

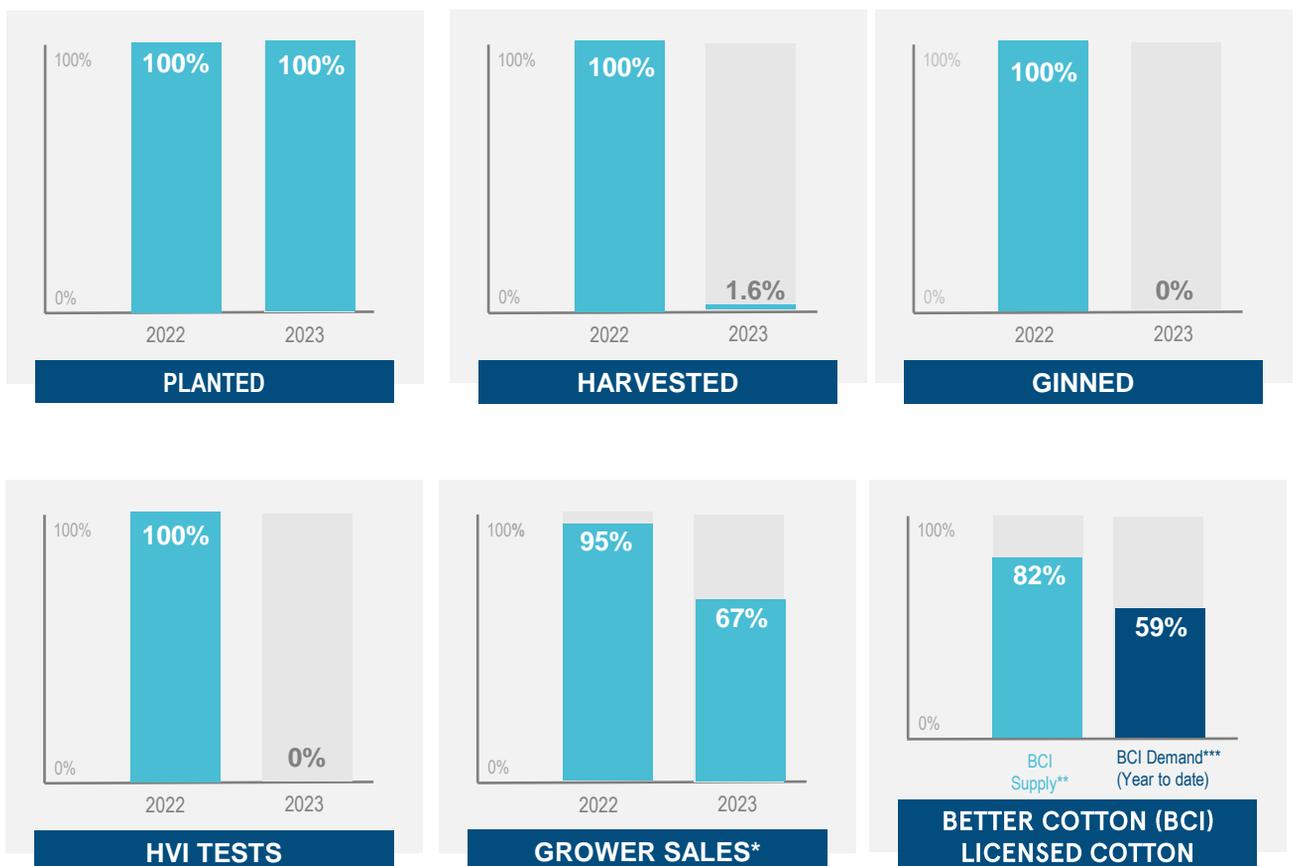


1. HIGHLIGHTS

- **Harvesting** has just begun in Brazilian cotton fields.
- In May, **60.3 thousand tonnes** of cotton were shipped from Brazil. In the 2022/23 marketing year, Brazil shipped **1,316 thousand tonnes** of cotton overseas.
- Between Aug/22 and May/23, **China remained as the main buyer of Brazilian cotton, accounting for 31%** of the total exported so far.
- The Brazilian Cotton Quality Program certifies laboratory tests and sampling.

*Marketing Year: Aug-22 to Jul-23

2. STATUS OF BRAZIL'S COTTON CROPS



* Percentage of cotton sold from grower to merchant

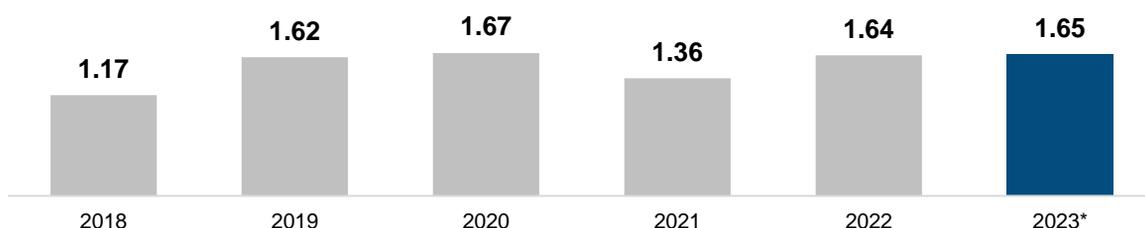
** Better Cotton (BCI) production in Brazil as a % of total Brazilian cotton production (2022 Crop year)
*** Better Cotton (BCI) units claimed by buyers for the marketing year to date, as a % of total Brazilian cotton production (Marketing Year: Aug-22 to Jul-23)



3. 2023 CROP

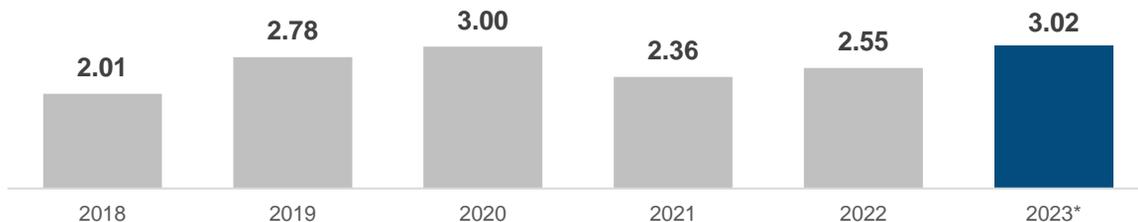
The scenario for planted area and production volume of cotton in Brazil remain the same as last month. Abrapa forecasts a crop area for 2023 of 1.65 million hectares and 3.02 million tonnes of cotton production. If this forecast is confirmed, the country will have an increase of 0,8% in the planted area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

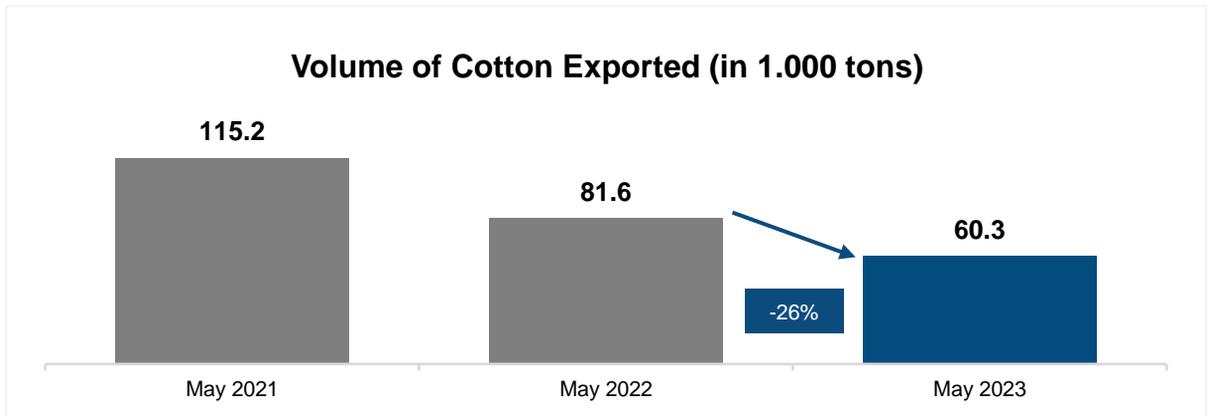
PRODUCTION (million tons)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	5.01	6.94	7.37	5.79	6.27	7.32	8.3%	16.7%
LINT (COTTON)	2.01	2.78	3.00	2.36	2.55	3.02	8.1%	18.4%
YIELD (kg/ha)	2018	2019	2020	2021	2022	2023*	22 vs. 21 (%)	23 vs. 22 (%)
SEED COTTON	4,267	4,292	4,427	4,230	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 **60.3 thousand tonnes** of cotton in May/2023. This volume is **26% below** the amount shipped in May/2022. The monthly shipments of Brazilian cotton resulted in revenues of **US\$ 111.2 million**.



Bangladesh, Vietnam and Pakistan were the main destinations for Brazilian cotton exports in May, totaling 36.2 thousand tonnes.

Together, the three countries accounted for **60%** of the entire volume for the month.

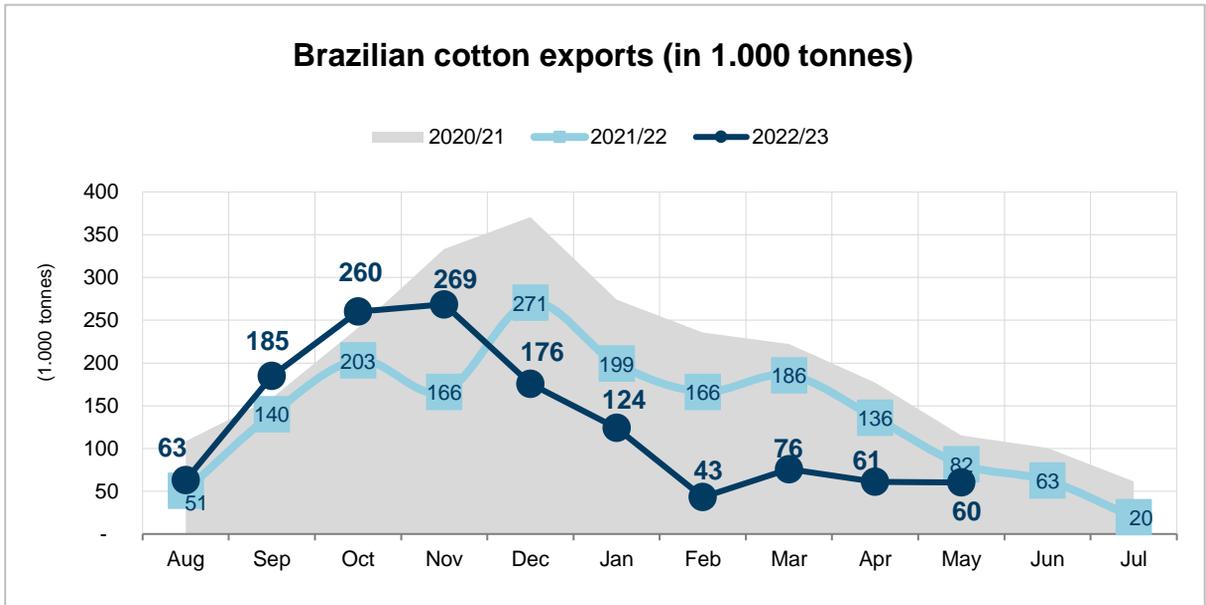
Brazilian Cotton Top Export Destinations (May/23) in tons

Bangladesh	16,583	27%
Vietnam	11,231	19%
Pakistan	8,404	14%
Turkey	8,068	13%
Indonesia	6,357	11%
India	5,213	9%
China	2,662	4%
Malaysia	1,230	2%
Italy	227	0%
Switzerland	194	0%
Others	152	0%
Total	60,320	

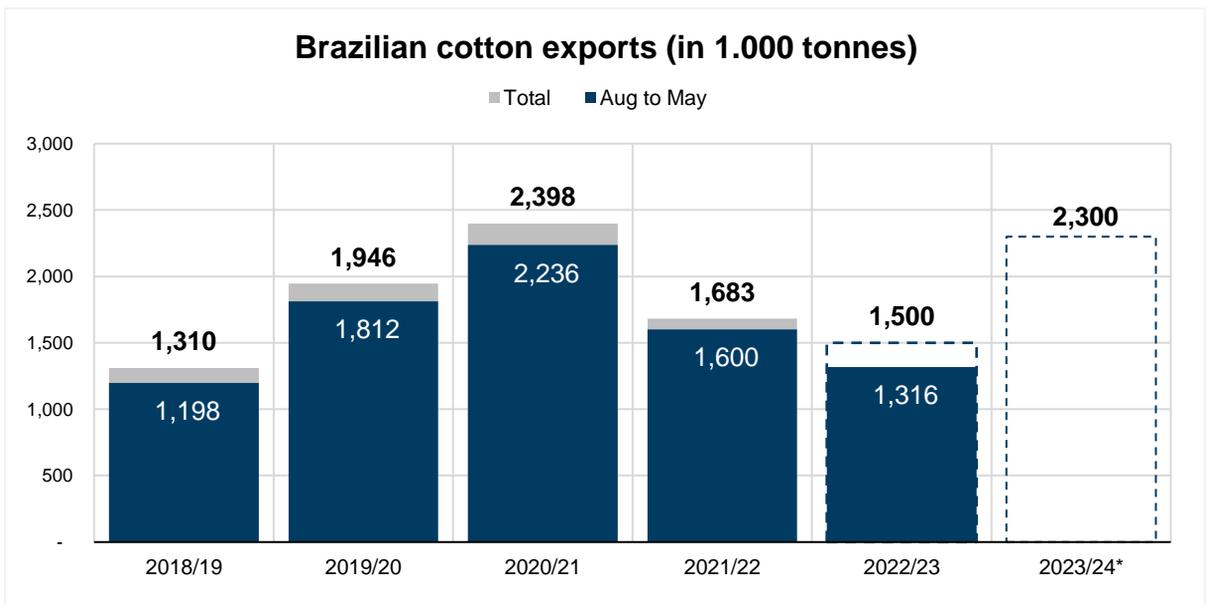
Source: ComexStat – ME, June/2022



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



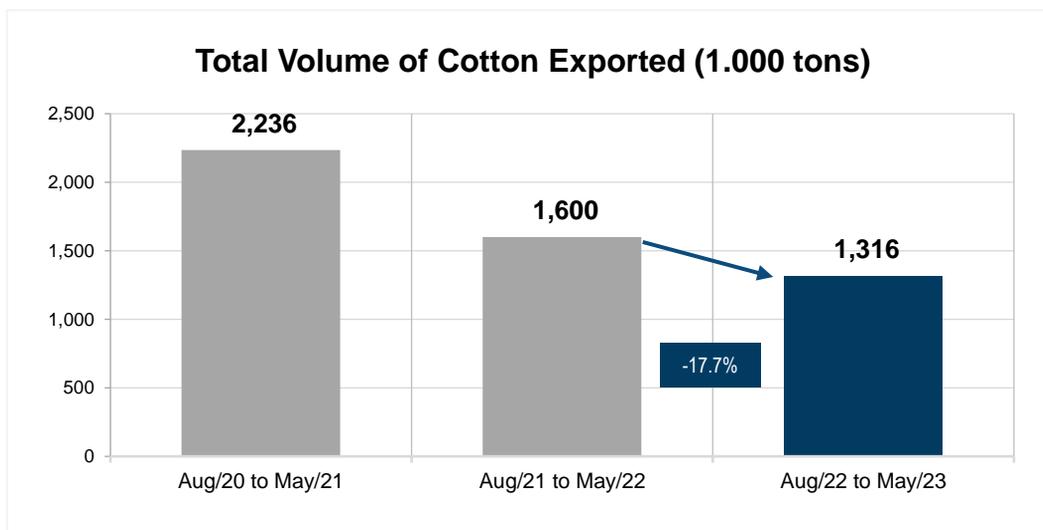
Source: ComexStat – ME, Jun/2023. Marketing Year: August to July



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



In the first ten months of the marketing year (Aug/22 to May/23), Brazil shipped **1,316 thousand tonnes** of cotton overseas. This volume is **17.7% below** the amount recorded for the same period in 2021/2022. In these ten months, exports generated revenues of **US\$ 2.6 billion**.



Source: ComexStat – ME, Jun/2023.

China remains as the **main buyer of Brazilian cotton**.

China imported 404.9 thousand tonnes between August and May and thus accounted for **31%** of all the volume exported up to now.

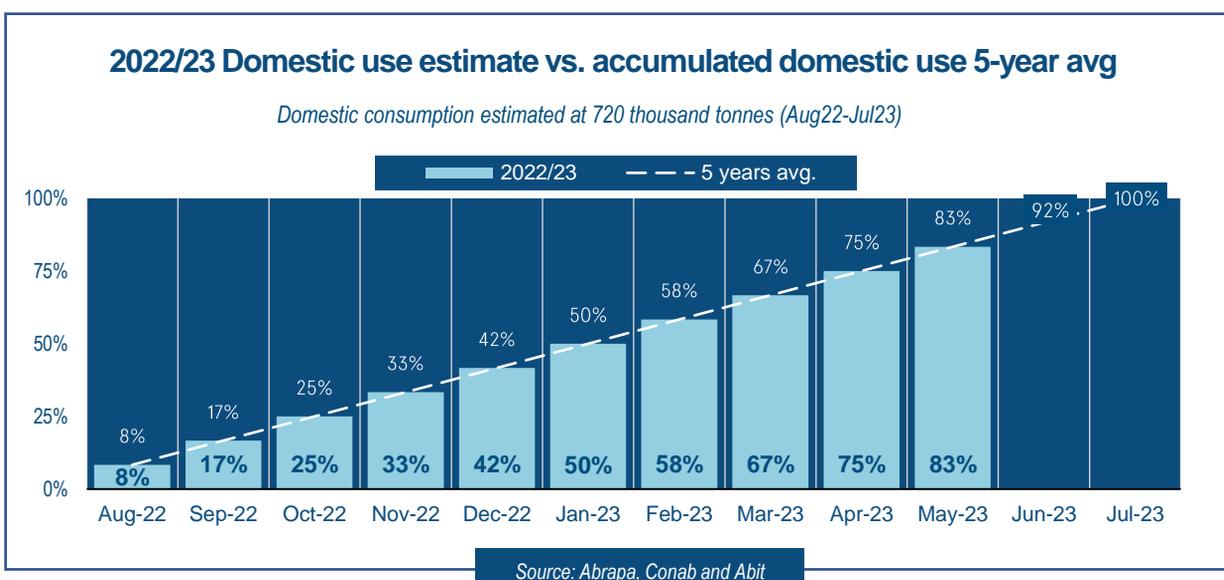
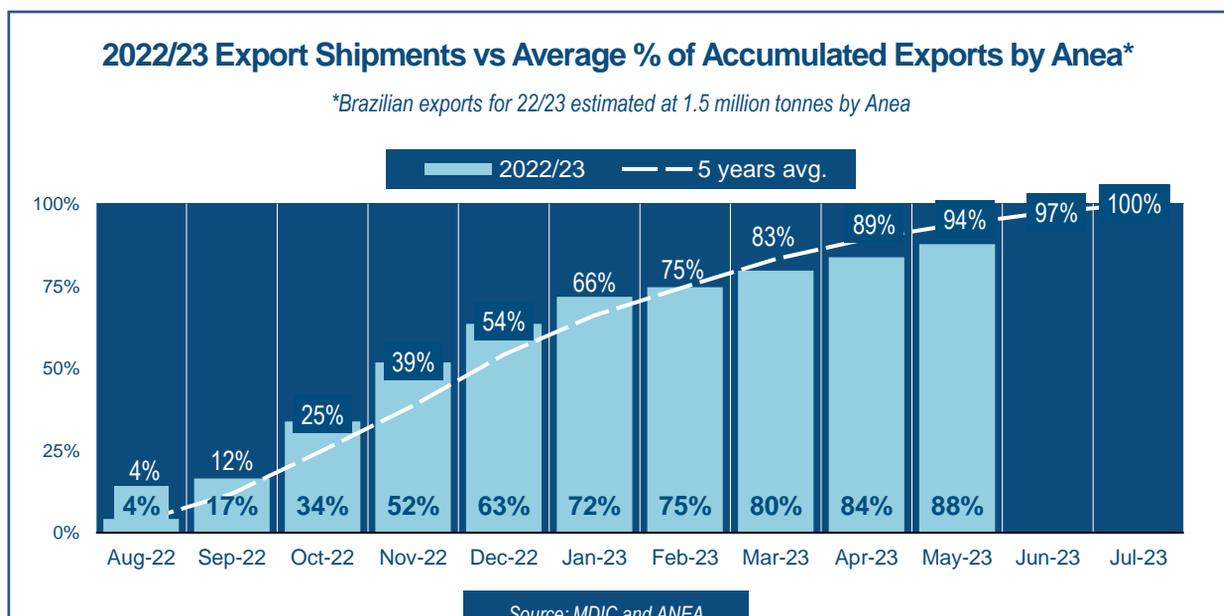
Brazilian Cotton Top Export Destinations (Aug/22 to May/23) in tons

China	404,964	31%
Bangladesh	218,208	17%
Vietnam	188,886	14%
Pakistan	174,888	13%
Turkey	141,135	11%
Indonesia	69,288	5%
Malaysia	49,623	4%
South Korea	27,903	2%
India	12,663	1%
Thailand	9,051	1%
Others	17,986	1%
Total	1,316,336	

Source: ComexStat – ME, Jun/2023.

5. 2022/23 MARKET YEAR EXPORTS AND DOMESTIC USE

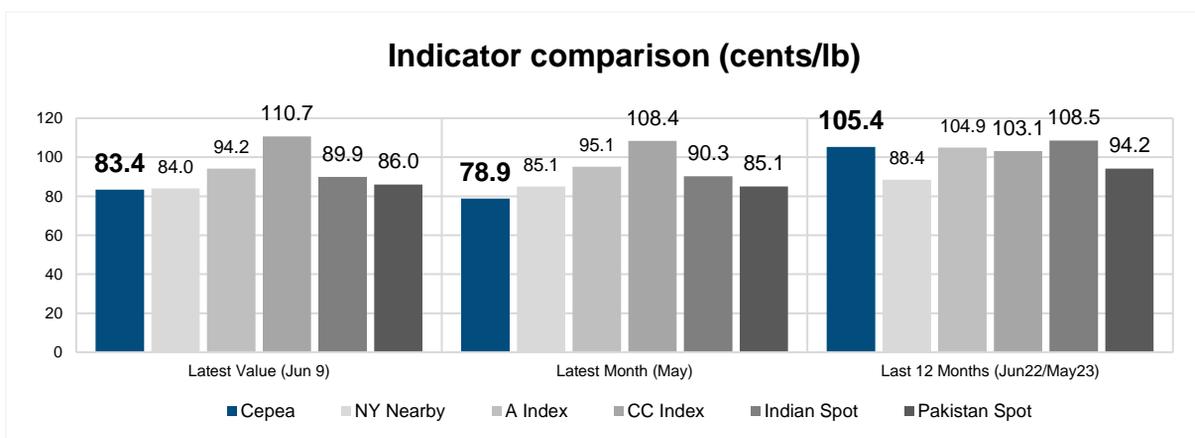
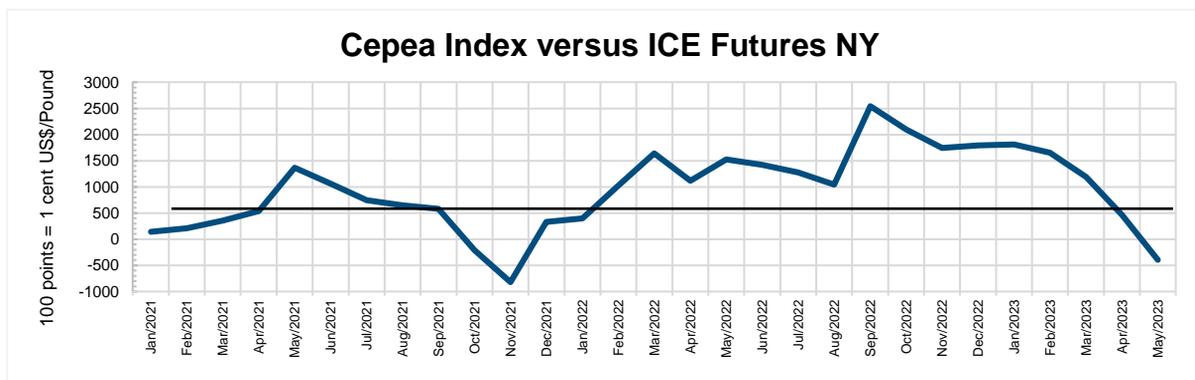
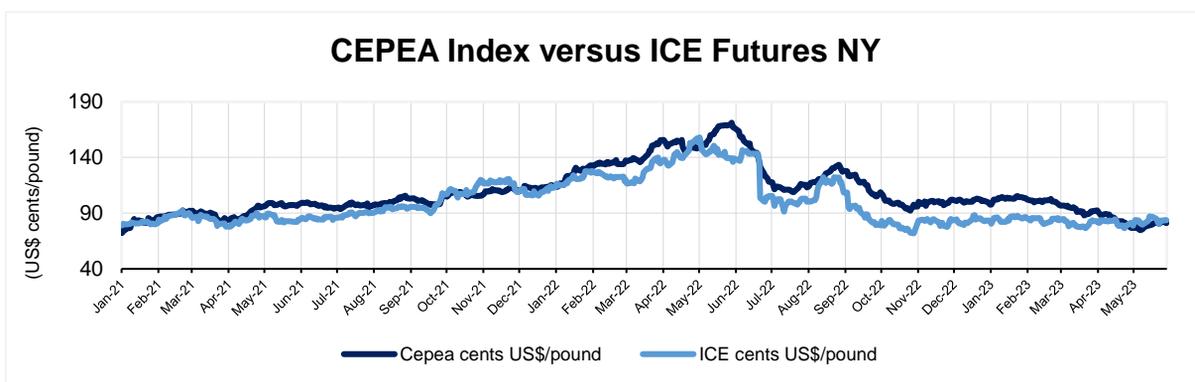
The charts below compare the performance of the current market year (2022/23) with Brazilian cotton exports over the last five years and the average volume consumed domestically in Brazil also over the last five years.





5. PRICES

In May/2023, the *Cepea Index** accumulated an **increase of 1.56%** and finished the month at 80.97 cents (US\$/pound). The **average** spread between Brazilian and international prices ended May below zero (**minus 396 points** in the May Average).



Source: Cepea/USP and ICE Futures, June/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

Brazilian Cotton Quality Program certifies laboratory tests and sampling

Abrapa has intensified gin inspector training throughout Brazil. The aim is to accelerate compliance with the Brazilian Cotton Quality Program, the Brazilian government's official certification of the quality of the cotton produced in the country.

Abrapa is a partner in the program, which is in its first year of pilot implementation.

The government program is based on Standard Brazil HVI (SBRHVI), Abrapa's cotton quality control system.

Two new steps have been added: sample certification and external control by the Ministry of Agriculture, from sample collection to laboratory testing.

Thus, in addition to the instrument testing of the cotton carried out in the accredited laboratories by Abrapa's SBRHVI, the certification also includes the sampling process carried out in the cotton gins. Sampling procedures such as identification, packaging, conditioning and the transport of samples are now monitored.

The quality data assessed by the Brazilian program are micronaire,

strength, length, uniformity, color (brightness and yellowing) and impurities.

Certification is issued for both **each individual bale and for batches of cotton bales**.

In Brazil, each bale is packaged with a label bearing an identification code that allows **full traceability** of the product. Follow the traceability of Brazilian cotton [here](#).

Thailand and Bangladesh on the radar

Two countries with good trade relations with Brazil were targeted by Abrapa in May: Thailand and Bangladesh.

Thailand is the 10th largest importer of Brazilian cotton, importing 15,000 tonnes. Brazil's market share in Thailand is 9%. Despite being the world's second largest exporter of cotton fibre, Bangladesh imported 166,000 tonnes of cotton from Brazil last year. Brazil has only 13% of the market share in Bangladesh.

Thailand and Bangladesh are members of the Association of Southeast Asian Nations, an important trade area of nearly 700 million people.