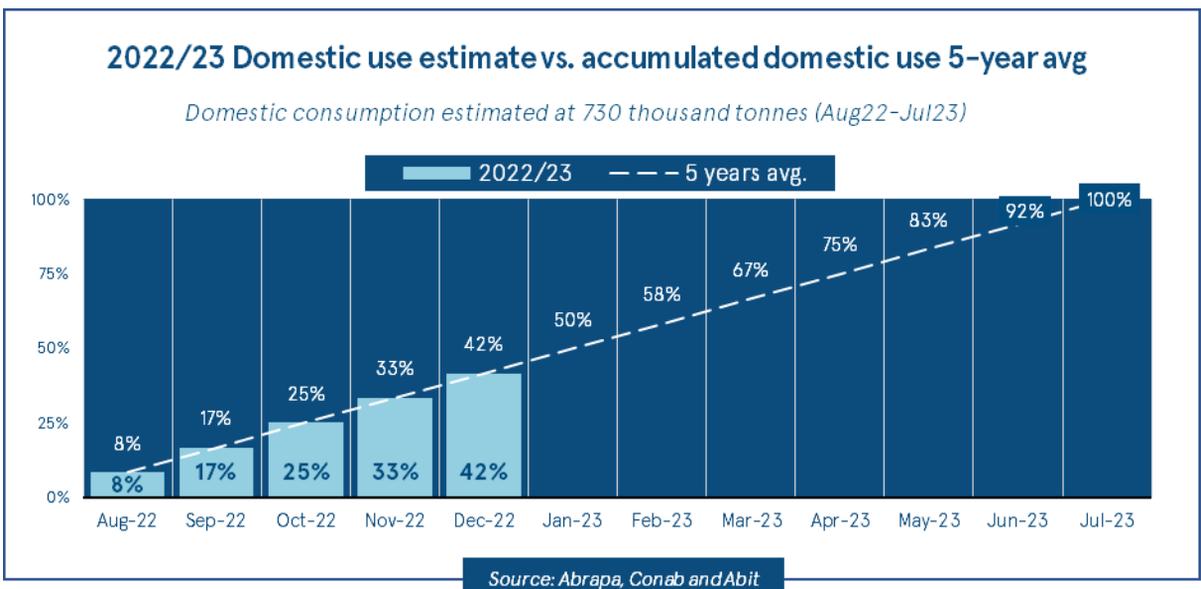
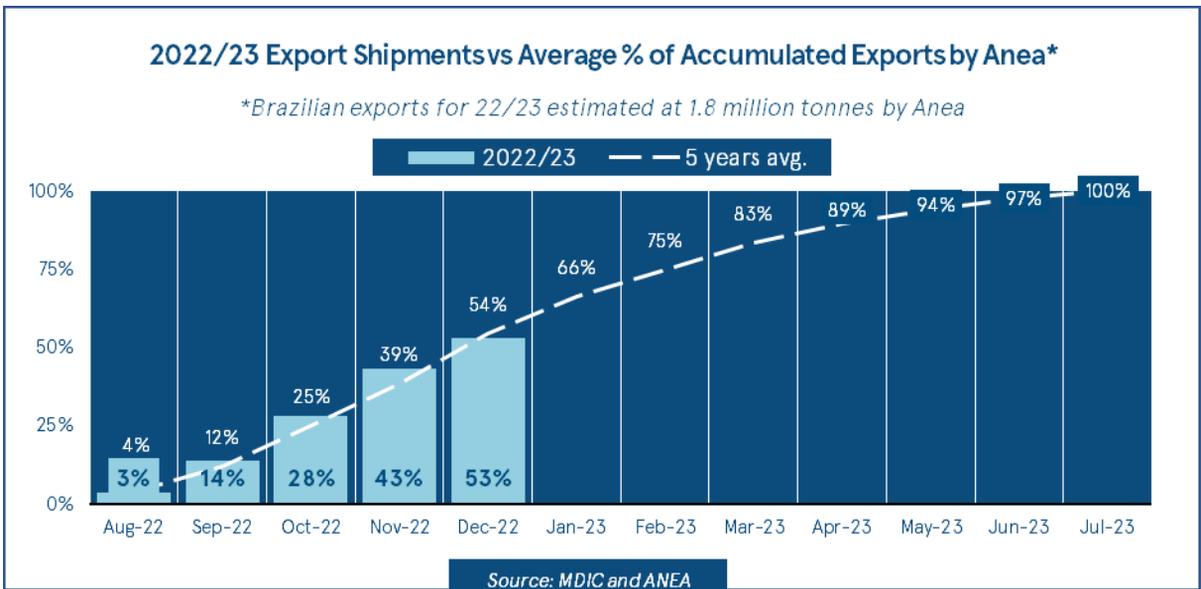


Source: ComexStat – ME, January/2023



5. 2022/23 MARKET YEAR EXPORTS AND DOMESTIC USE

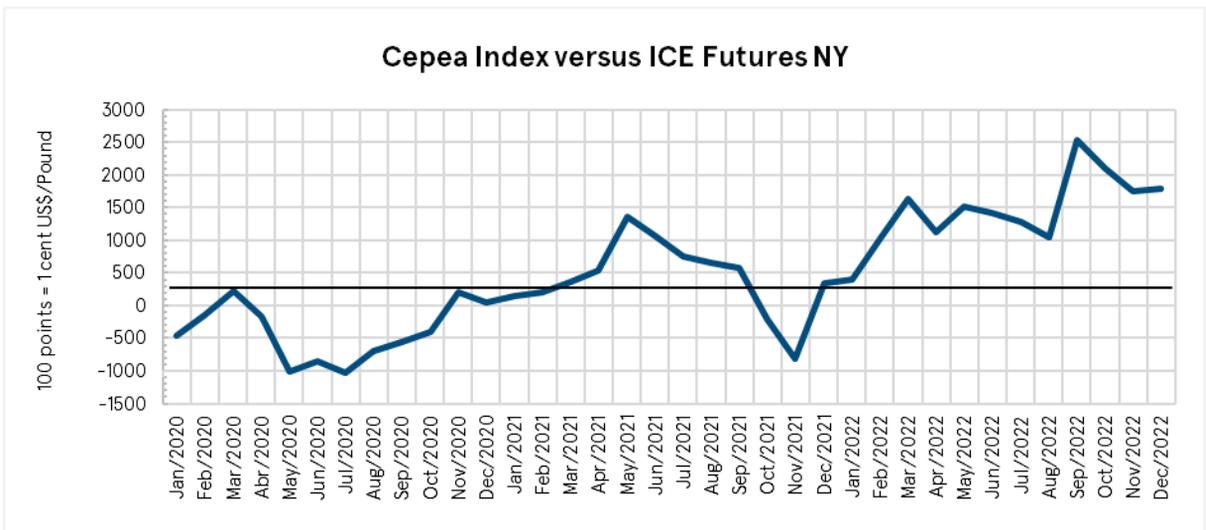
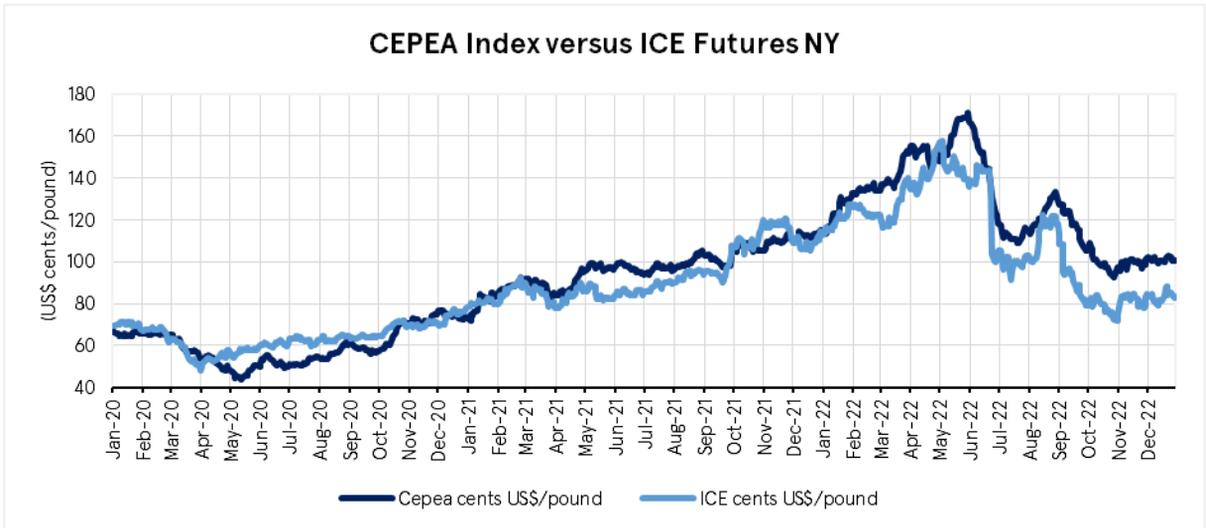
The charts below compare the performance of the current market year (2022/23) with Brazilian cotton exports over the last five years and the average volume consumed domestically in Brazil also over the last five years.





5. PRICES

In December/2023, the Cepea Index* recorded a **drop of 1.1%** and finished the month at **100.74 cents (US\$/pound)**. The December spread average between Brazilian and international prices was at 1,792 positive. Brazilian prices remain above the historical average for this period of the year.



Source: Cepea/USP and ICE Futures, January/2023

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

In Brazil, cotton producers are increasing the use of natural pesticides

2023 kicks off with cotton planting advancing in the Brazilian fields. The new crop has already reached 32% of the projected planted area and one of the hallmarks of this new season is likely to be an increase in the use of biological control mechanisms.

Biological control uses bacteria, insects and fungi to fight against cotton pests. In Brazil, the use of this type of product grew 140% from the 2019/20 to the 2020/21 crop – going from 28% to 67% of cotton producers.

These data are from Blink Strategic Projects who predict this will rise to 99% in 2030.

This growth is due to the increased interest by Brazilian farmers in seeking more sustainable solutions. After all, biological products are efficient, more economical (they help to reduce the use of chemicals), with less environmental impact and are important for the improvement of soil and plant “health”.

Another factor that has contributed to greater usage of biologicals is a larger number of product registration approvals granted by the Brazilian Ministry of Agriculture. In 2022, the Brazilian government approved 112 registrations – which means an increase of 558% in ten years.

Registration of biological products has increased by 500% in Brazil

Source: The Ministry of Agriculture and Kynetec Consultancy.



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