



Commodity Intelligence Report

Brazil's 2018/19 Record Cotton Harvest Underway

Brazil is harvesting its largest ever cotton crop, estimated at 12.8 million 480-lb bales for MY 2018/19 (Figure 1). The record production is primarily due to the highest planted area in 27 years (since 1991/92) with the benefit of favorable weather. Harvested area is estimated at 1.6 million hectares, up 36 percent from last year (Figure 2). Higher prices and two prior seasons of record yields encouraged producers to plant more area. Most of Brazil's cotton is planted as a second crop after soybeans are harvested.

In Mato Grosso, where two-thirds of Brazil's cotton is produced, cotton area is at a record 1.07 million hectares (mha), having risen 38 percent from last year and more than 90 percent in the last five years according to the National Supply Company of Brazil (CONAB). In Bahia, the second largest cotton producer in Brazil (22 percent of production), cotton area rose 26 percent from last year to 0.33 mha and is the highest in seven years. This year's more numerous cotton fields are apparent in satellite imagery (Figure 3). Cotton production is expanding in other parts of Brazil as well. Paraná and Rondônia recently resumed cotton cultivation and cotton area is up a combined 44 percent for all secondary or minor cotton-producing states, compared to last year (Figure 4).

Yield for MY 2018/19 is estimated at 1,747 kilograms per hectare, surpassing last year's record (Figure 1). Weather has been generally favorable but an extended rainy season characterized by heavy or above normal rainfall during late April and May in localized parts of Mato Grosso, Bahia and Piauí was detrimental to crop development, causing boll rot in some cases and reducing yields. In Mato Grosso, despite negative impacts to some early planted first-crop cotton, overall average yield for the state is estimated above last year's record by the Mato Grosso Institute of Agricultural Economics (IMEA). First-crop cotton comprises less than 15 percent of Mato Grosso's cotton area. The Bahian Cotton Producer's Association (ABAPA) estimates yield in Bahia at less than 2 percent below last year's record. In Minas Gerais and Goiás, yields are estimated at record and near record levels (CONAB). The Cotton Producer's Association of Mato Grosso do Sul (AMPASUL) is estimating record production for the state due to higher than initially estimated area and yields. In many regions where second-crops such as cotton and corn are grown, the Normalized Difference Vegetation Index (NDVI), as an indication of crop condition, was above average and better than last year (Figure 5).

Harvest of first-crop cotton began in May. First-crop cotton was planted as early as November 2018. However, most of Brazil's cotton is second crop and is harvested from July to September. In Mato Grosso, cotton harvest is now advancing in almost all regions and about 36 percent of cotton area has been harvested as of August 2 (IMEA). Harvest in Bahia began in mid-June.

With 2018/19 cotton output 29 percent higher than last year's record, exports are forecast to also exceed last year's record by nearly 50 percent to 6.2 million tons, thereby positioning Brazil as the world's second largest exporter of cotton, behind the United States and ahead of India for the first time since 2008/09 (Figure 6). In 2018/19, the largest importers of Brazil's cotton are China, Vietnam, and Indonesia.

2019/20 Forecast

Going forward, Brazil is poised to maintain the high level of cotton production attained over recent years of increased investment, improved technology, area expansion and good weather. 2019/20 cotton area is forecast at 1.55 mha, down 3 percent from last year's record due to downward pressure in cotton prices and the expectation that more area will be planted in favor of corn. Production is forecast at 12.0 million bales based on an above average yield of 1,686 kilograms per hectare (Figure 1). Planting of the 2019/20 crop will begin in November 2019.

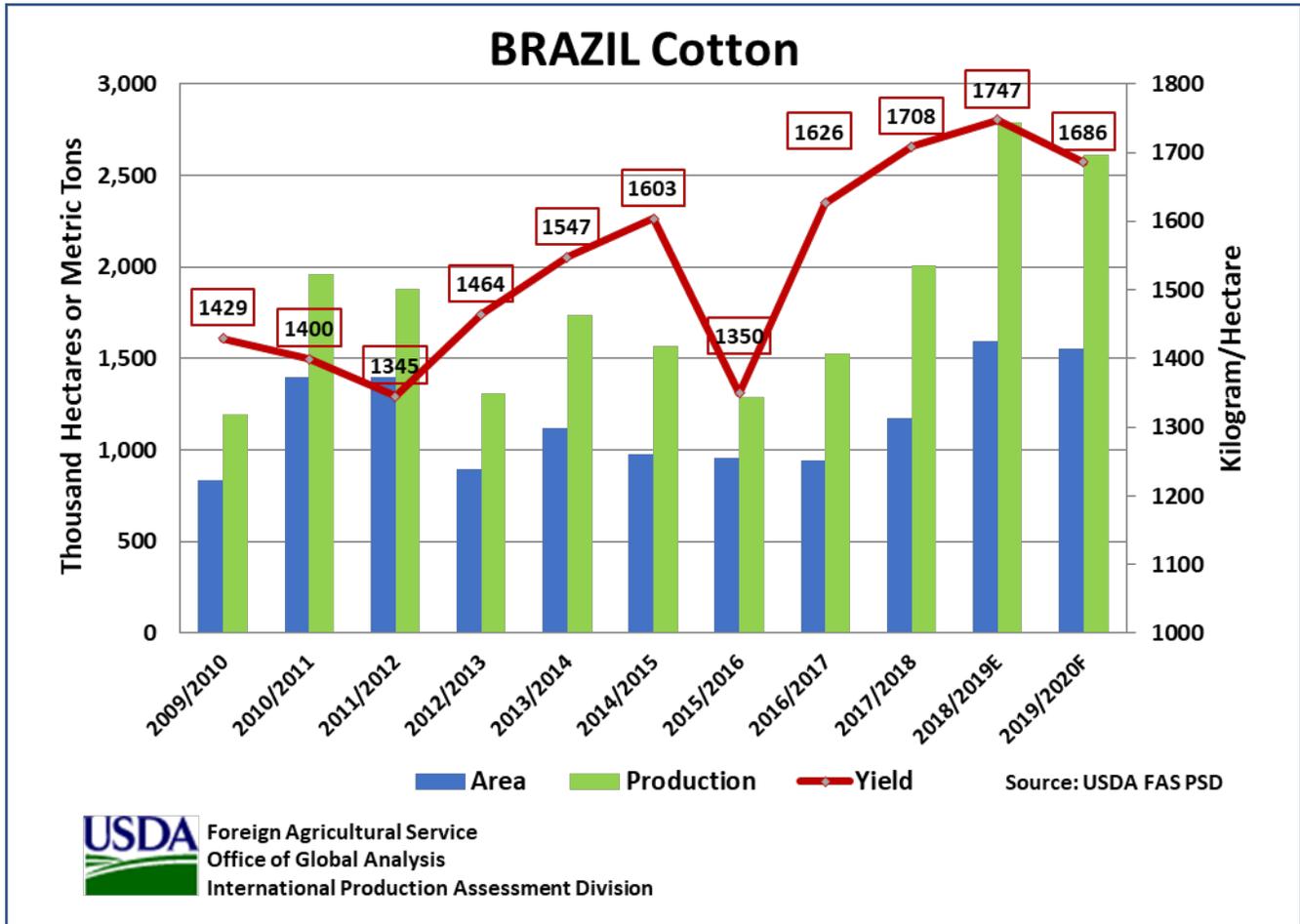


Figure 1: 2018/19 cotton yield and production are estimated at record levels.

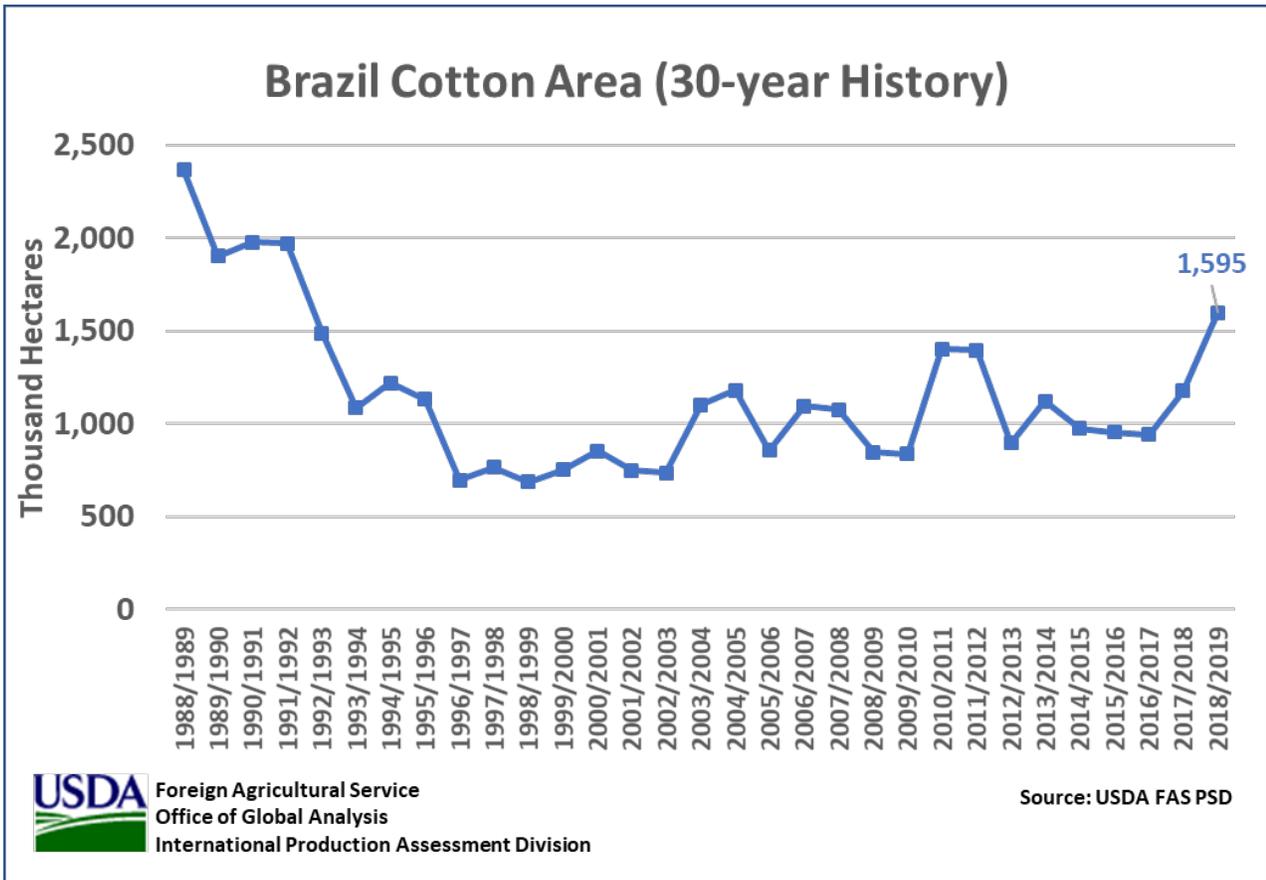


Figure 2: 2018/19 cotton area is the highest in 27 years.

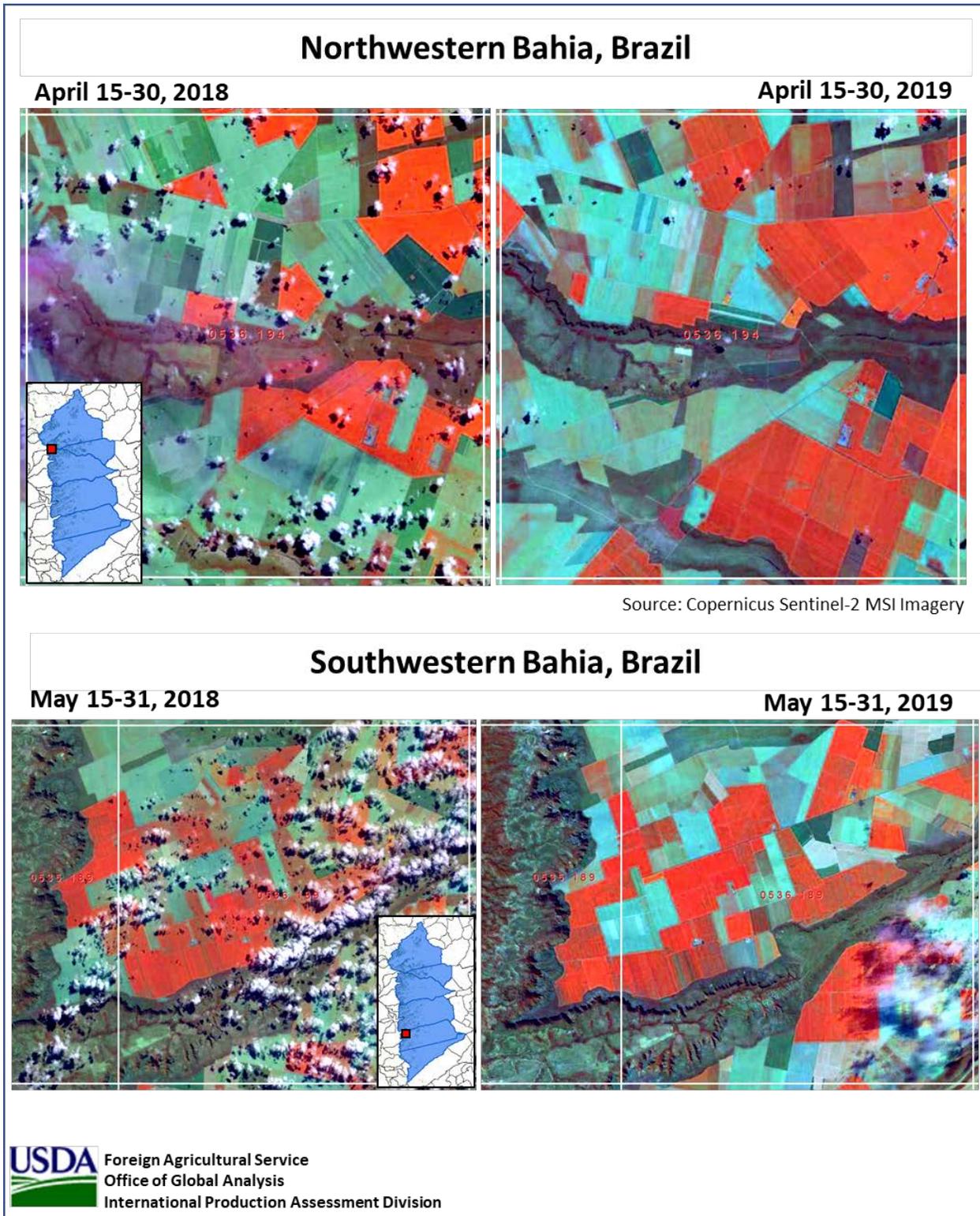


Figure 3: Higher area was planted to cotton and other second crops this year compared to last year, evident in satellite imagery. Fields that appear red are second-season crops planted to cotton as well as second-crop corn.

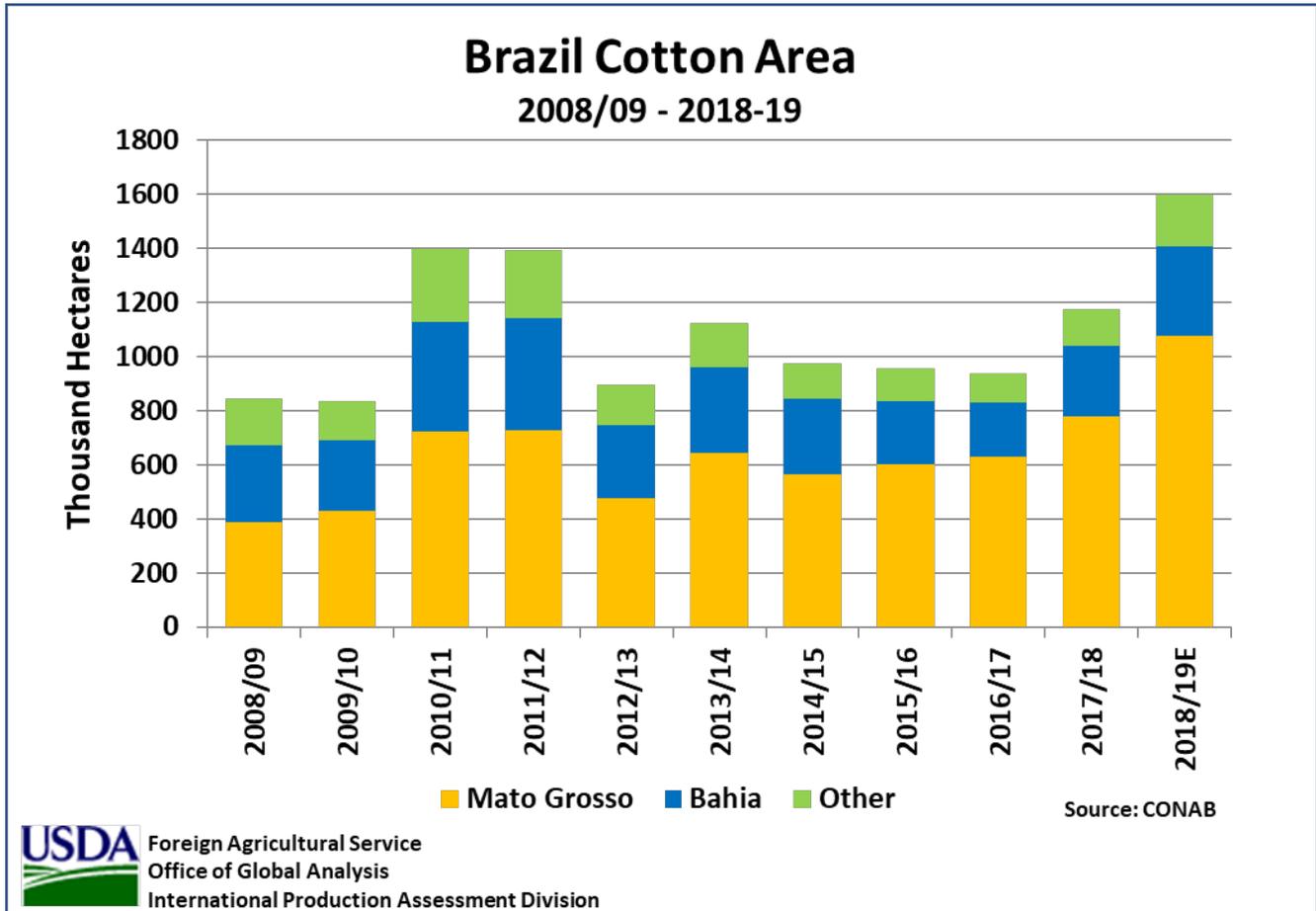


Figure 4: Compared to last year, cotton area is up 38 percent in Mato Grosso, 26 percent in Bahia and a combined 44 percent for all secondary or minor cotton-producing states.

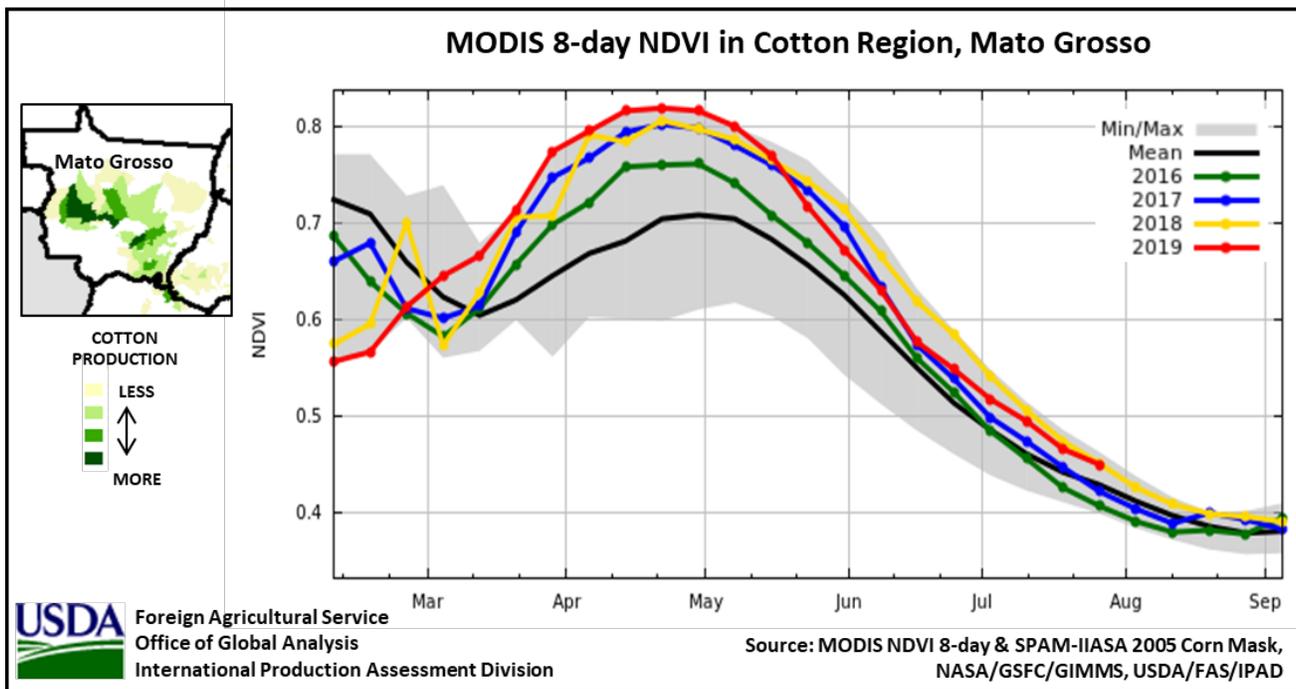


Figure 5: In second-crop regions of Mato Grosso where cotton and corn are grown predominantly, the Normalized Difference Vegetation Index (NDVI), which is an indication of crop condition, was above average and better than last year.

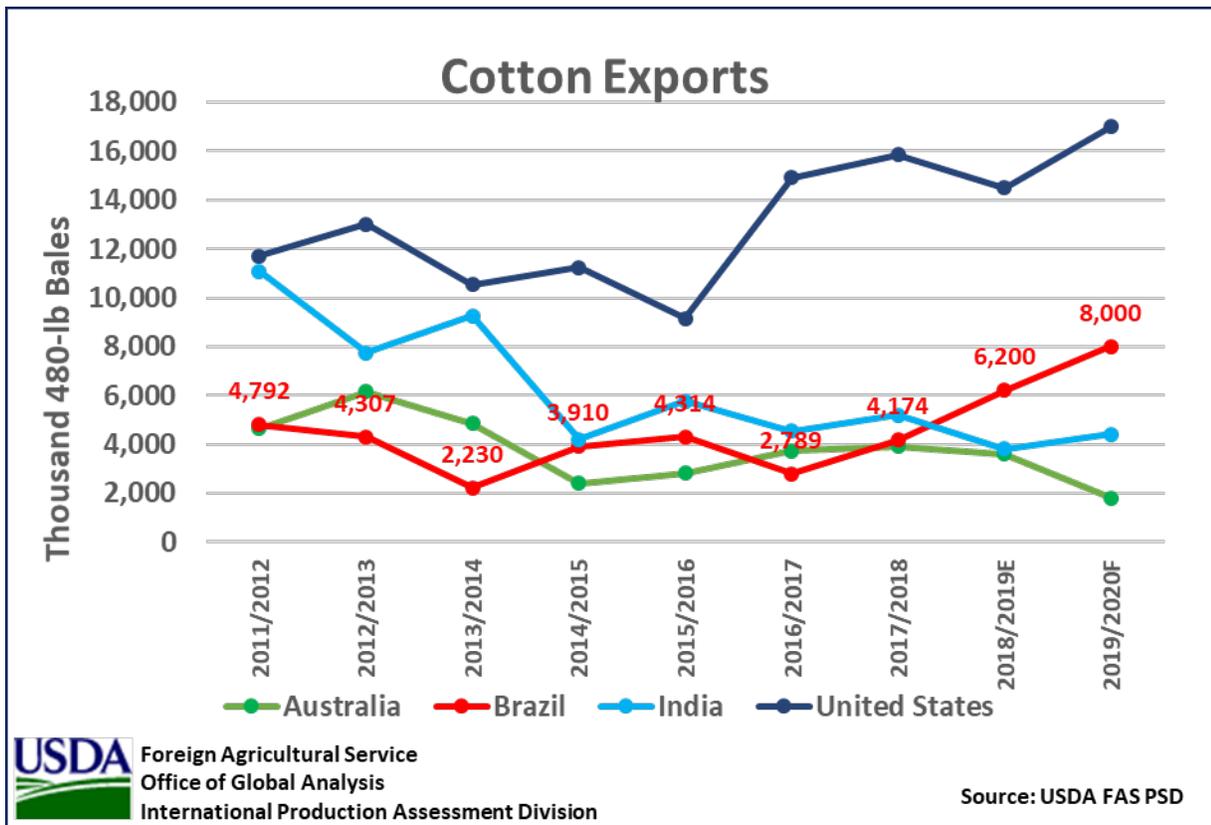


Figure 6: Brazil is the second largest cotton exporter in 2018/19.

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Current area and production estimates for grains and other agricultural commodities are available on IPAD's Agricultural Production page:

[Crop Explorer https://ipad.fas.usda.gov/cropexplorer/](https://ipad.fas.usda.gov/cropexplorer/) or

Production, Supply and Distribution Database (PSD Online):

<http://apps.fas.usda.gov/psdonline/psdHome.aspx>

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