

GRAINS

2022/2023 OUTLOOK SUMMARY



OCTOBER/2021



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The trend is bearish for soybean and corn futures, after the USDA raised its 2021/2022 crop projections in the October report.

On the other hand, the bias is bullish for wheat and cotton, with global stocks falling in 2021/2022. Cotton prices are record high in Brazil and abroad and wheat prices are sustained even during harvest.

There is great concern in Brazil about the possibility of shortage and/or lack of inputs (fertilizers and pesticides) for the 2022 winter crop and for the 2022/2023 season, which could affect the planting intention and profitability of crops in 2022 and 2023.

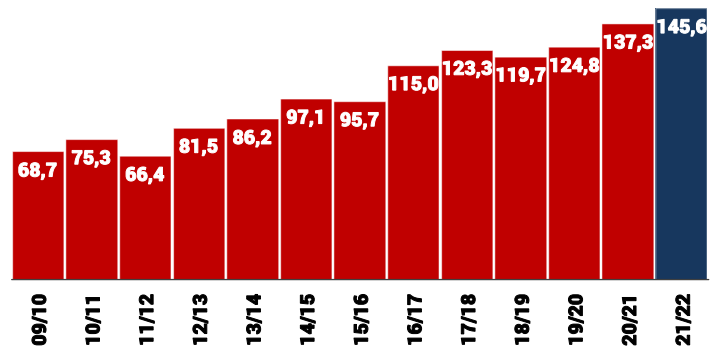
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SOYBEAN: 2022/2023 MARKET OUTLOOK

- The trend is for downward pressure on soybean prices in Brazil, with future prices at lower levels in Chicago – close to US\$ 12/bushel – after the USDA's October report raised production and stock estimates of the USA in the 2021/2022 harvest.
- The dollar at levels above R\$ 5.50 partially cancels the losses of future quotations.
- Futures contracts for the 1st half of 2022 float between US\$ 12.00 and US\$ 12.20/bushel, well below the range between US\$ 13.50 and US\$ 13.70/bushel registered during September .
- For the second half of 2022, future quotations range between US\$ 12.10 and US\$ 12.30/bushel, below the US\$ 12.50 to US\$ 13.50/bushel range registered throughout the month of September .
- The profitability of the 2021/2022 harvest is assured, with most of the inputs already purchased.
- In case the strong global increase in the prices of the main inputs (fertilizers and pesticides) persists, there could be a sharp decline in the profitability margins of the 2022/2023 season, resulting in a reduction in planting intentions and/or in the technological package applied to crops.

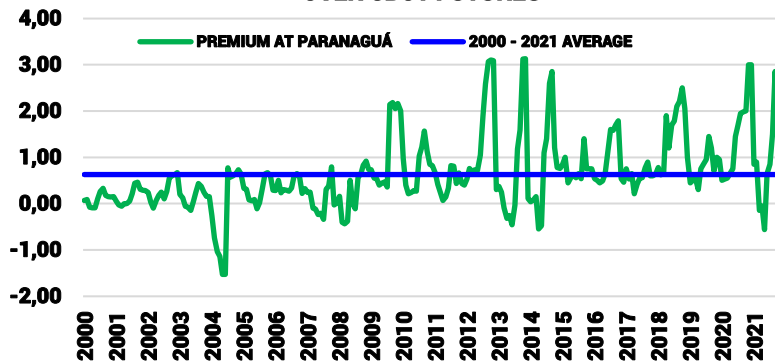
SOYBEAN: BRAZIL PRODUCTION - MMT



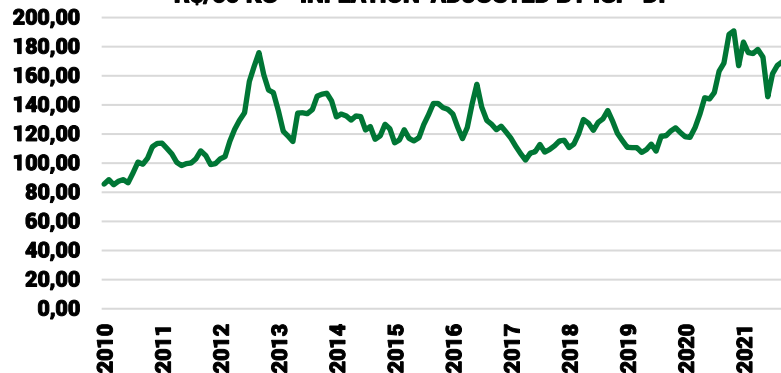
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



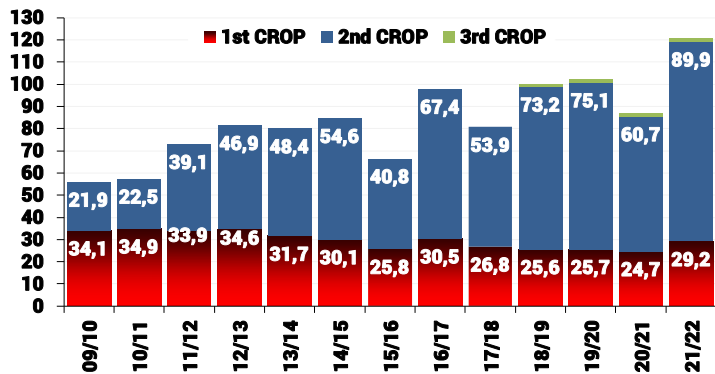
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



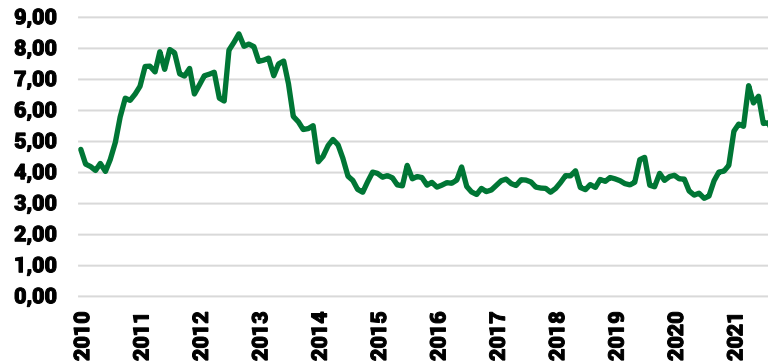
CORN: 2022/2023 MARKET OUTLOOK

- The trend is bearish for prices in Brazil in the 2021/2022 season, given the sharp drop in future prices over the past few months and projections of recovery of domestic supply in the next Brazilian crop, with projections of increase in area, productivity and production.
- Futures declines in Chicago deepened after the USDA's October report raised estimates of US corn production and inventories for the 2021/2022 crop.
- Futures contracts for the 1st half of 2022 float between US\$ 5.20 and US\$ 5.30/bushel, well below the US\$ 5.70 and US\$ 5.85/bushel range registered throughout the month of September.
- For the second half of 2022, future quotations range between US\$ 5.15 and US\$ 5.30/bushel, below the range between US\$ 5.40 and US\$ 5.80/bushel registered throughout September .
- In case the strong global increase in the prices of the main inputs (fertilizers and pesticides) persists, there could be a sharp decline in the profitability margins of the 2nd harvest of 2022 and also in planting intentions and/or the technological package applied to crops in 2022/2023 season.

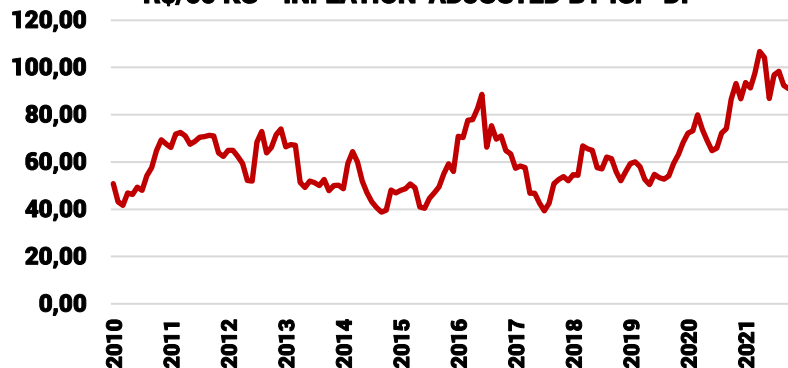
CORN: BRAZIL PRODUCTION - MMT



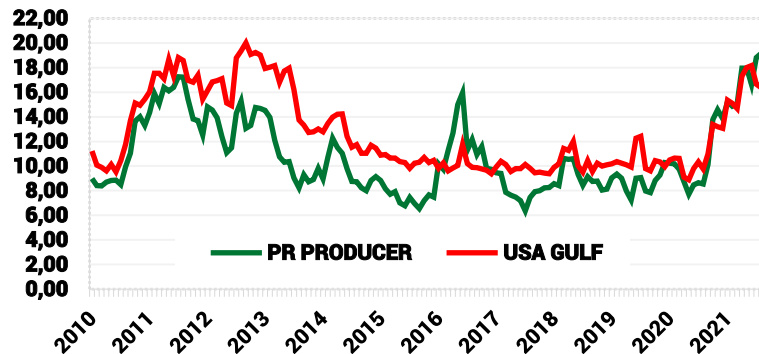
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



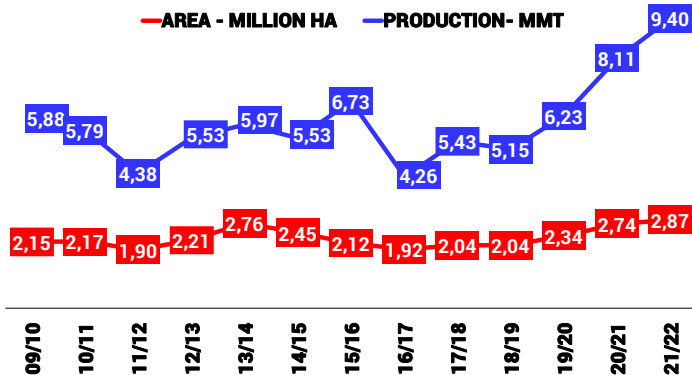
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



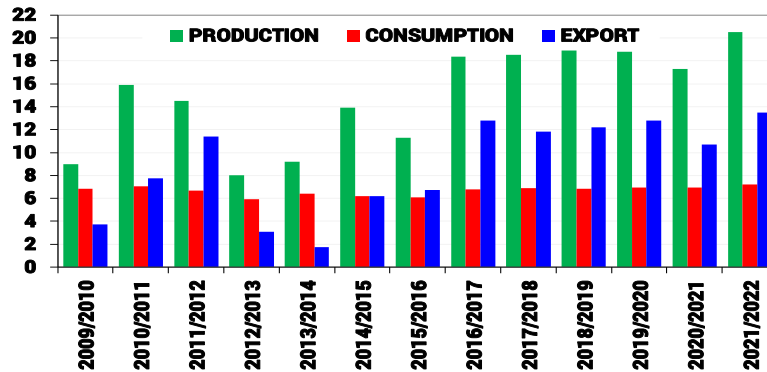
WHEAT: 2022/2023 MARKET OUTLOOK

- The trend is for prices to be sustained in Brazil in the current season (2021/2022), given the rise in future prices over the past few months, reinforced after the USDA's October report reduced corn production and stocks estimates from the US in the 2021/2022 harvest, from production and exports from Canada and from the global ending stocks in 2021/2022.
- The national crop was affected by frost and lack of rain this year, but the strong growth in the area, to 2.7 million hectares, 16% above the previous one, should guarantee a record production.
- The Brazilian wheat crop in 2021, which is being harvested, should be a record, but it does not face downward pressure on prices, sustained by the dollar at high levels and by the accumulated increase of 21.3% in international prices (in dollars) in the last 12 months.
- Brazilian imports of wheat in grain dropped 24.7% in September compared to the previous month.
- With this, the Brazilian mills are moving to buy, raising their price indications for the crop that is being harvested, supporting the prices in full harvest.

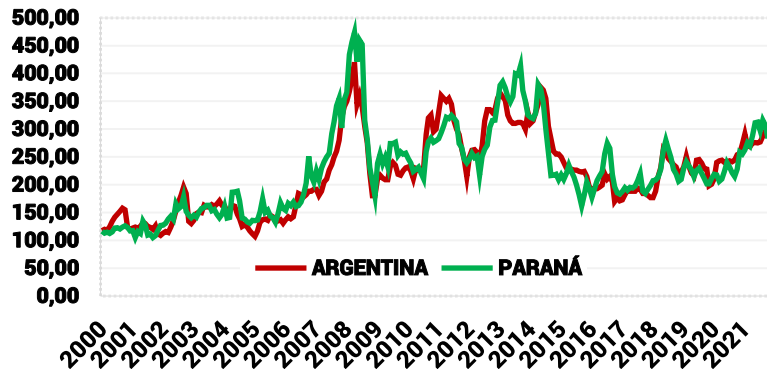
WHEAT: BRAZIL AREA AND PRODUCTION



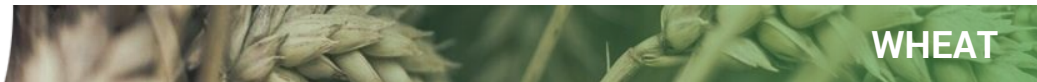
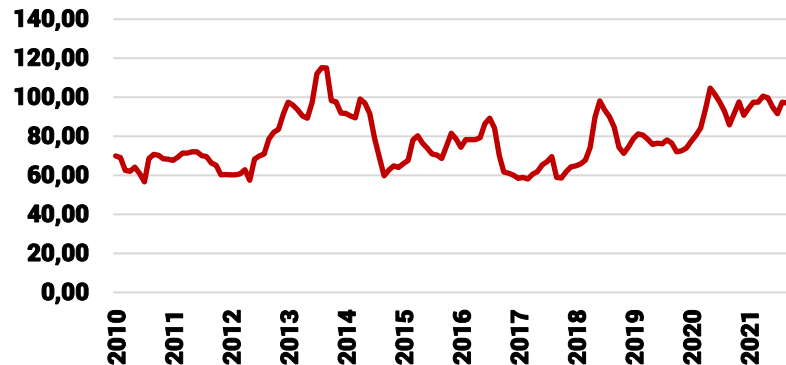
ARGENTINA: WHEAT SUPPLY - MMT



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



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

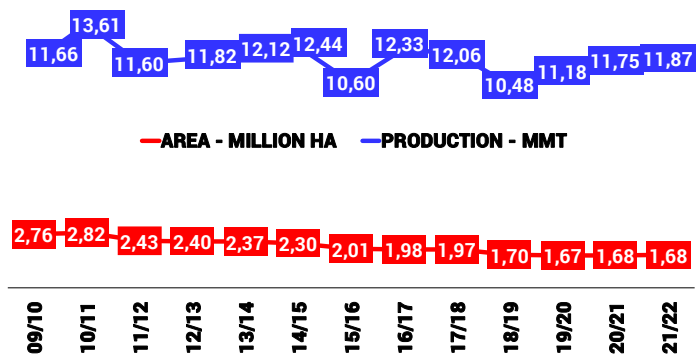


RICE: 2022/2023 MARKET OUTLOOK

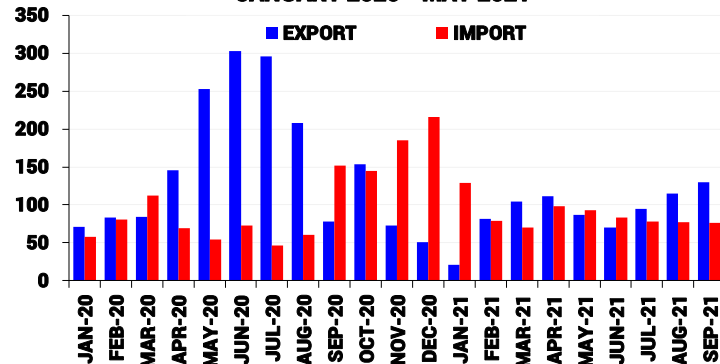
- Paddy rice prices are losing steam throughout this month of October, with the weak performance of Brazilian exports in 2021 and stabilized domestic demand.
- Prices paid to producers accumulate a 2% drop in the last 30 days, in the middle of the off-season, with a significant drop of 31% in the last 12 months.
- The sharp decline in foreign prices affects exports and stimulates imports.
- The prices of the processed product from Thailand (WR 100%B), a reference for the prices of Asian exporters, accumulated a 24% decline between January and the partial of October 2021.
- Between January and September 2021, Brazilian rice exports (paddy basis) dropped 47% compared to the same period of the previous year, while imports grew 11% in this period.
- The sharp reduction in exports in 2021 increases the supply of rice in the spot market.
- As a result, projections are for a 35% growth in Brazilian ending stocks in 2021, which could pressure prices throughout the harvest of the next national crop in 2022.



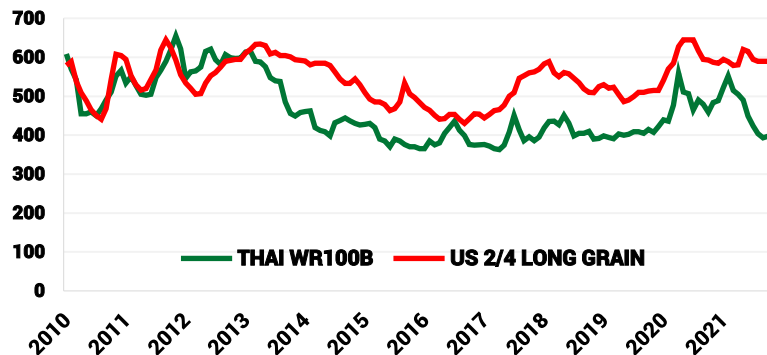
RICE: BRAZIL AREA AND PRODUCTION



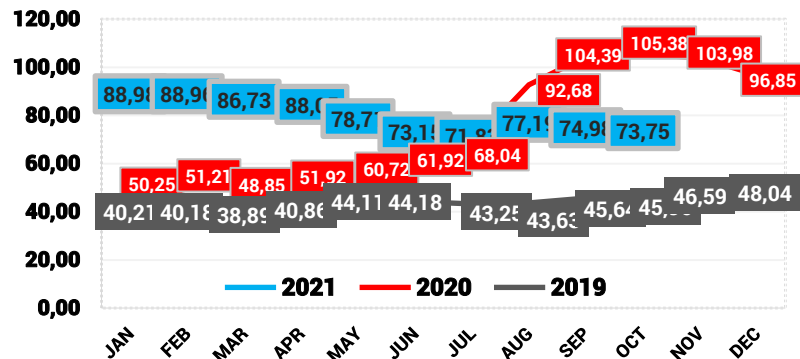
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY)



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



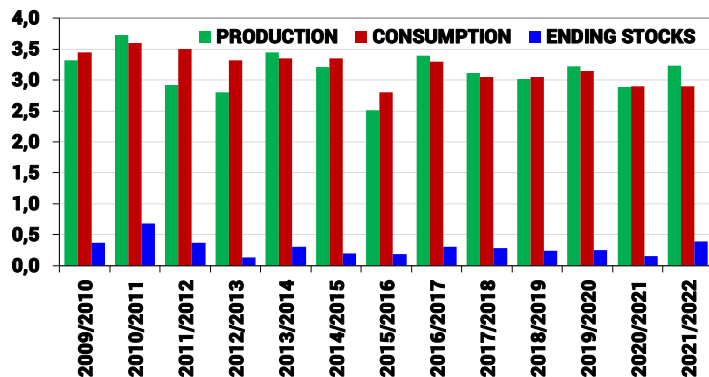
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



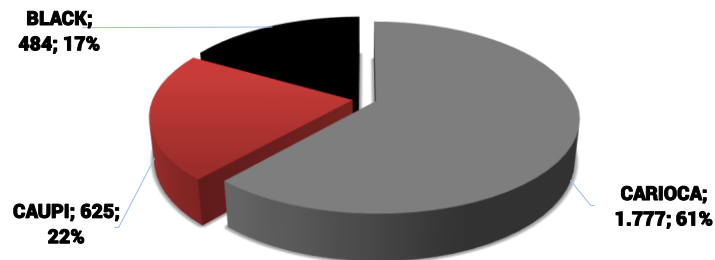
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- 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.
- Prices have been sustained at high levels since the beginning of the pandemic in Brazil.
- The projection is for a harvest of 2.884 MMT in the total of 3 crops planted in 2021, compared to a consumption of 2,900 MMT estimated for this year.
- Prices for carioca beans grades 8.5/9.5, FOB producer, are fluctuating between R\$ 270 to R\$ 290 per 60 kg in October, compared to R\$ 250 to R\$ 275 per 60 kg in September.
- Prices for black beans - extra, FOB producer, range between R\$ 240 and R\$ 260 in this month of October, compared to R\$ 245 to R\$ 265 per 60 kg in September.
- The total volume of the 3 crops to be harvested in 2022 is estimated at 3.2 MMT, compared to projected consumption of 2.9 MMT: however, it is worth noting that the strong increase in input prices may affect the planting intention of the 2nd and 3rd harvests of 2022.

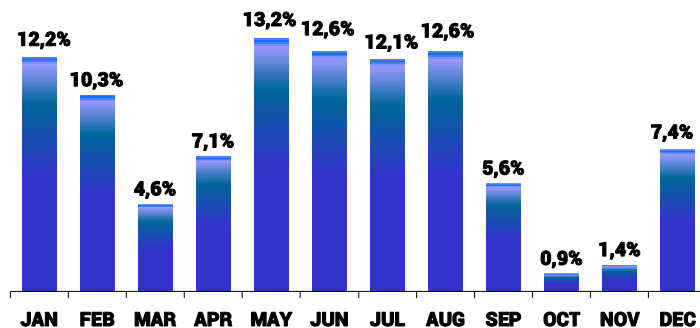
BEANS: BRAZIL SUPPLY - MMT



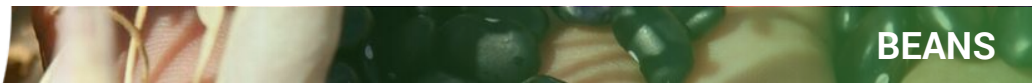
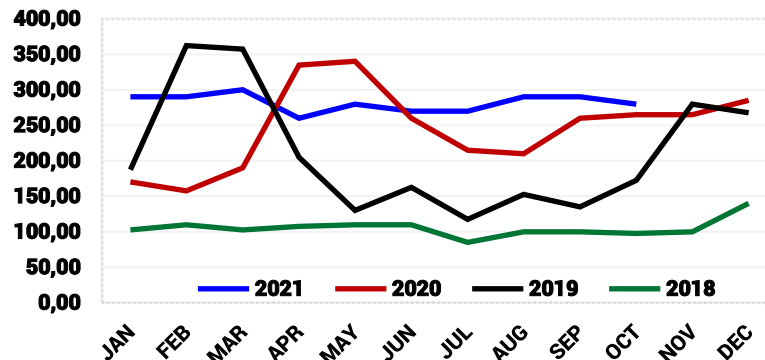
BEANS: BRAZIL 2021 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



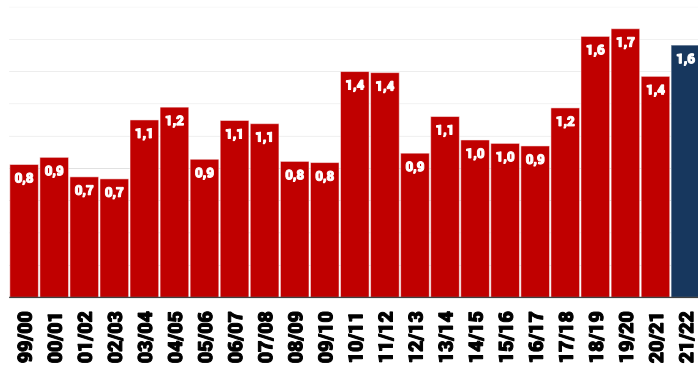
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



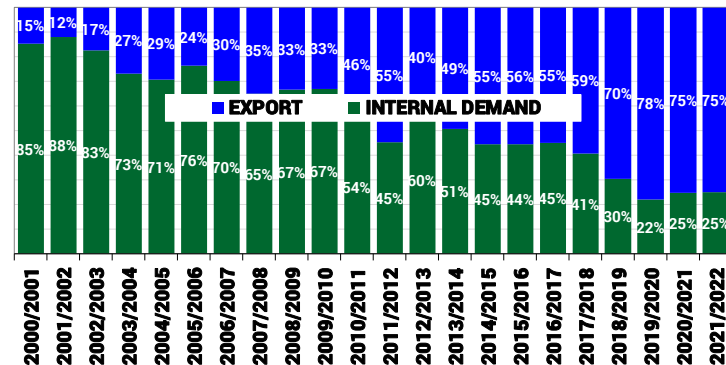
COTTON: 2022/2023 MARKET OUTLOOK

- The trend is bullish for lint prices in Brazil, with future prices accumulating strong highs, the dollar at high levels and restricted supply in the domestic market.
- The external values of fiber accumulate 53% increase in the last 12 months and the trend is for prices sustained in 2022, both in the foreign market and in the domestic market.
- The CEPEA/ESALQ indicator, with payment in 8 days, registers an increase of 13% in the last 30 days and a significant 65% in the last 12 months, quoted at the nominal record level of R\$6.01/lb.
- In case the strong global increase in the prices of the main inputs (fertilizers and pesticides) persists, there could be a sharp decline in the profitability margins of the 2022/2023 season, resulting in a reduction in planting intentions and/or in the technological package applied to crops.
- Highs in the foreign market stimulate an increase in business for future deliveries of the 2021/2022 and 2022/2023 harvests, at prices between 90 and 91¢ per pound for delivery at the port in the 2nd half of 2022 and 83¢ per pound for the 2nd half of 2023.

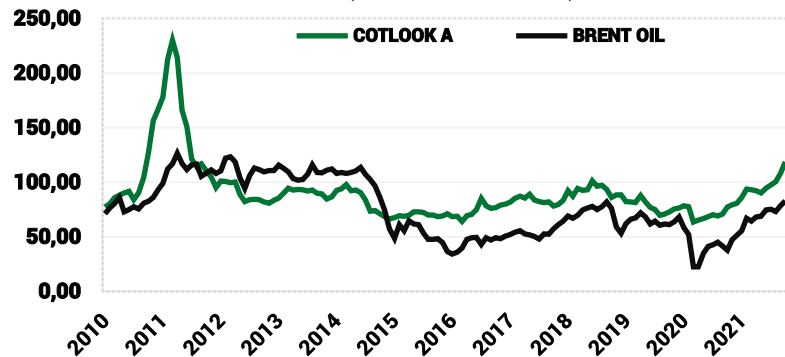
COTTON: BRAZIL AREA - MILLION HA



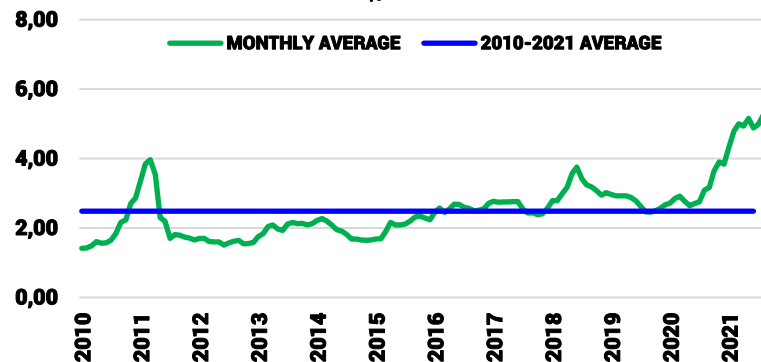
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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