

GRAINS

2023/2024 OUTLOOK SUMMARY



AUGUST/2023



TABLE OF CONTENTS

With the improvement of climatic conditions over grain producing areas in the United States, the future prices of soybeans, corn and wheat dropped on international exchanges. Soybean and corn harvests should be below initial expectations in the United States, but without projections of significant breaks in the current harvest (2023/2024).

In Brazil, the record harvest of grains, insufficient static storage capacity and negative premiums at ports continue to pressure domestic soybean and corn prices. The entry of the new wheat crop into the market also puts pressure on domestic grain prices.

El Niño will bring climate risks to the new Brazilian grain harvest 2023/2024.

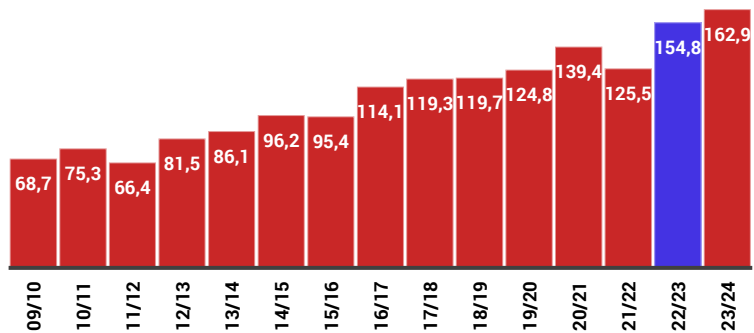
Item	Page
Soybean: 2023/2024 outlook	03
Corn: 2023/2024 outlook	05
Wheat: 2023/2024 outlook	07
Rice: 2023/2024 outlook	09
Beans: 2023/2024 outlook	11
Cotton: 2023/2024 outlook	13



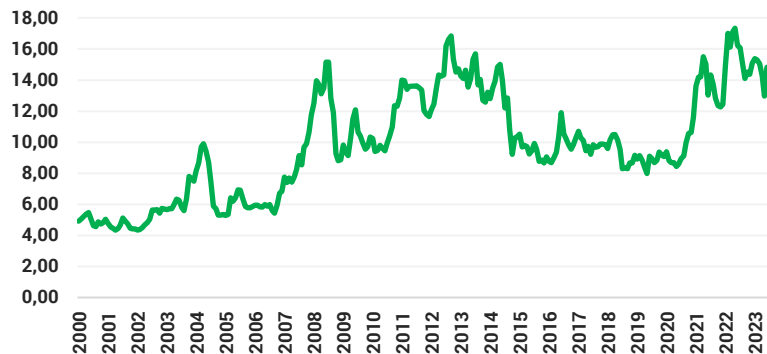
SOYBEAN: 2023/2024 MARKET OUTLOOK

- The trend is for stable future soybean prices, with the reduction in production expected in the US crop in 2023/2024: the initial harvest projection was 122.7 MMT in May/2023 and was reduced to 114.5 MMT in August/2023.
- On the Chicago Stock Exchange, this reduction in harvest expectations in the US raised the soybean price by 15.2% for November/2023, between 06/1/2023 and 08/15/2023.
- However, weather conditions in the USA improved, with the Drought Monitor indicating the share of planted area with some level of drought decreased to 43%, compared to 63% on 06/27/2023.
- On the Chicago Board of Trade, maturities for the 1st half of 2024 float between US\$ 13.20 and US\$ 13.40 per bushel, while contracts for the 2nd half of 2024 range between US\$ 12.60 ~ 13.40.
- In Brazil, premiums remain negative in Brazilian ports, but are positive for shipments from September/2023, indicating an upward bias for the remainder of the 2023 season.
- For the 1st half of 2024, premiums are negative in Brazilian ports, indicating a downward bias for domestic quotations between January and July 2024.
- What's on the radar: “weather market” in the 2023/2024 US crop, exchange rate in Brazil, premiums in Brazilian ports and impacts of *El Niño* in the 2023/2024 crop in Brazil.

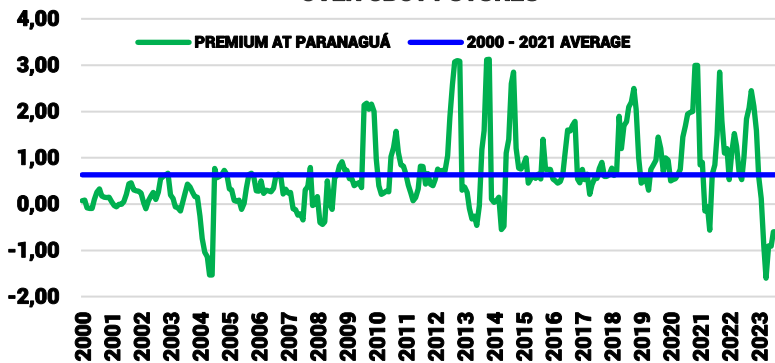
SOYBEAN: BRAZIL PRODUCTION - MMT



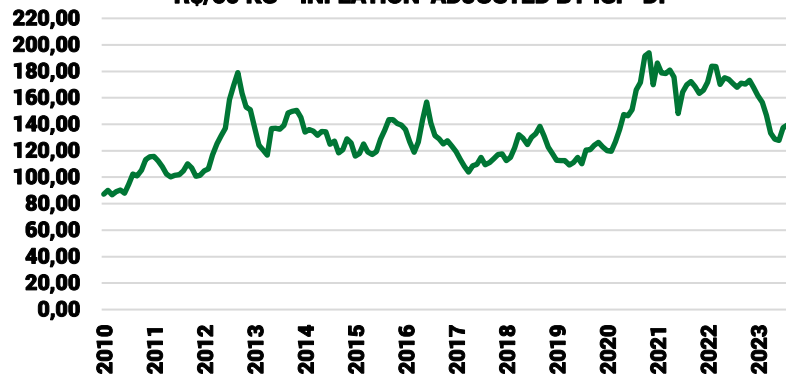
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



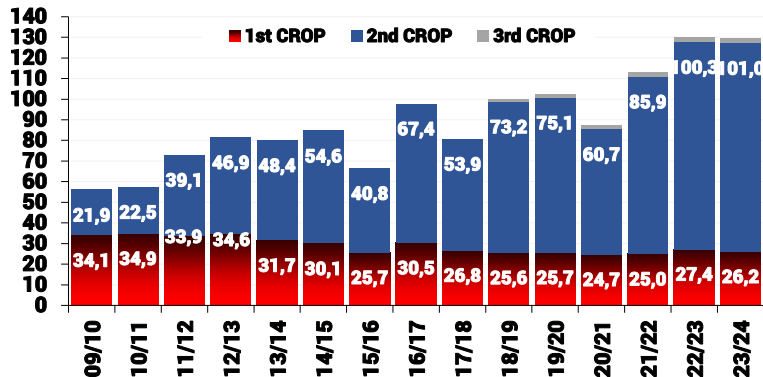
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



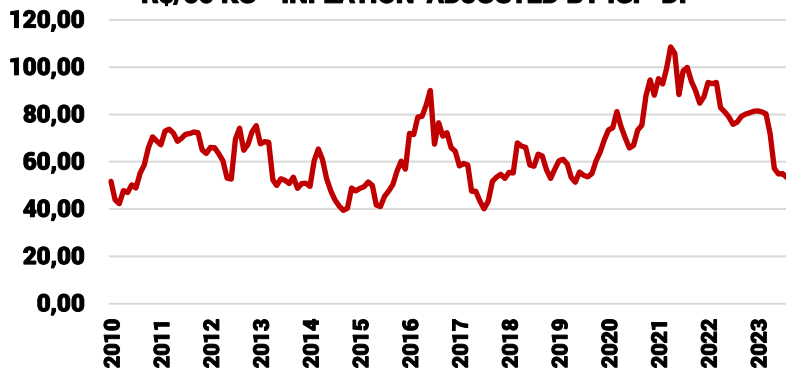
CORN: 2023/2024 MARKET OUTLOOK

- In the domestic market, downward pressure persists on corn prices, with the advance of the record 2nd harvest of 2023, the drop in foreign prices and the lack of static storage capacity in Brazil, reducing the ability of producers to retain part of the excess of offer.
- On the Chicago Board of Trade, maturities for the 1st half of 2024 range between US\$ 5.00 and US\$ 5.10 per bushel, while contracts for the 2nd half of 2024 range between US\$ 5.00 and US\$ 5.10 per bushel – reflecting the expectation of a record US harvest in 2023/2024.
- Weather conditions in the USA improved, with the Drought Monitor indicating the share of planted area with some level of drought decreased to 49%, compared to 70% on 06/27/2023.
- The initial projection for the 2023/2024 crop in the USA was 387.7 MMT in May/2023 and was reduced to 383.8 MMT in August/2023 – even so, if confirmed, this volume would be the second largest ever recorded in US history.
- In Brazil, our Consultancy estimate a strong reduction of 7.8% in the planted area in the 1st harvest 2024 (summer), with the drop in projected profitability and migration to soybean.
- What's on the radar: “climate market” in the US, flow of Brazilian exports throughout the second half of 2023 and impacts of *El Niño* on the 1st Brazilian harvest of 2023/2024 (summer).

CORN: BRAZIL PRODUCTION - MMT



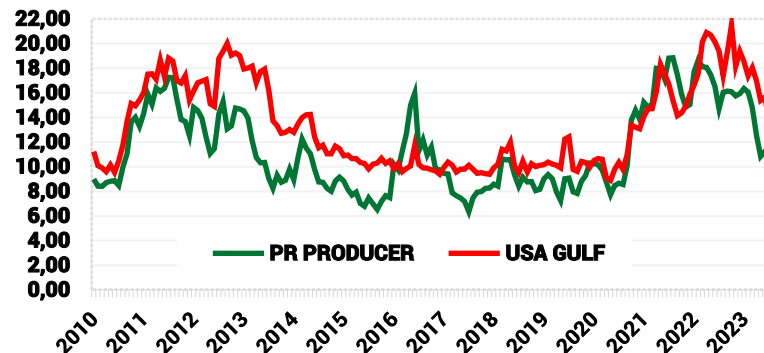
CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: CBOT FUTURE PRICES US\$/BUSHEL



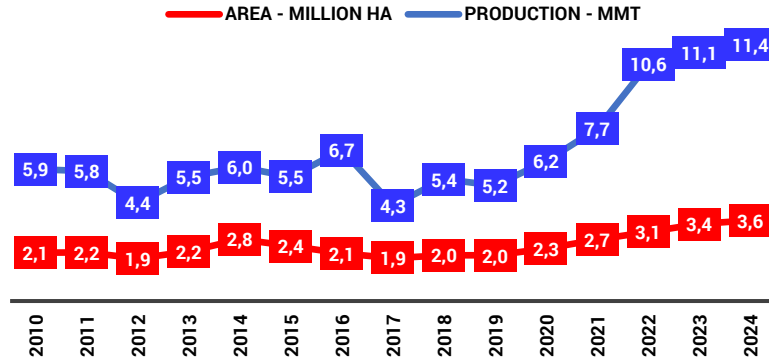
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



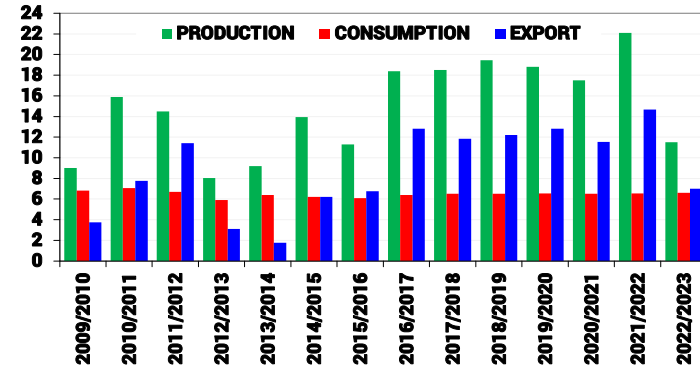
WHEAT: 2023/2024 MARKET OUTLOOK

- On the Chicago Board of Trade, future prices for SRW wheat (Soft Red Winter) are stable, oscillating between US\$ 6.60 to US\$ 7.10 per bushel in contracts expiring in 2024.
- Current quotations on the batch market range from R\$1,250 to R\$1,300 a tonne for type 1 wheat in Paraná and between R\$1,230 to R\$1,250 a tonne in Rio Grande do Sul.
- In the domestic market, the trend is downward for prices, with the start of the 2023 harvest.
- For delivery in October and November, buyers indicate between R\$ 1,100.00 and R\$ 1,150.00 per tonne CIF, in the Campos Gerais region, Paraná.
- The 2023 Brazilian wheat harvest is estimated at a record 11.1 MMT. With imports estimated at 5.0 MMT in the 2023/2024 crop year (August/2023 to July/2024) and opening stocks of 700 thousand tonnes, the domestic supply is estimated at 16.8 MMT, for a consumption of 12.4 MMT.
- Record domestic surpluses will require that Brazilian grain exports also occur in good volumes, otherwise, pressure on prices could be increased.
- What's on the radar: evolution of the harvest in Brazil and risks of rains resulting from the *El Niño* phenomenon and the flow of shipments in the Black Sea region.

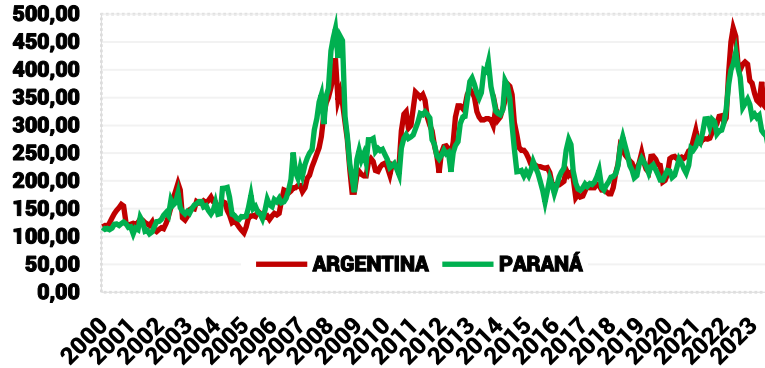
WHEAT: BRAZIL AREA AND PRODUCTION



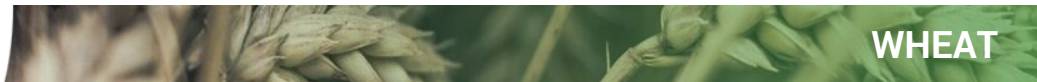
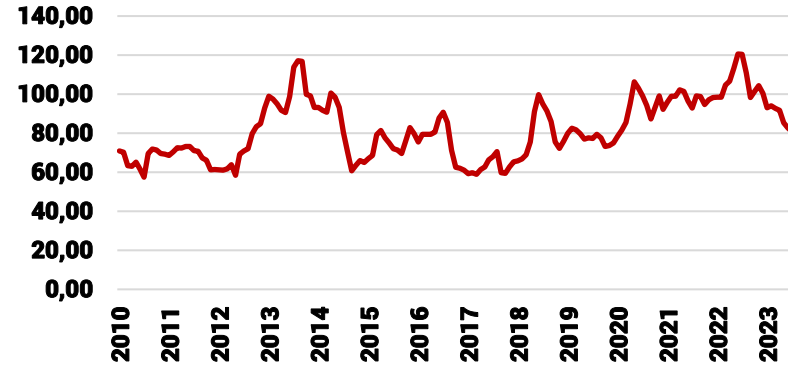
ARGENTINA: WHEAT SUPPLY - MMT



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



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

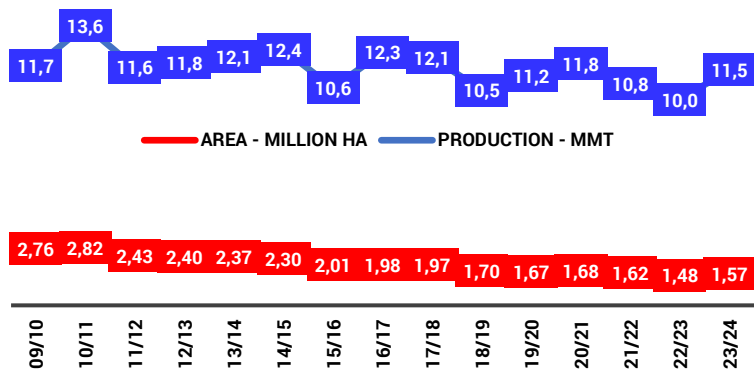


RICE: 2023/2024 MARKET OUTLOOK

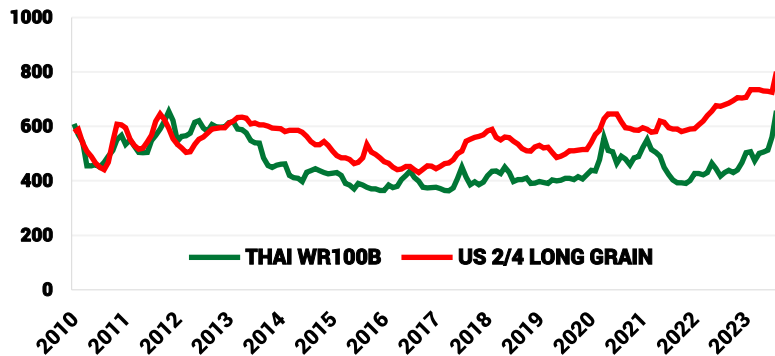
- The trend is upward for prices in the external and internal markets, after the decision of the government of India to suspend exports of non-basmati white rice, to contain the rise in domestic prices: India is the world's largest exporter of the grain, responding for 35% to 40% of global rice exports over the last three years.
- The price of Thai processed rice WR 100B has increased by 39% since April/2023, rising from US\$ 474 a tonne FOB to US\$ 657 a tonne FOB.
- In the domestic market, the drop in domestic production in 2023 and heated exports have been causing successive price increases, with an upward bias until the end of the off-season.
- The prices of paddy rice accumulate a high of 10% in the last 30 days.
- In the accumulated from January to July 2023, Brazilian exports (paddy basis) grew 18% compared to the same period of the previous year, while imports, in the same period, grew 21%.
- In volumes, in the accumulated of 2023, exports of 1.025 MMT and imports of 825 thousand tonnes result in a surplus of 200 thousand tonnes in the trade balance of the sector.
- What's on the radar: flow of exports and imports over the next few months and expectation of further reduction in ending stocks in Brazil from 2023 to 2024.



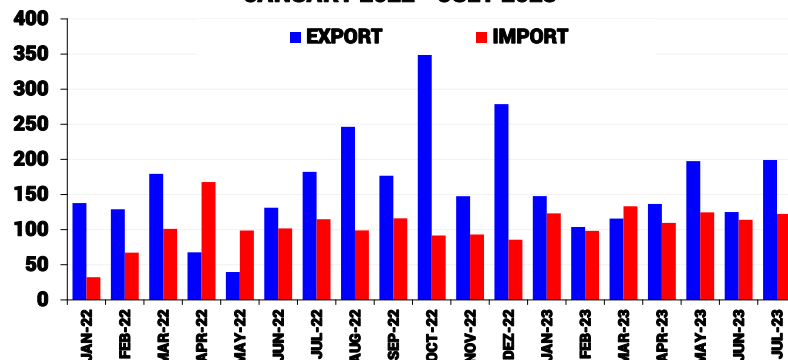
RICE – BRAZIL AREA AND PRODUCTION



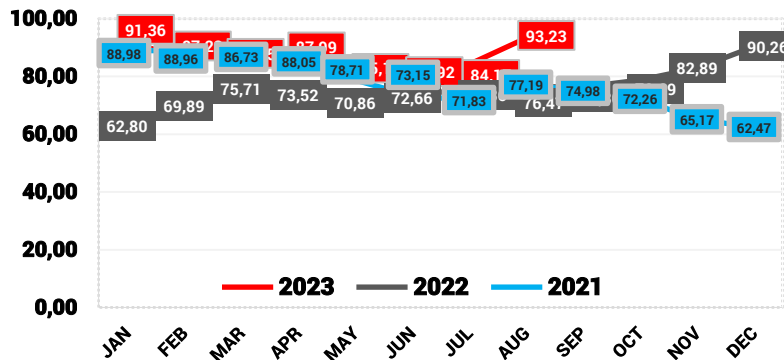
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2022 - JULY 2023



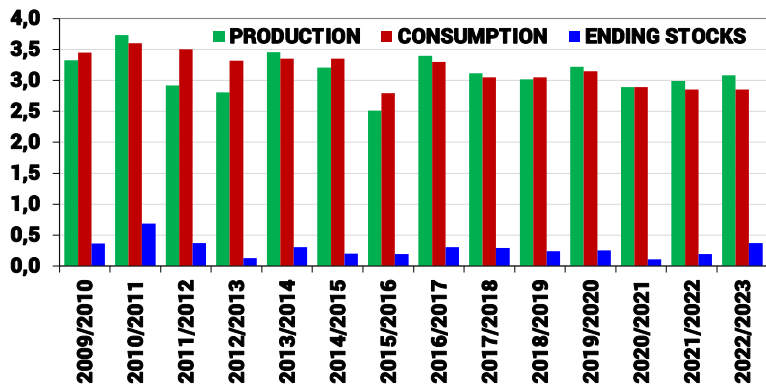
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



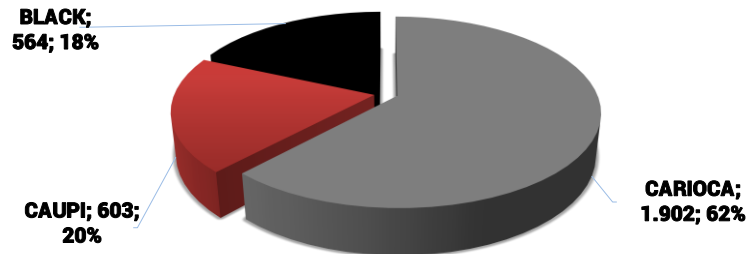
PULSES - BEANS: 2023/2024 MARKET OUTLOOK

- Prices paid to carioca bean producers continue to lose strength in the domestic market.
- Carioca bean prices of grades 8.5/9.5, FOB producer are oscillating between R\$ 255 to R\$ 285 per 60 Kg, below the range of R\$ 260 to R\$ 290 per 60 Kg in July 2023.
- Prices for black beans-extra, FOB producer, are ranging between R\$ 260 to R\$ 280 this month of August, the same range (R\$ 260 to R\$ 280 per 60 kg), registered in July 2023.
- The area planted in the 1st crop of 2023 decreased by 5.7% in relation to the area cultivated in the 1st crop of 2022, while the area planted in the 2nd crop of 2023 decreased by 7.1%, which reduced supply throughout the first half of 2023.
- The area planted in the 3rd harvest of 2023 may suffer a further decline in Brazil.
- Our Consulting projection for the total area of the 3 crops cultivated in 2022/2023 is 2.695 million hectares, a decrease of 5.7% compared to the area planted in the 2021/2022 season, with an estimated production of 3.068 MMT, 2 .6% above the volume harvested last season.
- What's on the radar: confirmation of the planted area in the 3rd harvest of 2023, high domestic supply in the short term and weakened retail consumption, impacts of *El Niño* in the summer of 2023/2024 and increased risks of drought in the producing areas of the North and Northeast.

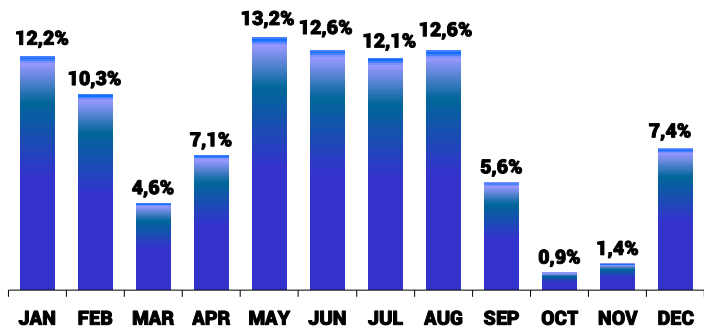
BEANS: BRAZIL SUPPLY - MMT



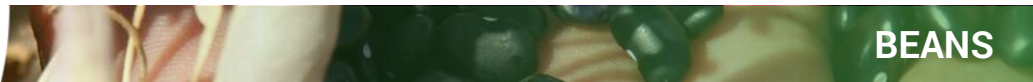
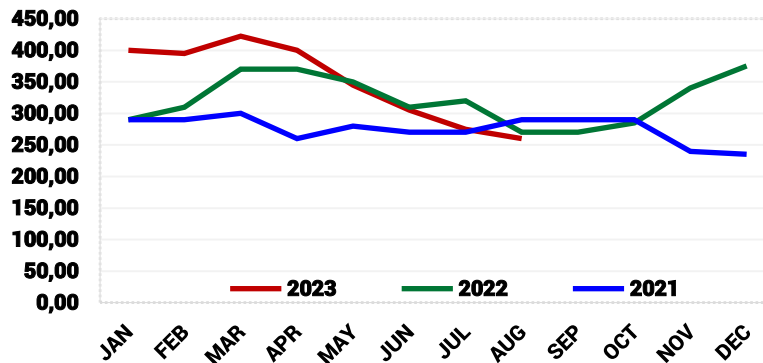
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



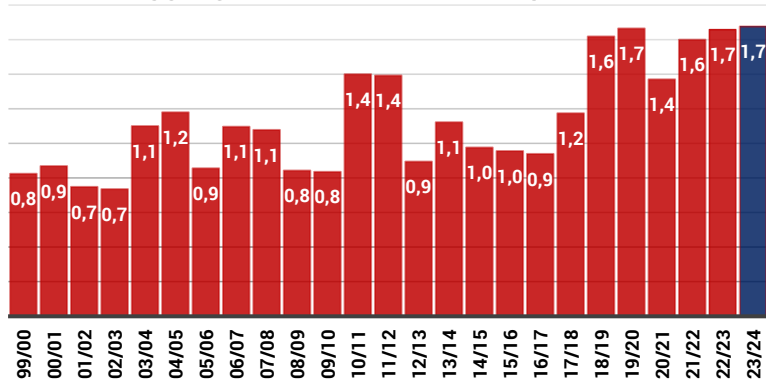
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



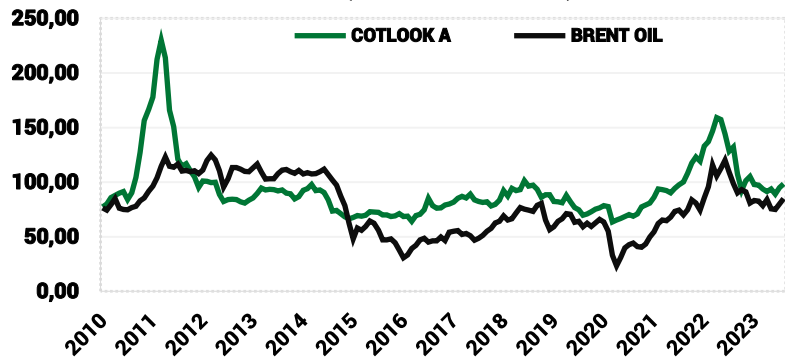
COTTON: 2023/2024 MARKET OUTLOOK

- Feather prices are sustained in the domestic market, averaging R\$4.06 per pound, accumulating a slight increase of 6.7% in the last 30 days.
- Feather futures on ICE US (New York) expiring in 2024 are trading between 79 ¢ and 85 ¢ a pound.
- Liquidity is limited due to price disagreement between buyers and sellers and buyers are only active for small volumes, trading occasionally.
- Industries are cautious in entering into new contracts, since they use the plume of delivery schedules and/or inventories.
- Companies are focused on sales of their manufactured products, which remain lower than expected, while producers, in turn, show preference in signing new contracts with trading companies, given the greater attractiveness for export.
- The FAS (Free Alongside Ship) export parity is R\$ 4.07 per pound at the Port of Santos/SP, based on the Cotlook A Index, referring to the plume shipped to the Far East.
- What's on the radar: weakening of external and internal demand, performance of Brazilian external sales, oil quotations and prices of synthetic fibers competing with lint.

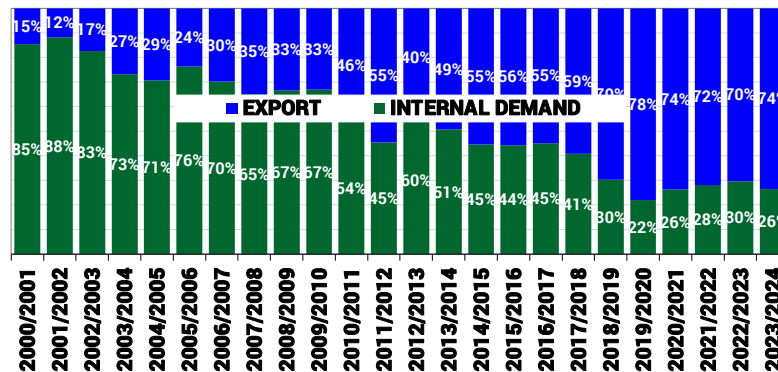
COTTON: BRAZIL AREA – MILLION HA



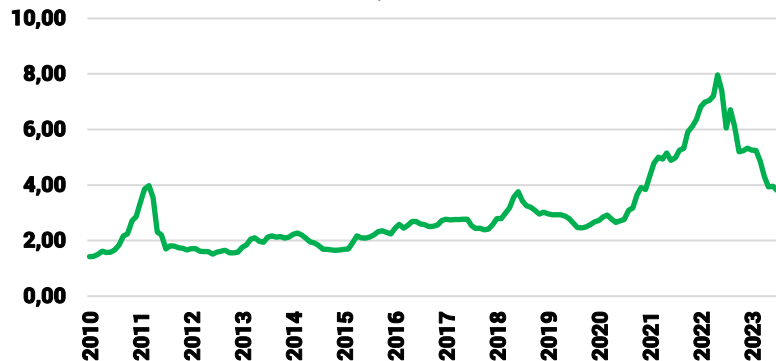
BRENT OIL (U\$/BARREL) X COTLOOK A INDEX (CENTS/POUND)



COTTON LINT: BRAZIL PRODUCTION DESTINATION



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





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