

GRAINS

2024/2025 OUTLOOK SUMMARY



JANUARY/2023



TABLE OF CONTENTS

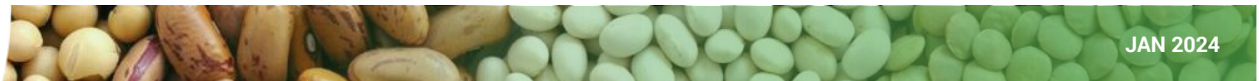
The failures of the Brazilian soybean harvest in 2023/2024 are driving future grain prices. With the scenario of shortages in Brazil, offset by the larger harvest expected for Argentina, futures are falling sharply.

In the corn market, the trend is upward, with a drop in planted areas and high climate risks in the 2nd Brazilian harvest.

Rice opens 2024 with prices at high levels, given the scenario of another harvest insufficient to meet demand.

In the wheat market, the trend is also upward, with the failures in the 2023 harvest of this cereal already impacting grain prices on the domestic market at the beginning of 2024.

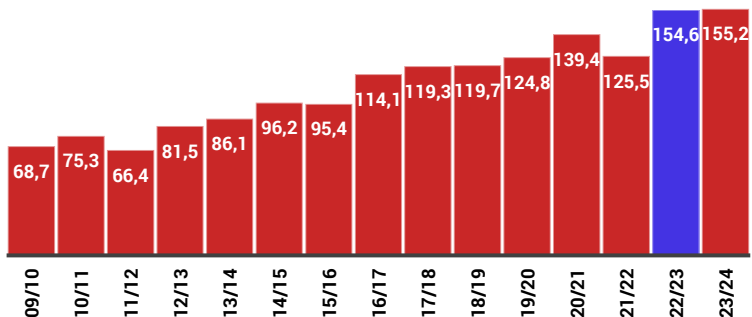
Item	Page
Soybean: 2024/2025 outlook	03
Corn: 2024/2025 outlook	05
Wheat: 2024/2025 outlook	07
Rice: 2024/2025 outlook	09
Beans: 2024/2025 outlook	11
Cotton: 2024/2025 outlook	13



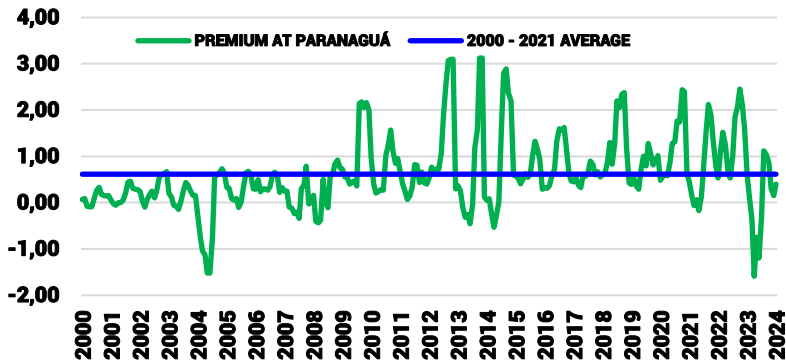
SOYBEAN: 2024/2025 MARKET OUTLOOK

- The trend is downward for prices in the domestic market, with the advance of the harvest, improvement in weather conditions for the 2023/2024 harvest and a decline in future prices on the Chicago Stock Exchange.
- On the Chicago Stock Exchange, future prices for 2024 fell to US\$12.00 to US\$12.60/bushel.
- As an example of the declines in Chicago, the March/2024 contract fell 11.3% in the last 45 days, from US\$14.02 per bushel, to US\$12.60 per bushel.
- If the Brazilian harvest drops to 150 MMT, South America will still harvest 208 MMT in 2023/2024, well above the 180 MMT in 2022/2023.
- The pressure on the basis in Brazilian ports lost strength with the adverse climate for the harvest, but even so, premiums are negative for shipments between February and July 2024.
- Another additional pressure on domestic prices arises from the low volume of advance sales in the 2023/2024 harvest, repeating the scenario of excess supply in the harvest, seen in the 2022/2023.
- A change in prices would only occur in the event of a more significant drop in the Brazilian harvest, to levels below 150 MMT.
- What's on the radar: pricing of Brazilian crop failures, harvests in Argentina and Paraguay, premiums in Brazilian ports, the dollar in Brazil and planting intentions in the USA in 2024/2025.

SOYBEAN: BRAZIL PRODUCTION - MMT



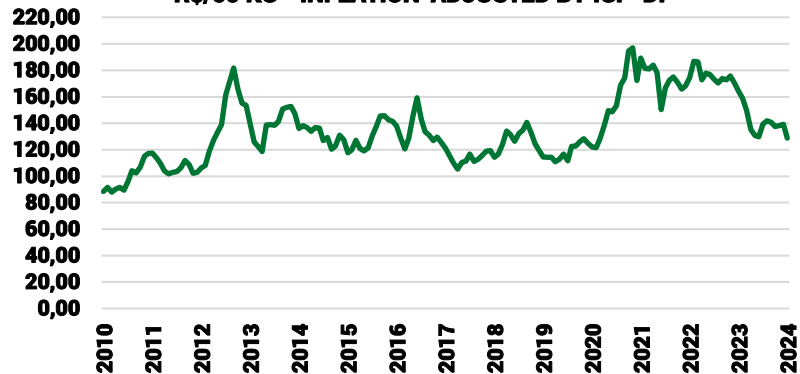
SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



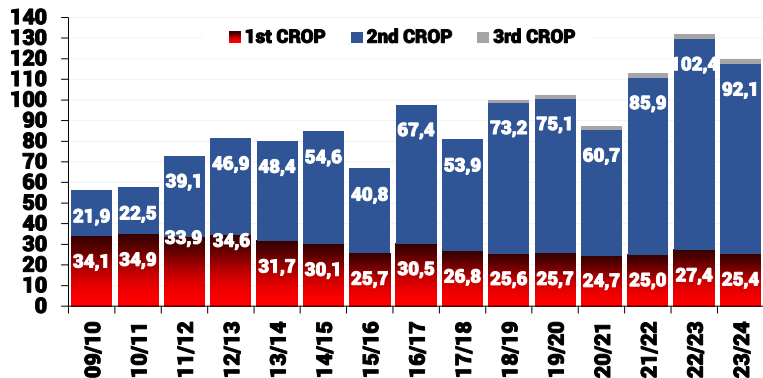
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



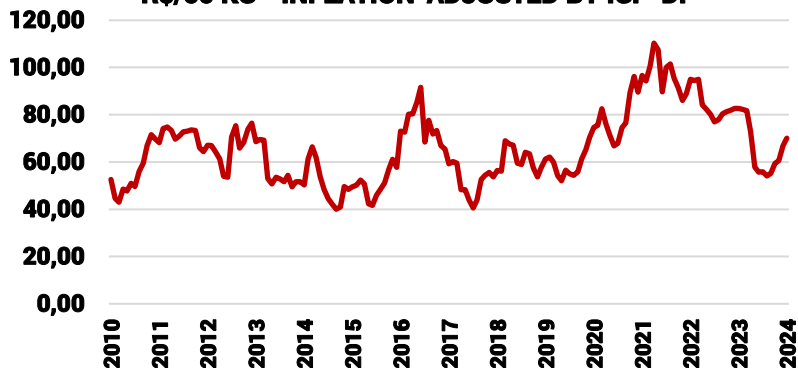
CORN: 2024/2025 MARKET OUTLOOK

- The trend is upward for prices in the domestic market, with a 10% reduction in the area in the 1st harvest 2023/2024 and 5% in the area in the 2nd harvest 2023/2024 – and the drop in area in the 2nd harvest could be bigger.
- Delays in soybean planting are expected to compromise the planting window for the 2nd harvest in Brazil, increasing climate risks for crops.
- Record exports in 2023 have sharply reduced ending stocks for 2024.
- Domestic demand is expected to continue growing in the animal feed and biofuel segment.
- With fewer surpluses for export in 2024, there will be disputes between domestic consumers and trading companies, which should drive domestic prices to levels above export parity.
- This should lead to the formation of a higher basis with impacts on domestic prices, with a tendency for higher premiums for corn in Brazilian ports in 2024.
- In the long term, there is also a tendency for the planted area in the USA to shrink in 2024/2025.
- What's on the radar: “climate market” in Brazil, impacts of *El Niño* on the 1st Brazilian harvest (summer) and on the 2nd harvest (winter), area to be planted and evolution of planting the 2nd harvest in Brazil, dollar Brazil, domestic corn supply and planting intention in the US in 2024/2025.

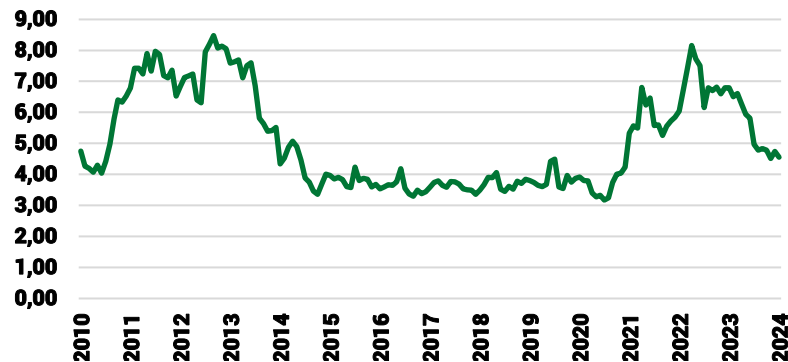
CORN: BRAZIL PRODUCTION - MMT



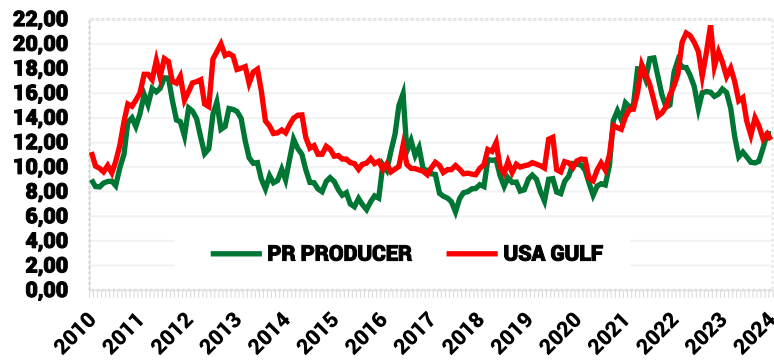
CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: CBOT FUTURE PRICES US\$/BUSHEL



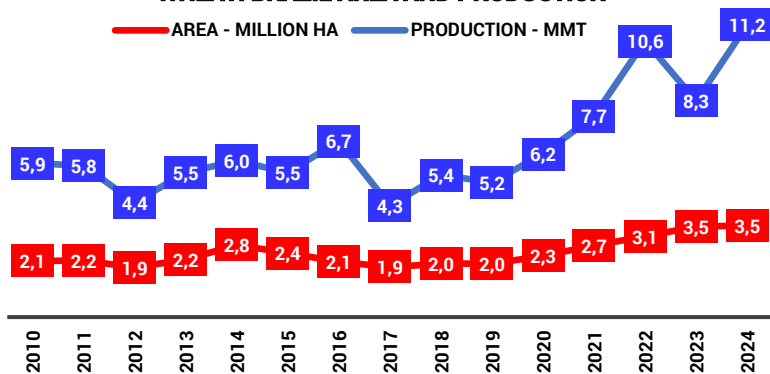
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



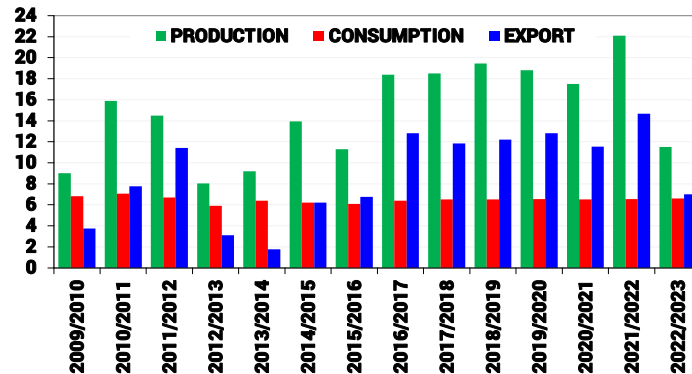
WHEAT: 2024/2025 MARKET OUTLOOK

- The trend is for wheat prices to rise in the Brazilian market, with significant losses in the 2023 harvest and the scenario of increased import needs throughout 2024.
- On the Chicago Stock Exchange, Soft Red Winter (SRW) futures prices for contracts maturing in 2024 are sustained in the range between US\$6.00 and US\$6.43 per bushel.
- Domestic prices are expected to align with import parity, with the strong declines in the 2023 Brazilian harvest and the loss of quality of the harvested grains.
- The 2023 Brazilian harvest reached 8.2 MMT, 23% below the 10.6 MMT initially expected, increasing the need for imports in the 2023/2024 commercial year (August/2023 to July/2024) to 6.3 MMT, 40% above the previous cycle.
- On the other hand, there will be a decline in Brazilian exports in the 2023/2024 commercial year.
- The current import parity for Argentine grain is R\$ 1,388 per tonne CIF Brazilian port.
- 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\$1,270 and R\$1,300 per tonne in Rio Grande do Sul.
- What is on the radar: need to increase imports from Argentina and third markets, shortage of good quality grains in the Brazilian market and the dollar in Brazil.

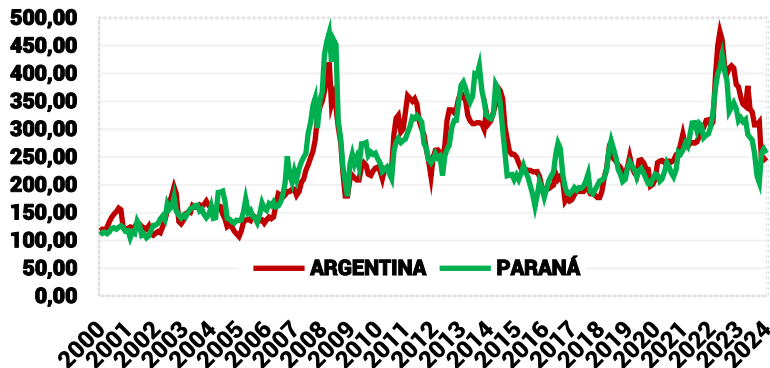
WHEAT: BRAZIL AREA AND PRODUCTION



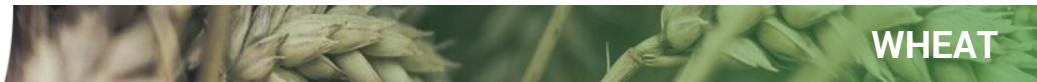
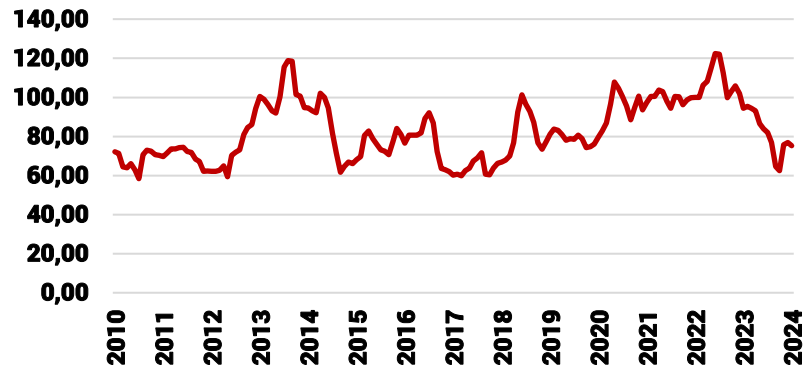
ARGENTINA: WHEAT SUPPLY - MMT



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



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

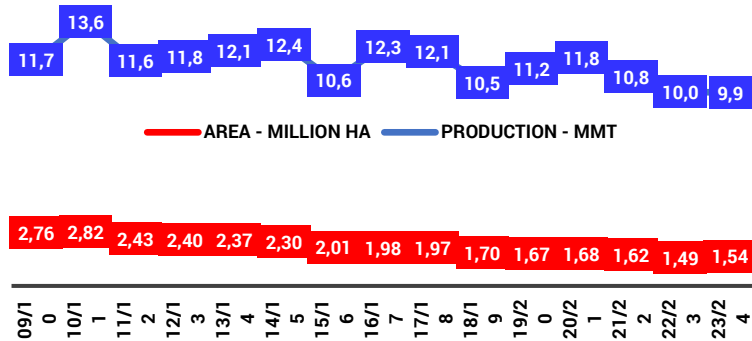


RICE: 2024/2025 MARKET OUTLOOK

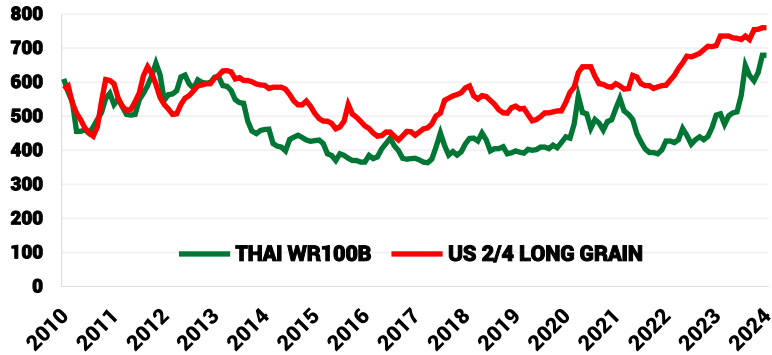
- The trend is for paddy rice prices to remain at high levels in the 2024 season, maintaining the scenario of firm prices seen throughout the 2nd half of 2023.
- There are quitting of plantations started in irrigated areas of RS, the largest national producer, in addition to the climatic risk of the *El Niño* phenomenon affecting crop productivity.
- These climatic adversities are compromising the productive potential of the 2024 Brazilian harvest, which should be similar to that of 2023, at around 10 MMT.
- With the harvest below domestic demand, estimated at 10.25 MMT, and with potential export markets for up to 2 MMT, there will be a “dispute” for paddy rice between processors in Brazil and export trading companies.
- The exportable surpluses of the other Mercosur countries for sales to the Brazilian market are estimated at 1.6 MMT and are insufficient to put pressure on prices in Brazil.
- With prices also rising on the international market, there should be no supply of North American or Asian rice at prices well below those practiced on the Brazilian market.
- What's on the radar: impacts of *El Niño* on productivity in the 2023/2024 harvest, flow of imports from Mercosur and third markets in Brazil and flow of Brazilian exports.



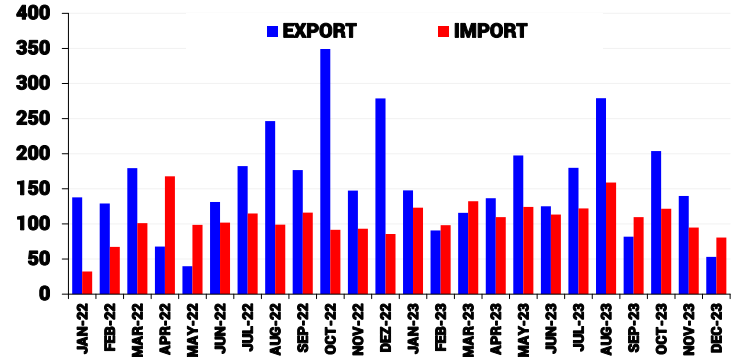
RICE – BRAZIL AREA AND PRODUCTION



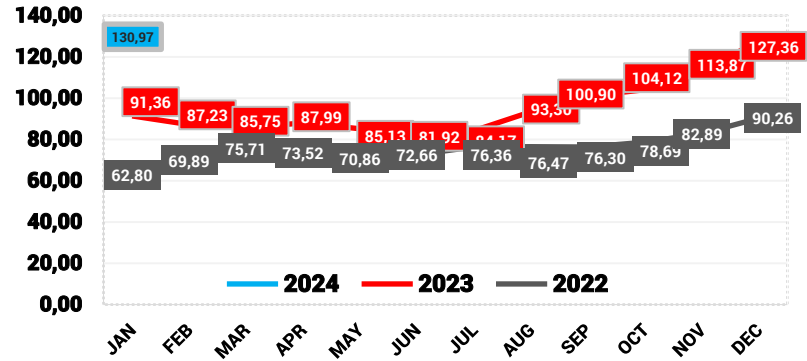
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



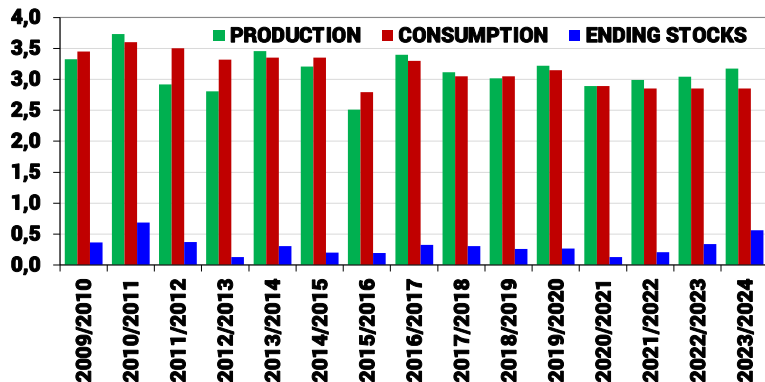
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



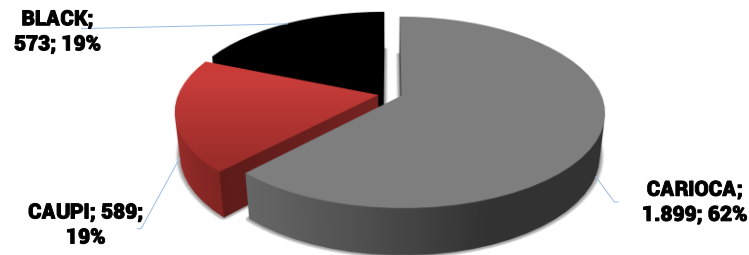
PULSES - BEANS: 2024/2025 MARKET OUTLOOK

- Prices paid to bean producers are sustained at high levels, given the failures of the 1st harvest in 2024, with excess rainfall in some regions and scarcity in others.
- Prices for carioca beans graded 8.5/9.5, FOB producer, are fluctuating between R\$350 and R\$370 per 60 kg at the beginning of January/2024, compared to R\$330 to R\$360 in December 2023.
- The prices for black beans-extra, FOB producer, are ranging between R\$390 and R\$420 per 60 kg at the beginning of January/2024, compared to R\$360 to R\$380 per 60 kg in December 2023.
- In this first harvest of 2024, climatic adversities – lack/excess of rain and low temperatures during the crop cycle – are negatively influencing productivity and production.
- The volume to be harvested in the 1st harvest should not be enough to keep the market supplied in the short term, keeping prices at high levels, while the area in the 2nd harvest tends to be similar to last year, which could contribute to raising volumes to be offered.
- The adverse climate situation and uncertainties regarding climate forecasts for the coming months will continue to affect prices and.
- What's on the radar: impacts of *El Niño* on volumes and quality of the 1st harvest and 2nd harvest of 2024 and impacts of price increases in retail and consumption.

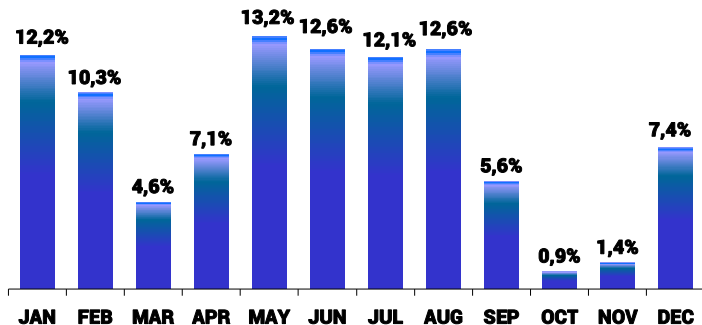
BEANS: BRAZIL SUPPLY - MMT



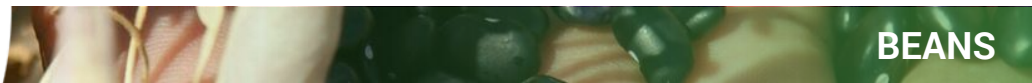
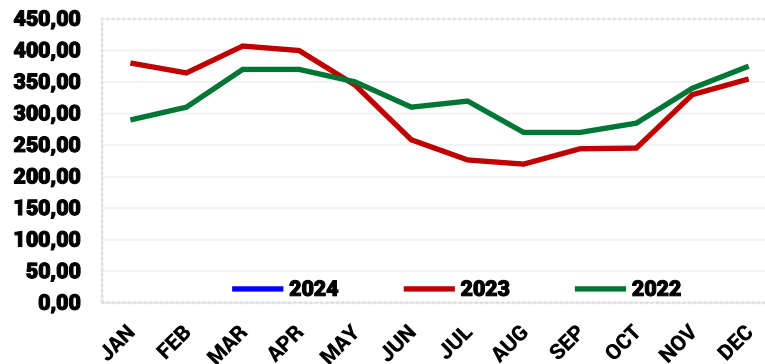
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



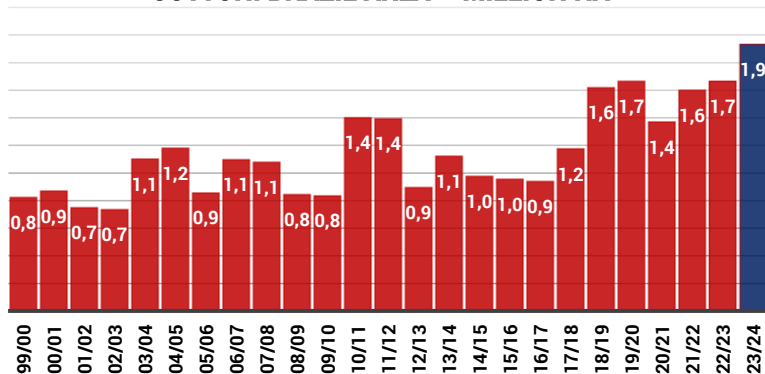
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



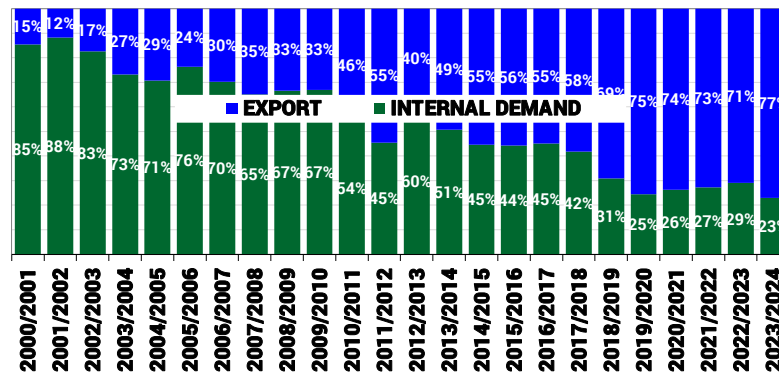
COTTON: 2024/2025 MARKET OUTLOOK

- The cotton planted area in Brazil is expected to grow 16% in the 2023/2024 harvest and production is expected to be a record, also projecting record cotton exports in 2024.
- In the domestic market, prices are sustained at a level above R\$4.00 per pound.
- Negotiations for exports with shipments during 2024 average 87.38 ¢ per pound FOB Porto de Santos (SP) and deals for the 2023/2024 season average 83.52 ¢ per pound .
- Forward contracts carried out between September/2022 and January/2024, with deliveries for 2024, have an average price of R\$4.17 per pound.
- Future prices on the New York Stock Exchange are firm for maturities in the 1st half of 2024, with a gradual downward trend throughout the 2nd half of 2024.
- The global average price for the period from August/2023 to July/2024 is estimated at 94.88 ¢ per pound, compared to 101.62 ¢ per pound in the 2022/2023 season.
- What's on the radar: flow of Brazilian exports in the coming months, impacts of *El Niño* on the next Brazilian harvest 2023/2024, oil prices and prices for fibers competing with cotton (polyester and nylon), dollar in Brazil and planting intentions of the 2024/2025 harvest in the USA.

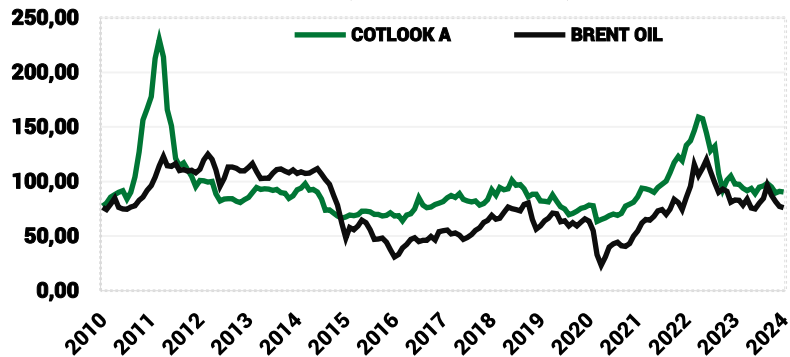
COTTON: BRAZIL AREA – MILLION HA



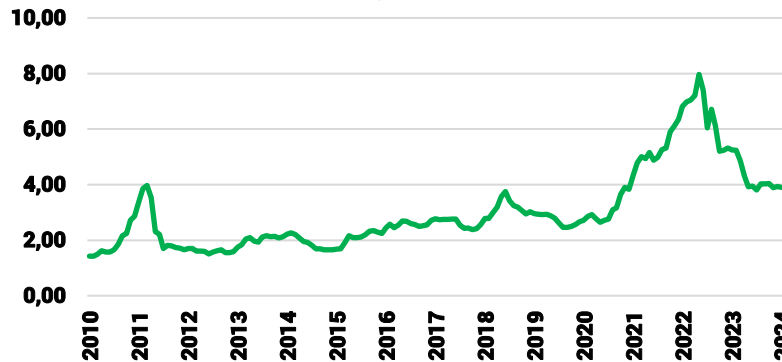
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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