



USDA Foreign Agricultural Service

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Brazil

Cotton and Products

Cotton Update

2009

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Report Highlights:

Due to the tight credit situation and uncertain economic forecast, cotton area and production is expected to fall 20 percent from last year, to 850,000 hectares and 5.7 million bales respectively.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Trade Report
Brasilia [BR1]
[BR]

In 2009, cotton area and production is expected to fall more than 20 percent from the previous year, to 850,000 hectares and 5.7 million bales respectively. Several varieties of GMO cotton have been approved by the Brazilian government, and it is thought that GMO cotton may account for up to 50 percent of area this year (compared to 25 percent last year). The impact is primarily on costs (one or two less pesticide applications) than on yield, as the approved varieties are not well adapted for the region.

Planting is drawing to a close, and all states are expected to have reduced area, with the most significant reduction (30 percent) occurring in Mato Grosso, the largest cotton-producing state in Brazil. Last year's steep increase in the price of inputs, and resultant tight credit, was particularly problematic for Mato Grosso, where transportation costs significantly increase the costs and decrease the price paid to the farmer. Producers are generally too large, or too indebted, to access federal loans, and multinational companies were not willing to greatly increase their financial exposure as input costs increased more than the value of the land. Due to lack of adequate financing, a number of producers switched some land to soybeans, which has significantly lower input costs and higher liquidity than cotton.

In Bahia, the second largest cotton-producing state, area decreased minimally (approximately 5 percent). Bahia is in a much better logistical situation than Mato Grosso, reducing costs, and the quality is typically better than other parts of Brazil. Planting is done in November/December, earlier than in Mato Grosso. To date, rains in Bahia have been good, and normal regional quality and yield is expected.

PSD Table
Country: Brazil
Cotton
(1000 HA)(1000 480lb bales)

	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Aug 2006			Market Year Begin: Aug 2007			Market Year Begin: Aug 2008			
	USDA Official	Post Estimate	New Post Data	USDA Official	Post Estimate	New Post Data	USDA Official	Post Estimate	New Post Data	
Area Harvested	1094	1097	1097	1077	1090	1077	885	1000	850	'000 ha
Beginning Stocks	3616	3817	3616	5408	6032	5408	6251	6957	6249	'000 bales
Production	7000	7000	7000	7360	7150	7358	5800	6500	5725	'000 bales
Imports	515	515	515	164	125	164	175	100	50	'000 bales
MY Imp. from U.S.	0	215	215	0	0	100	0	0	0	'000 bales
Total Supply	11131	11332	11131	12932	13307	12930	12226	13557	12024	'000 bales
Exports	1300	1300	1300	2231	2300	2231	2250	2900	2500	'000 bales
Use Dom. Cons.	4573	4150	4573	4600	4200	4600	4400	4250	4200	'000 bales
Loss Dom. Cons.	-150	-150	-150	-150	-150	-150	-150	-150	-150	'000 bales
Total Dom. Cons.	4423	4000	4423	4450	4050	4450	4250	4100	4050	'000 bales
Ending Stocks	5408	6032	5408	6251	6957	6249	5726	6557	5474	'000 bales
Total Distribution	11131	11332	11131	12932	13307	12930	12226	13557	12024	'000 bales
Stocks to Use %	92		92	92		91	86		82	Percent
Yield	1393	1389	1389	1488	1428	1487	1427	1415	1466	kg/ha