

GRAINS

2023/2024 OUTLOOK SUMMARY



MARCH/2023



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The expansion of the global supply of grains in the upcoming 2023/2024 season is pressing future prices of soybeans, corn and wheat .

The sharp declines in the Argentine soybean, corn and wheat harvest in 2022/2023, resulting from the drought caused by the La Niña, prevent further sharp declines in future grain prices on the Chicago Stock Exchange.

The trend is for sustained future quotations throughout this first half of the year, with a downward bias for the second half of 2023.

After three consecutive years of La Niña, the projection for the 2023/2024 season is for the occurrence of the El Niño, which also has the potential to cause failures in grain harvests.

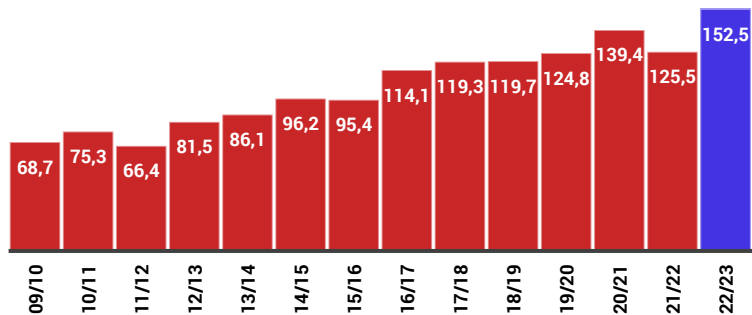
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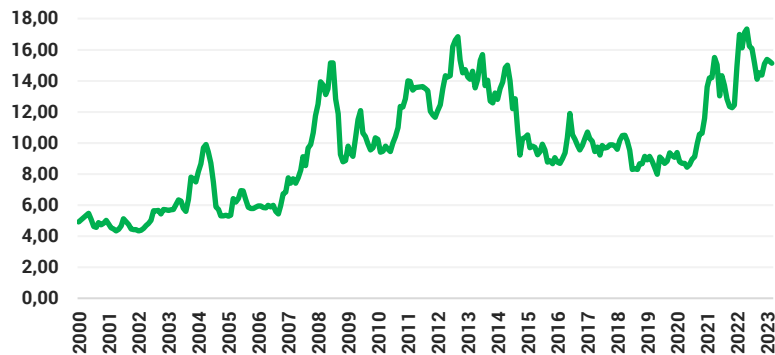
SOYBEAN: 2023/2024 MARKET OUTLOOK

- The trend is downward for soybean prices in the domestic market in the short term, with increased domestic supply, low volume of anticipated sales in the 2022/2023 harvest, higher freight costs between the interior and ports, accumulation of ships at terminals export and negative premiums.
- Future quotations for the closest maturities are maintained at high levels on the Chicago Board of Trade, oscillating between US\$ 15.00 and US\$ 15.20 per bushel.
- However, maturities for the 2nd half of 2023 fluctuate between US\$ 13.50 and US\$ 14.60 per bushel, compared to the historical average of the last 10 years of US\$ 10.95 per bushel, reflecting the expectation increased global supply, with the record harvest in Brazil in 2022/2023 and the possibility of expanding the area in the USA in the next 2023/2024 harvest.
- In Argentina – the largest global exporter of meal and oil – losses are significant, with the 2022/2023 harvest estimated at 28 MMT, compared to an initial projection of 49 MMT.
- This reduction should favor Brazilian exports of soybean meal and oil throughout 2023.
- What's on the radar: premiums at Brazilian ports, intention to plant in the next US 2023/2024 crop, increase in the biodiesel mix in Brazil in the short term (from the current B10 to up to B13), exchange rate in Brazil and chances of El Niño in the summer of 2023/2024.

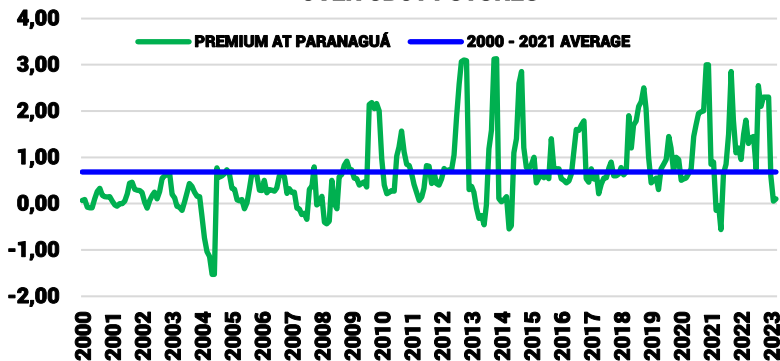
SOYBEAN: BRAZIL PRODUCTION - MMT



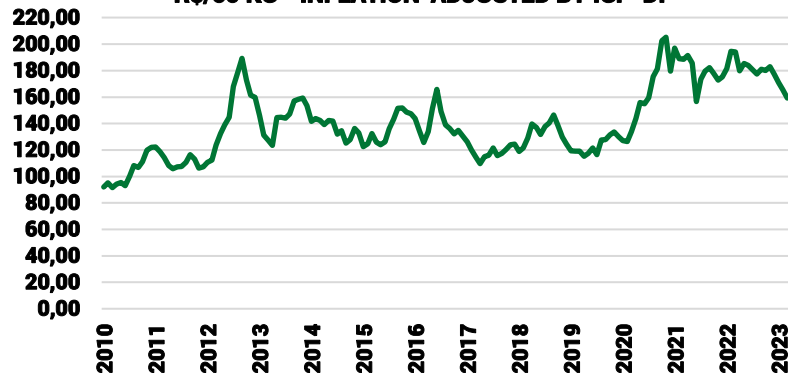
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



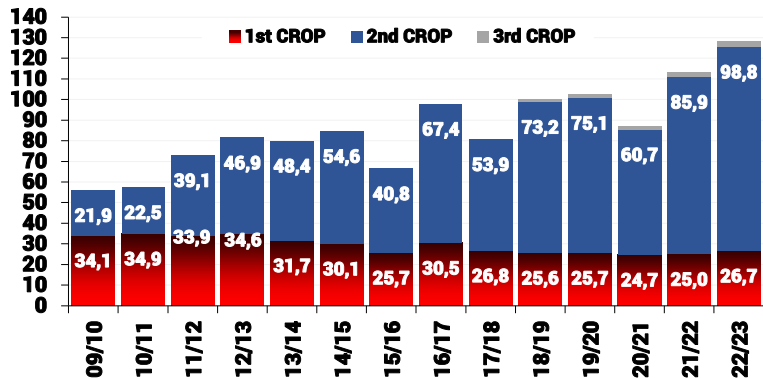
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: 2023/2024 MARKET OUTLOOK

- At the Chicago Stock Exchange, the trend is downward for corn futures prices, with expectations of global supply recovery in the 2023/2024 season.
- Futures contracts for the 1st half of 2023 range between US\$6.10 and US\$6.20 per bushel, while maturities for the 2nd half of 2023 range between US\$5.50 and US\$6.00 per bushel.
- In the US, the projection is for a 2.7% expansion in the area to be planted in the 2023/2024 harvest, with an initial production projection of 383.2 MMT, the second highest in history.
- In Brazil, exports are estimated at a record 50 MMT in 2022/2023, placing the country at the top of global exports, surpassing the United States.
- Brazilian exports remain heated, with an increase of 163% in the accumulated from January to March 2023, compared to the same period of the previous year.
- The sharp drop in the Argentine crop and the reduction in Ukrainian exports opens up even more room for advances in Brazilian exports in 2023.
- What's on the radar: planting intentions in the next US 2023/2024 crop, chances of El Niño in the summer of 2023/2024, oil prices and competitiveness of corn ethanol and the flow of Brazilian exports in 2023.

CORN: BRAZIL PRODUCTION - MMT



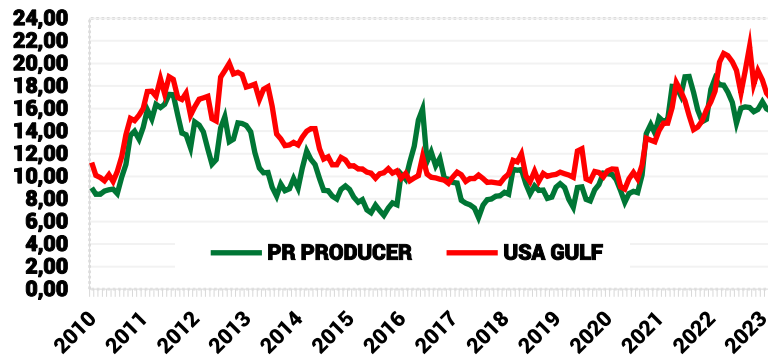
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



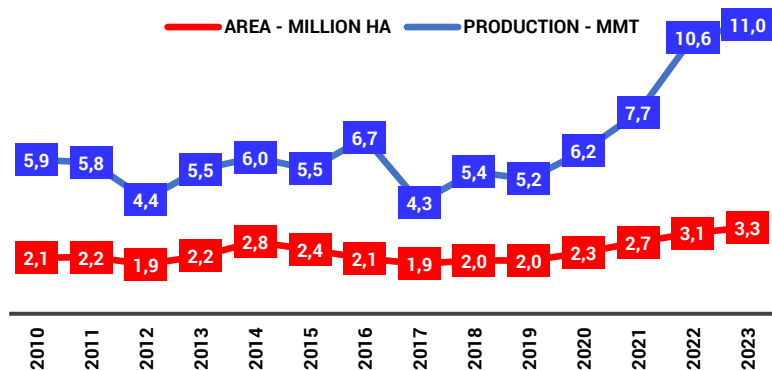
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



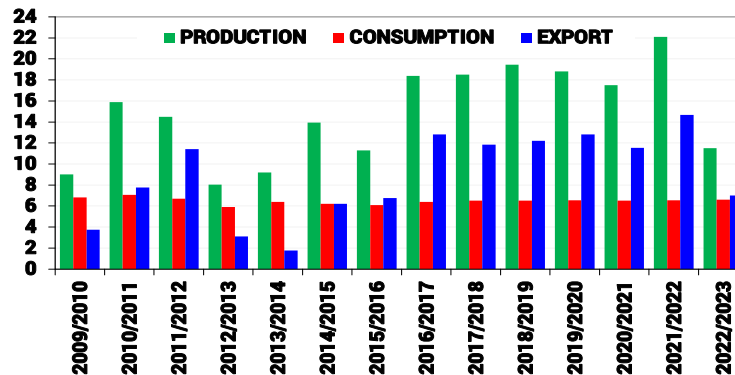
WHEAT: 2023/2024 MARKET OUTLOOK

- On the Chicago Board of Trade, the trend is bearish on future prices for SRW (Soft Red Winter) wheat, fluctuate between US\$ 6.60 to US\$ 7.20 per bushel for 2023 maturities.
- In the domestic market, the record crop harvest, the need to open spaces in warehouses for the summer crop and the decline in foreign prices keep domestic prices stabilized.
- The sharp drop in Argentina's 2022/2023 crop, estimated at 11.5 MMT, compared to the initial expectation of 21.0 MMT, caused a significant decline in the country's exportable surplus and will require Brazil to import wheat from the USA and Canada, at higher costs.
- Current prices on the domestic market range from R\$ 1,600 to R\$ 1,650 a ton for type 1 wheat in Paraná and between R\$ 1,400 to R\$ 1,450 a ton in Rio Grande do Sul, with an average decrease of 6.4% in the accumulated from 2023.
- With import parity above the values practiced in the domestic market, the trend is upward for domestic wheat prices from the beginning of the off-season, between April and May 2023.
- What's on the radar: flow of exports in the Black Sea region, need for wheat imports from third markets in the coming months, exchange rate in Brazil and import parity in Brazil.

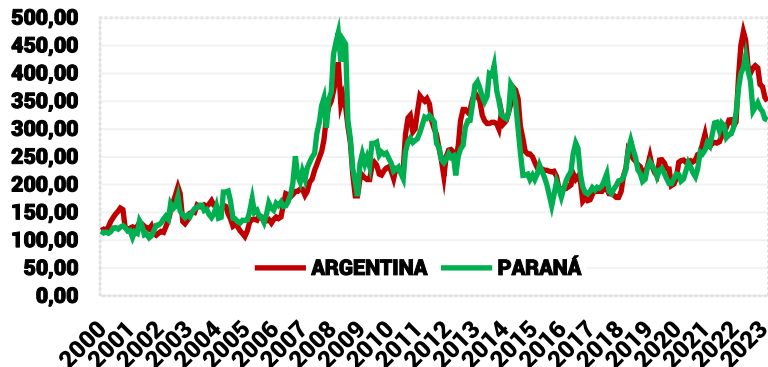
WHEAT: BRAZIL AREA AND PRODUCTION



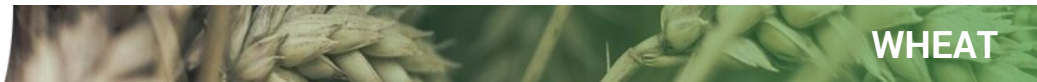
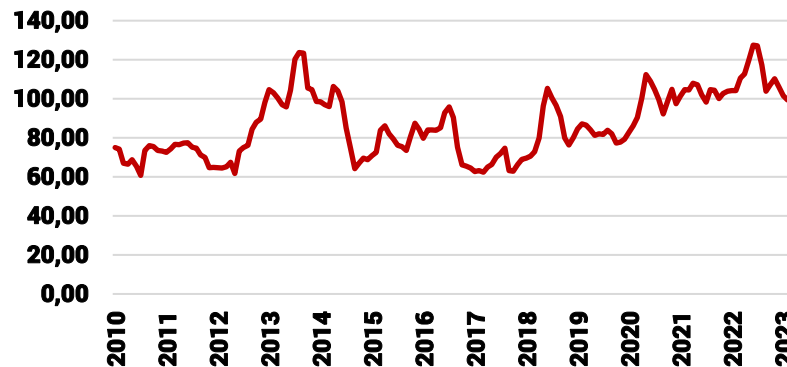
ARGENTINA: WHEAT SUPPLY - MMT



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



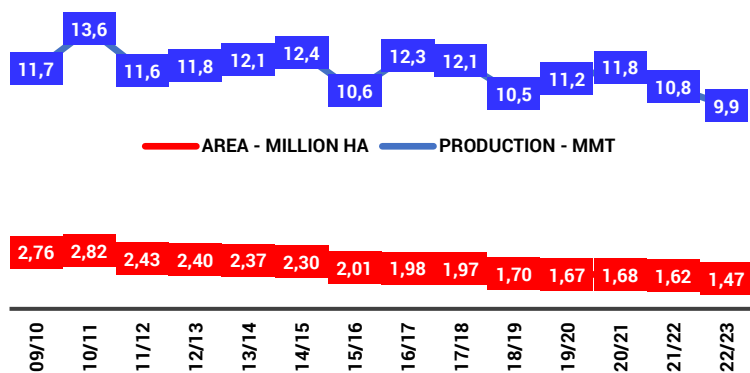
WHEAT: FOB PRODUCER PRICES - R\$/60 KG INFLATION-ADJUSTED BY IGP-DI



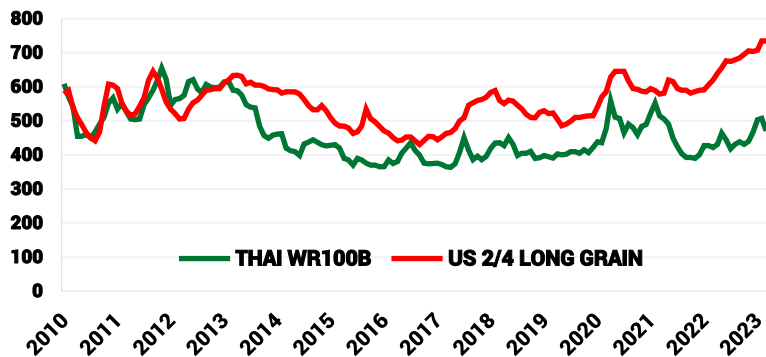
RICE: 2023/2024 MARKET OUTLOOK

- Paddy rice prices are sustained in the domestic market, accumulating a nominal increase of 11.7% in the last 12 months, even with the approach of the 2023 harvest.
- With the lowest domestic production since 1998, the tendency is for less downward pressure on domestic prices during the harvest period and an upward pressure on prices during the off-season.
- The Brazilian rice crop for 2023 is estimated at 9.88 MMT, down 8% compared to the previous year, well below domestic consumption, estimated at 10.5 MMT.
- In the accumulated from January to February 2023, Brazilian exports of rice (paddy basis) decreased by 6% compared to the same period of the previous year, while imports, in this same interval, grew 123%.
- In the first two months of 2023, exports of 251.5 thousand tonnes (paddy basis) and imports of 222.2 thousand tonnes (paddy basis) result in a surplus of 29.3 thousand tonnes (paddy basis) in the trade balance of the sector.
- What's on the radar: the final result of productivity in the irrigated rice areas in the South Region of Brazil and in the Mercosur countries, the exchange rate in Brazil, the flow of exports and imports over the next few months and a further reduction in carry-over stocks 2023 to 2024.

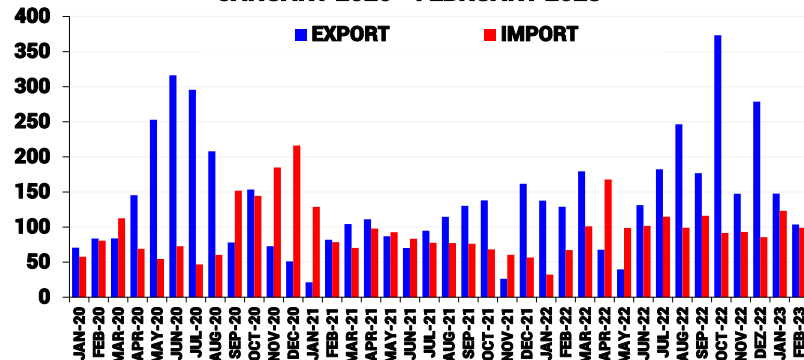
RICE - BRAZIL AREA AND PRODUCTION



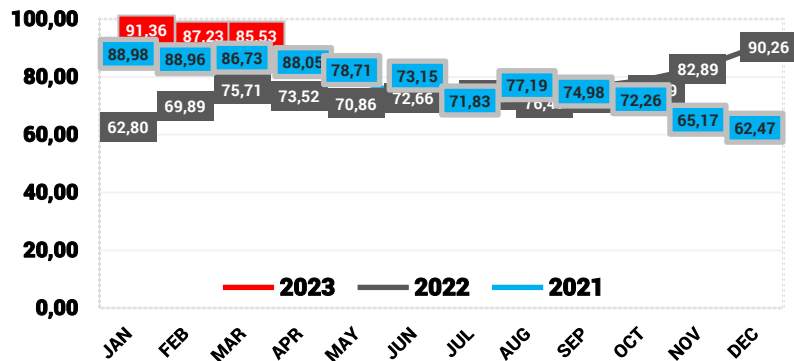
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2020 - FEBRUARY 2023



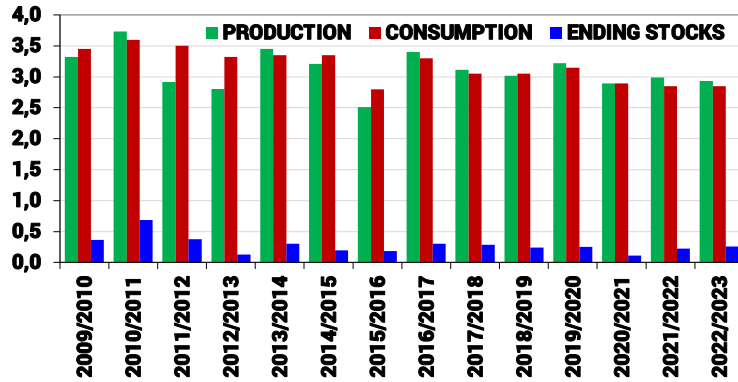
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



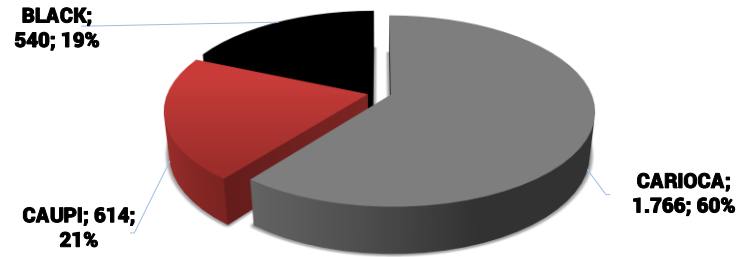
PULSES - BEANS: 2023/2024 MARKET OUTLOOK

- **Prices paid to carioca bean producers remain firm in early March 2023.**
- **Carioca bean prices of grades 8.5/9.5, FOB producer are oscillating between R\$ 335 to R\$ 395 per 60 Kg, above the range between R\$ 350 to R\$ 395 per 60 Kg in February/2023.**
- **Prices for black beans-extra, FOB producer, are hovering between R\$250 to R\$285 in early March, slightly below the range of R\$270 to R\$295 per 60 kg in February/2023.**
- **The average price of carioca beans paid to producers has increased by 6.8% in the last 12 months.**
- **The area planted in the 1st harvest 2022/2023, which is in the harvest period in the Center-South of Brazil, decreased by 5.5% compared to the area cultivated in the 1st harvest of 2021/2022, reducing the supply potential in these first months of 2023.**
- **Our Consulting projection for the total area of the 3 crops cultivated in 2022/2023 is 2.777 million hectares, a decrease of 2.9% compared to the area planted in the 2021/2022 season, with an estimated production of 2.934 MMT, 1.9% below the volume harvested last season.**
- **What's on the radar: possibility of a further decline in the planted area in the 2nd harvest of 2023, maintaining the scenario of restricted supply, chances of El Niño in the summer of 2023/2024 and risks of drought in the producing areas of Northeast Brazil.**

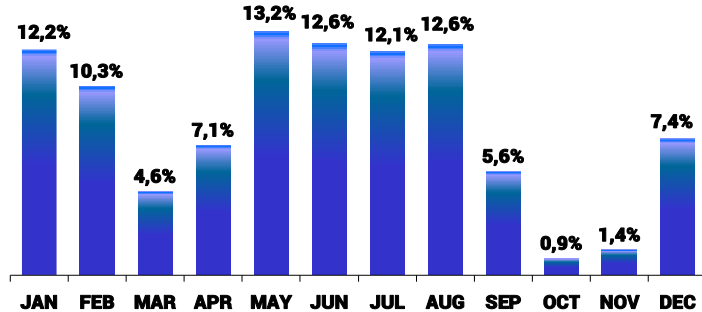
BEANS: BRAZIL SUPPLY - MMT



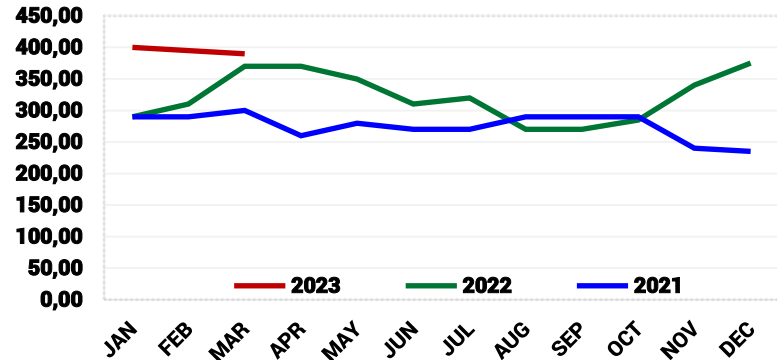
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



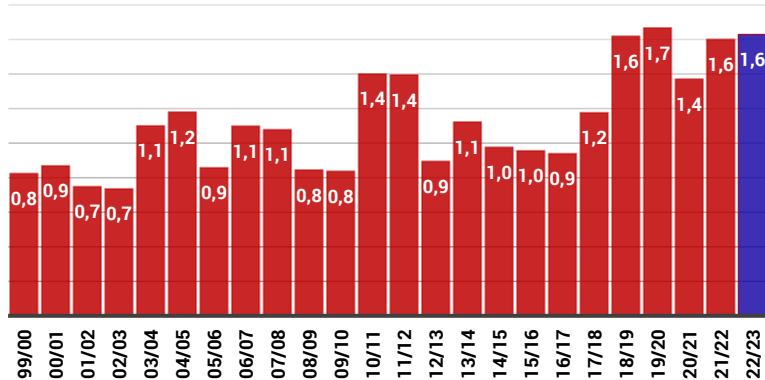
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



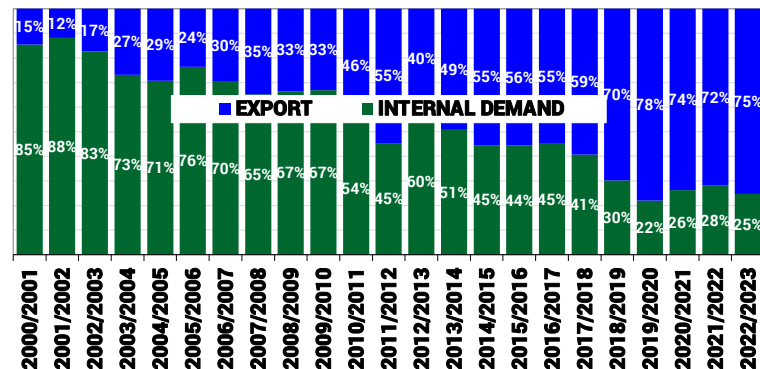
COTTON: 2023/2024 MARKET OUTLOOK

- Lint prices are down on the domestic market, with an average of R\$ 4.94 per pound, accumulating a 6% decrease in the last 30 days and 30% in the last 12 months.
- Feather futures on ICE US (New York) expiring in 2023 range from 78 ¢ to 82 ¢ per pound, while contracts expiring in 2024 are trading between 77 ¢ and 81 ¢ per pound.
- External plume quotations have accumulated a 39% retraction in the last 12 months.
- Negotiations are slow in the country, given the uncertainty about the domestic consumption of yarns and textiles and the lower pace of exports, which could mean greater availability of the lint.
- Factories are not selling yarn, in addition to fears of layoffs and magazine closures, and with the weakening of exports, part of what would be exported will be offered internally.
- The planted area is expected to increase 2% in Brazil in 2022/2023, with projection of expansion of 12% in production and record exports of 2.2 MMT of lint.
- What's on the radar: global recession and decline in demand for lint, especially in China, oil prices and prices of synthetic fibers competing with lint, the exchange rate in Brazil and the flow of Brazilian exports in the coming months.

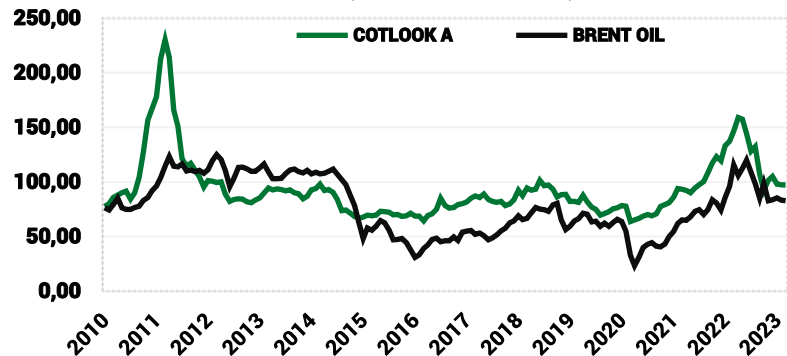
COTTON: BRAZIL AREA – MILLION HA



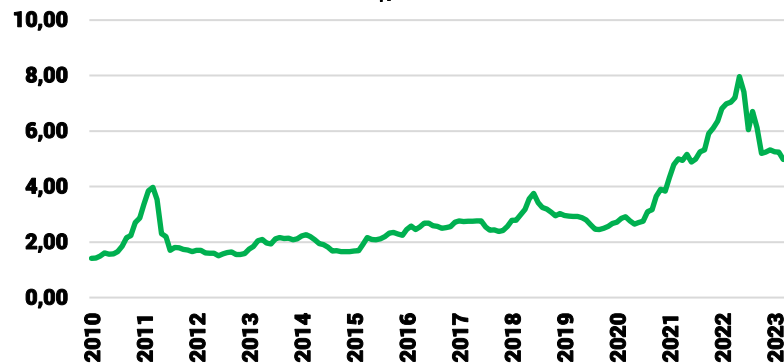
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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