

GRAINS

2021/2022 OUTLOOK SUMMARY



SEPTEMBER/2021



TABLE OF CONTENTS

The trend is for lower future prices for soybean, corn, wheat, rice and cotton in the next global season 2021/2022.

However, for anticipated sales of the next harvest, the rising dollar futures at B3 ensure values in Reais for 2022 at levels similar to those practiced in the 2nd half of 2021 in the Brazilian domestic market, especially for soybeans, corn, wheat and cotton.

Edible beans are expected to maintain sustained prices in 2022, while rice prices may be pressured by projections of a strong increase in ending stocks for the 2021 harvest for the next season.

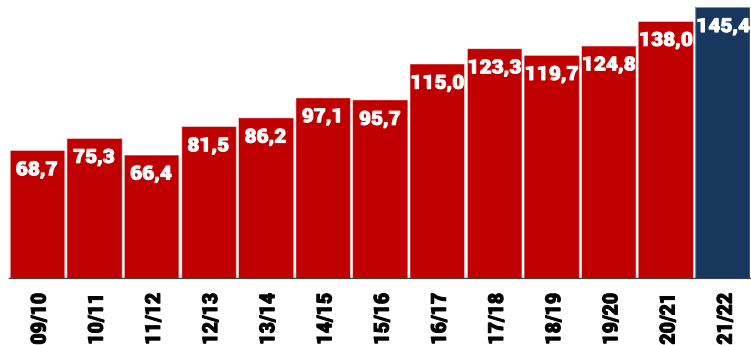
Item	Trend	Page
Soybean: 2021/2022 outlook	↑	03
Corn: 2021/2022 outlook	↓	05
Wheat: 2021/2022 outlook	→	07
Rice: 2021/2022 outlook	↓	09
Beans: 2021/2022 outlook	→	11
Cotton: 2021/2022 outlook	↑	13



SOYBEAN: 2021/2022 MARKET OUTLOOK

- The trend is bullish for prices in Brazil until the end of the off-season, in December/2021, with a reduction in available supply, rising premiums in ports, sustained dollar around R\$ 5.20 - R\$ 5.30, dollar futures up on B3 and firm futures quotes on the Chicago Board of Trade, fluctuating in the range between US\$ 12.70 and US\$ 13.00/bushel for maturities until the end of 2021.
- The September report by the US Department of Agriculture (USDA) raised the production projection from 118.1 MMT (in August) to 119.0 MMT. However, the new projection was below market estimates, giving support for future quotations.
- Chicago 2022 maturities are between \$12.50 and \$13.00 a bushel, far above the historic five-year average for a US harvest period.
- For 2022, the trend is for an average price level for soybeans similar to those recorded in the second half of 2021, both in the foreign and domestic markets, with an increase in planted areas in South America, but with low stocks in the US and firm demand international.

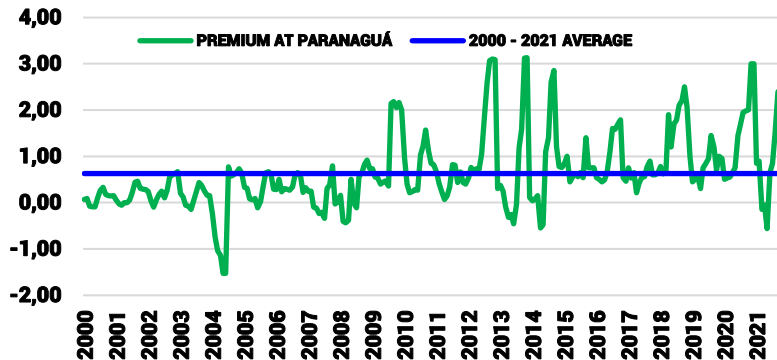
SOYBEAN: BRAZIL PRODUCTION - MMT



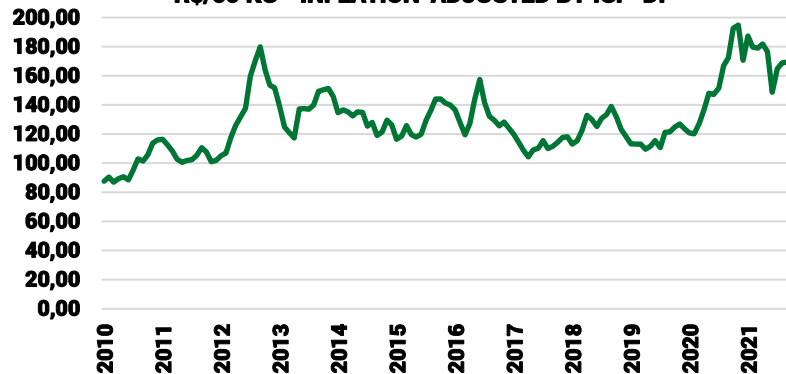
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



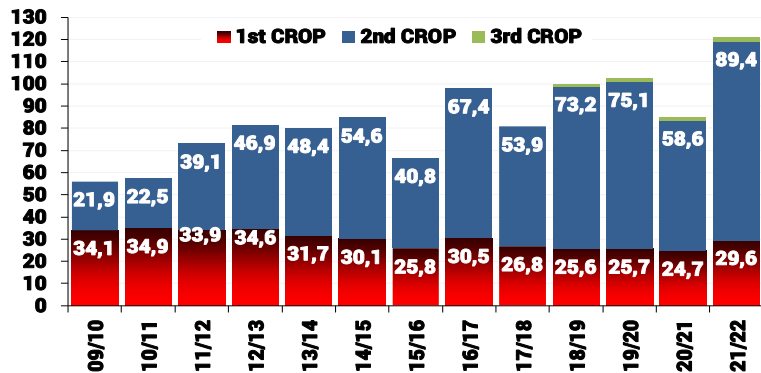
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2021/2022 MARKET OUTLOOK

- The pressure is downward on prices in the Brazilian market, with future quotations on the Chicago Board of Trade closer to the level of US\$5/bushel, moving away from the highs of the year, when they approached US\$7/bushel, after the US Department of Agriculture (USDA) September report raised the estimate for the 2021/2022 crop in the United States to 380.9 MMT, compared to 374.7 MMT estimated in August.
- The 2022 maturities on the Chicago Board of Trade are in a range between \$5-\$5.30/bushel, still well above the historic 5-year average for the US harvest period.
- Even with the expressive break of 29% in the 2nd harvest of 2021, the high available supply and the increase in the inflow of imported corn maintain downward pressure on domestic prices.
- The projection is for Brazilian exports to decline in 2021, which should mitigate the breaks in the 2nd harvest and keep the market supplied until the arrival of the 1st harvest of 2021/2022 (summer).
- For 2022, the trend is for lower average prices than those practiced throughout 2021.

CORN: BRAZIL PRODUCTION - MMT



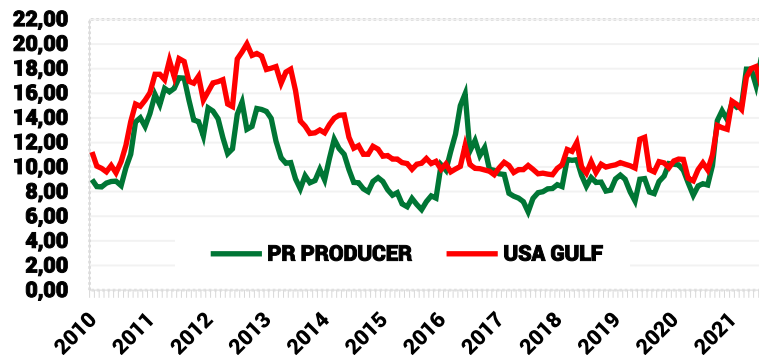
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



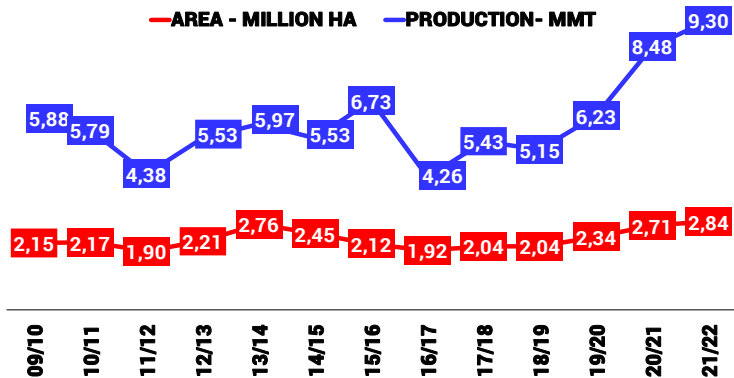
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



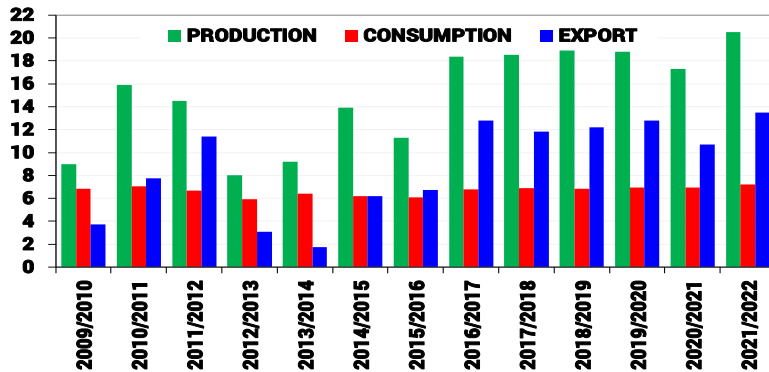
WHEAT: 2021/2022 MARKET OUTLOOK

- The trend is for firm prices, even with the advance of the harvest of the new crop in Brazil.
- Our Consulting's projection is a record crop in Brazil in 2021, of 8.5 MMT.
- With an accumulated increase of 18.4% in international quotations in the last 12 months, the dollar sustained around R\$ 5.20-R\$ 5.30 and the future dollar rising at B3, the import parity of the grain of the Argentina or the USA is above those practiced in the domestic market, which should support the prices of the national product in the short and medium terms.
- Producers are focused on final development and harvesting of crops, while the mills wait for new lots in order to try to close contracts with more attractive prices.
- In Paraná, the indication of wheat growers is R\$ 1,650/tonne FOB for immediate deliveries; R\$1,500/tonne FOB for October; and R\$1,550/ton CIF-mill in October.
- A possible downward pressure during this harvest period should be punctual, given the high external prices, with the imported grain at prices above those practiced in Brazil.

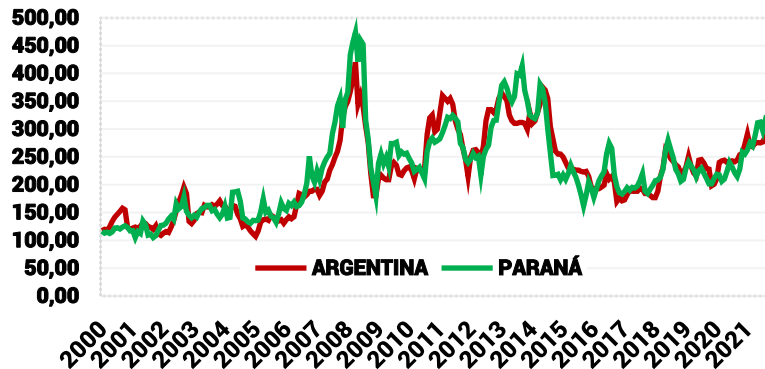
WHEAT: BRAZIL AREA AND PRODUCTION



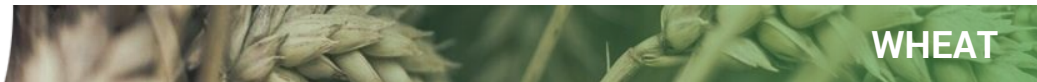
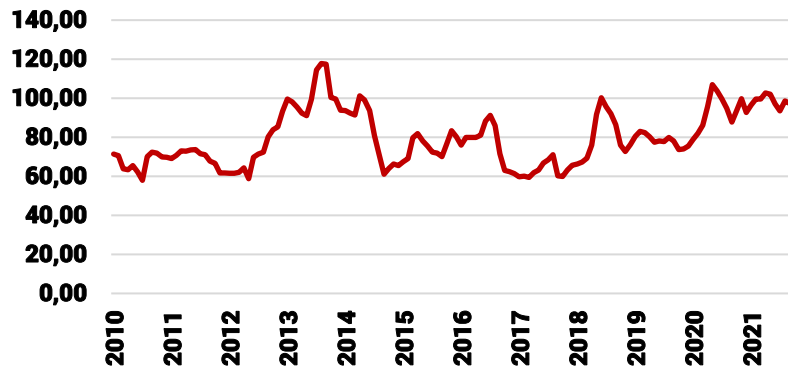
ARGENTINA: WHEAT SUPPLY - MMT



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



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

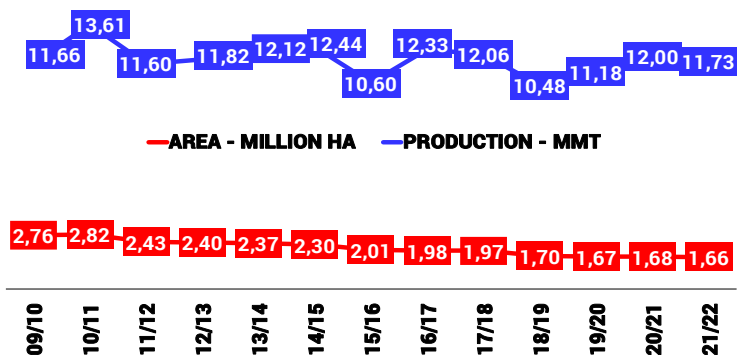


RICE: 2021/2022 MARKET OUTLOOK

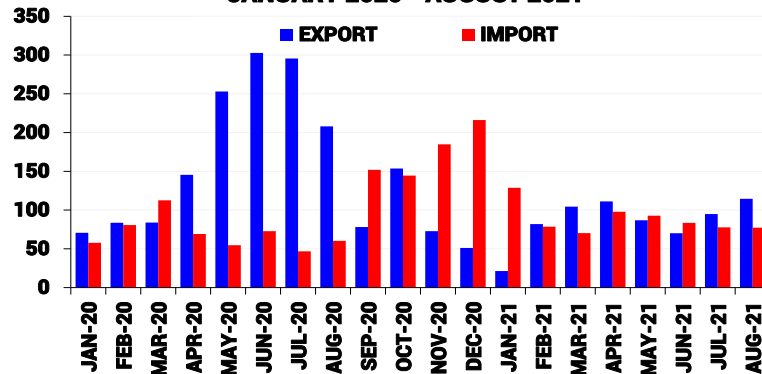
- Bearish pressure returns on domestic prices for FOB-producer paddy rice.
- The prices of paddy rice to the producer accumulate a low of 2.9% in the last 30 days and 28.2% in the last 12 months, even in the typical off-season period.
- Even with the off-season in Brazil and firm domestic consumption, the sharp drop in external prices caused a sharp decline in exports and an increase in imports between January and August 2021.
- Between January and part of September 2021, for example, processed rice from Thailand (WR 100%B) accumulated a sharp drop of 23.2%.
- Between January and August 2021, Brazilian rice exports (paddy basis) dropped 53% compared to the same period of the previous year, while imports grew 27% in the same period.
- The sharp reduction in exports in 2021 increases the supply of rice in the spot market.
- Our Consultancy's projections point to a 63% increase in rice ending stocks in Brazil in 2021, which should maintain downward pressure on prices in the short and medium term.



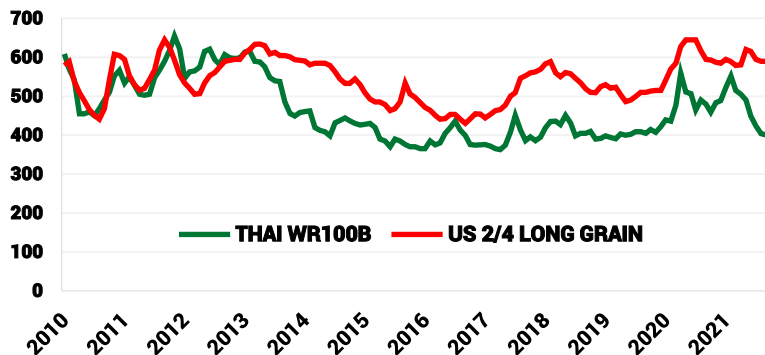
RICE: BRAZIL AREA AND PRODUCTION



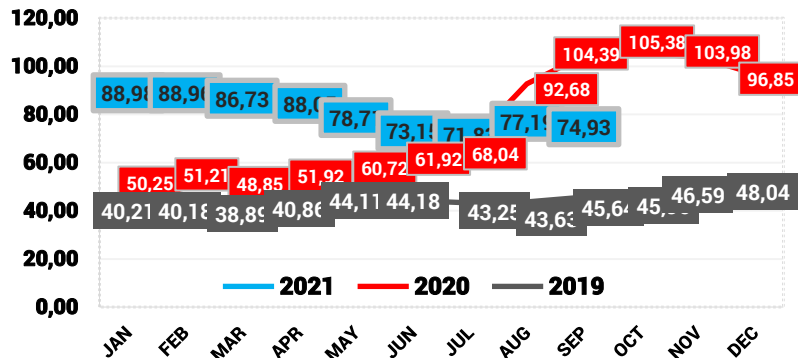
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - AUGUST 2021



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



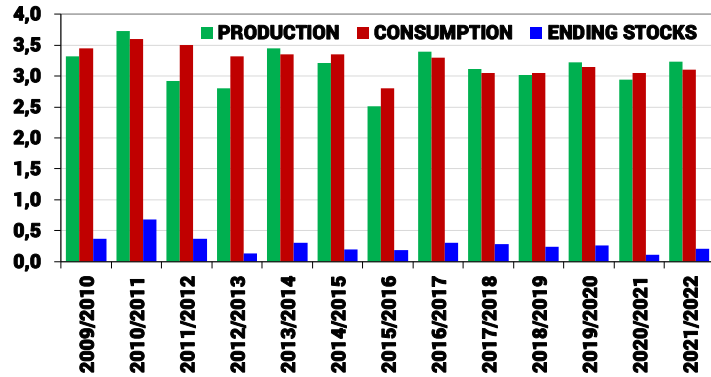
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



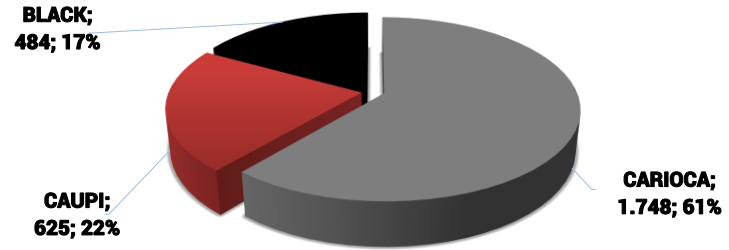
PULSES - BEANS: 2021/2022 MARKET OUTLOOK

- The trend is for 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 in 2021.
- Prices have been sustained at high levels since the beginning of the pandemic in Brazil.
- The projection is for a harvest of 2.856 MMT in the total of 3 crops planted in 2021, compared to a consumption of 2,950 MMT estimated for this year.
- Prices for carioca beans grades 8.5/9.5, FOB producer, are fluctuating between R\$ 280 to R\$ 300 per 60 kg in September, compared to R\$ 260 to R\$ 280 per 60 kg in August.
- Prices for black beans - extra, FOB producer, range between R\$ 250 and R\$ 270 in this month of September, compared to R\$ 240 to R\$ 260 per 60 kg in August.
- The drought that continues to affect several producing regions in the country throughout this year and the increase in production costs, driven by inputs, electricity and fuels, may cause disincentives for the planting of the 1st harvest of 2022, keeping the supply restricted in the domestic market .

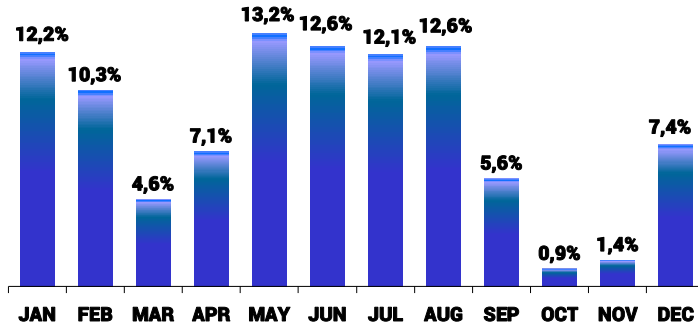
BEANS: BRAZIL SUPPLY - MMT



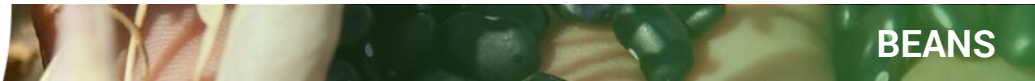
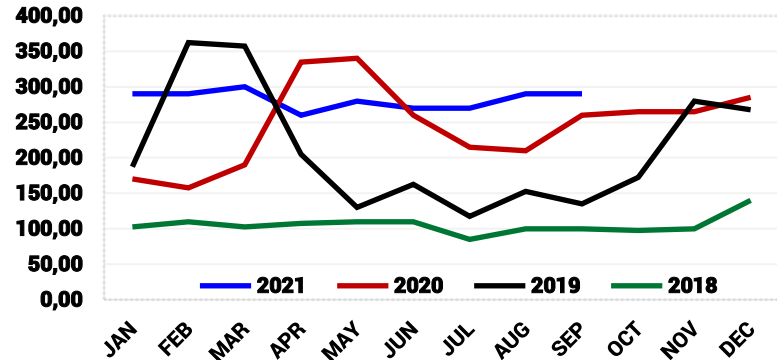
BEANS: BRAZIL 2021 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



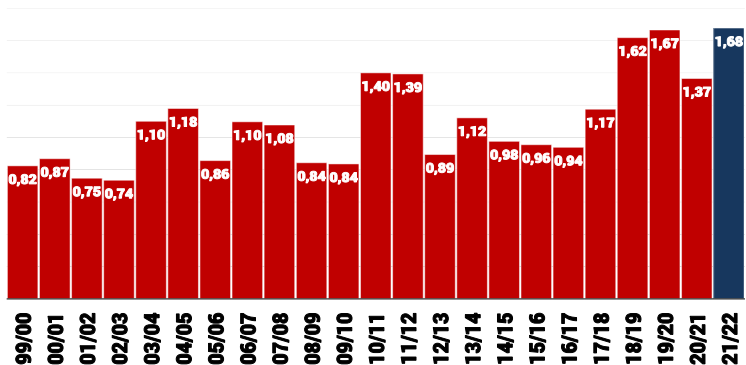
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



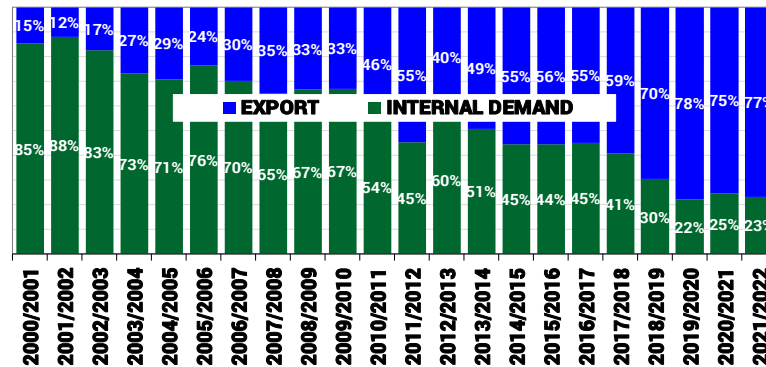
COTTON: 2021/2022 MARKET OUTLOOK

- The pressure is downward on cotton prices in Brazil, influenced by the growth in the national spot supply and the drop of foreign prices.
- Buyers have been pressing down the amounts paid for new lots, signaling difficulties in passing on current costs to manufactured products.
- The FAS (Free Alongside Ship) export parity is R\$ 4.69/pound at the Port of Santos (SP) and R\$ 4.70/pound at the Port of Paranaguá (PR), based on the Cotlook A Index, referring to the feather placed in the Far East, compared to the current average of R\$5.29/pound placed in São Paulo.
- Futures contracts on the New York Stock Exchange are down, pressured by the devaluation of oil and by estimates of higher production and inventories in the United States in 2021/2022.
- However, future quotations have accumulated a significant increase of 43% on the New York Stock Exchange in the last 12 months, with maturities in 2022 ranging from 82 to 92 ¢ per pound, values that maintain the projection of expansion of the planting area in the Brazil in 2021/2022.

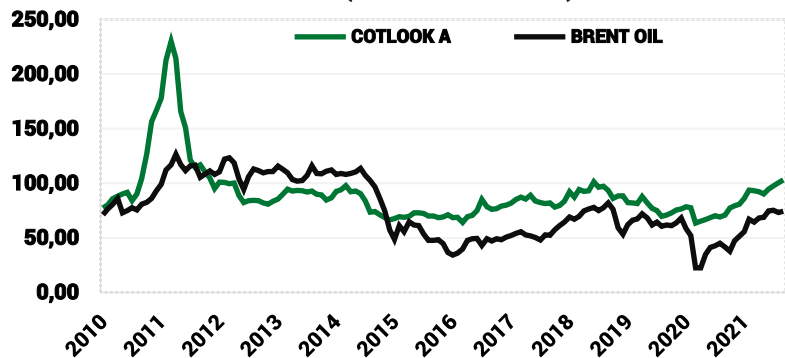
COTTON: BRAZIL AREA - MILLION HA



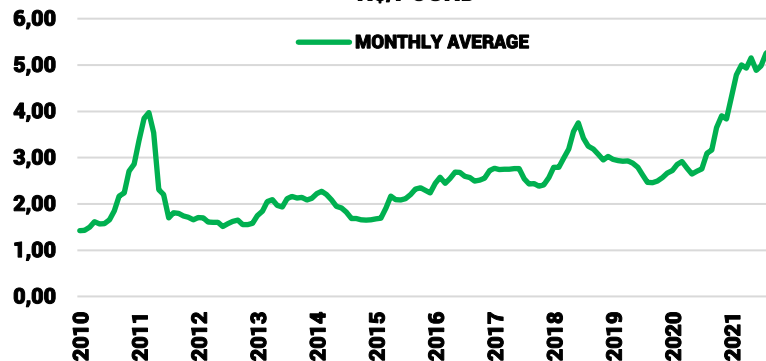
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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