

GRAINS

2021/2022 OUTLOOK SUMMARY



FEBRUARY/2021



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The scenario is for sustained international grain prices, especially soybeans, corn, cotton and rice.

This external scenario, combined with the exchange rate above R\$ 5, supports the domestic prices of soybeans, corn, rice, with an upward bias for cotton and wheat. The weather conditions improvement in South America limits the losses in the current 2020/2021 harvest.

Domestic prices are expected to remain sustained in the first half of 2021, but may lose momentum in the second half, with the expectation of increases in the soybean and corn areas in the USA in the 2021/2022 season.

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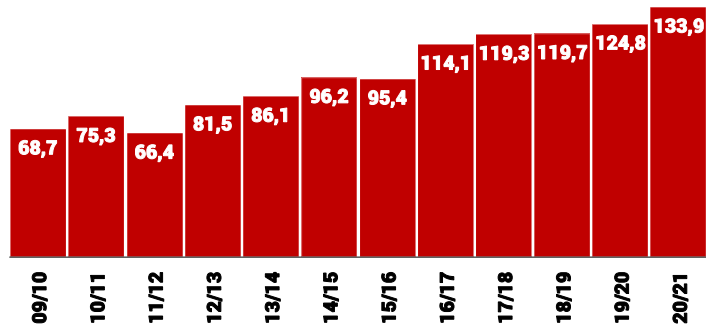


SOYBEAN: 2021/2022 MARKET OUTLOOK

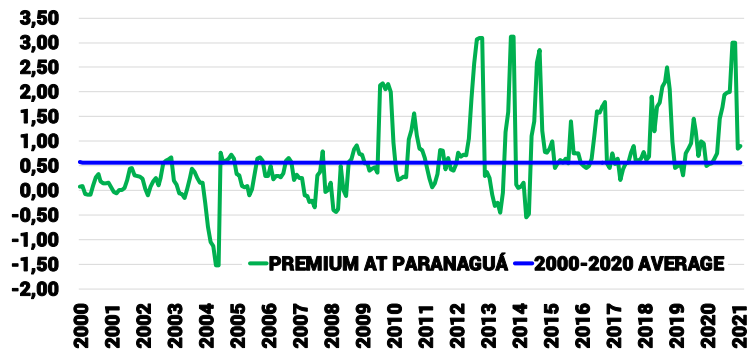
- The trend is for sustained prices in the Brazilian market in the first half of 2021, with the dollar at high levels, future prices oscillating between US\$ 13.00 and US\$ 13.70 / bushel in Chicago, heated demand by China and a significant portion of the current harvest (60%) already sold in Brazil, prior to the beginning of the harvest.
- For byproducts - soybean meal and oil, the trend is for prices sustained at high levels throughout 2021, with a restricted supply of the grain in the domestic market.
- The improvement of the climatic conditions in South America and the confirmation of the increase of the soybean area in the USA in 2021/2022 reduce the level of future quotations in Chicago to US \$ 11.20 to US \$ 11.70 / bushel in the first half of 2022.
- For the second half of 2021, the bias is bearish for future quotes in Chicago, with the trend of a further increase in area in Brazil and South America in 2021/2022.



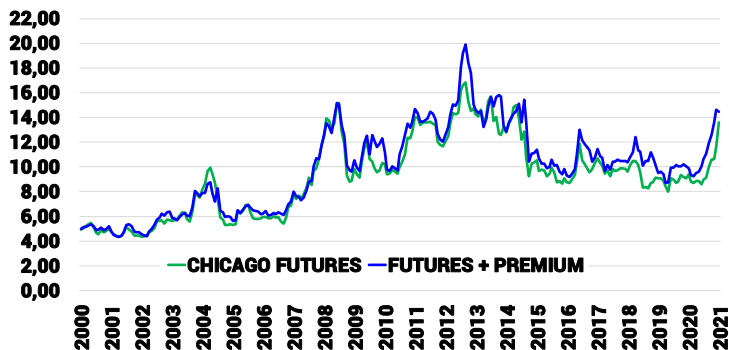
SOYBEAN: BRAZIL PRODUCTION - MMT



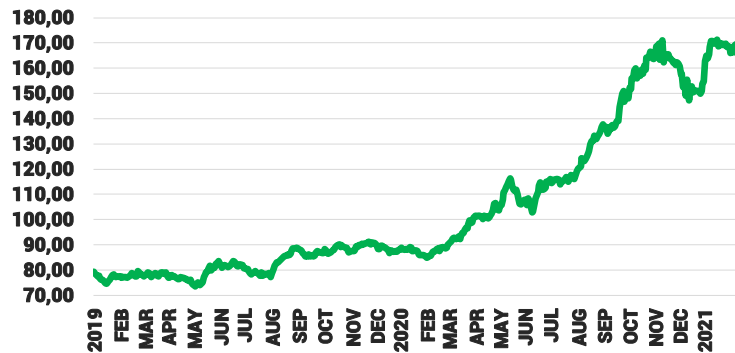
SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



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



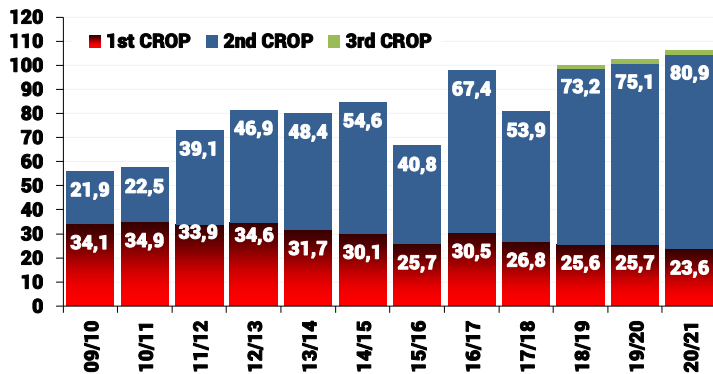
SOYBEAN: DAILY PRICE FAS PARANAGUÁ PORT R\$/60 KG



CORN: 2021/2022 MARKET OUTLOOK

- The trend is for stable prices at high levels in the Brazilian market, with improvement of weather conditions, both for the harvest of the first crop and for the implementation of the second crop 2021. Brazilian exports are at a slow pace and commercialization is stopped.
- March and May 2021 maturities futures in Chicago above US \$ 5.50 / bushel, the dollar at high levels and a significant portion of the second crop already traded before the harvest prevent a further downward pressure on domestic prices.
- For the second half of 2021, the main drivers will be: the intention to plant in the USA in 2021/2022, whose area is expected to increase; confirmation or not of a record crop in the second harvest this year; and the exchange rate, which directs export parity at ports.
- In Chicago, futures maturing in the second half of 2021 float between US\$ 4.50 and US\$ 4.80 / bushel and at B3 the futures are 10% below the current ones.

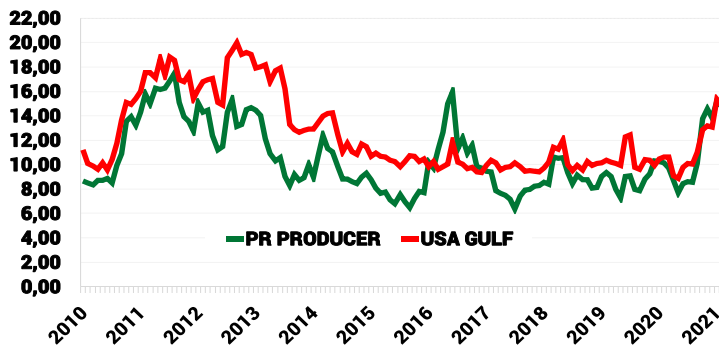
CORN: BRAZIL PRODUCTION - MMT



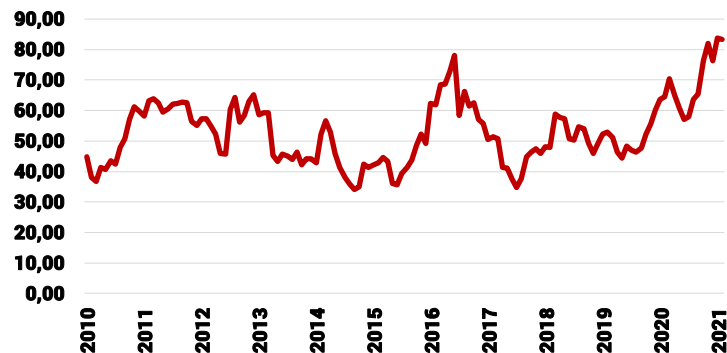
CORN: CBOT FUTURE PRICES BETWEEN 2008 AND 2021 - US\$/BUSHEL



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



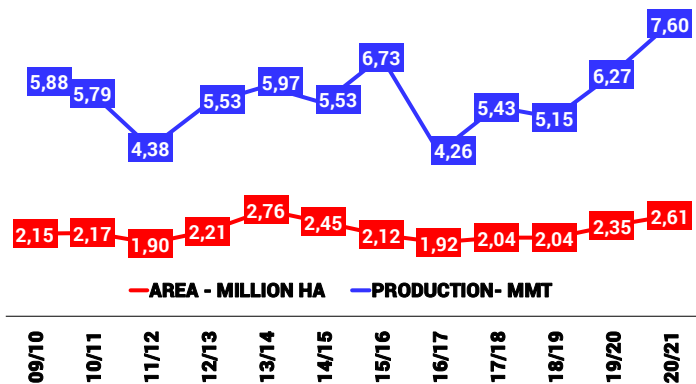
CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



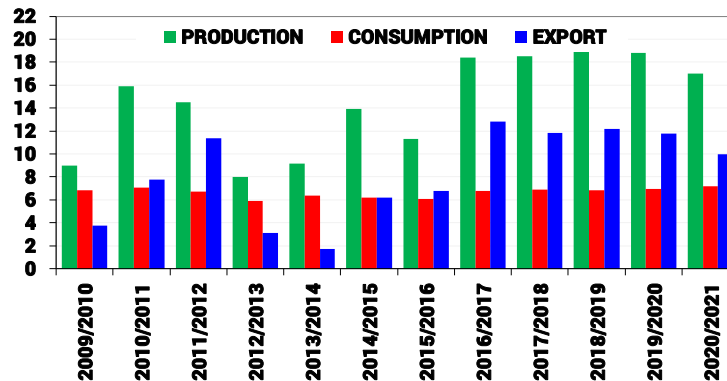
WHEAT: 2021/2022 MARKET OUTLOOK

- The trend is for stable prices of wheat grains in the Brazilian market, with international prices slightly falling, the dollar at high levels in Brazil, an increase in the final cost of importing grain and the approaching of the Brazilian off-season.
- The largest Brazilian wheat supplier - Argentina - had breaks in the 2020/2021 harvest and already has a large part of the exportable surplus negotiated this season.
- The milling industry is restrained in purchasing, while manage stocks and the late arrival of imported cereal, with difficulties in adjusting byproducts prices.
- In Paraná, producer prices float between R\$ 1,450 and R\$ 1,500 per tonne, while in Rio Grande do Sul quotations are between R\$ 1,400 and R\$ 1,450 per tonne.
- The bias is bullish for prices, especially from the second quarter of 2021 on.
- High prices are expected to result in a further increase in planted area in Brazil in 2021.

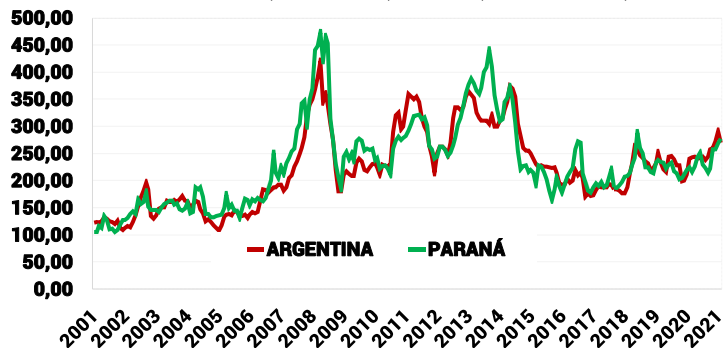
WHEAT: BRAZIL AREA AND PRODUCTION



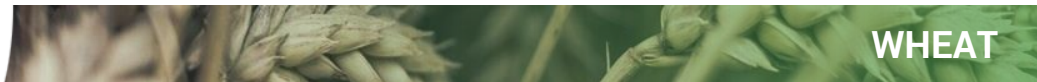
ARGENTINA: WHEAT SUPPLY - MMT



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



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

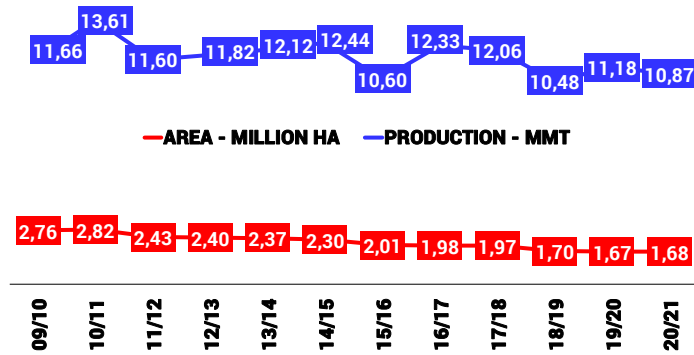


RICE: 2021/2022 MARKET OUTLOOK

- In the short term, there is a slight downward pressure on paddy rice prices, with the beginning of the entry into the market of the new crop of 2021 (harvest 2020/2021).
- This pressure is one-off and is not expected to result in sharp and prolonged reductions in domestic prices, since supply and demand will be well adjusted in 2021 .
- Brazilian exports are expected to pick up pace from March on, with global prices rising and the dollar at high levels.
- Domestic demand is expected to remain sustained in 2021, with the Covid-19 pandemic extending and maintaining household consumption at firm levels.
- In addition, emergency government aid, if confirmed, will again be channeled to basic products such as rice, beans, eggs and wheat products.
- A falling dollar is the only factor with the potential to contain the upward price trend.

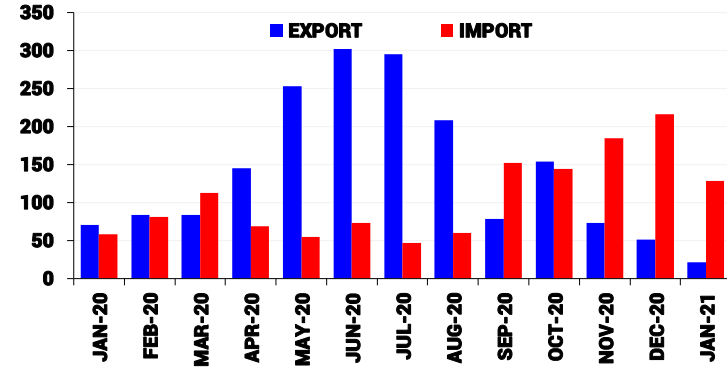


RICE: BRAZIL AREA AND PRODUCTION



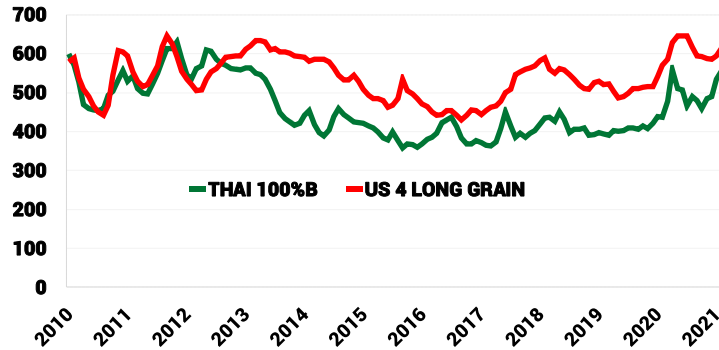
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY)

JANUARY 2020 - JANUARY 2021



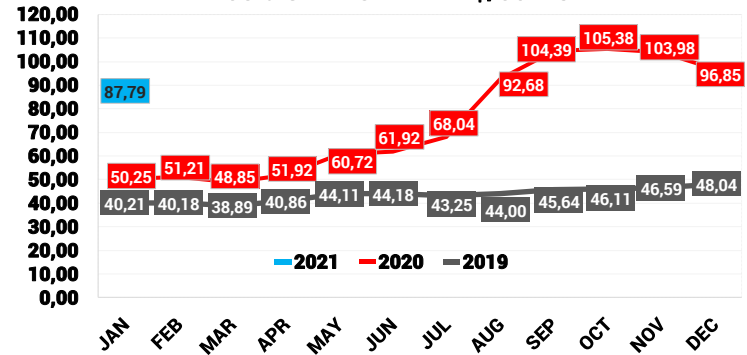
PROCESSED RICE LONG-GRAIN: FOB PRICES

US\$/TONNE - THAILAND X USA



PADDY RICE: FOB PRODUCER RS PRICES

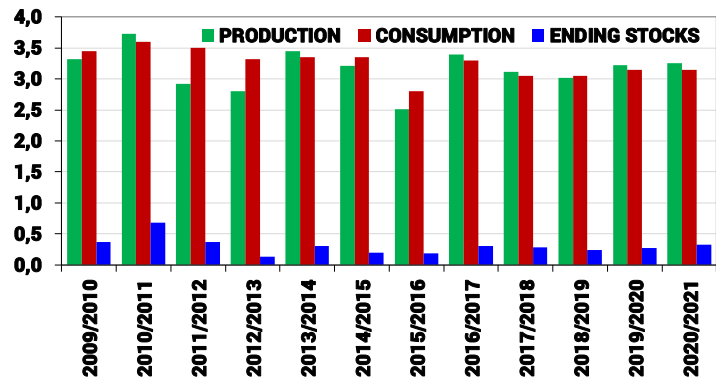
58% UNBROKEN - R\$/50 KG



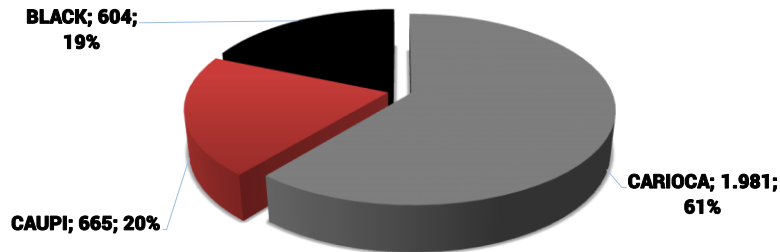
PULSES - BEANS: 2021/2022 MARKET OUTLOOK

- The trend is for stability in the prices of carioca, black and caupi beans in the short and medium terms, with supply adjusted to demand in the producing regions.
- Bean prices have been sustained since the beginning of the pandemic in Brazil, with firm domestic demand, supported, in 2020, by emergency aid from the government.
- The producer price of carioca beans registered an increase of 84.1% in the last 12 months.
- Quotations for Carioca beans grades 8.5 / 9.5 range between R\$ 270 to R\$ 290 per 60 Kg, compared to R\$ 280 to R\$ 300 in January. Prices for black beans - extra, FOB producer, float between R\$ 280 and R\$ 300, compared to the R\$ 270 to R\$ 290 range in January.
- Weather adversities, with excessive rains in several producing regions and droughts located in areas in the south of the country, can cause fluctuations in next harvests availability and also affect the quality of the product in the coming months.

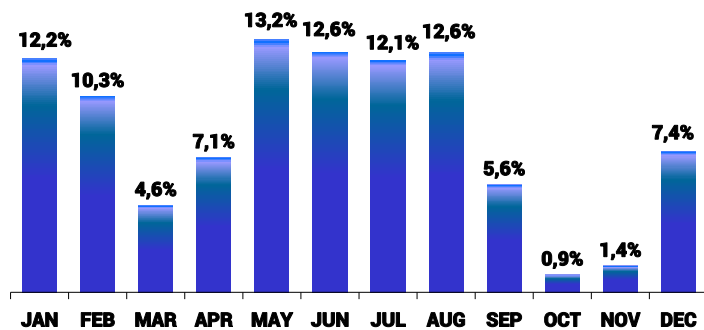
BEANS: BRAZIL SUPPLY - MMT



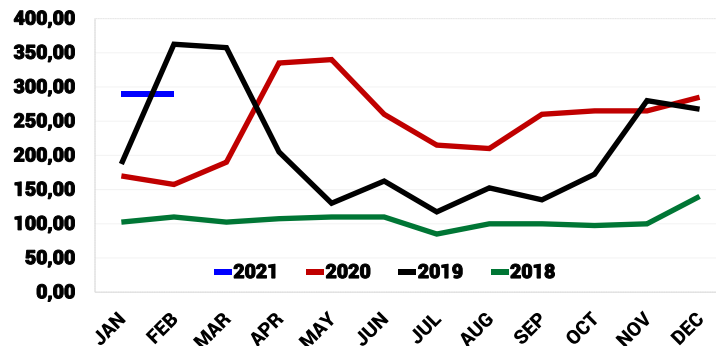
BEANS: BRAZIL 2021 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



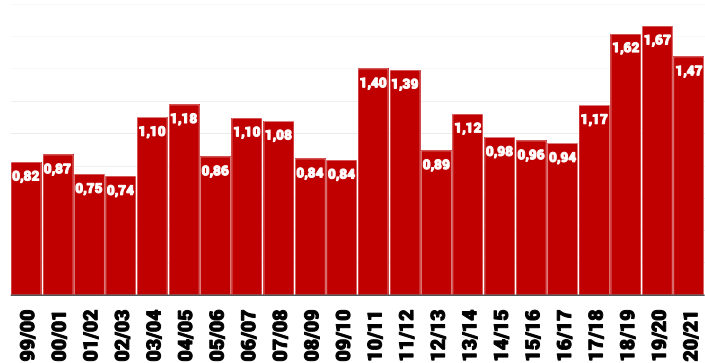
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



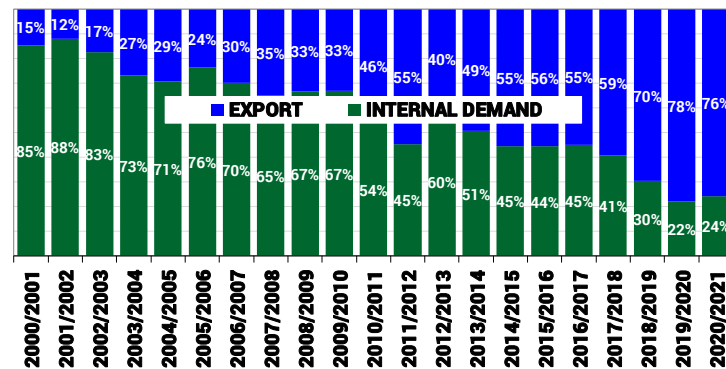
COTTON: 2021/2022 MARKET OUTLOOK

- The trend is bullish in Brazil, with a strong recovery in international prices, driven by the recovery of oil and strong purchases of US cotton by China.
- The July / 2021 futures contract in New York broke the threshold of 90¢ per pound, far exceeding pre-pandemic levels, with gains of 75.2% since the low of April / 2020 .
- The CEPEA / ESALQ cotton lint indicator reached a record of R\$ 4.76 / pound, accumulating a nominal increase of 63.1% in the last 12 months.
- The values of the fiber in the domestic market have distanced from those of export parity, which has kept buyers away from the spot market, with difficulties in transferring to final products.
- The bias is bullish for domestic prices, with record exports, a large part of the 2020/2021 harvest already negotiated, dollar at high levels and restricted domestic supply.

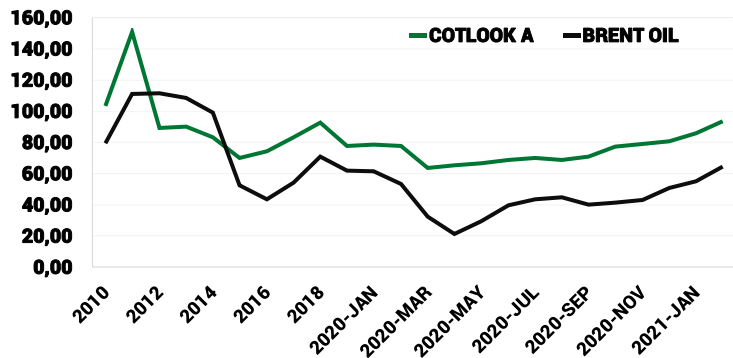
COTTON: BRAZIL AREA - MILLION HA



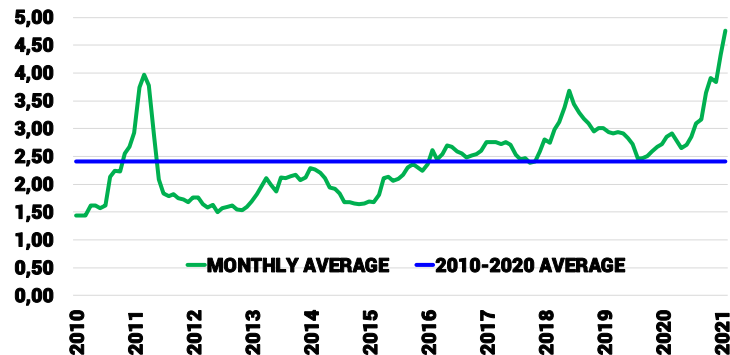
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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