

GRAINS

2022/2023 OUTLOOK SUMMARY



FEBRUARY/2022



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The trend is upward for soybean, corn, wheat, cotton and rice prices, both in the foreign and domestic markets.

The significant breaks in soybean and corn crops in South America – including Brazil, Argentina and Paraguay – support the upward trend in future prices for grains in Chicago, including wheat.

External prices are also being boosted by rising oil prices and geopolitical tensions between Russia and Ukraine, in addition to difficulties in supplying inputs – in particular, fertilizers and pesticides – for new plantations in the Northern and Southern hemispheres.

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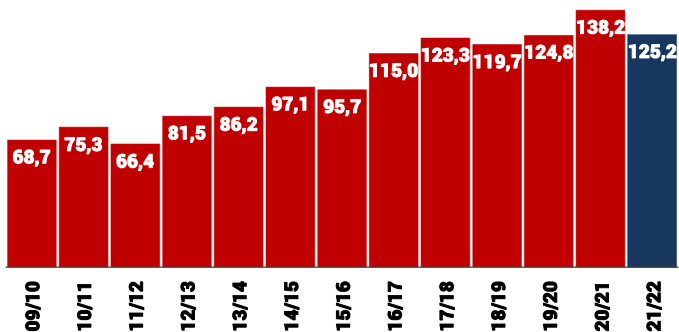


SOYBEAN: 2022/2023 MARKET OUTLOOK

- The trend is upwards for soybeans in the foreign and domestic markets, reflecting crop breaks in South America, including losses in Brazil, Argentina and Paraguay, as a result of the drought caused by the *La Niña* phenomenon.
- South American crop breaks amount, preliminarily, to 36.5 MMT, which will result in a deficit of 42 MMT compared to the projected global demand of 369 MMT and a reduced supply to 327 MMT in 2021/2022.
- In Chicago, 2022 soybean futures range from \$14.30 to \$15.60/bushel, while 2023 maturities range from \$13.00 to \$14.25/bushel.
- In the domestic market, the falling dollar, close to R\$ 5.20, attenuates the upward pressure coming from the highs of futures and premiums in Brazilian ports.
- In the medium and long term, the trend is upward for domestic prices, with an anticipated dispute between exporters and crushers for grain supply – reduced by 20.5 MMT in 2022.



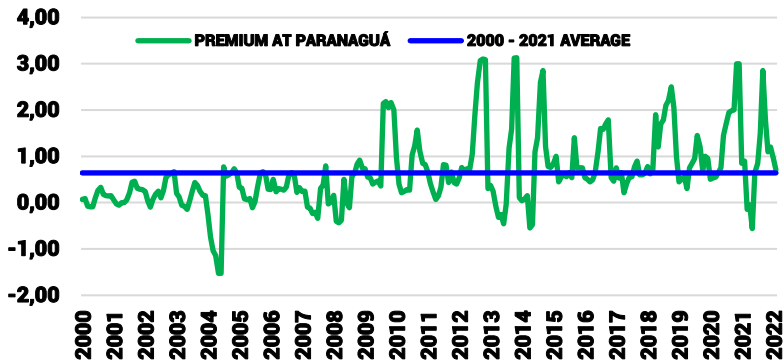
SOYBEAN: BRAZIL PRODUCTION - MMT



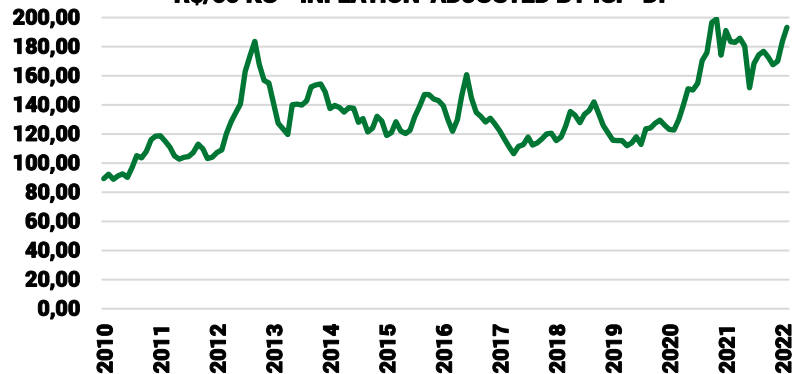
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



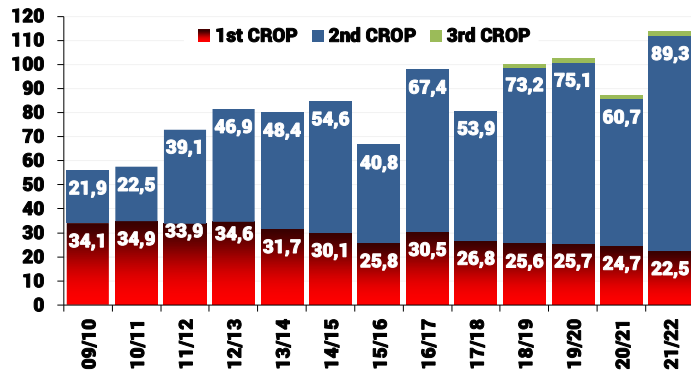
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



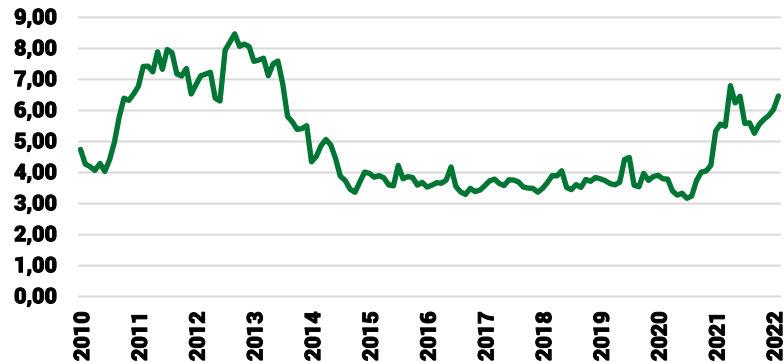
CORN: 2022/2023 MARKET OUTLOOK

- The trend is upwards for foreign prices, with the rise in oil prices boosting the production of corn ethanol in the USA, the expectation of a reduction in the planted area in the USA in the 2022/2023 crop and the South American crop breaks in 2021/2022.
- On the Chicago Stock Exchange, futures contracts maturing in 2022 range from US\$5.90 to US\$6.40/bushel, while contracts for 2023 operate from US\$5.50 to US\$6.00/bushel.
- The trend is upward for domestic prices throughout this 1st half of 2022.
- The breaks in the 1st corn crop 2022 in Brazil is preliminarily estimated by our Consulting at 6.7 MMT (-23%), to 22.5 MMT.
- For the total production of the three 2022 crops, our consultancy's projection was revised from 120.8 MMT, initially forecast, to 113.7 MMT, a reduction of 6%.
- The Confirmation of a record harvest in 2022 will depend on the 2nd harvest, estimated by our Consultancy at 89.3 MMT, which should have a more favorable weather than in 2021.

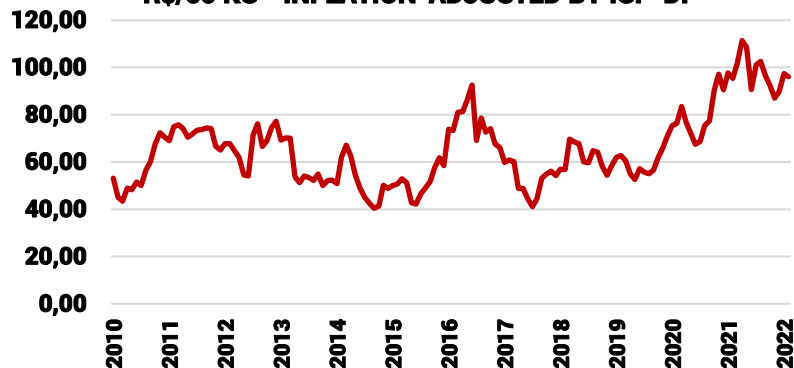
CORN: BRAZIL PRODUCTION - MMT



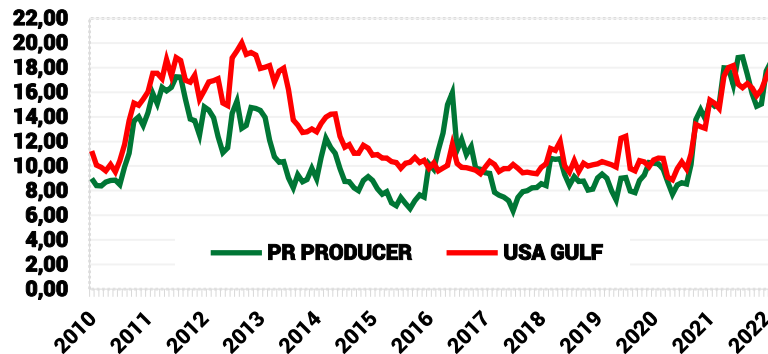
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



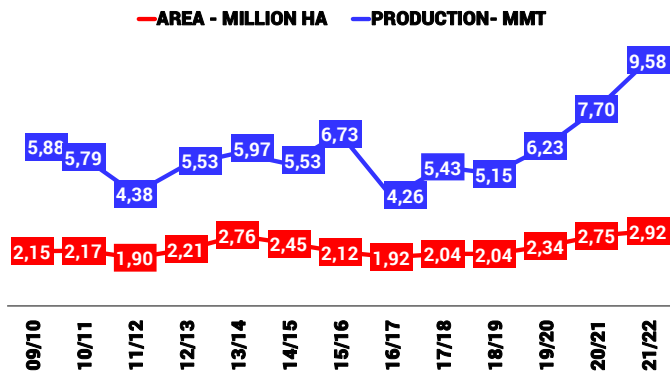
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



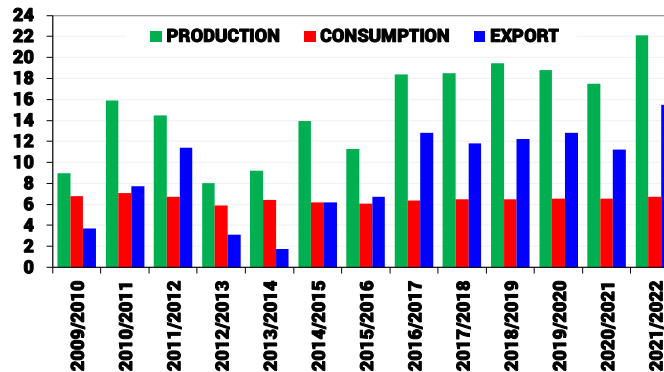
WHEAT: 2022/2023 MARKET OUTLOOK

- The tendency is for wheat grain prices to be sustained in Brazil in the short and medium terms, given future prices at high levels, reflecting the uncertainties related to the conflict between Russia and Ukraine, two of the largest global exporters of the cereal.
- In the short term, the fall in the dollar temporarily interrupts the escalation of domestic prices.
- The bias is bullish for domestic prices in the short and medium terms, with the advance of the off-season in Brazil and reduction of offers, in addition to future quotations sustained at high levels.
- The 2021 Brazilian crop reached 7.7 MMT, compared to consumption of 12.6 MMT in the 2021/2022 commercial year (August/2021 to July/2022) – with exports projected at 1.9 MMT, imports of 6.8 MMT are required.
- The wheat area is expected to grow again in 2022, driven by high domestic prices and the frustration of the summer crop in southern Brazil, projecting a record production of 9.6 MMT in the 2022/2023 season (August/2022 to July /2023).

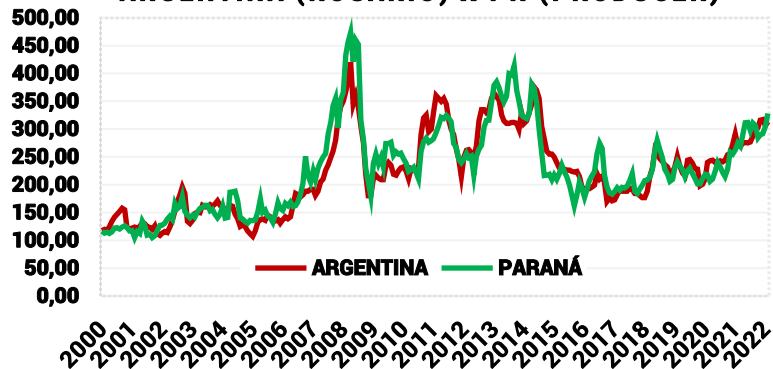
WHEAT: BRAZIL AREA AND PRODUCTION



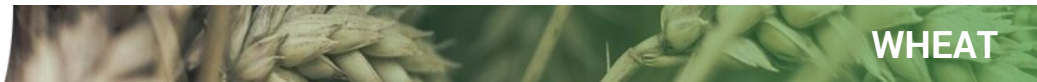
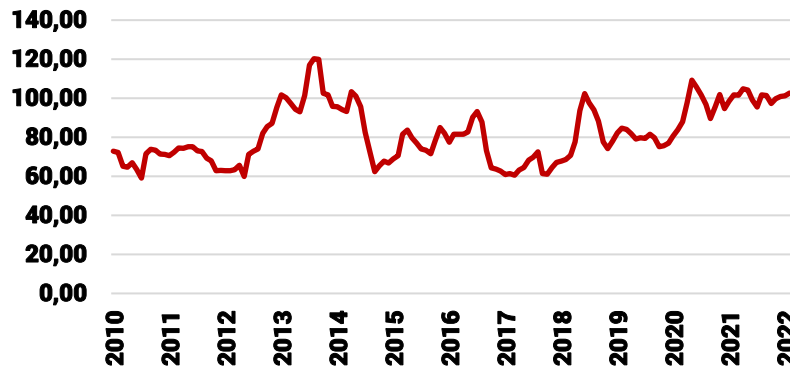
ARGENTINA: WHEAT SUPPLY - MMT



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



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

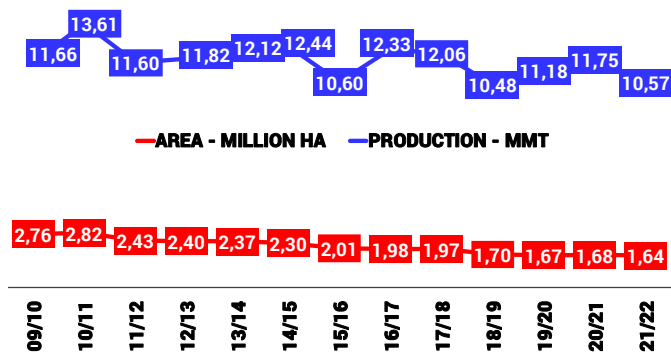


RICE: 2022/2023 MARKET OUTLOOK

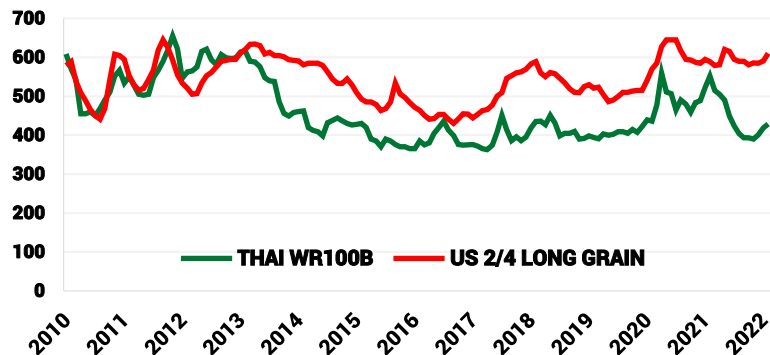
- The prices of paddy rice are on the rise during the 2022 harvest period in Brazil, reflecting the breaks in the national harvest, which is estimated by our Consultancy at 10.5 MMT, compared to a projected domestic consumption of 11.0 MMT (paddy basis).
- The season started with strong exports and a drop in imports in January/2022.
- With breaks in the Mercosur crop, the trend is for stable Brazilian imports, around 1 MMT (paddy basis), while exports tend to grow compared to the previous year, with international prices recovering and global trade heated up.
- If the exports projected by our Consultancy are confirmed at 1.6 MMT (paddy basis), the 2022 ending stocks may decrease by more than 40%, for about 47 days of consumption.
- The future support of internal prices will depend on the combination of the exchange rate (falling at the moment, but with an upward bias throughout the year), the recovery of external prices and the flow of exports and imports (whose trade balance is expected to be in surplus in 2022) .



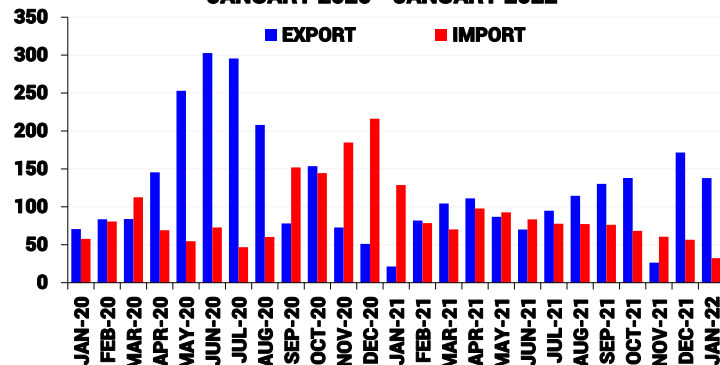
RICE: BRAZIL AREA AND PRODUCTION



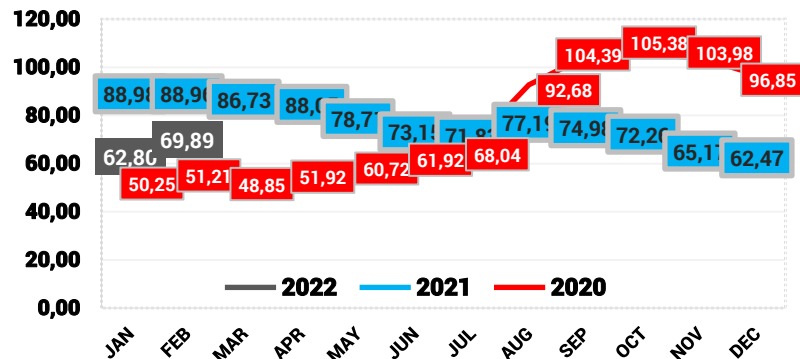
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - JANUARY 2022



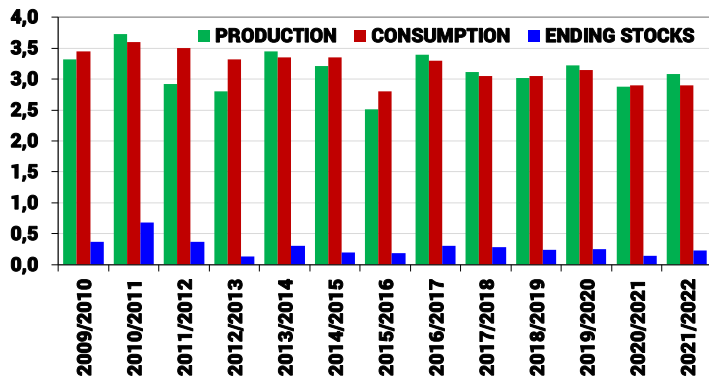
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



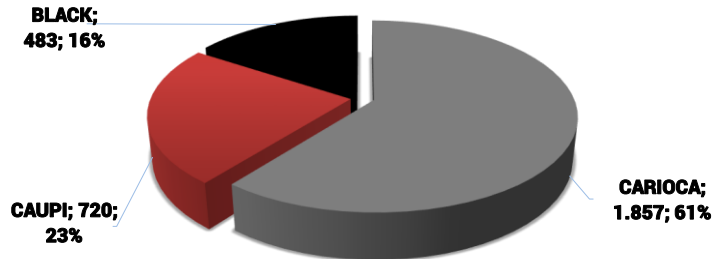
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- The trend is for sustained prices for beans (carioca, black and caupi) throughout 2022.
- For the 2022 season, the projection is for a harvest of 3.06 MMT in the total of the 3 crops planted in Brazil, against an estimated consumption of 2.85 MMT and exports of 200 thousand tonnes, with no surplus of supply pressing prices paid to producers.
- The prices of the carioca beans grades of 8.5/9.5, FOB producer, are floating between R\$ 290 to R\$ 330 per 60 kg in February/2022, compared to R\$ 250 to R\$ 280 per 60 kg last January.
- Prices for black beans - extra, FOB producer, range between R\$ 280 and R\$ 310 this month of February/2022, compared to the range between R\$ 270 and R\$ 300 per 60 kg last January.
- The trend is for firm prices in 2022, with well-adjusted supply and demand, as long as the sharp rise in inputs and energy does not affect the intention to plant the 3rd crop (mostly irrigated).
- The fall in the purchasing power of Brazilians will continue as a limiting factor to the demand for beans throughout 2022 and, consequently, to an escalation of prices paid to producers.

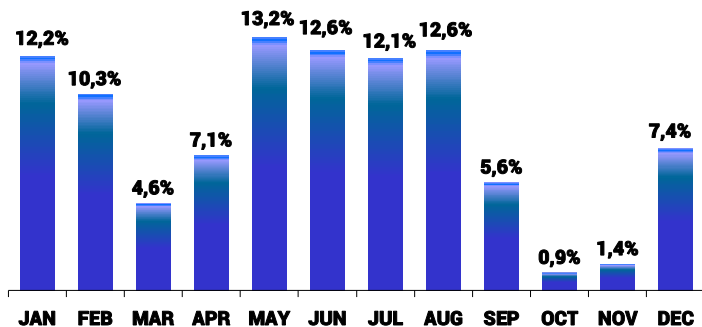
BEANS: BRAZIL SUPPLY - MMT



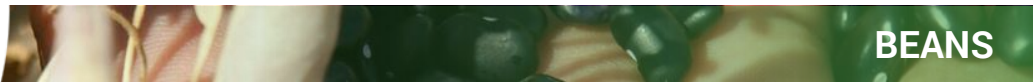
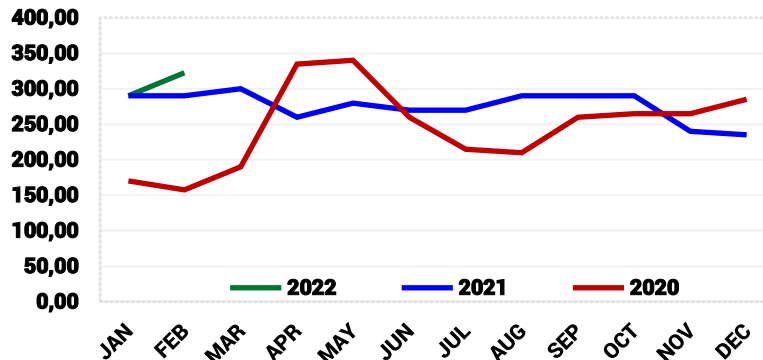
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



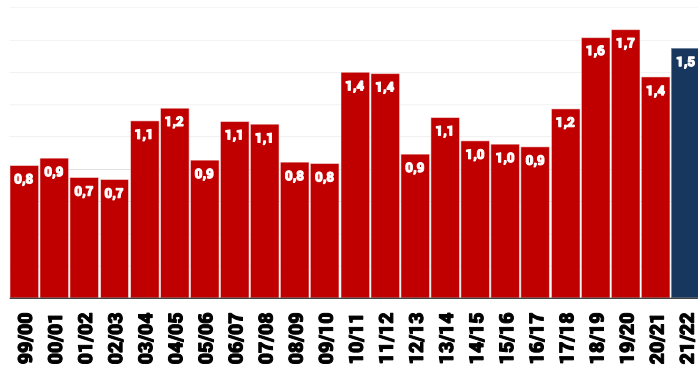
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



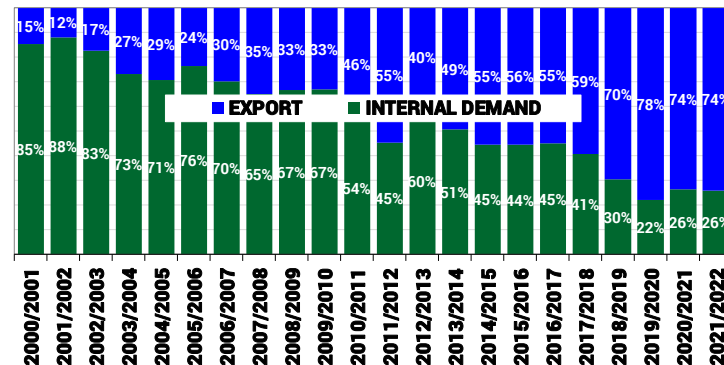
COTTON: 2022/2023 MARKET OUTLOOK

- 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.
- External quotations have risen 37% in 12 months and 82% in the last 24 months.
- The rises are driven by the price of oil – above US\$ 90 a barrel of the Brent type – which increases the cost of synthetic fibers that compete directly with cotton.
- The CEPEA/ESALQ Indicator, with payment in 8 days, recorded a significant increase of 46% in the last 12 months, quoted at the nominal record level of R\$ 6.98 per pound.
- 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.
- The global balance will be tight in 2022, with shipping charter difficulties, but room for more significant increases will be limited, as the effect of the pandemic on the growth rate of the global economy could negatively influence demand for fiber.

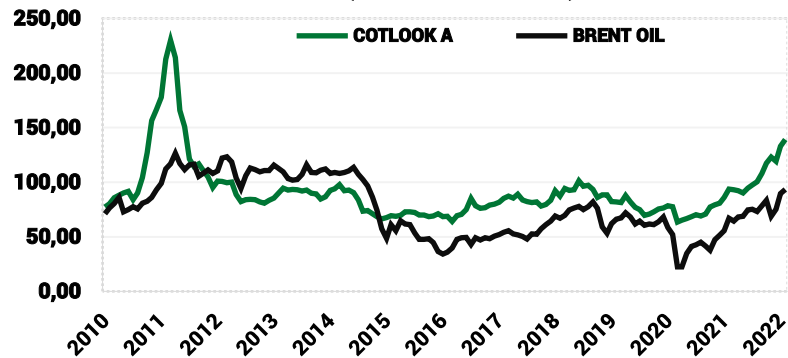
COTTON: BRAZIL AREA - MILLION HA



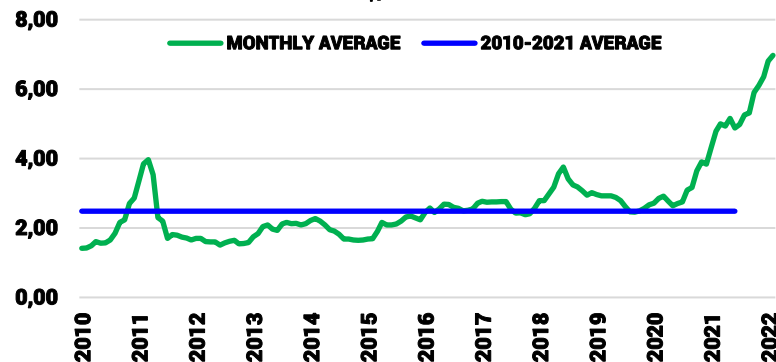
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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