

GRAINS

2024/2025 OUTLOOK SUMMARY



DECEMBER/2023



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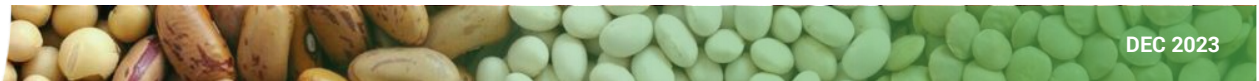
Future grain prices remain volatile, reflecting the effects of El Niño on South American harvests.

Delays in crop planting, scarcity or excess rainfall and crop migration mark the 2023/2024 season in Brazil.

In Brazil, there is a loss of productive potential in soybean crops and a scenario of a strong reduction in the domestic supply of corn in 2024, under the impact of El Niño, with damage also to irrigated rice, beans and wheat areas.

Climate forecasts indicate the return of rain, in the coming months, over areas that have been under water deficit in recent weeks in the main producing regions of Brazil.

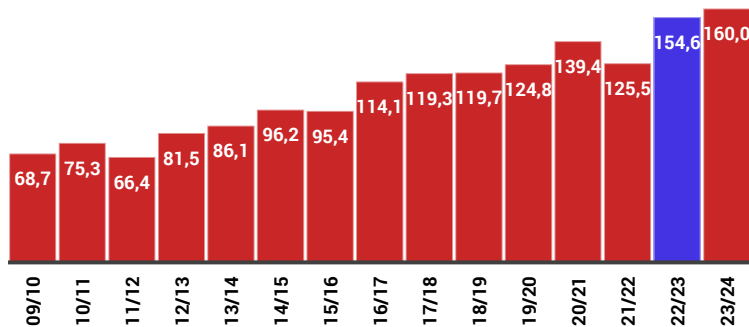
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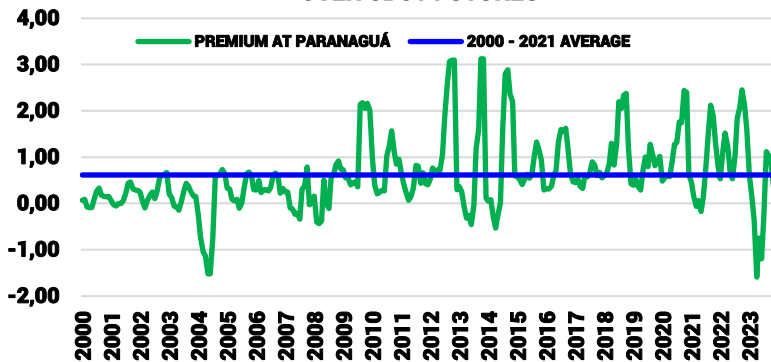
SOYBEAN: 2024/2025 MARKET OUTLOOK

- The trend is for sustained future soybean prices in Chicago in the short term, with the “climate market” maintaining a risk premium for contracts, as a result of the climatic adversities that delayed planting and continue to affect South American crops in the current harvest.
- However, there is no expectation of significant losses in the 2023/2024 Brazilian harvest.
- Global supply will tend to grow in the 1st half of 2024, with record production expected 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 fell to the range between US\$ 13.00 and US\$ 13.50 per bushel and between US\$ 12.70 and US\$ 13.50 for the 2nd half of 2024.
- In the domestic market, the trend is downward for prices in the 1st half of 2024, with negative premiums in Brazilian ports and a low volume of advance sales in the current harvest.
- A change in prices would only occur in the event of a significant harvest failure.
- What's on the radar: “climate market” in the South American harvest, sizing of losses in productive potential in Brazilian soybean crops and premiums in Brazilian ports.

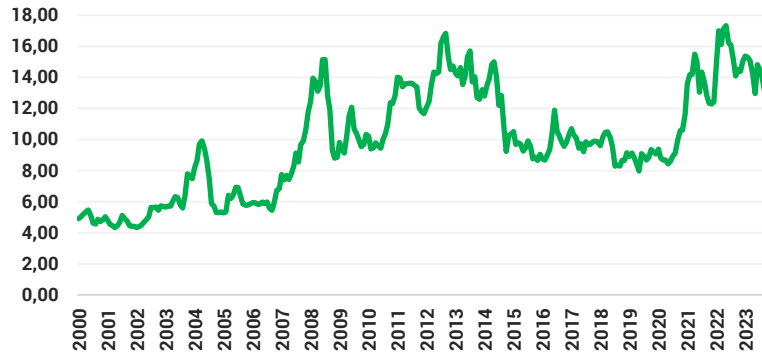
SOYBEAN: BRAZIL PRODUCTION - MMT



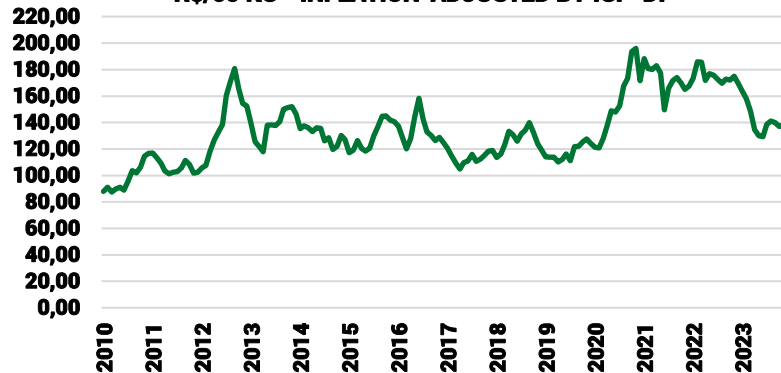
SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



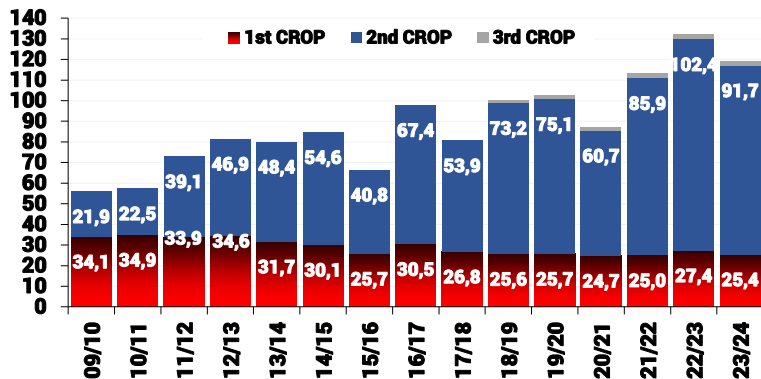
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



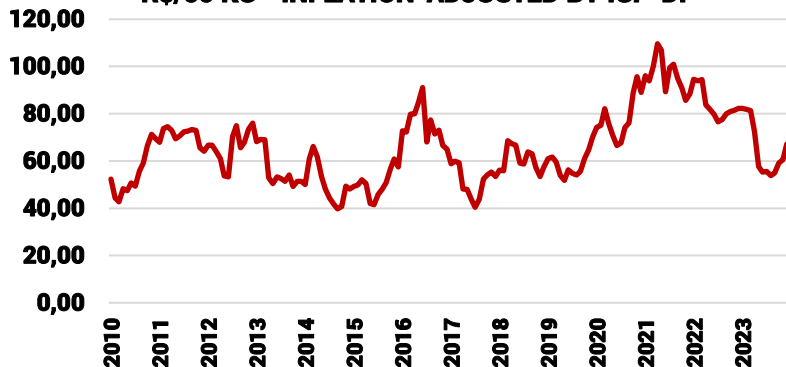
CORN: 2024/2025 MARKET OUTLOOK

- The trend is for prices to rise in the domestic market in the short and long term.
- Planted areas declined in the 1st harvest (-10%) and 2nd harvest (-5%) of the 2023/2024 season.
- Furthermore, delay in soybean planting will compromise the planting window for the 2nd corn crop.
- There's reduction in the use of technology in the 2nd harvest, increasing the potential for yield loss.
- Exports will be records in 2023 and should reduce ending stocks for 2024.
- 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 a reduction in domestic supply and exportable surpluses next year.
- Domestic demand is expected to continue growing in the animal feed and biofuel segment.
- This reduction in domestic supply in Brazil in 2024 is expected to generate “dispute” between consumers in the domestic market and export players, due to lower expected exportable surplus.
- This should lead to the formation of a higher basis with impacts on domestic prices.
- What's on the radar: “climate market” in Brazil and South America, impacts of El Niño on the 1st and 2nd Brazilian harvests, area to be planted and planting of the 2nd harvest in Brazil.

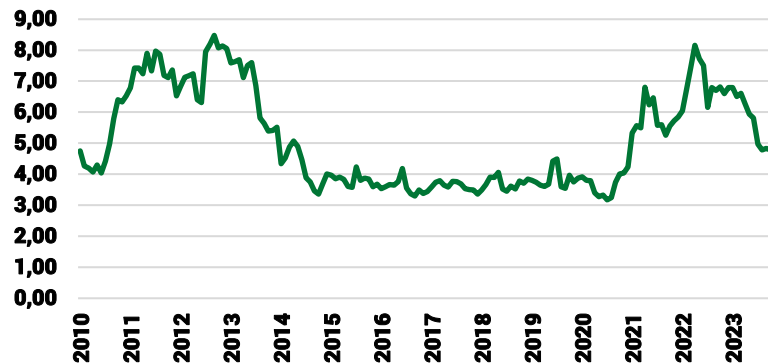
CORN: BRAZIL PRODUCTION - MMT



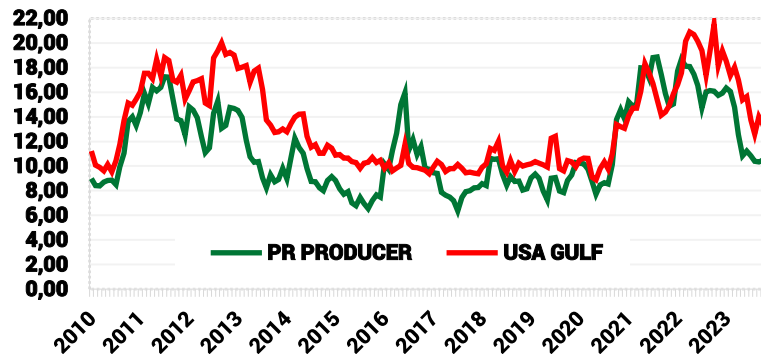
CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: CBOT FUTURE PRICES US\$/BUSHEL



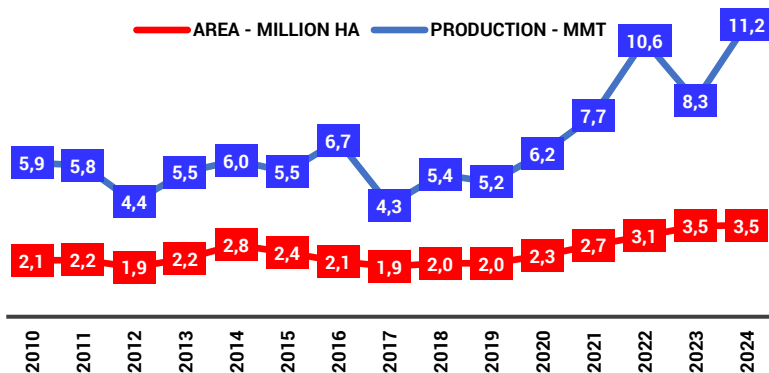
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



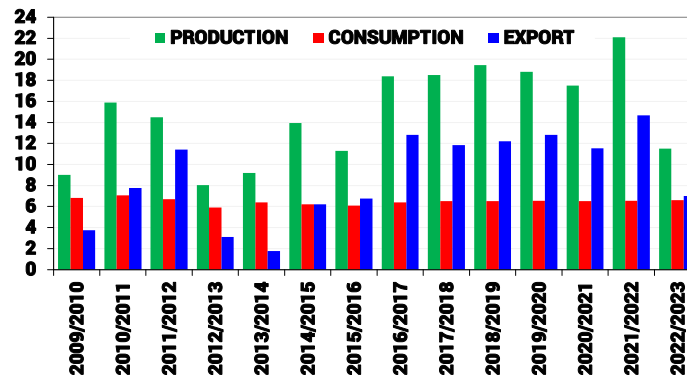
WHEAT: 2024/2025 MARKET OUTLOOK

- The trend is for stable prices for wheat 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 8.2 MMT, 22% below the initial estimate (10.6 MMT), with losses also in the quality of the harvested product.
- Current prices on the spot market range between R\$1,250 and R\$1,300 per tonne for type 1 wheat in Paraná and between R\$1,200 and R\$1,250 per tonne in Rio Grande do Sul.
- The market remains attentive to the Argentine harvest, due to the failure of the harvest in Brazil and the possible release of lots by the new government in the neighboring country.
- The expectation is for a strong expansion in wheat imports by Brazil in 2024, given the significant failures in the 2023 Brazilian harvest and the general low quality of the harvested grains.
- On the Chicago Stock Exchange, future Soft Red Winter (SRW) prices for 2024 are sustained in the range between US\$6.20 and US\$6.75 per bushel.
- What's on the radar: volume to be harvested in Argentina and flow of release of stocks from the neighboring country to Brazilian mills, increased need for Brazilian imports in 2024 and the direction of external prices with problems in the 2023/2024 global harvest.

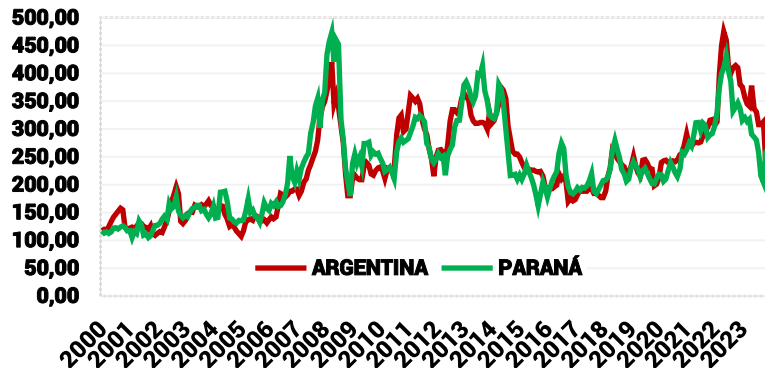
WHEAT: BRAZIL AREA AND PRODUCTION



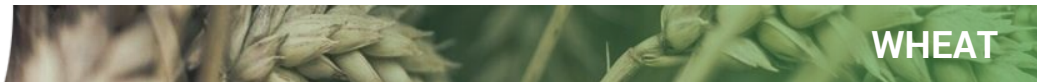
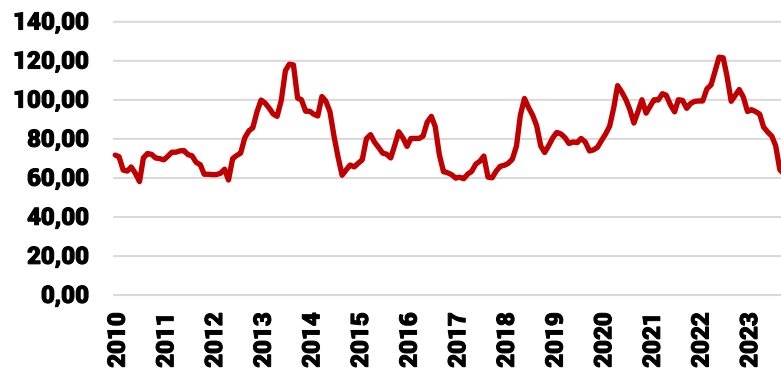
ARGENTINA: WHEAT SUPPLY - MMT



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



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

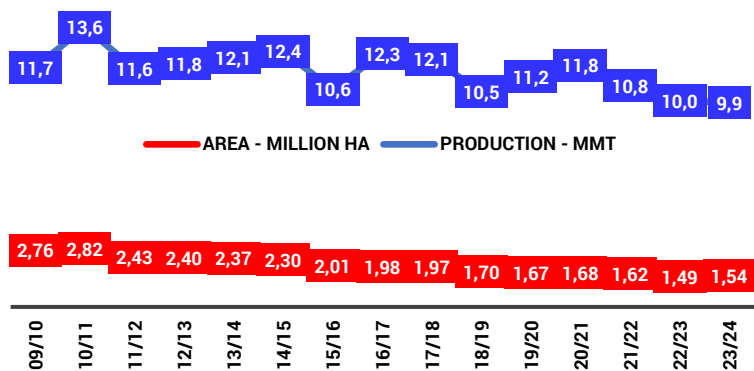


RICE: 2024/2025 MARKET OUTLOOK

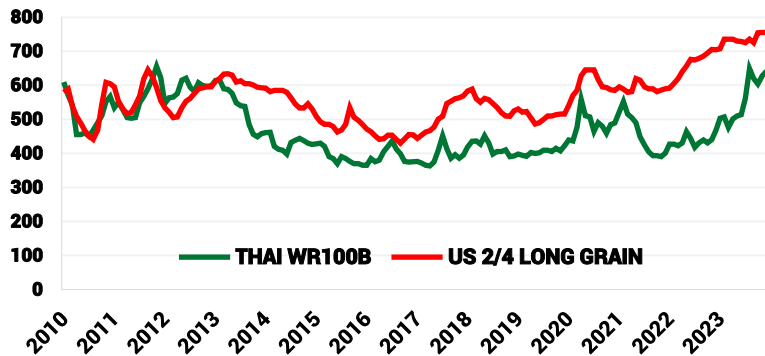
- The trend is for rice prices to remain at high levels, in the domestic market, until the end of the current off-season, in December, with strong exports and scarce supply in Brazil.
- Paddy rice prices paid to producers reached nominal records in December, accumulating significant increases of 13% in the last 30 days and 40% in the last 12 months.
- In the international market, prices remain sustained, with reports of adverse weather conditions in Southeast Asian crops due to the *El Niño* phenomenon.
- In the accumulated period from January to November 2023, Brazilian exports (paddy basis) fell 6% compared to the same period of the previous year, while imports, in the same period, grew 21%.
- However, in volumes, exports of 1.698 MMT and imports of 1.308 MMT result in a surplus of 390 thousand tonnes in the sector's trade balance.
- There is a delay in planting the irrigated rice crop in southern Brazil, with plantings abandoned, flooded areas and difficulties in crop germination.
- *El Niño* could affect the development and productive potential of crops in southern Brazil.
- What's on the radar: inflow of the new Mercosur irrigated rice crop into the market, productivity losses in the 2023/2024 harvest and impacts of *El Niño* on crops.



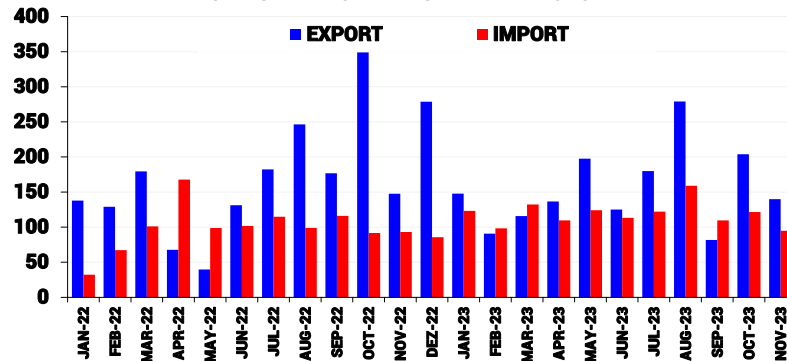
RICE – BRAZIL AREA AND PRODUCTION



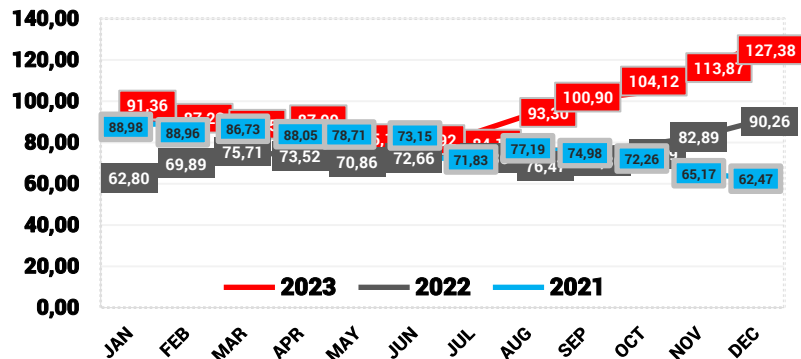
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



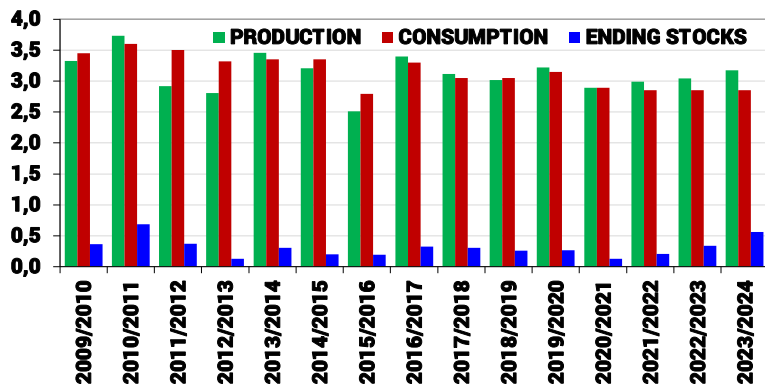
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



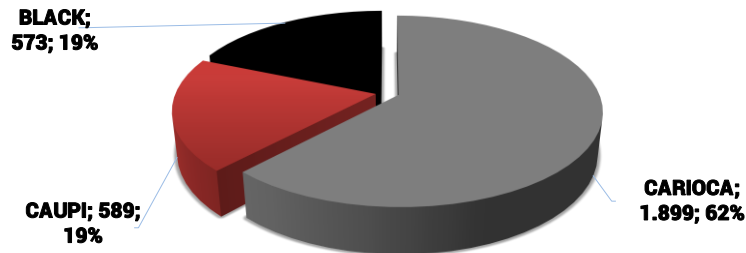
PULSES - BEANS: 2024/2025 MARKET OUTLOOK

- Prices paid to carioca bean producers are on the rise in the domestic market.
- Prices for carioca beans graded 8.5/9.5, FOB producer, are fluctuating between R\$300 and R\$360 per 60 kg in December, compared to the range between R\$255 and R\$285 in November 2023 .
- The prices for black beans-extra, FOB producer, are ranging between R\$360 and R\$380 per 60 kg this December, compared to the range between R\$270 and R\$290 in November 2023.
- The climate is damaging soil preparation and planting in several locations across the country, especially in the northwest region of MG, the main producing state in the 1st harvest 2023/2024.
- In the main producing regions of the country, climatic adversities such as lack/excess of rain during the crop cycle may restrict productivity and affect the quality of the harvest.
- Prices remain heated, due to the lack of prospects for continued good supply in the short term, a situation that should last until the concentration of supply for the Paraná harvest, from mid-January 2024.
- What's on the radar: impacts of *El Niño* on the 2023/2024 1st harvest, excess rain over 1st harvest producing areas in the South of the country, market supply in December/2023 and January/2024 and wholesale and retail price fluctuation.

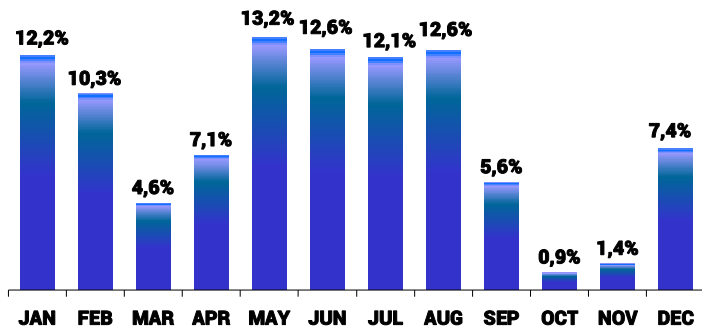
BEANS: BRAZIL SUPPLY - MMT



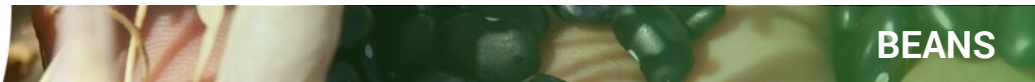
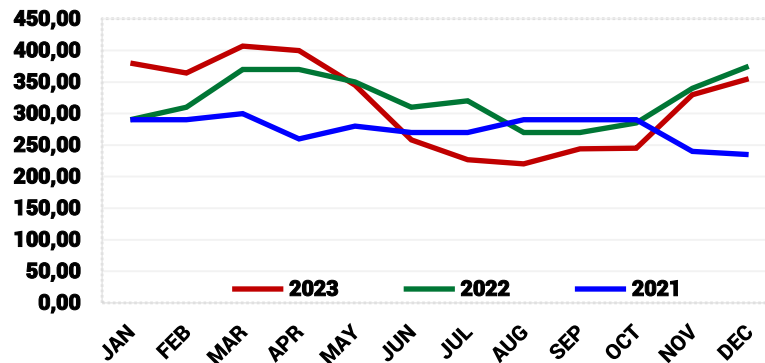
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



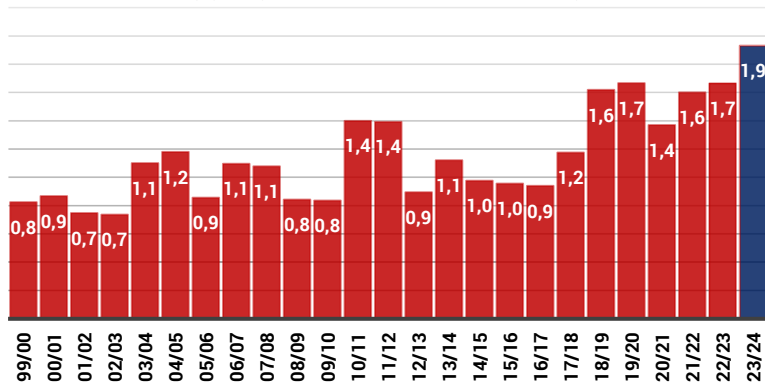
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



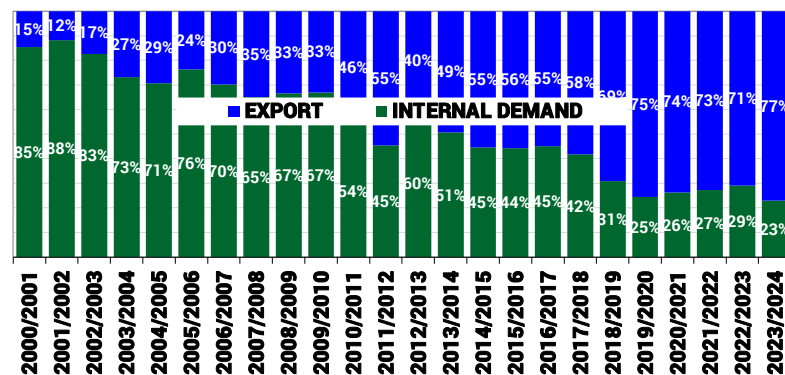
COTTON: 2024/2025 MARKET OUTLOOK

- Cotton lint prices are sustained at around R\$3.90 per pound.
- Feather futures contracts on ICE US (New York) with maturities in 2024 are moving in the range between 78 ¢ and 82 ¢ per pound.
- 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.
- Trading companies have exports as their main objective, as the domestic market continues with only occasional business, with low liquidity and the sale of low quality lots.
- In the last 4 months (August to November/2023), the volume shipped already represents half of the entire quantity shipped in the total of 2021/2022 (August/2022 to July/2023).
- Our consultancy's estimate is a strong expansion of 16% in the cotton cultivation area in the 2023/2024 harvest, with cotton replacing corn in the 2nd harvest.
- By the end of Nov/2023, producers already fixed 50% of sales for the future harvest (2023/2024).
- What's on the radar: flow of Brazilian exports in the coming months, impacts of *El Niño* on the next Brazilian harvest 2023/2024 and expectations of global supply exceeding demand in the current 2023/2024 season.

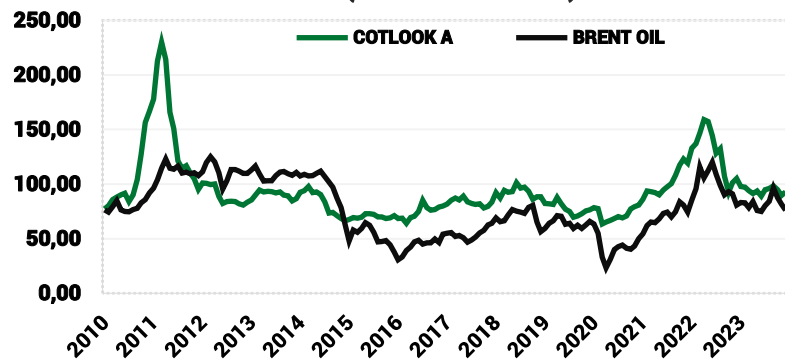
COTTON: BRAZIL AREA – MILLION HA



COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





+55 51 32481117

+55 51 999867666



www.carloscogo.com.br/en



consultoria@carloscogo.com.br



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