

GRAINS

2022/2023 OUTLOOK SUMMARY



SEPTEMBER/2022



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Global agricultural prices fell for the 5th consecutive month, accumulating a drop of 13.6% between the all-time high (March/22) and August/22.

The FAO Food Price Index dropped 1.9% in August but is still 6.1% higher than the same period last year.

In the March–August interval, the most significant declines occurred in the global prices of oilseeds (-35.1%) and cereals (-14.6%), with the sharp declines of soybeans, wheat and corn.

Despite lower oil prices and fears of a global recession, US crop failures and droughts in the EU and China are expected to keep global grain prices sustained.

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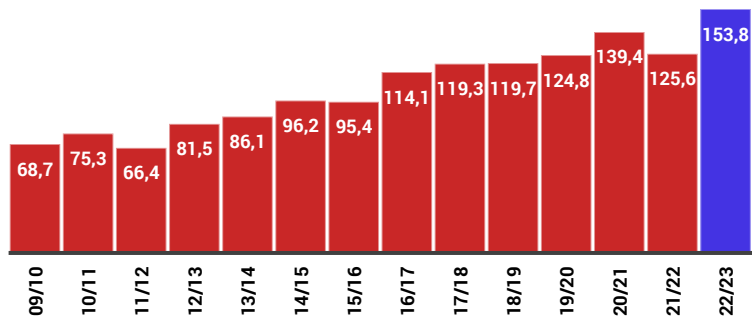


SOYBEAN: 2022/2023 MARKET OUTLOOK

- On the Chicago Stock Exchange, futures contracts for 2023 remain sustained, in the range between US\$ 13.50 to US\$ 14.90 per bushel, compared to the last 10 years average of US\$ 11.11/bu.
- In the September report, the USDA reduced the forecast for the US 2022/2023 crop to 119.2 MMT, compared to 123.3 MMT forecast in the August/2022 report, which should give greater support to future quotations. in the short and medium terms.
- Vegetable oils suffered the biggest declines among the main agricultural commodity segments between April and September this year, on fears of a recession in the global economy.
- For the same reason, the drop in oil prices also has an impact on a decline in the competitiveness of biodiesel, which has soybean oil as its main raw material in the US.
- China is expected to increase soybean imports by 7.8% in the 2022/2023 season, to 97 MMT, compared to 90 MMT in the previous season (2021/2022).
- In the long term, the bias is downward for global soybean prices, as the perspective is for a strong advance in planted area and production in South America in the 2022/2023 season.
- In Brazil, our consultancy estimates an expansion of 3.3% in the 2022/2023 harvest area, with a total harvest estimated at 153.8 MMT in 2022/2023.



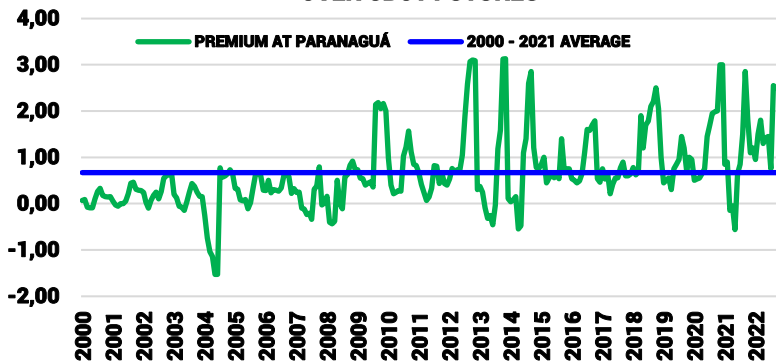
SOYBEAN: BRAZIL PRODUCTION - MMT



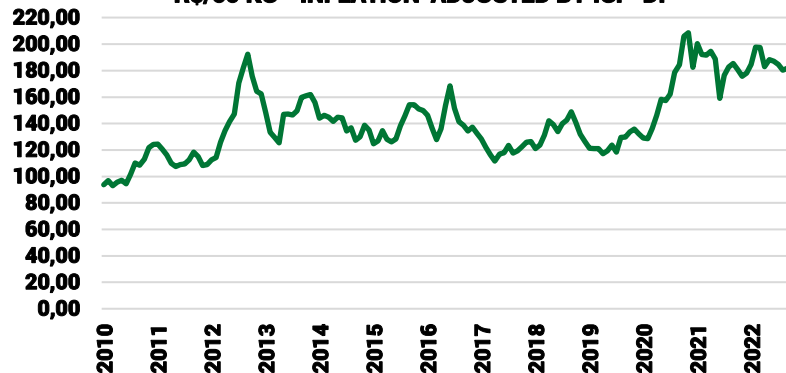
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



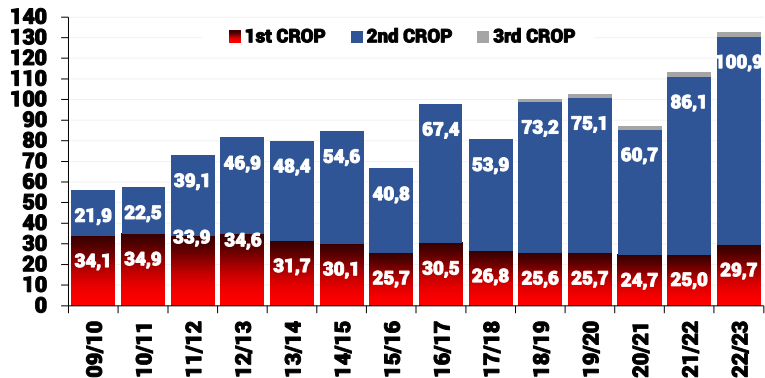
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2022/2023 MARKET OUTLOOK

- In the domestic corn market, the trend is for firm prices, with futures contracts supported on the Chicago Stock Exchange and the strong expansion of Brazilian exports in 2022.
- On the Chicago Stock Exchange, futures with maturity in 2023 fluctuate between US\$6.30 and US\$7.00 a bushel, compared to a 10-year historical average of US\$4.48 a bushel.
- In the September/2022 report, the USDA lowered the US production forecast to 354.7 MMT in the 2022/2023 crop, compared to an estimated 364.7 MMT in August and well below the expected 368.4 MMT at the start of the current season.
- In Brazil, prices are on an upward trend, with strong domestic demand and strong growth of 89% in exports between January-September/2022, compared to the same period of the previous year.
- The projection is for exports of 38.4 MMT by Brazil in the current harvest, which could significantly reduce ending stocks for the 2022/2023 season, to 8.0 MMT (which is equivalent to only 38 days of internal consumption).
- The estimate of our Consulting is a 6.1% expansion in the total corn area in Brazil in 2022/2023, with emphasis on the 8.1% advance in the 2nd harvest, with a total production projection of 132.8 MMT, an increase of 17.3% over the 3 harvests of 2021/2022.

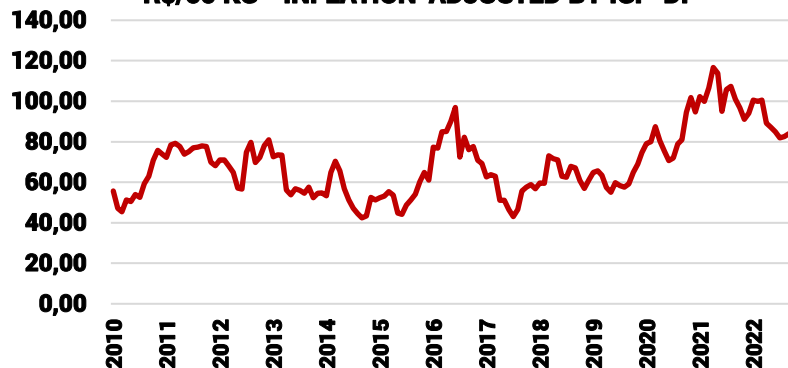
CORN: BRAZIL PRODUCTION - MMT



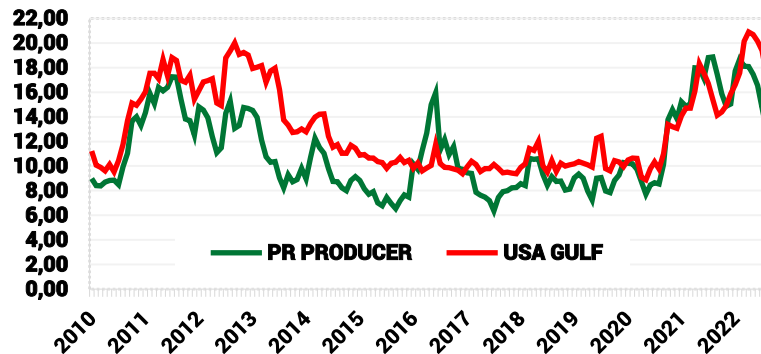
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



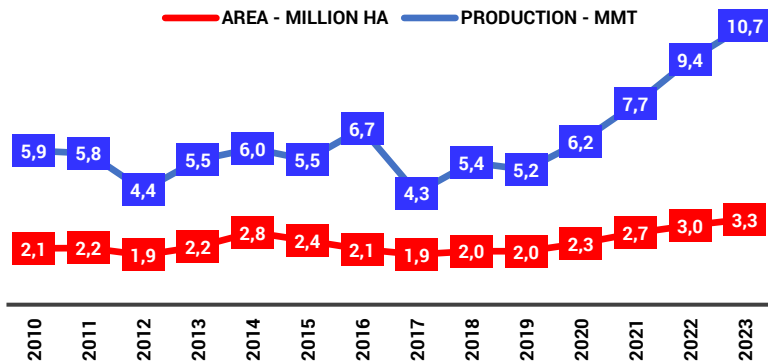
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



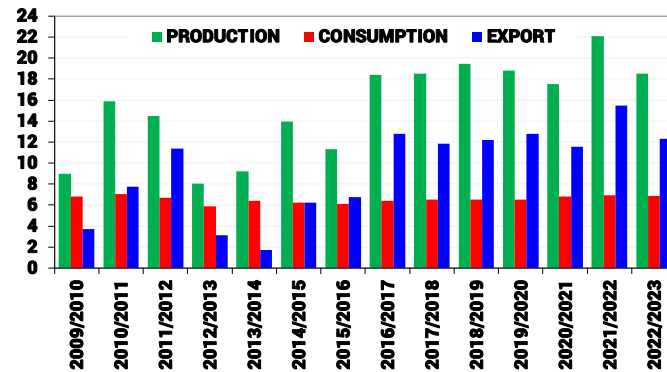
WHEAT: 2022/2023 MARKET OUTLOOK

- The trend is downwards for prices in the domestic market in the short term, with the advance of the harvest of the record crop of 2022 and the sharp drop in future quotations.
- The 2022 Brazilian crop is estimated at 9.4 MMT, 22% higher than the previous one (2021).
- In Chicago, SRW (Soft Red Winter) wheat futures prices have significantly moved away from the peaks recorded at the beginning of the year, with the September/2022 expiry retreating from the all-time high of US\$ 12.78 per bushel in May this year, to US \$8.37 a bushel, down 34.5%.
- However, it is worth noting that external prices are well above the historical average of the last 10 years, which is US\$ 6.45 per bushel for SRW wheat, on the Chicago Stock Exchange.
- In Chicago, 2023 SRW wheat futures hover between \$8.70 and \$8.90 a bushel.
- Argentine grain follows this decline, retreating from its peak of US\$ 475/t FOB in May 2022, to US\$ 400/t, reducing the import parity to R\$ 2,043/t CIF mills in PR.
- In Brazil, the value paid for Paraná cereal (bread wheat) dropped from an average of R\$ 2,180 a ton in June/2022, to the current R\$ 1,747 a ton, but the good volumes exported by Brazil and the import parity above the domestic price should serve as a floor for domestic quotations.

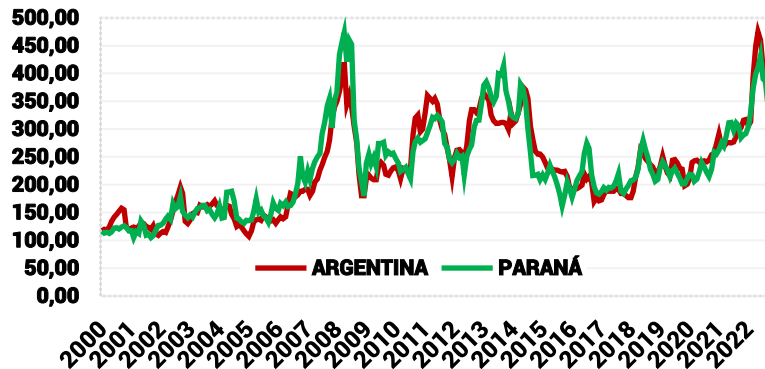
WHEAT: BRAZIL AREA AND PRODUCTION



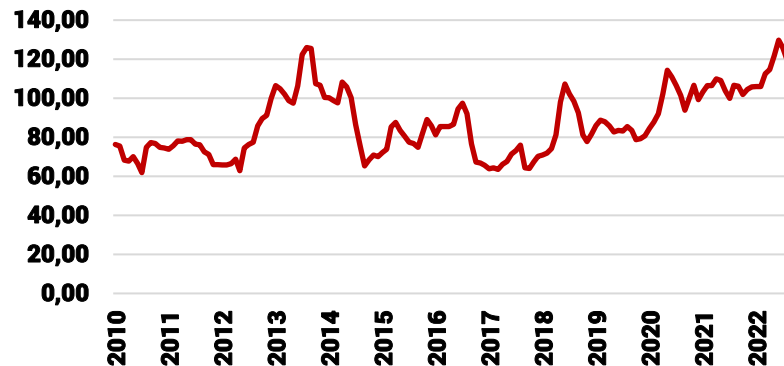
ARGENTINA: WHEAT SUPPLY - MMT



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



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

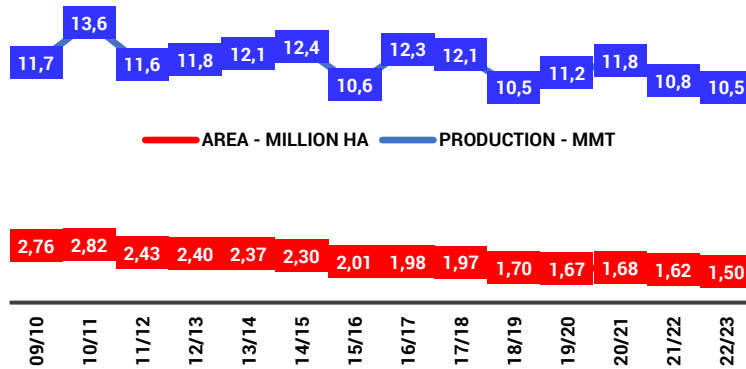


RICE: 2022/2023 MARKET OUTLOOK

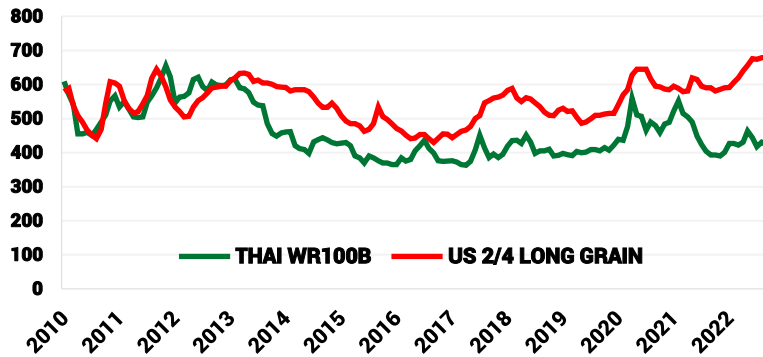
- Paddy rice prices are stable on the domestic market, accumulating a slight loss of 0.6% in the last 30 days, ranging between R\$ 75 and R\$ 76 per 50 kg, FOB producer, in southern Brazil.
- In the accumulated period from January to August 2022, Brazilian exports of rice (paddy basis) grew 68% compared to the same period of the previous year, compared to 11% expansion of imports in the same period, generating a surplus of 261k tonnes on the trade balance.
- External prices for processed rice are stagnant and the dollar fluctuates in the range around R\$5.00 to R\$5.20, preventing a more expressive advance in prices in this off-season of 2022.
- In the last 12 months, the average price of paddy rice to producers in the South of Brazil accumulates a nominal increase of only 2.5%, well below inflation, which means a loss of real value of the product, discouraging the maintenance of the planted area in the next 2022/2023 harvest.
- The planted area in Brazil should suffer a strong decline in the next 2022/2023 season, estimated by our Consulting at -7.3%, to 1.5 million hectares - the lowest level since the 1960s -, with production projected at 10.5 MMT, the lowest since 2018/2019.
- The trend is for a sharp drop in the planted area (-10%) with rice in Rio Grande do Sul – the largest national producer – in the next 2022/2023 season, with migration to the soybean crop.



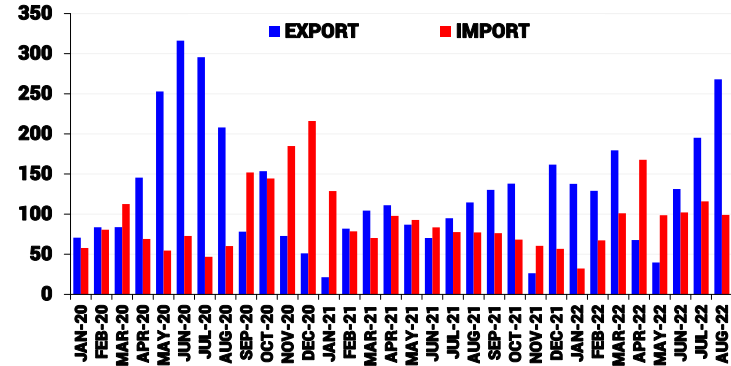
RICE – BRAZIL AREA AND PRODUCTION



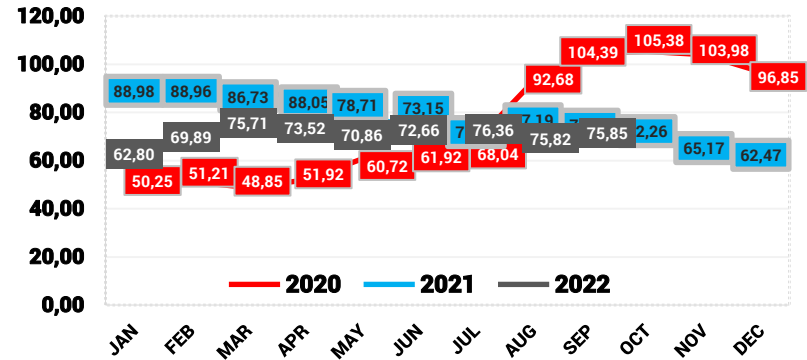
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



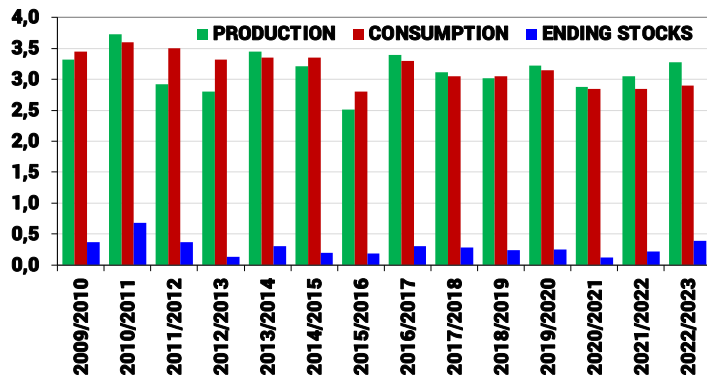
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



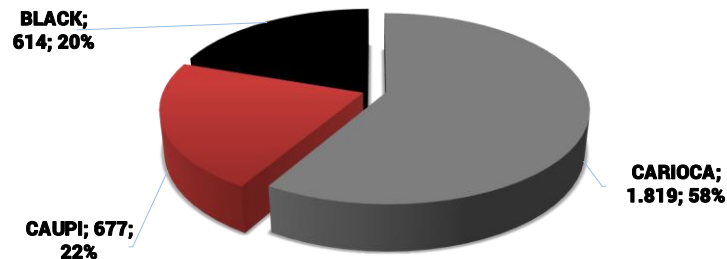
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- Prices paid to bean producers have remained relatively stable throughout this year, with occasional ups and downs, depending on the available supply on the market.
- Prices for carioca beans rated 8.5/9.5, FOB producer, are oscillating between R\$ 270 and R\$ 310 per 60 kg this month, compared to the range between R\$ 290 and R\$ 325 per 60 Kg in Aug/2022.
- Prices for black beans-extra, FOB producer, are oscillating between R\$160 and R\$180 this September, below the range of R\$185 to R\$215 per 60 kg in August 2022.
- The trend is stable total area to be planted in the 3 harvests of 2023 (slight decrease of 0.4%), 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 2.844 million hectares, with an estimated production of 3.270 MMT, 9.1% above the volume expected for the total production of the 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 last four months of 2022.
- The confirmation of the 3rd consecutive La Niña could bring risks of localized droughts to the Southern Region of Brazil, which could impact the productivity of the 1st harvest of 2023.

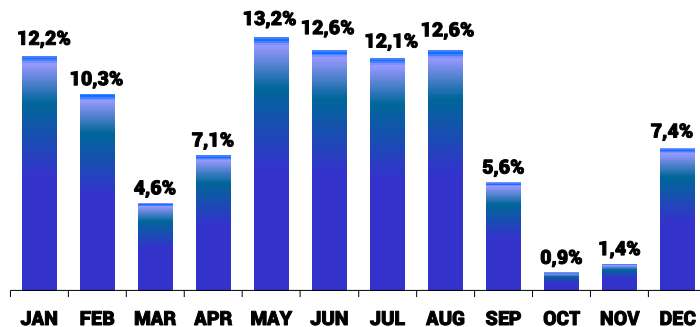
BEANS: BRAZIL SUPPLY - MMT



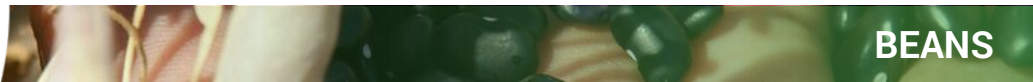
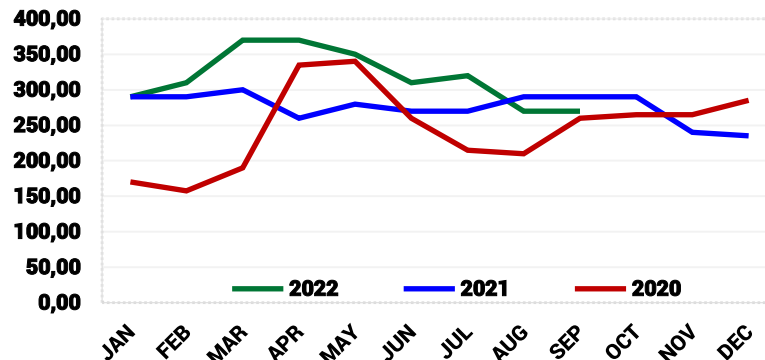
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



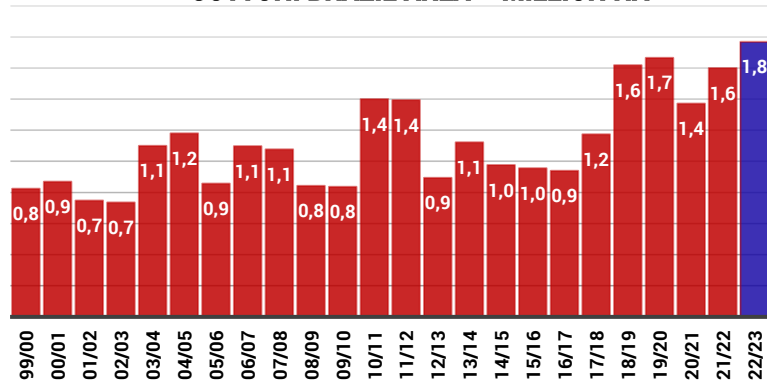
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



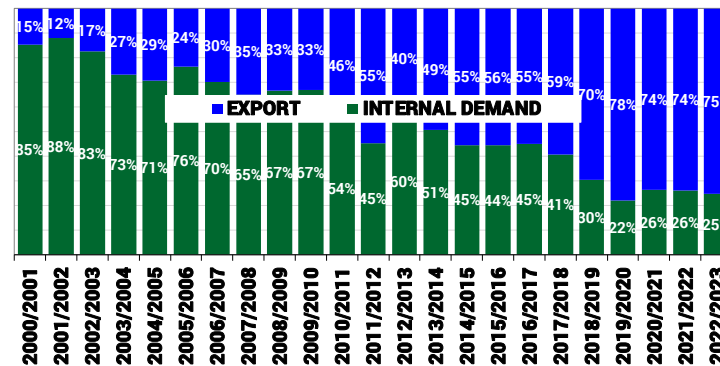
COTTON: 2022/2023 MARKET OUTLOOK

- At ICE US New York, cotton prices have accumulated a strong drop of 28.4% between the peak of April/2022 – with a monthly average of 147.68 ¢ per pound – and the current month, whose partial average price is 105.71 ¢ per pound.
- The plume futures contracts on ICE US (New York) with maturity in 2023 oscillate in a relatively wide range, between 80 ¢ and 100 ¢ per pound.
- The declines in cotton futures stem from a combination of factors, which include fears of a global economic recession, with a reduction in global demand, especially from China, in addition to the drop in oil prices, which increases the competitiveness of synthetic fibers.
- In the domestic market, prices have accumulated a low of 19.8% between May and the partial of September 2022, retreating to R\$ 6.39 per pound, but still with a gain of 20.1% in 12 months.
- The FAS (Free Alongside Ship) export parity is R\$5.70 per pound and serves as a floor for domestic prices in this scenario of downward pressure.
- Despite the recent declines in futures prices, our consultancy's estimate points to a 10.5% expansion in the planted area in Brazil in the 2022/2023 harvest, to 1.769 million hectares, which would be, if confirmed, the largest area sown since the 1991/1992 season.

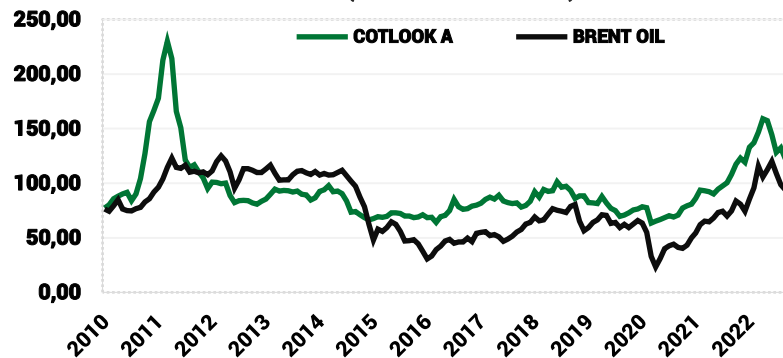
COTTON: BRAZIL AREA – MILLION HA



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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