

GRAINS

2023/2024 OUTLOOK SUMMARY



OCTOBER/2023



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With the confirmation of losses in the soybean harvest and the third largest corn production in history in the USA in the 2023/2024 season, oilseed prices are stable in the futures market, while corn prices remain weakened.

With the profitability of soybeans much higher than that of corn, Brazil should expand the area of the oilseed and reduce the area planted with the cereal in 2023/2024, expanding the areas of cotton and sorghum in the 2nd harvest of 2024. The expectation is larger harvests of rice, beans, wheat and cotton in Brazil in 2024.

El Niño will bring climate risks to the new Brazilian grain harvest 2023/2024, which will be analyzed in more detail in this report.

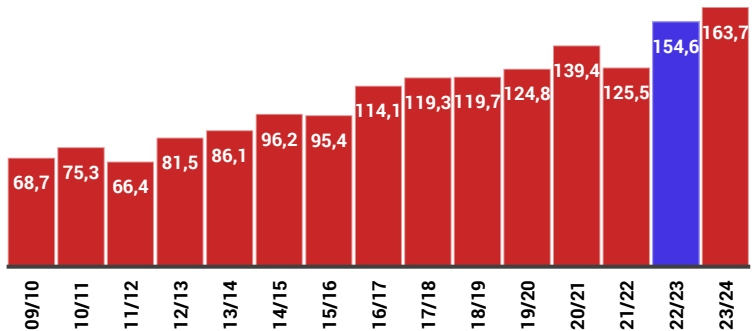
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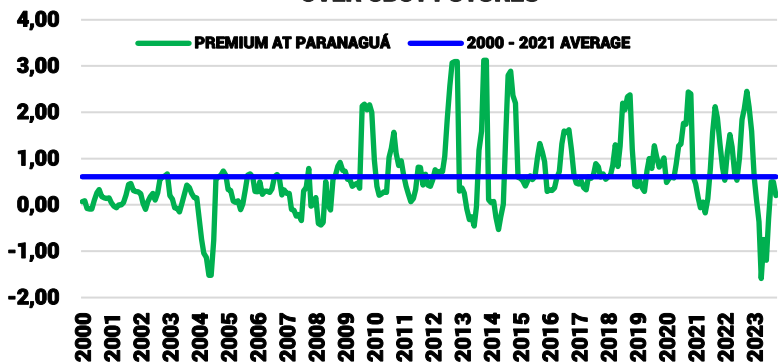
SOYBEAN: 2023/2024 MARKET OUTLOOK

- The trend is stable for future soybean prices, after the reduction in production expected in the US 2023/2024 harvest: the initial projection was 122.7 MMT in May/2023 and was reduced to 111.7 MMT in the October/2023 report.
- However, for the 1st half of 2024, global supply tends to grow, with record production forecast in South America, with larger harvests in Brazil, Argentina, Paraguay and Uruguay.
- The expectation is also for an increase in the area planted with soybeans in the USA in the next 2024/2025 season, with a decline in the area planted with corn.
- On the Chicago CBOT, maturities for the 1st half of 2024 range between US\$ 13.00 and US\$ 13.40 per bushel, while contracts for the 2nd half of 2024 are between US\$ 12.60 and US\$ 13.40.
- Premiums at Brazilian ports are positive for shipments between October and December 2023, indicating an upward bias for the remainder of this 2023 season.
- For the 1st half of 2024, premiums are negative in Brazilian ports, indicating a downward bias for domestic prices between the months of January and July 2024.
- What's on the radar: “climate market” in the 2023/2024 South American harvest, exchange rate in Brazil, premiums in Brazilian ports and impacts of *El Niño* on the 2023/2024 harvest in Brazil.

SOYBEAN: BRAZIL PRODUCTION - MMT



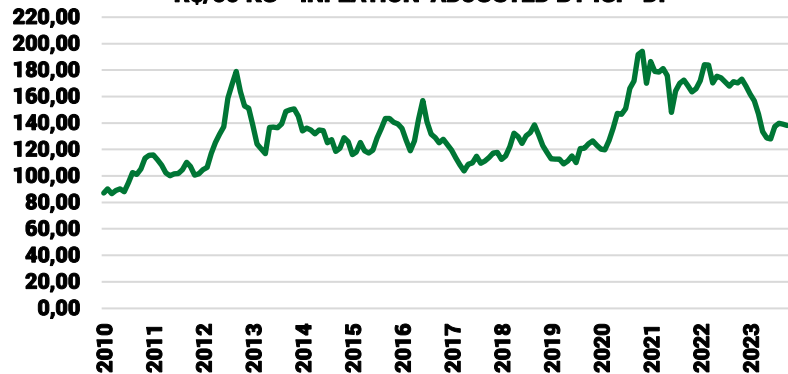
SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



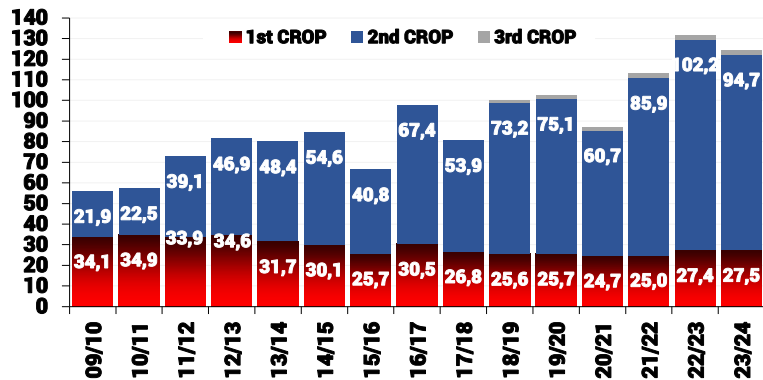
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



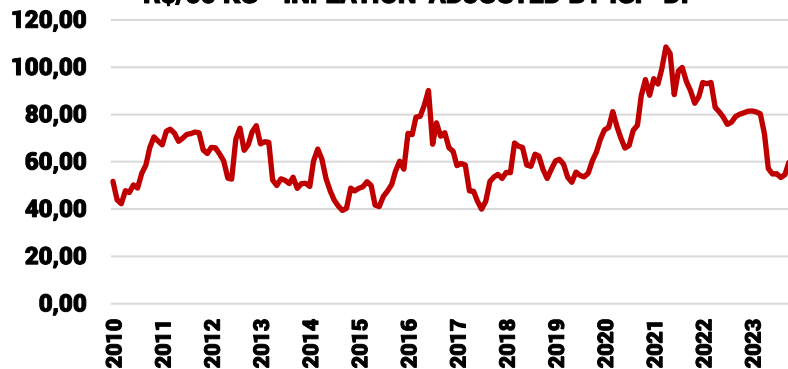
CORN: 2023/2024 MARKET OUTLOOK

- In the domestic market, the trend is for prices to rise, with the projection of record exports in the 2022/2023 commercial year, reduction in ending stocks for 2023/2024, decline in planted areas in the 1st and 2nd harvest of 2023/2024 and retraction of the planted area in the USA in 2024/2025.
- Brazilian corn exports grew 32% in the 2022/2023 commercial year (February to October 2023), projecting record shipments of 52 MMT in the current harvest.
- The area of the 1st corn harvest in 2023/2024 is expected to decline by 7.8% in Brazil, and also reduce in the 2nd harvest, due to the drop in the crop's profitability compared to other alternatives.
- The scenario points to a strong contraction in Brazilian production in 2024, with climate risks for the 2nd harvest, a reduction in domestic supply and exportable surpluses.
- The initial projection indicates that Brazil is expected to lose its leadership in global corn trade in 2024, with estimated exports of, at most, 50 MMT.
- On the Chicago Board of Trade, maturities for the 1st half of 2024 range between US\$5.10 and US\$5.20 per bushel, while contracts for the 2nd half of 2024 range between US\$5.20 and US\$5.25.
- What's on the radar: "climate market" in South America, flow of Brazilian exports in the next 3 months, impacts of *El Niño* on the 1st Brazilian harvest (summer) and 2nd harvest (winter).

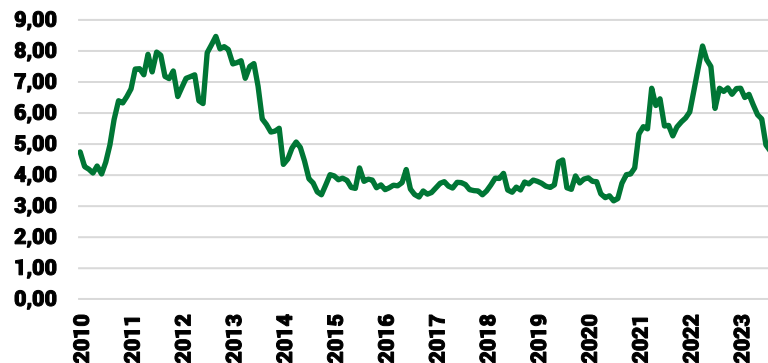
CORN: BRAZIL PRODUCTION - MMT



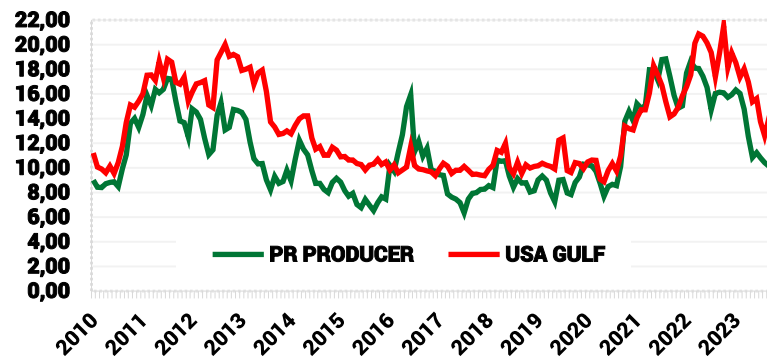
CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: CBOT FUTURE PRICES US\$/BUSHEL



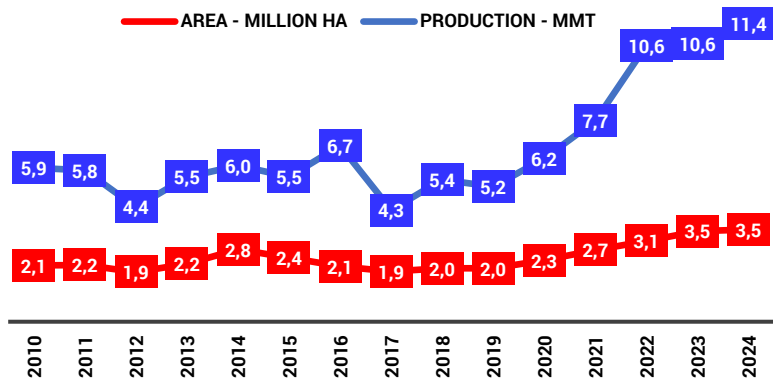
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



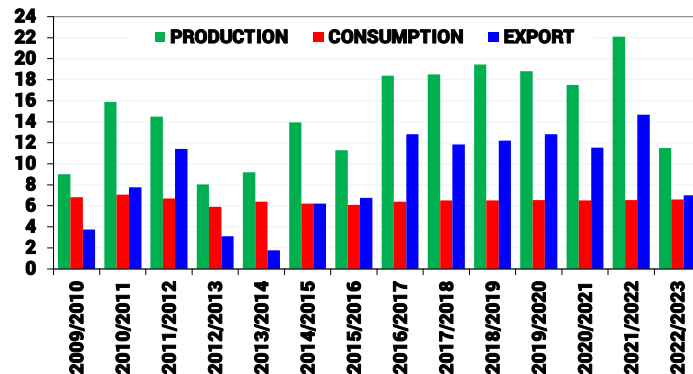
WHEAT: 2023/2024 MARKET OUTLOOK

- On the Chicago Board of Trade, future prices for SRW (Soft Red Winter) wheat are supported, oscillating between US\$6.00 and US\$6.70 per bushel in contracts maturing in 2024.
- In the domestic market, the trend is downward for prices, with the advance of the record 2023 harvest, but with losses in volume and quality of the product.
- The adverse climate in the Southern Region of Brazil, with excessive rainfall in recent weeks, will have negative effects on the volume and quality of wheat harvested in 2023 and, in addition to the reductions already estimated for PR, even more pronounced falls are expected in RS and in SC.
- Current prices on the spot market range between R\$970 and R\$1,000 per tonne for type 1 wheat in Paraná and between R\$1,000 and R\$1,050 per tonne in Rio Grande do Sul.
- Wheat farmers are awaiting the possibility of holding PEP and Pepro wheat auctions, as market values are below the Minimum Guarantee Price, which is R\$1,463 per tonne.
- The import parity for wheat originating in Argentina is US\$314.67 per tonne CIF PR, which, at the dollar of R\$5.00, is equivalent to R\$1,573.35 per tonne.
- What's on the radar: quantitative and qualitative losses resulting from rain over the cultivation areas of RS, SC and PR, exchange rate and pace of Brazilian exports in 2023/2024.

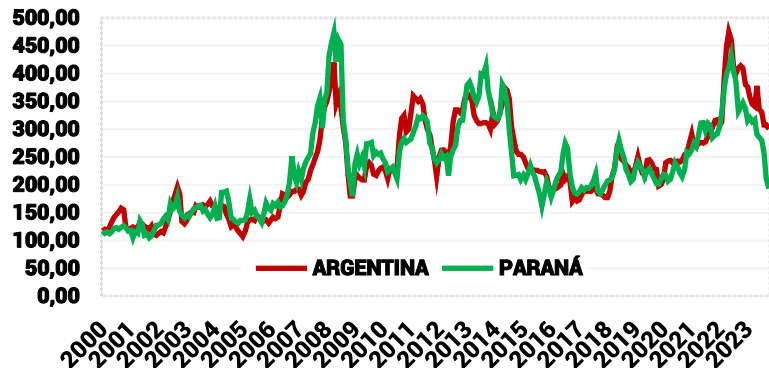
WHEAT: BRAZIL AREA AND PRODUCTION



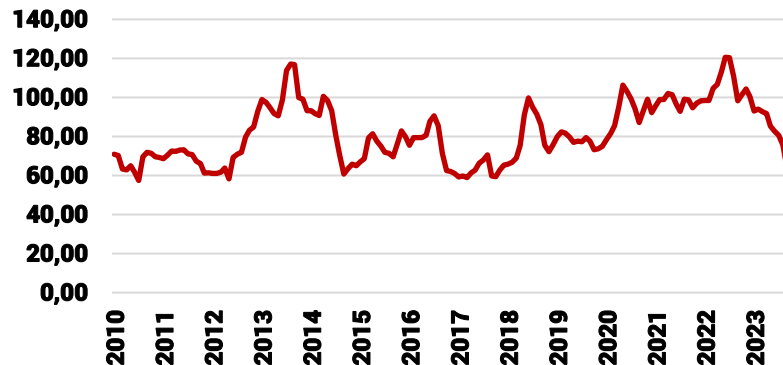
ARGENTINA: WHEAT SUPPLY - MMT



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



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

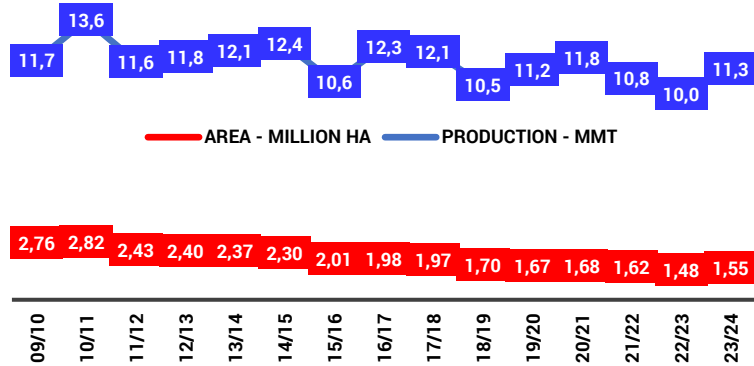


RICE: 2023/2024 MARKET OUTLOOK

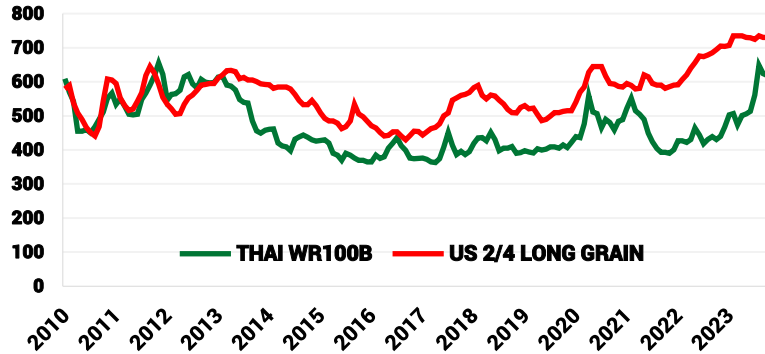
- The tendency is for rice prices to remain at high levels, in the domestic market, until the end of the current off-season, in December, with strong exports and high external prices.
- Paddy rice prices have accumulated increases of 3% in 30 days and 32% in the last 12 months.
- In the international market, prices lost steam, after the strong increases recorded since July this year, when the Indian government decided 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, accounting for 33% to 35% of global rice exports in the last three years.
- From January to September 2023, Brazilian exports (paddy basis) grew 6% compared to the same period of the previous year, while imports, in the same period, grew 22%.
- In volumes, in 2023, exports of 1.36 MMT and imports of 1.09 MMT result in a surplus of 270 thousand tonnes in the sector's trade balance.
- In the mean term, the bias is bullish for prices in the domestic market, with an expansion in Brazilian production in the 2024 harvest and an increase in domestic supply in the 1st half of 2024.
- What's on the radar: flow of exports and imports this off-season, ban on exports in India and expectations of a further reduction in ending stocks in Brazil from 2023 to 2024.



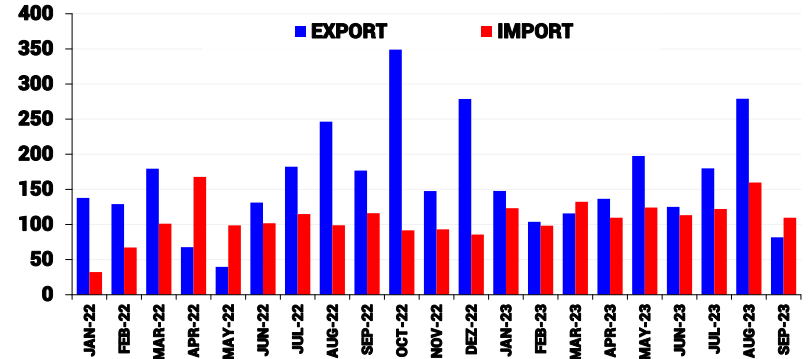
RICE – BRAZIL AREA AND PRODUCTION



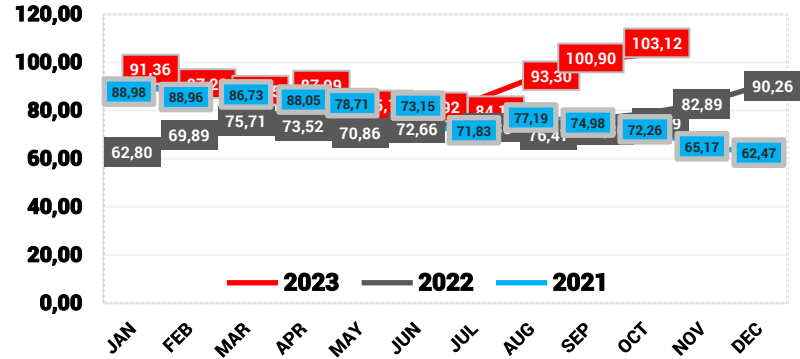
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



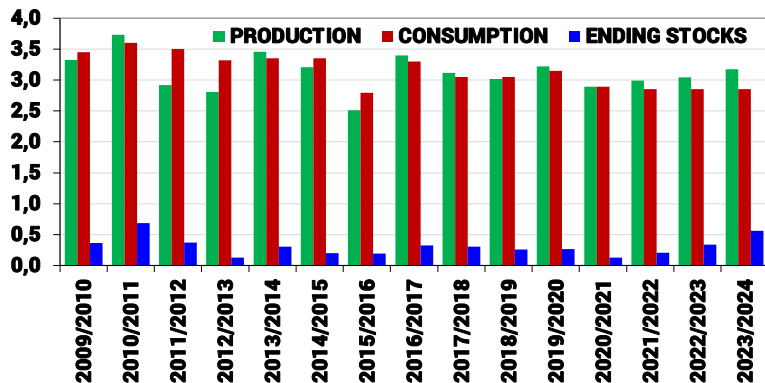
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



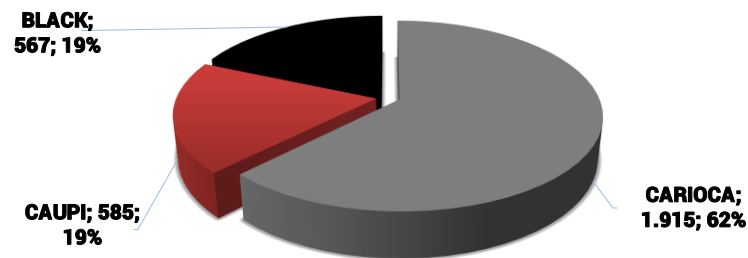
PULSES - BEANS: 2023/2024 MARKET OUTLOOK

- The prices paid to carioca bean producers are stable in the domestic market.
- The prices for carioca beans with grades 8.5/9.5, FOB producer are oscillating between R\$ 255 and R\$ 285 per 60 kg, above the range of R\$ 210 to R\$ 240 per 60 kg in September 2023.
- Prices for black beans-extra, FOB producer, are ranging between R\$270 and R\$290 this October, slightly above the range of R\$260 to R\$280 registered in September 2023.
- The area planted in the 1st harvest of 2023 decreased by 5.7% in relation to 2022, while the area planted in the 2nd harvest of 2023 decreased by 7.0%, but average productivity increased in both harvests, mitigating the drop in supply throughout the first half of 2023.
- The area planted in the 3rd harvest of 2023 could suffer a further decline in Brazil, of up to 3%.
- For the next 2024 season, our Consultancy's projection for the total area of the 3 crops cultivated is 2.786 million hectares, an increase of 3.4% compared to the area planted in the 3 crops in 2023, with production estimated at 3.175 MMT, 4.4% above that harvested in 2023.
- What's on the radar: confirmation of the planted area in the 3rd harvest of 2023, scenario of expansion of supply in the 1st half of 2024, impacts of *El Niño* in the summer of 2023/2024 and increased risks of drought in the producing areas of the North and Northeast from Brazil.

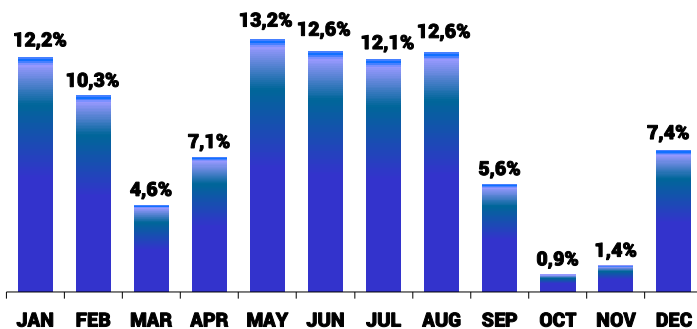
BEANS: BRAZIL SUPPLY - MMT



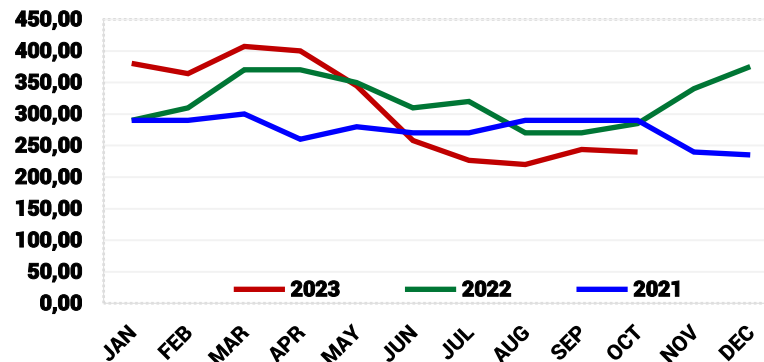
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



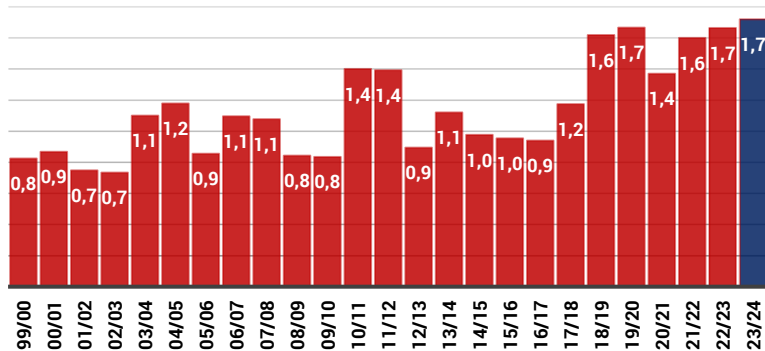
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



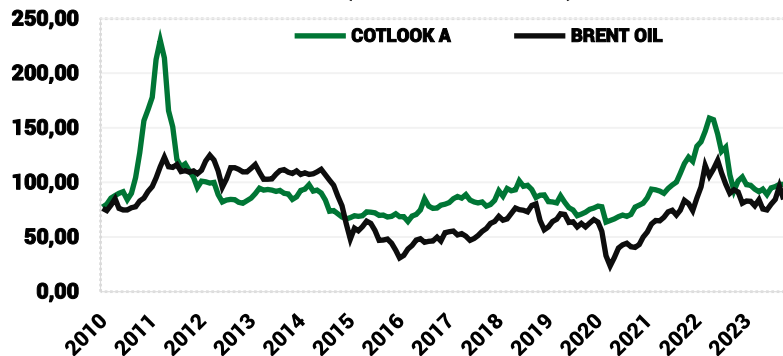
COTTON: 2023/2024 MARKET OUTLOOK

- Feather prices are sustained in the domestic market, with an average of R\$4.05 per pound.
- Futures contracts on ICE US expiring in 2024 are trading between 81¢ and 87¢ per pound.
- The export parity is 6.8% above prices practiced in the domestic market, which continues to stimulate negotiations aimed at exports.
- The FAS (Free Alongside Ship) export parity is R\$4.32 per pound at the Port of Santos/SP, based on the Cotlook A Index, referring to feathers placed in the Far East.
- Therefore, some national buyers need to pay higher prices for the feather, in an attempt to attract sellers, especially in cases of better-quality products.
- In the domestic market, industries are more active, even if for one-off businesses for immediate use, stock replacement and/or programming as the end of the year approaches.
- Our Consultancy's estimate is for an expansion of 3.4% in the cotton cultivation area in the 2023/2024 harvest, with the cotton plume advancing in the 2nd harvest over areas that would be destined for corn.
- What's on the radar: performance of Brazilian foreign sales, oil prices and prices of synthetic fibers that compete with down.

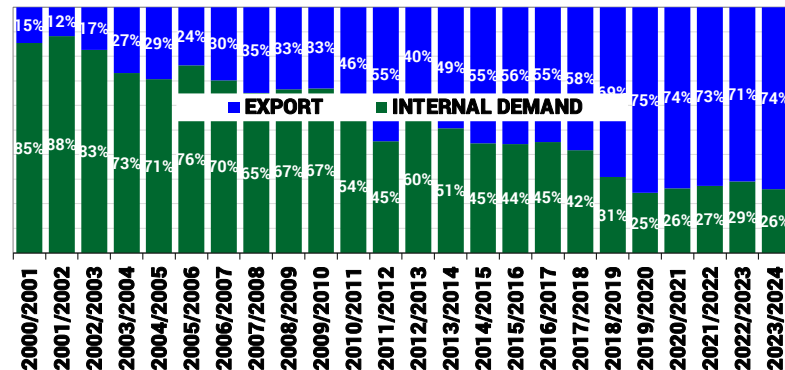
COTTON: BRAZIL AREA – MILLION HA



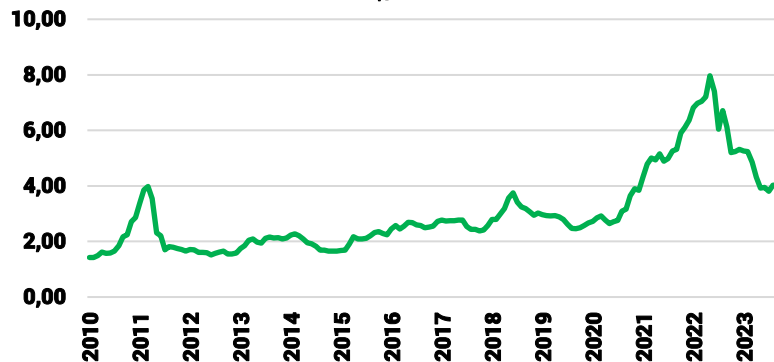
BRENT OIL (U\$/BARREL) X COTLOOK A INDEX (CENTS/POUND)



COTTON LINT: BRAZIL PRODUCTION DESTINATION



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





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