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# Brazilian Cotton Outlook

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Foreign Agricultural Service

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United States Department of Agriculture



**AGRICULTURAL OUTLOOK FORUM**  
TRANSFORMING AGRICULTURE

BLENDING TECHNOLOGY AND TRADITION  
February 25-26, 2016 / Crystal Gateway Marriott Hotel, Arlington, Virginia





# Presentation Outline

- Evolution of the Cotton Sector
- Cotton Outlook
- Looking Ahead...



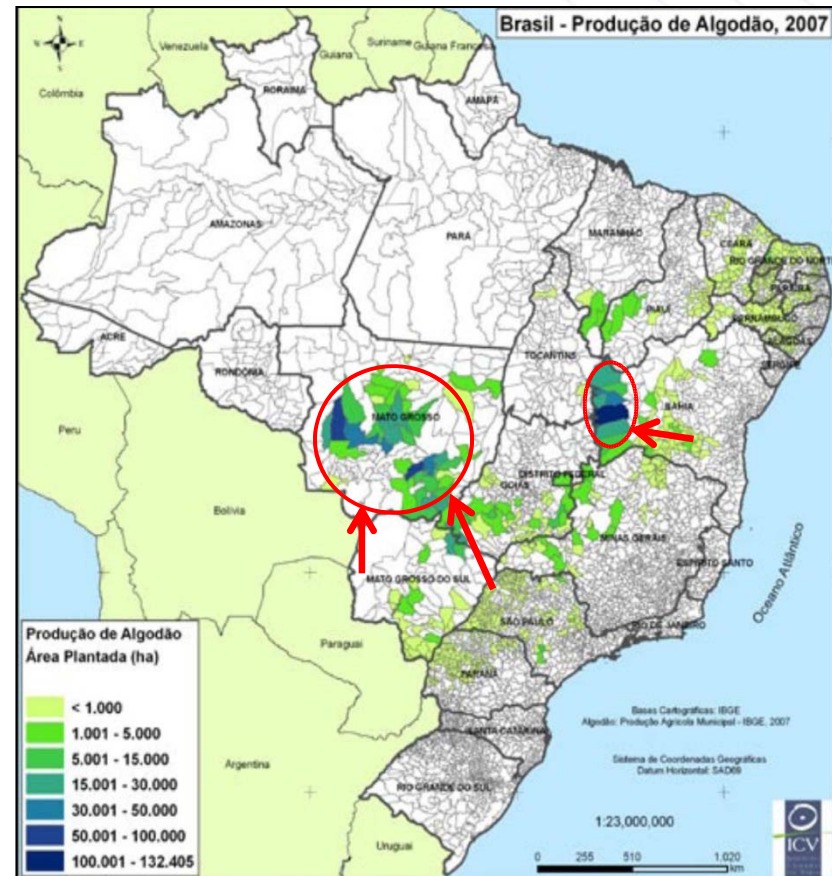
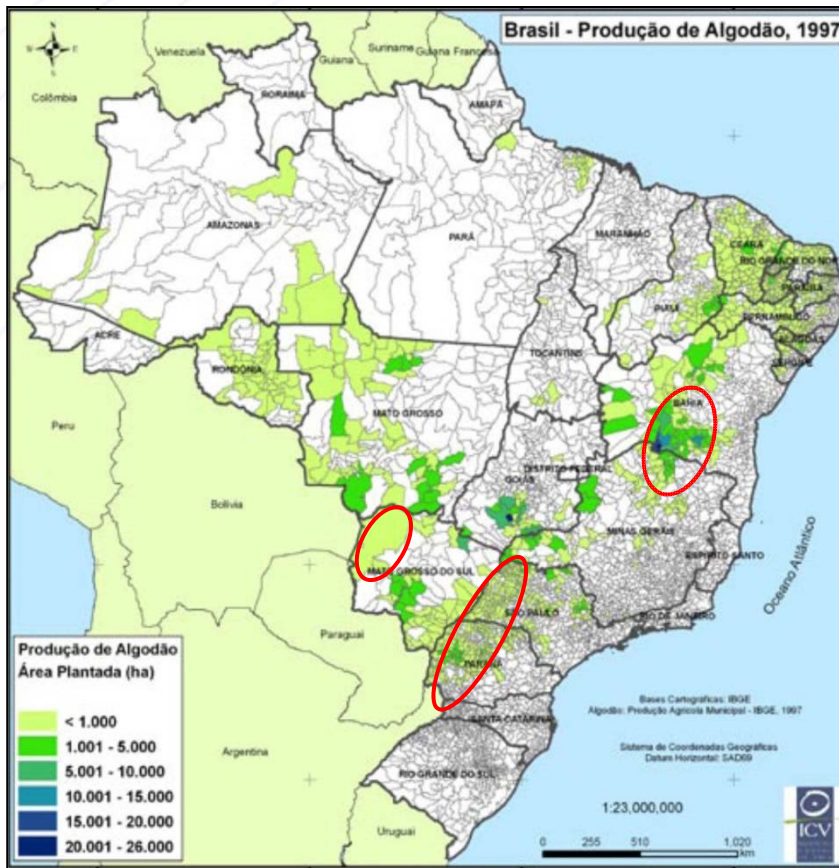
# Evolution of the Cotton Sector



# Cotton Area on the Move....

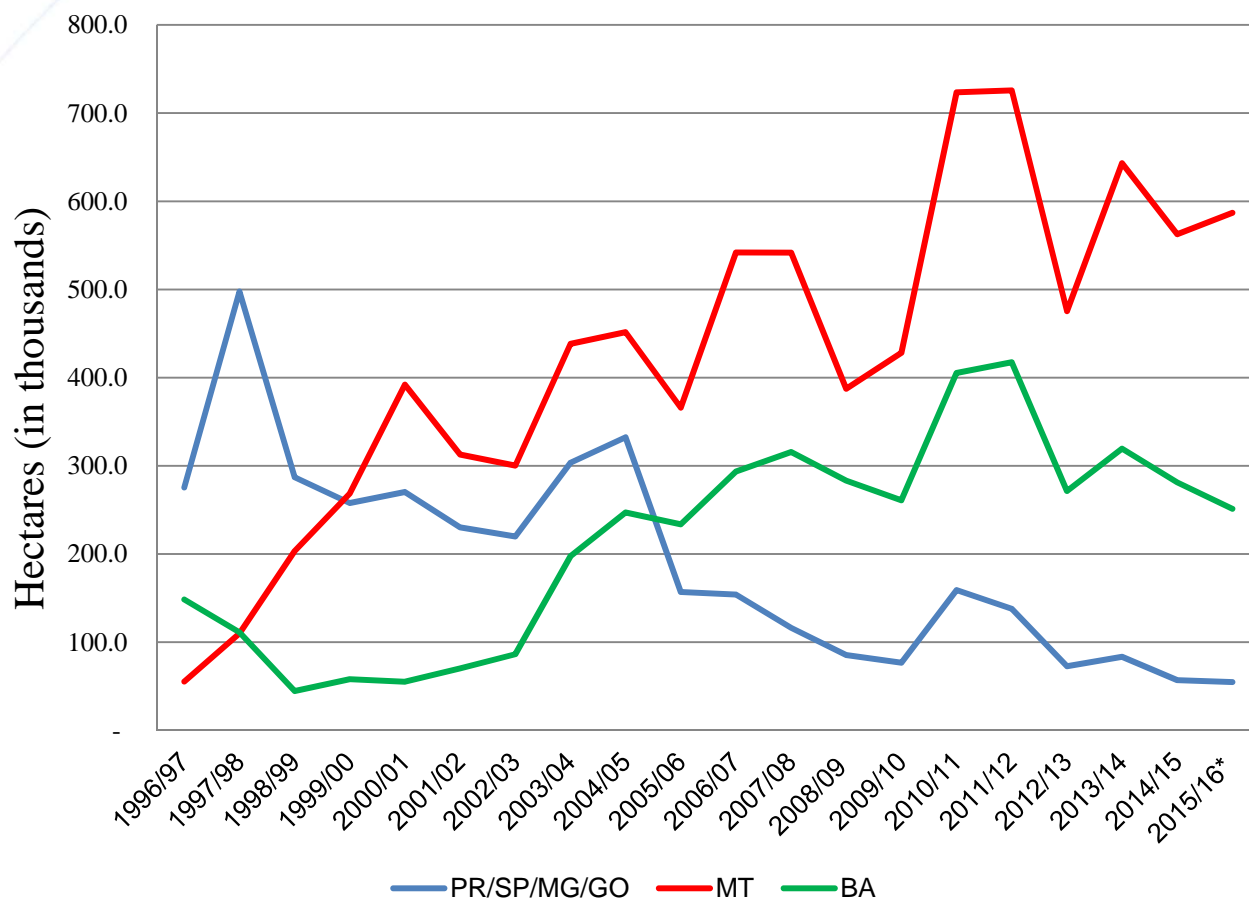
**Planted Area in 1996/97**

**Planted Area in 2006/07**



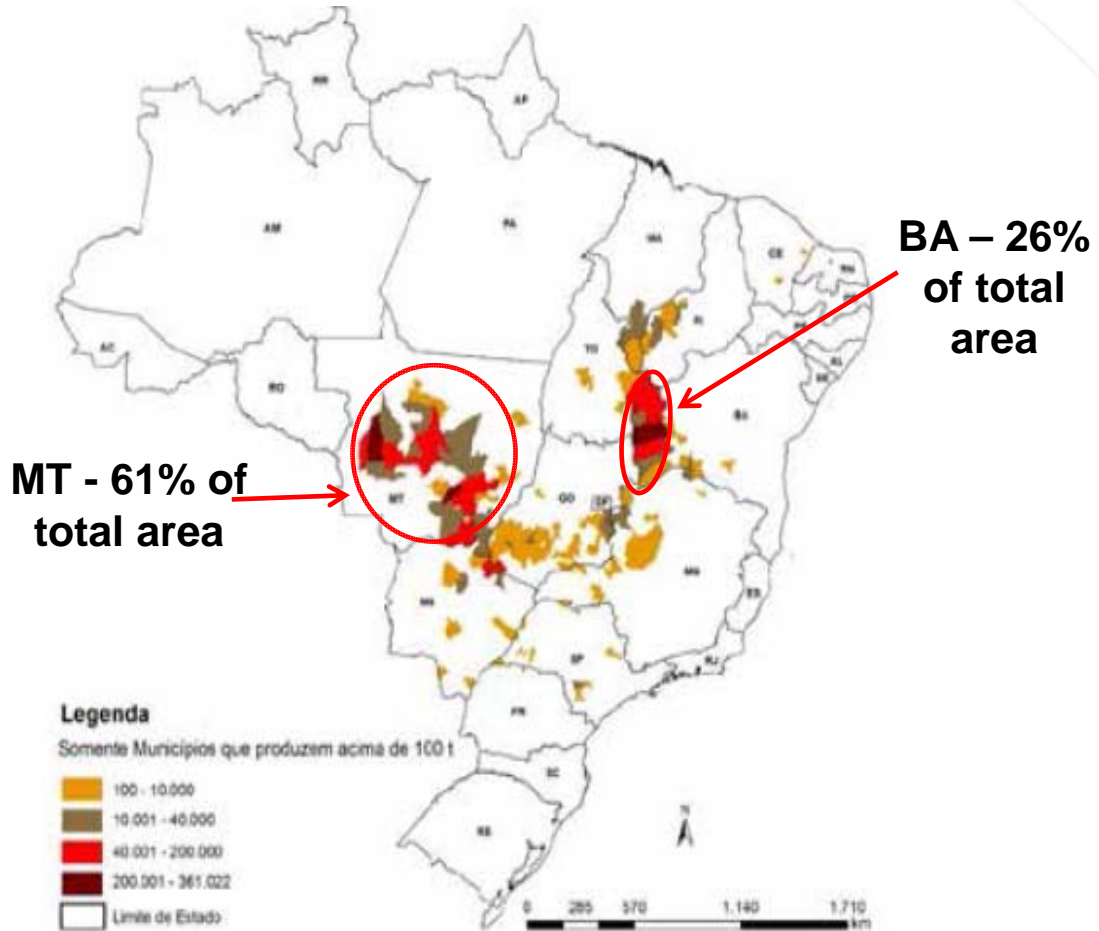
# ... and Today is Concentrated in Two States

**MT and BA Plant 87 Percent of Total Area**



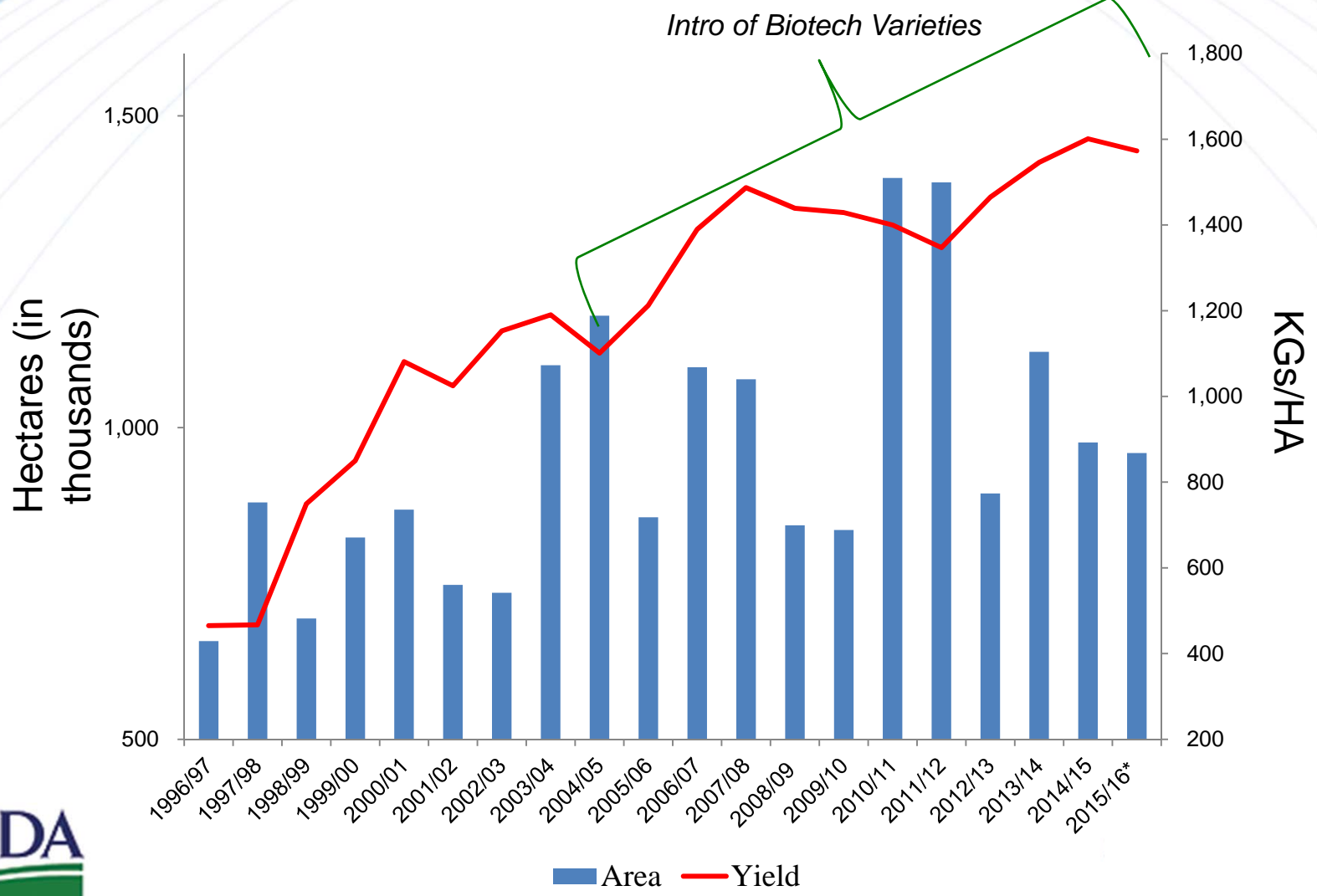


# Planted Area in 2015/16





# Technology Investments Improving Yields







# Characteristics of the Sector

- Entrepreneurial
- Large areas ( > 500 ha)
- Professional farmers and groups, partnership w/ ginners and textile companies
- Capital intensive and favors economies of scales
- Mechanized harvest
- High technology in production and processing
- High yields (1.4 - 1.5 mt/ha)
- Second-crop cotton now a factor



# Cotton Calendar – Planting and Harvesting

UF/Região	22/09 a 21/12			21/12 a 20/03			20/03 a 21/06			21/06 a 22/09		
	Primavera			Verão			Outono			Inverno		
	Out	Nov	Dez	Jan	Fev	Mar	Abr	Mai	Jun	Jul	Ago	Set
MT			P	P					C	C	C	C
BA		P	P	P	P			C	C	C	C	C

 **Planting**  
 **Harvest**





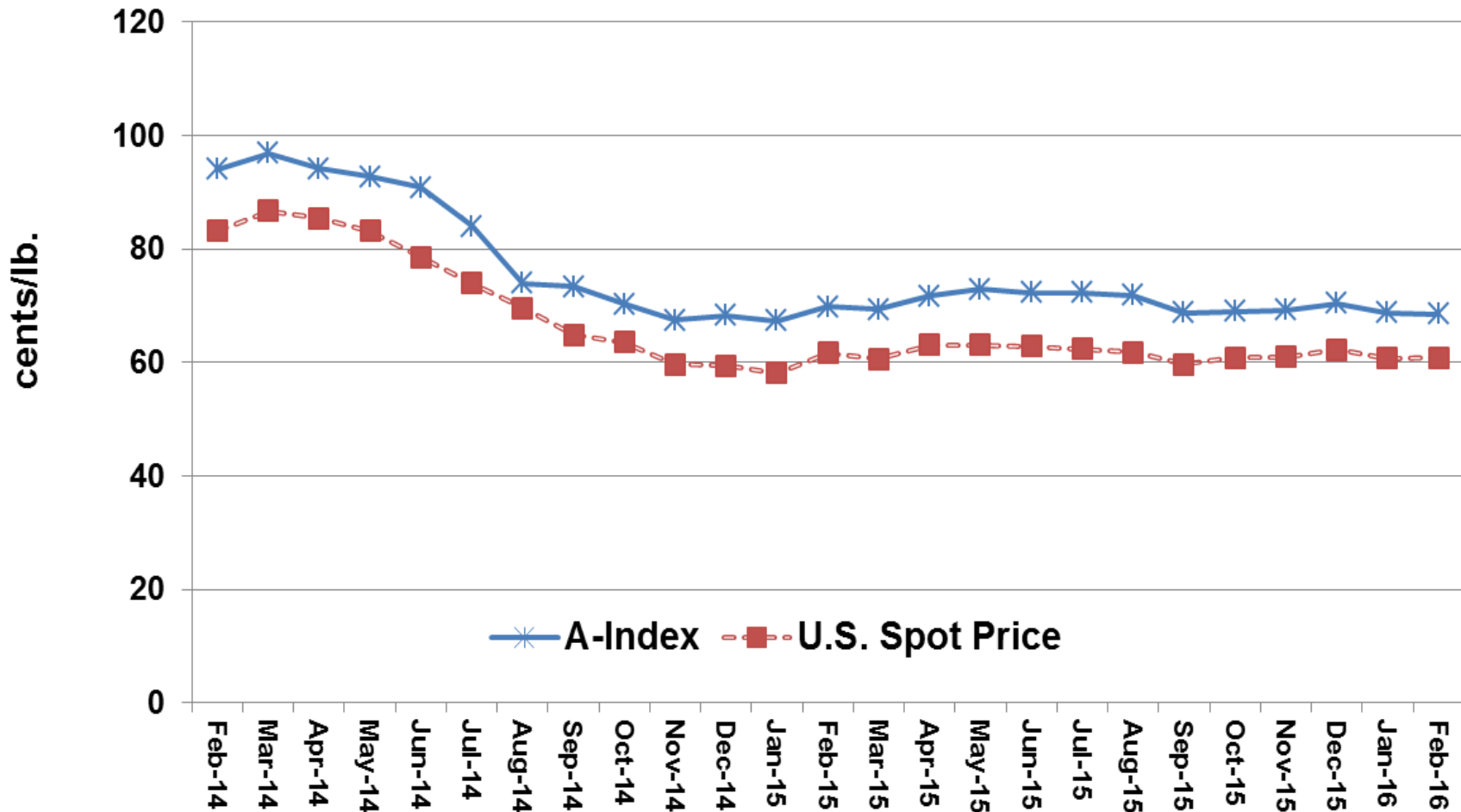
# Cotton Outlook



# World Prices Continue to Drift Sideways...



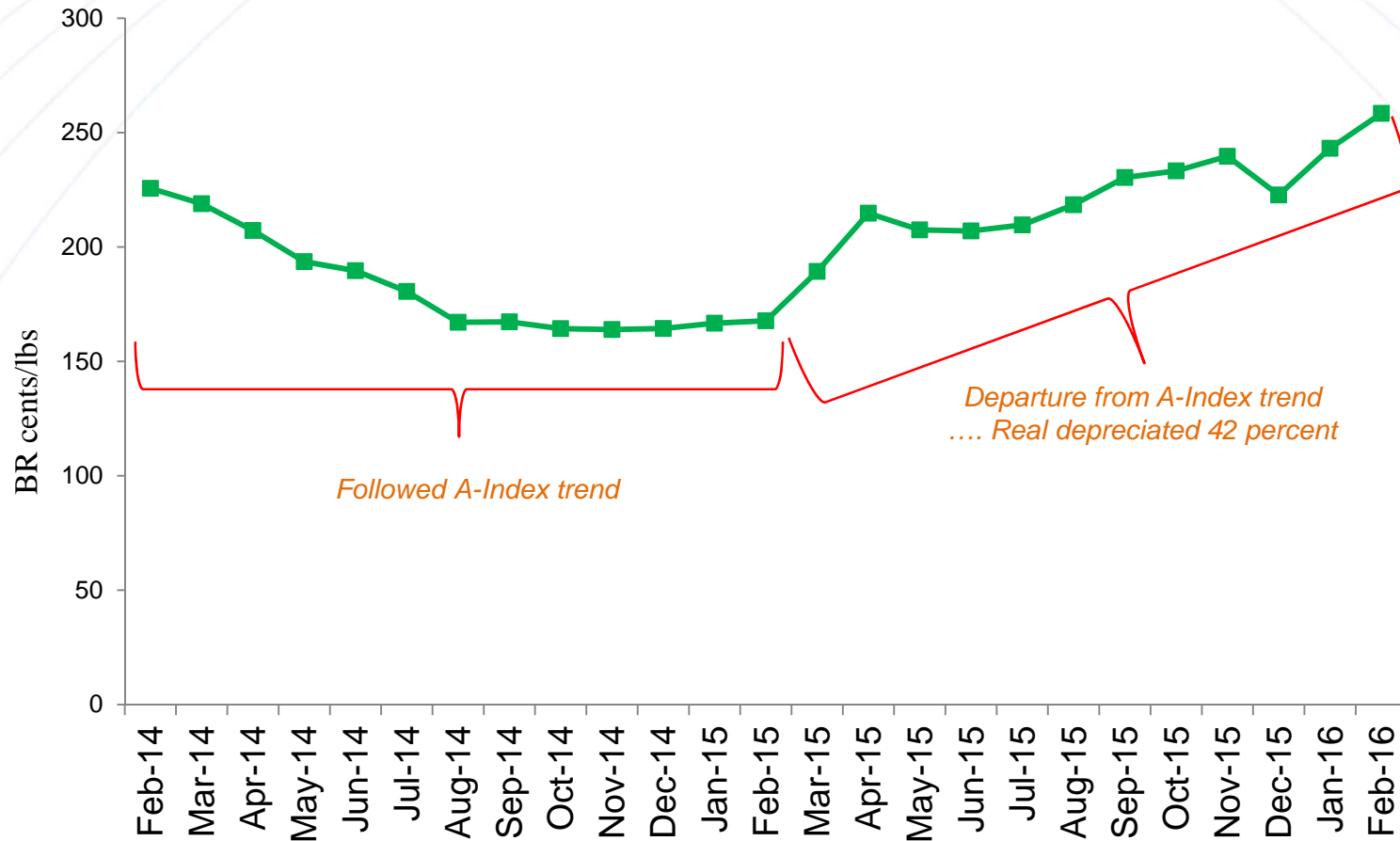
## Monthly Average Cotton Prices



Source: FAS/USDA

# ... While Brazilian Prices Move Up

(Monthly Average)



*Departure from A-Index trend  
.... Real depreciated 42 percent*

*Followed A-Index trend*



■ Brazil Cotton Prices

Source: CEPEA



# 2015/16 Cotton Outlook

## Brazil:

- Area – 950,000 ha (-7%)
- Production – 1.50 mmt (-4%)
- Exports – 875,000 mt (+8%)
- Consumption 675,000 mt (-9%)



# 2016/17 Cotton Outlook

## Brazil:

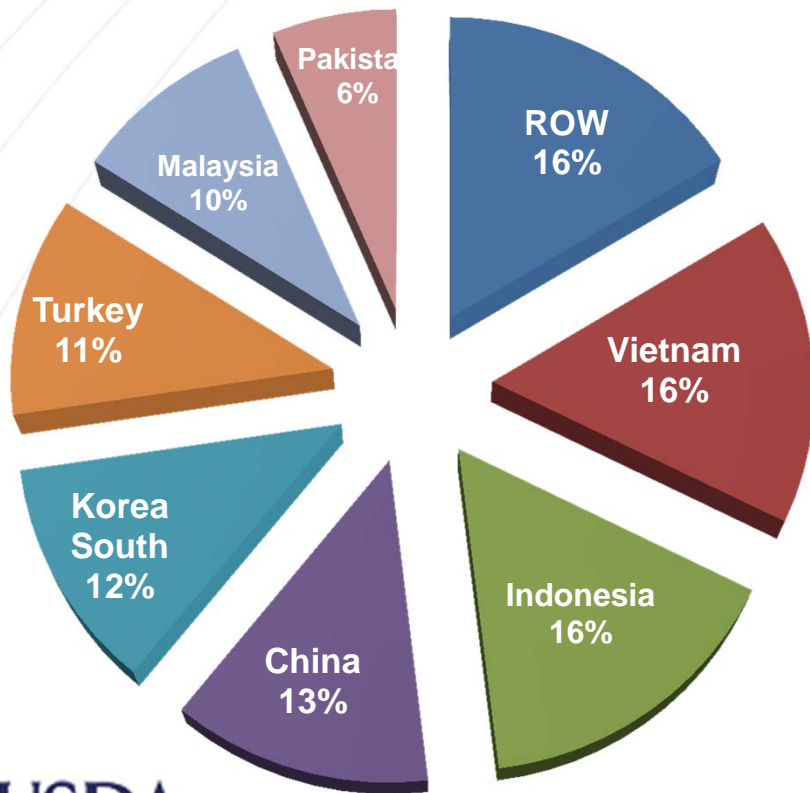
- Area – 970,000 ha (+2%)
- Production – 1.54 mmt (+3%)
- Exports – 900,000 mt (+3%)
- Consumption - 690,000 mt (+2%)



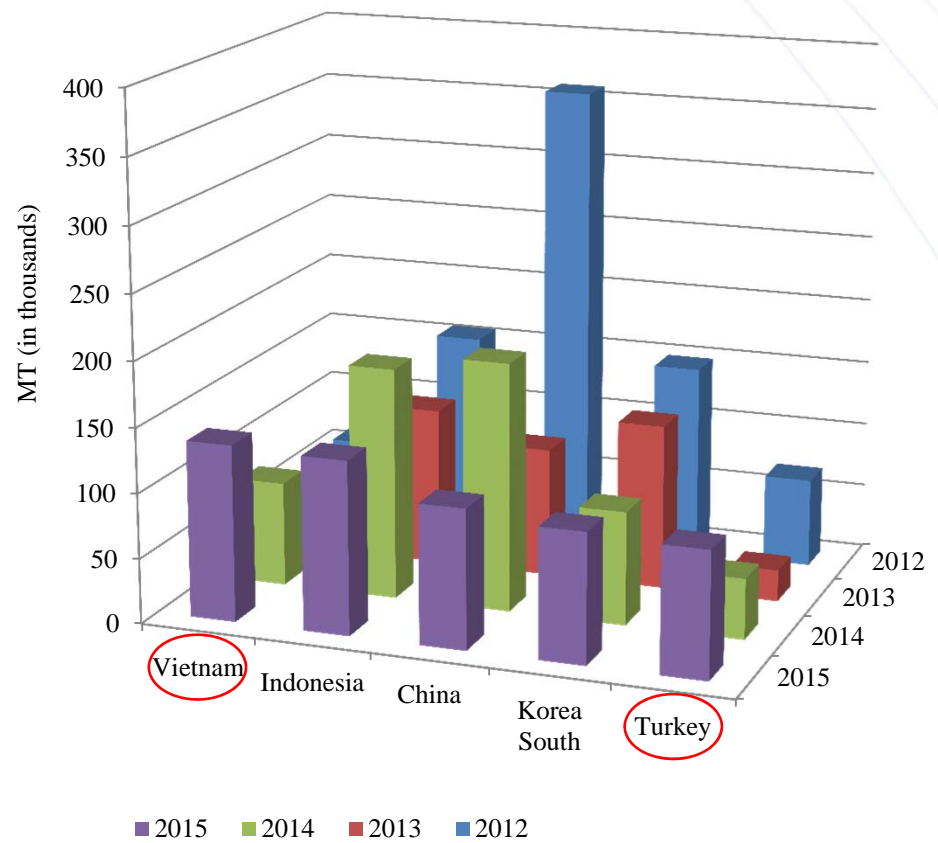
# Trade Dynamics in Brazil



**Brazil Major Export Markets in 2015**



**Brazil Cotton Exports by Year and Destination**



Source: GTA



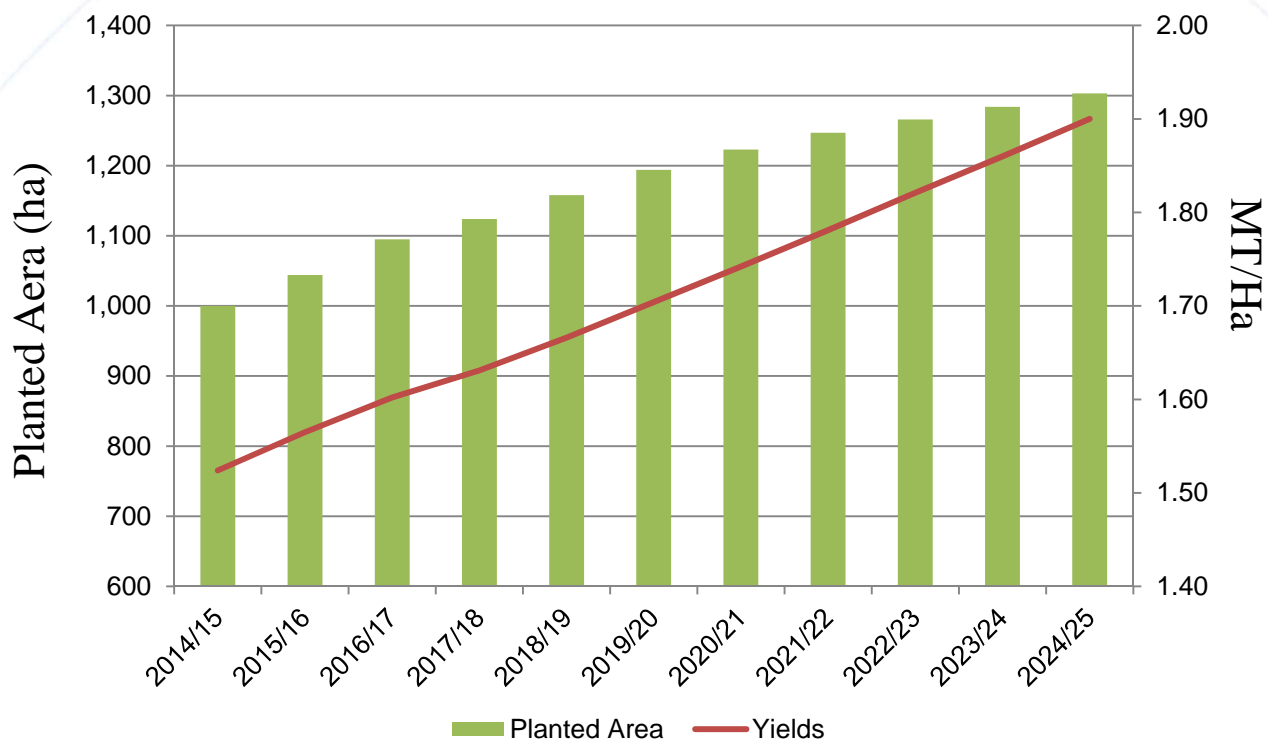


# Looking Ahead...





# USDA Baseline Projections for Brazilian Cotton Production



Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Production (in thousands)	1,524	1,634	1,755	1,833	1,929	2,035	2,131	2,220	2,304	2,388	2,474

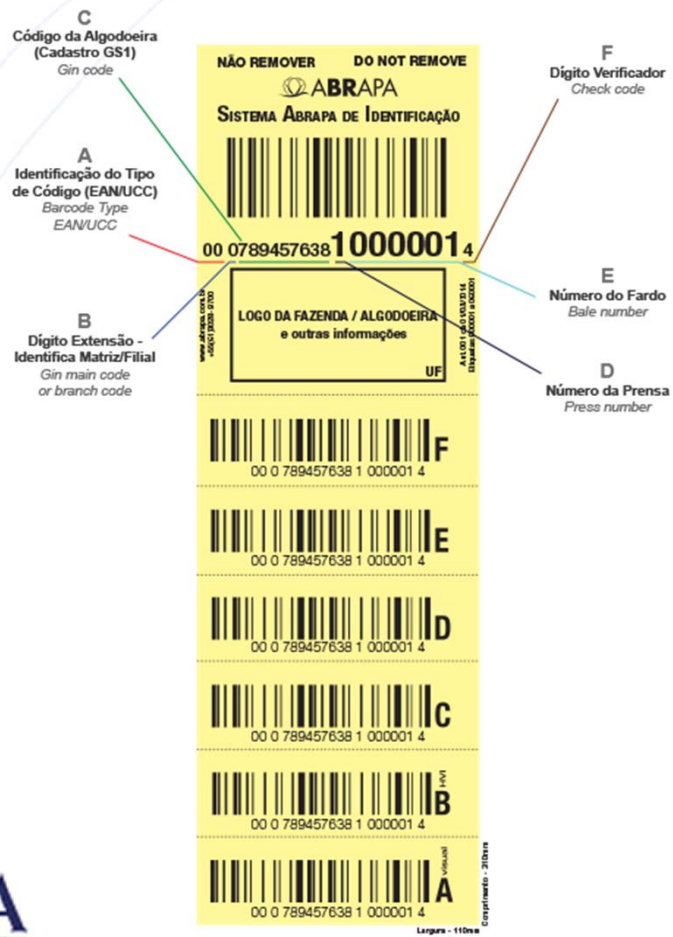


## ... but There Are Challenges to Keep in Mind



- Quality
- Competition from other fibers
- High cost of production
- Pest control (Bicudo/Boll weevil)
- Brazil's infrastructure

# Improving Quality and Grading Standards





# Dealing with the Bicudo/Boll Weevil



# Brazilian Roads



Source: IPS/News Service



Source: IPS/News Service



Thank You.  
[www.fas.usda.gov](http://www.fas.usda.gov)

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