

# GRAINS

## 2021/2022 OUTLOOK SUMMARY



APRIL/2021



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*The trend is upward for soybean, corn and wheat domestic prices, with future prices and the dollar at high levels.*

*The climatic adversities that threaten the second corn crop of 2021 may accelerate the upward pressure on grain prices, while the restricted supply of soybean maintains the upward bias for domestic prices.*

*Prices of rice and beans are stable, with the lowest values and shorter term of emergency aid from the government.*

*Cotton resumes the upward trend, with external increases and projected record exports.*

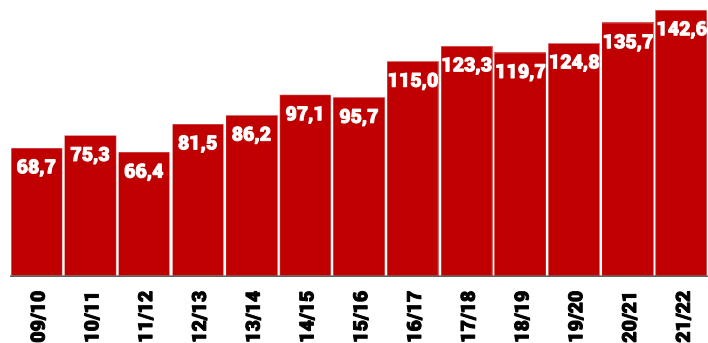
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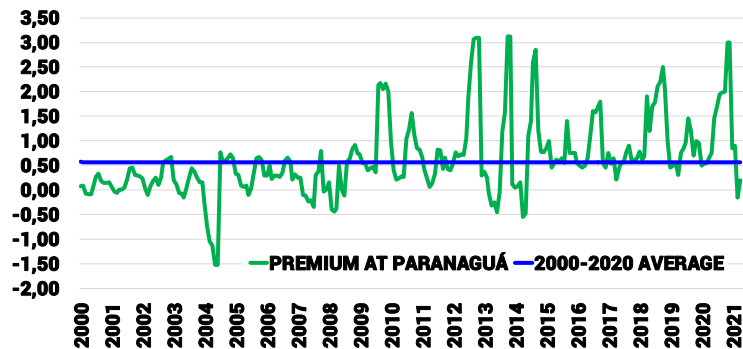
# SOYBEAN: 2021/2022 MARKET OUTLOOK

- The trend is for high prices of soybeans in Brazil, with futures in Chicago sustained at the US\$ 14 / bushel, rising premiums in Brazilian ports, dollar at high levels, high percentage of the current crop (70%) already sold, increase in area below expectations in the 2021/2022 harvest in the USA and heated international demand - especially from China.
- The crop break in Argentina - which is the largest global exporter of soybean meal and oil - should stimulate Brazilian meal exports, besides to the record forecast for grain shipments.
- The government's decision to reduce the mixture of biodiesel in diesel, from B13 (13%) to B10, may reduce the 2021 crushing projected volume in Brazil, but it will also further restrict the domestic supply of meal, which should generate upward pressure on this byproduct.
- For the 1<sup>st</sup> half of 2022, if the projection of a record harvest in the USA in 2021/2022 is confirmed, the bias is bearish for the futures, which would fall to a range between US\$ 12.20 to US\$ 12.60 / bushel.
- In Brazil, prices are expected to remain sustained throughout 2021, with record shipments forecast and a restricted supply of grain for crushing in the second half of the year.

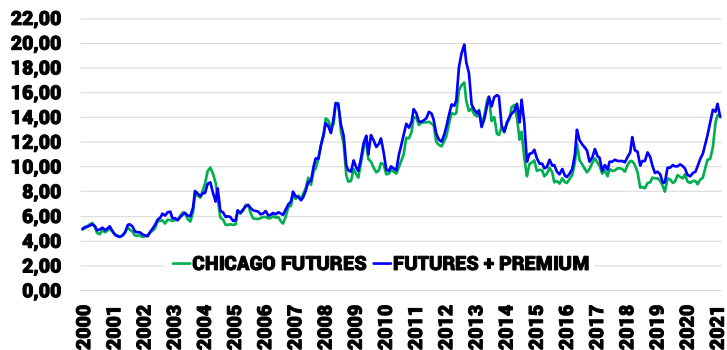
### SOYBEAN: BRAZIL PRODUCTION - MMT



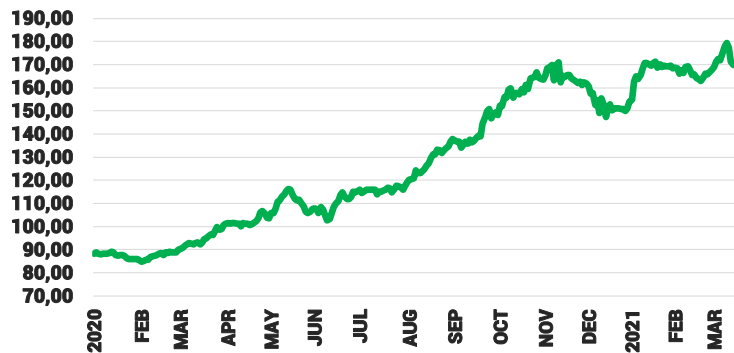
### SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



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



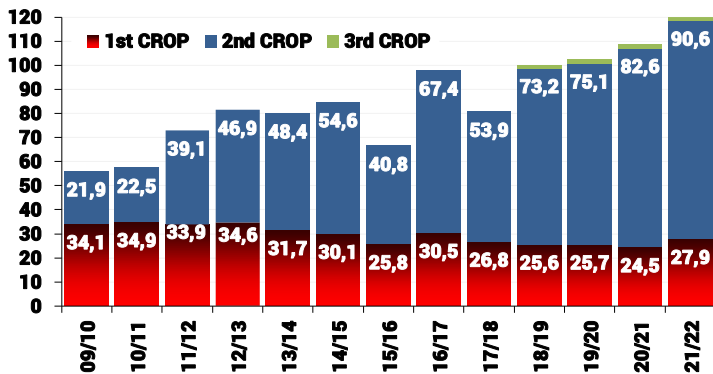
### SOYBEAN: DAILY PRICE FAS PARANAGUÁ PORT R\$/60 KG



# CORN: 2021/2022 MARKET OUTLOOK

- The trend is upward for prices in Brazil, with Chicago futures close to US\$ 6 / bushel, dollar at high levels, high percentage of the 2<sup>nd</sup> season of 2021 already sold in advance of the harvest, an increase in area below the expectation in the USA 2021/2022 harvest, strong expansion of Chinese imports, restricted domestic supply in this 1<sup>st</sup> half and retracted sellers.
- For the second crop of 2021, climatic adversities may cause losses of the productive potential, with 45% of the area in MT and 25% in the PR sown outside the ideal “window, droughts in some producing regions, risk of scarcity of rains throughout the cycle and forecast of low temperatures in the final stage of crops, especially in the states of PR, MS and SP.
- For the 2<sup>nd</sup> half / 2021, in case of a good harvest in the 2<sup>nd</sup> crop, the prices in B3 should drop from the current levels above R\$ 100 per 60 Kg, to R\$ 90 to R\$ 94. Otherwise, the bullish bias on prices may gain even more strength in the domestic market.
- For the 1<sup>st</sup> half / 2022, if the projection of a record harvest in the USA in 2021/2022 is confirmed, the bias is bearish for the futures, which would fall to a range between US\$ 4.80 to US\$ 5.20 / bushel.

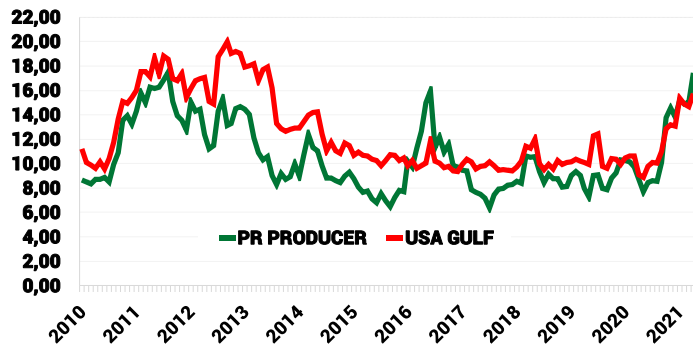
### CORN: BRAZIL PRODUCTION - MMT



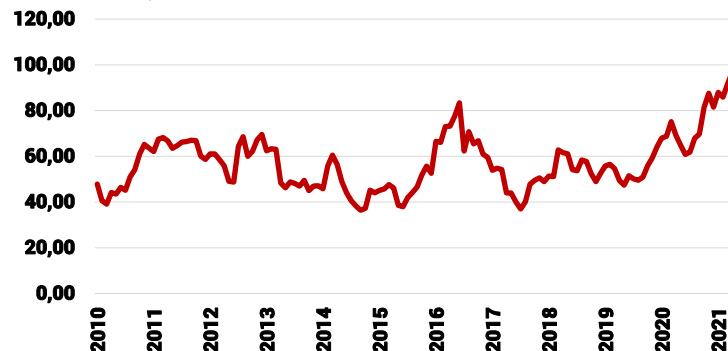
### CORN: CBOT FUTURE PRICES BETWEEN 2008 AND 2021 - US\$/BUSHEL



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



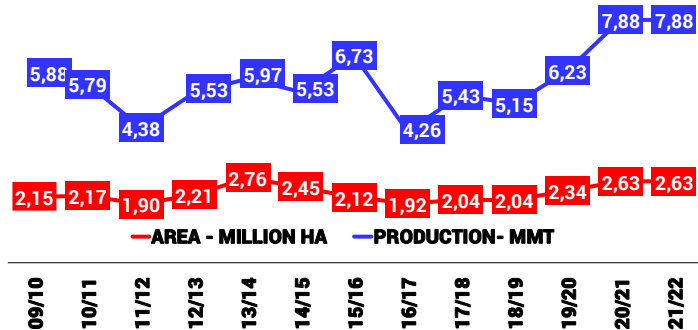
### CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



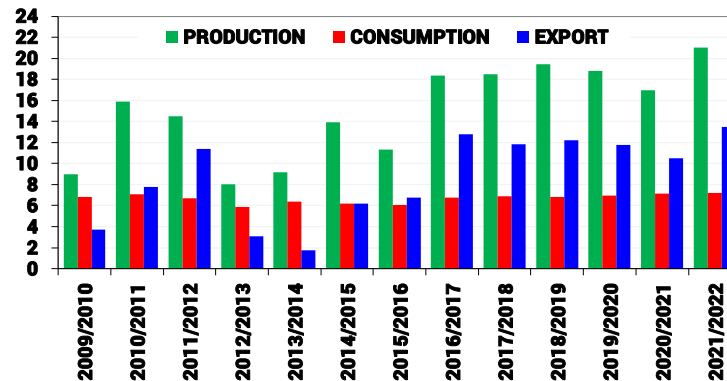
# WHEAT: 2021/2022 MARKET OUTLOOK

- The trend is for high prices of wheat grain in Brazil, with the off-season period, high dollar levels, restricted domestic supply, SRW (Soft Red Winter) futures in Chicago above the US\$ 6 / bushel level, import parity from Mercosur countries and other global suppliers above domestic quotations and sellers retracted on the spot market.
- The wheat international prices, which had fallen in early April, resumed the upward trend, maintaining the strong correlation with corn, also on an upward trend.
- The trend is for strong increases in Brazilian area and production in the current harvest - which may reach record production, given the high profitability in 2020 and similar result projection in 2021.
- For the 2<sup>nd</sup> half / 2021, the SRW (Soft Red Winter) futures in Chicago are floating between US\$ 6.30 and US\$ 6.40 / bushel, which tends to support prices during the harvest period in Brazil.
- With international wheat prices sustained at high levels, even if the government decides to zero the import rate (TEC) for bigger quotas and for a longer time, this will not be enough to impose a downward pressure on national grain prices.

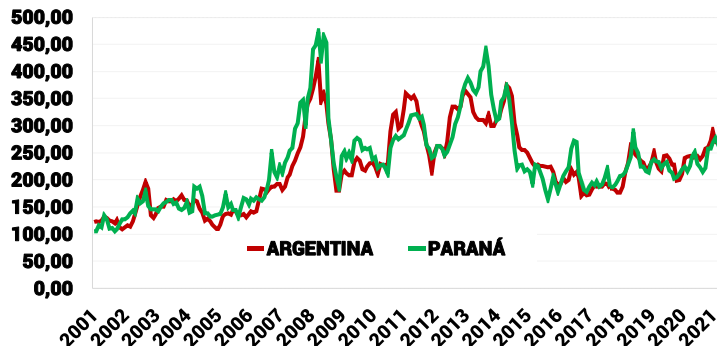
### WHEAT: BRAZIL AREA AND PRODUCTION



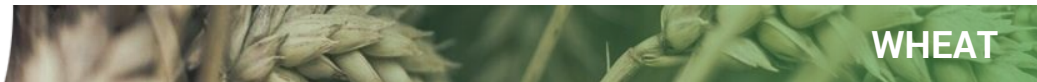
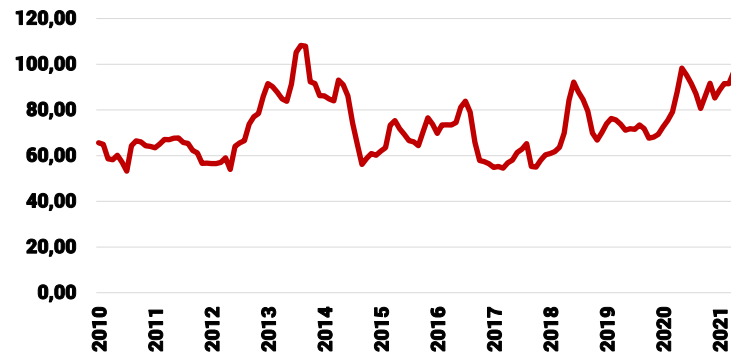
### ARGENTINA: WHEAT SUPPLY - MMT



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



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



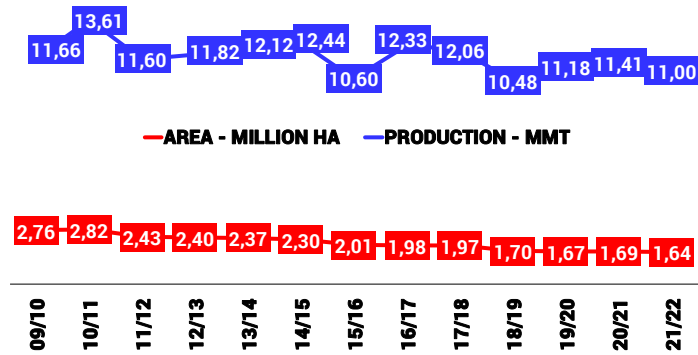


# RICE: 2021/2022 MARKET OUTLOOK

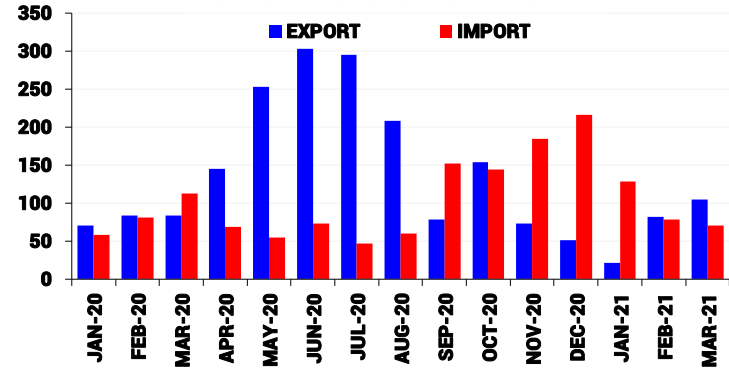
- The trend is for the stability of paddy rice prices in Brazil, after a period of slight downward pressure in the first weeks of the 2020/2021 harvest in the Mercosur countries.
- There are difficulties on the part of rice processors in aligning the prices paid to producers with the sale values of the product processed at wholesale.
- Domestic consumption is expected to remain sustained in 2021, with the return of emergency aid from the government, although at a level well below from last year, in addition to the high unemployment rate, which limits household spending even for products in the basic food basket.
- International prices, in turn, are falling, accumulating in the last 12 months decreases of 10.6% for the processed product in Thailand (WR 100% B) and 8.4% in the USA (US Long Grain 2 / 4).
- Even with the dollar at high levels, these lows reduce the export parity in ports, with a 13% drop in shipments in the 1<sup>st</sup> quarter / 2021 compared to the same period in 2020.
- Adjusted supply and demand, producers' resistance to lower prices and the increase in the cost of imported products with a high dollar continue to contain downward pressure on domestic prices.



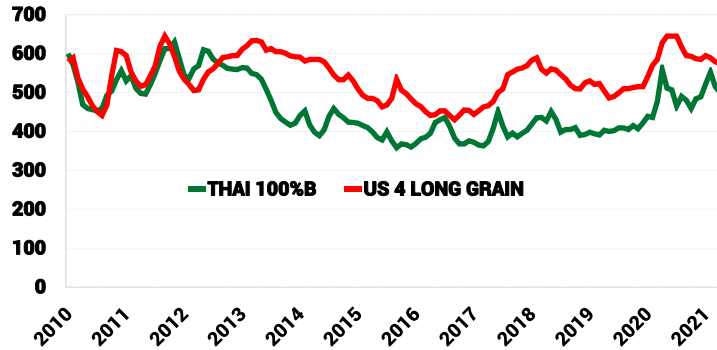
### RICE: BRAZIL AREA AND PRODUCTION



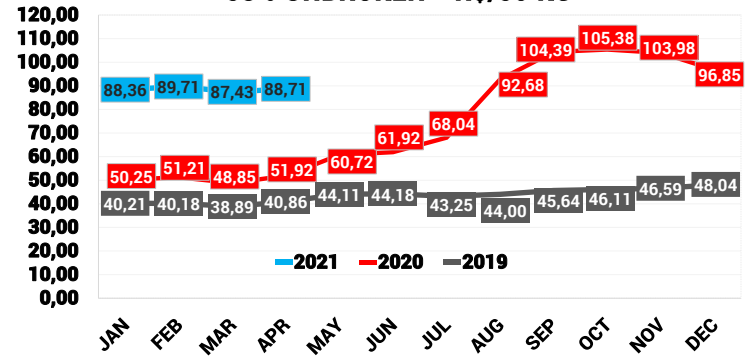
### RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - JANUARY 2021



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



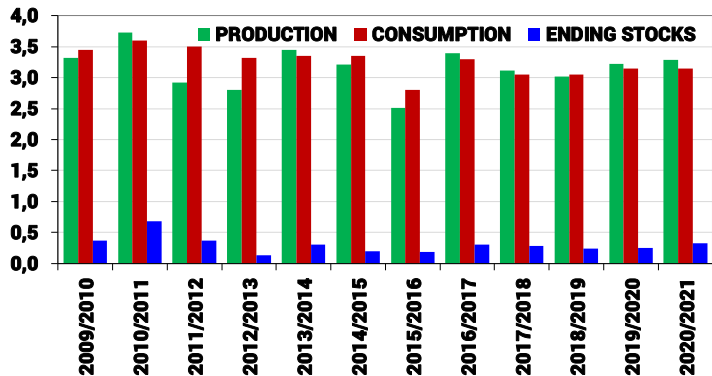
### PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



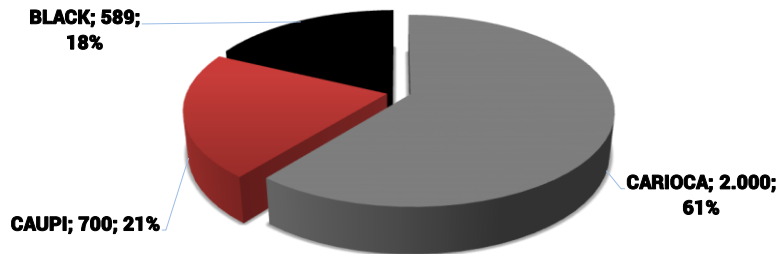
# PULSES - BEANS: 2021/2022 MARKET OUTLOOK

- 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 and domestic consumption is expected to remain steady throughout 2021, with the Covid-19 pandemic extending, with the return of emergency government aid, in addition to the high unemployment rate, which should keep household spending concentrated on basic food products.
- Quotations for Carioca beans grades 8.5 / 9.5, FOB producer, range between R\$ 270 to R\$ 290 per 60 Kg in April, compared to R\$ 280 to R\$ 300 in March.
- Prices for black beans - extra, FOB producer, float between R\$ 290 and R\$ 310, compared to the R\$ 300 to R\$ 320 range in March.
- The total supply of the three bean crops in 2021 is estimated at 3.288 MMT, compared to a projected demand of 3.150 MMT, which should keep the market supplied and, in case of normal production in the third and last harvest of this year, quotes tend to remain stable.

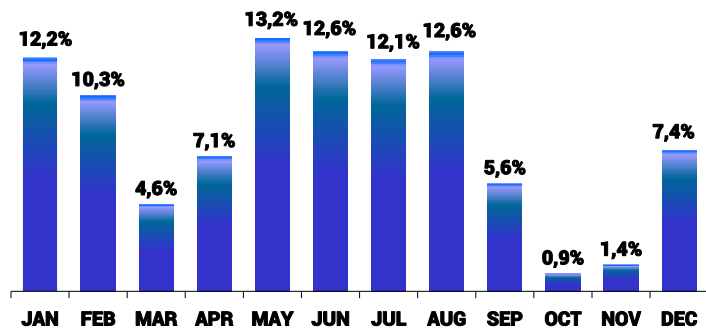
### BEANS: BRAZIL SUPPLY - MMT



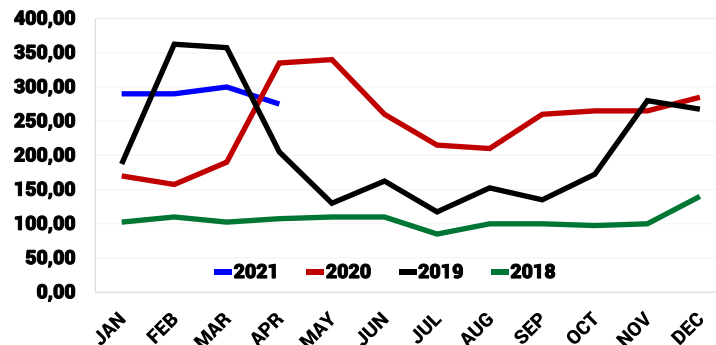
### BEANS: BRAZIL 2021 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



### BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



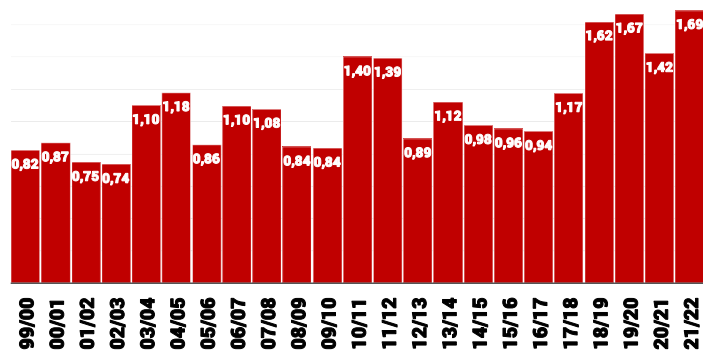
### CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



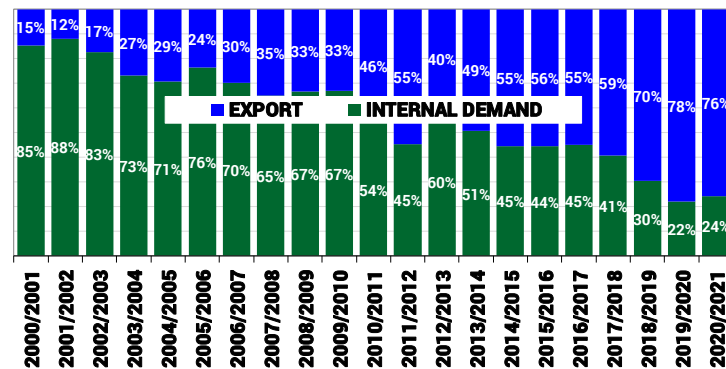
# COTTON: 2021/2022 MARKET OUTLOOK

- The trend is for cotton prices to rise in Brazil, after a period of decline between the second half of March and the first half of April.
- The CEPEA / ESALQ Indicator, with payment in 8 days, registered an increase of 1.6% in the last 15 days, 26.6% year to date and 75.0% in the last 12 months, quoted at R\$ 4.85 / pound.
- The sellers are firm, paying attention to the rise in international prices, with projections of lower domestic production, high dollar levels and a new record for exports of the commodity in 2021.
- The large percentage of areas sown outside the ideal “window” for cultivation and climatic forecasts in April and May pointing to less rainfall threatens the productivity and fiber quality of the current crop.
- Despite the firmer prices, commercialization in the domestic market has evolved little, with business liquidity on the spot limited by the low demand from factories, which face restrictions on trade as a result of the control measures of the Covid-19 pandemic.
- As long as there is no definition or perspective of a more favorable scenario, the textile industries will continue to buy volumes that are strictly necessary to replenish stocks.

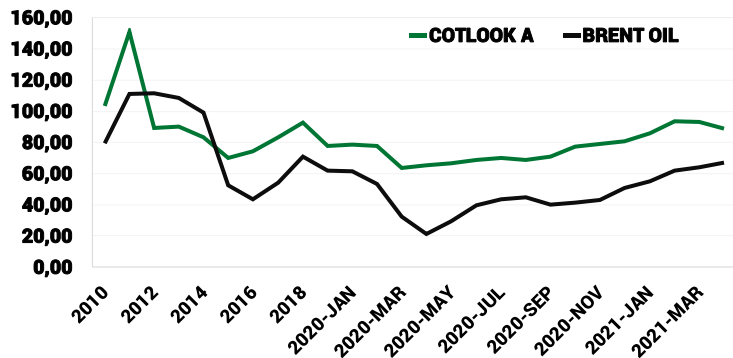
### COTTON: BRAZIL AREA - MILLION HA



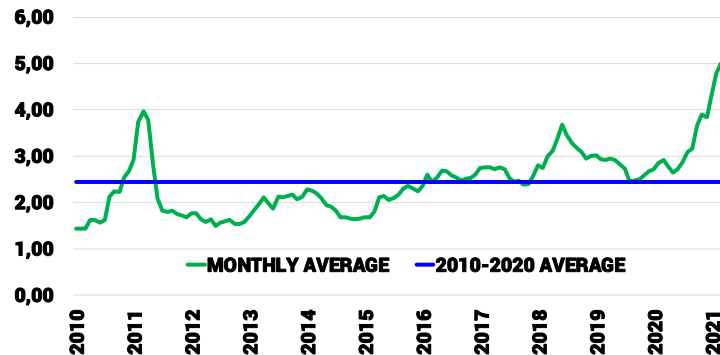
### COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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