

GRAINS

2021/2022 OUTLOOK SUMMARY



JULY/2021



TABLE OF CONTENTS

With more sustained future prices and low domestic supply, the trend is upward for soybean, corn and cotton prices.

Soybean prices are driven by the reaction of future prices and higher premiums at ports. In the case of corn, the sharp 2nd crop break once again boosted domestic prices.

Wheat prices are stable with a forecast of a record harvest and increased imports. Rice prices are also stable, after a long period of decline.

The strong exchange rate volatility is causing strong prices fluctuations in Brazil.

Item	Trend	Page
Soybean: 2021/2022 outlook	↑	03
Corn: 2021/2022 outlook	↑	05
Wheat: 2021/2022 outlook	→	07
Rice: 2021/2022 outlook	→	09
Beans: 2021/2022 outlook	→	11
Cotton: 2021/2022 outlook	↑	13

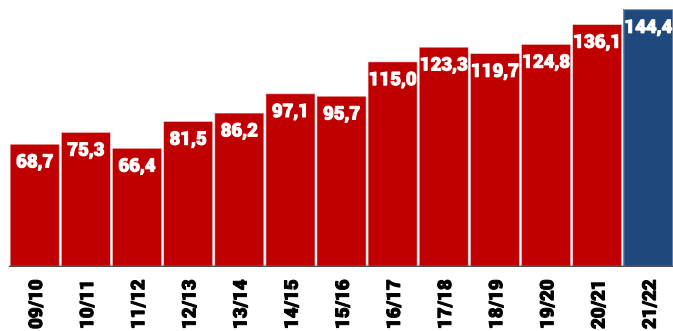


SOYBEAN: 2021/2022 MARKET OUTLOOK

- The trend is bullish for soybean prices in Brazil, with future quotations in Chicago sustained at levels above US\$ 14 per bushel, given the climate threats in the US and the estimate of an insufficient crop to replenish US stocks.
- Futures contracts for the 2nd half of 2021 range between US\$13.80 and US\$14.50/bushel, while maturities for the 1st half of 2022 range between US\$13.60 and US\$13.80/bushel.
- For the second half of 2022, future quotations range between US\$ 12.70 and US\$ 13.60/bushel.
- In Brazil, however, accelerated exports and advanced trading of the 2020/2021 harvest may lead to higher prices in the second half of the year, given the shortage of grain in the domestic market.
- The trend is an increased area and a record soybean production in Brazil in 2021/2022.
- For 2022, the trend is for an average level of lower prices for soybeans in the external and internal markets, with an increase in planted areas in South America, but at levels still well above the average of the last five seasons.



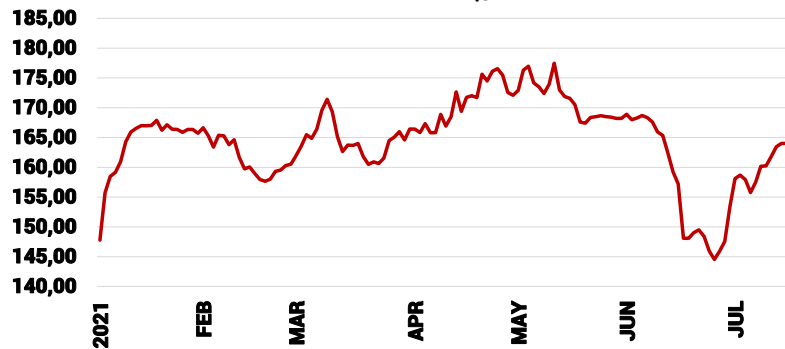
SOYBEAN: BRAZIL PRODUCTION - MMT



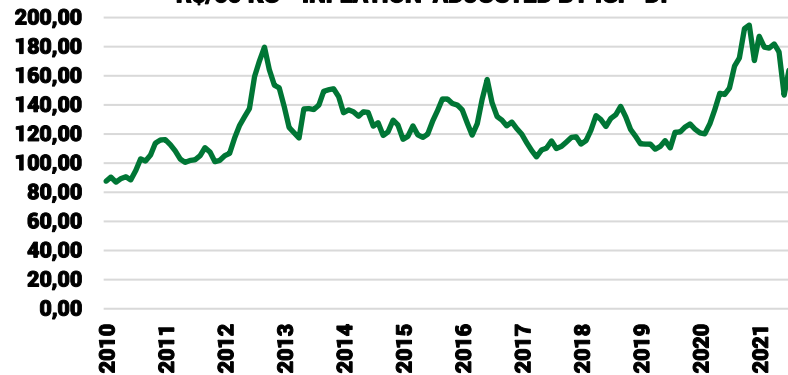
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



SOYBEAN: CEPEA/ESALQ INDICATOR FOB PARANÁ - R\$/60 KG



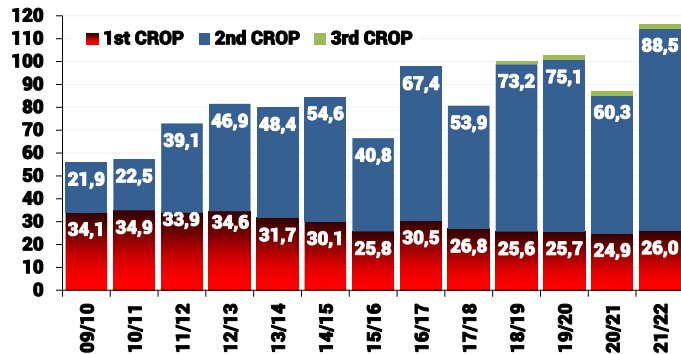
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



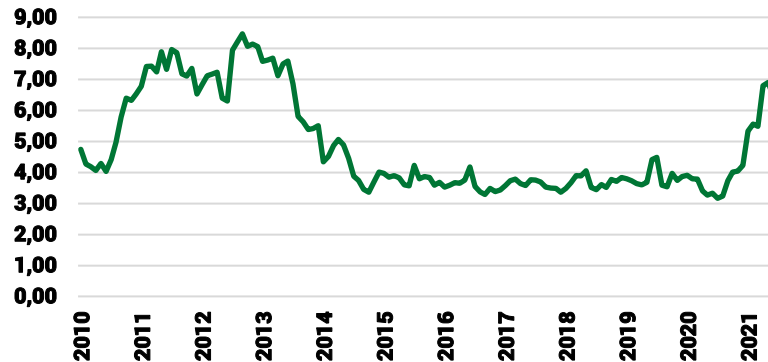
CORN: 2021/2022 MARKET OUTLOOK

- The trend is bullish for corn prices in Brazil, with strong 2021 2nd crop breaks, which should reduce the supply throughout this second half of 2021.
- The 2nd harvest of 2021 is estimated at 60.3 MMT, a 27% drop compared to the initial estimate, which was a harvest of more than 82 MMT.
- As a result, total corn production in the 3 harvests of 2021 is estimated at 87.2 MMT, 15% below last season, which will reduce the potential for exports this year.
- On the other hand, Argentina's import parity indicates prices lower than those practiced in Brazil, which will serve as a limit to the increase in domestic prices throughout this second half of 2021.
- In Chicago, contracts for the 2nd half of 2021 range between US\$ 5.50 and US\$ 5.70/bushel, while maturities for the 1st half of 2022 range between US\$ 5.60 and US\$ 5.70/ bushel.
- Contracts for the 2nd half of 2022 range between US\$ 5.00 and US\$ 5.70/bushel.
- The trend is upward for domestic corn prices in the 2nd half of 2021.

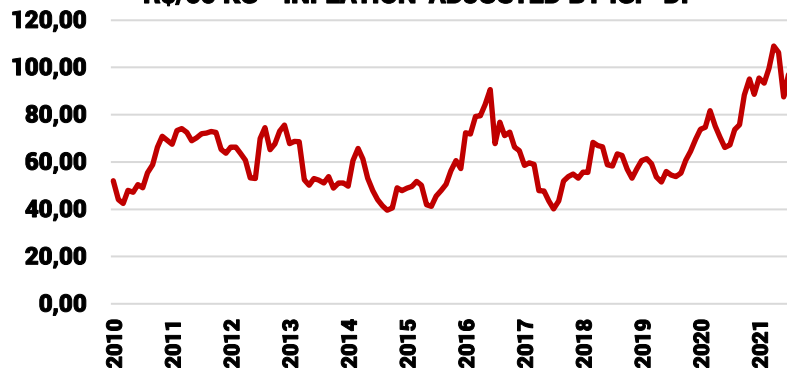
CORN: BRAZIL PRODUCTION - MMT



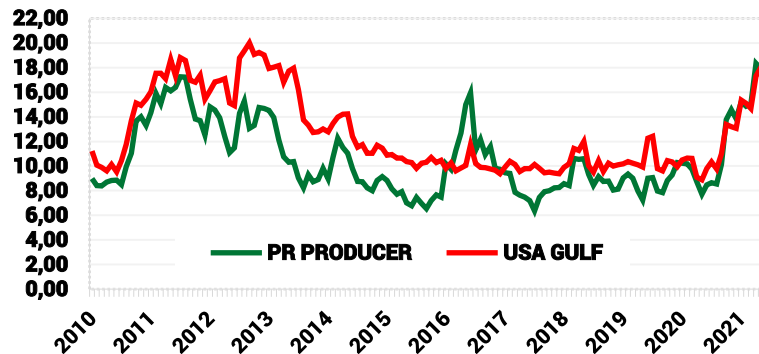
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



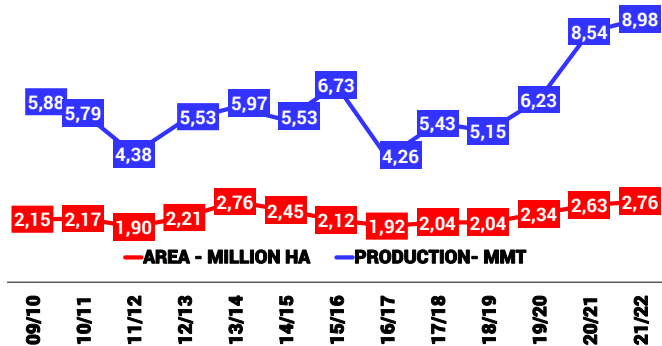
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



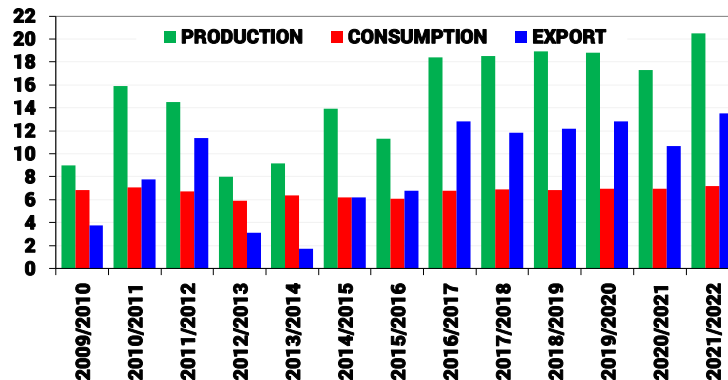
WHEAT: 2021/2022 MARKET OUTLOOK

- The trend is for stable prices in Brazil, until the start of the new harvest, in September.
- Buyers are away from purchases in the domestic market, waiting for prices to drop.
- For now, the mills are sourcing imported wheat, mainly from Argentina.
- The pressure will be bearish in the last four months of this year, with the projection of a record crop in Brazil and an increase in the area, production and exports of Argentina in this 2021 crop.
- Our Consultancy's forecast is for a 13% expansion of the wheat area in Brazil in 2021, with an estimate of a strong increase of 37% in production, to a record 8.5 MMT.
- The frosts that occurred in Brazil in early July did not strongly affect most wheat crops, as they were still in the initial period of development.
- For the 2021 harvest, which hits the market in September, there are no firm proposals from the mills, which indicate a price of R\$ 1,300.00 per tonne FOB, for October.
- Producers, on the other hand, also show little interest in advance sales.

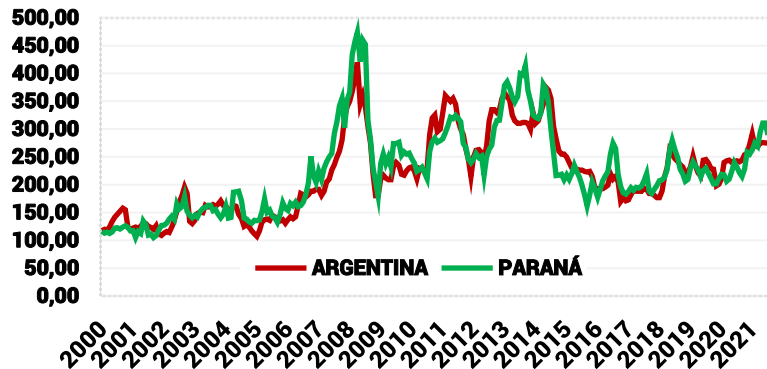
WHEAT: BRAZIL AREA AND PRODUCTION



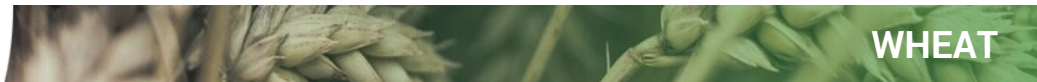
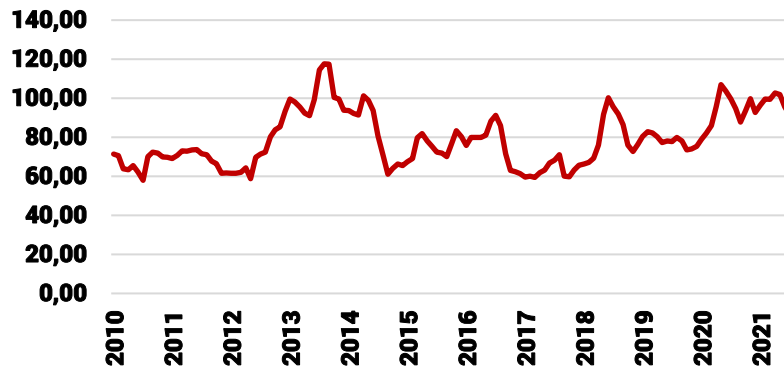
ARGENTINA: WHEAT SUPPLY - MMT



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



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

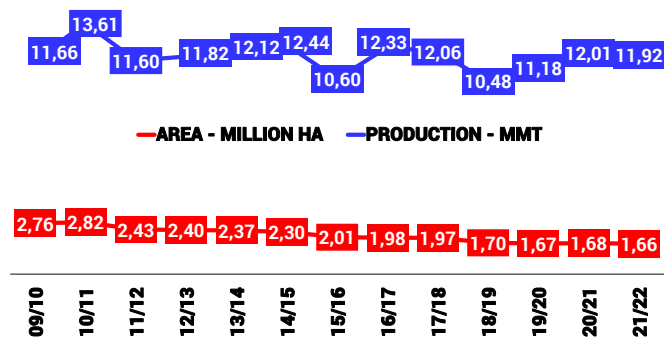


RICE: 2021/2022 MARKET OUTLOOK

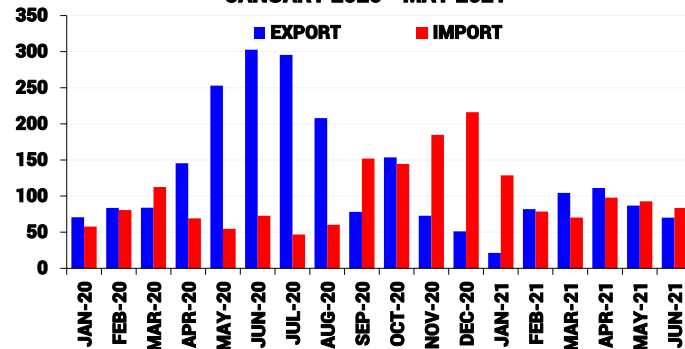
- After sharp downward pressure between March and June this year, paddy rice prices are more stable, with no strong upward trend in the short and medium terms.
- The prices of paddy rice are stable, as a result of the sharp decline in international prices, both for the product of Asian and North American origins.
- In the last 12 months, international prices have accumulated lows of 22% for the processed product from Thailand (WR 100% B) and 8% for the USA (Long Grain US/4).
- The fall in international prices and the lower level of the dollar in Brazil have been causing a sharp reduction in exports and increasing the available supply.
- In the 1st half of 2021, Brazilian rice exports (paddy basis) dropped 50% compared to the same period of the previous year, while imports grew 23% in the same period.
- If imports continues to exceed exports in the coming months, downward pressure could increase even more on domestic rice prices, in addition to raising the projection of ending stocks for the current season.



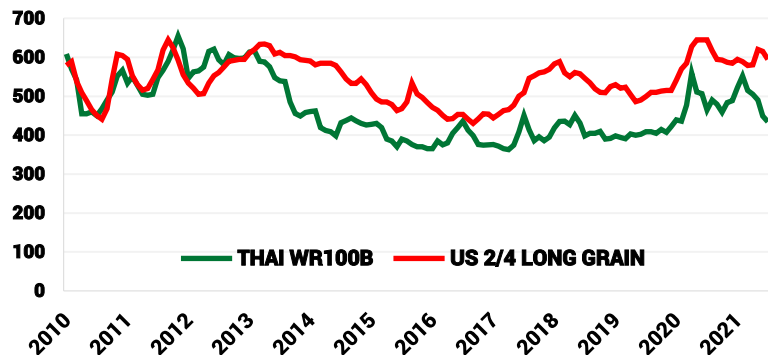
RICE: BRAZIL AREA AND PRODUCTION



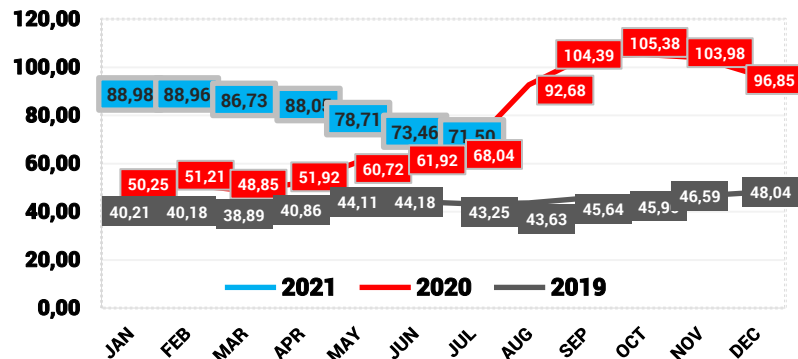
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - MAY 2021



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



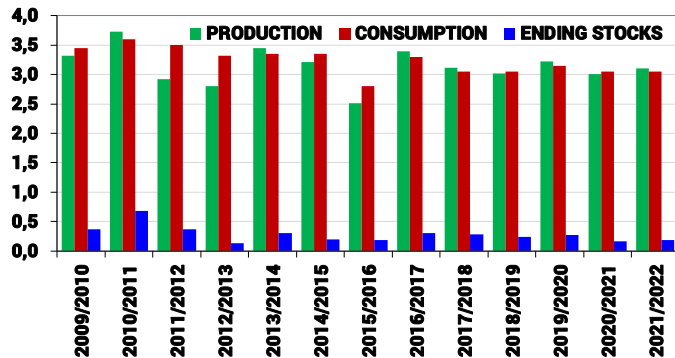
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



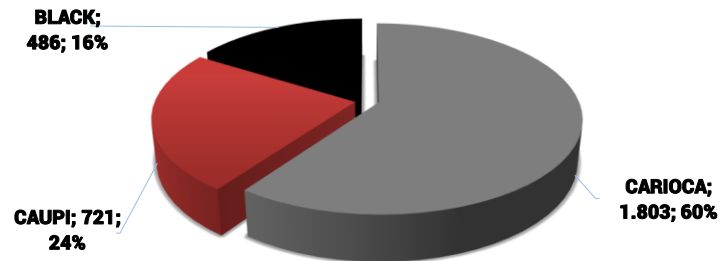
PULSES - BEANS: 2021/2022 MARKET OUTLOOK

- **The trend is for stability in edible beans prices (carioca, black and caupi) in the short and mean terms, with crop breaks in several producing regions, due to the drought and recent frosts.**
- **Bean prices have been sustained since the beginning of the pandemic in Brazil.**
- **The forecast is for a harvest of 3.009 MMT in the total of 3 crops planted in 2021, compared to a consumption of 3.050 MMT estimated for this year.**
- **The prices of carioca beans grades 8.5/9.5, FOB producer, are fluctuating between R\$ 255 and R\$ 275 per 60 kg in June, compared to R\$ 270 to R\$ 290 per 60 kg in June.**
- **Prices for black beans - extra, FOB producer, float between R\$ 240 and R\$ 260 in this month of July, below the fluctuation range throughout June – between R\$ 280 and R\$ 300 per 60 kg.**
- **The drought that continues to affect several bean producing regions in the country throughout this year and the increase in the cost of electricity may cause difficulties for the irrigated crops of the 3rd harvest of 2021, keeping the supply restricted in the domestic market throughout this 2nd half.**

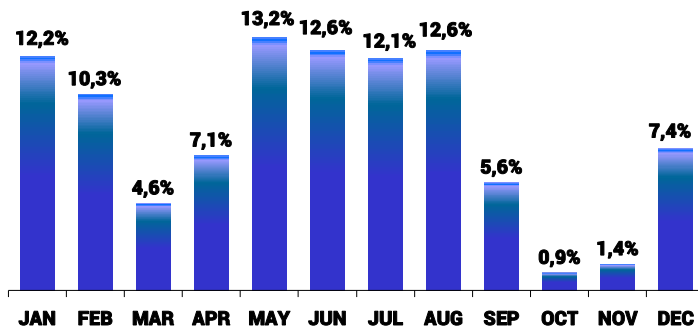
BEANS: BRAZIL SUPPLY - MMT



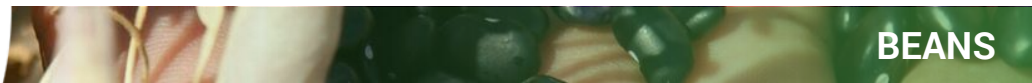
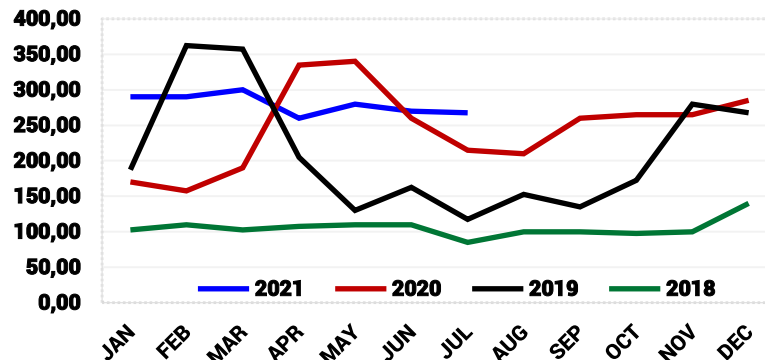
BEANS: BRAZIL 2021 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



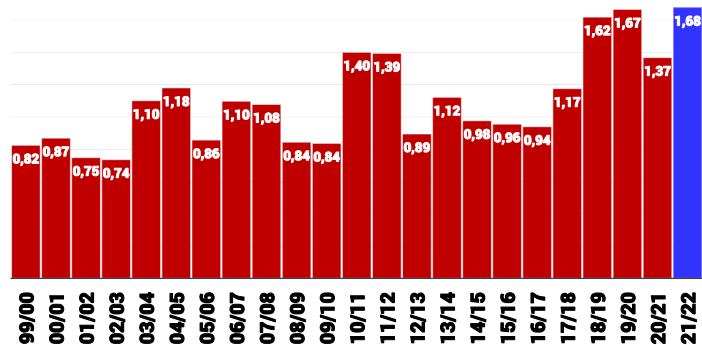
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



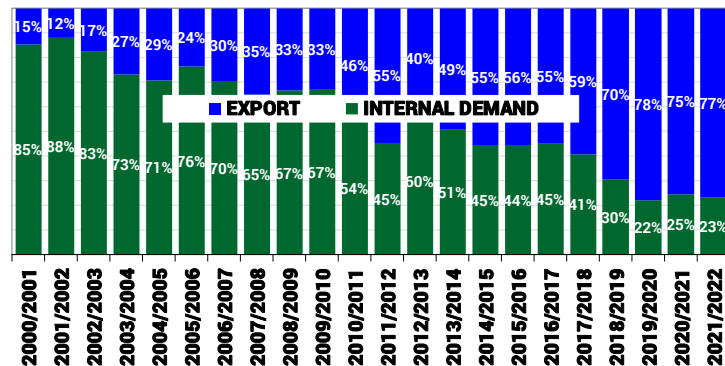
COTTON: 2021/2022 MARKET OUTLOOK

- The trend is for an increase in cotton prices in Brazil, which recovered all the losses in June.
- The CEPEA/ESALQ indicator, with payment in 8 days, registers an increase of 2.8% in the last 30 days and 76% in the last 12 months, quoted at R\$ 5.02/lb.
- Although the harvest of the new crop has started in Brazil, the supply of lint in the national spot is still low, which has boosted prices in the available market.
- Fiber international prices accumulate a 39% rise in the last 12 months and the trend is for sustained prices in 2022, both in the foreign and domestic markets.
- The FAS (Free Alongside Ship) export parity is R\$4.32/lb in the Port of Santos and R\$4.33/lb in the Port of Paranaguá, based on the Cotlook A Index.
- The trend is for firm future prices in the coming months, supported by the adjusted balance of global supply and demand in 2020/2021 and by the expectation of little change in this scenario in the 2021/2022 harvest, based on the expected oil prices.

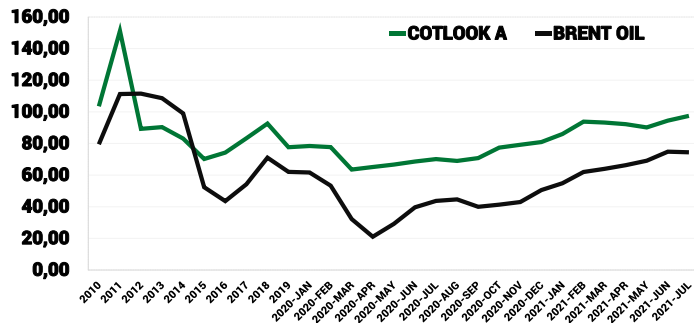
COTTON: BRAZIL AREA - MILLION HA



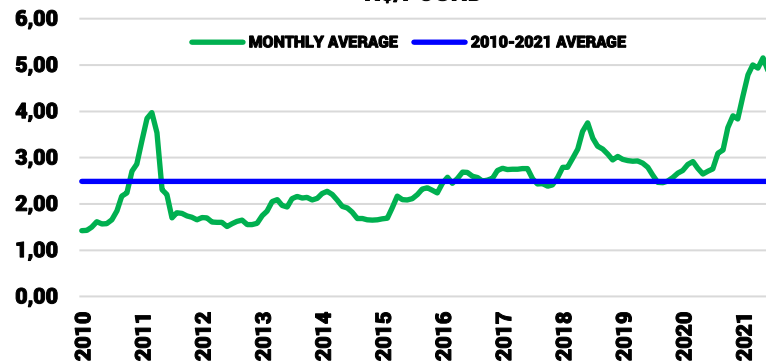
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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/en



consultoria@carloscogo.com.br



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

