

GRAINS

2022/2023 OUTLOOK SUMMARY



AUGUST/2022



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Global grain prices fell for the fourth month in a row, down 11.2% in July, but are still 12.1% above 2021 values. Grain highs are behind us.

The FAO Food Price Index dropped 8.6% in July but is still 13.1% above the level of the same period last year. That was the index's sharpest monthly drop since October 2008.

After the historic peak of March/2022, there were significant declines in the prices of wheat, corn, soybeans, rice and vegetable oils, including palm, soybean, canola and sunflower. Lower oil prices also exerted downward pressure on vegetable oils.

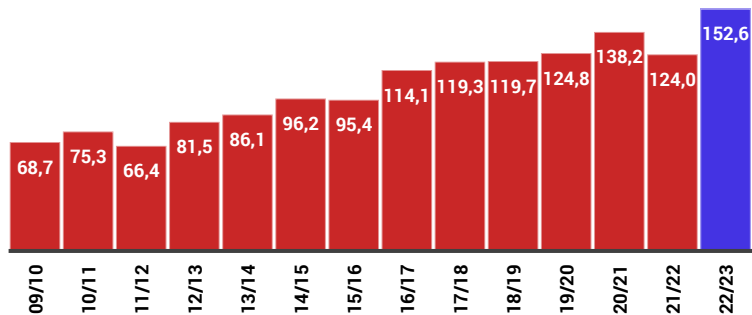
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SOYBEAN: 2022/2023 MARKET OUTLOOK

- On the Chicago Stock Exchange, futures prices remain above the historical average of the last 10 years, but have moved away from the peak recorded at the beginning of the year, accumulating a low of 23.4% in 2022.
- The contract expiring in May/2023, for example, dropped from US\$ 15.65 per bushel at the beginning of June/2022, to US\$ 14.20 per bushel in the 1st half of August – a 9.2% drop.
- In Chicago, contracts for 2023 range from \$13.30 to \$14.20 a bushel, compared to a range of \$14.00 to \$15.00 a bushel for second-half 2022 maturities.
- The drop in oil prices and vegetable oil prices at a global level put downward pressure on soybean oil futures, reflecting fears of a recession in the global economy.
- In Brazil, the trend is upward for prices in this 2nd half/2022, with premiums on the rise in Brazilian ports, but with internal freights rising and the dollar on a low containing stronger highs.
- The average price of soybeans in the countryside of PR fell from R\$ 203.22 per 60 kg in March/2022 to R\$ 184.05, a decrease of 9.4%.
- The USDA raised the forecast for the US 2022/2023 crop, from 122.6 MMT in the July/2022 report, to 126.3 MMT in the August/2022 report.

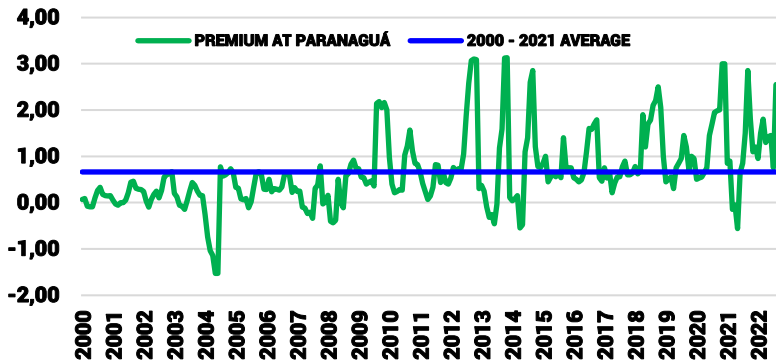
SOYBEAN: BRAZIL PRODUCTION - MMT



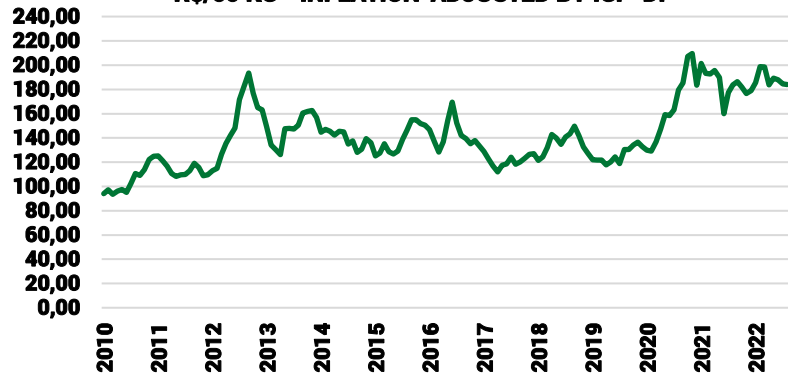
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



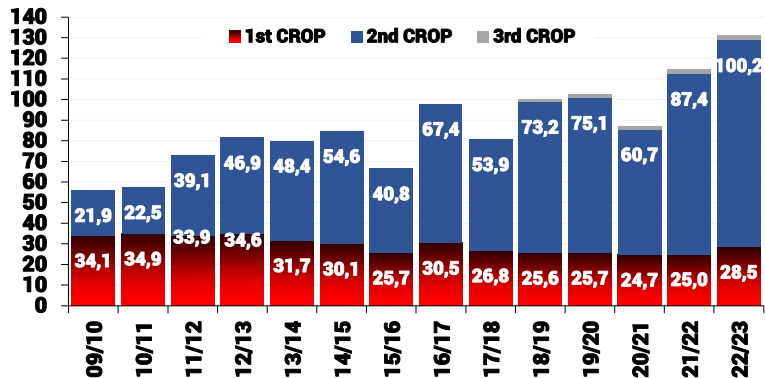
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2022/2023 MARKET OUTLOOK

- On the Chicago Stock Exchange, futures prices remain above the historical average of the last 10 years, but have moved away from the peak recorded at the beginning of the year.
- The contract expiring in May/2023, for example, retreated from its peak of US\$ 7.66 per bushel in May/2022, to US\$ 6.36 per bushel in the 1st half of August – down 17%.
- The trend is for sustained future quotes for the 2022/2023 season.
- In the August/2022 report, the USDA reduced the forecast for US production in the 2022/2023 harvest, from 368.4 MMT in July, to 364.7 MMT, due to adverse weather in the country's production belt and a drop in expected average yield.
- In Chicago, futures contracts for 2023 range between \$5.90 and \$6.50 per bushel, just below the range of \$6.20 to \$6.40 per bushel for 2H2022
- In Brazil, the record 2nd crop harvest, the lack of storage spaces and the high internal freights cause downward pressure on prices, which fell 7.4% in 2022.
- The falling dollar reduces export parity, but the projection is for foreign sales of 38 MMT in the current harvest, which could significantly reduce corn ending stocks in Brazil, to 9.2 MMT (only 44 domestic consumption days).

CORN: BRAZIL PRODUCTION - MMT



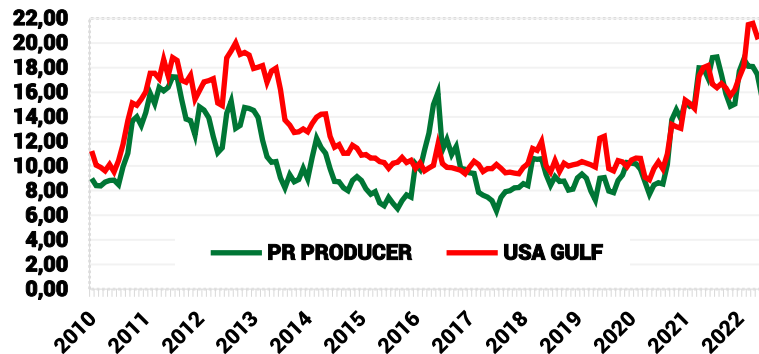
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



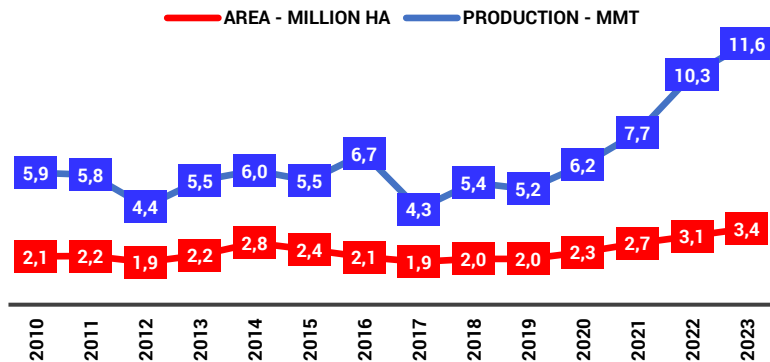
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



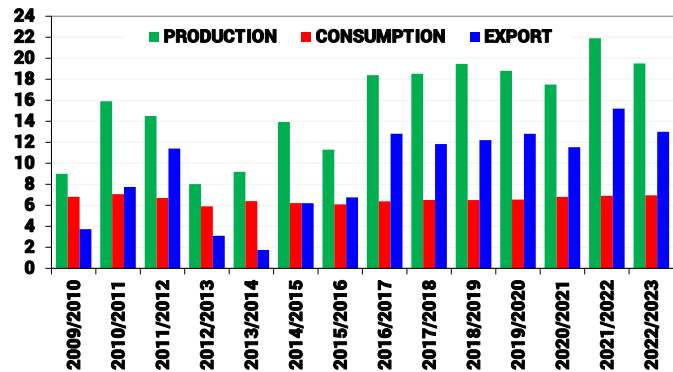
WHEAT: 2022/2023 MARKET OUTLOOK

- On the Chicago Stock Exchange, SRW (Soft Red Winter) futures prices remain sustained above the historical average of the last 10 years, but have significantly moved away from the peaks recorded at the beginning of the year, accumulating a low of 38.6% between May and August of 2022.
- The contract with maturity in September/2022, for example, retreated from the peak of US\$ 12.78 per bushel in May/2022, to US\$ 7.85 per bushel in this 1st half of August.
- In Chicago, SRW (Soft Red Winter) futures contracts for 2023 oscillate between US\$8.00 and US\$8.50 per bushel, compared to the range of US\$7.80 to US\$8.20 per bushel this 2H2022.
- In the domestic market, the trend is bearish in the short term, with lower foreign quotes and dollar rates and the beginning of the 2022 crop harvest putting pressure on prices paid to producers.
- The wheat area in Brazil in 2022 reached 3.1 million hectares, with production estimated at a record 10.25 MMT – 33.5% above the 2021 harvest.
- The fall in the dollar and in external quotations reduces the import parity of grain from Argentina, which accounts for more than 80% of foreign purchases of wheat by Brazil.
- The low volume of anticipated sales of the 2022 crop may also impose downward pressure on price indications, but producers are not having difficulties holding grain stocks.

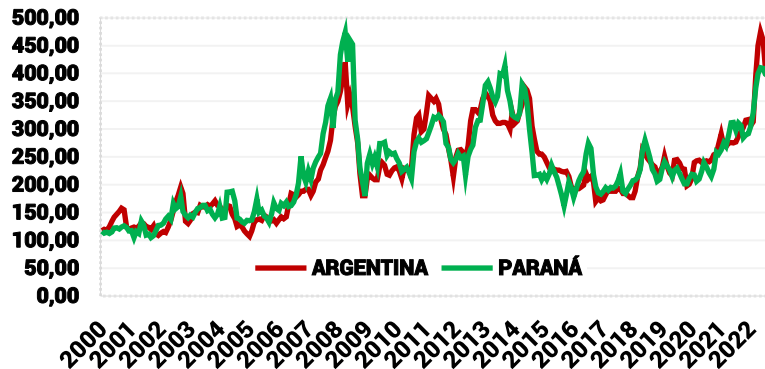
WHEAT: BRAZIL AREA AND PRODUCTION



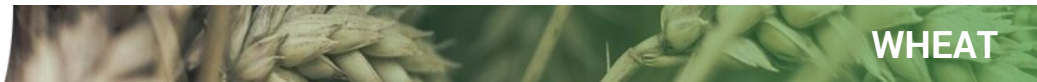
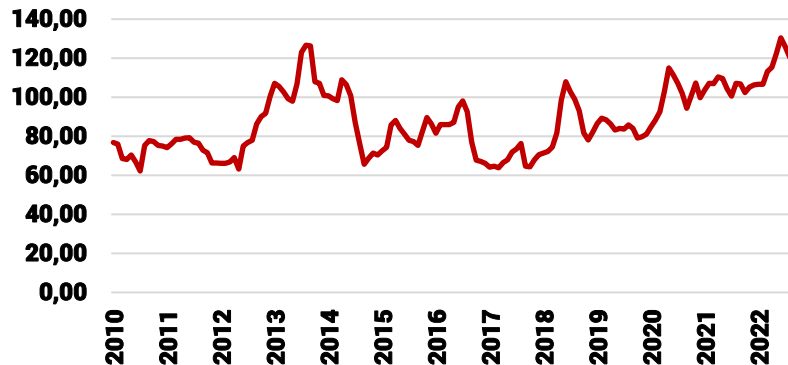
ARGENTINA: WHEAT SUPPLY - MMT



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



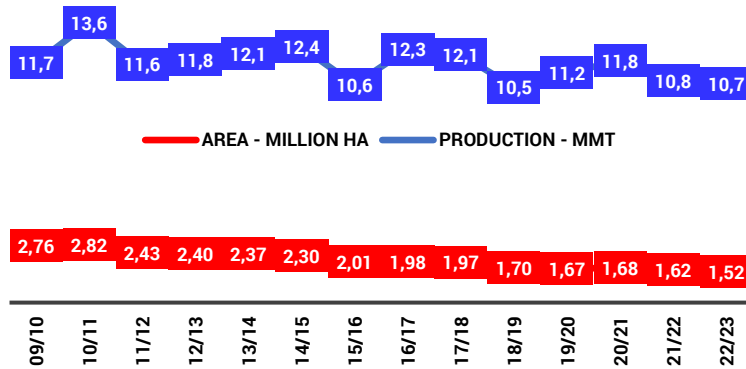
WHEAT: FOB PRODUCER PR PRICES - R\$/60 KG INFLATION-ADJUSTED BY IGP-DI



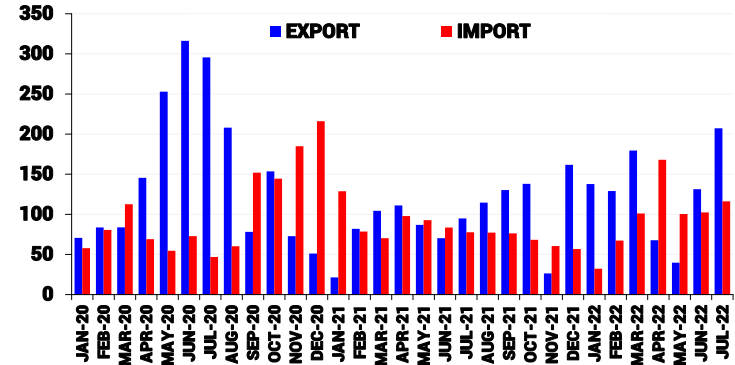
RICE: 2022/2023 MARKET OUTLOOK

- Paddy rice prices are falling in the domestic market throughout this month of August, with a low of 2.7% this month, but with a high of 23.8% between January and August this year.
- Brazilian rice exports show good performance in 2022.
- From January to July 2022, Brazilian exports grew 56% compared to the same period of the previous year, to 892.1 thousand tonnes (paddy basis).
- On the other hand, between January and July 2022, Brazilian rice imports grew 9%, reaching 687.6 thousand tonnes (paddy basis).
- As a result, exports exceed Brazilian rice imports by 204,500 tonnes (paddy basis), between January and July 2022.
- International quotations are indicating a downward trend, the dollar is falling in Brazil and internal freights are rising, reducing the export parity FOB Brazilian ports.
- The trend is for a sharp drop in the area planted with rice in the next 2022/2023 season, especially in Rio Grande do Sul (the largest national producer), with migration to soybean.
- The projection is for a drop of 8.0% in the planted area in Rio Grande do Sul and 6.2% in Brazil.

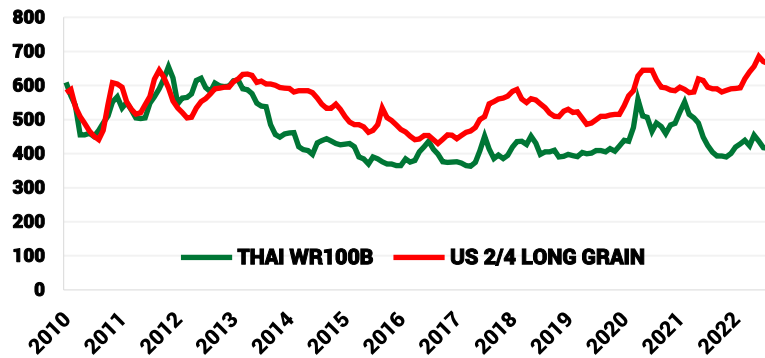
RICE – BRAZIL AREA AND PRODUCTION



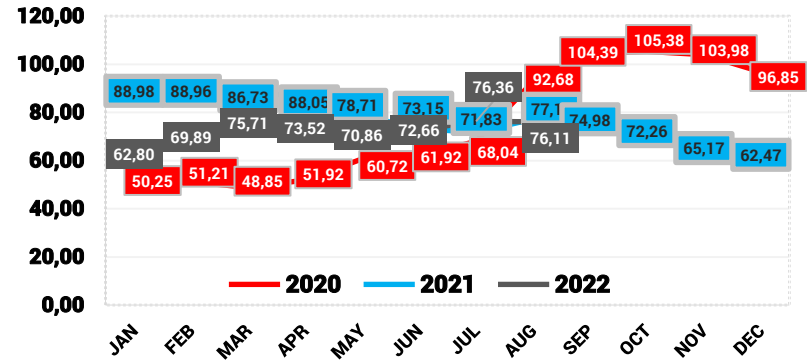
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - JULY 2022



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



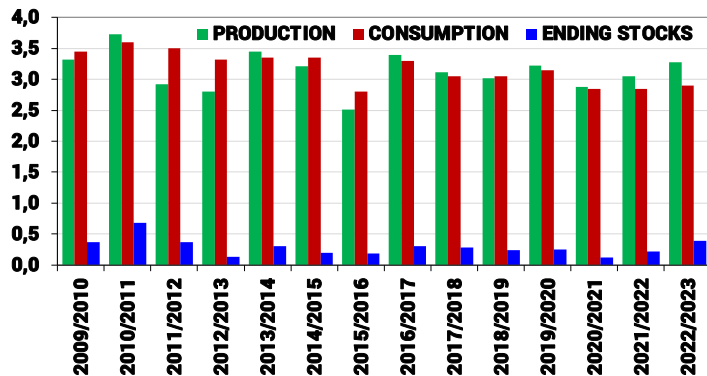
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



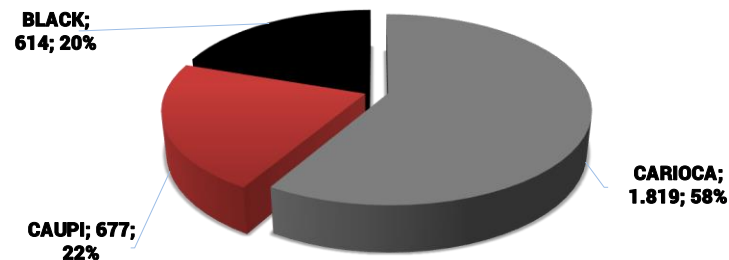
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- Prices paid to bean producers have remained relatively stable throughout this year, with occasional drops and rises, depending on the supply levels available on the market.
- Prices for carioca beans rated 8.5/9.5, FOB producer, are oscillating between R\$ 290 and R\$ 325 per 60 kg this month, compared to the range between R\$ 280 and R\$ 315 in July/2022.
- Prices for black beans-extra, FOB producer, are oscillating between R\$185 and R\$215 in August, in the same of July 2022.
- The trend is for stable total area to be planted in the 3 harvests of 2023 (slight decline of 0.3%), but productivity should recover and increase domestic supply.
- The projection of our Consultancy for the total area of the 3 crops cultivated in 2022/2023 is 2.84 million hectares, with an estimated production of 3.27 MMT, 7.4% above the volume expected for the total production of 3 crops in the current 2021/2022 season.
- The reduction in the purchasing power of consumers and the supply adjusted to demand lead to a trend of stability for prices throughout the second half of 2022.
- The confirmation of the 3rd consecutive La Niña could bring drought risks to the Southern Region of Brazil, which could negatively impact the productivity of the 1st harvest of 2023.

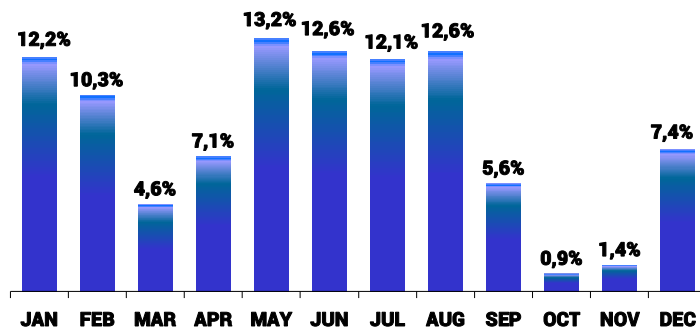
BEANS: BRAZIL SUPPLY - MMT



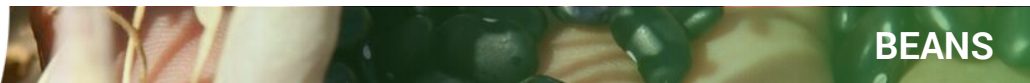
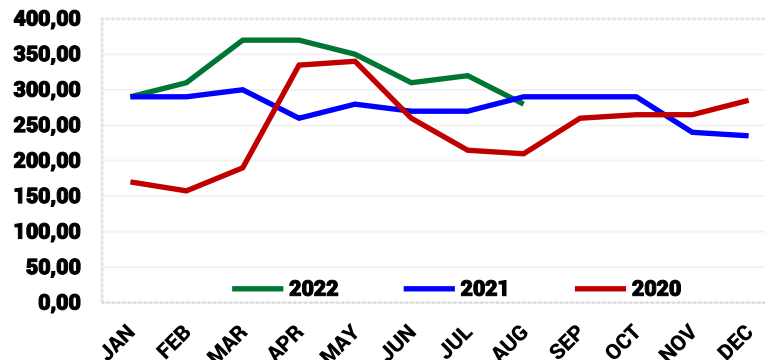
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



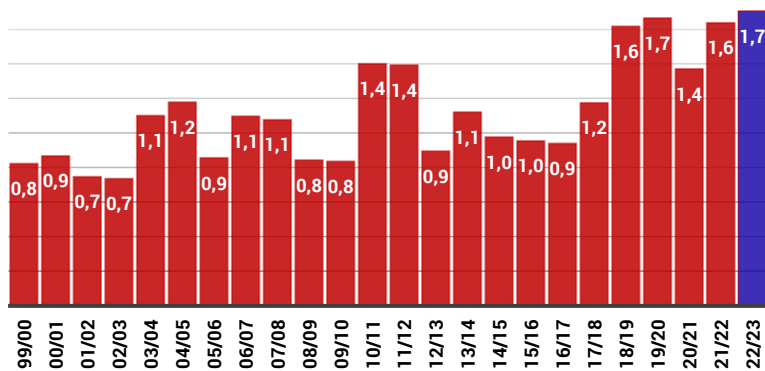
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



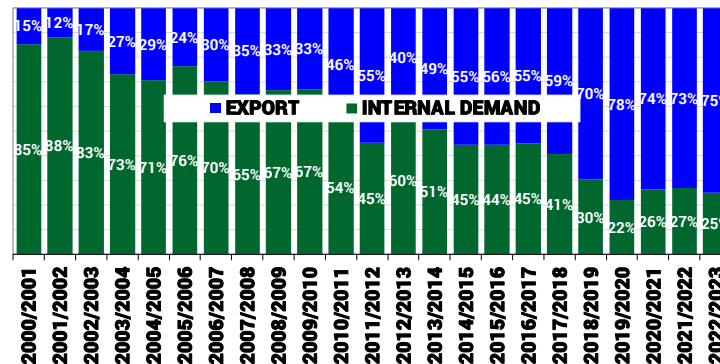
COTTON: 2022/2023 MARKET OUTLOOK

- After reaching the highest levels in the last 10 years, above 145 ¢ per pound in the 1st half of 2022, futures prices for the plume on ICE US (New York) retreated to a range between 90 and 108 ¢ per pound for contracts maturing in 2023.
- Fears of a global economic recession and a reduction in global demand, especially from China, are some of the factors that exerted pressure on international prices, in addition to the drop in oil prices, which increases the competitiveness of synthetic fibers.
- The sharp drop in foreign prices between April and August of this year – which accumulated a drop of 22.5% in this period – put pressure on domestic prices, which fell 23.4% in the same range, to R\$6.10 per pound.
- After strong losses in recent months, domestic plume prices are showing signs of stability.
- The FAS (Free Alongside Ship) export parity is R\$5.06 per pound.
- For the 2022/2023 season, the anticipated commercialization of the harvest is at 43.1%, above the observed in August/2021 (referring to the 2021/2022 harvest), of 34.6%.
- As a result, the advance of planted area in Brazil in the 2022/2023 crop should be contained by the sharp rise in input prices and production costs, combined with the decline in future quotations.

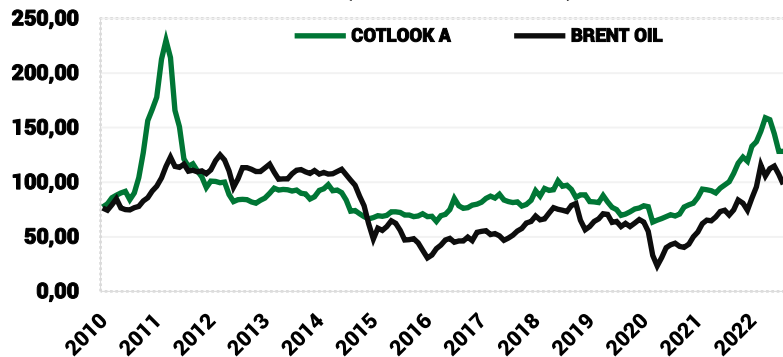
COTTON: BRAZIL AREA – MILLION HA



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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