

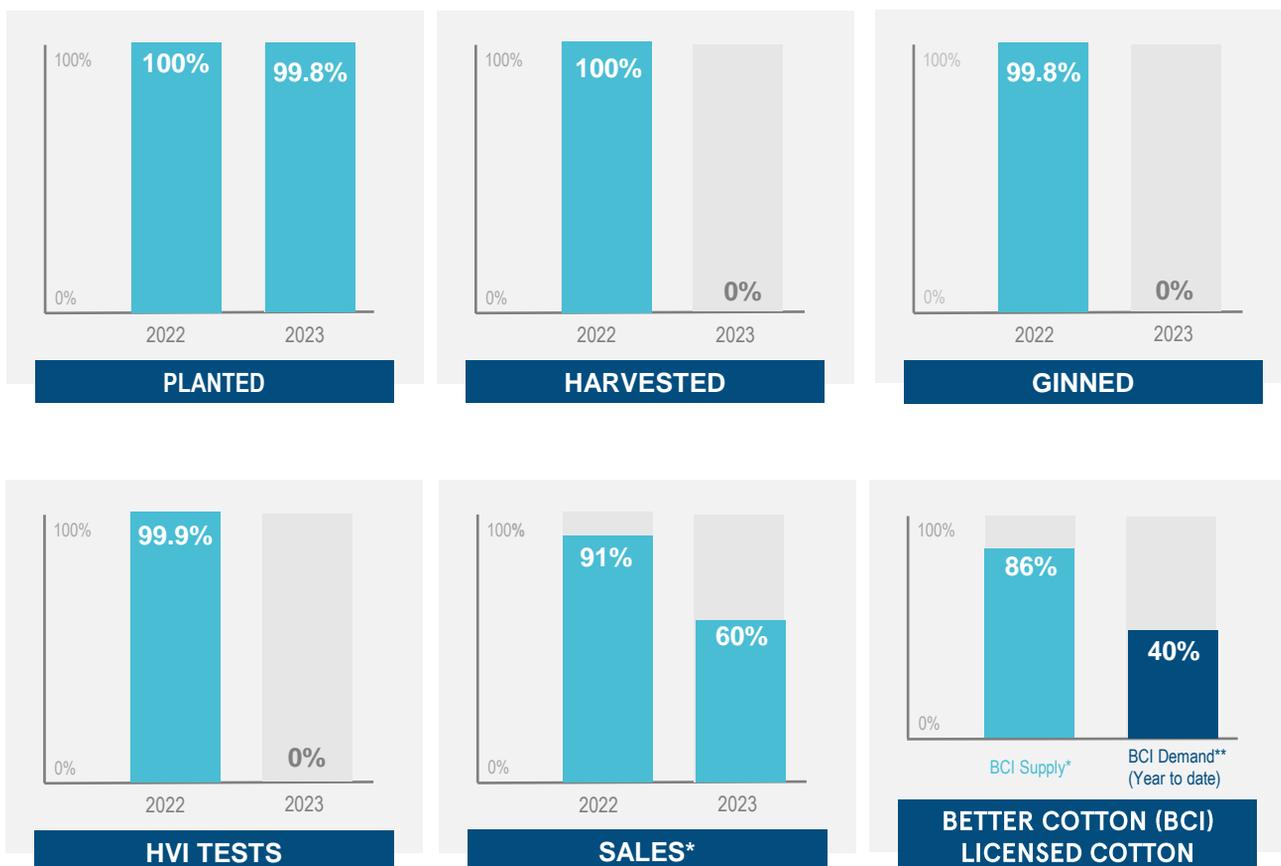


1. HIGHLIGHTS

- Cotton planting in Brazil has speeded up. By March 9th, **99.8% of the area had been planted**, with only the state of Goiás still finishing off.
- In February, **43.2 thousand tonnes** of cotton were shipped from Brazil. In the 2022/23 marketing year, Brazil shipped **1.119 tonnes of cotton** overseas.
- In early March, [Abrapa](#) updated their projections for the 2023 crop. The numbers indicate an **increase** in the planted area and in the volume produced of Brazilian cotton.

*Marketing Year: Aug-22 to Jul-23

2. STATUS OF BRAZIL'S COTTON CROPS



* Cotton sold by farmers

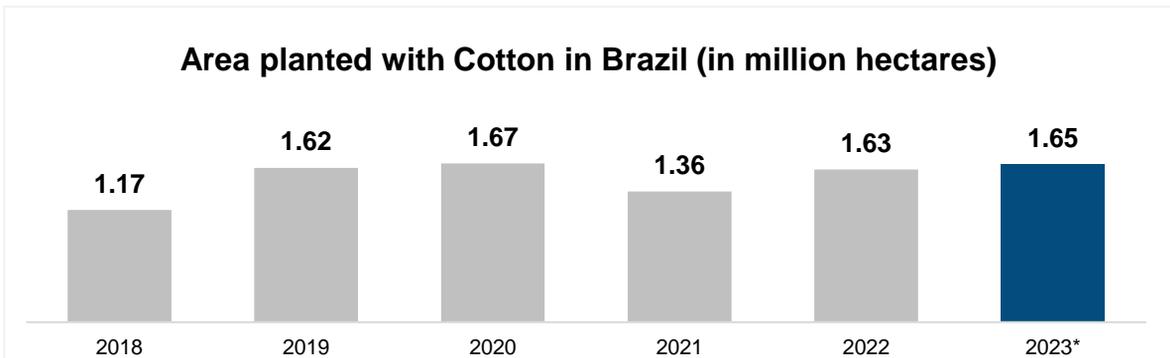
** Better Cotton (BCI) production in Brazil as a % of total Brazilian cotton production (2022 Crop year)

*** Better Cotton (BCI) units claimed by buyers marketing year-to-date as a % of total Brazilian cotton production (Marketing Year: Aug-22 to Jul-23)

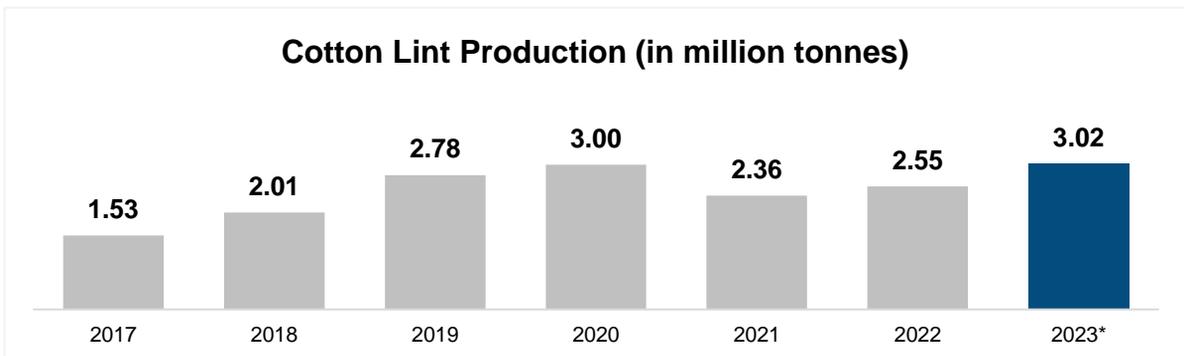


3. 2023 CROP

Abrapa estimates that the 2023 crop will achieve an area of 1.65 million hectares from which 3.02 million tonnes will be produced. These numbers were updated in early March 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 +0,8% 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 Mar/2023.

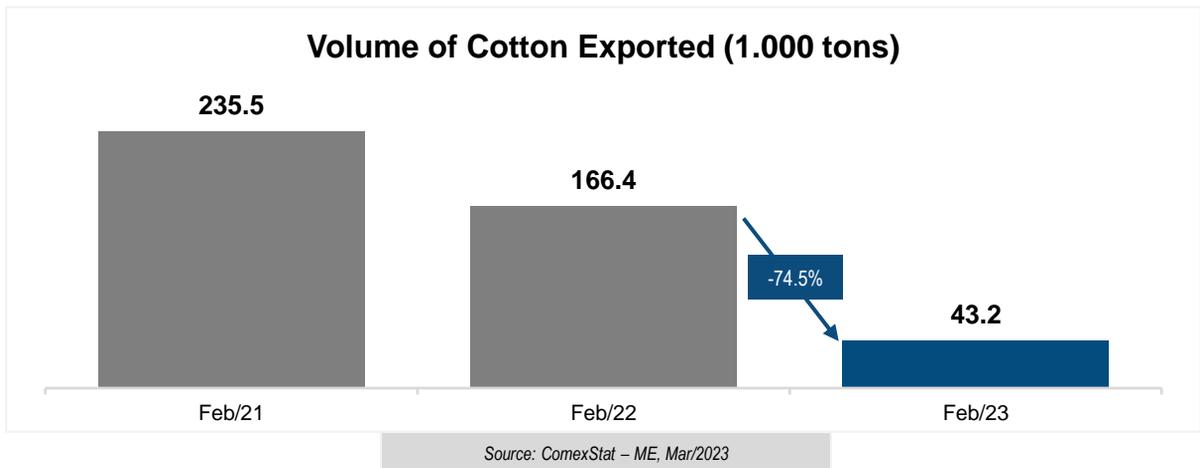
In terms of yield, **Abrapa** forecasts an increase of 17.2%, rising to 1,827 kg of cotton lint/ha in 2023. In 2022, the drought at the end of the season significantly reduced the cotton yields in Brazil.

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	6.27	7.32	8.3%	16.7%
LINT (COTTON)	2.01	2.78	3.00	2.36	2.55	3.02	8.1%	18.20%
YIELD (kg/ha)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	4.267	4.292	4.427	4.23	3.92	4.435	-7.3%	13.1%
LINT (COTTON)	1.708	1.717	1.802	1.721	1.559	1.827	-9.4%	17.2%

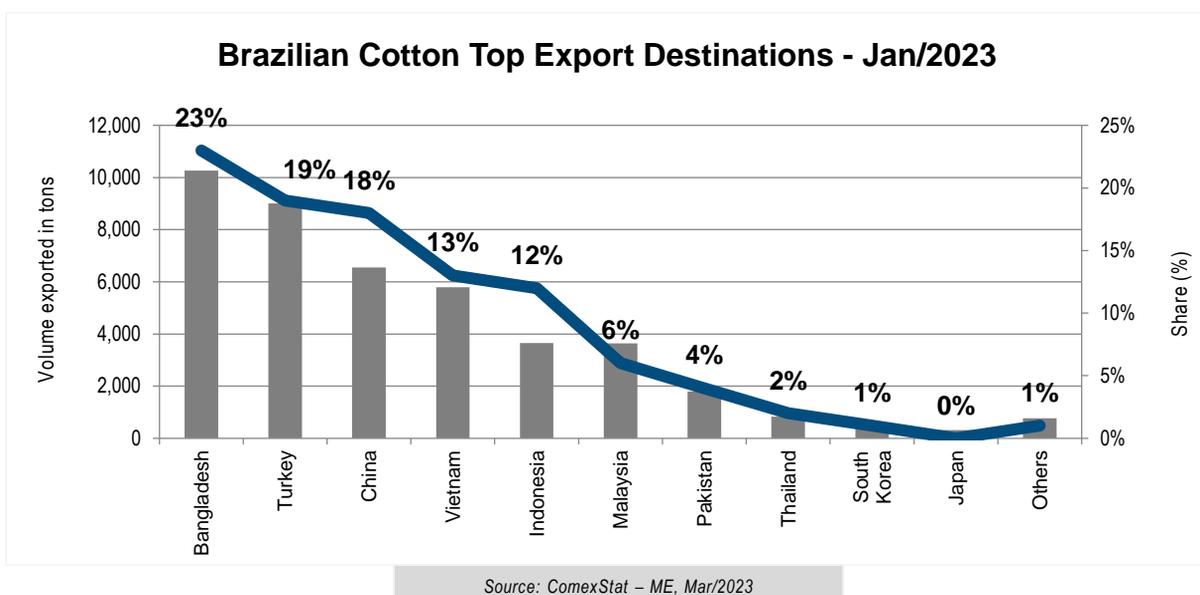
Source: Conab *Forecast: Abrapa (mar 23)

4. EXPORT SHIPMENTS

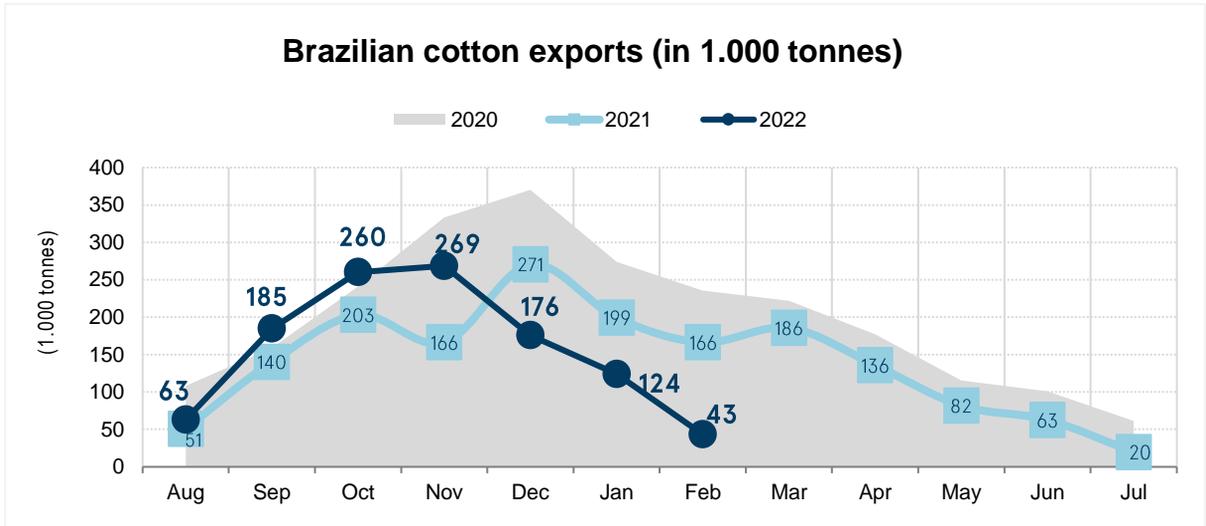
Brazil exported **43.2 thousand tonnes** of cotton in Feb/2023. This volume is **74.5% below** the amount shipped in Feb/2022. The February exports of Brazilian cotton resulted in revenues of US\$ 81.6 million.



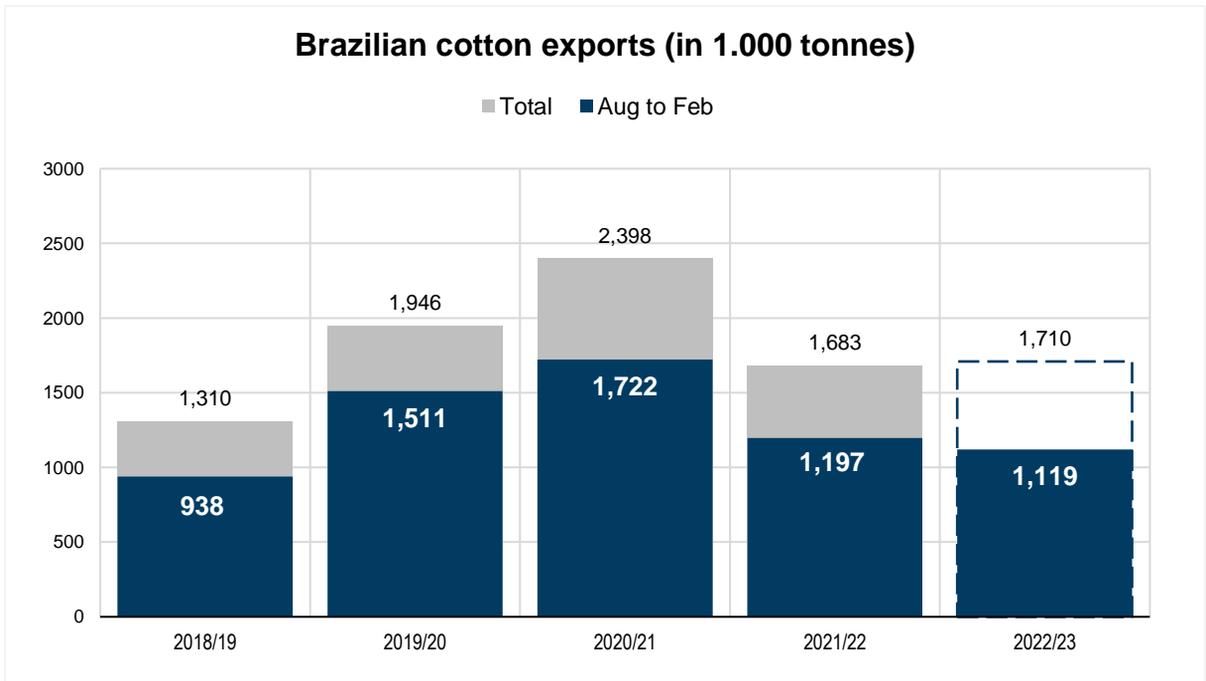
Bangladesh, Turkey and China were the main destinations for Brazilian cotton exports in February, totaling 25.8 thousand tonnes. Together, the three countries accounted for **60%** of the entire volume for the month.



In the cumulative analysis, the volume of Brazilian cotton shipped from August to February 2023 is the **third largest** on record since 2018.



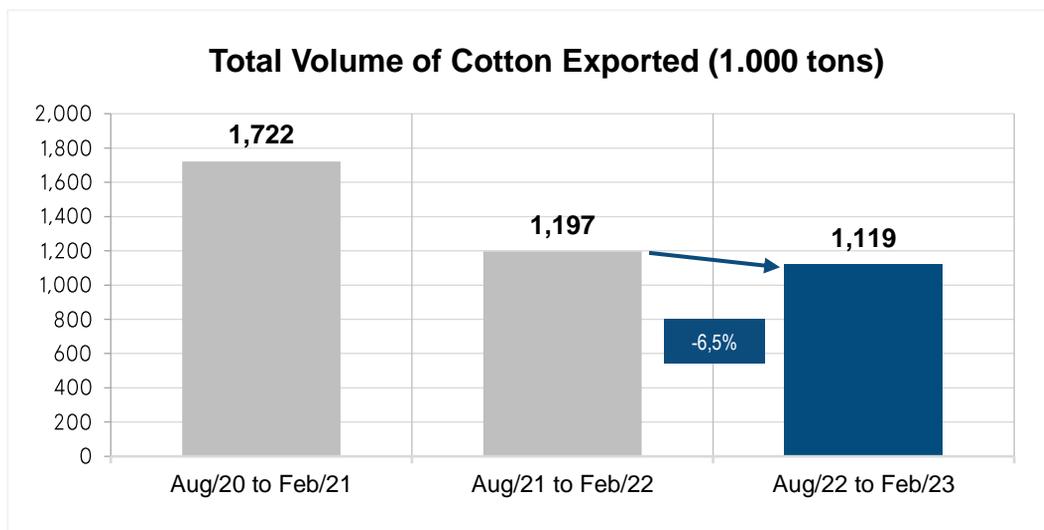
Source: ComexStat – ME, Mar/2023. Marketing Year: August to July



Source: ComexStat – ME, March/2023. Marketing Year: August to July. *2022/23 Exports Forecast

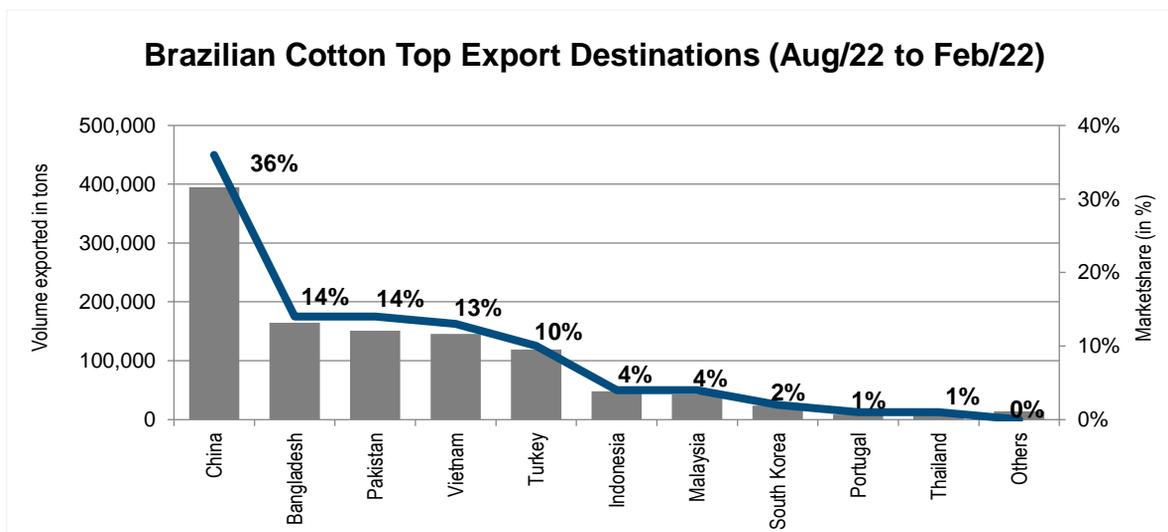


In the first seven months of the marketing year (Aug/22 to Feb/23), Brazil shipped **1,119 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is **6,5% below** the amount recorded for the same period in 2021/2022. In these seven months, exports generated revenues of just over **US\$ 2.2 billion**.



Source: ComexStat – ME, March/2023

Total numbers show **China as the main buyer of Brazilian cotton**. China imported 395 thousand tonnes between August and February and thus accounted for **36%** of all the volume exported up to now.



Source: ComexStat – ME, March/2023

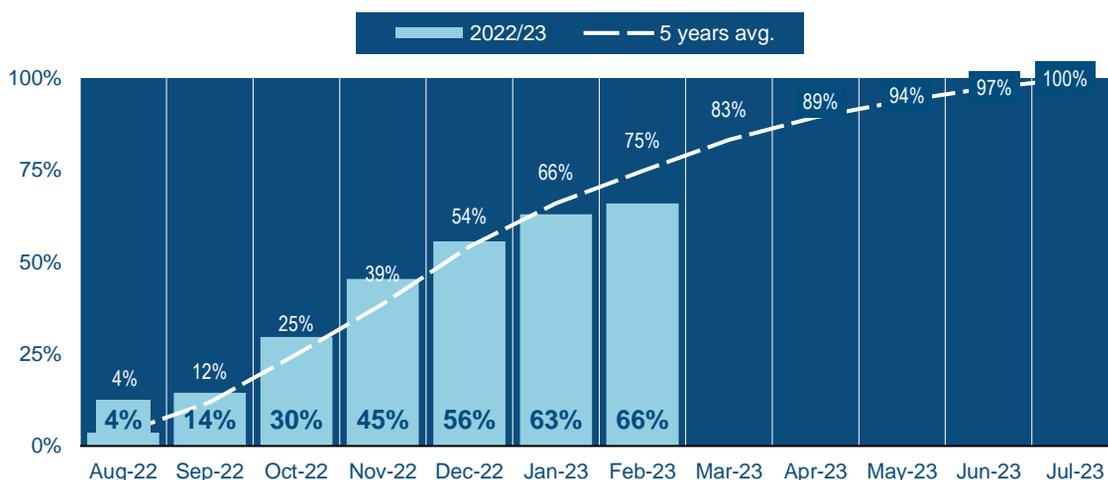


5. 2022/23 MARKET YEAR EXPORTS AND DOMESTIC USE

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.

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

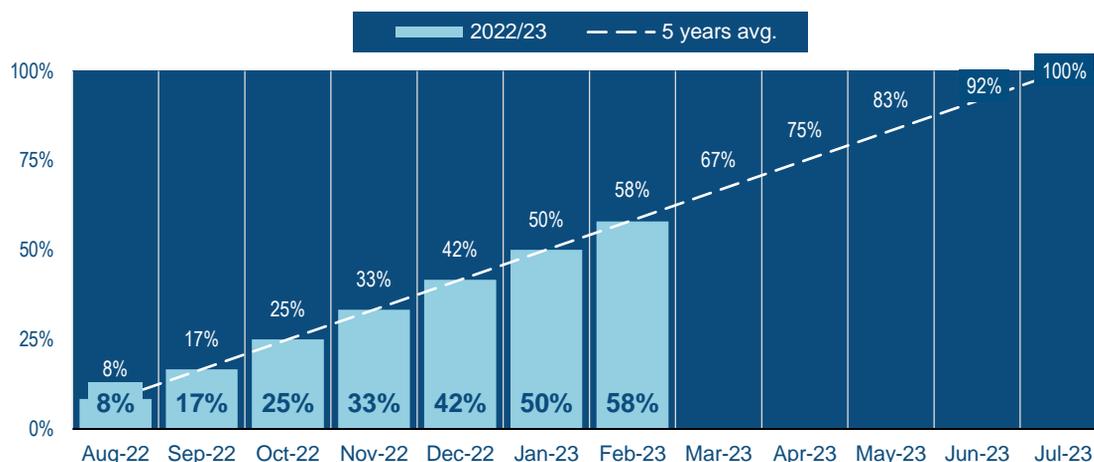
*Brazilian exports for 22/23 estimated at 1.7 million tonnes by Area



Source: MDIC and ANEA

2022/23 Domestic use estimate vs. accumulated domestic use 5-year avg

Domestic consumption estimated at 730 thousand tonnes (Aug22-Jul23)

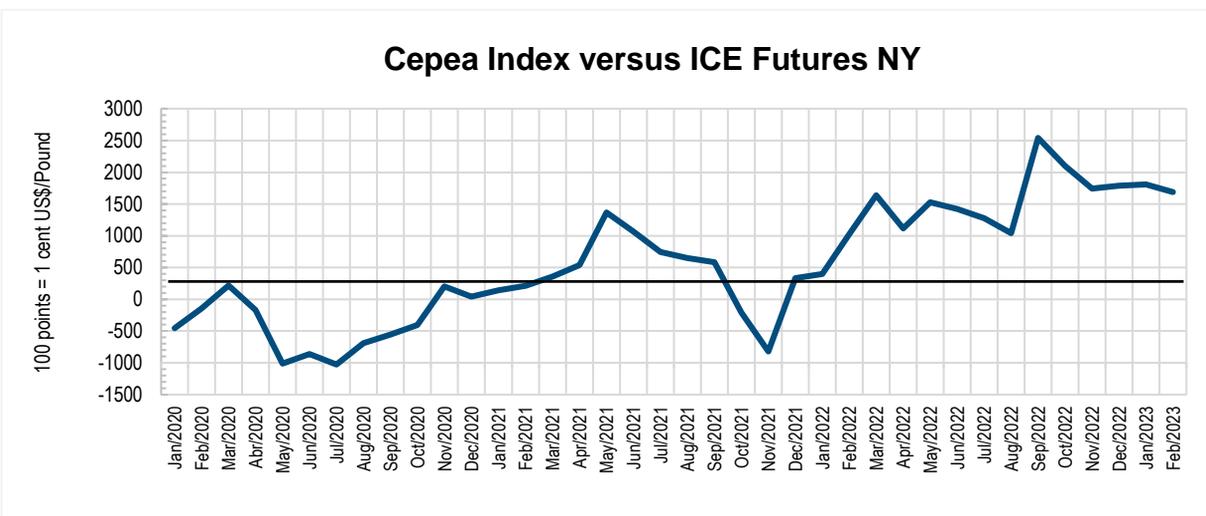
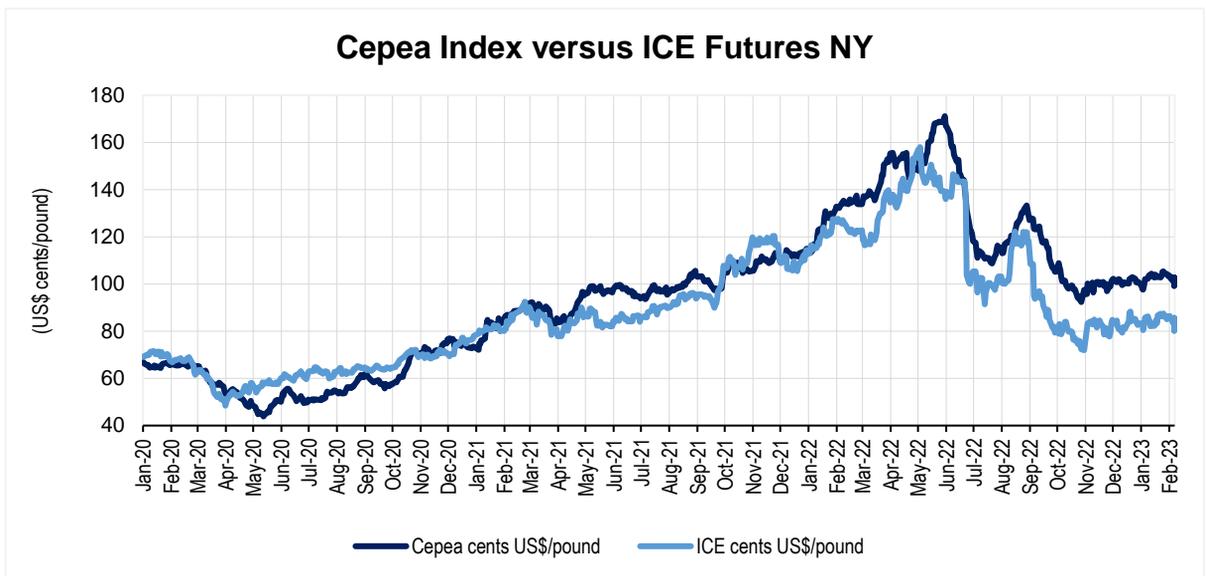


Source: Abrapa, Conab and Abit



5. PRICES

In February/2023, the *Cepea Index** accumulated a **decrease of 4.3%** and finished the month at 99.12 cents (US\$/pound). The February spread average between Brazilian and international prices was at **1,691 positive**. Brazilian prices remain **above** the historical average for this period of the year.



Source: Cepea/USP and ICE Futures, March/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

Brazil projects an 18% increase in cotton production in the 2023 crop

Brazil updated the figures for the 2022/23 cotton crop in early March. The planted area was 1.65 million hectares, **0.8% more** than in the previous cycle. With an average productivity of 1.827 kg/hectare, production is estimated at **3.02 million tonnes**.

If confirmed, the **18% increase** in volume produced could result in the best Brazilian crop in history. So far, only the 2019/20 harvest has surpassed the 3 million tonne mark.

The projections were made by the [Brazilian Association of Cotton Producers \(Abrapa\)](#) and show the efforts of Brazilian cotton farmers to overcome the challenges generated by the increase in production costs.

Brazil is one of the main importers of fertilizers from Ukraine and Russia, and the conflict between the

two countries has inflated the prices of these inputs.

The National Association of Cotton Exporters (Anea) projects that Brazil will export around **1.71 million tonnes** in the 2022/2023 cycle.

Despite the numbers, Brazilian producers remain cautious and are keeping an eye on the weather.

The cotton planting window got shorter this year, mainly in the main producing state, Mato Grosso. There, cotton sowing is mainly as the second crop, that is, following the soybean harvest.

Since the soybean crop was delayed this year, the pace of work on cotton crops was also impacted. Sowing occurred more slowly, although this also meant there is no risk to plant development.

2022/23 Brazilian Cotton Crop Forecast*



PLANTED AREA

1.65 million hectares

+0.8% aa

PRODUCTION

3.02 million tons

+18% aa

YIELD

1.827 kg/hectare

+17.2% aa

* ABRAPA (MAR/23)