

1. HIGHLIGHTS

- In April, **61 thousand tonnes** of cotton were shipped from Brazil. In the 2022/23 marketing year, Brazil shipped **1,256 thousand tonnes** of cotton overseas.
- Between Aug/22 and Apr/23, **China remained as the main buyer of Brazilian cotton, accounting for 32%** of the total exported so far.
- In March, with training taking place of the cotton gin inspectors, the implementation of the **Brazilian Cotton Quality Program** progressed in April.

*Marketing Year: Aug-22 to Jul-23

2. STATUS OF BRAZIL'S COTTON CROPS



* Percentage of cotton sold from grower to merchant

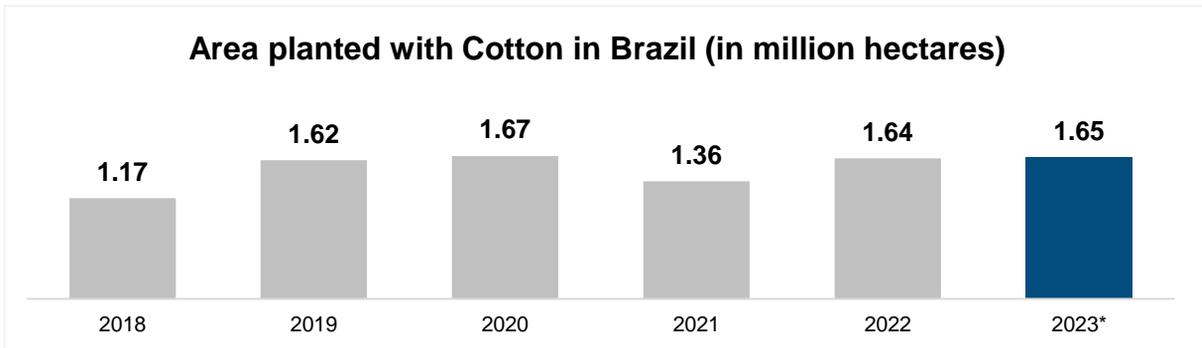
** Better Cotton (BCI) production in Brazil as a % of total Brazilian cotton production (2022 Crop year)

*** 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

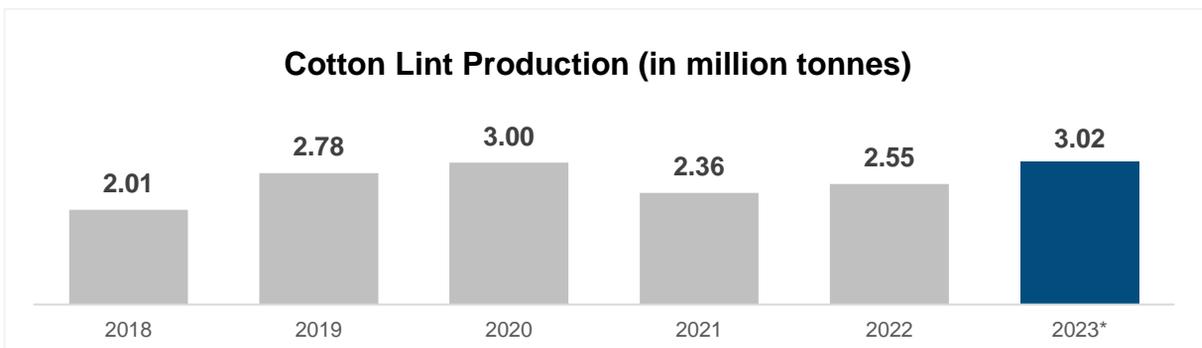
The scenario for planted area and production volume of cotton in Brazil remain the same as last month. Abrapa forecasts a crop area for 2023 of 1.65 million hectares and 3.02 million tonnes of cotton production. If this forecast is confirmed, the country will have an increase of 0,8% in the planted area and 18% in the volume to be harvested.

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 Mar/2023.

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

Brazilian Cotton Harvest

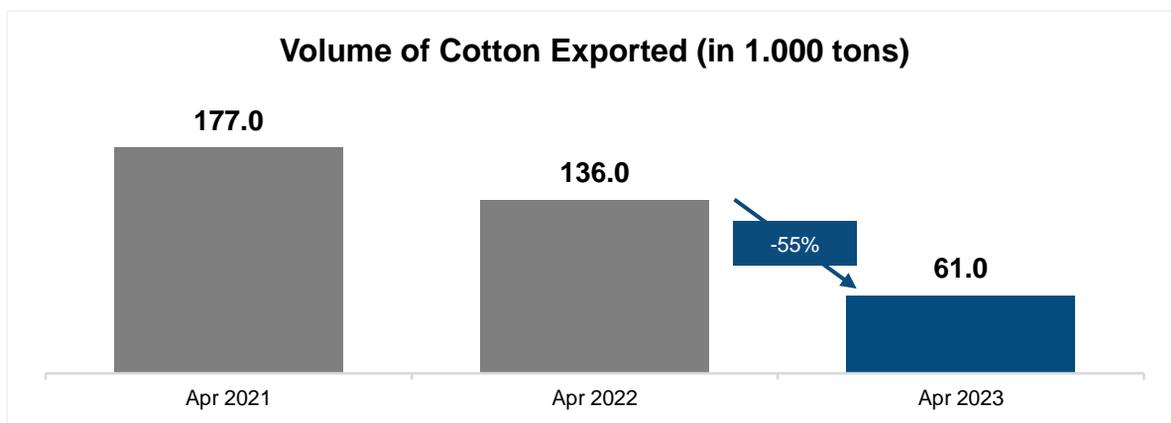
PRODUCTION (million tons)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	5.01	6.94	7.37	5.79	6.27	7.32	8.3%	16.7%
LINT (COTTON)	2.01	2.78	3.00	2.36	2.55	3.02	8.1%	18.4%
YIELD (kg/ha)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	4,267	4,292	4,427	4,230	3,920	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)



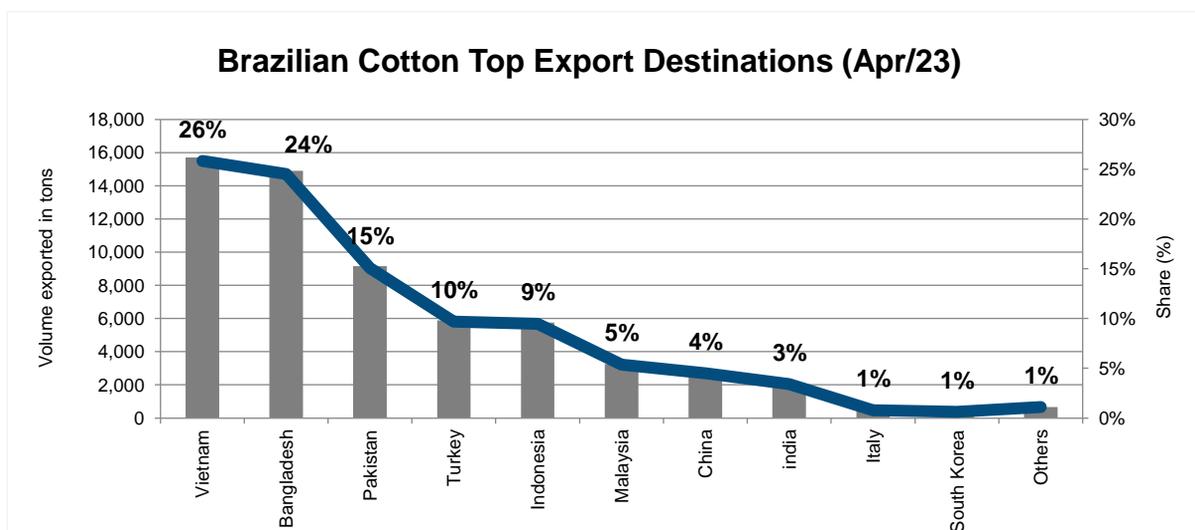
4. EXPORT SHIPMENTS

Brazil exported **61 thousand tonnes** of cotton in April/2023. This volume is **55% below** the amount shipped in April/2022. The monthly shipments of Brazilian cotton resulted in revenues of **\$113.7 million**.



Source: ComexStat - ME, May/2022

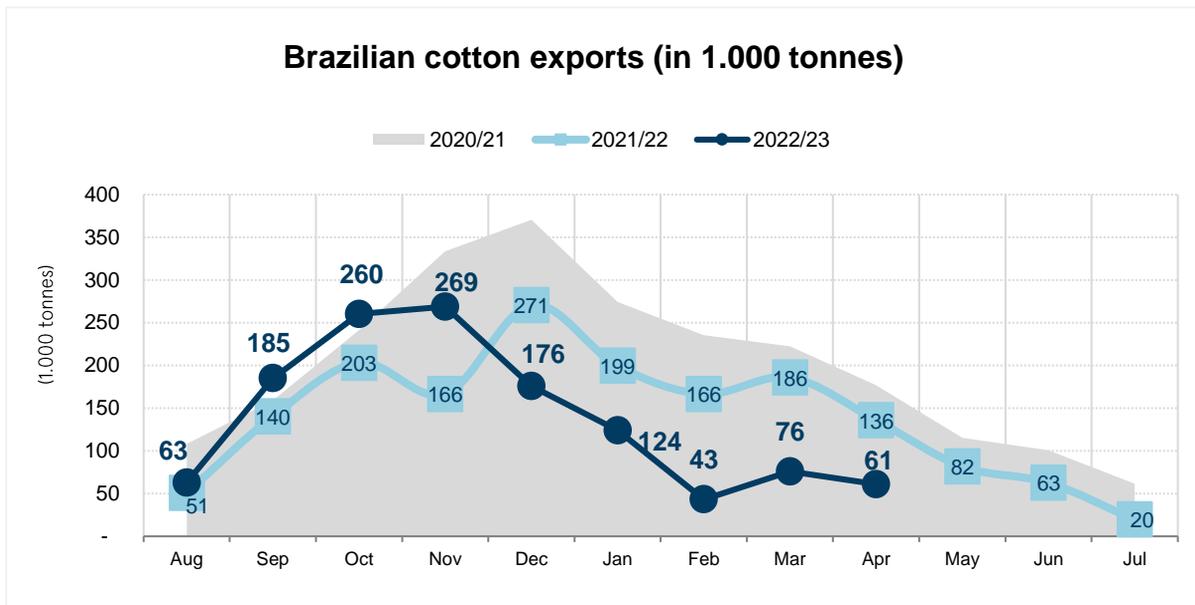
Vietnam, Bangladesh and Pakistan were the main destinations for Brazilian cotton exports in April, totaling 39.7 thousand tonnes. Together, the three countries accounted for **65%** of the entire volume for the month.



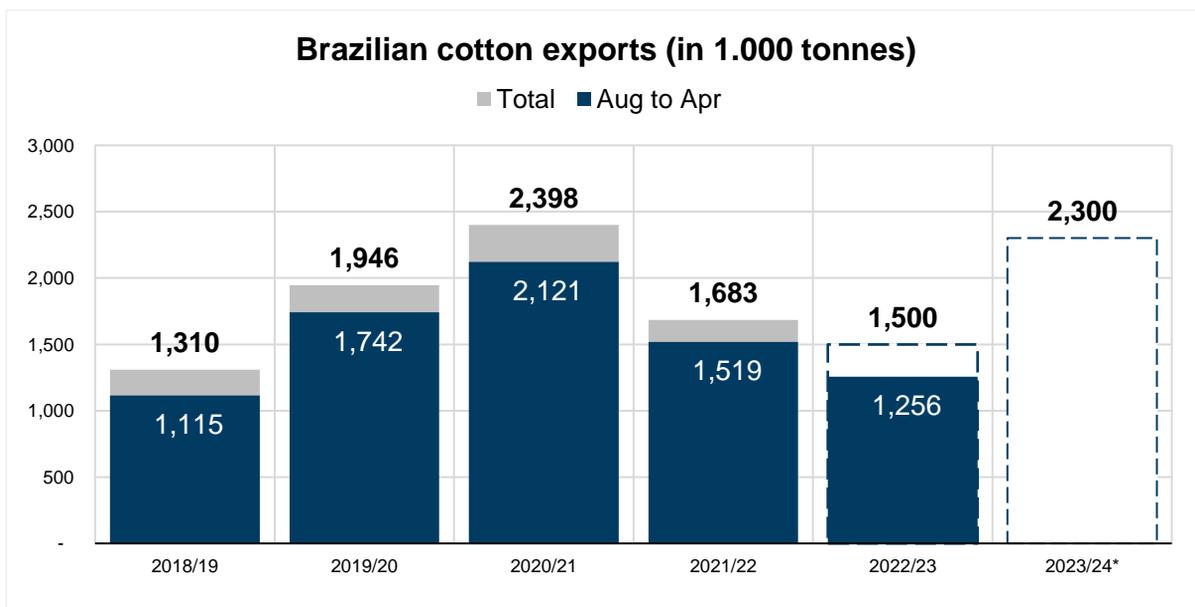
Source: ComexStat - ME, May/2022



In the marketing year cumulative analysis, the volume of Brazilian cotton shipped from August 2022 to April 2023 is the **fourth largest** on record.



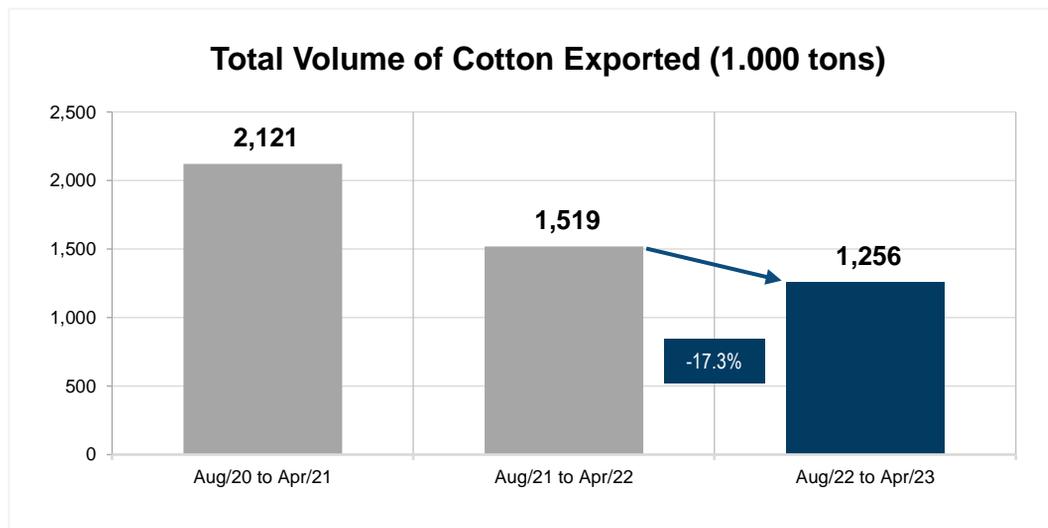
Source: ComexStat – ME, May/2023. Marketing Year: August to July



Source: ComexStat – ME, May/2023. Marketing Year: August to July. * Forecast

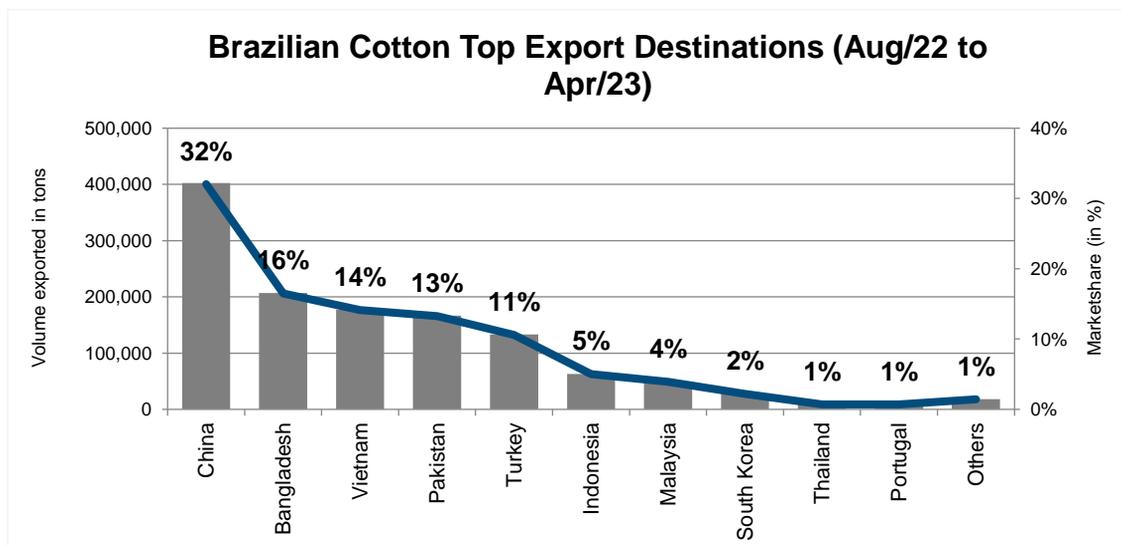


In the first nine months of the marketing year (Aug/22 to Apr/23), Brazil shipped **1,256 thousand tonnes** of cotton overseas. This volume corresponds to a performance that is **17.3% below** the amount recorded for the same period in 2021/2022. In these nine months, exports generated revenues of just over **US\$ 2.4 billion**.



Source: ComexStat - ME, May/2023

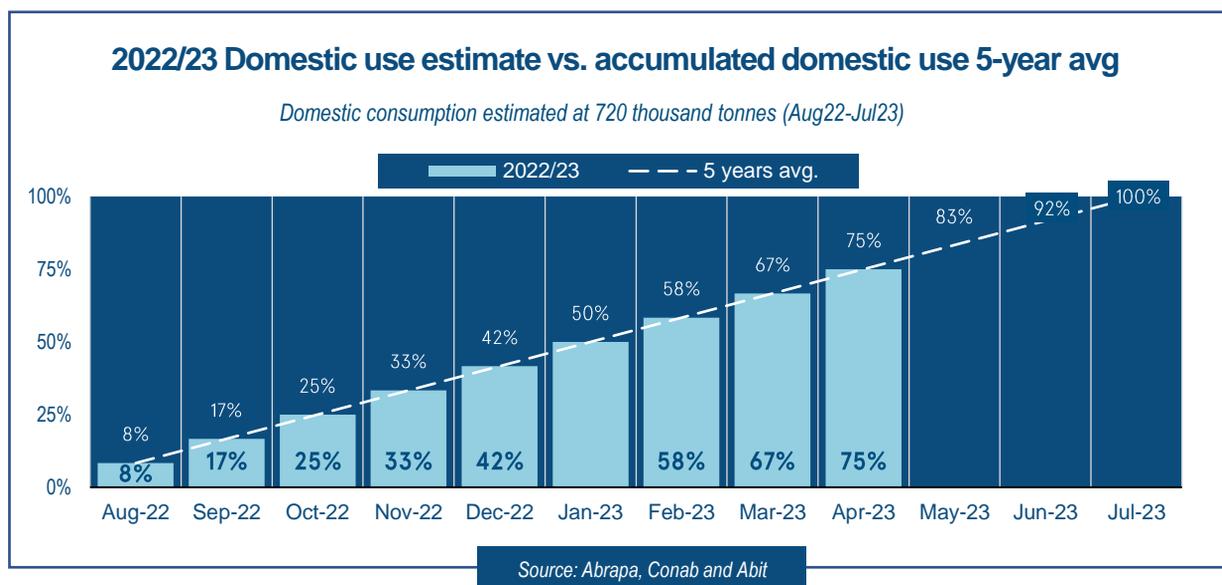
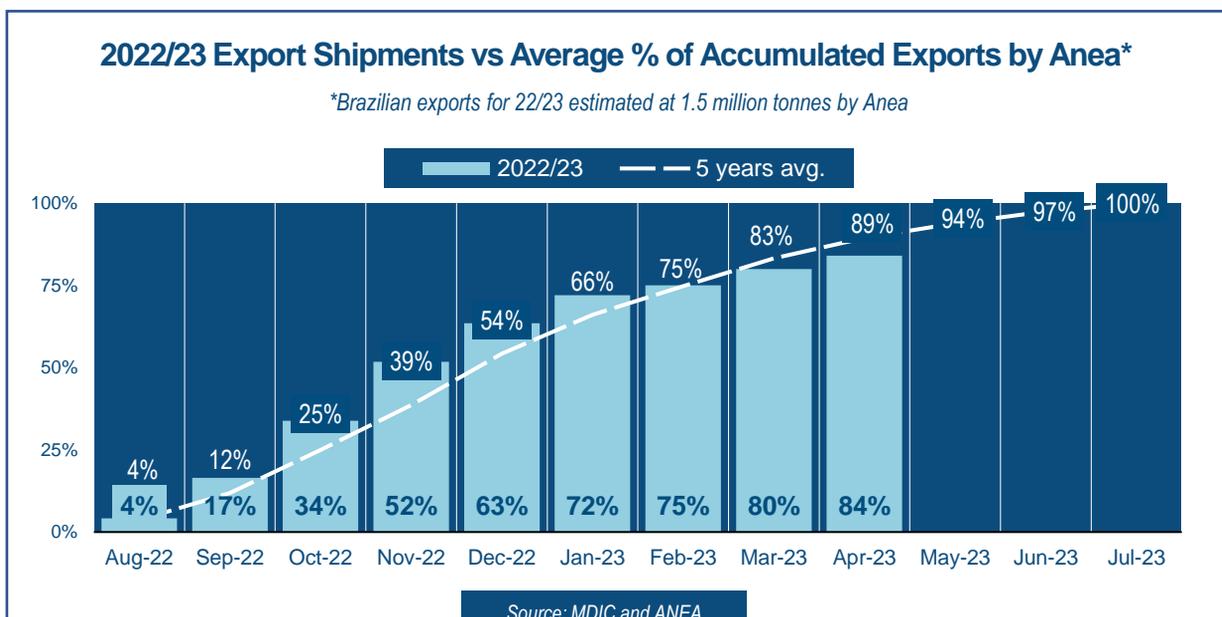
China remains as the **main buyer of Brazilian cotton**. China imported 402 thousand tonnes between August and April and thus accounted for **32%** of all the volume exported up to now.



Source: ComexStat - ME, May/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.

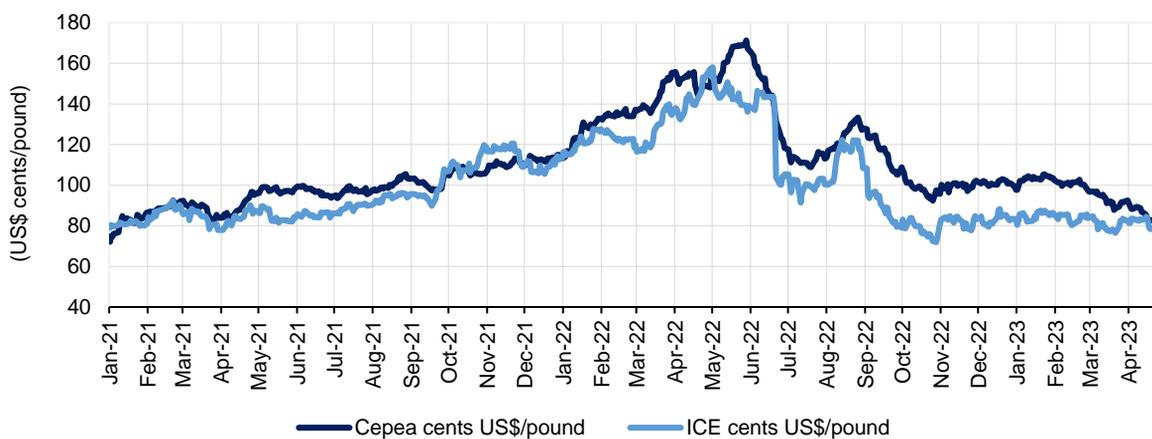




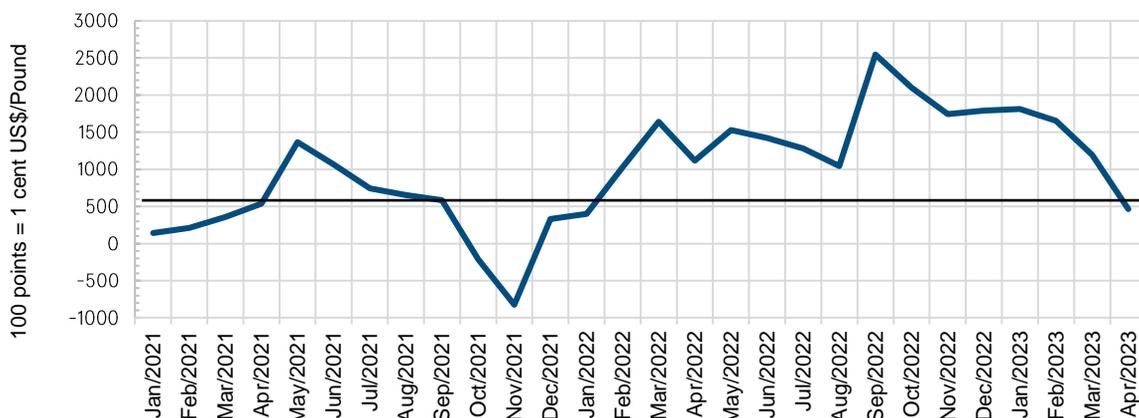
5. PRICES

In April/2023, the *Cepea Index** accumulated a **drop of 13.2%** and finished the month at 79.73 cents (US\$/pound). The positive spread between Brazilian and international prices registered in the previous months ended in April at nearly zero (**0.462 positive in April Average**).

CEPEA Index versus ICE Futures NY



Cepea Index versus ICE Futures NY



Source: Cepea/USP and ICE Futures, May/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

The Brazilian Cotton Quality Program is moving forwards rapidly

In April, **Abrapa** concluded a series of training sessions for cotton gin inspectors in the states of Bahia, Tocantins, Piauí and Maranhão. These training sessions are an important step in the implementation of the **Brazilian Cotton Quality Program** developed by the Ministry of Agriculture and Livestock in partnership with Abrapa.

In practice, this program aims to increase the reliability level of HVI tests carried out in Brazil. International customers of Brazilian cotton will now have an official certificate from the Brazilian Government guaranteeing the test results.

To achieve this, systematic sampling of each bale is carried out during ginning, transport and storage of the samples that are tested by the laboratories. The procedure follows international HVI classification practices as a parameter.

Set up in 2021, the **Brazilian Cotton Quality Program** is being gradually implemented in the 2022/23 season. As this is the first season, there are still no official figures on how many producers have already joined this initiative.

Cotton inspectors are the professionals responsible for entering information into the electronic identification and quality analysis systems used in Brazil.

Since in Brazil 100% of all exported bales can be traced backed to their origin online, the system ensures full transparency for the buyer, eliminating the need for additional quality control at the final destination.

Follow the **traceability** of Brazilian cotton at <http://www.cottonbrazil.com/traceability>.

