

GRAINS

2022/2023 OUTLOOK SUMMARY



JANUARY/2022



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The trend is upward for soybean, corn, wheat and cotton prices in the domestic market, with stable prices for rice and beans.

Soybean and corn crop failures in South America – including Brazil, Argentina and Paraguay – are fueling the upward trend in future prices for these grains in Chicago.

Wheat enters the off-season, with an upward bias, supported by the exchange rate and the rising price of imported grain.

Rice prices are stable, given the increase in stocks for 2022, while beans prices are firmer, with offers adjusted to demand.

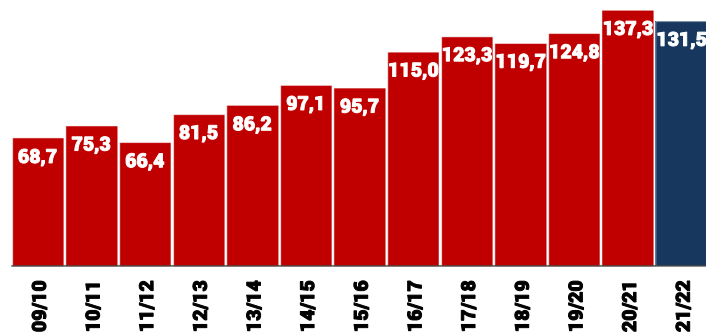
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SOYBEAN: 2022/2023 MARKET OUTLOOK

- The trend is for stable prices in the foreign and domestic markets, with an upward bias, given the crop failures in South America, including losses in Brazil, Argentina and Paraguay, as a result of the drought caused by the *La Niña* phenomenon.
- On the Chicago Stock Exchange, soybean futures contracts with maturities throughout 2022 range from US\$ 13.20 to US\$ 14.30/bushel, while those with maturities in 2023 float between US\$ 12.50 to US\$ 13.20/bushel.
- The sharp rises in inputs, especially fertilizers and pesticides, may affect the intention of global soybean planting in 2022/2023 and the future supply of the grain.
- In the domestic market, the dollar should continue to stay at high levels throughout this year, with positive premiums at the country's ports and reduced domestic supply due to crop failures.
- The profitability of the 2021/2022 soybean crop is expected to remain at high levels, but could decline in 2022/2023, if the high cost of fertilizers and pesticides persists.

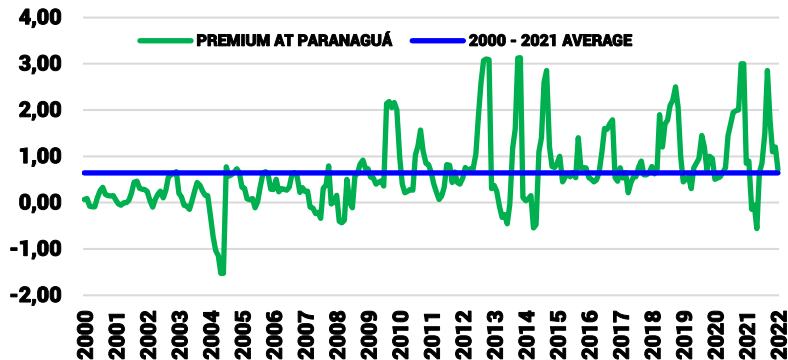
SOYBEAN: BRAZIL PRODUCTION - MMT



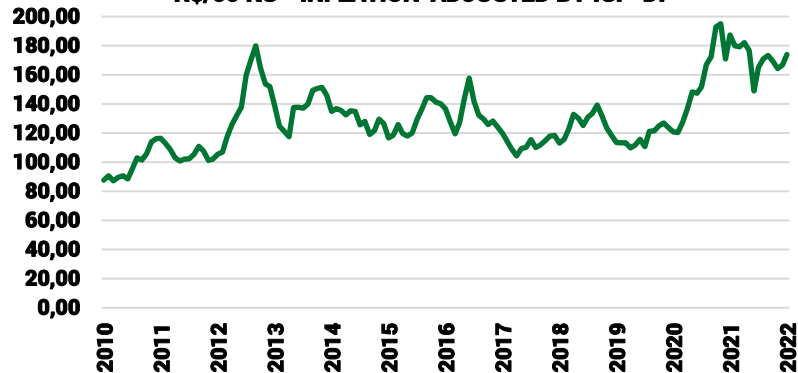
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



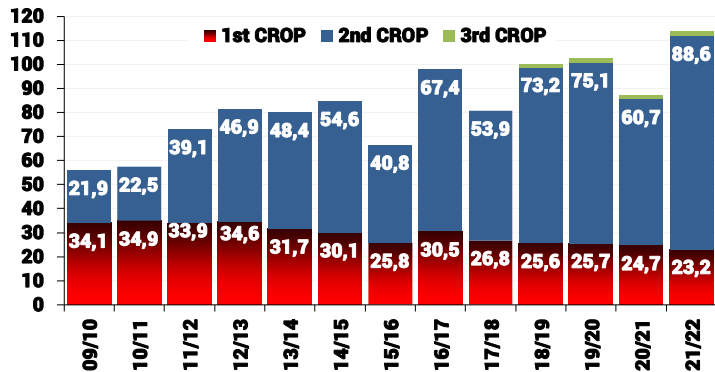
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



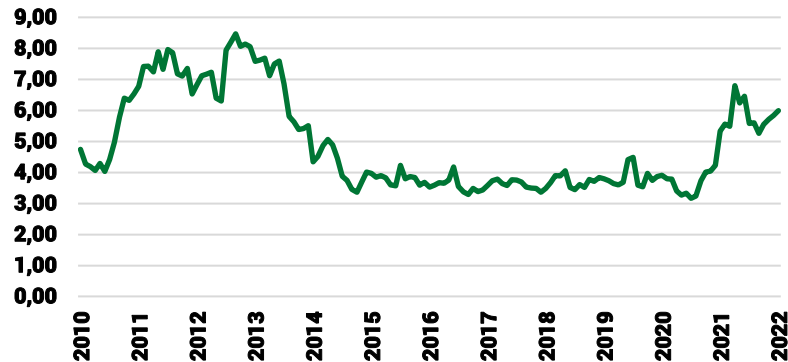
CORN: 2022/2023 MARKET OUTLOOK

- The trend is bullish for prices in Brazil, as a result of the sharp drops in the 1st crop 2021/2022, the dollar sustained at high levels, the low stocks available in the country in the first half of 2022 and future quotations in Chicago on an upward trend.
- The projections of our Consultancy indicate a significant drop in the 1st harvest in the Southern Region of Brazil and in Mato Grosso do Sul, now estimated at 23.2 MMT, 6 MMT below the initial estimate, due to the dry and hot weather.
- However, for the 2nd and 3rd harvests, estimates are for a recovery in production in 2021/2022, driven by the increase in area, due to high prices and the expectation of favorable weather.
- On the Chicago Stock Exchange, futures contracts maturing in 2022 range from US\$ 5.65 to US\$ 6.20/bushel, while contracts for 2023 operate from US\$ 5.35 to US\$ 5.75/bushel.
- The sharp rises in inputs could cause a reduction in the 2022/2023 corn planted area in the US, which would lead to an intensification of the bullish scenario for grain future prices.

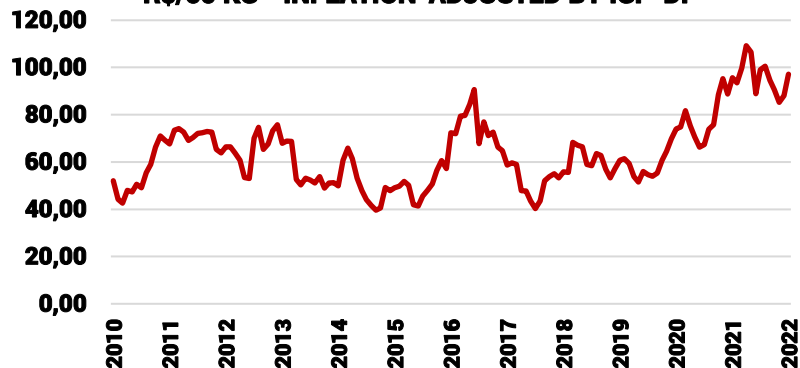
CORN: BRAZIL PRODUCTION - MMT



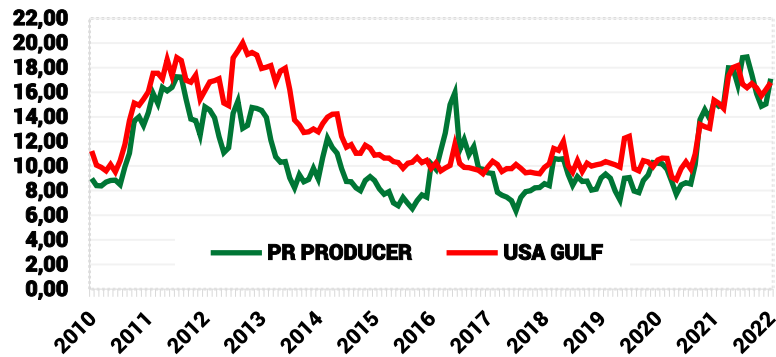
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



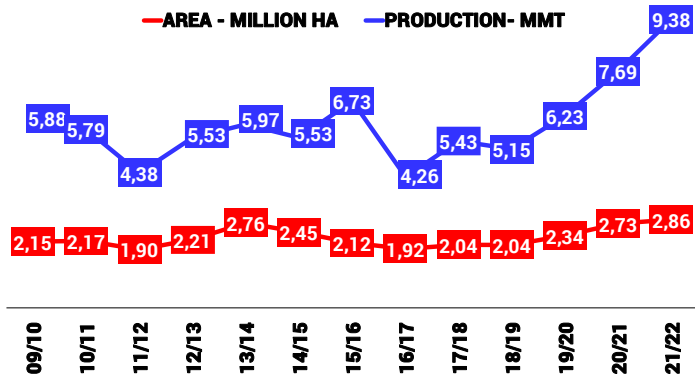
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



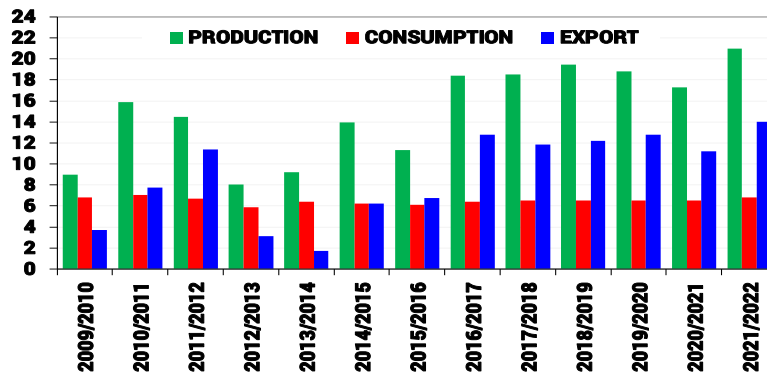
WHEAT: 2022/2023 MARKET OUTLOOK

- The trend is for stable wheat grain prices in Brazil in the short and medium terms, given future prices and the exchange rate in Brazil at high levels, which keep import parity at levels above domestic prices.
- The volatility of the dollar and the quotations in the international market should contribute to a scenario of support, with an upward bias in the short and medium terms for domestic prices.
- The bullish bias for prices in the short and medium terms stems from the gradual reduction in offers and the beginning of the Brazilian off-season, despite the recent decline in international prices.
- The 2021 Brazilian crop reached 7.7 MMT, compared to a consumption of 12.5 MMT in the 2021/2022 commercial year (August/2021 to July/2022).
- The estimate is for exports of 1.5 MMT of the current crop, which will further reduce the available domestic supply, requiring imports of 6.5 MMT in 2021/2022.
- The wheat area is expected to grow again in 2022, driven by high domestic prices.

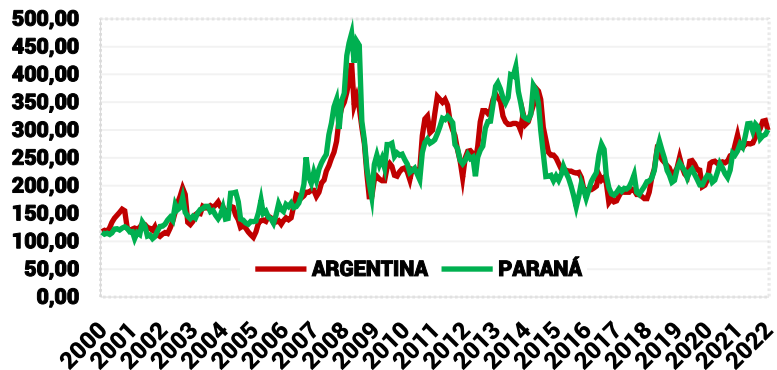
WHEAT: BRAZIL AREA AND PRODUCTION



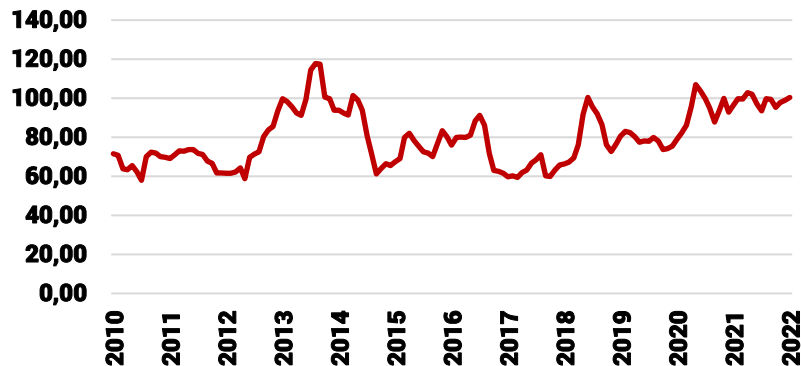
ARGENTINA: WHEAT SUPPLY - MMT



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



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

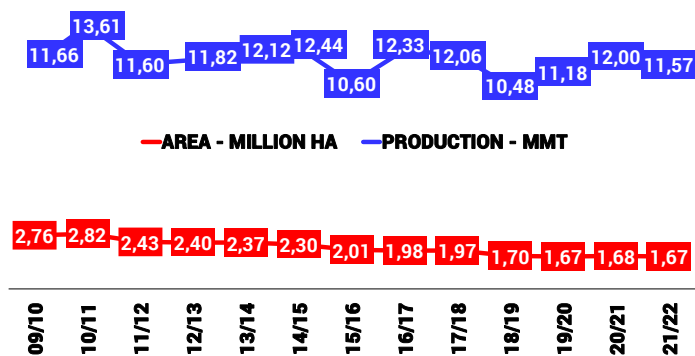


RICE: 2022/2023 MARKET OUTLOOK

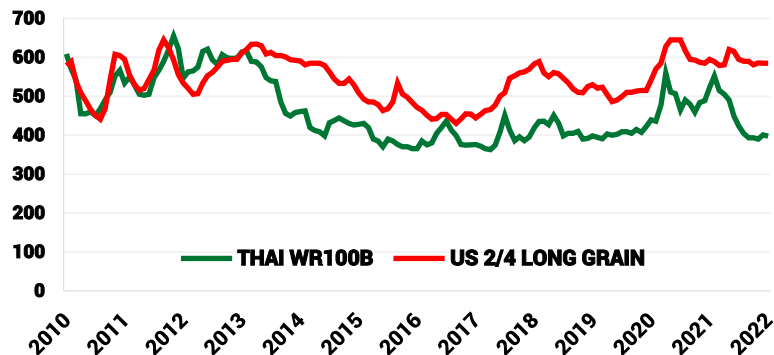
- Paddy rice prices are stable at the beginning of 2022, in the domestic market.
- Ending stocks grew by 43% between 2021 and 2022, to 2.7 MMT of paddy rice (equivalent to 90 days of domestic consumption).
- The increase in starting stocks for the 2022 crop is basically due to the strong decline in Brazilian exports in 2021, of 37% compared to the previous year (2020).
- Although Brazilian rice imports also dropped 24% in 2021 from the previous year, domestic supply grew 6% to 13.9 MMT (paddy basis).
- International rice prices continue to suffer downward pressure over the last few months, which lowers export parity in Brazilian ports.
- The increase in starting stocks in 2022 could intensify the downward pressure on domestic prices during the harvest period of the next national harvest, starting in February, and price support will depend on the combination of exchange rate, external quotations and the pace of exports.



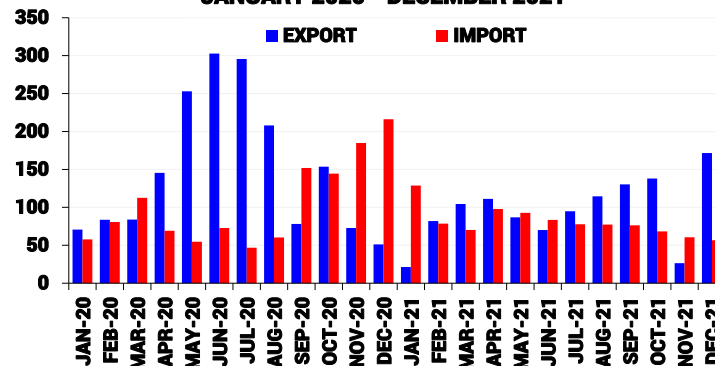
RICE: BRAZIL AREA AND PRODUCTION



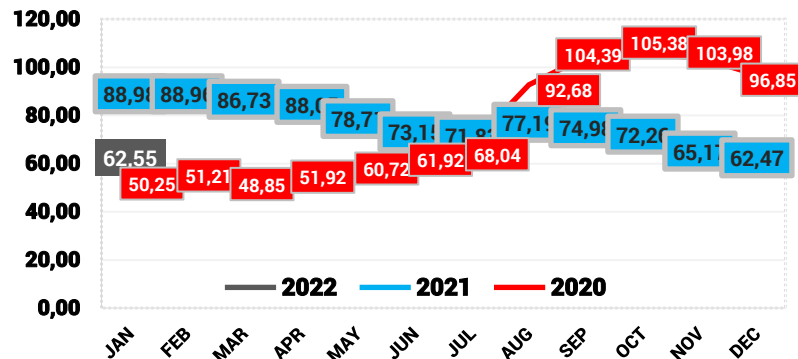
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



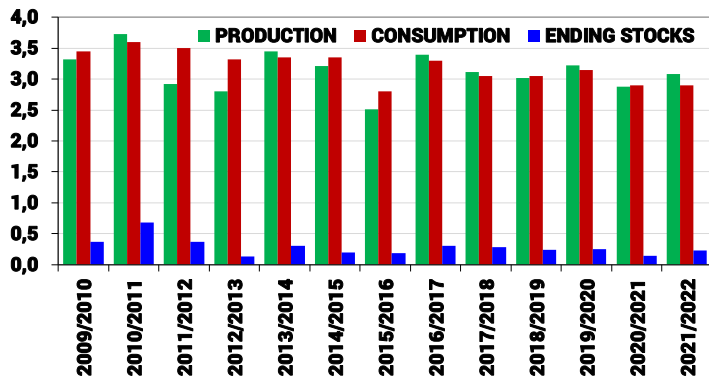
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



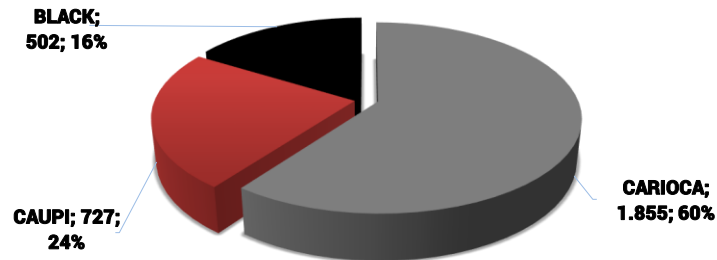
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- **The trend is for stable prices for beans (carioca, black and caupi) in the short term, with the advance of the harvest of the 1st crop of 2022, but without excess offers in the domestic market.**
- **For the 2022 season, the projection is for a harvest of 3.08 MMT in the total of the 3 crops planted, against an estimated consumption of 2.90 MMT.**
- **The prices for carioca beans grades of 8.5/9.5, FOB producer, are oscillating between R\$ 250 to R\$ 280 per 60 kg in January/2022, compared to R\$ 220 to R\$ 240 per 60 kg in December/2021.**
- **Prices for black beans - extra, FOB producer, range from R\$270 to R\$310 this month of January/2022, compared to R\$220 to R\$240 per 60 kg in December/2021.**
- **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 in 2022.**
- **However, the fall in the purchasing power of Brazilians tends to weaken the demand for beans throughout 2022 and, consequently, may pressure the prices paid to producers.**

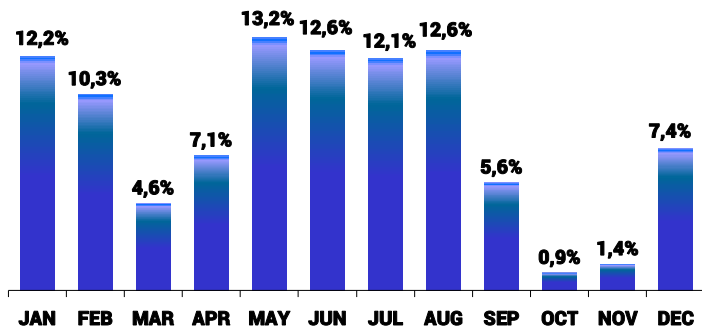
BEANS: BRAZIL SUPPLY - MMT



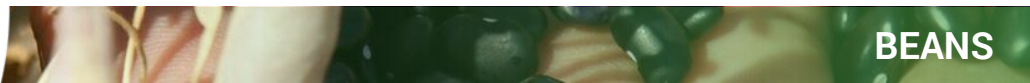
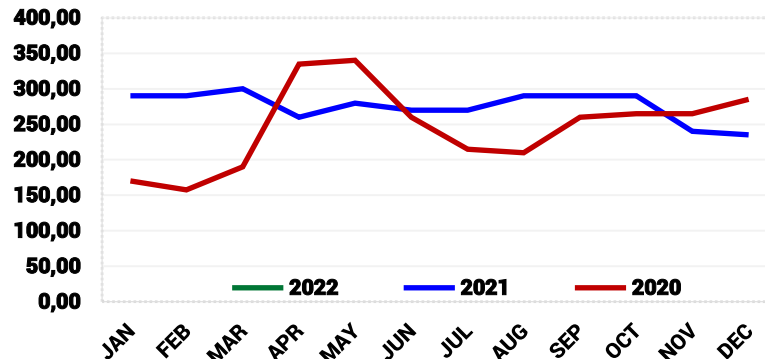
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



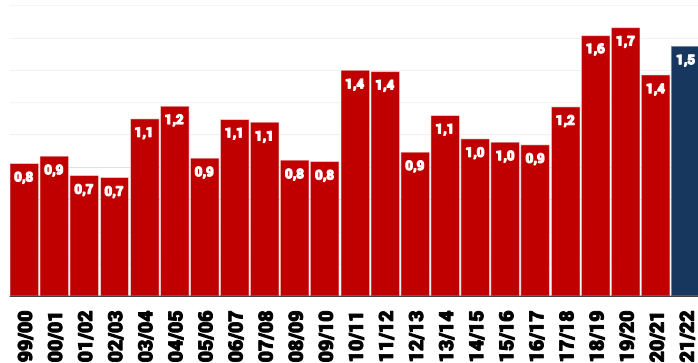
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



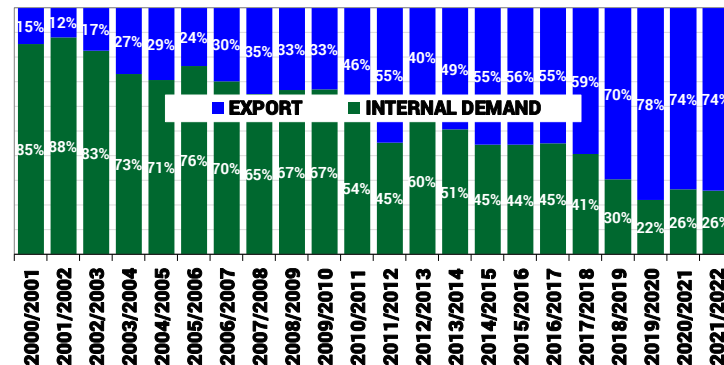
COTTON: 2022/2023 MARKET OUTLOOK

- The trend is upward for lint prices in Brazil, with future quotations on ICE US (New York) at the highest levels of the last 10 years, exceeding 120 ¢ per pound.
- The rises continue to be influenced by the price of oil, as the rise in fuel makes synthetic fibers that compete directly with cotton more expensive.
- The trend is for sustained prices throughout 2022, both in the foreign market and in the domestic market, with a projected increase in Brazilian exports in the 2022 harvest.
- Firm demand also supports prices, with domestic consumption increasing and exports expected to rise, which tend to absorb the largest available supply in 2022.
- The CEPEA/ESALQ Indicator, with payment in 8 days, recorded a significant increase of 58% in the last 12 months, quoted at the nominal record level of R\$ 6.83 per pound.
- The FAS (Free Alongside Ship) export parity is R\$6.32 per pound (114.46 ¢ per pound) at the Port of Paranaguá/PR, based on the Cotlook A Index.

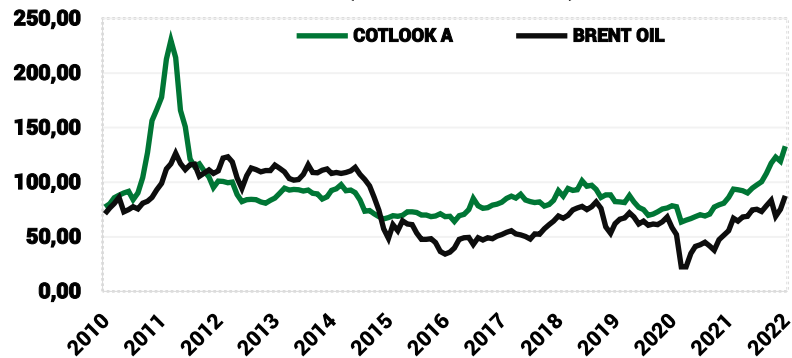
COTTON: BRAZIL AREA - MILLION HA



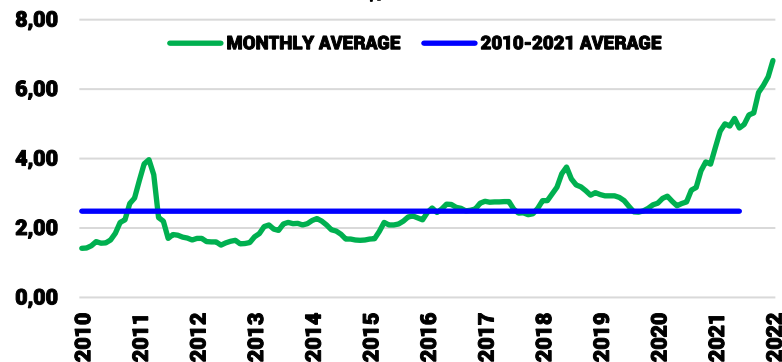
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





+55 51 32481117

+55 51 999867666



www.carloscogo.com.br/en



consultoria@carloscogo.com.br



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