

GRAINS

2022/2023 OUTLOOK SUMMARY



NOVEMBER/2021



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The trend is downward for soybeans and corn, with the summer crop harvest approaching in Brazil, but the declines will be limited by sustained future prices in Chicago.

The bias is bullish for wheat and cotton, with global prices rising. The trend is downwards for rice, with projections of increased ending stocks and weak exports in 2021. For beans, the trend is stable prices.

In this report, there are analysis of the situation of fertilizers and pesticides supply and prices, for the winter season 2022 and for the next summer crop 2022/2023, evaluating the impacts and profitability.

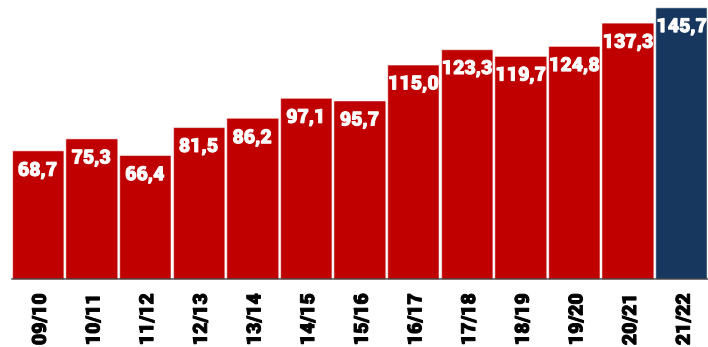
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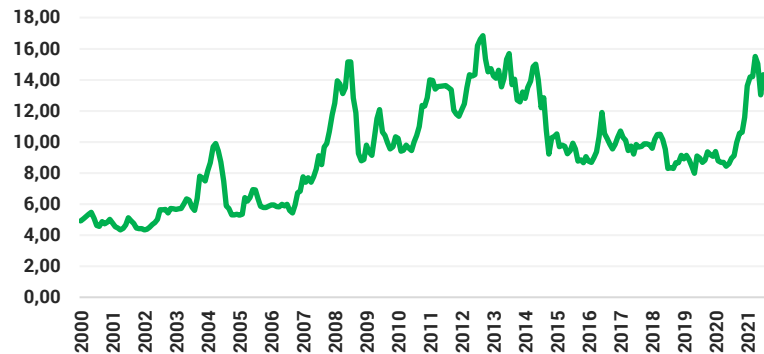
SOYBEAN: 2022/2023 MARKET OUTLOOK

- The trend is for downward pressure on soybean prices in Brazil, with favorable climate for planting in Brazil, harvest in the final stage in the US, gradual decline in premiums in Brazilian ports and low volume of anticipated sales by Brazilian soybean growers for 2021/ 2022.
- The dollar at levels around R\$ 5.50 somehow limits this pressure.
- Futures contracts for the 1st half of 2022 float between US\$ 12.60 and US\$ 12.80/bushel.
- For the 2nd half of 2022, future quotations range between US\$ 12.50 and US\$ 12.90/bushel.
- Futures quotes for contracts maturing in 2022 on the Chicago Board of Trade are situated at levels well above the historical average of US\$ 10.20 per bushel for the last 5 years.
- The profitability of the 2021/2022 harvest is assured, with most of the inputs already purchased.
- The scarcity and strong global increase in the prices of the main inputs (fertilizers and pesticides), if persisting, could impact in a sharp decline in profitability for the 2022/2023 season, resulting in a reduction in planting intentions and/or the technological package applied to crops.

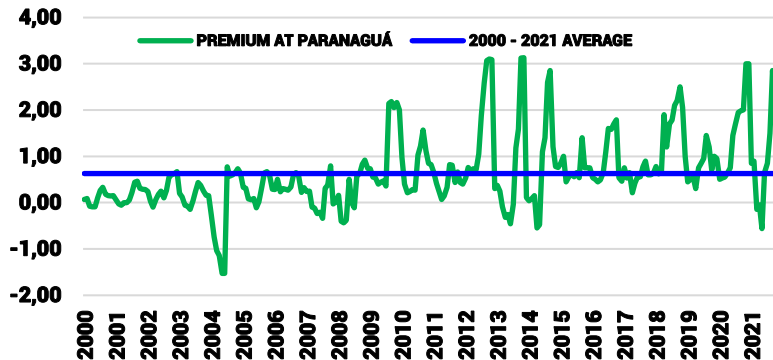
SOYBEAN: BRAZIL PRODUCTION - MMT



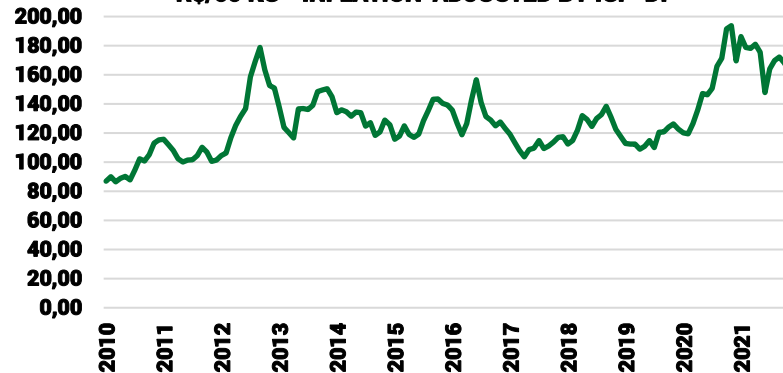
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



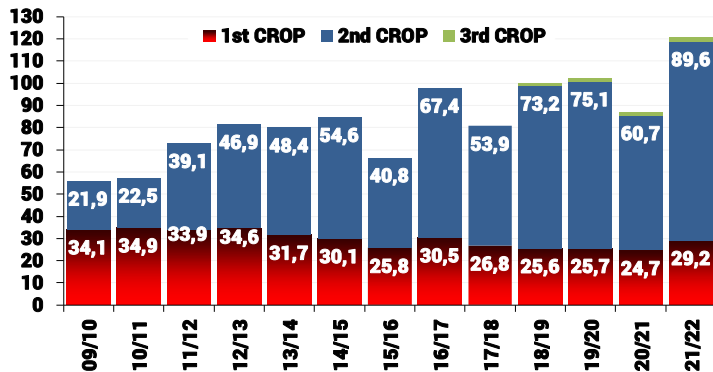
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



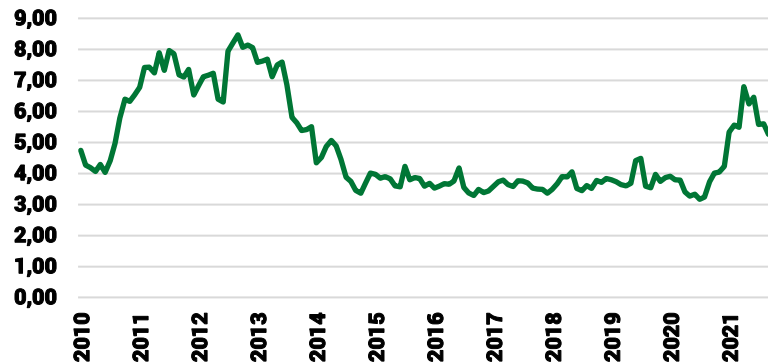
CORN: 2022/2023 MARKET OUTLOOK

- The trend is downwards for prices in Brazil, both at the end of the 2020/2021 off-season, and for the next season 2021/2022, as a result of weak Brazilian exports throughout 2021 - resulting from the price disparity in the interior and in ports - , weakened demand, increased imports in the second half of 2021 and need for sale by producers in order to open spaces for the storage of the new 2021/2022 grain crop.
- For 2022, the projection is for a record crop in Brazil, estimated at 120.8 MMT, which should generate surpluses of more than 55 MMT and export potential of over 40 MMT, if there are no breaks in the 1st and/or in the 2nd harvests of next year.
- Futures contracts for the 1st half of 2022 float between US\$ 5.70 and US\$ 5.85/bushel.
- For the second half of 2022, future quotations range between US\$ 5.50 and US\$ 5.85/bushel.
- Futures quotes for contracts maturing in 2022 on the Chicago Board of Trade are situated at levels well above the historical average of US\$ 4.09 per bushel for the last 5 years.

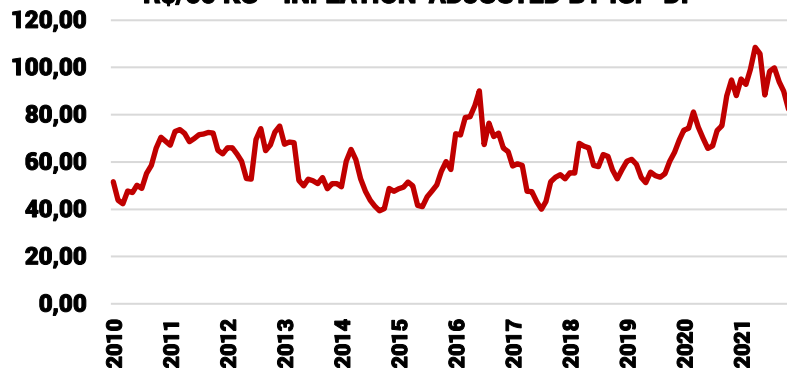
CORN: BRAZIL PRODUCTION - MMT



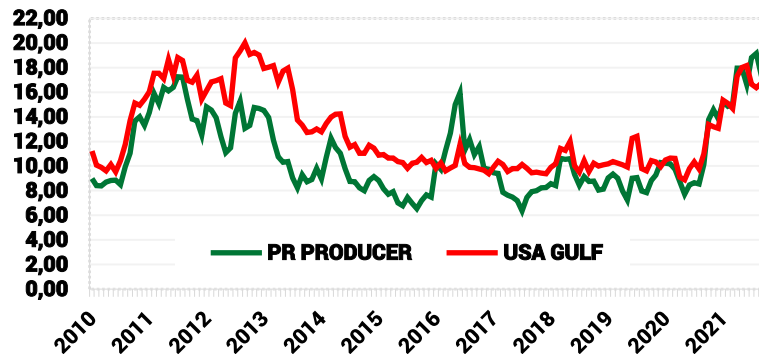
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



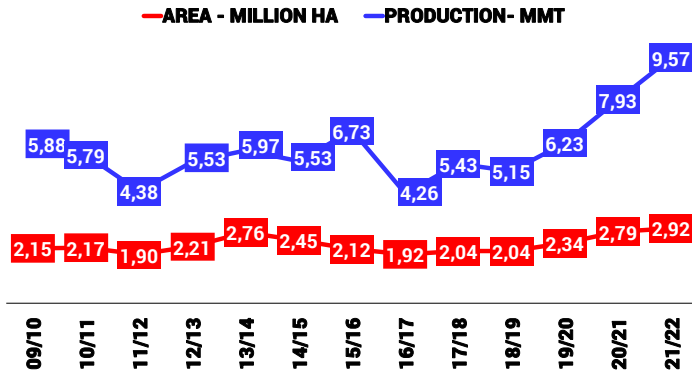
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



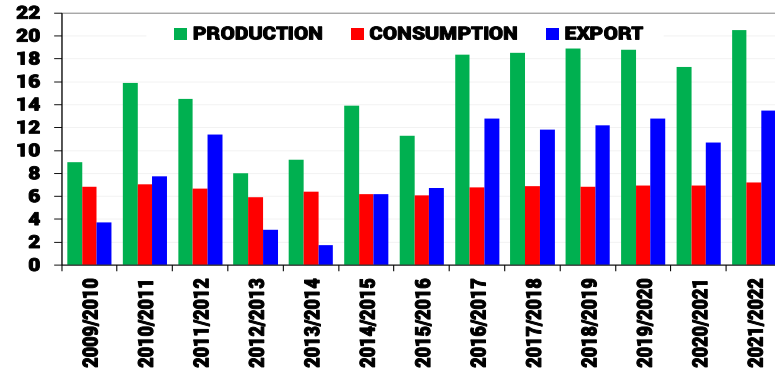
WHEAT: 2022/2023 MARKET OUTLOOK

- The trend is for price stability in Brazil in the current season (2021/2022), given the rise in future prices throughout this year, which have accumulated a 21% increase in the last 12 months.
- In the middle of the final phase of the 2021 harvest in Brazil, there is no downward pressure on domestic prices, with retracted producers and external prices sustained at high levels.
- Mills are raising price offers to secure wheat and not lose export sales, especially low DON (mycotoxin) wheat.
- Most mills are extending payments and many mills have already purchased the necessary volumes and are receiving batches from previously closed contracts.
- It is estimated that 1.3 MMT of wheat from the current harvest have already been sold for export in Rio Grande do Sul, which will reduce the cereal supply available on the domestic market.
- The bias is upward for prices as of the 1st quarter of 2022, with a gradual reduction in offers and the early start of the Brazilian off-season, in view of a market with sustained prices.

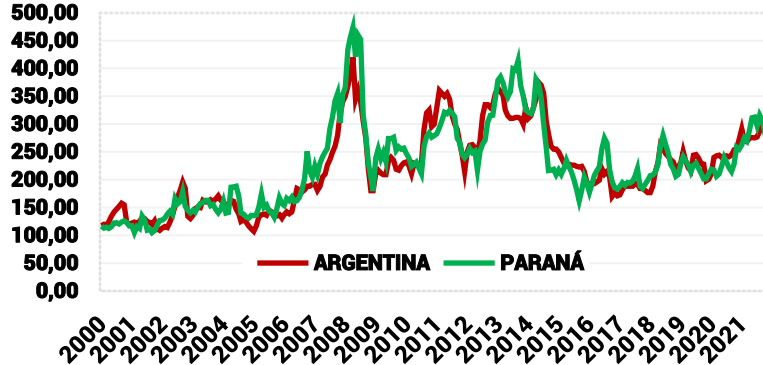
WHEAT: BRAZIL AREA AND PRODUCTION



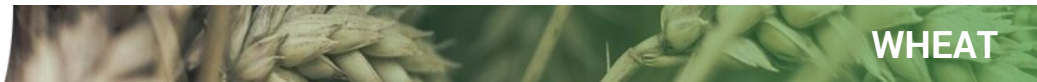
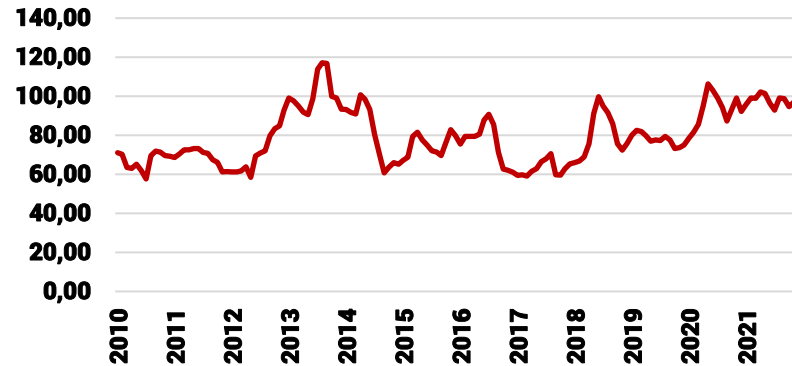
ARGENTINA: WHEAT SUPPLY - MMT



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



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

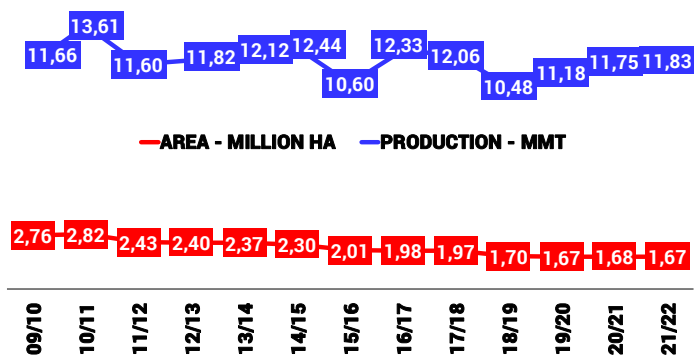


RICE: 2022/2023 MARKET OUTLOOK

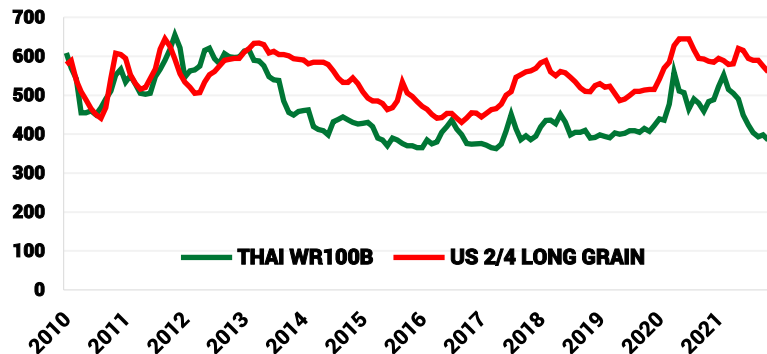
- The trend is downward for paddy rice prices, as well as for the processed product, due to an approaching new crop (January 2022) harvest, poor performance of Brazilian exports in 2021, strong decline in international prices throughout 2021, stable domestic demand, with increased domestic supply and final stocks for the 2021 harvest.
- As a result, prices paid to producers have accumulated a 10.6% decline in the last 30 days, in the middle of the off-season, with an expressive 38.1% drop in the last 12 months.
- The prices of the processed product from Thailand (WR 100%B), a reference for the prices of Asian exporters, accumulated a 26% decline between January and the partial of November 2021.
- Year to date, Brazilian rice exports (paddy basis) dropped 43% compared to the same period of the previous year, while imports remained stable.
- As a result, projections are for a 29% growth in Brazilian ending stocks in 2021, which should gradually pressure prices until the peak of the 2022 harvest.



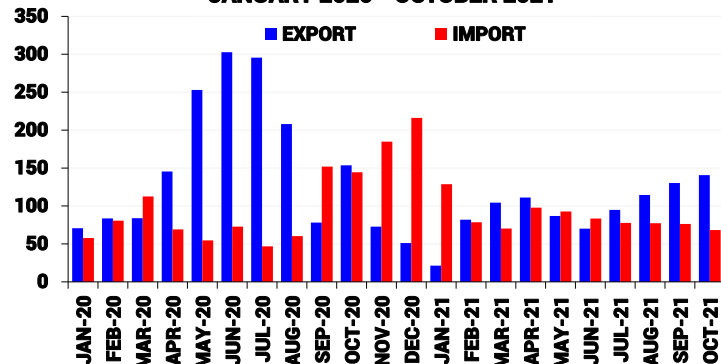
RICE: BRAZIL AREA AND PRODUCTION



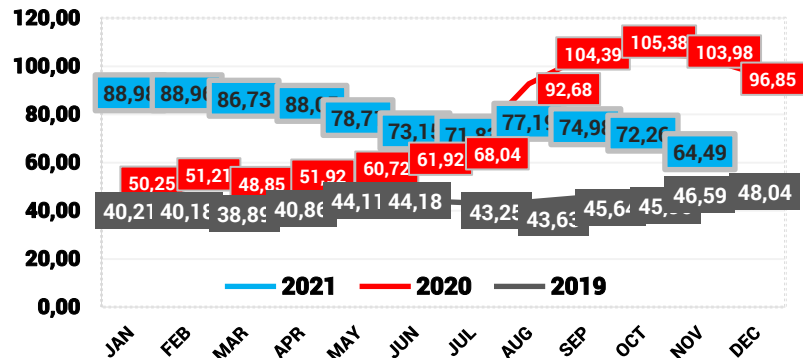
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



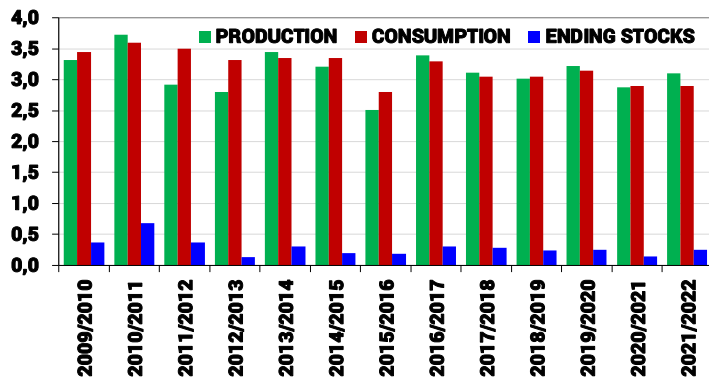
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



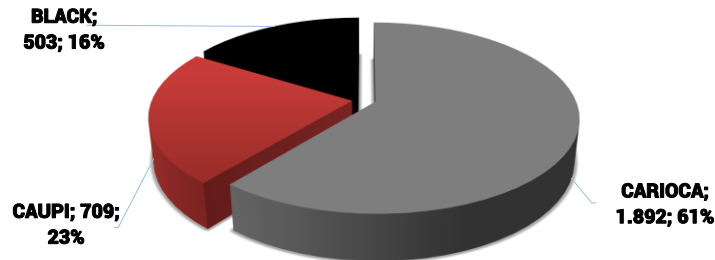
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- The trend is for a downward bias for edible beans (carioca, black and caupi) prices in the short term, with the end of the off-season approaching, in mid-December 2021, when the first batches of the 2021/2022 1st harvest should hit the market.
- For the 2022 season, the projection is for a harvest of 3.1 MMT in the total of 3 crops, compared to an estimated consumption of 2.9 MMT.
- Prices for carioca beans grades 8.5/9.5, FOB producer, range from R\$ 230 to R\$ 260 per 60 kg in November, compared to R\$ 270 to R\$ 290 per 60 kg in October.
- Prices for black beans - extra, FOB producer, fluctuate between R\$ 220 and R\$ 240 in this month of November, against R\$ 240 to R\$ 260 per 60 kg in October.
- The trend is for stable prices in 2022, with the total volume of the 3 crops to be harvested estimated at 3.1 MMT, compared to projected consumption of 2.9 MMT, provided that the strong increase in inputs prices does not affect the planting intention of the 2nd and 3rd harvests of 2022.

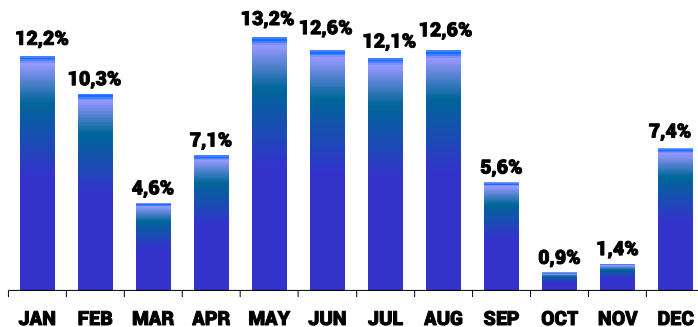
BEANS: BRAZIL SUPPLY - MMT



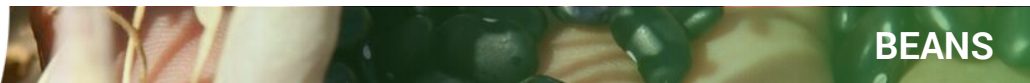
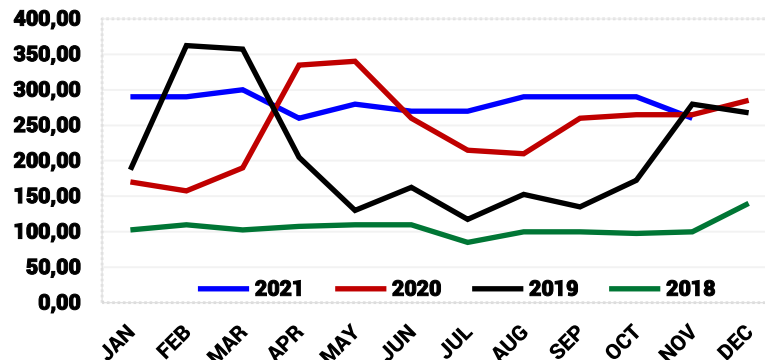
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



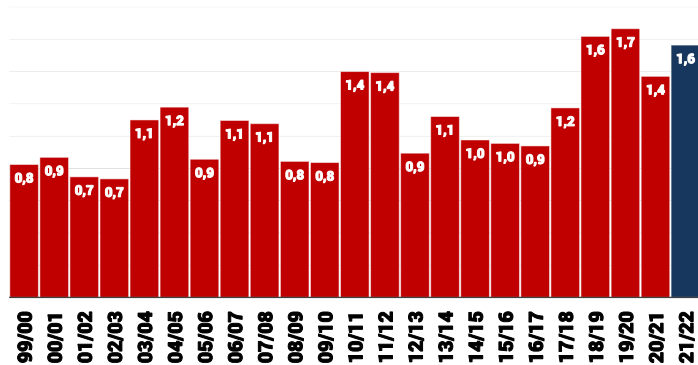
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



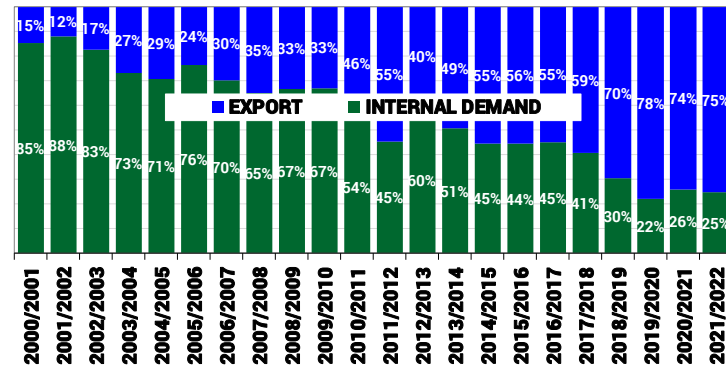
COTTON: 2022/2023 MARKET OUTLOOK

- 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 the fiber accumulates an increase of 72% in the last 12 months and the trend is for prices to be sustained throughout 2022, both in the foreign and in the domestic markets.
- The CEPEA/ESALQ Indicator, with payment in 8 days, registered a significant increase of 56% in the last 12 months, quoted at the nominal record level of R\$ 6.09 per pound.
- The FAS export parity is R\$ 6.10 per pound (111.15 ¢ per pound) at the Port of Santos, based on the Cotlook A Index, referring to the plume placed in the Far East.
- The projection is for an expansion of 13.3% in the planted area in 2021/2022, but the scarcity and strong global increase in the prices of fertilizers and pesticides, if persisting, could impact in a decline in the expected profitability, especially in the 2022/2023 season, affecting planting intentions and/or reducing the technological package applied to crops.

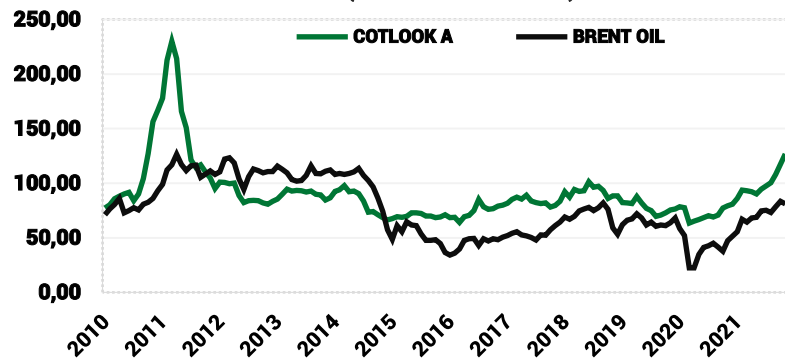
COTTON: BRAZIL AREA - MILLION HA



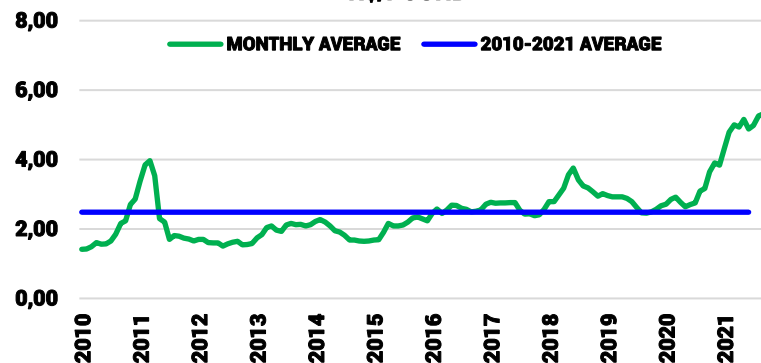
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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