

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Brazil

Cotton and Products Update

2012/13 Brazil Cotton Crop Planting Commences

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Report Highlights:

Post maintains Brazil's 2012/13 cotton production forecast at 6.3 million bales, down 27 percent from 2011/12 production now estimated at 8.6 million bales. At 860,000 bales, October was a record export month for Brazil. Post now estimates 2012/13 exports at 3.9 million bales, down 19 percent from the 2011/12 record of 4.8 million bales. Post revised upward Brazil's estimated 2012/13 imports to 100,000 bales in response to domestic demand for higher grade cotton predicated on a favorable exchange rate.

Production, Supply and Demand Statistics:

Cotton Brazil	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Aug 2010		Market Year Begin: Aug 2011		Market Year Begin: Aug 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	1,400	1,400	1,400	1,400	1,000	950
Beginning Stocks	4,353	4,366	7,906	7,919	7,993	7,907
Production	9,000	9,000	8,700	8,600	6,500	6,300
Imports	703	703	29	30	50	100
MY Imports from U.S.	0	605	0	9	0	70
Total Supply	14,056	14,069	16,635	16,549	14,543	14,307
Exports	2,000	2,000	4,792	4,792	4,000	3,900
Use	4,300	4,300	4,000	4,000	4,100	4,000
Loss	-150	-150	-150	-150	-150	-150
Total Dom. Cons.	4,150	4,150	3,850	3,850	3,950	3,850
Ending Stocks	7,906	7,919	7,993	7,907	6,593	6,557
Total Distribution	14,056	14,069	16,635	16,549	14,543	14,307

1000 HA, 1000 480 lb. Bales, PERCENT, KG/HA

Brazil's 2012/13 cotton production potential depends on future second crop in the state of Mato Grosso

Post maintains Brazil's 2012/13 cotton production forecast at 6.3 million bales, down 27 percent from 2011/12 production which is now estimated at 8.6 million bales. Post's forecast incorporates information obtained from trade sources and from the Institute of Agricultural Economics (IMEA), located in the lead producing state of Mato Grosso. The Brazilian Ministry of Agriculture's National Food Supply Company (CONAB) forecast cotton production in the range of 6.8 -7.5 million bales in its second 2012/13 crop survey published in November. Mato Grosso, accounting for 50 percent of national production, is still expected to have a 30:70 ratio of first-to-second crop cotton planted area in the 2012/13 season. First crop cotton planting begins in early December and is mainly planted in 90 centimeter (cm) spaced rows. The second crop cotton is planted in either 76 or 45 cm spaced rows in January and early February following the harvest of early maturing soybeans. For this year's crop, rains did not arrive early in Mato Grosso, which has narrowed the preferred planting window for the second crop of cotton. In addition, futures prices for cotton remain unfavorable and have contributed to a 30 percent year-on-year reduction in estimated planted area.

Brazil cotton exports hit new monthly record of 860,000 bales in October 2012

At 860,000 bales, October was a record export month for Brazil. This contributed to record first quarter exports for marketing year 2012/13, totaling 2.1 million bales, a 5.3 percent increase over first quarter exports last year. Post revised downward forecast 2012/13 exports to 3.9 million bales (from 4.1 million bales). There has been a slowdown in new export contracts with abundant world supplies and in part due to lower quality grades of 2011/12 cotton still available for purchase in Brazil. As a result of adverse weather conditions, a portion of the 2010/11 and 2011/12 crops suffered from shorter fiber length and/or low micronaire counts. Post revised upward forecast 2012/13 imports to 100,000 bales, possibly 70,000 bales of U.S. origin, due to the lack of uniform and higher grade cotton in existing domestic stocks needed to supply domestic industry demands. However, increased imports are predicated on a favorable exchange rate; i.e. a halt in the depreciation of the Brazilian Real, and/or government intervention to temporarily remove the import duties on cotton. In 2010/11, the Brazilian government granted the temporary removal of import duties on up to 1.15 million bales due domestic industry needs. This intervention allowed for a total of 703,000 bales to be imported in 2010/11.

Other relevant reports:

[BR0815 Cotton Products Update - August 2012](#)

[BR0808 Cotton Products Annual - 2012](#)