

GRAINS

2021/2022 OUTLOOK SUMMARY



AUGUST/2021



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The trend is for future quotations sustained at high levels for soybean, corn, wheat and cotton in the 2021/2022 season.

The reduction in soybeans, corn, wheat and cotton production estimates in the US reinforces the trend of sustaining future prices.

In the domestic market, prices are expected to remain at high levels in 2022 for soybeans, corn, wheat and cotton. For rice and beans, prices in 2022 will float depending on weather conditions, exchange rates and consumption.

The trend is for high prices for agricultural products in Brazil throughout 2022.

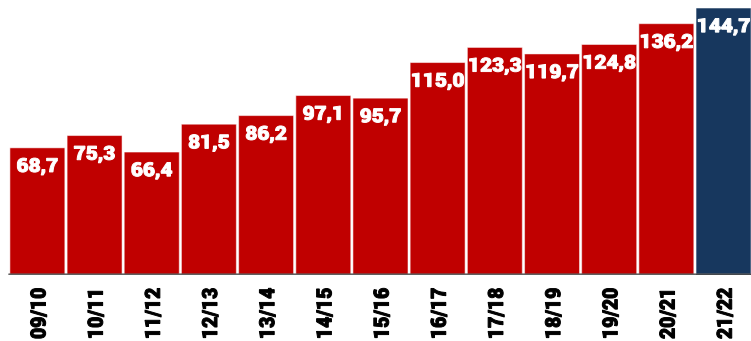
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Rice: 2021/2022 outlook	↑	09
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SOYBEAN: 2021/2022 MARKET OUTLOOK

- The trend is bullish for soybean prices in Brazil, with future quotations in Chicago sustained at levels above US\$14 per bushel, after lower estimates of US production for the 2021/2022 harvest and persistence of weather adversities on the “Corn Belt”.
- Futures contracts for the 2nd half of 2021 range between US\$13.60 and US\$14.20/bushel, while maturities for the 1st half of 2022 range between US\$13.50 and US\$13.70/bushel.
- For the 2nd half of 2022, future quotations range between US\$ 12.50 and US\$ 13.50/bushel.
- In Brazil, with rising premiums at ports, accelerated exports and advanced marketing of the 2020/2021 harvest, the trend is for prices to rise throughout the second half.
- The trend is for an increase in area and record soybeans production in Brazil in 2021/2022.
- For 2022, the trend is for an average level of soybean prices similar to those registered in the 2nd half of 2021, in the international and domestic markets, with an increase in planted areas in South America, but low inventories in the US and strong international demand.

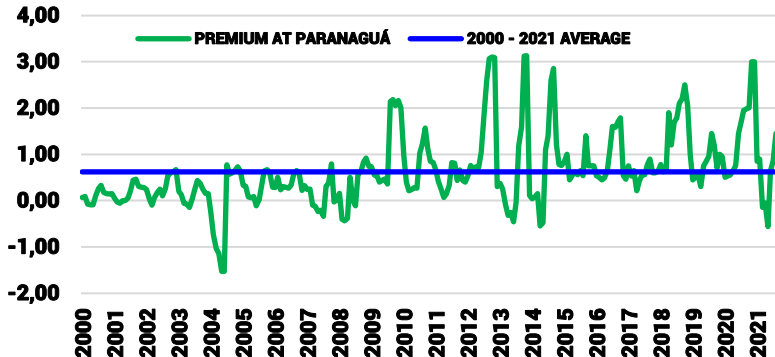
SOYBEAN: BRAZIL PRODUCTION - MMT



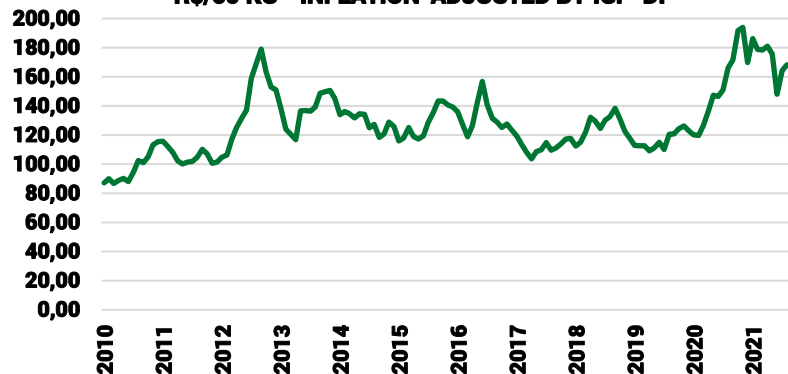
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



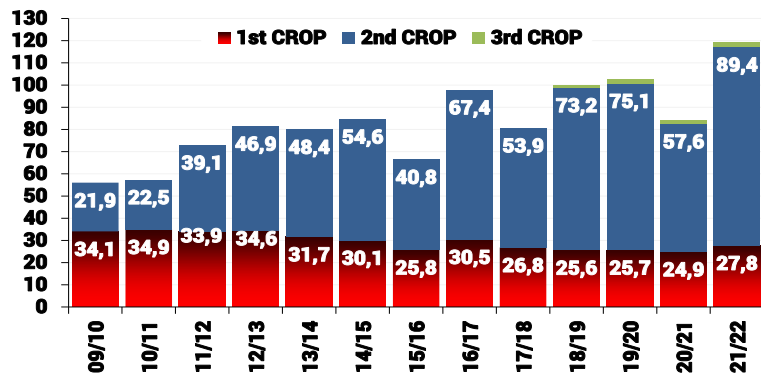
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2021/2022 MARKET OUTLOOK

- The trend is for prices to be sustained in Brazil, with sharp breaks in the 2nd 2021 harvest and firm external prices, with a reduction in the production estimate for the 2021/2022 harvest in the US.
- We revised the 2nd harvest of 2021 at 57.6 MMT, 30% down from the initial estimate, which was a harvest of 82.6 MMT.
- As a result, total production in the 3 harvests of 2021 is estimated at 83.9 MMT, 18% below last season, which will significantly reduce the potential for exports this year.
- On the other hand, Argentina's import parity continues with prices lower than those practiced in Brazil, which may act as a limit to the increase in domestic prices throughout this second half.
- In Chicago, contracts for the 2nd half of 2021 range between US\$ 5.60 and US\$ 5.75/bushel, while maturities for the 1st half of 2022 range between US\$ 5.70 and US\$ 5.85/ bushel.
- Contracts for the 2nd half of 2022 range between US\$ 5.20 and US\$ 5.80/bushel.
- The trend is for prices to be sustained at high levels in the 2nd half of 2021 and in 2022.

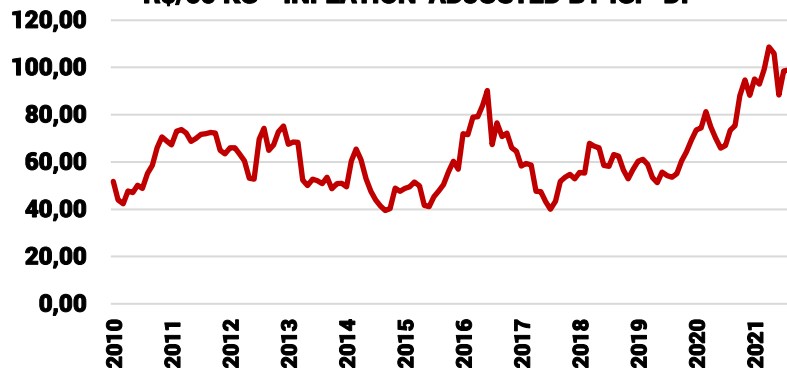
CORN: BRAZIL PRODUCTION - MMT



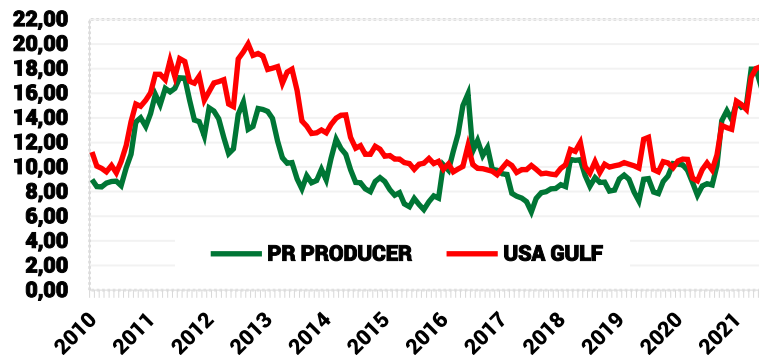
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



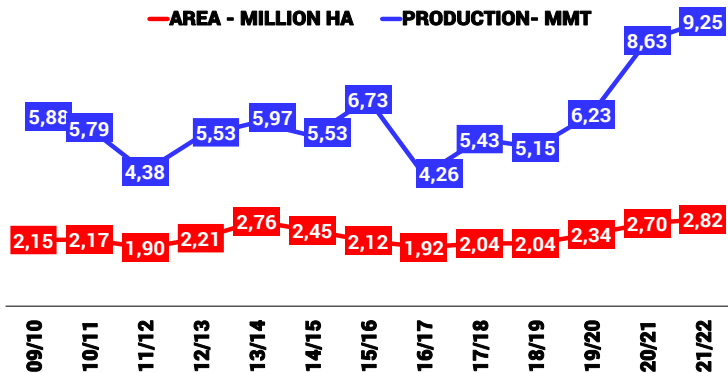
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



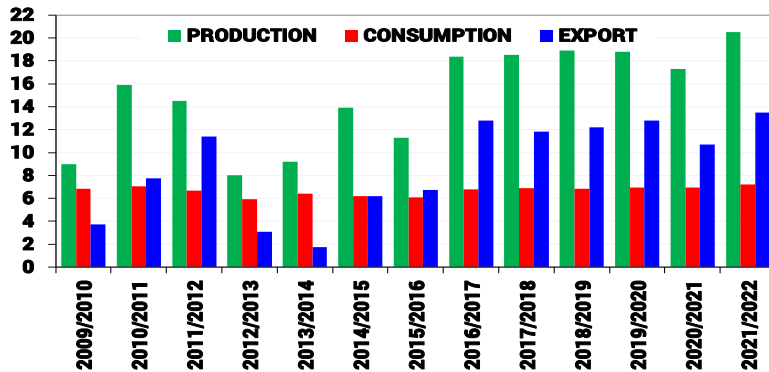
WHEAT: 2021/2022 MARKET OUTLOOK

- The trend is for firm prices in Brazil, even with the arrival of the new harvest, starting in September.
- Breaks in the 2nd corn crop should increase demand for wheat and keep prices sustained.
- Our Consultancy's forecast is for a 15% expansion of the wheat area in Brazil in 2021, with an estimate of a strong increase of 38% in production, to a record 8.62 MMT.
- The frosts that occurred in Brazil in June/July did not intensely affect most wheat crops, as they were still in the initial development period.
- The dollar sustained against the Real helps to increase the import parity, reinforced by firm international prices, anchored in the correlation with corn (feed substitutes).
- Even with sustained levels, mills with short stocks seek the market, even as the new crop approaches.
- The parity of grain imports from Argentina or the USA indicates price levels above those practiced in the domestic market, which supports the prices of the national product.

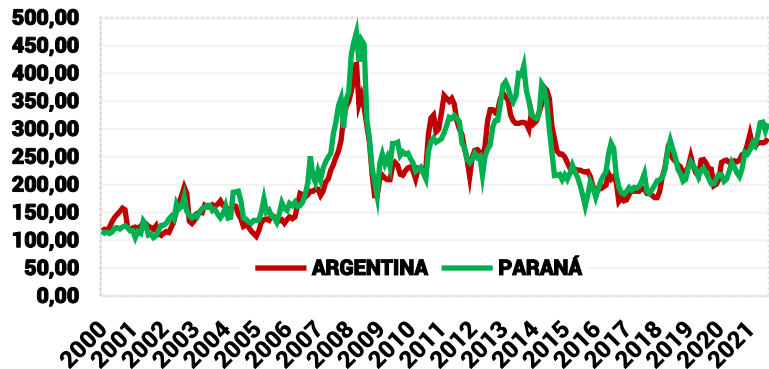
WHEAT: BRAZIL AREA AND PRODUCTION



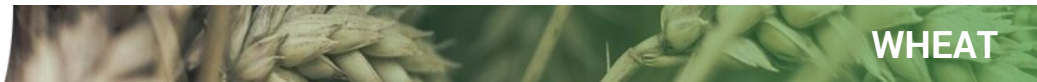
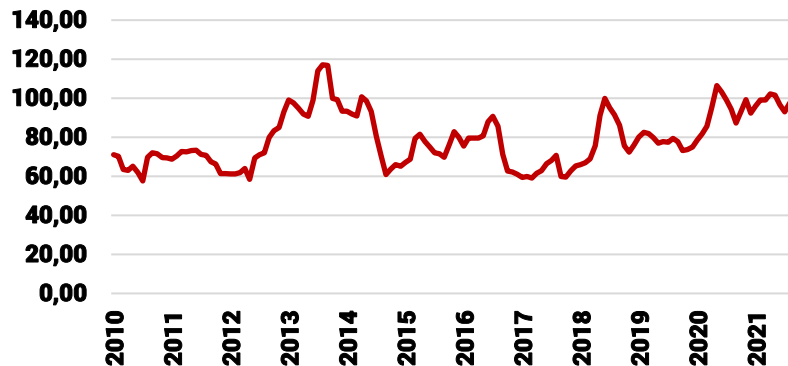
ARGENTINA: WHEAT SUPPLY - MMT



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



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

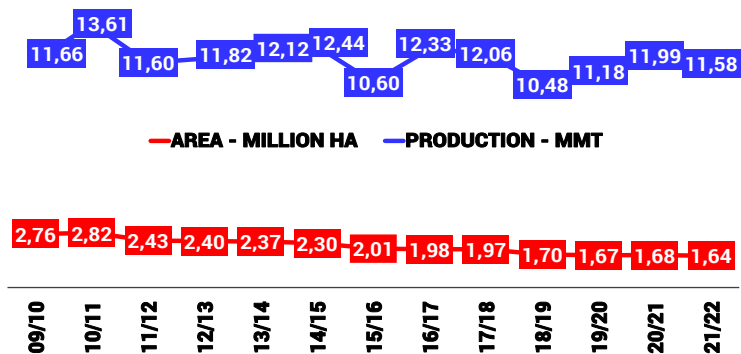


RICE: 2021/2022 MARKET OUTLOOK

- Paddy rice prices are more sustained in August, with gradual advances in prices in recent weeks, accumulating an increase of 11.5% in the last 30 days.
- With the off-season, paddy rice prices are firm in this 2nd half, but the strong decline in external prices makes it difficult for a more expressive reaction in internal prices.
- Over the past 12 months, international prices have accumulated lows of 19% for the processed product from Thailand (WR 100%B) and 8% for the US (Long Grain US/4).
- The sharp reduction in exports in 2021 increases the supply of rice in the spot market.
- Between January and July 2021, Brazilian rice exports (paddy basis) dropped 54% compared to the same period of the previous year, while imports grew 27% in the same period.
- Considering volumes, accumulated exports from January to July/2021 (570 thousand tonnes paddy basis) are more in line with imports (629 thousand tonnes). If foreign sales do not advance more strongly, the trend is for an increase in ending stocks and stabilized prices.

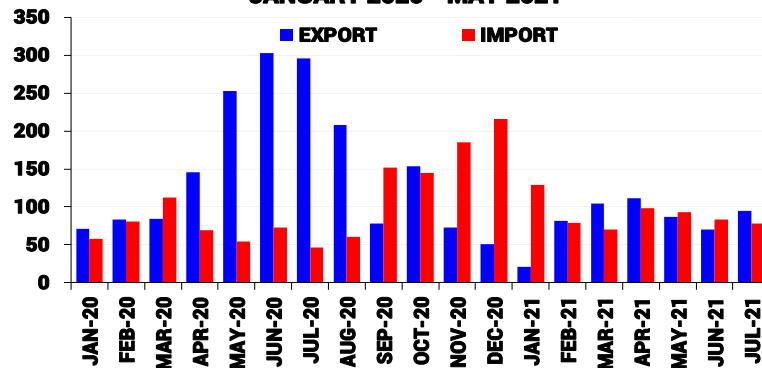


RICE: BRAZIL AREA AND PRODUCTION



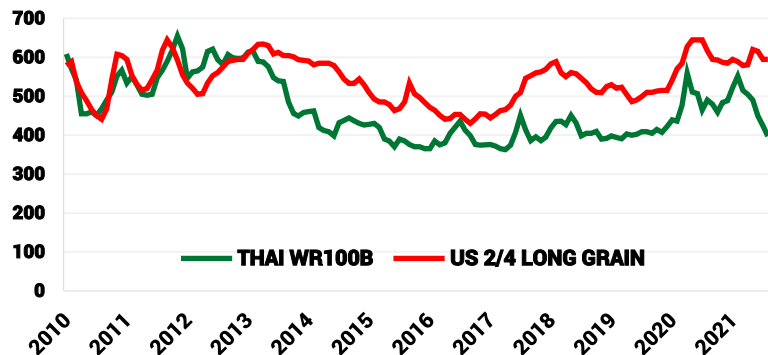
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY)

JANUARY 2020 - MAY 2021



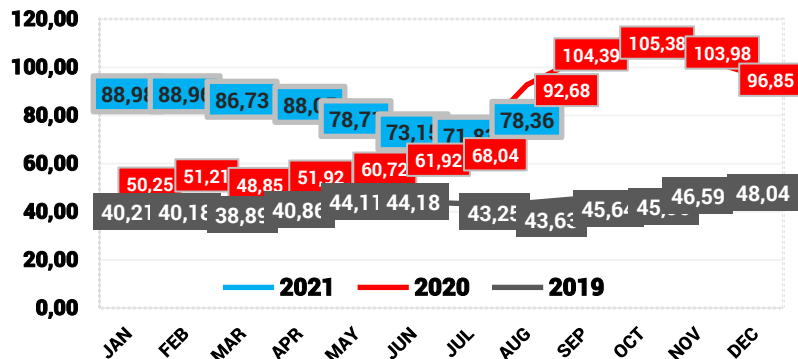
PROCESSED RICE LONG-GRAIN: FOB PRICES

US\$/TONNE - THAILAND X USA



PADDY RICE: FOB PRODUCER RS PRICES

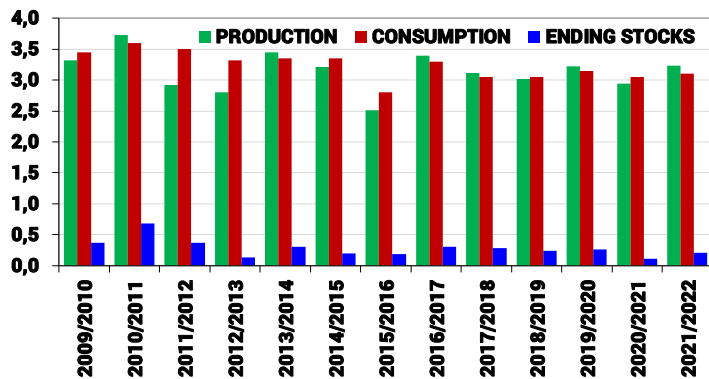
58% UNBROKEN - R\$/50 KG



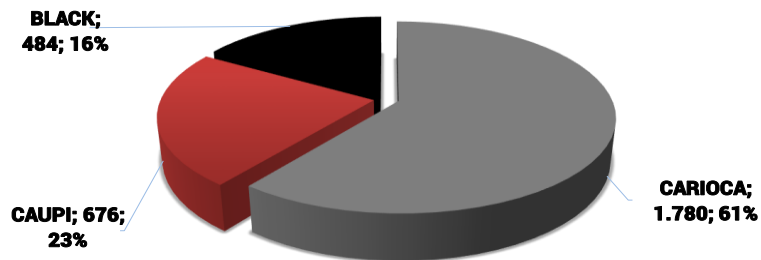
PULSES - BEANS: 2021/2022 MARKET OUTLOOK

- The trend is sustained edible beans (carioca, black and caupi) prices in the short and medium terms, with crop breaks in several producing regions, due to drought and frost.
- Prices have been sustained at high levels since the beginning of the pandemic in Brazil.
- The projection is for a harvest of 2.940 MMT in the total of 3 crops planted in 2021, compared to a consumption of 3.050 MMT, estimated for this year.
- Prices for carioca beans grades 8.5/9.5, FOB producer, are fluctuating between R\$ 260 and R\$ 280 per 60 kg in August, compared to R\$ 255 to R\$ 275 per 60 kg in July.
- Prices for black beans - extra, FOB producer, range between R\$ 240 and R\$ 260 in this month of August, compared to R\$ 235 to R\$ 255 per 60 kg in July.
- The drought that continues to affect several producing regions in the country throughout this year and the increase in the cost of electricity may cause difficulties for irrigated crops of the 3rd harvest of 2021 and for the planting of the 1st harvest of 2022, maintaining a restricted internal supply.

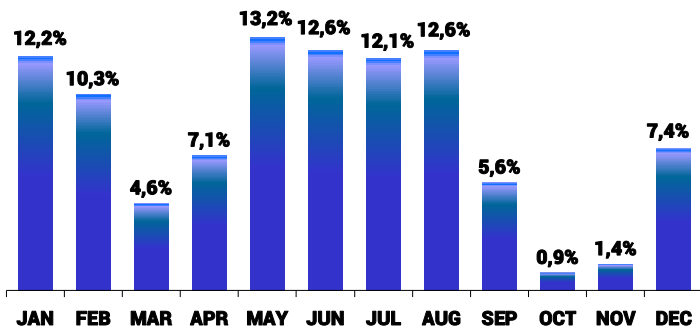
BEANS: BRAZIL SUPPLY - MMT



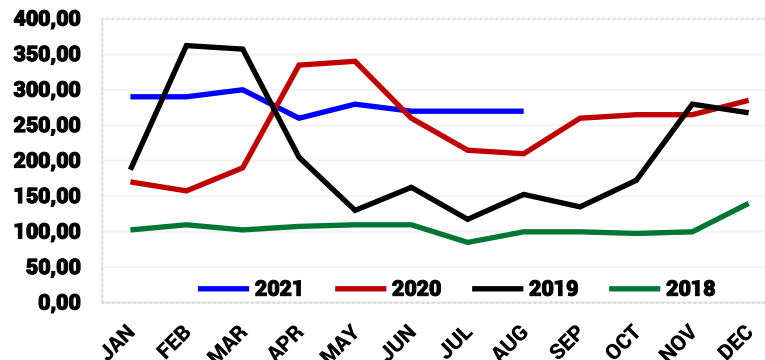
BEANS: BRAZIL 2021 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



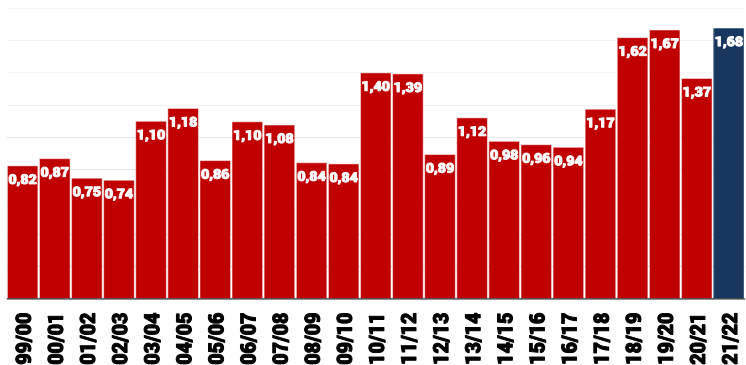
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



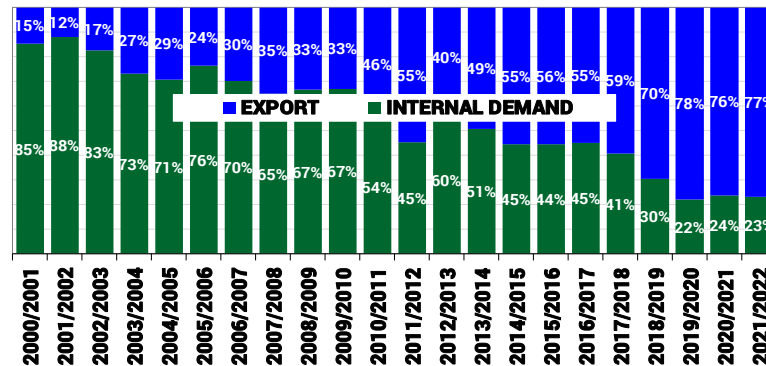
COTTON: 2021/2022 MARKET OUTLOOK

- The trend is for prices to rise in Brazil, with a lower supply and retraction of sellers.
- The CEPEA/ESALQ indicator, with payment in 8 days, registers an increase of 3.6% in the last 30 days and 66.9% in the last 12 months, quoted at R\$ 5.17/pound.
- The external values of fiber, on the other hand, have accumulated an increase of 50.3% in the last 12 months and the trend is for prices to be sustained in 2022, both for foreign and domestic markets.
- The FAS (Free Alongside Ship) export parity is R\$4.53/pound in the Port of Santos and R\$4.54/pound in the Port of Paranaguá, based on the Cotlook A Index.
- For the 2021/2022 harvest, there are trading companies interested in carrying out early deals with delivery for August/September 2022 – external quotations are above 90¢ per pound.
- On the New York Stock Exchange, values are on the rise, influenced by the worsening quality of the 2021/2022 crop in the US, the expectation of lower world supply and the appreciation of oil, which should continue to support domestic prices in 2021 and 2022.

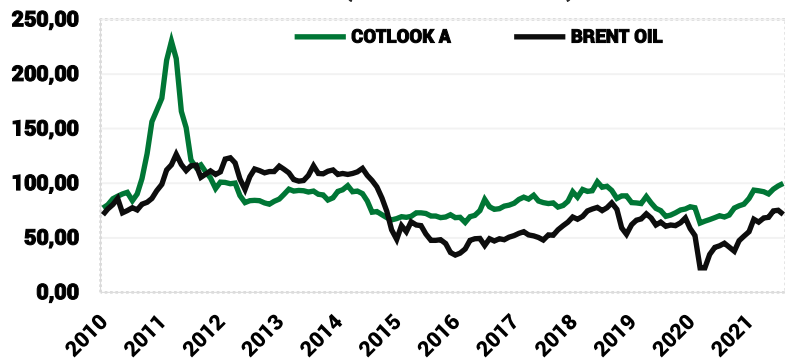
COTTON: BRAZIL AREA - MILLION HA



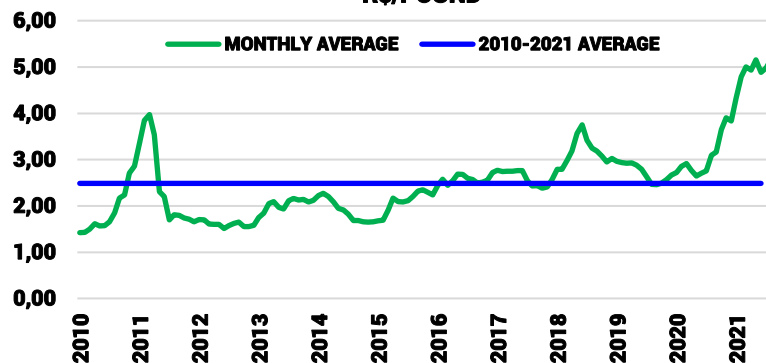
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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