

GRAINS

2022/2023 OUTLOOK SUMMARY



APRIL/2022



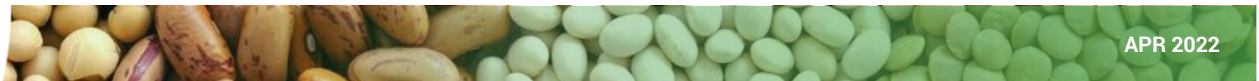
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In the international market, prices for soybeans, corn, wheat and cotton continue to be sustained at high levels, but with little space for new highs, since crop failures in South America and the impacts of the war between Russia and Ukraine are already priced in futures markets.

In the domestic market, the strong appreciation of the Real is causing declines in soybean and corn prices and stabilizing the prices of wheat, cotton and rice.

The market starts to focus attention on weather conditions for the 2022/2023 crop in the northern hemisphere and on the supply of inputs for the next season in South America.

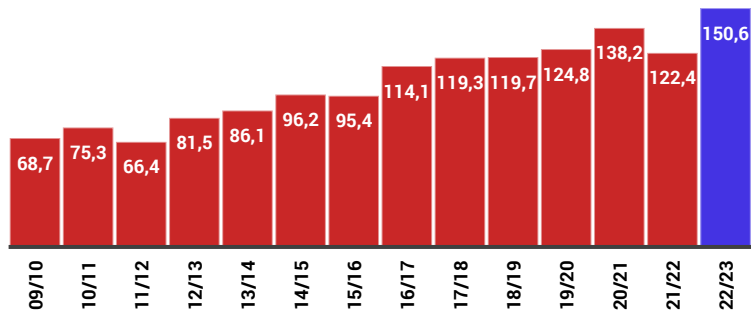
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Rice: 2022/2023 outlook	→	09
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SOYBEAN: 2022/2023 MARKET OUTLOOK

- In the global market, the trend is for future quotations to be sustained at high levels.
- Rising crude – which spurs demand for soybean-based biodiesel in the US – and crop failures in South America limit downward pressure on futures.
- However, the significant drops in South America, the impacts of the war between Russia and Ukraine and the sharp rise in oil prices are already priced in futures on the Chicago Stock Exchange.
- There is little space for new expressive highs in futures in the short and medium terms.
- The forecast of strong expansion (+4.4%) in planted area in the US in 2022/2023 is bearish for futures prices in the long term.
- In Brazil, the trend is downwards for soybean prices in the short term, driven by the strong fall of the dollar.
- The market will focus on weather in the US and fertilizer supply in South America.
- On the Chicago Board of Trade, there is a wide spread between the closest and farthest contracts, with futures with maturities in 2022 ranging from \$15.00 to \$17.00 per bushel, while maturities for 2023 operates at a range from \$14.00 to \$14.80/bushel.

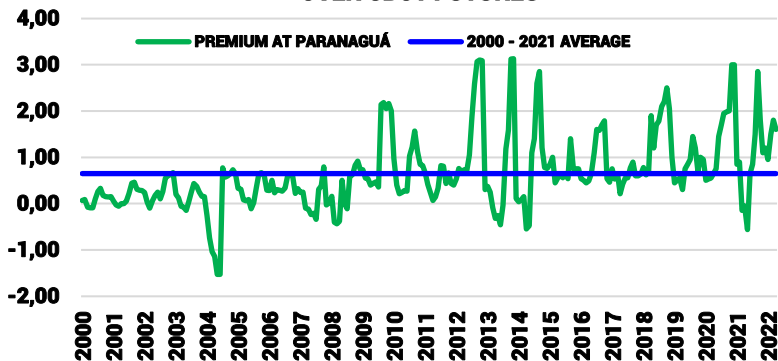
SOYBEAN: BRAZIL PRODUCTION - MMT



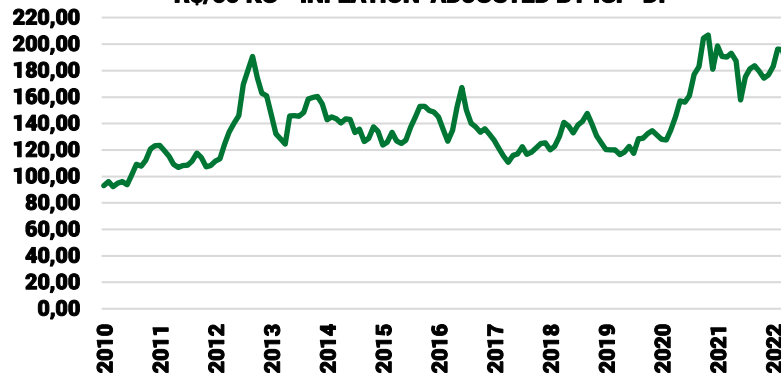
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



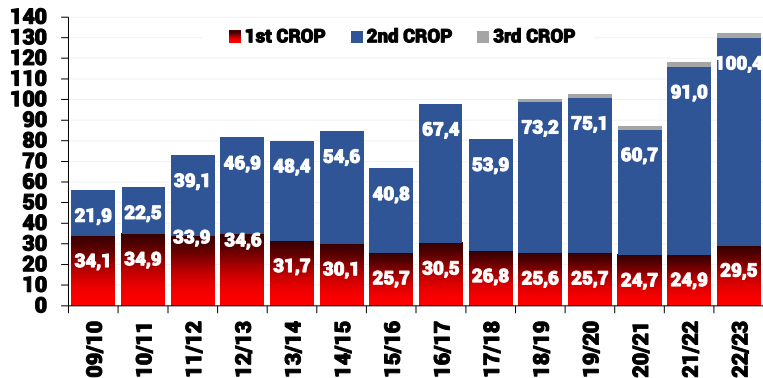
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2022/2023 MARKET OUTLOOK

- The trend is downwards for prices in the domestic market, with the strong fall of the dollar – which reduces the export parity – and the expectation of a record 2nd crop in 2022 in Brazil, which could increase domestic supply throughout the second half of this year.
- The forecast of a strong decline (-4.1%) in the planted area in the US in 2022/2023 is bullish for futures prices in the long term, but it is already preliminarily priced on the Chicago Stock Exchange.
- South American crop failures, the impacts of the war between Russia and Ukraine and the sharp rise in oil prices are already priced in futures prices on the Chicago Stock Exchange.
- The conflict between Russia and Ukraine – countries that together account for 20% of global exports – and the rise in oil – which boosts corn ethanol production in the US – are supporting factors for futures contracts on the Chicago Stock Exchange.
- On the Chicago Stock Exchange, there is a wide spread between the closest and most distant contracts, with futures with maturities in 2022 oscillating between US\$ 7.30 to US\$ 7.80 per bushel, while maturities for 2023 operate at a range between \$6.50 to \$7.30 per bushel.
- The confirmation of the record 2nd crop in Brazil and the dollar at lower levels are factors that may contain an upward bias in the second half of 2022.

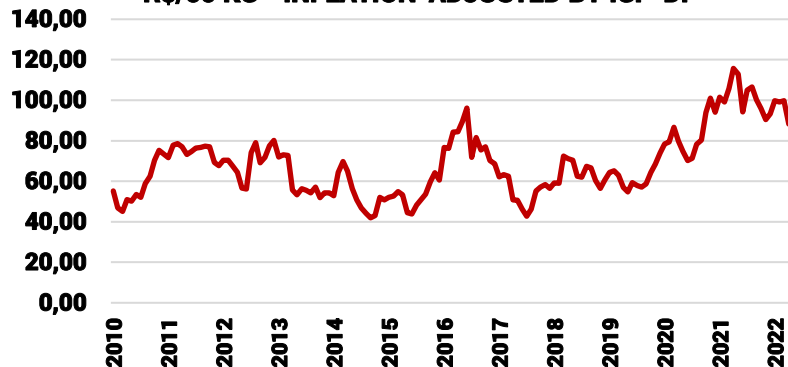
CORN: BRAZIL PRODUCTION - MMT



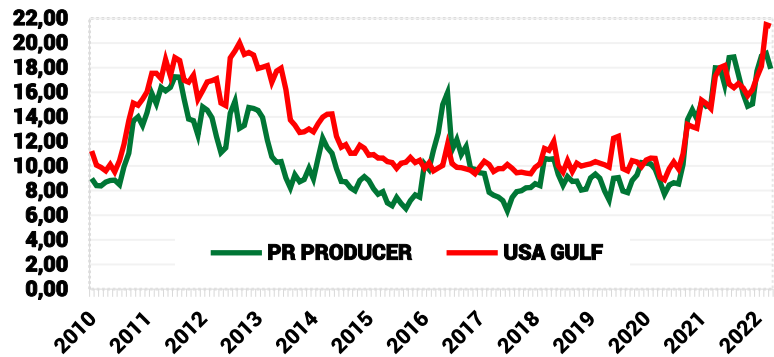
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



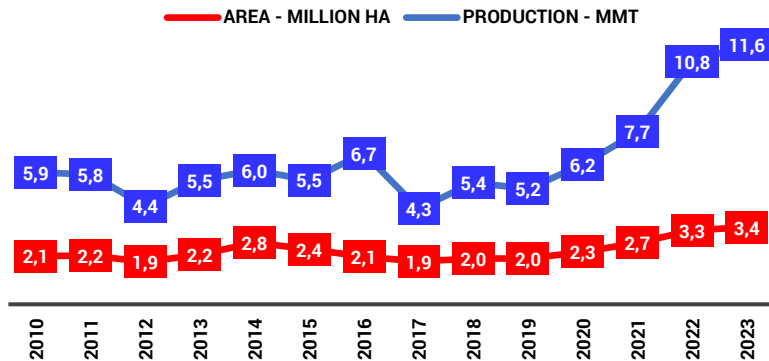
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



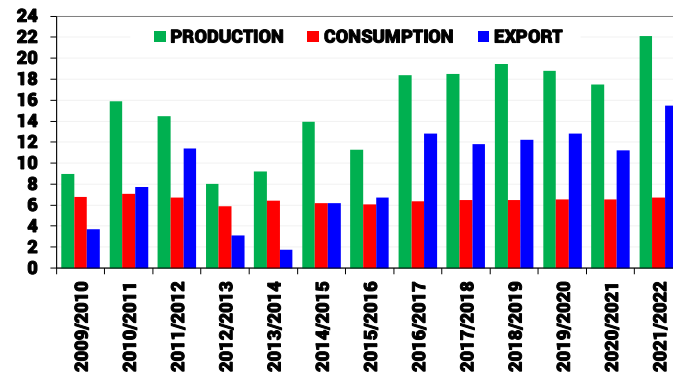
WHEAT: 2022/2023 MARKET OUTLOOK

- The trend is for stable prices in the domestic market, with the strong fall of the dollar canceling the bullish bias of future quotations on the Chicago Stock Exchange.
- The falling dollar reduces the import parity of Argentine wheat, which fills the deficit in Brazil.
- In the global market, the trend is for prices to be sustained at high levels, with the Russia-Ukraine conflict – the two countries together account for 30% of the global wheat trade.
- However, the impacts of the Russia-Ukraine war are already priced into Chicago's futures.
- On the Chicago Stock Exchange, there is a wide spread between closer and more distant maturities.
- SRW (Soft Red Winter) futures with expiry in 2022 range from \$11.00 to \$11.20 a bushel, while contracts for 2023 operate between \$9.50 to \$10.80 a bushel.
- The trend is for a strong expansion of the area to be planted in 2022, which will only be limited by the likely scarcity of seeds and other inputs, such as pesticides and fertilizers.
- The wheat area in Brazil in 2022 is estimated by our Consultancy at 3.3 million hectares, 20% more than in 2021 – the largest since the 1987/1988 season –, with production projected at a record 10.8 MMT.

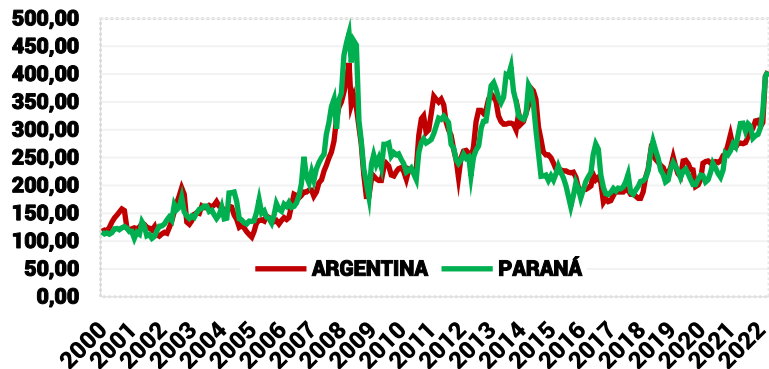
WHEAT: BRAZIL AREA AND PRODUCTION



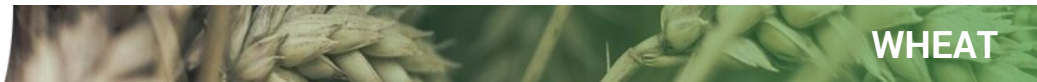
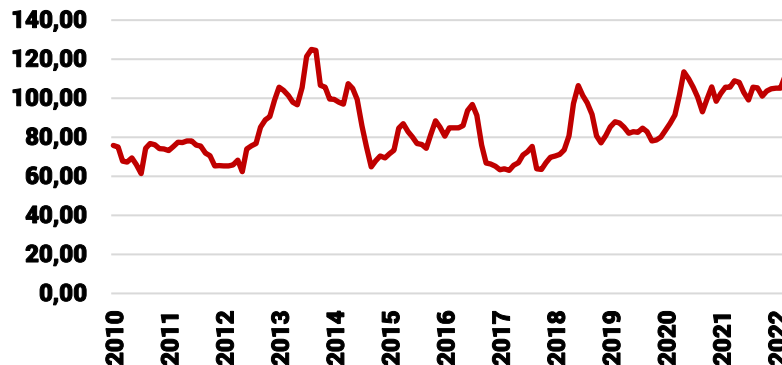
ARGENTINA: WHEAT SUPPLY - MMT



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



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

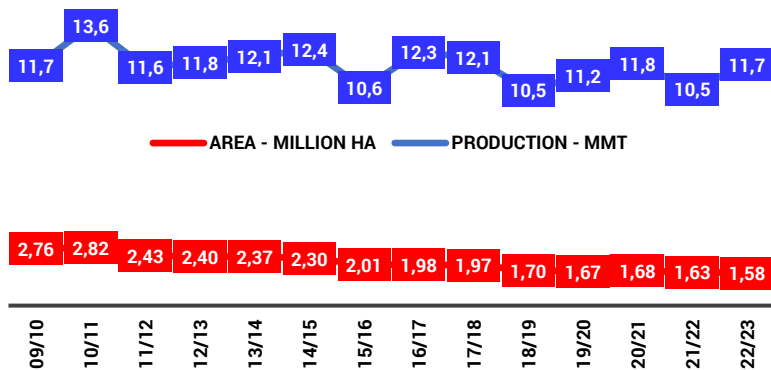


RICE: 2022/2023 MARKET OUTLOOK

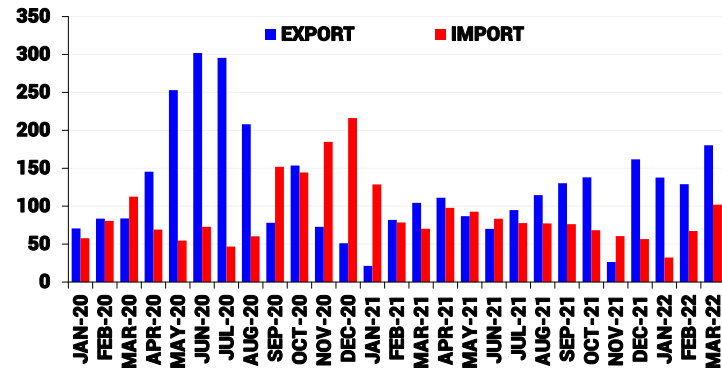
- Paddy rice prices are stable, even with the completion of the 2022 harvest.
- However, the strong fall in the dollar in recent weeks has reduced export parity at ports and inland, causing greater stabilization of producer prices, with the potential to impose downward pressure in the short term, if external quotations remain stable and the Real valuing yourself.
- The Brazilian rice crop suffered an 11% drop in 2022 in relation to the initial expectation.
- The pace of rice exports in the 1st quarter of 2022 was quite heated, while there was a decline in imports in the same range, with the trade balance in surplus in 2022.
- In the 1st quarter of 2022, Brazilian imports totaled 201,542 tonnes (paddy basis), a decrease of 27% compared to the 277,592 tons internalized in the same period of the previous year.
- On the other hand, in the same period, Brazilian exports totaled 447,163 tonnes (paddy basis), a strong increase of 115% compared to the 207,664 tonnes shipped in the same period in 2021.
- With the shortfalls in the 2022 harvest and the faster pace of exports, the final stocks of the current harvest may suffer a sharp decline.
- However, a resumption of the upward trend in producer prices in the coming months will depend on the maintenance of the rhythm of exports, external quotations and the exchange rate.



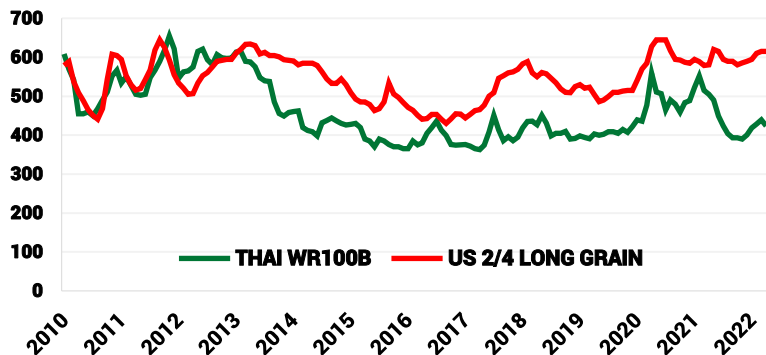
RICE – BRAZIL AREA AND PRODUCTION



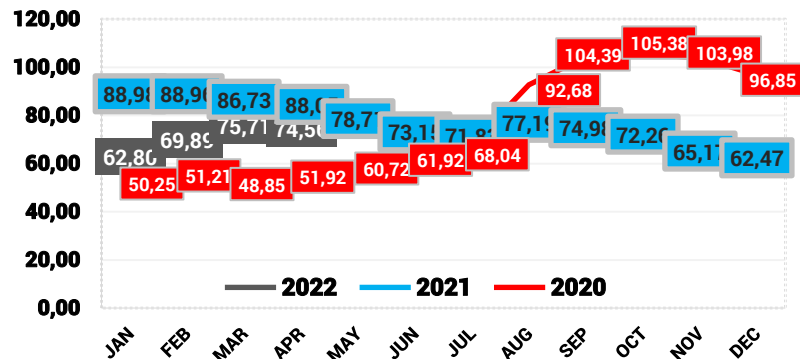
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - MARCH 2022



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



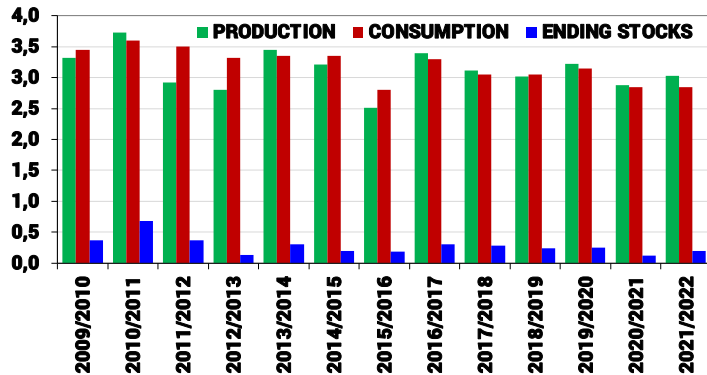
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



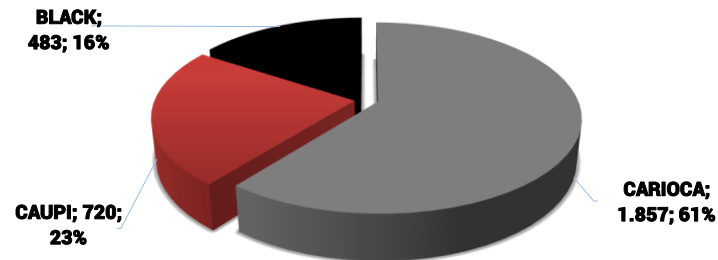
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- The trend is for sustained prices for beans (carioca, black and caupi) in the short and medium terms, with an upward bias for the coming months of 2022.
- Prices for carioca beans rated 8.5/9.5, FOB producer, are ranging from R\$345 to R\$370 per 60 kg, compared to R\$280 to R\$330 per 60 kg in the month of March/2022.
- Prices for black beans - extra, FOB producer, range from R\$290 to R\$305 per 60 kg, compared to the range between R\$280 to R\$310 per 60 kg in March/2022.
- The trend is for sustained prices in the short and medium terms, with adjusted supply and demand.
- The strong increase in inputs and energy negatively affected the intention to plant the 3rd and last crop of 2022, which should keep domestic supply restricted over the next few months.
- The average prices of carioca beans, in the wholesale of São Paulo, presents a significant increase of 57.4% in the accumulated of 2022 and of 42.3% in the last 12 months.
- The trend is for stability in the total area of the 3 crops cultivated in 2022/2023, estimated by our Consulting at 2.8 million hectares, with a 2.5% decrease in the cultivated area in the 1st crop and slight increases in the 2nd and 3rd crop areas, with production estimated at 3.4 MMT.

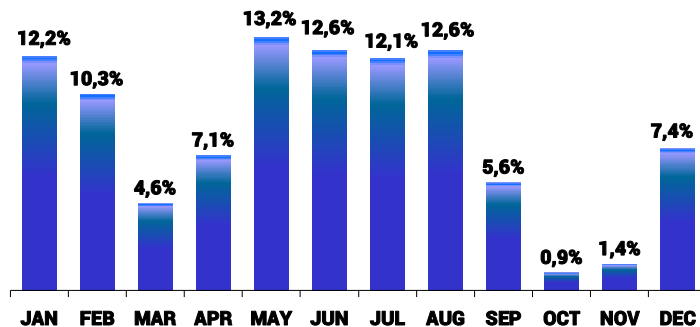
BEANS: BRAZIL SUPPLY - MMT



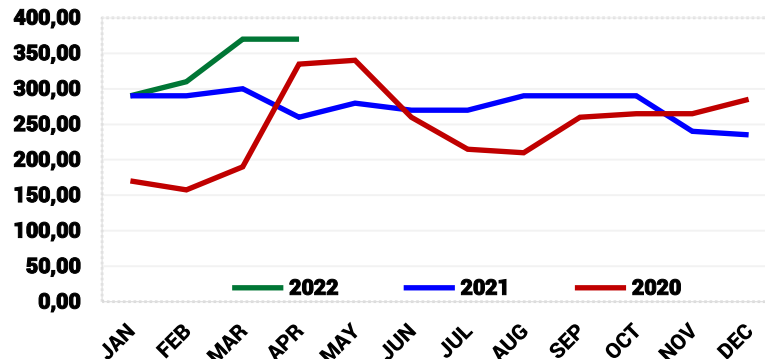
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



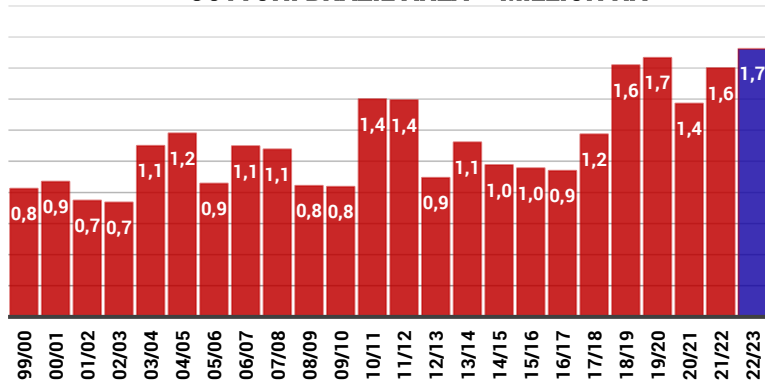
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



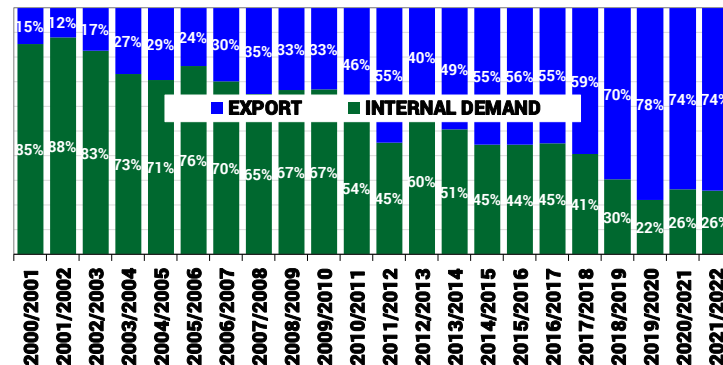
COTTON: 2022/2023 MARKET OUTLOOK

- The trend is upwards for lint prices in Brazil, with future prices on ICE US (New York) at the highest levels of the last 10 years, around 135 ¢ per pound.
- The rise in oil prices – as a result of the Russia-Ukraine conflict – sustains the prices of synthetic fibers, which has been supporting global cotton prices.
- External quotations have risen 53% in 12 months, driven by the sharp rise in oil prices – which continues to be sustained above US\$ 100 a barrel of the Brent type.
- Global fiber consumption is expected to fall by 5% in 2022 compared to the previous cycle, due to high global prices, associated with lower global economic performance.
- The CEPEA/ESALQ indicator for the plume has registered a significant increase of 45% in the last 12 months, currently quoted at the level of R\$ 7.16 per pound.
- The cotton growing area in Brazil grew 17% in the current 2021/2022 crop.
- The trend is for a further expansion of the area in the 2022/2023 harvest, estimated by our Consulting at 8%, but the advance will be limited by the strong increase in input prices and production costs, which will reduce gross and net margins in the next season.

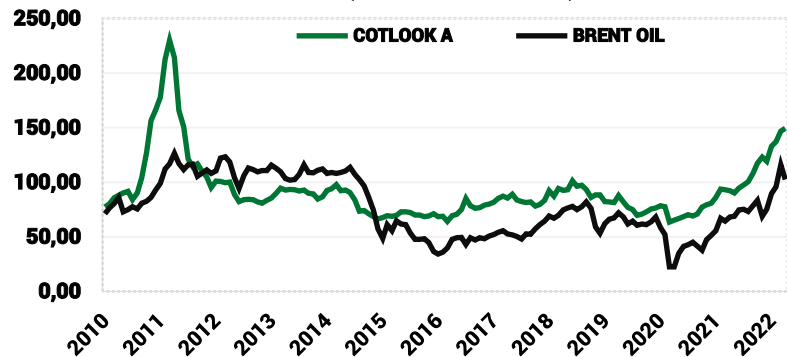
COTTON: BRAZIL AREA – MILLION HA



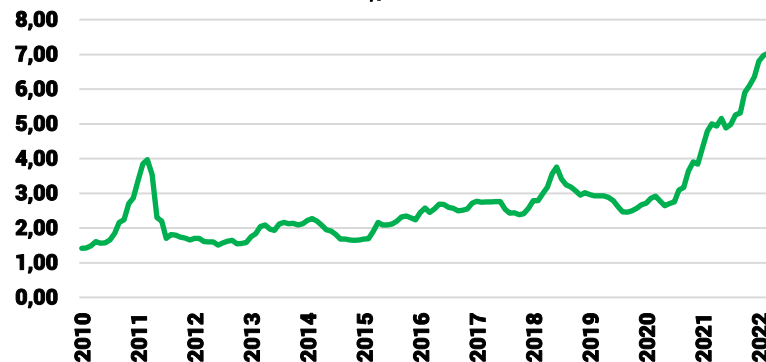
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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