

GRAINS

2024/2025 OUTLOOK SUMMARY



FEBRUARY/2024



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Future soybean prices continue to fall, given the scenario of a record harvest in South America in 2023/2024 and an increase in area in the United States in the next 2024/2025 season.

In the corn market, the trend is for domestic prices to rise, with a sharp drop in planted areas in the 1st and 2nd Brazilian harvests.

The trend is also upward for prices in the domestic wheat market, with failures in the 2023 Brazilian harvest requiring greater imports in 2024.

Rice prices are falling, with the fast advance of the harvest in Brazil, but the scenario is for sustained prices throughout this year, with India maintaining its veto on grain exports.

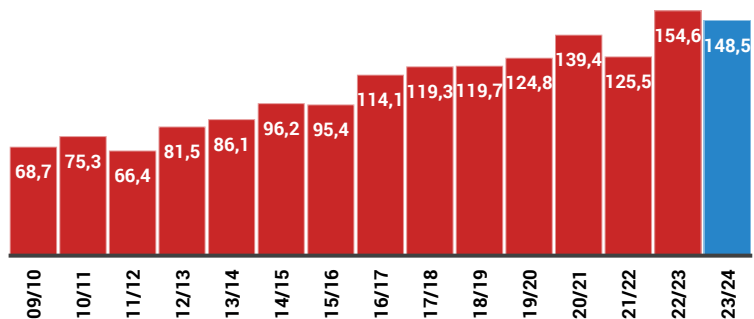
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SOYBEAN: 2024/2025 MARKET OUTLOOK

- The trend is downward for prices in the domestic market, with the advance of the harvest, record harvest forecast in South America in 2023/2024 and expansion of the planted area in the USA in 2024/2025, decline in futures on the CBOT and premiums negative effects in Brazilian ports.
- On the Chicago Stock Exchange, future prices for 2024 fell to US\$ 11.50 to US\$ 11.80/bushel.
- In Argentina, the 2023/2024 harvest is estimated at 52.5 MMT, which, if confirmed, would be an increase of 138% over the previous one, which reached only 22.0 MMT.
- The South American harvest in 2023/2024 is estimated at a record 218.1 MMT, 14% above the previous one, considering production of 148.5 MMT in Brazil.
- A change in prices would only occur in the event of a more significant drop in the Brazilian harvest, to levels below 140 MMT.
- The 1st estimate for the planted area in the USA in the 2024/2025 harvest is pointing to an increase of 3.1% in the soybean area, with a potential for an expansion of 7% in soybean production.
- What's on the radar: definition of the real size of the Brazilian harvest and failures, crop situation in Argentina and Paraguay, premiums in Brazilian ports, the dollar in Brazil and planting intentions in the USA in 2024/2025.

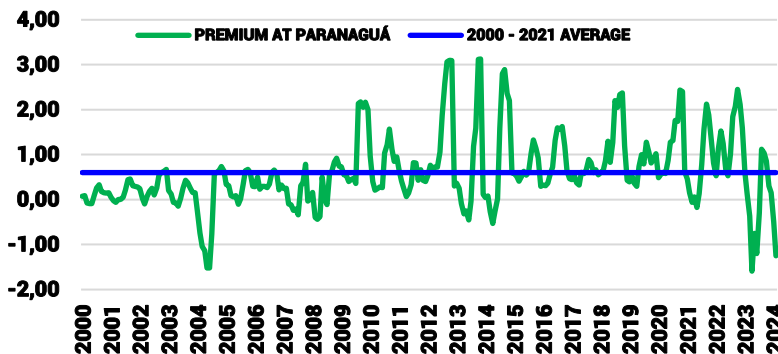
SOYBEAN: BRAZIL PRODUCTION - MMT



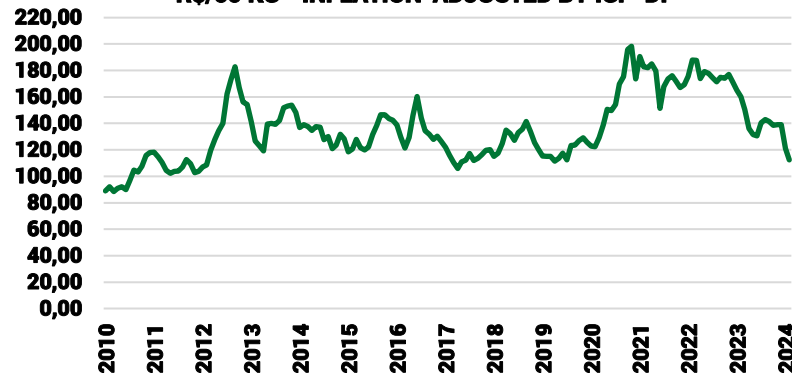
SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



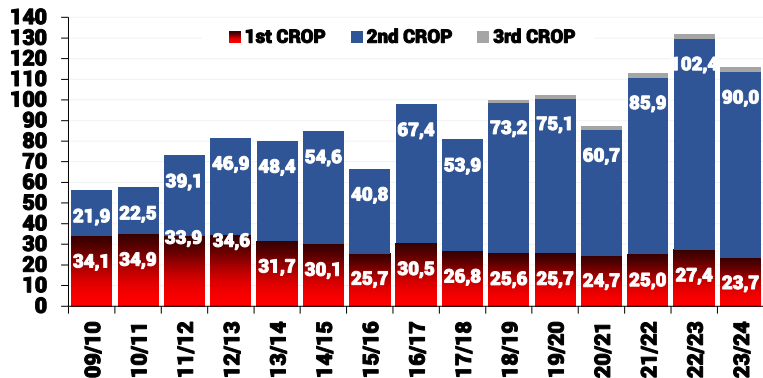
SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



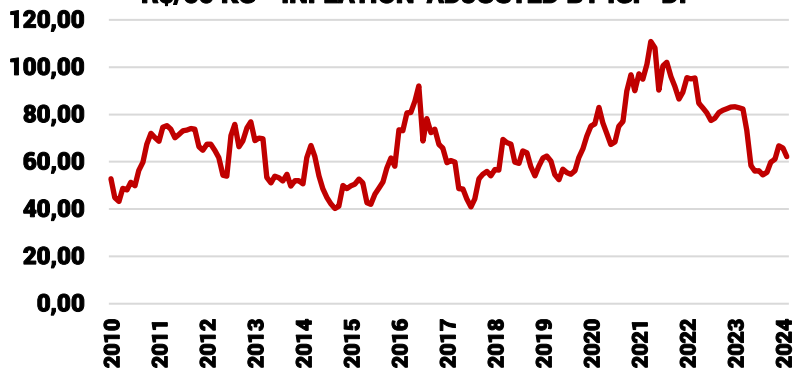
CORN: 2024/2025 MARKET OUTLOOK

- The trend is upward for prices in the domestic market, with a 12% reduction in the area in the 1st harvest 2023/2024 and 6% in the area in the 2nd harvest 2023/2024 – and the drop in area in the 2nd harvest could be greater.
- With the rapid advancement of the soybean harvest, conditions for the implementation of the 2nd corn harvest within the window considered ideal are improving: however, despite being lower, the climate risk for the 2nd corn harvest has not been ruled out.
- With domestic consumption estimated at 84.1 MMT and an export potential of 53.7 MMT, potential demand is 137.8 MMT in the current harvest, well above the estimated supply of 115.8 MMT.
- As a result, there will be disputes between domestic feed/ethanol 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.
- What's on the radar: area to be planted and evolution of planting the 2nd harvest in Brazil, domestic supply, pace of Brazilian shipments in the coming months, recovery of the Argentine harvest and intention to reduce the planted area in the USA in 2024/2025.

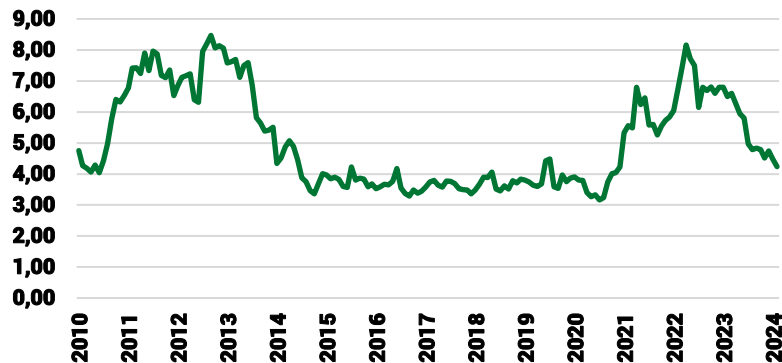
CORN: BRAZIL PRODUCTION - MMT



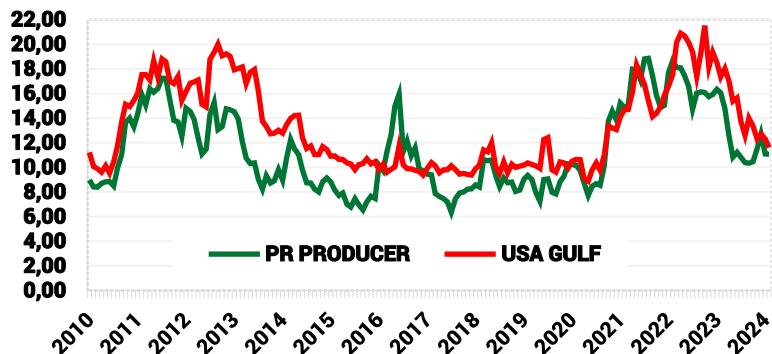
CORN: WHOLESALE PRICES CIF SAO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



CORN: CBOT FUTURE PRICES US\$/BUSHEL



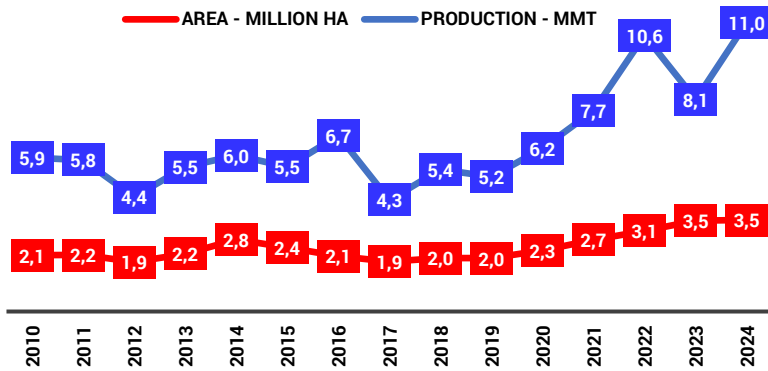
CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



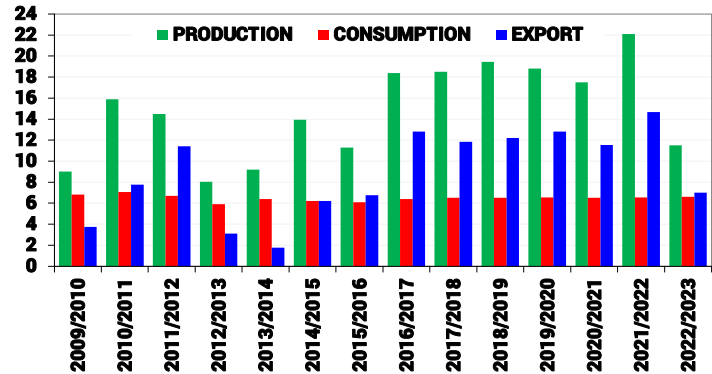
WHEAT: 2024/2025 MARKET OUTLOOK

- The trend is for domestic prices to rise, following greater import parity.
- In the last 30 days, prices have risen, on average, from R\$50.00 to R\$80.00 per tonne.
- The trend is for the movement to continue in the coming weeks, with an increase in demand from mills for the imported product due to the low volume of bread-type cereal available.
- Argentine wheat, the main import source, is up to R\$300 per tonne above the national price.
- The dollar close to R\$5.00 contributes to the appreciation of imported wheat.
- In Paraná, the mills indicate from R\$ 1,280.00 per tonne FOB to R\$ 1,350.00 per tonne CIF, for payment in 30 days for bread-type cereals.
- Argentine bread wheat arrives in Paraná between R\$ 1,500.00 and R\$ 1,550.00 per tonne, after milling (from US\$ 310 to US\$ 315 per tonne CIF inland).
- Only 20% of the wheat harvested in Paraná in the last harvest and 15% in Rio Grande do Sul were of superior quality, type 1.
- What is on the radar: dollar in Brazil, need to increase imports from Argentina and third markets, shortage of good quality grains in the Brazilian market and flow of Brazilian grain exports in 2024.

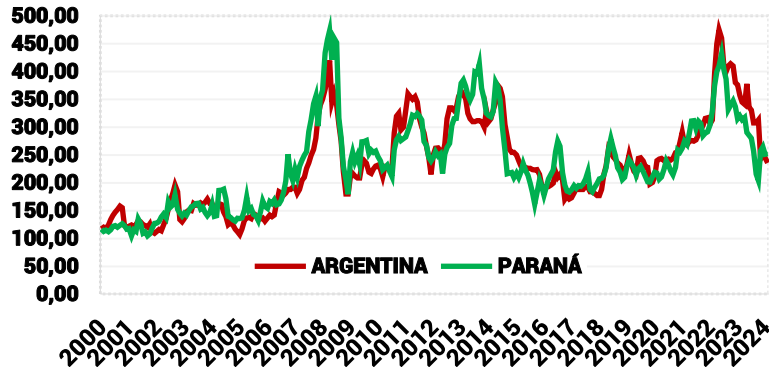
WHEAT: BRAZIL AREA AND PRODUCTION



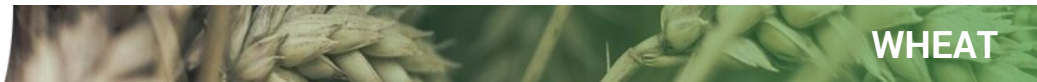
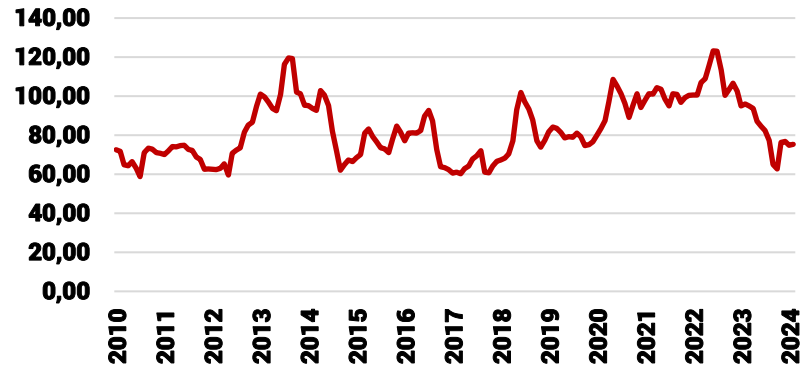
ARGENTINA: WHEAT SUPPLY - MMT



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



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

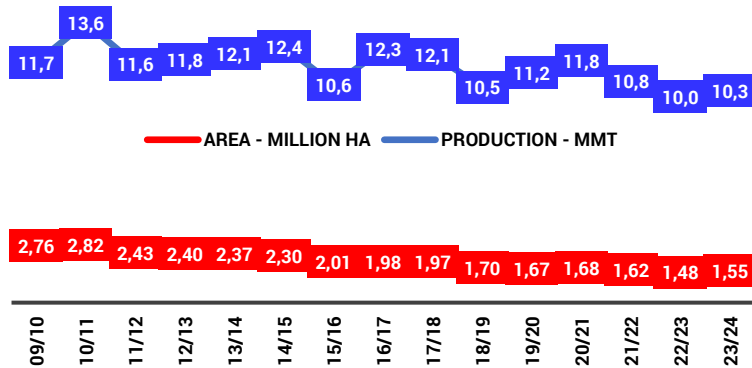


RICE: 2024/2025 MARKET OUTLOOK

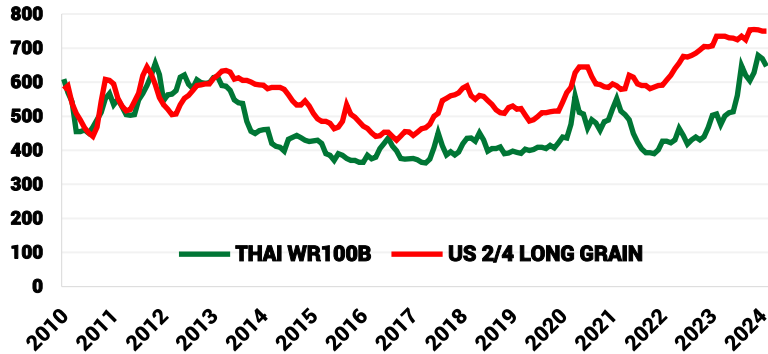
- The trend is for paddy rice prices to remain at high levels in the 2024 season, maintaining the scenario of firm prices seen throughout the 2nd half of 2023.
- In the short term, there is downward pressure on paddy rice prices FOB producer, with the start of the irrigated rice harvest in the producing regions of Southern Brazil and in Mercosur countries.
- The 2024 Brazilian harvest should be similar to that of 2023, estimated by our Consultancy at 10.3 MMT, below domestic consumption, projected at 10.5 MMT.
- With domestic consumption estimated at 10.5 MMT and an export potential of 2.0 MMT, potential demand is 12.5 MMT in the current harvest, well above the estimated supply of 10.3 MMT.
- As a result, there will be “dispute” between domestic consumers (beneficiaries) and trading companies, which should result in support for domestic prices throughout the current season.
- Global prices remain at high levels, with exports banned in India.
- What’s on the radar: final result of the harvest in the South of Brazil and in the Mercosur countries, inflow of imports from Mercosur and third markets, flow of Brazilian exports, India’s return to the export market in the 2nd half of 2024 and dollar in Brazil.



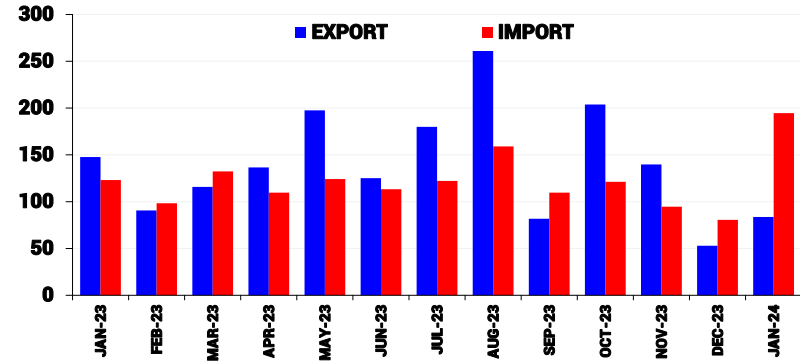
RICE - BRAZIL AREA AND PRODUCTION



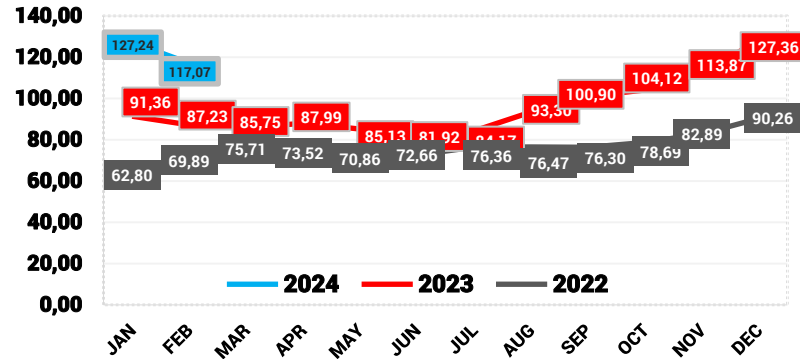
PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



RICE: BRAZIL EXPORT x IMPORT 1000 T (PADDY) JANUARY 2023 - JANUARY 2024



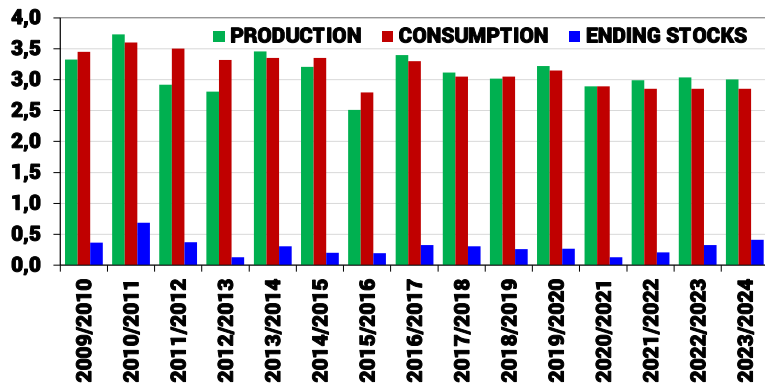
PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



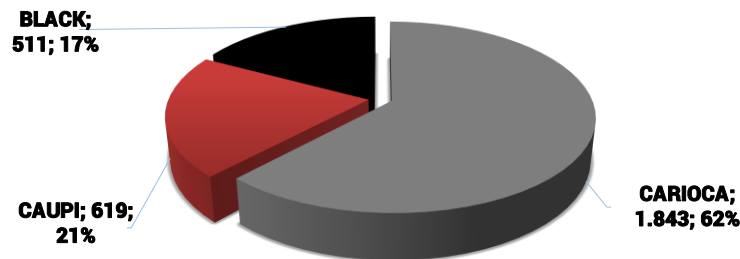
PULSES - BEANS: 2024/2025 MARKET OUTLOOK

- In the short term, the trend is for a calm market, due to the low consumption caused by the school holidays and the harvest peak in the south of the country and advancing in the other regions.
- In the carioca market, the predominance of supply continues to be of the commercial type, coming from Minas Gerais, São Paulo and Paraná, with the majority of lots presenting problems in the quality of the grains, while the extra new product with a grade of 9.5 continues without offers.
- The supply has been basically made up of weak commercial grain and there are few buyers interested in this type of merchandise. However, new arrivals of this product continue to occur.
- The excessive rains recorded in several producing regions have damaged the quality of the product, causing stains in addition to excess moisture.
- Prices for carioca beans graded 8.5/9.5, FOB producer, are fluctuating between R\$320 and R\$350 per 60 kg in February 2024, compared to R\$350 to R\$370 in January 2024 .
- Prices for black beans-extra, FOB producer, range from R\$370 to R\$400 per 60 kg in February 2024, compared to R\$390 to R\$420 per 60 kg in January 2024.
- 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 throughout this season.

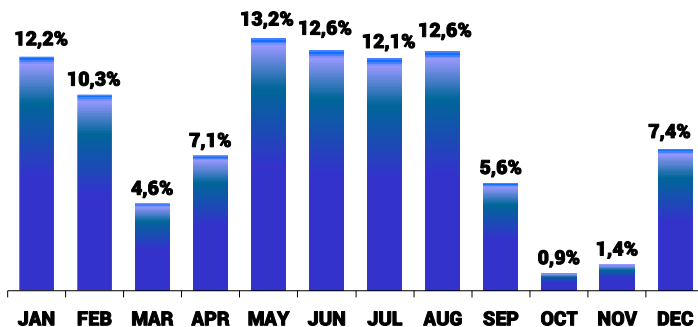
BEANS: BRAZIL SUPPLY - MMT



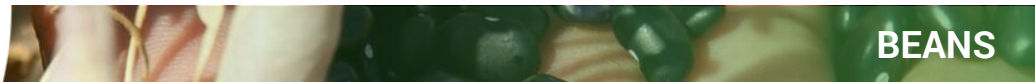
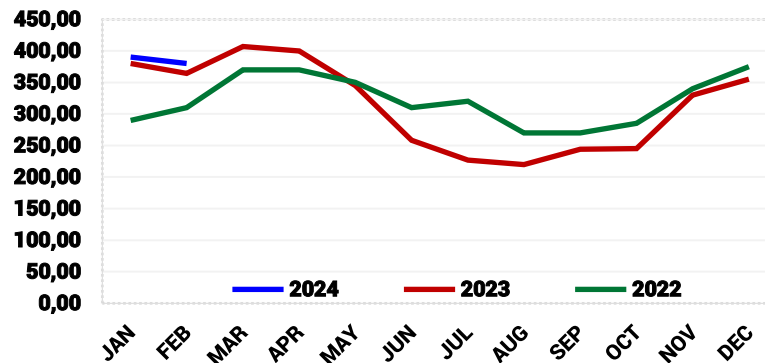
BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



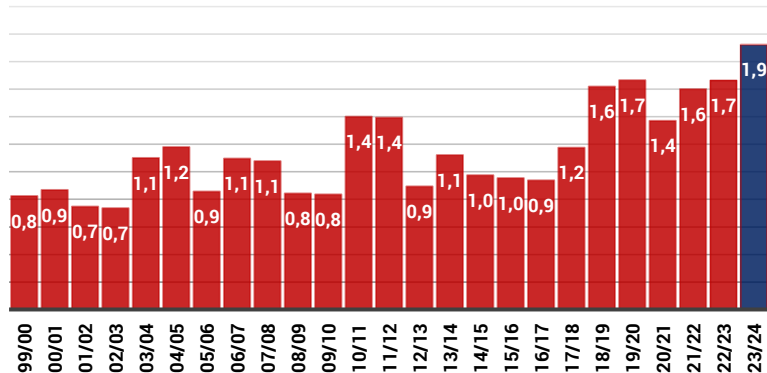
CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



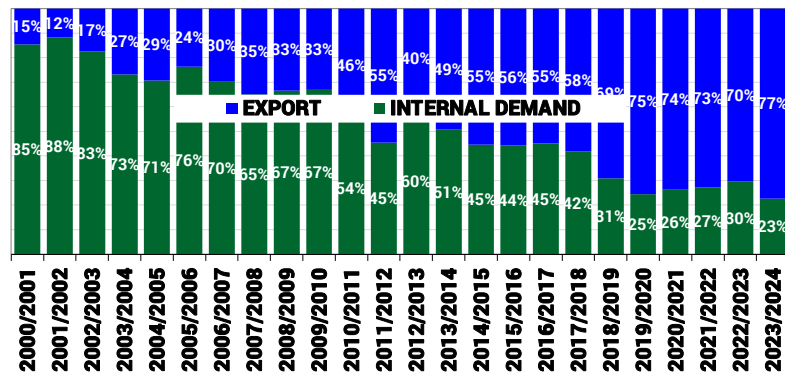
COTTON: 2024/2025 MARKET OUTLOOK

- The area planted with cotton 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 R\$4.00/pound.
- Export parity stimulates external negotiations, with deals between 84 and 86 ¢ per pound, above the value practiced in the domestic market, generating offers between R\$ 4.15 and R\$ 4.20/pound weight, above , therefore, of the R\$ 4.00 of the CEPEA/Esalq Indicator.
- Domestic demand remains restricted, with industries pointing out difficulties in manufacturing transactions and offering lower prices.
- Small volumes of premium quality are negotiated for textile industries in SP and SC based on the CEPEA/Esalq Indicator to be fixed and other lots at fixed prices of R\$4.10 to R\$4.20/pound.
- Futures 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.
- What's on the radar: flow of Brazilian exports in the coming months, oil prices and prices for fibers competing with cotton (polyester and nylon), the dollar in Brazil and the intention to plant the 2024/2025 harvest in the USA.

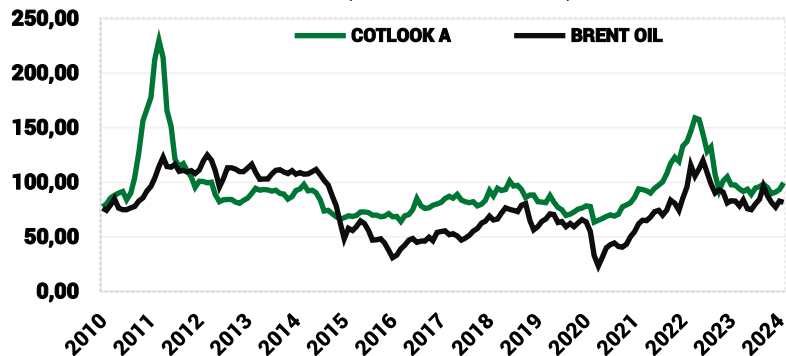
COTTON: BRAZIL AREA – MILLION HA



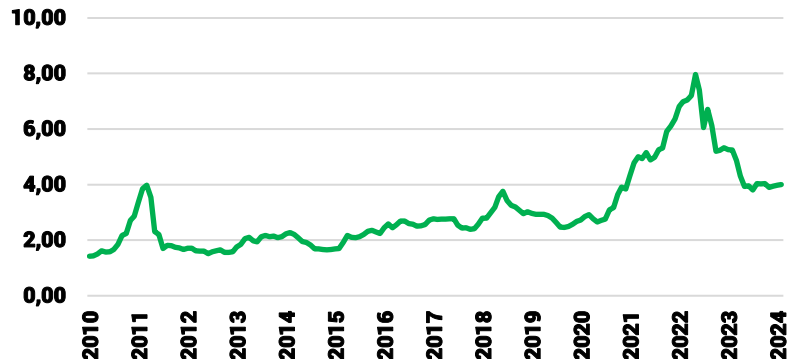
COTTON LINT: BRAZIL PRODUCTION DESTINATION



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



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





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