

GRAINS

2020/2021 OUTLOOK SUMMARY



SEPTEMBER/2020








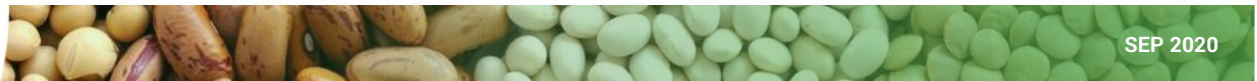
TABLE OF CONTENTS

The trend is upward for soybeans prices, with futures rising in Chicago and low domestic supply. Corn loses support in some regions, with exports still at a slow pace, in this record harvest year.

After the sharp rise in rice price, the government zeroed the import tariff of 400 thousand tonnes and the prices should gradually decrease. Beans continue with stable prices, as well as wheat, sustained by harvest breaks and the exchange rate, even with the ongoing harvest.

Cotton, whose harvest is record, faces weakened consumption in industries and still suffers the effects of low oil prices.

Item	Trend	Page
Pandemic x Agribusiness in Brazil		03
Soybean: 2020/2021 outlook		05
Corn: 2020/2021 outlook		08
Wheat: 2020/2021 outlook		11
Rice: 2020/2021 outlook		14
Beans: 2020/2021 outlook		17
Cotton: 2020/2021 outlook		19

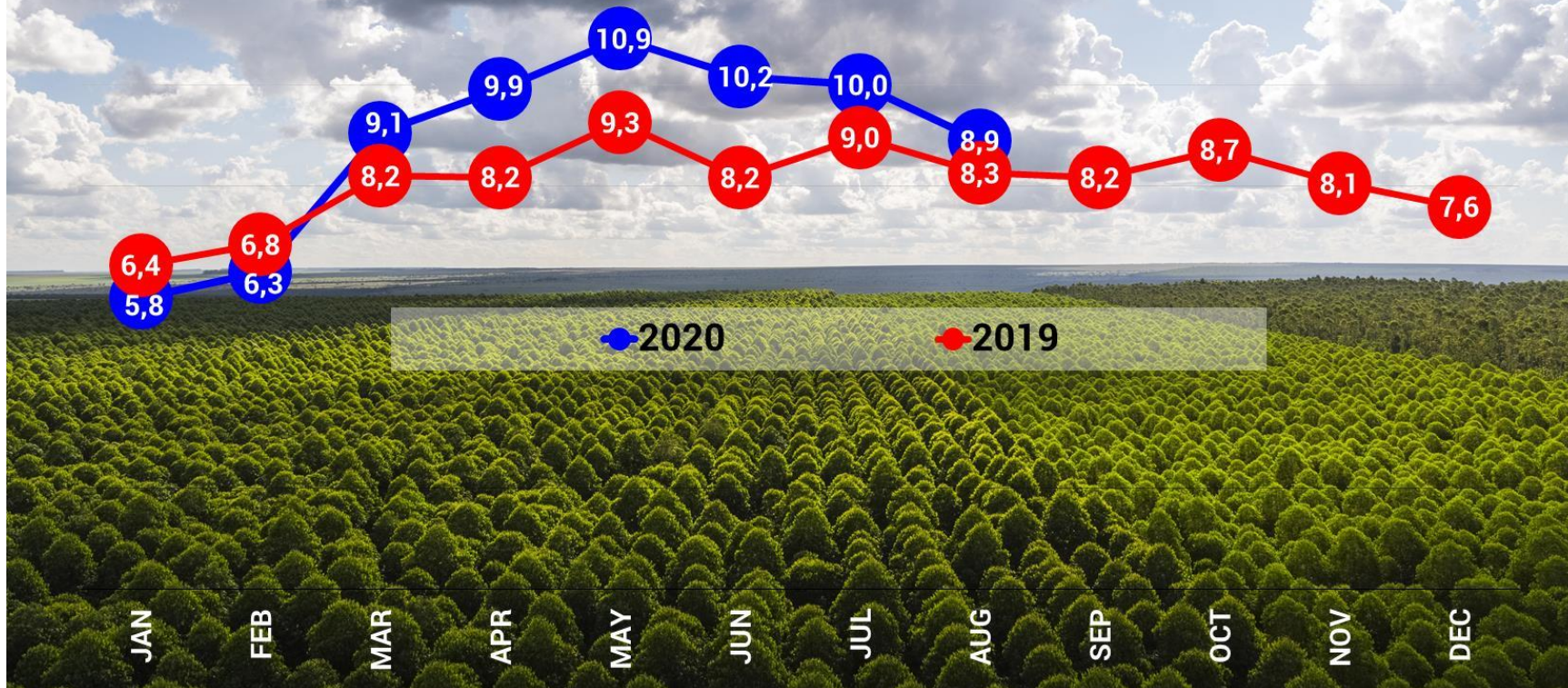


PANDEMIC AND EXPORTS OF BRAZILIAN AGRIBUSINESS

- Agribusiness exports were US\$ 8.9 billion in August / 2020, an increase of 7.8% in relation to the same month last year (US\$ 8.26 billion).
- Agribusiness accounts for 50.2% of the total value exported by Brazil (US \$ 17.7 billion) in the month of August / 2020.
- The performance of agribusiness exports in August this year was driven by the expansion of cotton shipments (+ 140.7%); sugar (+ 118.8%); rice (+ 93.2%); pork (+ 73.4%); and soybeans (+ 24.6%) - all compared to the same month last year.
- Exports to China grew by 30.6% in August / 2020 compared to August / 2019, accounting for 30.7% of the total value exported by agribusiness.
- Between January and August 2020, agribusiness exports totaled US\$ 69.63 billion, an increase of 8.3% over the same period in 2019 (US\$ 64.31 billion).



AGRIBUSINESS: BRAZIL EXPORTS - US\$ BILLION



SOYBEAN: 2020/2021 MARKET OUTLOOK

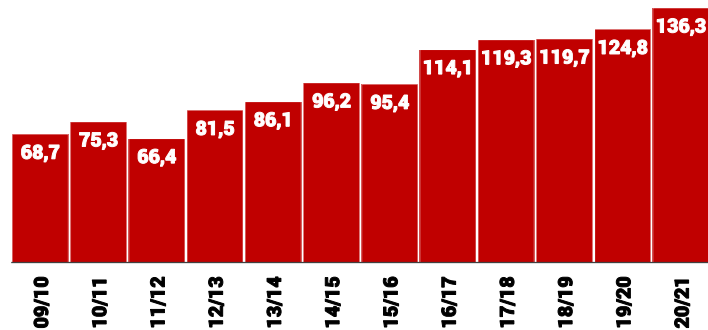
- The trend is upward for soybean prices in Brazil, both in the spot market and for future sales. There is a sharp rise in prices in Chicago, after the release of the United States Supply and Demand Report (USDA) reducing the production and final inventories projections in the current harvest 2020/2021.
- On the Chicago CBOT, quotations reached the highest level in the last 30 months, at US\$ 10 per bushel, with an increase of 18.3% since April for the March 2021 contract.
- Besides these factors, the beginning of the 2020/2021 harvest in Brazil faces some problems with lack of rain and with the confirmation of La Niña, which also supports quotations.
- China has again demanded higher soybeans volumes from the United States, which is a sustaining factor for future quotes in Chicago. The Asian nation should import a record 99 MMT in the 2020/2021 season.



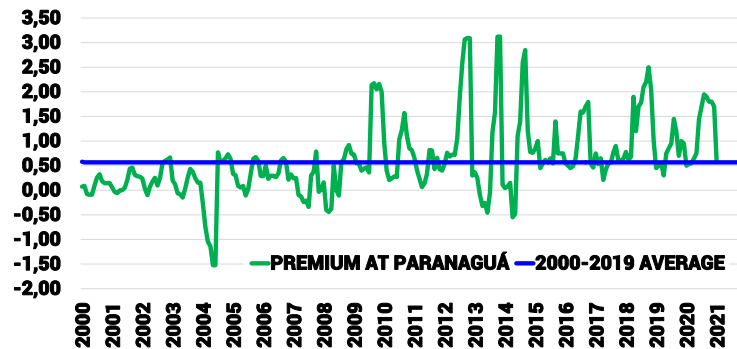
SOYBEAN: 2020/2021 MARKET OUTLOOK

- In Brazilian ports the premiums range between + US\$ 1.80 and + US\$ 1.90 per bushel above the maturity in Chicago, for shipments in October and November this year.
- Between January and August 2020, Brazil exported 75.1 MMT of soybeans, a record, 34% above the same period last year.
- Soybean meal exports grew 6% between January and August 2020, compared to the same period last year.
- 92% of the 2019/2020 harvest has already been sold and there is a strong competition between exporters and domestic industries, narrowing the ports and inland price difference.
- For the 2020/2021 harvest, 62% of the crop estimate have already been priced.
- 8% of the 2021/2022 harvest is fixed. For the 2022/2023 harvest, although only 4% has already been negotiated, the unprecedented fact of long-term sales stands out.

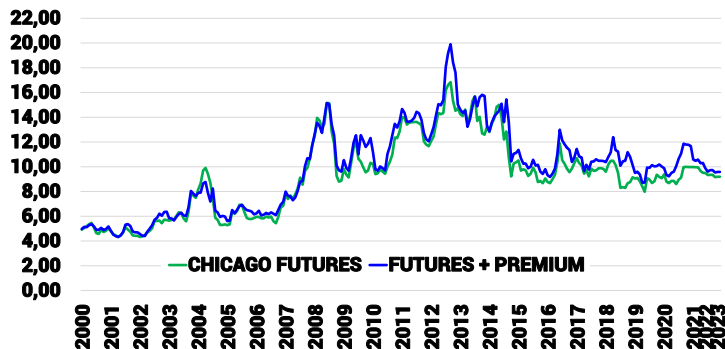
SOYBEAN: BRAZIL PRODUCTION - MMT



SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



SOYBEAN FOB PARANAGUÁ: CBOT FUTURE PRICES + PREMIUMS IN US\$/BUSHEL



SOYBEAN: DAILY PRICE FAS PARANAGUÁ PORT R\$/60 KG



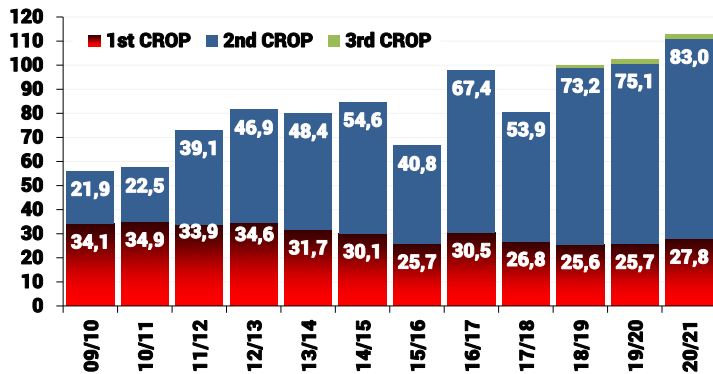
CORN: 2020/2021 MARKET OUTLOOK

- The trend is for stability with a downward bias for corn prices in the Brazilian market, with retracted buyers, the pace of exports still slower than last year, fall of the dollar and part of the supply of the 2nd harvest not yet negotiated.
- Corn prices are falling in several regions, influenced by the lower buyers interest, who indicate that they have stocks for the short term.
- The ESALQ / BM & F corn indicator (Campinas / SP) is quoted at R\$ 59.70 per 60 kg, a slight decrease of 1.2% in the last 30 days, but an increase of 59.3% in the last 12 months .
- The prices at Brazilian ports are between R\$ 57.00 and R\$ 58.00 per 60 Kg. Domestic prices will need to converge with export parity in the coming months to align inland prices with FAS Brazilian port prices - otherwise, not exported surpluses may put pressure on domestic prices.

CORN: 2020/2021 MARKET OUTLOOK

- In the 2019/2020 commercial year (February to September / 2020), Brazilian corn exports shall reach 21.6 MMT, considering a projected shipment of 10 MMT for September.
- If the projected volume for September is confirmed, to reach the forecast of shipments of 34.5 MMT in the commercial year 2019/2020 (February / 2020 to January / 2021), exports of additional 12.8 MMT will be necessary between October / 2020 and January / 2021. This means a monthly export average of 3.2 MMT, which is feasible.
- The downward revision of the 2020/2021 harvest in the United States - affected by a dry season and storms in the country's Midwest - and the high volumes of corn exported by the USA to China are supporting future quotations in Chicago, which may give support to domestic prices in the medium and long terms.

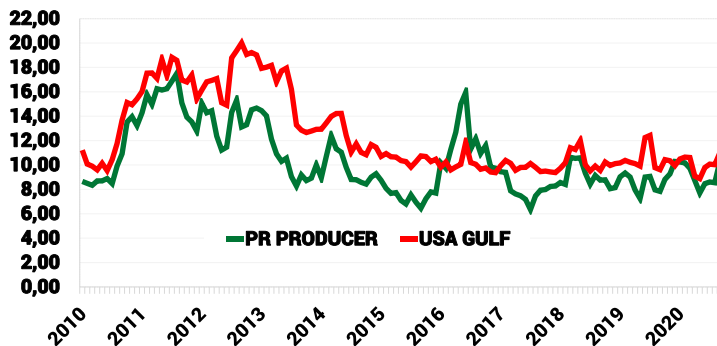
CORN: BRAZIL PRODUCTION - MMT



CORN: CBOT FUTURE PRICES BETWEEN 2008 AND 2020 - US\$/BUSHEL



CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



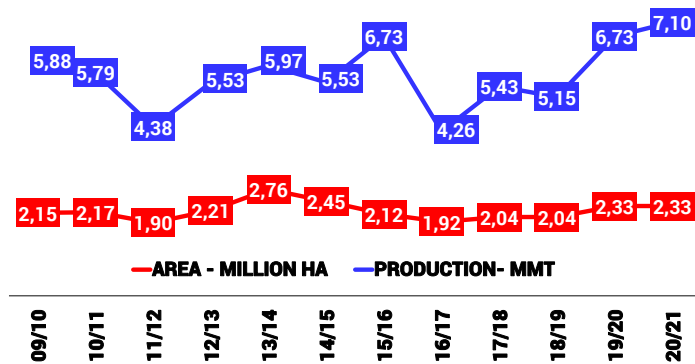
WHEAT: 2020/2021 MARKET OUTLOOK

- The trend is for sustained wheat prices in the domestic market, even with the beginning of the harvest of the 2020 new Brazilian crop.
- The wheat area in 2020 grew 14.1%, totaling 2.328 million ha, with a harvest forecast of 6.7 MMT, 30.5% above 2019.
- Many producers remain far from the market, which has increased the internal prices of wheat grain and bran. In addition, the supply of good quality grain may be restricted.
- Year to date, the prices of wheat grains FOB producer PR registered a strong increase of 31.7%, but decreased 5.7% in the last 30 days. At RS, prices rose 1.2% in the last 30 days, since part of the State's crop was affected by frost.
- Besides, the reduction in the 2020/2021 Argentine harvest projection, firm quotations on the international market and the higher dollar this year support domestic quotations.

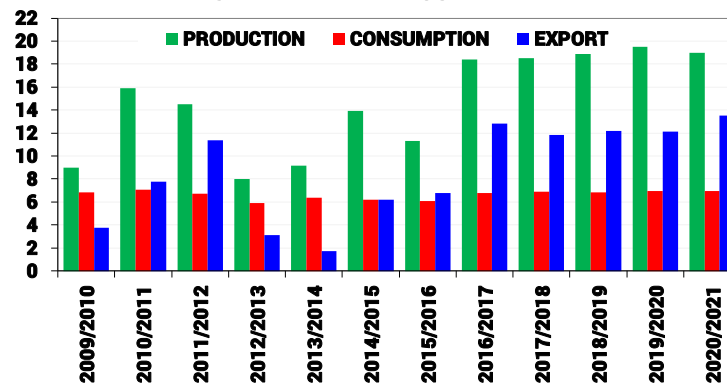
WHEAT: 2020/2021 MARKET OUTLOOK

- In Argentina, the FOB Port of Buenos Aires prices remain stable at US\$ 244.00 per tonne, an increase of 21.4% between January and September 2020.
- Import costs in Brazil average US\$ 217.50 per tonne FOB origin, 6.5% below those recorded in the same period last year (US\$ 232.70 per tonne).
- The import parity of wheat from Argentina is US\$ 244.75 per tonne for the product placed in Paraná, which results in R\$ 1,297.17 per tonne, while Brazilian wheat, in Paraná, has an average of R\$ 1,152.66 per tonne.
- In Rio Grande do Sul, the parity of the Argentine product is US\$ 229.00 per tonne, equivalent to R\$ 1,213.70, against the average of R\$ 1,209.10 per tonne in the State.
- In the derivatives market, flour prices are firm, while wheat bran reached nominal price records in September.

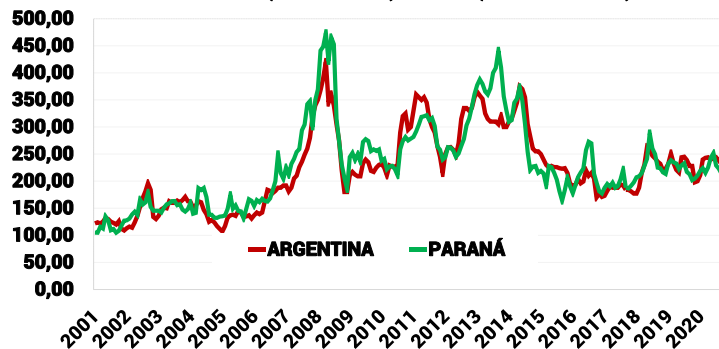
WHEAT: BRAZIL AREA AND PRODUCTION



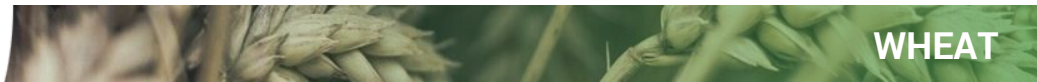
ARGENTINA: WHEAT SUPPLY - MMT



BREAD WHEAT: FOB PRICES US\$/T ARGENTINA (ROSARIO) X PR (PRODUCER)



WHEAT: FOB PRODUCER PR PRICES - R\$/60 KG INFLATION-ADJUSTED BY IGP-DI



RICE: 2020/2021 MARKET OUTLOOK

- The trend is for stable prices of paddy rice, FOB producer, after the strong increases registered during the month of August, which took the average quotation to the nominal and real record level of R\$ 105.86 per 50 kg , for the product with an average of 58% of unbroken grains, FOB producer in Rio Grande do Sul. This represented an increase of 36.0% in 30 days and a significant 114.3% in the last 12 months.
- The premium varieties paddy rice, with an average of 64% unbroken grains, is priced at an average of R\$ 121.25 per 50 kg, FOB producer in Rio Grande do Sul.
- The surge in prices resulted from a combination of several factors: the sharp rise in international product prices during the peak period of the Covid-19 pandemic, with many countries temporarily vetoing exports; high dollar, which led to a strong increase in Brazilian exports and a fall in imports; and higher domestic consumption.

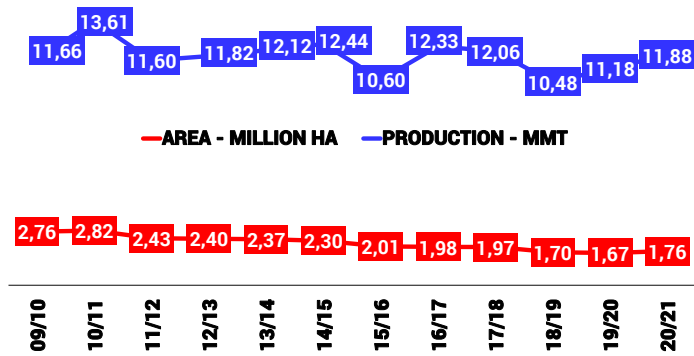


RICE: 2020/2021 MARKET OUTLOOK

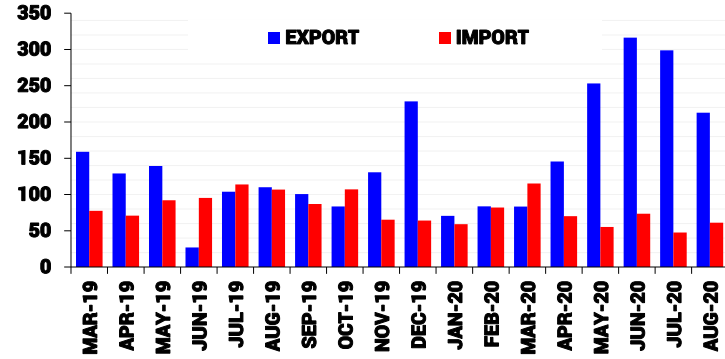
- The grain low or zero profitability over the past few years, associated with the continuous fall in per capita consumption, generated a significant drop in the grown area in Brazil.
- The Covid-19 pandemic has led consumers to demand more rice since the beginning of the current harvest, generating a fall in inventories in the processing industries.
- At the same time, the rising dollar caused a strong increase in exports, which reached 1.464 MMT (paddy) between January and August 2020, a 64% increase compared to the same period of the previous year. Imports moved in the opposite direction, with a decrease of 16% in the same period, reaching 564 thousand tonnes (paddy).
- In view of the sharp rise in prices, the government decided to zero the import tax (TEC) for a 400,000 tonnes quota until 12/31/2020, which should, at first, slow down the increase in domestic prices and, later, lead to a price decline.



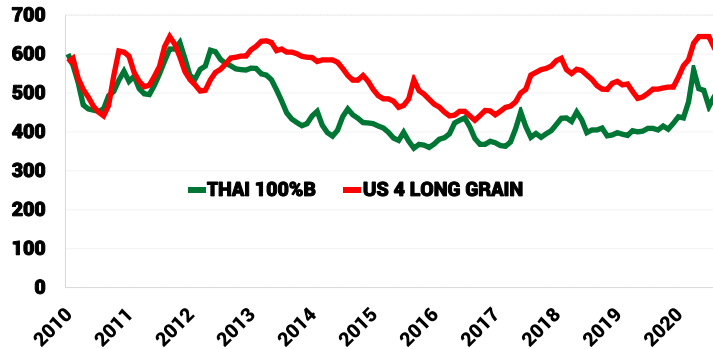
RICE: BRAZIL AREA AND PRODUCTION



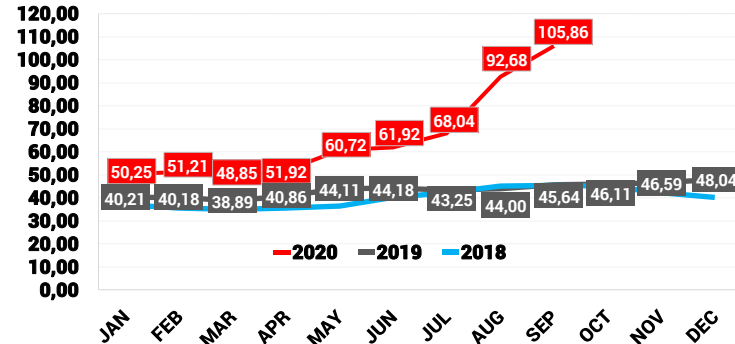
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) 2019/2020 HARVEST



PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



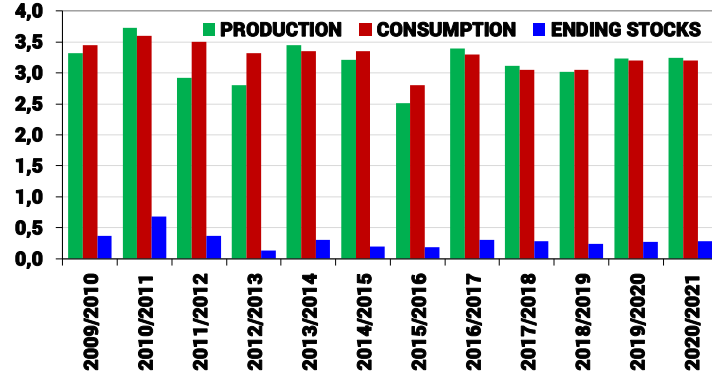
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



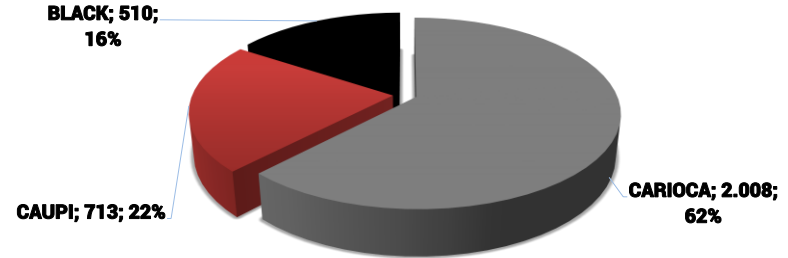
PULSES - BEANS: 2020/2021 MARKET OUTLOOK

- The trend is for stability in the prices of carioca beans in the short term, with supply adjusted to demand in the producing regions.
- After the heated demand in the period of the outbreak of the Covid-19 pandemic in Brazil, when consumers stockpiled, prices stabilized.
- The producer price of carioca beans increased by 14.3% in the last 30 days, but decreased by 10.3% between January and September 2020, with the quotations for the product grades 8.5 to 9.5 between R\$ 210 to R\$ 240 per 60 Kg, compared to R\$ 180 to R\$ 210 in August.
- The prices of black beans - extra, FOB producer, float between R\$ 220 and R\$ 240 per 60 Kg, above the R\$ 200 to R\$ 240 range from August.
- Price stability is expected to remain, with the tendency of supply adjusted to demand in the wholesale and in the retail.

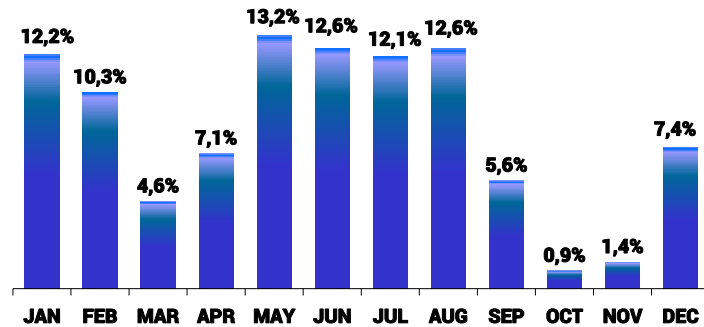
BEANS: BRAZIL SUPPLY - MMT



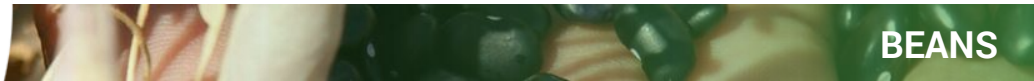
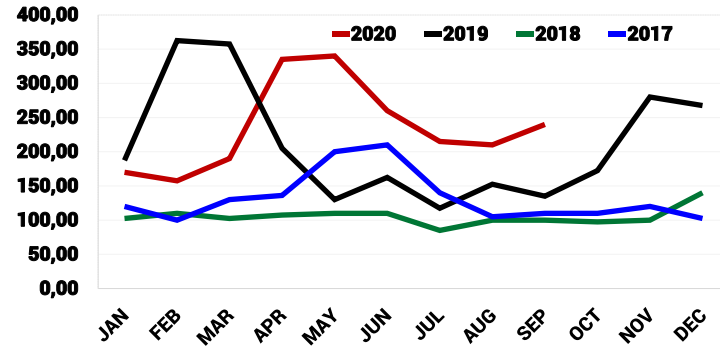
BEANS: BRAZIL 2020 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



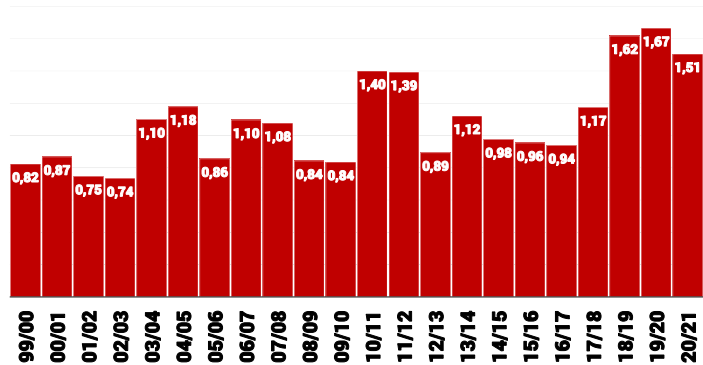
COTTON: 2020/2021 MARKET OUTLOOK

- The CEPEA / ESALQ cotton lint indicator, with payment in 8 days, recorded a decrease of 5.9% in the last 30 days, quoted at R\$ 3.10 / pound, but with accumulated increases of 16.4% year to date and 26.0% in the last 12 months.
- On the New York Stock Exchange, the first maturity registered an increase of 3.1% in 30 days, but accumulated a decrease of 3.0% between January and September this year.
- The recovery in the price of oil - whose derived synthetic fibers compete with cotton - is slow and prices have been more stable in recent weeks.
- Between April and September, the price of Brent oil recovered by 90.1%, reducing the accumulated price drop in 2020 to 35.1%.
- The price of cotton continues to fall in the domestic market, due to a larger supply of fiber, even with slightly stronger demand from the spinners.

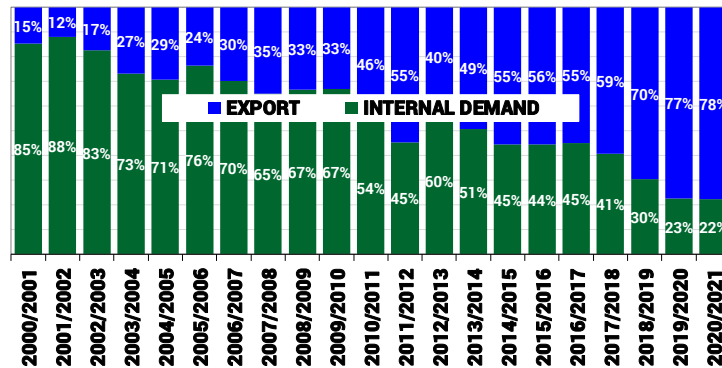
COTTON: 2020/2021 MARKET OUTLOOK

- In Mato Grosso, the largest national fiber producer, 80.6% of the 2019/20 harvest was sold.
- For the 2020/21 harvest, even with prices recovering in the future market, sales reached only 38.1% of the expected production in Mato Grosso.
- With the uncertainties in relation to international demand and the slow recovery of the main consumers of natural fiber, negotiations are still low.
- The industries claim to have difficulties in passing on the high prices of the feather to their customers and, therefore, limit the purchase of new lots from producers.
- The FAS (Free Alongside Ship) export parity at the Port of Paranaguá (PR) is R\$ 3.25 / pound, based on the Cotlook A Index, referring to the plume placed in the Far East.
- There is still a lot of cotton to be traded, with a record harvest and larger availability on the spot, fall in the dollar and greater flexibility in the selling price by producers.

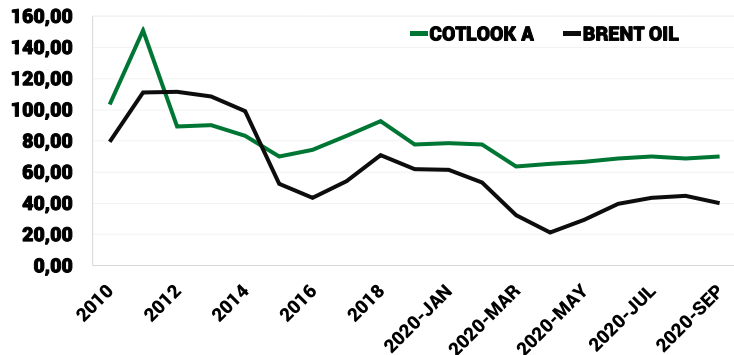
COTTON: BRAZIL AREA - MILLION HA



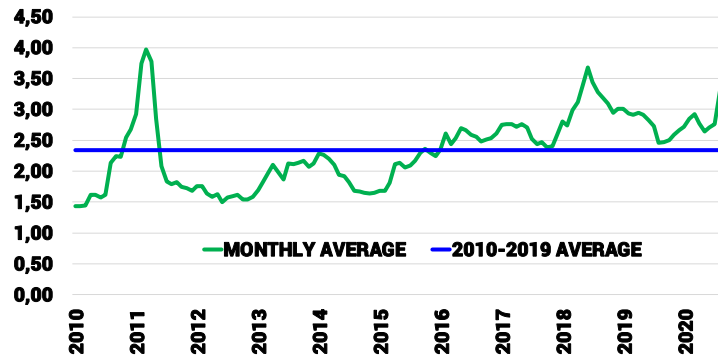
COTTON LINT: BRAZIL PRODUCTION DESTINATION



BRENT OIL (US\$/BARREL) X COTLOOK A INDEX (CENTS/POUND)



COTTON LINT: ESALQ INDICATOR MONTHLY AVERAGE R\$/POUND





+55 51 32481117

+55 51 999867666



www.carloscogo.com.br



consultoria@carloscogo.com.br



[@cogointeligencia](https://www.instagram.com/cogointeligencia)

