

GRAINS

2022/2023 OUTLOOK SUMMARY



NOVEMBER/2022



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Future prices for soybeans, corn and wheat for 2023 remain sustained at high levels and above the average of the last 10 years, but below the peaks recorded in the 1st half of 2022.

Global agricultural prices reached record levels between March-April 2022, retreating between May and September, but gaining support at the end of the year, as a result of crop failures in the US, Europe and China in 2022.

After strong declines, cotton prices are more sustained in the global market.

Rice prices are registering slight increases in this last quarter of 2022, while those of beans have retreated throughout this 2nd half.

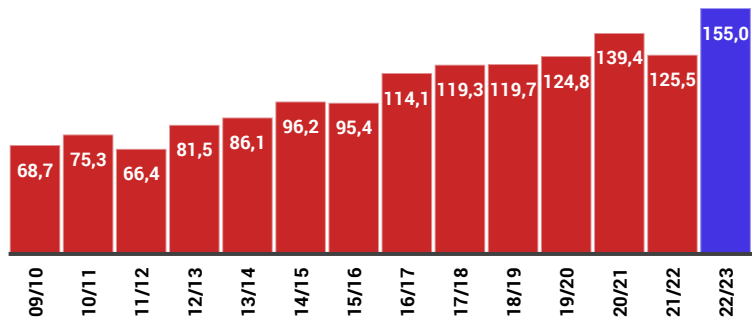
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SOYBEAN: 2022/2023 MARKET OUTLOOK

- On the Chicago Board of Trade, futures contracts for 2023 remain sustained, in the range of US\$ 13.75 to US\$ 14.40 per bushel, compared to the historical average of the last 10 years of US\$ 11.11 per bushel.
- In the domestic market, the tendency is for sustained prices in the short term, with the heated demand for meal and oil and with the dollar at higher levels in this month of November.
- In the November report, the USDA estimated the 2022/2023 US crop at 118.3 MMT, 6% below the initial projection of 126.3 MMT.
- China is expected to increase imports of soybeans in grains by 6.5% in the 2022/2023 season, to 98 MMT, compared to 92 MMT in the previous harvest (2021/2022).
- In Brazil, our Consultancy estimates a 4.4% expansion of the planted area in the 2022/2023 harvest, to 43.3 million hectares, with an estimated production of 155.0 MMT.
- In the long term, the bias is downward for global soybean prices, if the strong advance in planted area and estimated record production for South America in the 2022/2023 season is confirmed.
- Points of attention: La Niña and climate impacts in South America, oil prices (biodiesel from soybean oil), increase in the biodiesel blend in Brazil in 2023 (from current B10 to B13), exchange rate and planting intention in the US 2023/2024 harvest.

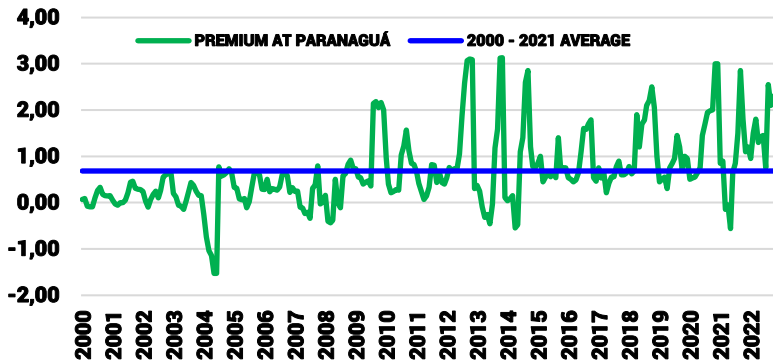
SOYBEAN: BRAZIL PRODUCTION - MMT



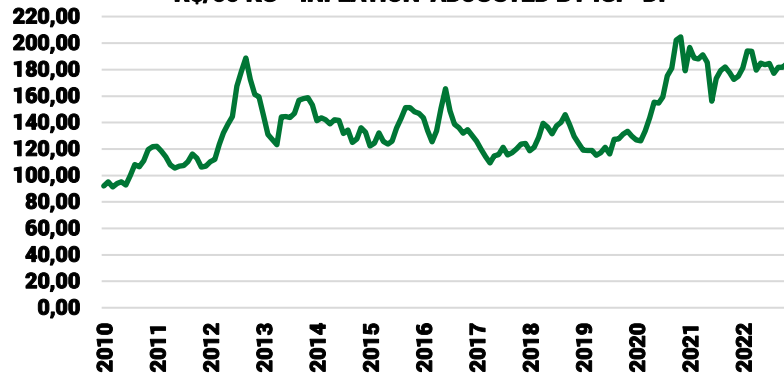
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



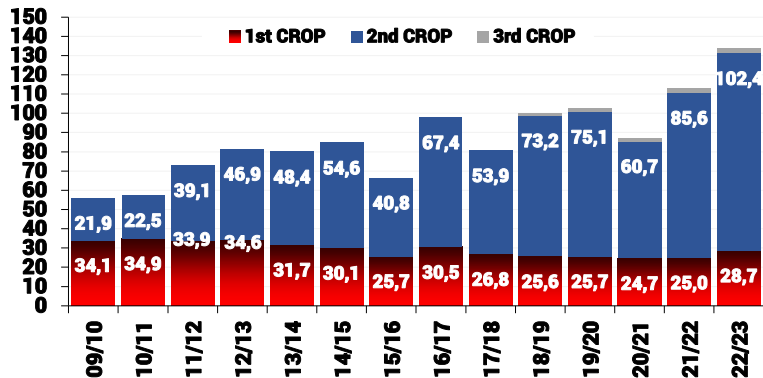
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2022/2023 MARKET OUTLOOK

- On the Chicago Board of Trade, futures maturing in 2023 float between US\$ 6.10 and US\$ 6.70 per bushel, compared to a historical average of US\$ 4.54 per bushel in the last 10 years.
- In the domestic market, the trend is for stable prices until the end of this season, with expectations of a record corn harvest in Brazil in 2023.
- In Brazil, between January and part of November, exports grew 126%: considering the 2021/2022 crop year (February 2022 to January 2023), exports have already reached 35.8 MMT, projecting foreign sales of 40 MMT in the current harvest.
- If this amount exported is confirmed, ending stocks for the 2022/2023 season will drop to 6.1 MMT (which is equivalent to just 29 days of domestic consumption).
- Our Consultancy estimates an expansion of 5.6% in the total corn area in Brazil in 2022/2023, with emphasis on the 8.2% increase in the 2nd harvest, with a projected total production of 133.6 MMT, an increase of 18.4% over the 3 harvests of 2021/2022.
- Points of attention: La Niña and climate impacts in South America, oil prices (corn ethanol), opening of the Chinese market for Brazilian corn, exchange rate and planting intentions in the 2023/2024 US crop.

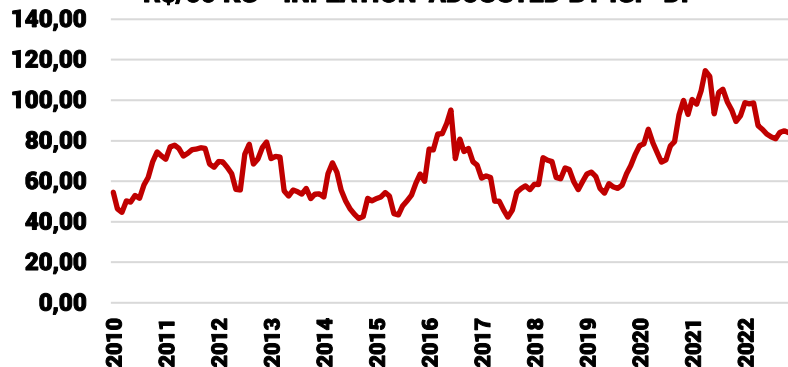
CORN: BRAZIL PRODUCTION - MMT



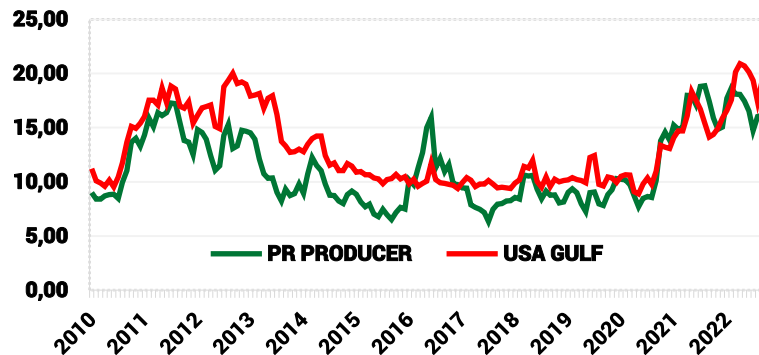
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



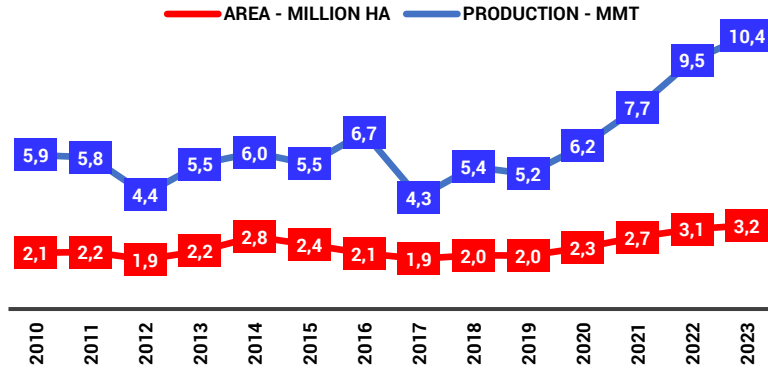
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



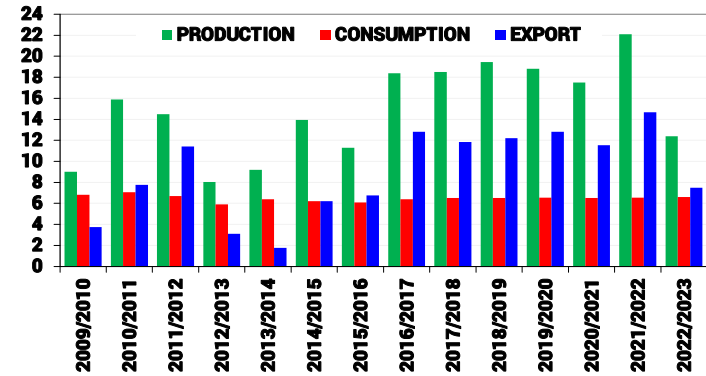
WHEAT: 2022/2023 MARKET OUTLOOK

- The downward pressure persists on the prices of wheat in the domestic market, with the advance of the 2022 record harvest. After this, the bias is upwards in the medium and long terms.
- On the Chicago Board of Trade, future prices for SRW wheat (Soft Red Winter) fluctuate between US\$ 8.00 and US\$ 8.80 per bushel for contracts expiring in 2023, well above the historical average of the last 10 years, of \$6.44 per bushel.
- In Brazil, the amount paid for cereal from Paraná (bread wheat) fell from an average of R\$ 2,180 a tonne in June/2022, to the current R\$ 1,800 a tonne, but the good volumes exported by Brazil and the import parity above the domestic price form a floor for domestic quotations.
- The 2022/2023 Argentine harvest will suffer a sharp decline, currently estimated at 12.4 MMT, compared to the initial expectation of 21.0 MMT, which should cause a sharp drop in exports and will require Brazil to import wheat from the USA and Canada, even at a higher cost.
- The trend is for a new expansion of wheat area in Brazil in the next harvest (2023).
- Points of attention: the Russia-Ukraine war and the flow of exports in the Black Sea region, the final result of the Argentine harvest, the need to purchase grain from third markets, import parity in Brazil and the exchange rate.

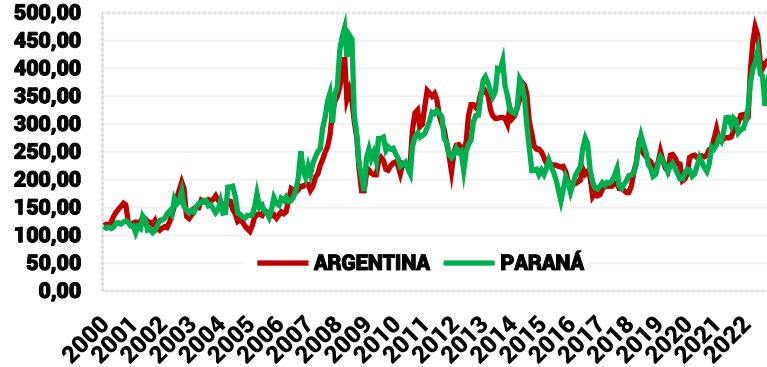
WHEAT: BRAZIL AREA AND PRODUCTION



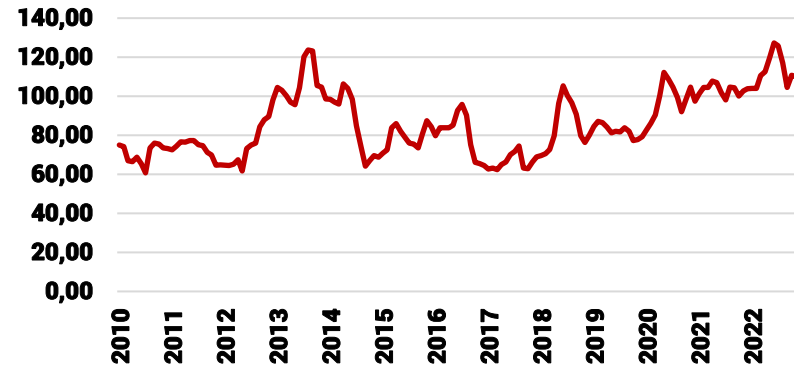
ARGENTINA: WHEAT SUPPLY - MMT



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



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

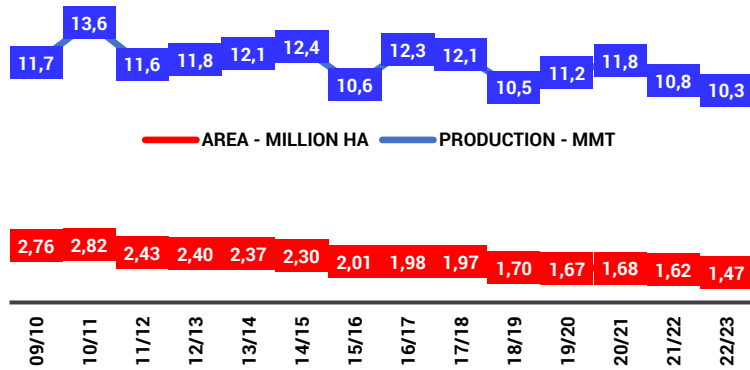


RICE: 2022/2023 MARKET OUTLOOK

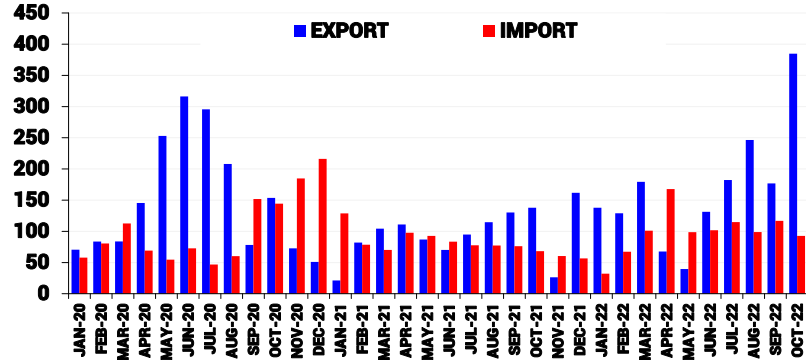
- Paddy rice prices are on the rise in the domestic market, accumulating an increase of 4.5% in the last 30 days, ranging between R\$78 and R\$83 per 50 kg, FOB producer, in southern Brazil.
- In the accumulated from January to October 2022, Brazilian exports of rice (paddy basis) grew 76% compared to the same period of the previous year, compared to a 17% expansion in imports in the same interval, generating a surplus of 683 thousand tonnes on the balance sector commercial.
- The strong expansion of Brazilian exports to Mexico is the main factor that explains this increase in foreign rice sales in 2022.
- In the last 12 months, the average price of paddy rice to producers in southern Brazil has accumulated a significant nominal increase of 25.4% and 30.3% since the beginning of the season, in January/2022.
- Even so, the planted area in Brazil should suffer a sharp decline in the next 2022/2023 season, estimated by our consultancy at 1.470 million hectares – the lowest level since the 1960s –, with projected production at 10.342 MMT, the lowest since 2002/2003.
- Points of attention: La Niña and climate on irrigated rice areas in the Southern Region of Brazil and in Mercosur countries, exchange rate, strong expansion of Brazilian exports in 2022 and low ending stocks forecast for 2022 and also for the end of 2023.



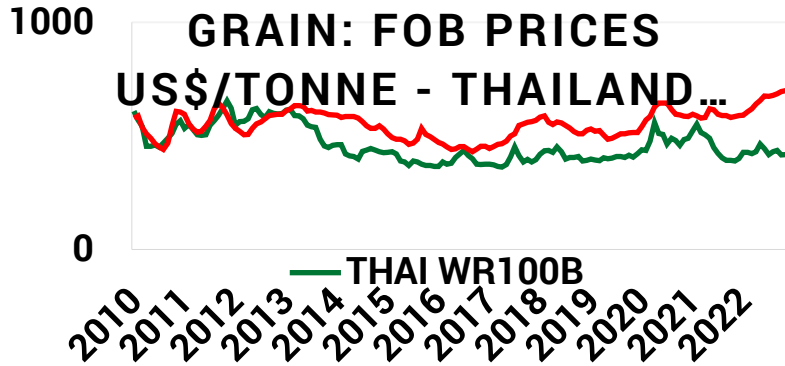
RICE - BRAZIL AREA AND PRODUCTION



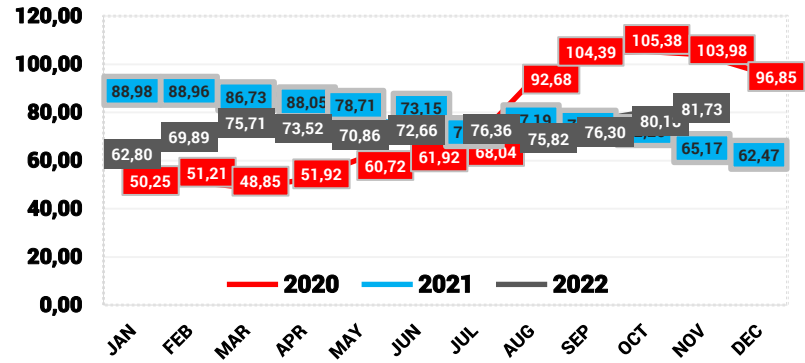
RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - OCTOBER 2022



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



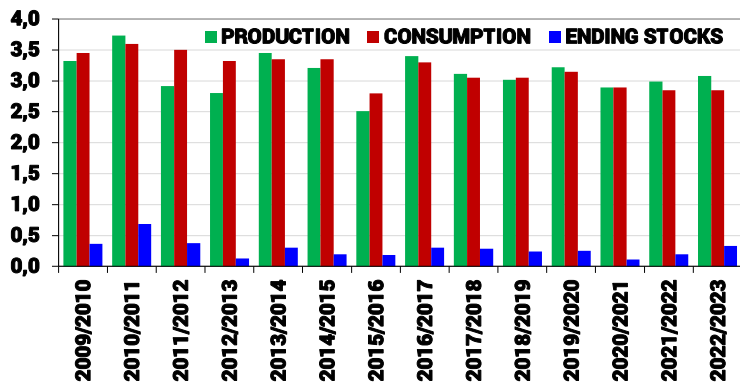
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



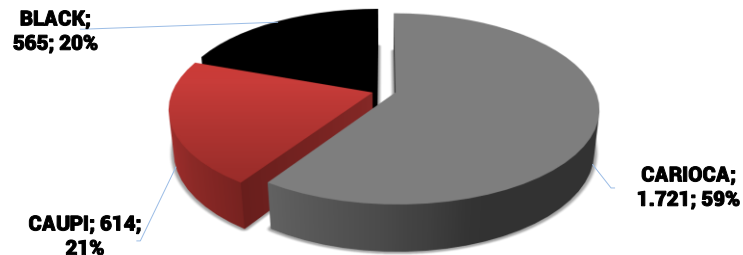
PULSES - BEANS: 2022/2023 MARKET OUTLOOK

- **Prices paid to bean producers have remained relatively stable throughout this year, with one-off drops and rises, depending on the offers made available on the market.**
- **The quotations from Carioca rated 8.5/9.5, FOB producer, are oscillating between R\$ 270 to R\$ 295 per 60 kg this month, compared to the range between R\$ 250 to R\$ 285 per 60 kg in October/2022.**
- **Black bean-extra prices, FOB producer, are oscillating between R\$ 160 and R\$ 180 this month of November, at the same level (R\$ 160 to R\$ 180 per 60 kg) of October/2022.**
- **Our Consultancy's projection for the total area of the 3 crops cultivated in 2022/2023 is 2.786 million hectares, a decrease of 2.6% compared to the area planted in the current season, with an estimated production of 3.082 MMT, 3.1 % above the expected volume for the current season.**
- **Average productivity should grow 5.8% in 2023 and slightly increase domestic supply.**
- **The reduction in consumer purchasing power and demand-adjusted supply lead to a trend of stable prices throughout the first half of 2023.**
- **Points of attention: La Niña and climate on the bean areas of the 1st harvest of 2023, with risks of drought in the South region and excessive rainfall in the producing states of the NE region of Brazil, in addition to the quality of the 1st harvest, whose area suffered a strong decrease of 8.5%.**

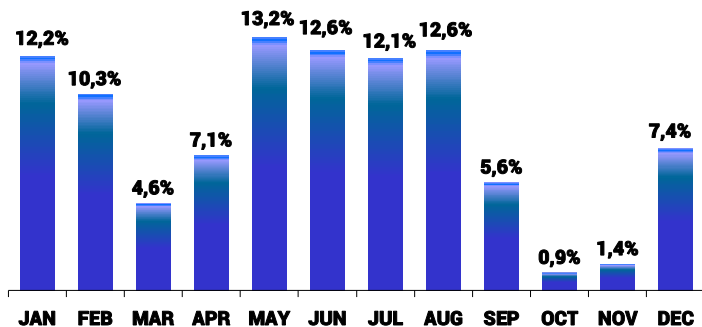
BEANS: BRAZIL SUPPLY - MMT



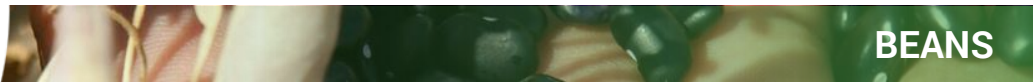
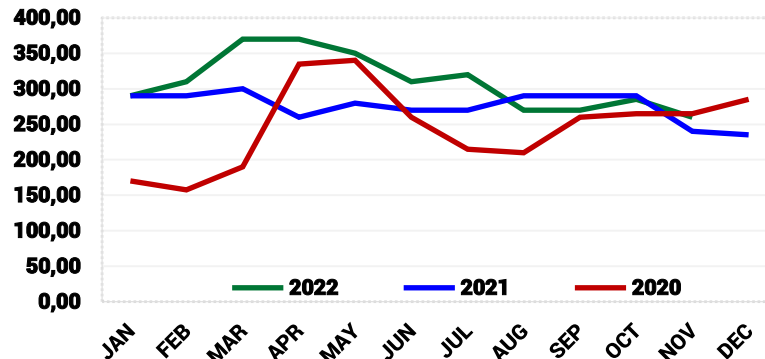
BEANS: BRAZIL 2022 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



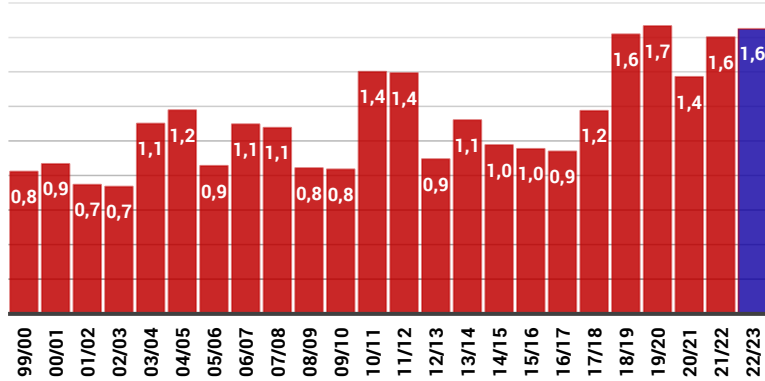
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



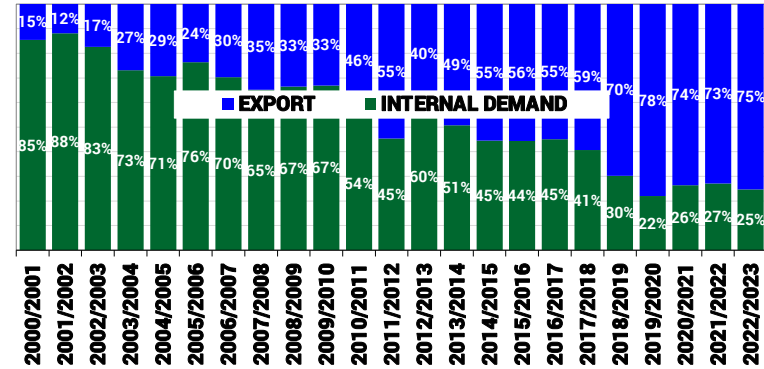
COTTON: 2022/2023 MARKET OUTLOOK

- At ICE US New York, cotton prices have accumulated a strong drop of 20% in the last 12 months.
- Plume futures contracts on ICE US (New York) with maturities in 2023 fluctuate in a range between 79 ¢ and 88 ¢ per pound, without registering new sharp lows throughout the month of November.
- In the domestic market, prices have accumulated a 12% decline in the last 30 days, but with an increase of 7% in the last 30 days, with the Cepea/Esalq indicator quoted at R\$ 5.43 per pound.
- The current price is 13% higher than the FAS (Free Alongside Ship) export parity, which is R\$ 4.81 per pound (88.30 ¢ per pound) at the Port of Santos (SP), based on the Cotlook A Index – this is the lowest par value since October 2021.
- With the decrease in future prices in recent months and the drop in the profitability margins expected by cotton growers, our Consultancy estimates a slight expansion of 3% in the planted area in Brazil in 2022/2023 – with progress in MT and stability in BA.
- Points of attention: global recession and decline in demand for lint (especially in China, whose GDP is expected to have a low expansion), oil prices and prices of synthetic fibers competing with lint, exchange rate and performance of Brazilian exports in the coming months.

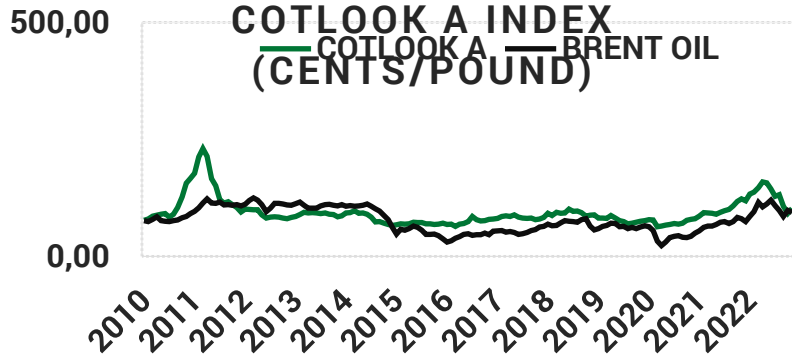
COTTON: BRAZIL AREA – MILLION HA



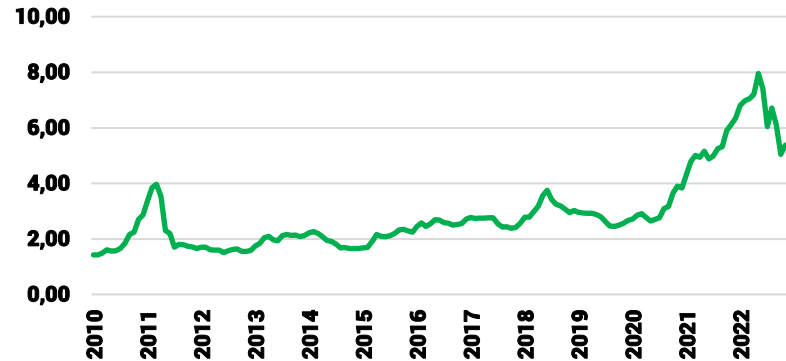
COTTON LINT: BRAZIL PRODUCTION DESTINATION



BRENT OIL (U\$/BARREL) X



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





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