

GRAINS

2023/2024 OUTLOOK SUMMARY



NOVEMBER/2023



TABLE OF CONTENTS

Climate adversities continue to cause delays in grains planting for the 2023/2024 Brazilian summer harvest, which is reflected in rising future prices for soybeans and corn.

Furthermore, the decline in areas predicted for the 1st and 2nd corn harvests in Brazil should reverse the bearish price scenario, to a bullish one for the cereal's domestic values in 2024.

Losses in Brazilian wheat crops, resulting from excessive rainfall, also impose a bullish scenario for prices.

The weather in Brazil and South America will continue to influence future prices in the coming weeks, both internally and externally.

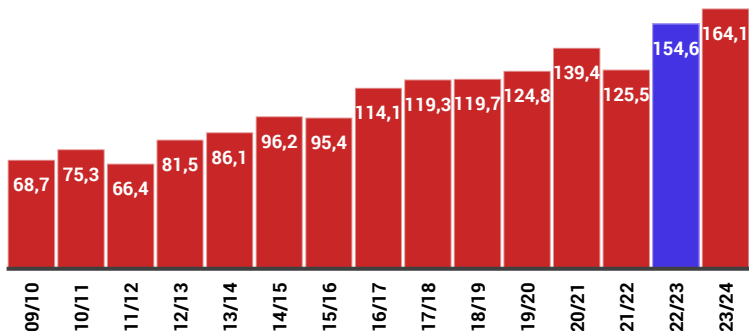
Item	Page
Soybean: 2023/2024 outlook	03
Corn: 2023/2024 outlook	05
Wheat: 2023/2024 outlook	07
Rice: 2023/2024 outlook	09
Beans: 2023/2024 outlook	11
Cotton: 2023/2024 outlook	13



SOYBEAN: 2023/2024 MARKET OUTLOOK

- The trend is upward for future soybean prices in Chicago in the short term, with the “climate market” imposing a risk premium on contracts, as a result of climate adversities that are delaying the planting of the 2023/2024 Brazilian harvest (excess/ lack of rain).
- 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 Stock Exchange, maturities for the 1st half of 2024 range between US\$ 13.80 and US\$ 14.00 /bushel, while for the 2nd half of 2024 the range is between US\$ 13.00 and US\$ 13.80.
- 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 June 2024.
- However, the current climate risk on the Brazilian harvest is reducing downward pressure on premiums at the country's ports, a movement that is expected to persist in the short term.
- What's on the radar: “climate market” in the 2023/2024 harvest in Brazil and South America, premiums in Brazilian ports and impacts of *El Niño* in the 2023/2024 harvest in Brazil and LATAM.

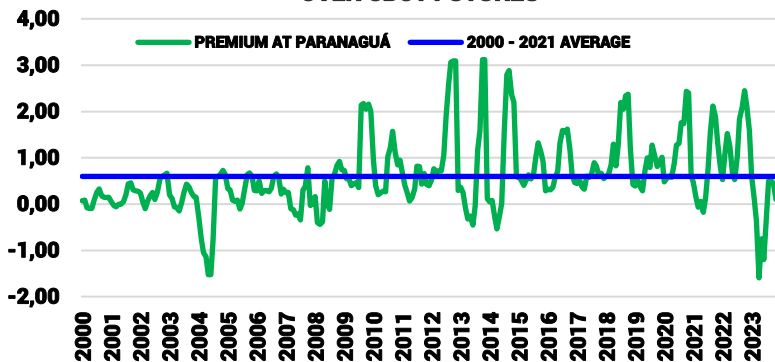
SOYBEAN: BRAZIL PRODUCTION - MMT



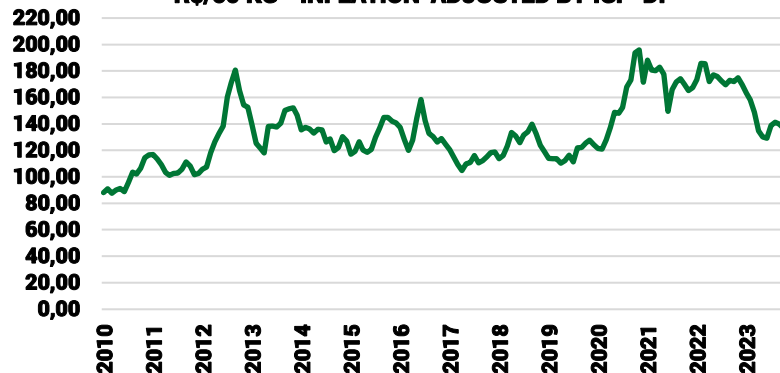
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



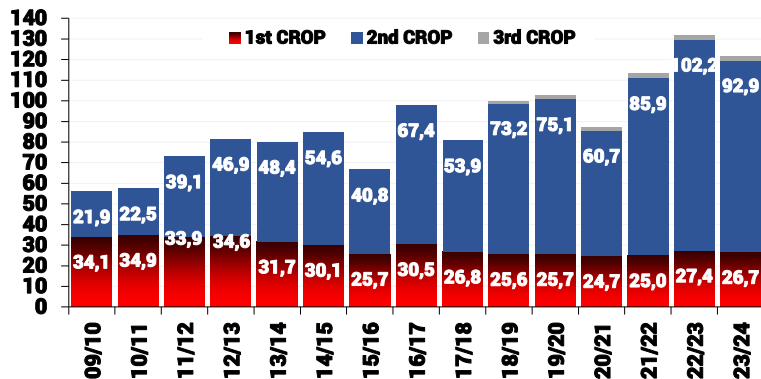
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



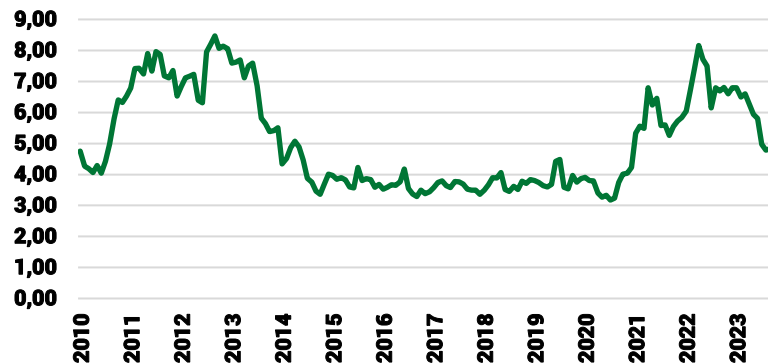
CORN: 2023/2024 MARKET OUTLOOK

- The trend is rising prices in the domestic market in the short and long term, with declines in the planted areas of the 1st and 2nd harvest 2023/2024, delays in soybean planting – which could compromise the planting window for the 2nd harvest, projection of a sharp decline in total supply in Brazil in 2024 and record exports in 2023 – which should reduce ending stocks for 2024.
- Brazilian corn exports grew 31% in the 2022/2023 commercial year (February to November 2023), projecting record shipments of 52 MMT in the current harvest.
- In the long term, there is also a tendency for the planted area in the USA to shrink in 2024/2025.
- 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 reduction in domestic supply in Brazil in 2024 is expected to generate a “dispute” between consumers in the domestic market and export players, due to the lower exportable surplus.
- On the Chicago Stock Exchange, maturities for the 1st half of 2024 range between US\$4.90 and US\$5.00 per bushel, while contracts for the 2nd half of 2024 range between US\$5.10 and US\$5.20.
- What’s on the radar: “climate market” in Brazil and South America, impacts of *El Niño* on the 1st Brazilian harvest (summer) and the 2nd harvest (winter), area to be planted and planting of the 2nd harvest in Brazil.

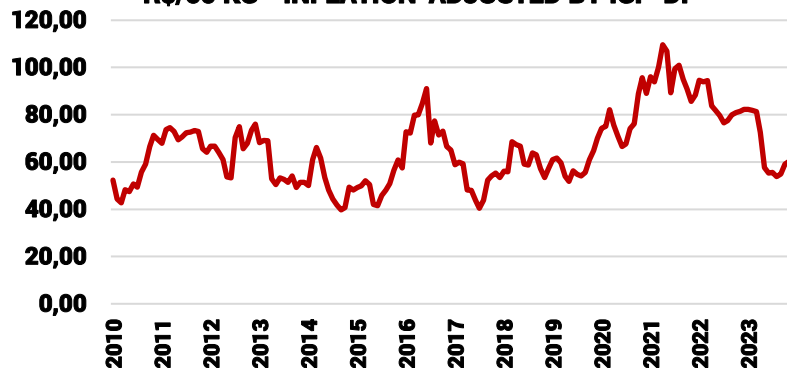
CORN: BRAZIL PRODUCTION - MMT



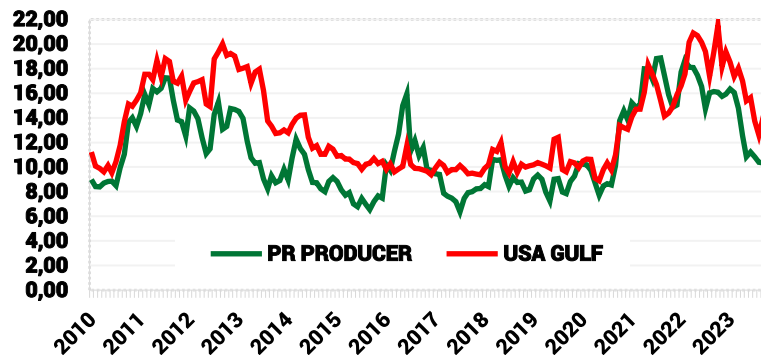
CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



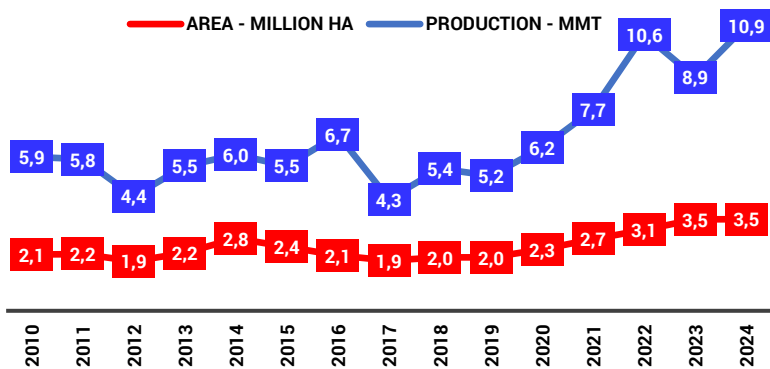
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



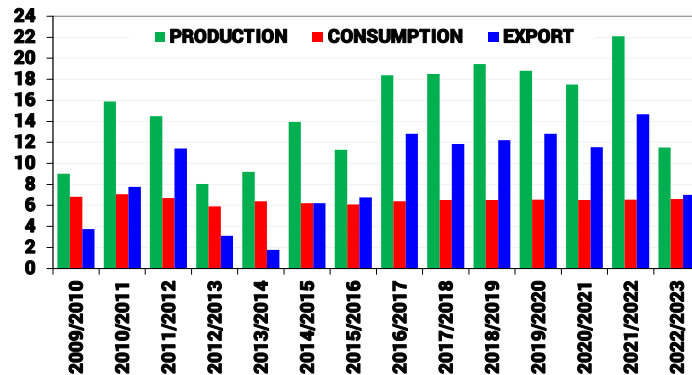
WHEAT: 2023/2024 MARKET OUTLOOK

- The trend is upward for wheat grain prices in the Brazilian market, with significant losses in the 2023 harvest and the scenario of increased import needs in 2024.
- The 2023 Brazilian harvest is projected at 8.9 MMT and could still suffer further reductions in the coming weeks, remaining 16% below the initial estimate (10.6 MMT), with losses also in the quality of the harvested product.
- The federal government's PEP and Pepero auctions also contributed to price increases.
- There's expectation of strong expansion of wheat imports by Brazil in 2024, given the significant losses in the Brazilian harvest of 2023.
- On the Chicago Stock Exchange, future prices for SRW (Soft Red Winter) wheat are supported, oscillating between US\$6.00 and US\$6.60 per bushel in contracts maturing in 2024.
- Current prices on the spot market range between R\$1,200 and R\$1,250 per tonne for type 1 wheat in Paraná and between R\$1,150 and R\$1,200 per tonne in Rio Grande do Sul.
- What's on the radar: completion of the harvest and sizing of quantitative and qualitative losses resulting from rain over the RS/SC/PR cultivation areas, need for imports for 2024 and size of the 2023/2024 Argentine harvest.

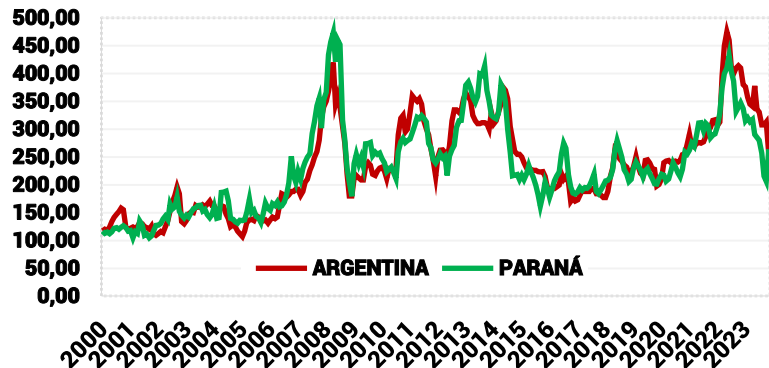
WHEAT: BRAZIL AREA AND PRODUCTION



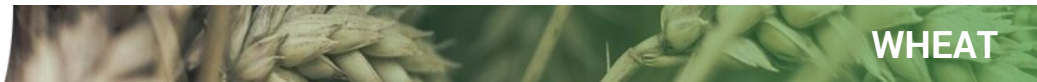
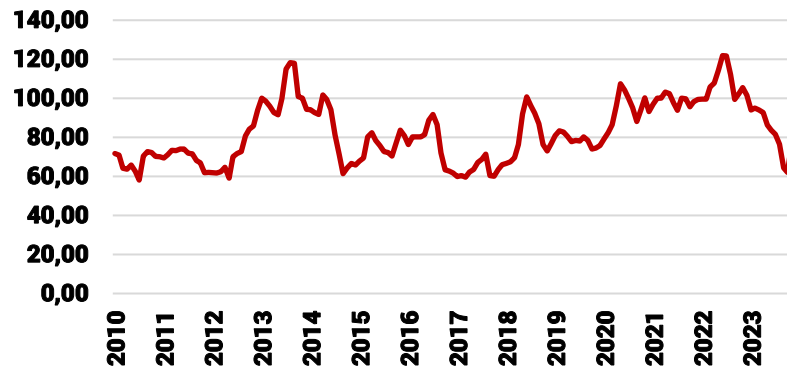
ARGENTINA: WHEAT SUPPLY - MMT



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



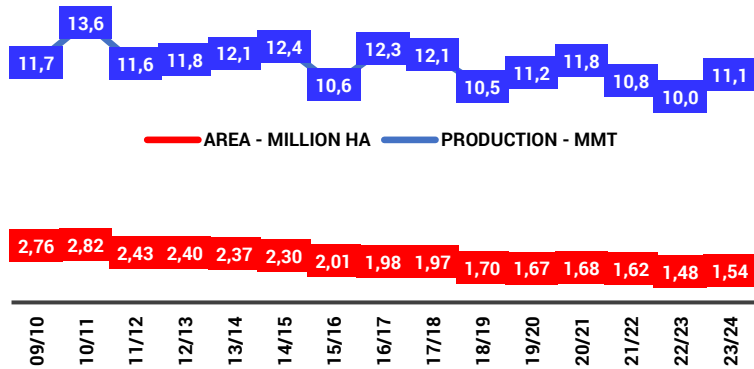
WHEAT: FOB PRODUCER PR PRICES - R\$/60 KG INFLATION-ADJUSTED BY IGP-DI



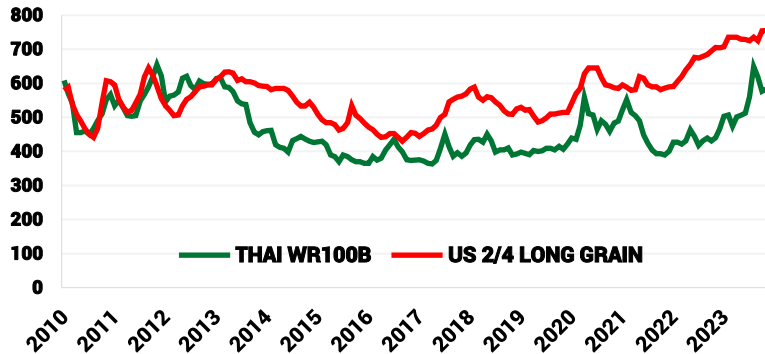
RICE: 2023/2024 MARKET OUTLOOK

- The trend 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 scarce supply in Brazil.
- Paddy rice prices paid to producers reached nominal records in November, accumulating significant increases of 9% in the last 30 days and 35% 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.
- In the accumulated period from January to October 2023, Brazilian exports (paddy basis) fell 6% compared to the same period of the previous year, while imports, in the same period, grew 23%.
- However, in volumes, exports of 1.571 MMT and imports of 1.214 MMT result in a surplus of 357 thousand tonnes in the sector's trade balance.
- In the medium term, the bias is downward for prices in the domestic market, with projected expansion in Brazilian production and increased domestic supply in the 1st half of 2024.
- What's on the radar: flow of exports and imports at the end of the off-season, expectations of a further reduction in ending stocks in Brazil from 2023 to 2024 and harvest in 2024.

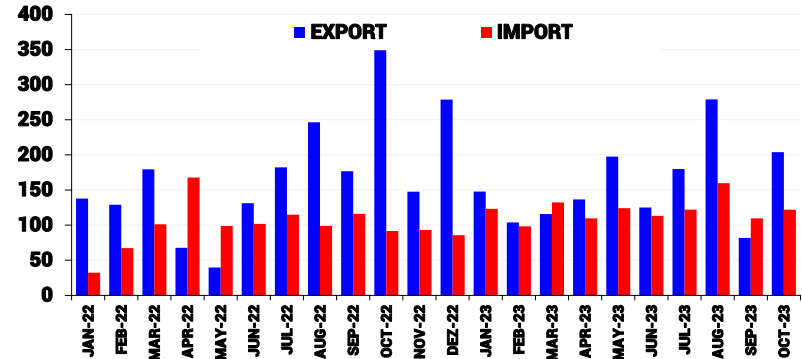
RICE – BRAZIL AREA AND PRODUCTION



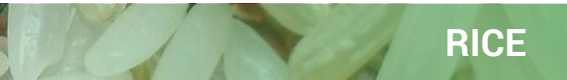
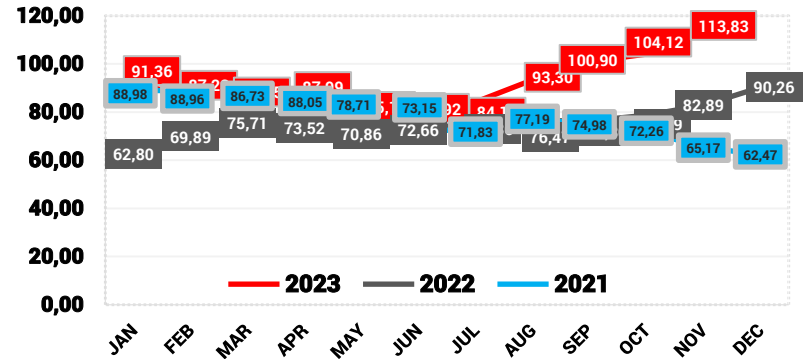
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



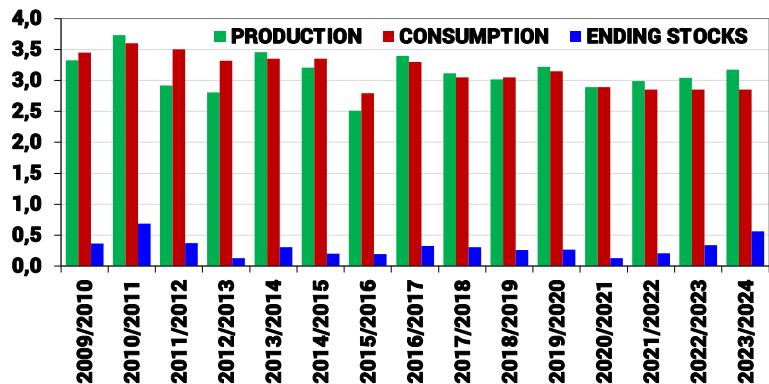
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



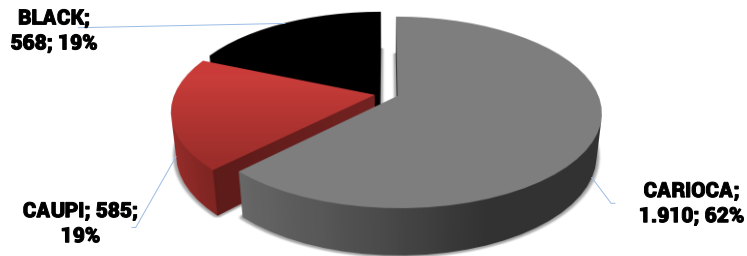
PULSES - BEANS: 2023/2024 MARKET OUTLOOK

- Prices paid to carioca bean producers remain sustained in the domestic market.
- Prices for carioca beans graded 8.5/9.5, FOB producer, are fluctuating between R\$255 and R\$285 per 60 kg in November, in line with the range recorded in October 2023.
- The prices for black beans-extra, FOB producer, are ranging between R\$270 and R\$290 this month of November, also in line with the range registered in October 2023.
- In the current 2023 season, the planted area declined in all 3 harvests: 5.7% in the 1st harvest, 7.0% in the 2nd harvest and 2.7% in the 3rd harvest, with a combined drop of 5.8% of the total area.
- However, in the average of the 3 harvests, average productivity grew by a significant 8.0%, promoting an expansion of 1.7% in total production, estimated at 3.042 MMT.
- For the next 2024 season, the planted area is expected to remain stable in the 1st harvest.
- Our Consultancy's projection for the total area of the 3 crops cultivated in 2024 is 2.783 million hectares, with production estimated at 3.156 MMT.
- What's on the radar: impacts of *El Niño* in the summer of 2023/2024 and increased risks of drought in producing areas in the North and Northeast of Brazil, excess rainfall over 1st crop producing areas in the South of the country and lack of rain in central areas producing 1st harvest.

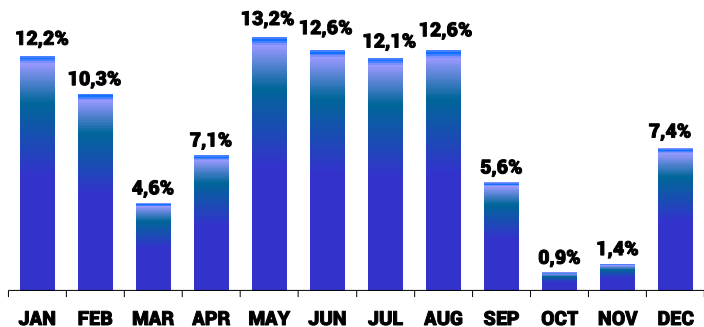
BEANS: BRAZIL SUPPLY - MMT



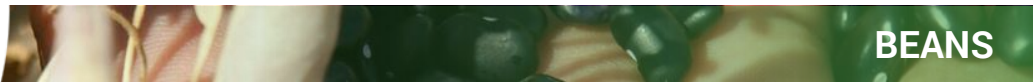
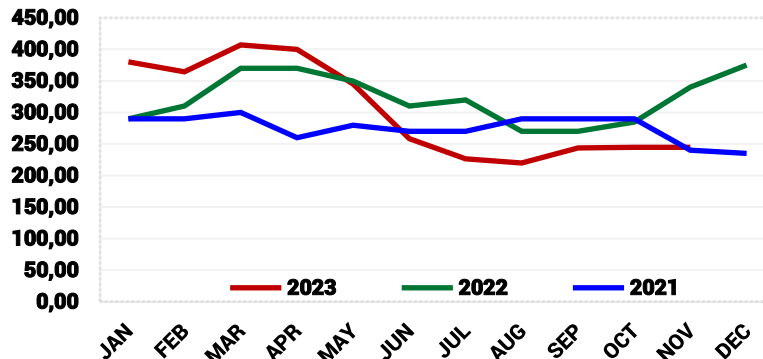
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



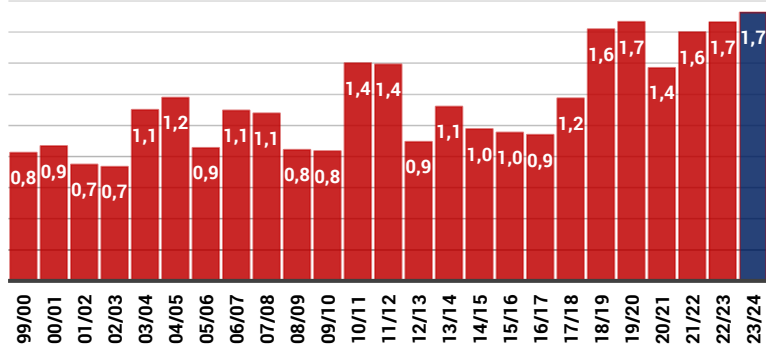
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



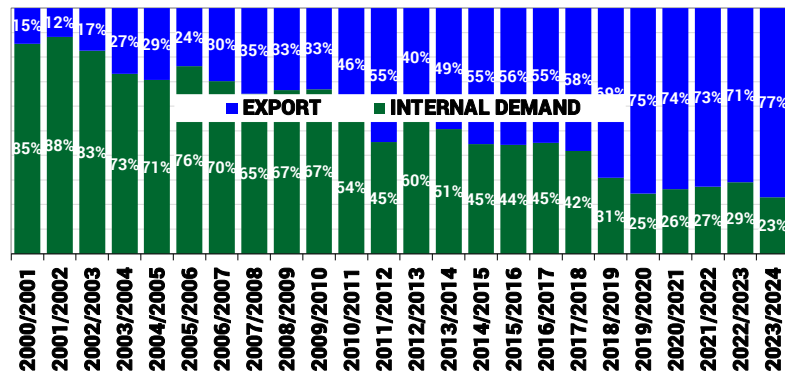
COTTON: 2023/2024 MARKET OUTLOOK

- Cotton lint prices, which reached around R\$4.00 per pound at the end of October, fell again this month of November, with current price around R\$3.86.
- This downward pressure comes from the decline in external values and export parity.
- The international context, high interest rates and inflation in several countries, in addition to wars, negatively influence the global fiber trade.
- Feather futures contracts on ICE US (New York) with maturities in 2024 fell to the range between 77 ¢ and 81 ¢ per pound: prices are pressured, mainly, by the weakening in the value of oil.
- The FAS (Free Alongside Ship) export parity fell to R\$3.88 per pound at the Port of Santos/SP, based on the Cotlook A Index, referring to feathers placed in the Far East.
- Our Consultancy's estimate is for an expansion of 3.7% 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: final result of the US 2023/2024 harvest, performance of Brazilian foreign sales in the remainder of 2023 and 2024, oil prices, prices of competing synthetic fibers and impacts of *El Niño* on the next Brazilian harvest 2023/2024.

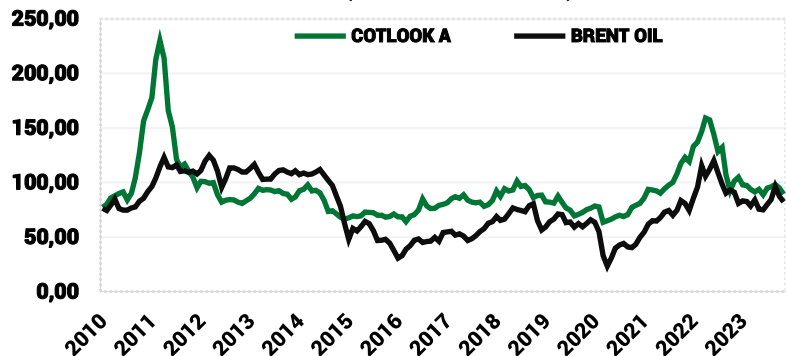
COTTON: BRAZIL AREA – MILLION HA



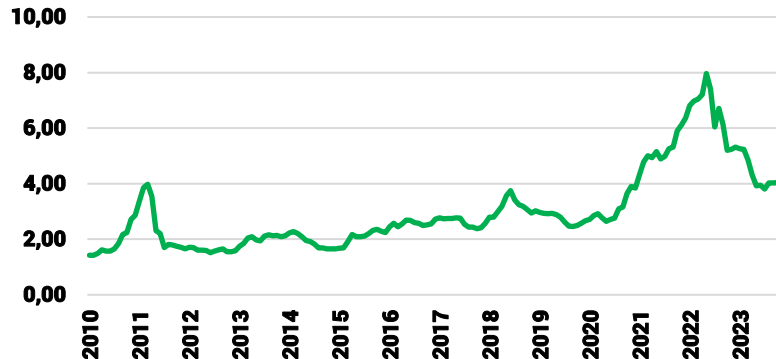
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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