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## **Report Name:** Cotton and Products Update

**Country:** Brazil

**Post:** Brasilia

**Report Category:** Cotton and Products

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### **Report Highlights:**

Following USDA's revision of Brazil's cotton balance sheet, production estimates moved one year ahead, meaning that Marketing Year (MY) 2023/24 cotton is equivalent to production bales entering the market in 2023, and not 2024. Post maintained its area estimate for MY 2023/24 at 1.7 million hectares (ha) and revised up production estimates to 14.7 million bales (3.2 million metric tons (MMT)) to capture Brazil's record cotton harvest and yield across key states due to optimal weather conditions. Brazil is set to surpass the United States in cotton production for the first time on record during MY 2023/24. Domestic consumption is estimated by Post at 3.3 million bales (750 thousand MT), with exports forecasted at 11 million bales (2.4 MMT) due to higher global imports and consumption, and reduced production in China, India and the United States. Post forecasts ending stocks at six million bales (1.3 MMT) in MY 2023/24, largely due to high exports and domestic consumption volumes.

## INTRODUCTION

In October 2023, USDA revised Brazil’s historical cotton production estimates. Area, production and stocks numbers dating back to marketing year (MY) 2000/01 shifted one year ahead. These changes aimed to better align with the timing of the cotton harvest and exports in Brazil, as well as to provide better estimates of Brazil’s ending stocks. No changes were made to historical consumption or export estimates.

USDA’s estimates for Brazil’s area and production now reflect the calendar year (CY) harvest for the first listed year of the split (e.g. 2022 for 2022/23) – instead of the previous method of using the next calendar year’s harvest (in this case, 2023 for 2022/23). As such, MY 2023/24 production estimates now refer to cotton entering the market in 2023, and no longer in 2024, as it used to be in the previous reports. For example, MY 2023/24 production numbers were previously reported as MY 2022/23 production estimates.

### Table 1:

#### Equivalence between USDA’s revised MY timings for area, production, yield, consumption and trade, and Brazil’s MY

PS&D Attributes	USDA’s MY	is equivalent to Brazil’s MY
Area, production, yield	2023/24 (Aug – Jul)	2022/23 (Aug – Jul)
	2022/23 (Aug – Jul)	2021/22 (Aug – Jul)
Consumption, trade	2023/24 (Aug – Jul)	2023/24 (Aug – Jul)
	2022/23 (Aug – Jul)	2022/23 (Aug – Jul)

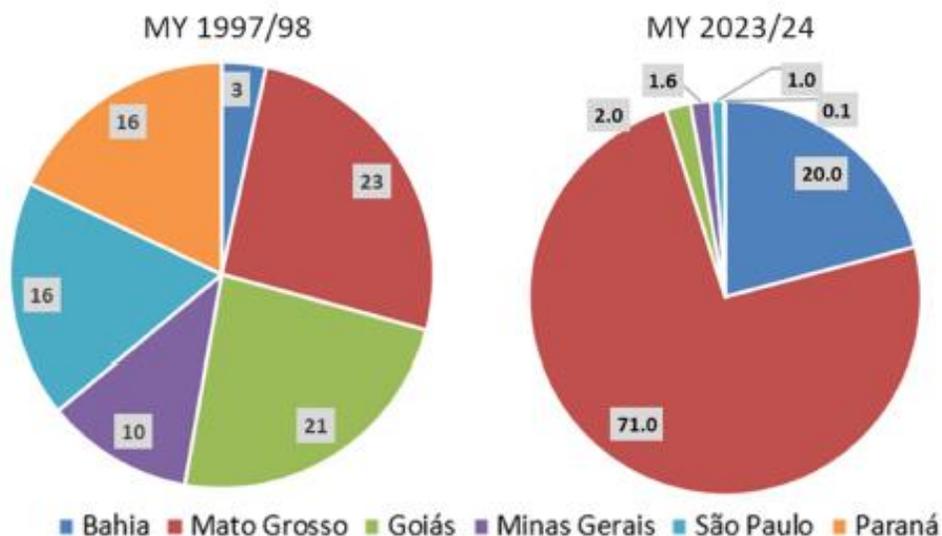
Source: *Post Brasilia (Office of Agricultural Affairs – OAA)*.

Over the last 25 years, a large proportion of cotton production in Brazil has shifted geographically. For the revised MY 2023/24, roughly 70 percent of cotton production was cultivated in the state of Mato Grosso where it is largely grown as a second crop following soybean harvest. The geographic shift in cotton production from the Southeast to the Center-West has resulted in a shift in the timing of the cotton harvest.

Harvesting of cotton in Mato Grosso typically takes place between June and September and thus crosses over two of USDA’s August-July marketing years. Ginning and classing add further delays to the utilization of the crop, pushing it well into the latter August-July period, which justifies the recent methodological change for production, area and ending stocks estimates since 2000/01. For a detailed explanation, please see [USDA October’s Cotton: World Markets and Trade](#) and [USDA October’s World Agricultural Production](#).

**Figure 1:**

**Geographic Shifts in Cotton Production Over 25 Years: State Production as Percentage of Brazil's Production**



Source: Brazil's National Supply Company (CONAB). Chart elaborated by: USDA's Foreign Agricultural Service (FAS).

**AREA**

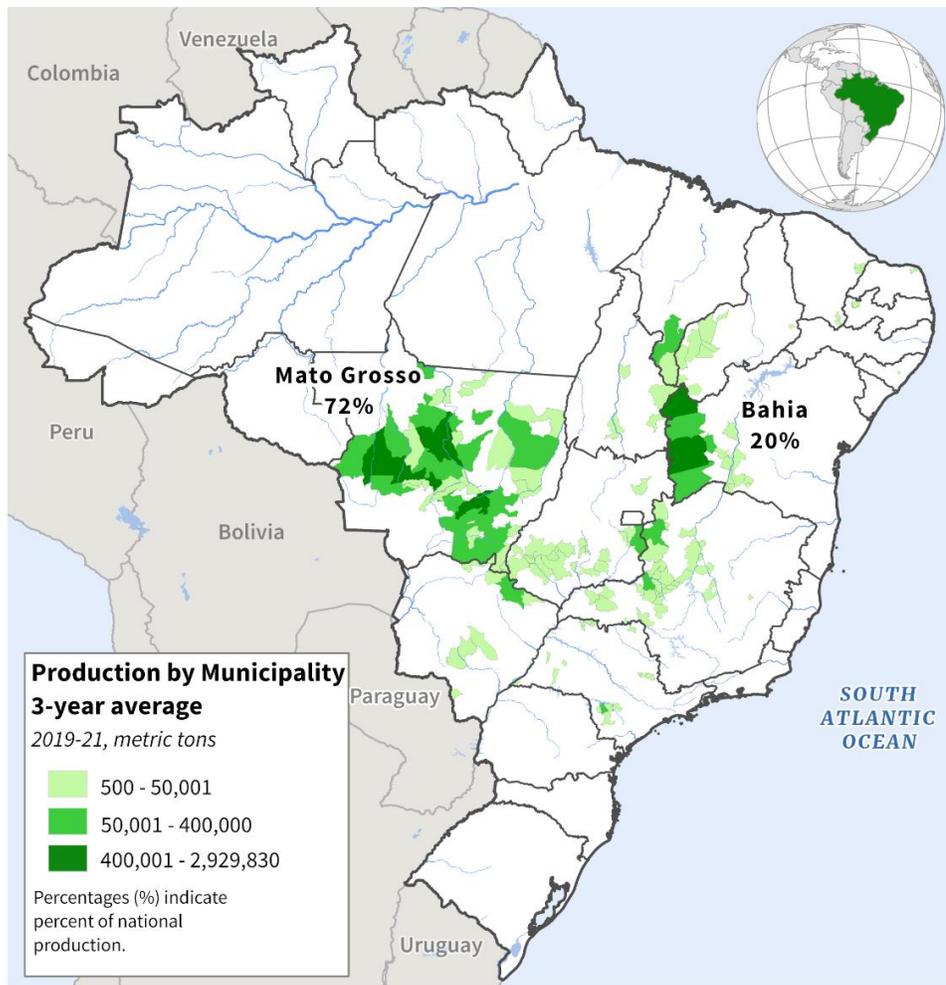
***Planted area increased by four percent in MY 2023/24***

Post maintained its estimate for MY 2023/24 (equivalent to Brazil's 2022/23 harvest season) cotton area planted at 1.7 million ha, almost the size of the record planted area in MY 2020/21. This represents a modest increase of nearly four percent from previous MY, and an 11 percent increase from average planted area of previous five MYs.

This scenario has been largely driven by area expansion in Mato Grosso and Bahia, which account for nearly 91 percent of Brazil's cotton output. The area expansion in Mato Grosso to a record 1.2 million ha in the current MY is largely attributed to favorable commercial conditions when compared to corn, especially in terms of price and costs of production.

**Figure 2:**

**Brazil Cotton Production Map**

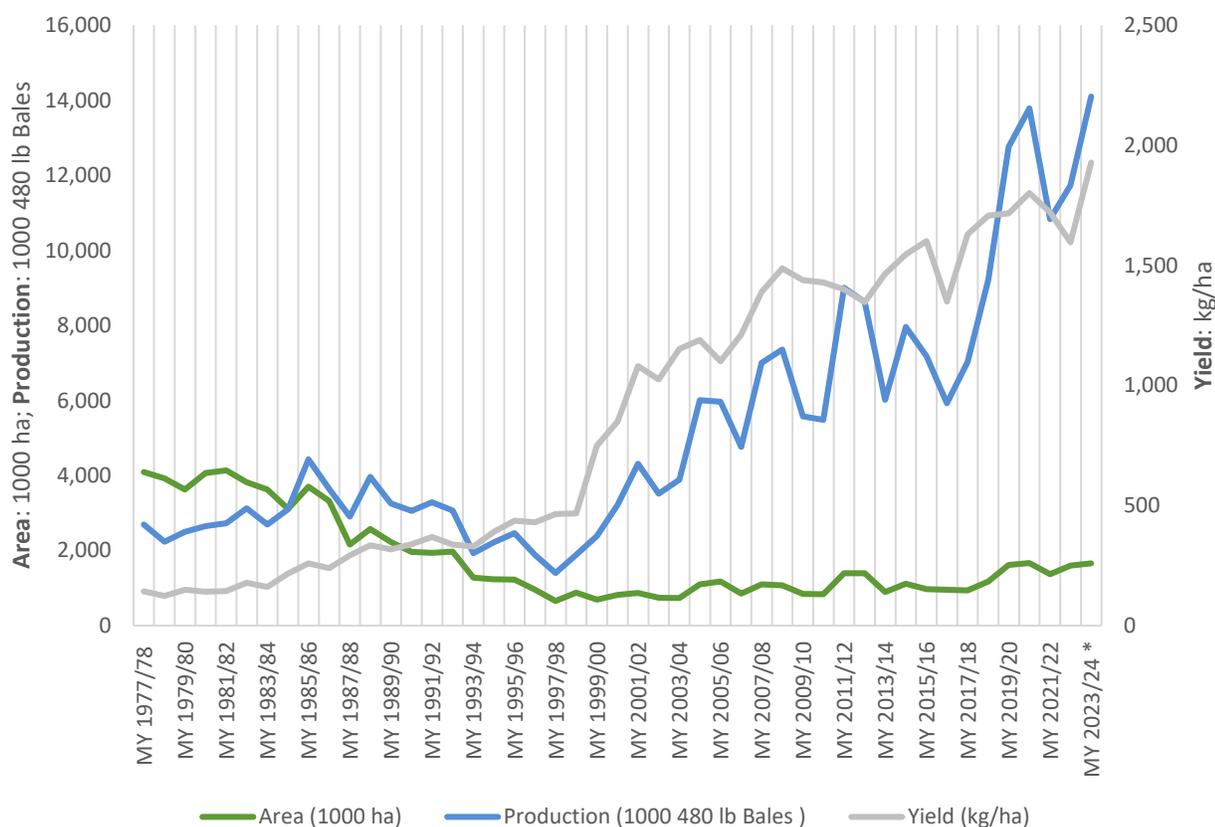


Source: Brazil's Institute of Geography and Statistics (IBGE). Chart elaborated by: [USDA Foreign Agriculture Service \(FAS\)](#).

Cotton area in Brazil has observed different periods of expansion and contraction over the past three decades, following cotton price in domestic markets and internationally, expected profit margins for producers, costs of production and competition for land with corn, particularly in the agricultural powerhouse state of Mato Grosso.

**Figure 3:**

**Evolution of Cotton Planted Area, Production and Yield in Brazil (1977/78 – 2023/24)**



Source: USDA FAS. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for Brazil’s MY 2023/24 cotton production, area and yield numbers (\*) considers Post’s estimates.

## PRODUCTION AND YIELD

### *Production to reach a record high volume of 14.7 million bales in MY 2023/24*

Post revised up its previous production estimate by 600 thousand bales, reaching 14.7 million bales (3.2 MMT) and representing a 20 percent increase when compared to the previous MY. Largely driven by ideal weather conditions (see Table 2 below), in particular during the harvesting period, and the highest yield on record at 1.93 MT/ha, this season outperforms the now second most productive season in MY 2020/21 when Brazil produced over 13.8 million bales (3.0 MMT).

**Table 2:**

**Weather Conditions in Brazil's Top Two Producing States During Cotton Production Cotton in MY 2023/24**

State and Macro Region	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Climate Restriction
Bahia's Far West	S	S/G E/ SE	GE/ SE	SE/ F	SE/ F/ BD	F/B D	BD/ M	BD/ M/ H	BD/ M/ H	M/ H	H	None - Favorable
Bahia's Center-South	S/G E	S/G E/ SE	GE/ SE	SE/ F	SE/ F/ BD	F/B D	BD/ M	M/ H	M/ H	H		Low - Lack of Rain
Mato Grosso's North 1st harvest		S/G E/ SE	SE	SE/ F	F/ BD	BD/ M	M	M/ H	H	H		Medium - Lack of Rain
Mato Grosso's North 2nd harvest			S/G E/ SE	GE/ SE	SE/ F	F/ BD	BD	BD/ M	M/ H	H	H	High - Lack of Rain
Mato Grosso's Northeast 1st harvest		S/G E/ SE	SE	SE/ F	F/ BD	BD/ M	M	M/ H	H	H		Low - Excess of Rain
Mato Grosso's Northeast 2nd harvest			S/G E/ SE	GE/ SE	SE/ F	F/ BD	BD	BD/ M	M/ H	H	H	Medium - Excess of Rain
Mato Grosso's Southwest 1st harvest		S/G E/ SE	SE	SE/ F	F/ BD	BD/ M	M	M/ H	H	H		High - Excess of Rain
Mato Grosso's Southwest 2nd harvest			S/G E/ SE	GE/ SE	SE/ F	F/ BD	BD	BD/ M	M/ H	H	H	Low - Low Temperatures/Frost
Mato Grosso's Center-South 1st harvest		S/G E/ SE	SE	SE/ F	F/ BD	BD/ M	M	M/ H	H	H		Medium - Low Temperatures/Frost
Mato Grosso's Center-South 2nd harvest			S/G E/ SE	GE/ SE	SE/ F	F/ BD	BD	BD/ M	M/ H	H	H	High - Low Temperatures/Frost
Mato Grosso's Southeast 1st harvest		S/G E/ SE	SE	SE/ F	F/ BD	BD/ M	M	M/ H	H	H		
Mato Grosso's Southeast 2nd harvest			S/G E/ SE	GE/ SE	SE/ F	F/ BD	BD	BD/ M	M/ H	H	H	

Source: [CONAB](#). Table translated and adapted by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: (S)=sowing; (GE)=germination and emergence; (SE)=seedling establishment (F)=flowering; (BD)=boll development (M)=maturation (H)=harvesting.

According to CONAB, 12 out of 14 cotton producing states in Brazil (that is, by production, Mato Grosso, Bahia, Mato Grosso do Sul, Goiás, Minas Gerais, Maranhão, Piauí, São Paulo, Rondônia, Tocantins, Ceará, Paraná, Rio Grande do Norte, and Paraíba) registered their highest yield on record, including Mato Grosso and Bahia.

**Mato Grosso:** cotton fields have already been completely harvested in the main producing state in Brazil. With 1.2 million hectares of planted area, over 2.3 MMT in cotton production (10.3 million bales) and average yields of 1.89 MT/ha, Mato Grosso had its most successful harvest on record largely due to excellent weather (particularly during harvesting), effective pest control and intensive use of technology. Hot and dry weather immediately prior to harvesting allowed efficient boll development, contributing to outstanding yields and quality of cotton fibers. Also, farmers implemented effective pest controls against cotton aphid, silverleaf whiteflies and boll weevil. Looking ahead, sowing for the next season is expected to start in December 2023 with an outlook of increased area in light of deteriorating commercial conditions for corn, which competes in Mato Grosso for the second harvest (“*safrinha*”, in Portuguese) after soybeans. In fact, soy sowing in the state has been delayed several times over the last two months due to heat waves, low precipitation levels and generally poor weather conditions, which risk losing corn’s ideal weather window and nudge farmers to potentially plant cotton instead.

**Bahia:** work in the cotton fields for MY 2023/24 production has already been completed. Bahia, traditionally responsible for nearly 20 percent of Brazil’s cotton production, registered a record yield at 2.00 MT/ha this MY. While planted area has increased by only two percent to 312.6 thousand hectares, production soared by 20 percent to 0.63 MMT (2.9 million bales) when compared to MY 2022/23 – the highest in 13 seasons. CONAB indicates that sowing in irrigated areas might start in late November 2023, while in regular, rainfed areas it should start in late January 2023. From a national perspective, the Brazilian Association of Cotton Producers (ABRAPA) indicate that nearly 92 percent of Brazil’s cotton production takes place in rainfed areas, while the remaining eight percent is supplemented with in irrigation.

With the MY 2023/24 crop fully harvested, key producing states entered a period known as *vazio sanitário*, in Portuguese, which encompasses around 60 to 90 days between the end of harvest and the next sowing season. During this period, remaining cotton plants are removed and destroyed as a way to control pests and diseases, particularly boll weevil. For the two main cotton producing states, the *vazio sanitário* period will range between September/October and November/December, mostly, with sowing progressing between late 2023 and January 2024. More details in the Table 3 below.

**Table 3:**

**Vazio Sanitário in the Two Main Cotton Producing States in Brazil for the Next MY**

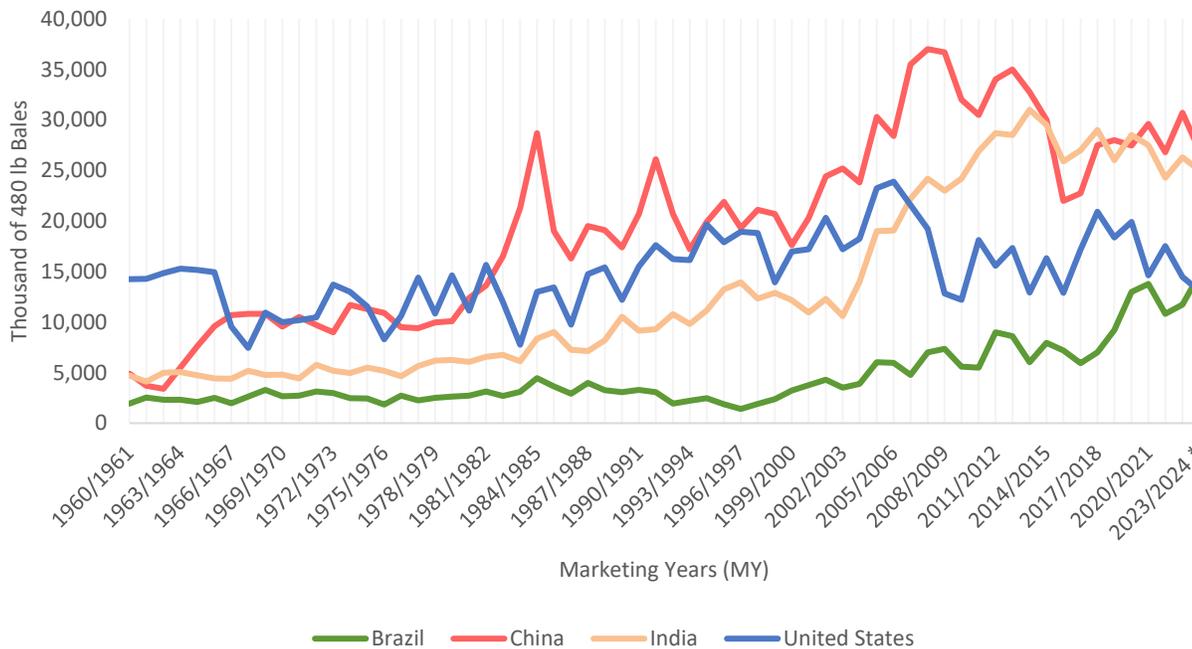
Mato Grosso – Region I (South and East)	October 1 – November 30
Mato Grosso – Region II (North and West South and East)	October 15 – December 14
Bahia – Region I	September 20 – November 20
Bahia – Region II	September 01 – October 30, while some specific municipalities will be from September 11 – November 10.

Source: [Mato Grosso's Agricultural Defense Institute \(INDEA\)](#) and [Bahia's Agricultural Defense Agency \(ADAB\)](#). Table elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

On a global scale, with 14.7 million bales estimated by Post (3.2 MMT), Brazil is set to surpass the United States in cotton production for the first time on record during MY 2023/24, establishing itself as the world's third largest cotton producer, behind China and India.

**Figure 4:**

**Evolution of Cotton Production in Brazil, China, India and the United States (1960/61 – 2023/24)**



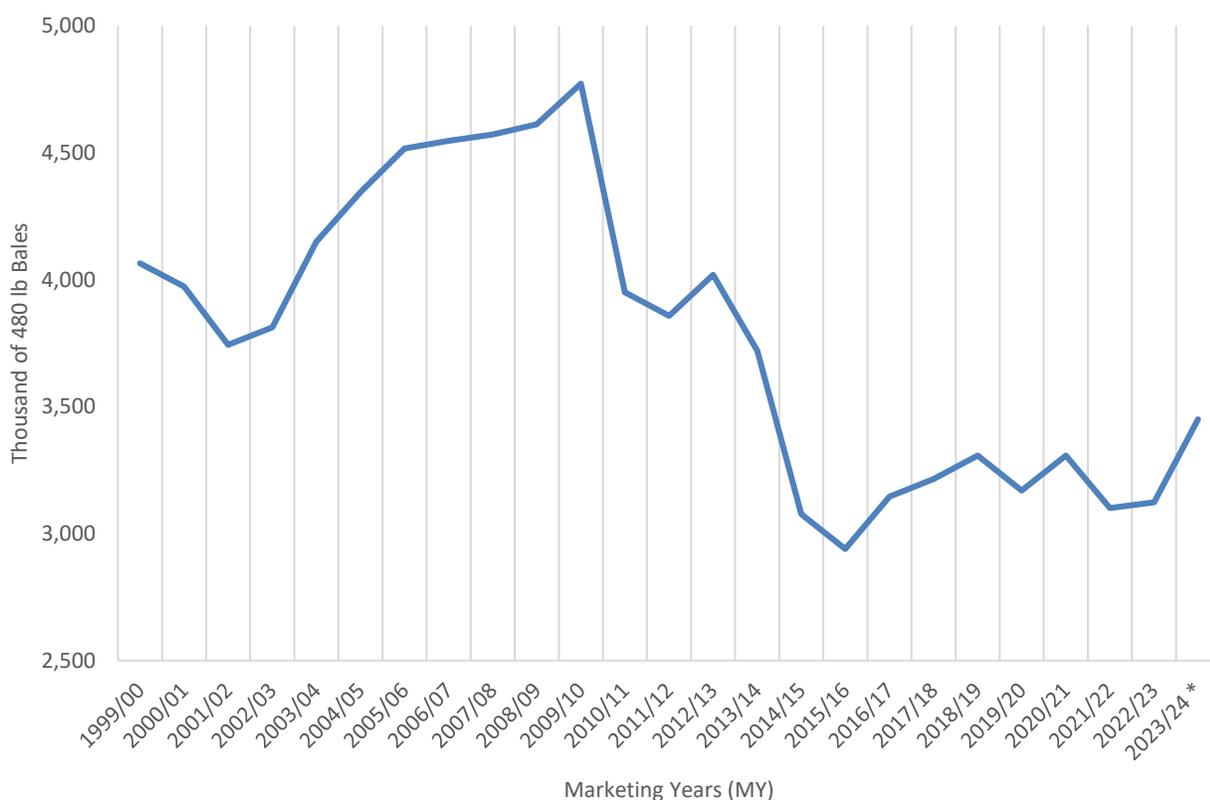
Source: USDA FAS. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for Brazil's 2023/24 cotton production numbers (\*) considers Post's estimates.

## CONSUMPTION

Post revised down its domestic consumption estimate by four percent, equivalent to 150 thousand bales, to 3.5 million bales (751 thousand MT) for MY 2023/24. While Brazil's domestic industry remains almost exclusively supplied by national production, domestic consumption (i.e. cotton lint processed into textile or non-textile products) has been volatile over the past two decades. Periods of expansion and contraction have been largely influenced by Brazil's economic performance, inflation outlook and national household financial capacity. For MY 2023/24, high available volumes resulting from a record harvest, competitive prices and a conservatively positive macroeconomic outlook in Brazil might lead to higher cotton domestic consumption, when compared to the previous MY.

**Figure 5:**

**Evolution of Cotton Consumption in Brazil (1999/2000 – 2023/24)**



Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for Brazil's 2023/24 cotton consumption numbers (\*) considers Post's estimates.

Although 2020 and 2021 brought various challenges due to the Covid-19 pandemic, the textile industry registered high demand and growth rates, as global value chain disruptions led maritime freights to soar, and lockdowns shifted consumers' purchasing preference from services to goods. With limited leisure options, consumers with disposable income increased purchases of products and boosted consumption of

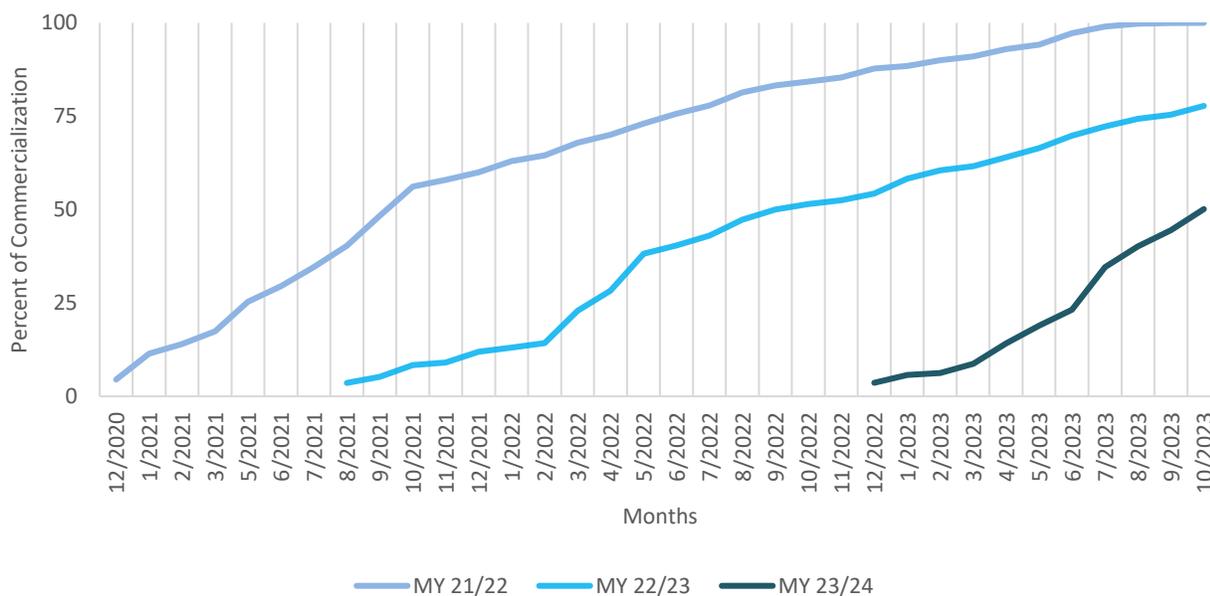
locally sourced textile items. In 2022, however, high inflation and consequently higher interest rates combined with household debt gradually hampered this trend, slowing national production and demand for cotton.

Post contacts have reported two important trends that may affect Brazil’s domestic consumption going forward: international competition and synthetic fibers. On one hand, foreign e-commerce shopping platforms (e.g. Shopee, Shein, Aliexpress, etc) have been strengthening their competition with Brazilian producers in different clothing/fashion segments by offering low-cost products mostly exported from Asia. On the other, cotton’s high prices create incentives for manufacturers to switch to synthetic fibers; however, when prices eventually return to acceptable levels, industries might not necessarily switch back to natural fibers, as synthetic products (e.g. polyester) may have sufficed the production needs at a lower cost.

As of November 10<sup>th</sup>, Brazil’s Association of Cotton Producers (ABRAPA) indicates that 80 percent of MY 2023/24 cotton has already been ginned, 77 percent has been HVI tested, and 80 percent of harvested volumes have been commercialized. In Mato Grosso, according to the Mato-Grosso Institute of Agricultural Economics (IMEA), commercialization of MY 2023/24 cotton is at 77.8 percent for October 2023 – 6.5 percentage points behind the same month last year for MY 2022/23 cotton production. Sales of the next crop already reached 50.1 percent.

**Figure 6:**

**Commercialization of Cotton in Mato Grosso (2021/22 – 2023/24)**



Source: IMEA. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

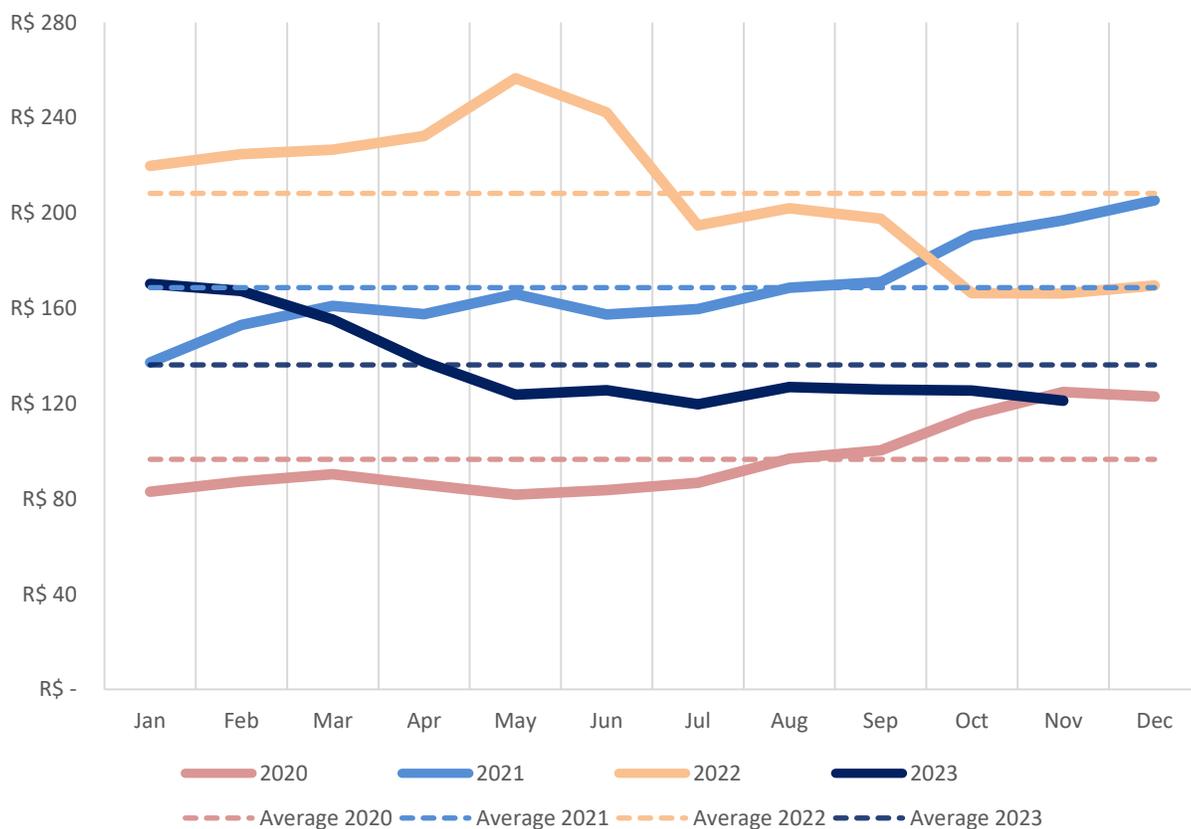
## PRICES

*Cotton prices remain below 2021 average prices and far behind 2022 average.*

With relatively low prices and still high production costs, cotton producers in Brazil are expected to continue operating with tight margins in the short term, as prices continue a downward trend. As of November 14<sup>th</sup>, according to IMEA, the average monthly price paid to producers for available cotton in Mato Grosso in November 2023 was R\$ 121.19 per 15 kilograms. This price point is three percent less than October 2023 and 27 percent less than average prices in November 2022 – largely due to a record harvest and conservative domestic demand so far. Recent drops in international cotton prices have also pressed down domestic values, further reducing cotton’s liquidity and overall appetite for businesses as industries currently purchase restricted volumes to meet their immediate needs in expectation of even better prices.

**Figure 7:**

**Price of Available Cotton in Mato Grosso in Brazilian Reais (R\$) (2020 –2023)**



Source:

IMEA. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

Nonetheless, considering key commercial indicators, cotton is relatively better positioned than corn, especially regarding prices and costs of production. This partially justifies increases in cotton area in

Mato Grosso where producers usually plant either cotton or corn as a second crop (*safrinha*) after soybeans harvest.

As IMEA estimates (Table 4), while costs of production have increased for both crops between MY 2022/23 and 2023/24 – i.e. 25 percent increase in total costs for cotton and 28 percent for corn –, a weighted analysis considering the total planted area shows that planting corn in Mato Grosso became more expensive than growing cotton in this period: 28 percent increase for cotton producers against a 46 percent increase for corn growers.

Additionally, estimated costs of production for the season to be sowed soon in the state show a more positive outlook for cotton than for corn, with an 11 percent reduction in total costs for the former compared to a plateaued one percent increase for the latter. Reductions in costs of fertilizers (36 percent), agricultural crop defensives (15 percent) and post-production (60 percent) drive lower costs of cotton production in Mato Grosso.

**Table 4:**

**Cost of Production for Cotton and Corn in Mato Grosso (2022/23 - MY 2024/25)**

	Production Costs - Cotton			Production Costs - Corn		
	Mato Grosso - leading cotton producer state in Brazil (71 percent of national production)			Mato Grosso - leading corn producer state in Brazil (39 percent of national production)		
Brazil's equivalent MY	2021/22	2022/23	2023/24*	2021/22	2022/23	2023/24*
USDA's MY	2022/23	2023/24	2024/25*	2022/23	2023/24	2024/25*
Seeds	R\$ 821.27	R\$ 1,129.92	R\$ 1,063.64	R\$ 554.43	R\$ 670.53	R\$ 721.13
Fertilizers	R\$ 3,353.81	R\$ 5,280.83	R\$ 3,403.26	R\$ 1,168.51	R\$ 1,816.57	R\$ 1,555.94
Defensives	R\$ 4,145.50	R\$ 5,085.06	R\$ 4,305.96	R\$ 469.15	R\$ 585.83	R\$ 745.81
Mechanized Operations	R\$ 392.71	R\$ 701.11	R\$ 606.25	R\$ 109.63	R\$ 161.99	R\$ 150.73
Services from Contractors	R\$ 51.63	R\$ 52.46	R\$ 90.87	R\$ 1.73	R\$ 3.00	R\$ 2.77
Labor	R\$ 226.22	R\$ 227.86	R\$ 343.29	R\$ 76.91	R\$ 83.05	R\$ 128.57
Maintenance	R\$ 292.78	R\$ 537.75	R\$ 853.59	R\$ 106.47	R\$ 109.97	R\$ 167.11
Taxes and Fees	R\$ 380.04	R\$ 372.67	R\$ 387.82	R\$ 108.19	R\$ 118.33	R\$ 120.67
Financing and Insurance	R\$ 389.46	R\$ 519.88	R\$ 641.99	R\$ 214.02	R\$ 276.71	R\$ 293.53
Post-Production	R\$ 4,197.97	R\$ 4,103.81	R\$ 1,654.93	R\$ 278.60	R\$ 288.55	R\$ 287.39
Other Costs	R\$ 111.61	R\$ 119.87	R\$ 136.63	R\$ 84.29	R\$ 97.43	R\$ 113.72
Lease	R\$ 204.17	R\$ 319.71	R\$ 289.92	R\$ 210.01	R\$ 208.66	R\$ 219.55

Depreciation	R\$ 260.45	R\$ 350.40	R\$ 701.09	R\$ 198.41	R\$ 202.72	R\$ 324.28
Family Labor	R\$ 25.91	R\$ 27.46	R\$ 20.27	R\$ 60.97	R\$ 61.64	R\$ 70.00
Opportunity Cost	R\$ 1,199.97	R\$ 1,272.81	R\$ 1,821.57	R\$ 754.53	R\$ 925.79	R\$ 1,010.97
<b>Total Costs</b> <i>Unit: Brazilian Reais (R\$) per hectare</i>	R\$ 16,053.49	R\$ 20,101.61	R\$ 16,321.07	R\$ 4,395.84	R\$ 5,610.78	R\$ 5,912.17
<b>Area</b> <i>(thousands of hectares)</i>	1,177.6	1,202.9	1,312.4	6,547.4	7,492.2	7,202.7
<b>Weighted Costs</b> <b>(Total Costs x Area)</b> <i>Unit: Millions of Brazilian Reais (R\$)</i>	R\$ 18,905.37	R\$ 24,180.60	R\$ 21,582.35	R\$ 28,781.32	R\$ 42,037.13	R\$ 42,665.07
<b>Average Yearly US\$ Dollars to Brazilian Reais (R\$) Exchange Rate</b>	2021 R\$ 5.40	2022 R\$ 5.16	2023 R\$ 5.01	2021 R\$ 5.40	2022 R\$ 5.16	2023 R\$ 5.01

Source: IMEA. Table translated and adjusted by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: (\*) refers to IMEA's estimate for October 2023.

In terms of price, though both crops have been registering decreasing prices in the domestic market, values paid to corn producers are decreasing in a faster pace than cotton (see [Grain and Feed Update | BR2023-0028](#)). Comparing average monthly prices in November 2023<sup>1</sup> and in the same period last year, a 15kg bag of cotton in Mato Grosso decreased 27 percent, from R\$ 166 to R\$ 121, while a 60kg bag of corn reduced by nearly 46 percent, from R\$ 65 to R\$ 35. This market trend has exacerbated a more favorable outlook for cotton growers as prices paid for available cotton in domestic market are 3.4 times higher than to corn. That means that, in a theoretical corn to cotton exchange rate, it would be necessary almost three and a half bags of corn to buy the equivalent value of cotton in Mato Grosso in November 2023.

<sup>1</sup> Up until November 14th, 2023. November 2022 considers all days that month.

**Figure 8:**

**Evolution of Cotton and Corn Prices in Mato Grosso in Brazilian Reais (R\$) (2020 –2023)**



Source: IMEA. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

## TRADE

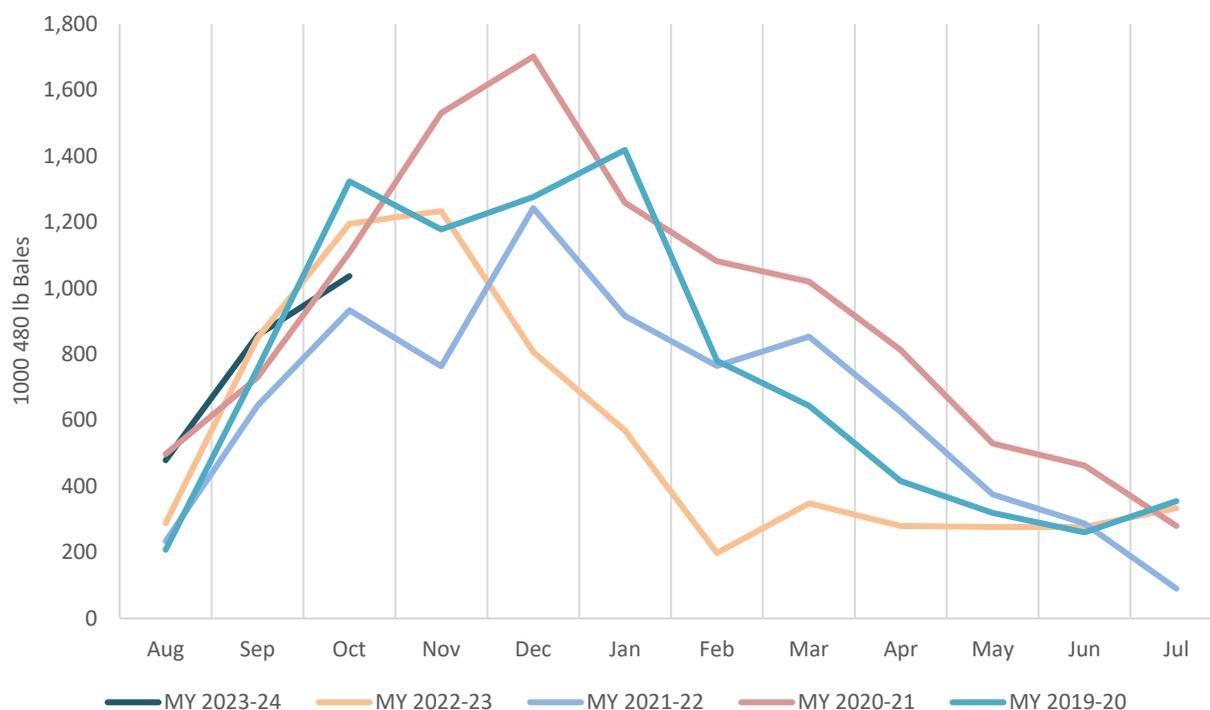
***Brazil set to match a record export volume in MY 2023/24, having China still as its main international buyer.***

Post revised up Brazil’s cotton exports to 11 million bales (2.4 MMT) for MY 2023/24, virtually the same amount as the record exported volume registered in MY 2020/21. This increase is driven by a weaker Brazilian Real (R\$) compared to U.S. Dollar, higher global imports (led by China and Bangladesh) and consumption (notably in Pakistan), and reduced production in China, India and the United States.

According to Brazil’s Secretariat of International Trade (SECEX), on October 2023, Brazil exported 1.0 million bales (225 thousand MT), a 13 percent decrease than in the same month last MY. So far, Brazil have exported over 2.4 million bales (517 thousand MT) in MY 2023/24, well above the average of August-October exports of the previous five marketing years, at 2.0 million bales (439 thousand bales). Brazil’s cotton exports year to date (i.e. January-October 2023) reached 4.7 million bales (1 MMT).

**Figure 9:**

**Brazil's Cotton Exports by Marketing Year (MY) in 1000 480 lb Bales (2019/20 – 2023/24)**



Source: SECEX. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

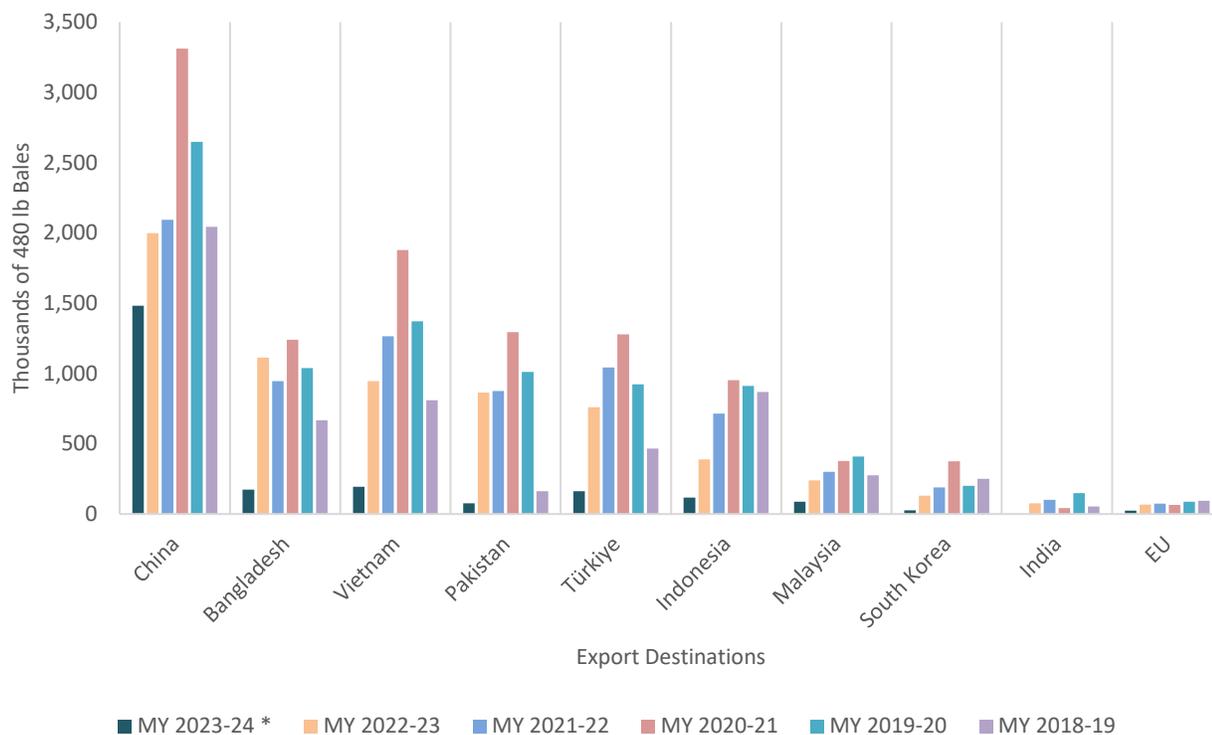
So far in MY 2023/24, China remains Brazil's main cotton importer, having bought 1.5 million bales (322 thousand MT) since August 2023. This volume is 54 percent higher than in August – October 2022, and represents nearly 62 percent of all the volume exported by Brazil in MY 2023/24 until now. The list follows with Vietnam (194 thousand bales; 42 thousand MT), Bangladesh (174 thousand bales; 37 thousand MT), Turkey (163 thousand bales; 35 thousand MT) and Indonesia (115 thousand bales; 25 thousand MT).

While China firmly holds its position of main buyer of Brazilian cotton, other trading partners grow in import relevance. For instance, Pakistan's imports of Brazilian cotton skyrocketed, from 162 thousand bales (35 thousand MT) in MY 2018/19 to 863 thousand bales (182 thousand MT) in MY 2022/23 – an impressive 433 percent growth over the past five seasons. Bangladesh and Turkey have also notably increased their sourcing of Brazilian cotton in this period by over 60 percent each.

As the world's second biggest cotton exporter, Brazil has a massive trade surplus. When imports eventually happen throughout marketing years, they usually take place to either benefit from some sort of incentive in international markets, or to acquire higher quality cotton available at spot markets. Overall, imports are virtually negligible for Brazil's cotton balance sheet.

**Figure 10:**

**Brazil's Cotton Exports to Key Markets by Marketing Year (MY) in 1000 480 lb Bales (2018/19 – 2023/24)**



*Source: SECEX. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: (\*) MY 2023-24 is equivalent to exports registered from August 2023 to October 2023.*

Except for yarn, Brazil also has trade surpluses in other cotton products, like fabric and cotton linter. While China is also the main importer of Brazil's linter, nearly 90 percent of fabric exports and virtually all cotton yarn have been shipped to regional markets across Latin America between January to October 2023, notably Colombia, Argentina, Peru and Paraguay. For imported yarn, India is Brazil's main supplier, responsible for around 60 percent of all yarn volumes imported by Brazilian businesses in the same period.

In terms of logistics, the Port of Santos, the largest in Latin America located in the state of São Paulo, is the main exporting route for approximately 97 percent of Brazil's cotton production as ports in the North Arc lack sufficient infrastructure capacity to operate container ships.

## STOCKS

Post forecasts ending stocks at six million bales (1.3 MMT) in MY 2023/24 with a 41.66 percent stock-to-use ratio, largely due to high exports and domestic consumption volumes. This ratio is 16.7 percentage points below last MY's, but slightly higher than the average of the previous five seasons, at 38.4 percent. The methodological change performed by USDA in Brazil's cotton balance sheet directly influenced this estimate, as the old production methodology inflated ending stocks by effectively placing the next calendar year's crop in the ending stocks number.

**Figure 11:**

### Evolution of Brazil's Cotton Stock-to-Use Compared to the United States' (2004/25 – 2023/24)



*Source: USDA FAS. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for Brazil's 2023/24 cotton stock-to-use numbers (\*) considers Post's forecast.*

Although this methodological change has aligned Stock-to-Use numbers estimated by USDA's closer to CONAB's, it is noteworthy mentioning that both agencies' estimates are not the same, as differences in production numbers influence ending stocks, and consequently Stock-to-Use forecasts.

**Table 5:****Production, Supply, and Distribution (PSD) in 480 lb. Bales**

<b>Cotton</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
<b>Market Begin Year</b>	<b>Aug 2021</b>		<b>Aug 2022</b>		<b>Aug 2023</b>	
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	1,370	1,370	1,600	1,600	1,660	1,660
<b>Beginning Stocks (1000 480 lb. Bales)</b>	4,066	4,066	3,883	3,883	5,755	5,755
<b>Production (1000 480 lb. Bales)</b>	10,820	10,820	11,720	11,720	14,560	14,700
<b>Imports (1000 480 lb. Bales)</b>	24	24	8	8	20	15
<b>Total Supply (1000 480 lb. Bales)</b>	14,910	14,910	15,611	15,611	20,335	20,470
<b>Exports (1000 480 lb. Bales)</b>	7,727	7,727	6,656	6,656	11,800	11,000
<b>Domestic Use (1000 480 lb. Bales)</b>	3,300	3,300	3,200	3,200	3,300	3,450
<b>Loss (1000 480 lb. Bales)</b>	0	0	0	0	0	0
<b>Domestic Use and Loss (1000 480 lb. Bales)</b>	3,300	3,300	3,200	3,200	3,300	3,450
<b>Ending Stocks (1000 480 lb. Bales)</b>	3,883	3,883	5,755	5,755	5,235	6,020
<b>Total Distribution (1000 480 lb. Bales)</b>	14,910	14,910	15,611	15,611	20,335	20,470
<b>Stock to Use % (PERCENT)</b>	35.21	35.21	58.39	58.39	34.67	41.66
<b>Yield (KG/HA)</b>	1,720	1,720	1,595	1,595	1,910	1,928

**Table 6:****Production, Supply, and Distribution (PSD) in Metric Tons (MT)**

<b>Cotton</b>	<b>2021/2022</b>		<b>2022/2023</b>		<b>2023/2024</b>	
<b>Market Begin Year</b>	<b>Aug 2021</b>		<b>Aug 2022</b>		<b>Aug 2023</b>	
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	1,370	1,370	1,600	1,600	1,660	1,660
<b>Beginning Stocks (1000 MT)</b>	885	885	845	845	1,253	1,253
<b>Production (1000 MT)</b>	2,356	2,356	2,552	2,552	3,170	3,201
<b>Imports (1000 MT)</b>	5	5	2	2	4	3
<b>Total Supply (1000 MT)</b>	3,246	3,246	3,399	3,399	4,427	4,457
<b>Exports (1000 MT)</b>	1,682	1,682	1,449	1,449	2,569	2,395
<b>Domestic Use (1000 MT)</b>	718	718	697	697	718	751
<b>Loss (1000 MT)</b>	0	0	0	0	0	0
<b>Domestic Use and Loss (1000 MT)</b>	718	718	697	697	718	751
<b>Ending Stocks (1000 MT)</b>	845	845	1,253	1,253	1,140	1,311
<b>Total Distribution (1000 MT)</b>	3,246	3,246	3,399	3,399	4,427	4,457
<b>Stock to Use % (PERCENT)</b>	35.21	35.21	58.39	58.39	34.67	41.66
<b>Yield (KG/HA)</b>	1,720	1,720	1,595	1,595	1,910	1,928

**Attachments:**

No Attachments