

GRAINS

2022/2023 OUTLOOK SUMMARY



DECEMBER/2021



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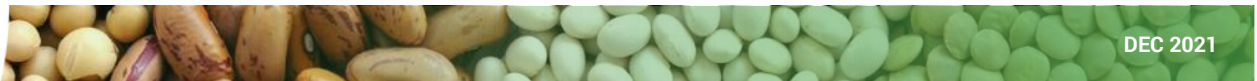
The trend is for sustained prices for soy, corn, wheat and cotton in the foreign and domestic markets in 2022, with heated global demand.

On the domestic market the bias is bullish for corn price, with the adverse weather for the 1st harvest 2021/2022, which already accounts for breaks in crops in the southern region of Brazil.

The trend is bullish for domestic wheat prices, with the Brazilian harvest ended and foreign prices on the rise.

The trend is downward for rice and bean prices. Rice ending stocks are expected to grow in 2022 and the harvest of the 1st beans crop in 2022 is already starting, putting pressure on prices.

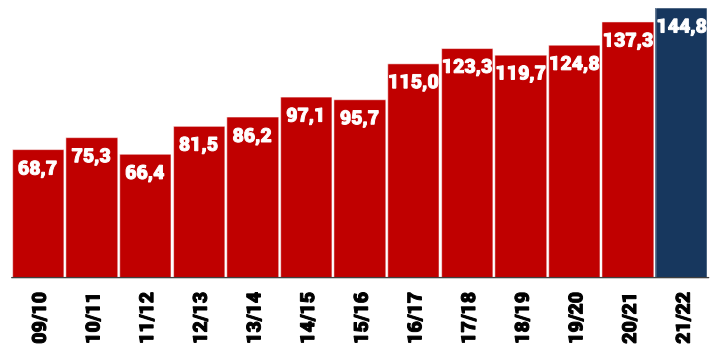
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SOYBEAN: 2022/2023 MARKET OUTLOOK

- The trend is for sustained prices in the foreign and domestic markets, with a falling stock/global consumption ratio, forecasted growth in global consumption (+3.8%) and an adverse climate for crops in the southern region of Brazil and Argentina, as a result of the *La Niña* pattern.
- The *La Niña* pattern, depending on the intensity, may cause a lower availability of rain in these regions, which would affect the productivity of soybeans in the 2021/2022 harvest.
- On the Chicago Board of Trade, soybean futures contracts with maturities throughout 2022 range from US\$ 12.30 to US\$ 12.60/bushel, while those with maturities in 2023 float from US\$ 11.80 to US\$ 12.30/bushel.
- The strong increases in inputs, especially fertilizers and pesticides, could affect the intention of global planting of soybeans in 2022/2023 and the future supply of the grain.
- The profitability of the 2021/2022 soybean crop is expected to remain at high levels, but it could decline in 2022/2023, if the scenario of persisting fertilizers and pesticides high costs.

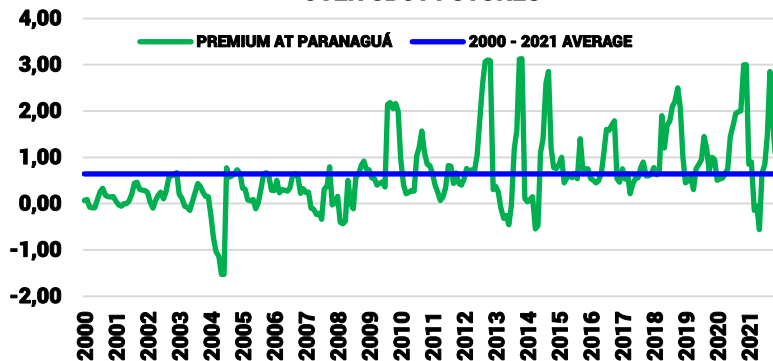
SOYBEAN: BRAZIL PRODUCTION - MMT



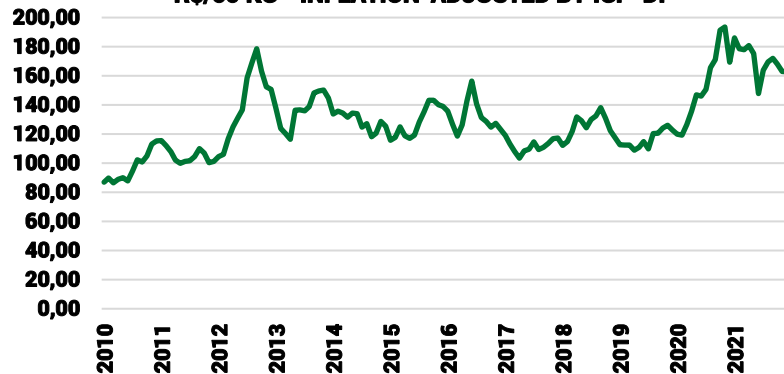
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



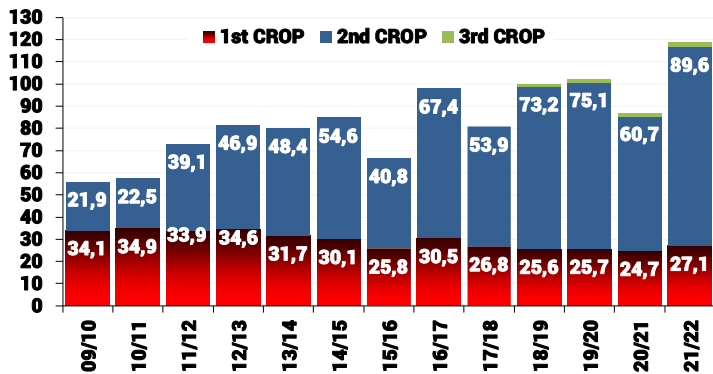
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



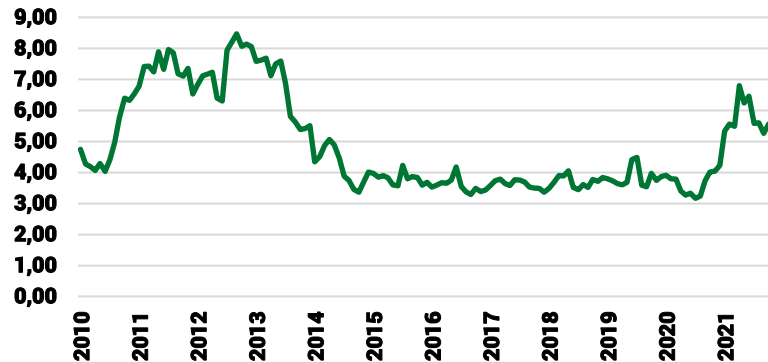
CORN: 2022/2023 MARKET OUTLOOK

- The trend is for stable prices, with an upward bias in Brazil, supported by future prices at high levels on the Chicago Board of Trade and forecasts of breaks in the 1st harvest 2021/2022 in Brazil.
- The drought has already caused irreversible losses in crops of the 1st corn 2021/2022 harvest in the southern region of Brazil, projecting a scenario of shortage of supply in the 1st half of 2022.
- On the Chicago Board of Trade, futures contracts maturing in 2022 range from US\$5.40 to US\$5.85/bushel, while contracts for 2023 float between US\$5.00 and US\$5.50/bushel: these levels are well above the historic 5-year average of \$4.09 per bushel.
- The strong increases in inputs, especially fertilizers and pesticides, may cause a reduction in the planted area of corn in the United States in the next season 2022/2023, given the signs of profitability margins at the lowest levels in the last two decades.
- Unlike last season, the 2nd 2022 crop in Brazil will be planted in the “ideal window”, which could result in record production and downward pressure on prices in the 2nd half of 2022.

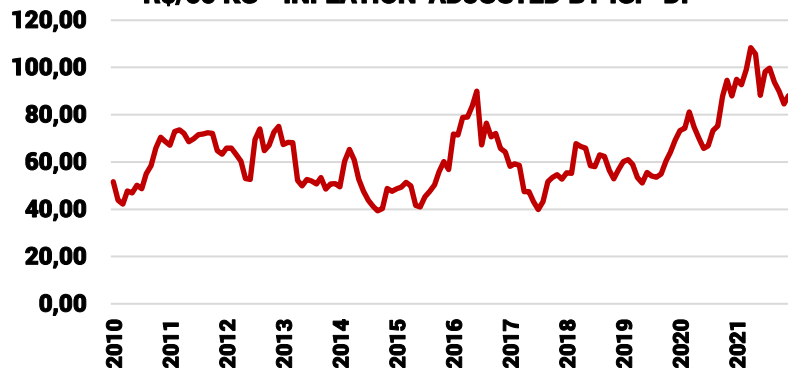
CORN: BRAZIL PRODUCTION - MMT



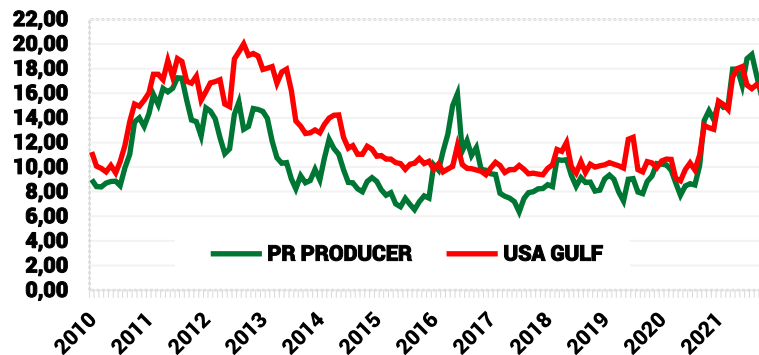
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



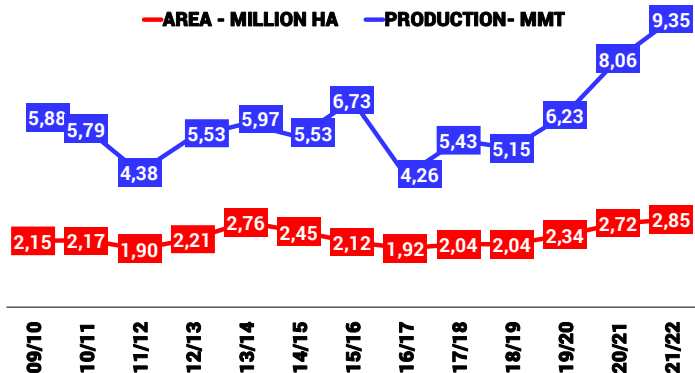
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



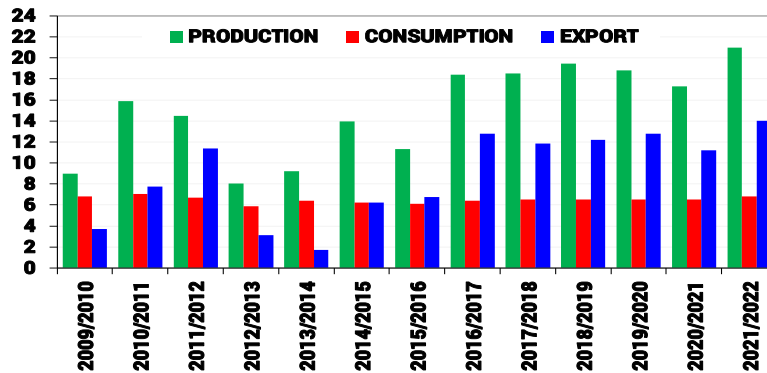
WHEAT: 2022/2023 MARKET OUTLOOK

- The trend is for stable wheat grain prices in Brazil in the short and medium terms, given future prices sustained at high levels and the dollar fluctuating between R\$ 5.60 and R\$ 5.70, which maintains the import parity at levels above domestic quotations.
- International prices accumulate increases of 17% in 12 months and 50% in the last 24 months.
- With global prices sustained at high levels, imported wheat would arrive in Brazil at 30% to 40% above the national product, which indicates an upward trend in the coming months.
- The bias is upward for prices from 1st quarter of 2022 on, with a gradual reduction in supply and the early start of the Brazilian off-season, in view of a market with sustained prices.
- The 2021 Brazilian crop is estimated at 8.1 MMT, compared to a consumption of 12.3 MMT in the 2021/2022 marketing year (August/2021 to July/2022).
- In addition, the estimate is for exports of 1.4 MMT of wheat from the current harvest, which will further reduce the supply of cereal available on the domestic market.

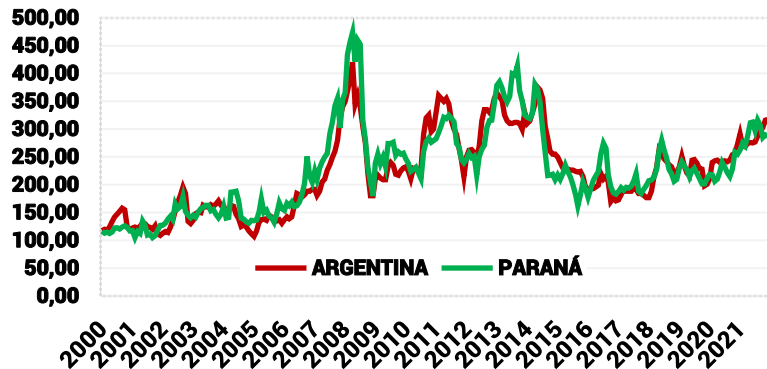
WHEAT: BRAZIL AREA AND PRODUCTION



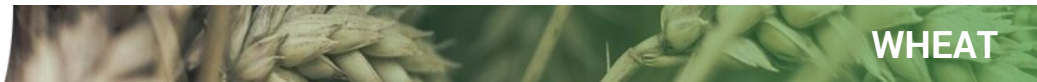
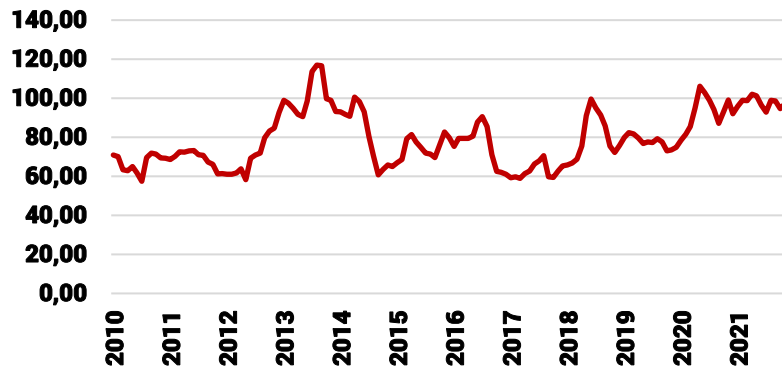
ARGENTINA: WHEAT SUPPLY - MMT



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



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

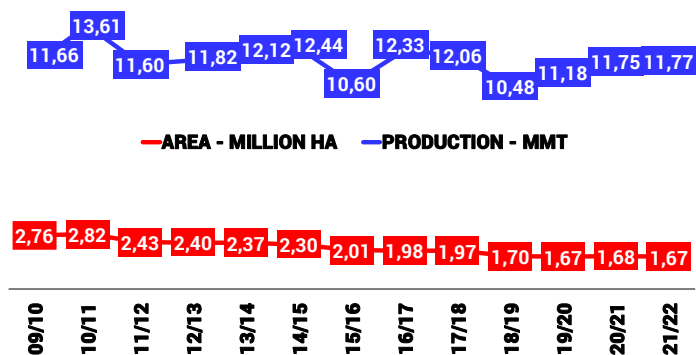


RICE: 2022/2023 MARKET OUTLOOK

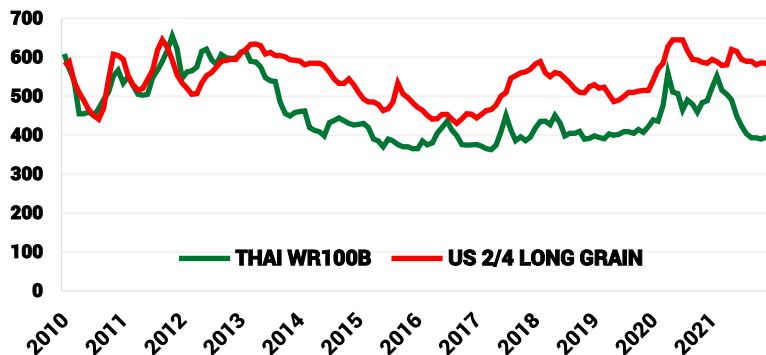
- The trend is downward for paddy rice prices, as well as for the processed product, due to an approaching new crop (January 2022), poor performance of Brazilian exports in 2021 and strong decline in international prices throughout 2021.
- Between January and November 2021, Brazilian rice exports (paddy basis) dropped 44% compared to the same period last year, while imports dropped 12%.
- The sharp drop in Brazilian exports in 2021 generated a surplus of around 800 thousand tonnes of rice on the domestic market, which caused a drop in prices over the second half of 2021.
- With stable domestic demand and increased domestic supply, projections are for a 27% growth in Brazilian ending stocks in 2021, which could intensify downward pressure on domestic prices during the harvest period of the next national crop (2022).
- In the middle of the off-season, the average price of paddy rice, FOB producer, in Rio Grande do Sul, has accumulated a strong decrease of 33.7% in the last 12 months.



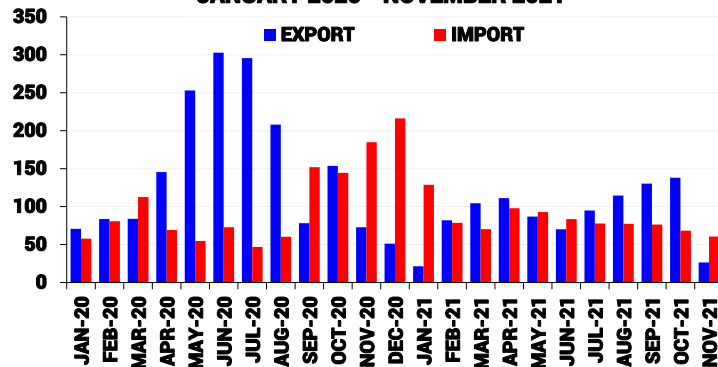
RICE: BRAZIL AREA AND PRODUCTION



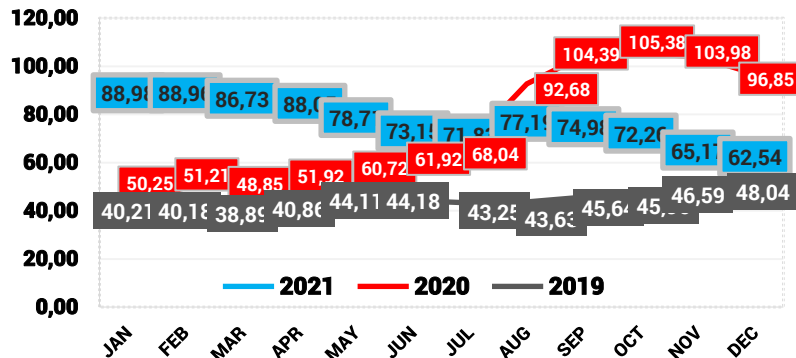
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



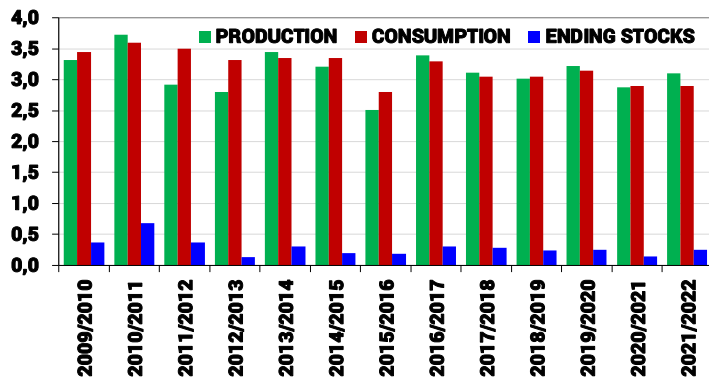
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



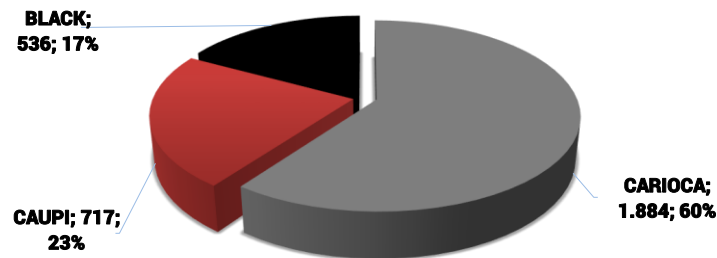
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- The trend is for a downward bias for beans (carioca, black and caupi) prices in the short term, with the beginning of the 1st harvest 2021/2022 and a projected increase in supply in the coming weeks.
- After a long period of stability, the average carioca beans wholesale price in São Paulo has retreated in recent weeks, accumulating a low of 17.5% in the last 12 months.
- 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 of 8.5/9.5, FOB producer, are fluctuating between R\$ 220 to R\$ 240 per 60 kg in December, against R\$ 230 to R\$ 260 per 60 kg in November.
- Prices for black beans - extra, FOB producer, range between R\$ 220 and R\$ 240 in this month of December, against R\$ 220 to R\$ 240 per 60 kg last November.
- The trend is for stable prices in 2022, with adjusted supply and demand, as long as the strong increase in inputs does not affect the intention to plant the 2nd and 3rd harvests of 2022.

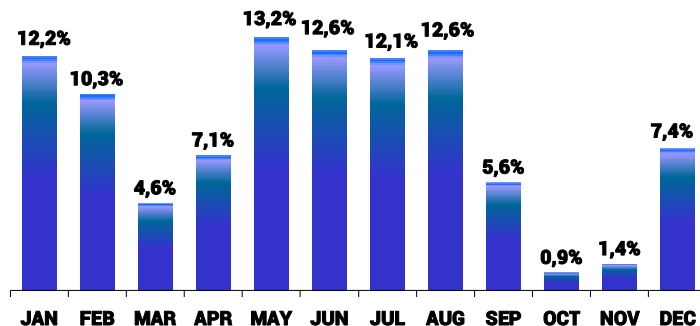
BEANS: BRAZIL SUPPLY - MMT



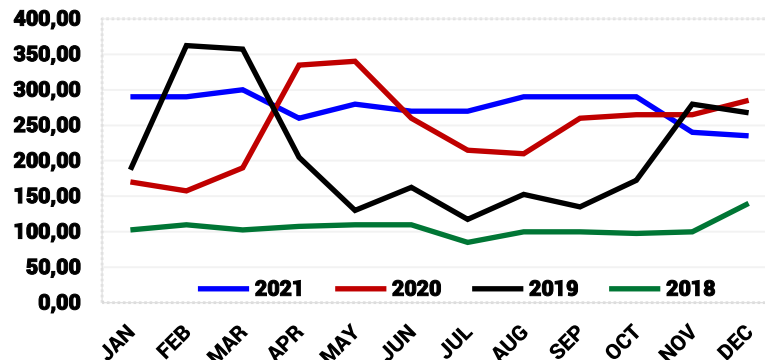
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



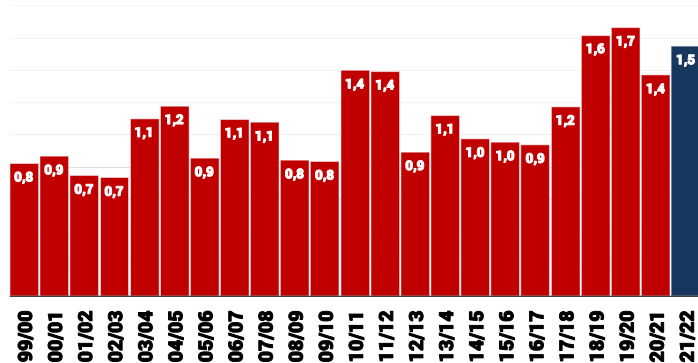
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



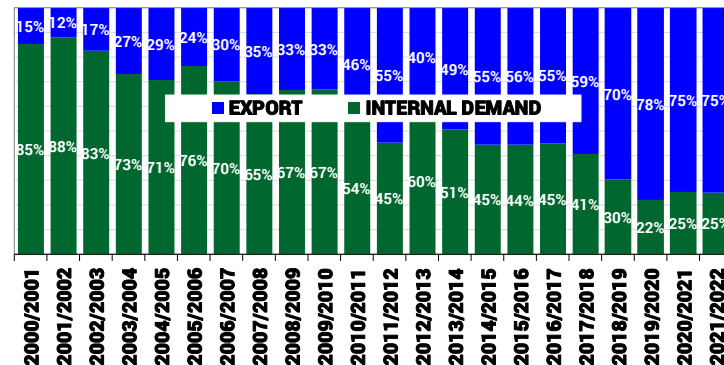
COTTON: 2022/2023 MARKET OUTLOOK

- The trend is bullish for lint prices in Brazil, with future quotations sustained at high levels, accumulating a 43.4% increase in the last 12 months in the ICE US (New York).
- The trend is for prices to be sustained throughout 2022, both in the foreign market and in the domestic market, with projections of advances in Brazilian exports in the 2021/2022 harvest.
- The CEPEA/ESALQ indicator, with payment in 8 days, registered a sharp 66.6% increase in the last 12 months, quoted at the nominal record level of R\$ 6.40 per pound.
- The FAS export parity is R\$ 5.77 per pound (101.50 ¢ 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 a 13% expansion in the planted area in Brazil in 2021/2022, but the scarcity and the strong global increase in the prices of fertilizers and pesticides, if persisting, could impact a decline in the expected profitability margins, especially in the 2022/23 season, affecting planting intentions and/or reducing the technological package applied to crops.

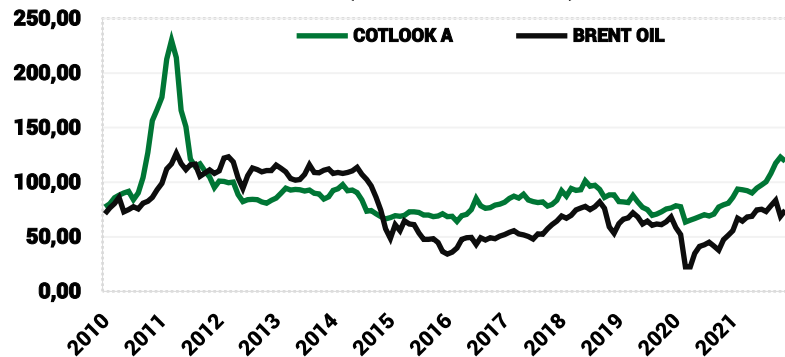
COTTON: BRAZIL AREA - MILLION HA



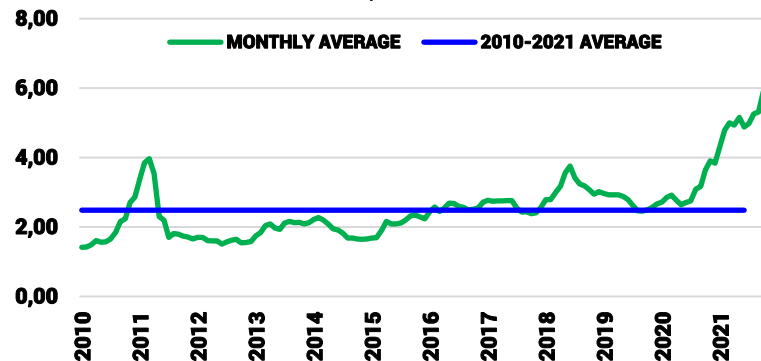
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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