

# GRAINS

## 2024/2025 OUTLOOK SUMMARY



MARCH/2024



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*The shortfalls in the Brazilian soybean harvest are offset by the good harvests in other South American countries, maintaining downward pressure on future prices, which could be increased by the increase in planted area in the USA in the next 2024/2025 season.*

*La Niña is expected to be confirmed, generating risks for the US harvest and also for the next season in South America, which should generate volatility in future soybean and corn prices.*

*With a sharp drop in area in Brazil in 2023/2024 and in the USA in 2024/2025, the bias is upward for future corn prices. Cotton prices are on the rise, the Brazilian harvest is expected to be a record and cotton lint exports are expected to reach a historic record in the current season.*

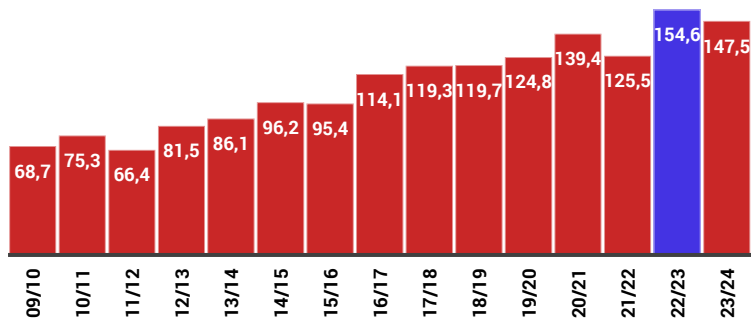
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# SOYBEAN: 2024/2025 MARKET OUTLOOK

- The trend is upward for soybean prices in the domestic market between March and November this year, with a gradual improvement in premiums in Brazilian ports in the coming months, with a potential increase of 10% to 15% in prices by November/2024.
- In the long term, the trend is downward for prices, with expectations of a record harvest in South America in 2023/2024, expansion of the planted area in the USA in 2024/2025, increase in global stocks at the end of the 2023/2024 and 2024/2025 seasons and negative premiums in Brazilian ports between January and August 2025.
- On the Chicago Stock Exchange, futures prices for 2024 are quoted between US\$ 11.80 and US\$ 12.15 per bushel and maturities for 2025 range between US\$ 11.60 and US\$ 12.00 per bushel.
- The *La Niña* phenomenon will be active from June/2024 and should cause strong volatility in future prices, which should embed a climate risk premium on prices, if adversities occur with the US harvest until October/2024 and, subsequently, with the South American harvest.
- What's on the radar: total production in Brazil and other South American countries in the current harvest, increase in planted area in the USA in 2024/2025, premiums in Brazilian ports and impacts of *La Niña* on the next harvest in the USA, Brazil and other countries south of South America.

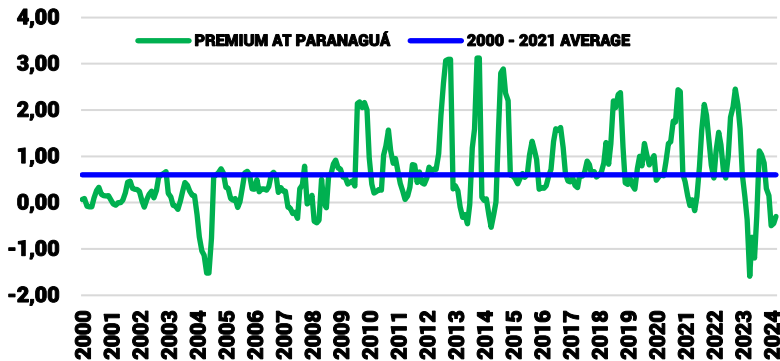
### SOYBEAN: BRAZIL PRODUCTION - MMT



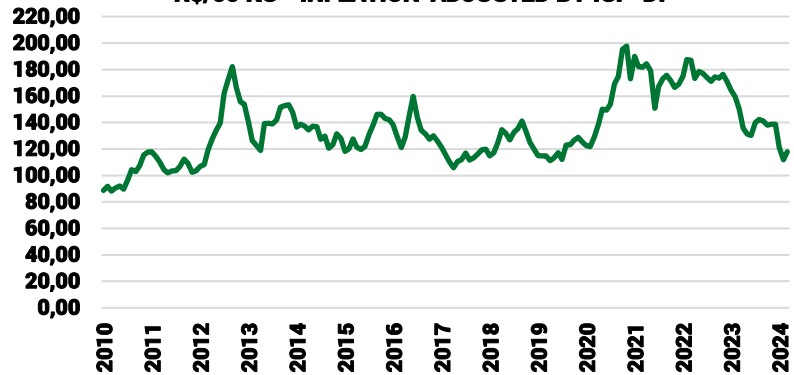
### SOYBEAN: CHICAGO FUTURE PRICES US\$/BUSHEL



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



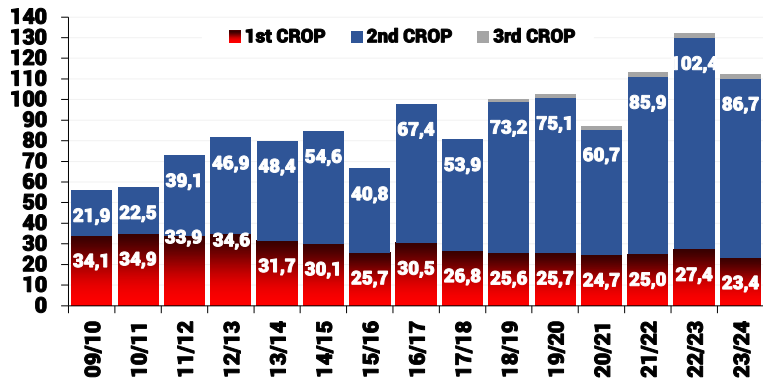
### SOYBEAN: PRODUCER PRICES FOB PR R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



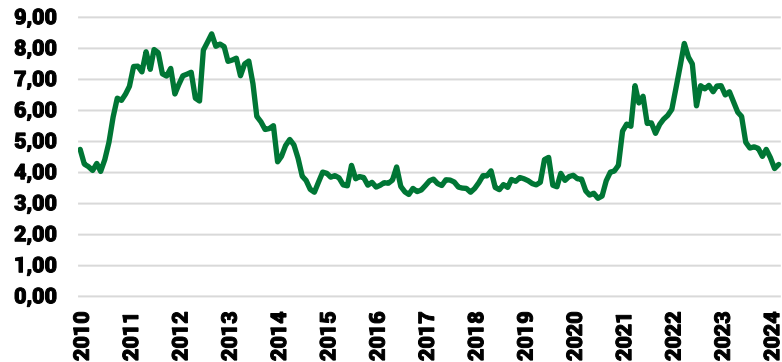
# CORN: 2024/2025 MARKET OUTLOOK

- The trend is upward for prices in the domestic market, with a reduction of 11% in the area in the 1<sup>st</sup> harvest 2023/2024 and 8% in the area in the 2<sup>nd</sup> harvest 2023/2024, reducing total production to 112.8 MMT, 14 % below the record harvested in the previous season, of 131.8 MMT.
- Although the climate risk of the 2<sup>nd</sup> harvest has been reduced, with 72% of the country's total area planted within the ideal window, crops will still be subject to periods of drought, frost and cold.
- With domestic consumption estimated at 84.1 MMT and an export potential of 54.6 MMT, potential demand is 138.7 MMT in the current harvest, well above the estimated supply of 112.8 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: climate and development of the 2<sup>nd</sup> Brazilian harvest in 2024, projected reduction in the area planted with corn in the USA in 204/2025, pace of Brazilian exports and premiums for shipments in the coming months and impacts of *La Niña* on the global harvest 2024/2025.

### CORN: BRAZIL PRODUCTION - MMT



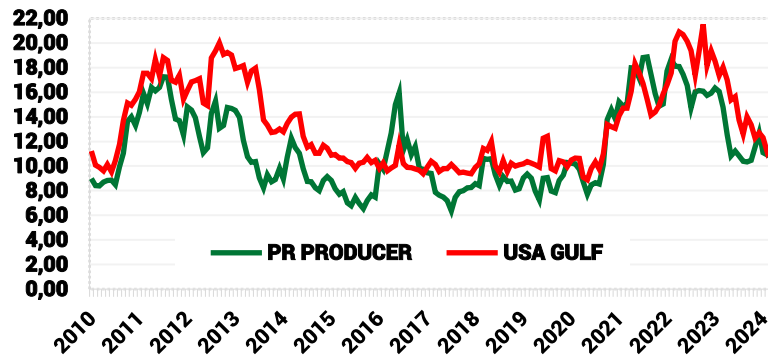
### CORN: CBOT FUTURE PRICES US\$/BUSHEL



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



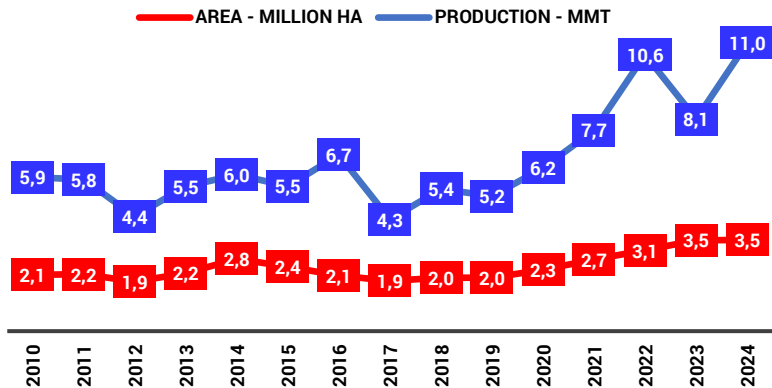
### CORN: PRICE PARITY PRODUCER PARANÁ X USA GULF - US\$/60 KG FOB



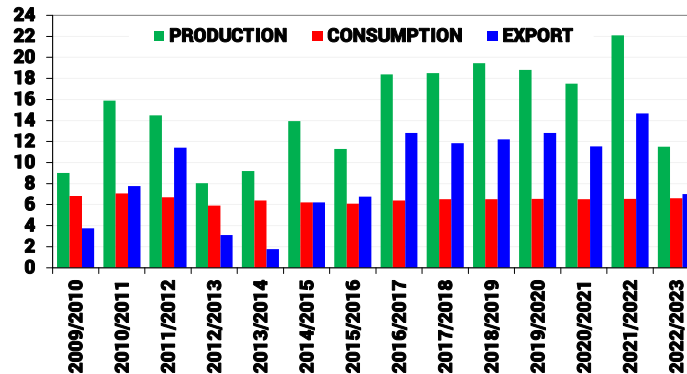
# WHEAT: 2024/2025 MARKET OUTLOOK

- Wheat prices are stable in the domestic market, with low availability of good quality grains from the 2023 harvest and an increase in the pace of imports from Argentina.
- Mills trying to purchase grains on the spot market in the South Region of the country demand type 1 wheat, which is difficult to find due to the severe failure of the 2023 cereal harvest.
- As a result, industries continue to resort to imports, but acquisitions of new batches occur in a slow manner, as demand for derivatives is weakened in the domestic market.
- In Paraná, the mills indicate R\$ 1,250 per tonne FOB, for payment in 30 days for bread-type cereals, while in Rio Grande do Sul, the quote is R\$ 1,150 per tonne CIF mill.
- Even so, in recent days, demand for whitening wheat has grown, with buyers indicating R\$1,600 per tonne FOB, for immediate delivery and payment within 30 days.
- Argentine bread-type wheat arrives in Paraná between R\$ 1,450 and R\$ 1,550 per tonne (from US\$ 295 to US\$ 300 per tonne CIF in the interior of the State).
- 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, flow of Brazilian grain exports in 2024 and favorable climate for the 2024 Brazilian harvest.

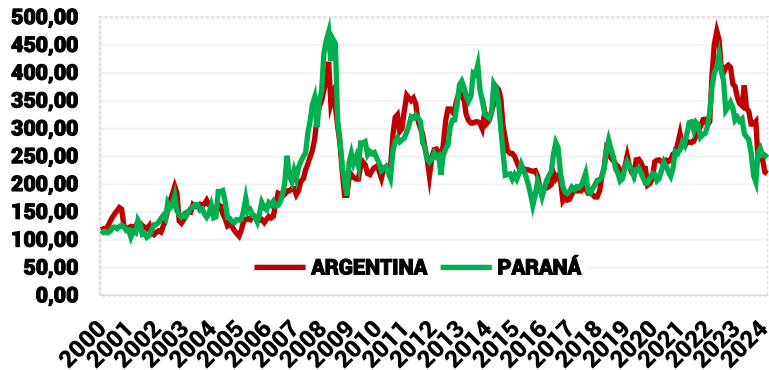
### WHEAT: BRAZIL AREA AND PRODUCTION



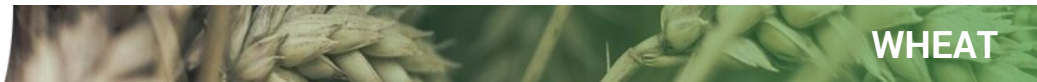
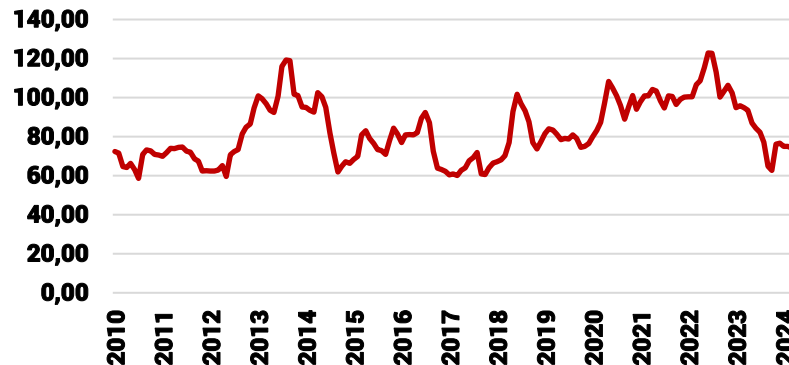
### ARGENTINA: WHEAT SUPPLY - MMT



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



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



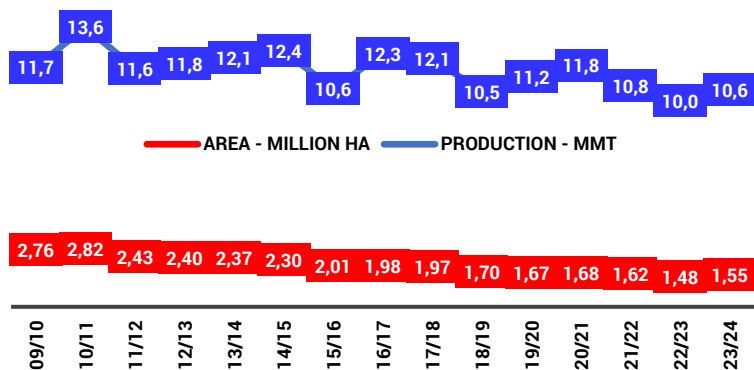


# RICE: 2024/2025 MARKET OUTLOOK

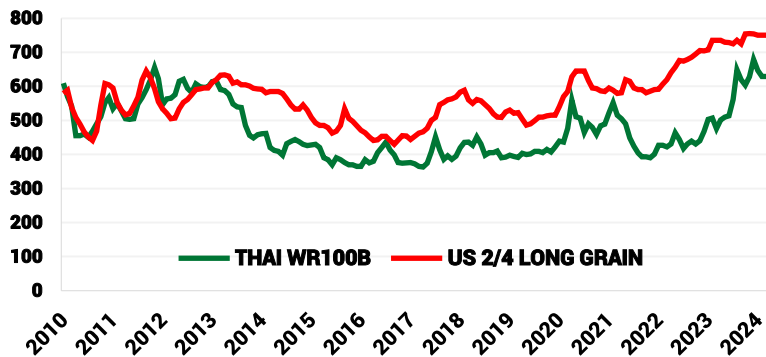
- The trend is for paddy rice prices to remain at high levels in the 2024 season, maintaining the scenario of firm prices seen throughout the 2<sup>nd</sup> half of 2023.
- In the short term, downward pressure on FOB producer paddy rice prices persists, with the advance of the harvest, pressure from buyers and retraction from sellers.
- The 2024 Brazilian harvest should be similar to that of 2023, estimated by our Consultancy at 10.6 MMT, in line with 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, above the estimated supply of 12.3 MMT (production + ending stocks).
- As a result, there should be a “dispute” between domestic consumers (beneficiaries) and trading companies, which will result in support for domestic prices throughout the current season.
- The limit for rising domestic prices will depend on India’s decision to resume exports (still vetoed), which has kept global prices sustained at high levels.
- What’s on the radar: inflow of imports from Mercosur and third markets, flow of Brazilian exports and India’s return to the export market in the 2<sup>nd</sup> half of 2024.



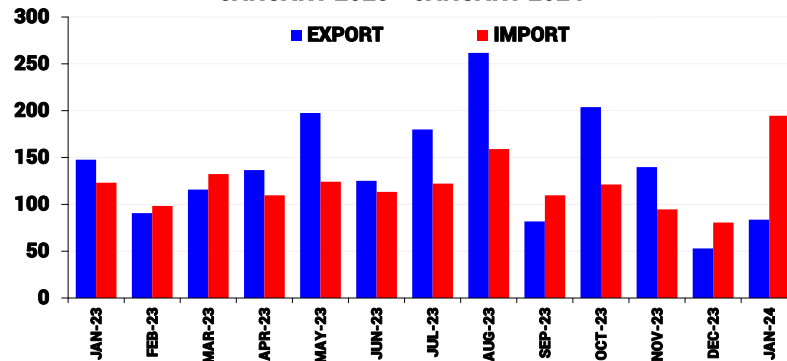
## RICE – BRAZIL AREA AND PRODUCTION



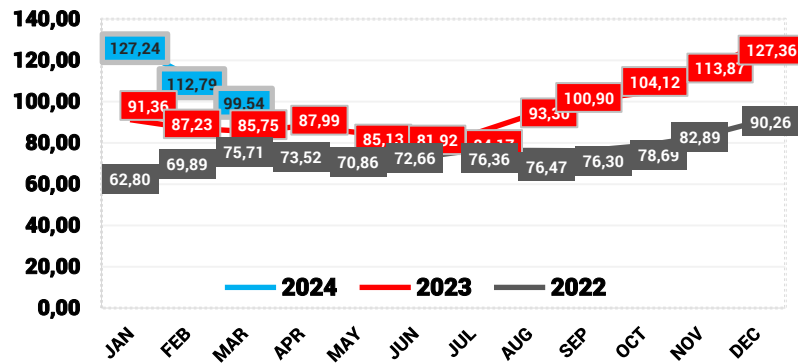
## PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE - THAILAND X USA



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



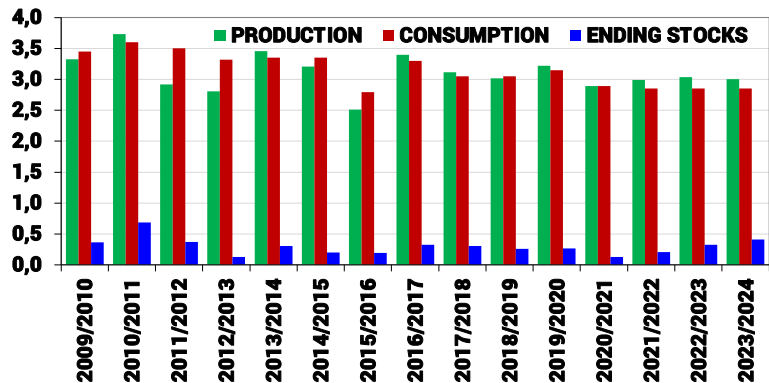
## PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG



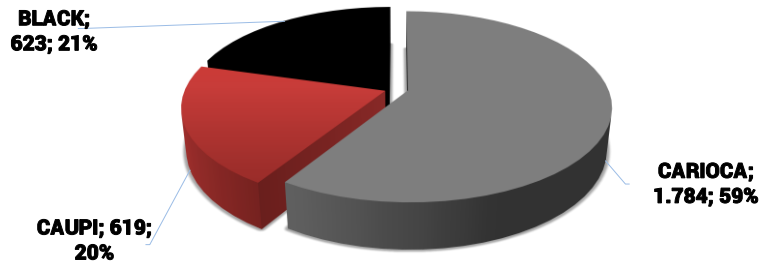
# PULSES - BEANS: 2024/2025 MARKET OUTLOOK

- In the short term, the trend is for a calm market, due to the low consumption caused by the school holidays, coinciding with harvest peak in the south of the country and advancing in other regions.
- The delay of the harvest in Minas Gerais and the production stored in the 3<sup>rd</sup> irrigated harvest should serve the market well until the arrival of the 2<sup>nd</sup> harvest in Paraná, scheduled for mid-April.
- Supply is expected to remain high in the short term, putting pressure on prices, with most buyers waiting for times that they consider more favorable for sales.
- Packers continue to work with low stocks and wait for better negotiations regarding quality and prices, given the difficulties encountered in recent transfers.
- Prices for carioca beans graded 8.5/9.5, FOB producer, are fluctuating between R\$320 and R\$350 per 60 kg in March 2024, compared to R\$330 to R\$360 in February 2024 .
- Prices for black beans-extra, FOB producer, range from R\$350 to R\$400 per 60 kg in March 2024, compared to R\$370 to R\$400 per 60 kg in February 2024.
- What's on the radar: final area to be planted in the 3<sup>rd</sup> harvest of 2024, retail demand in the coming months, consumer retraction after the strong increases in retail prices in the first months of this year and impacts of the *La Niña* phenomenon on the implementation of 1<sup>st</sup> harvest 2024/2025.

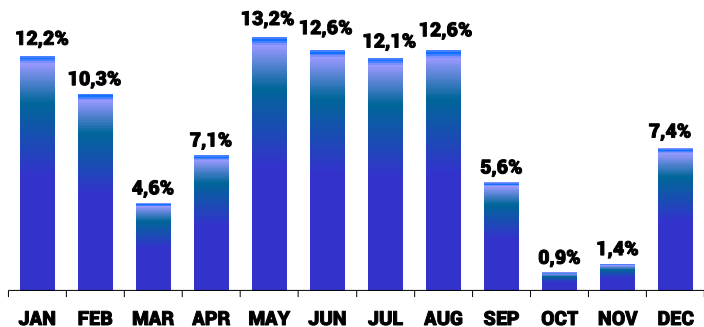
### BEANS: BRAZIL SUPPLY - MMT



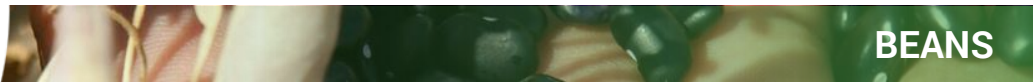
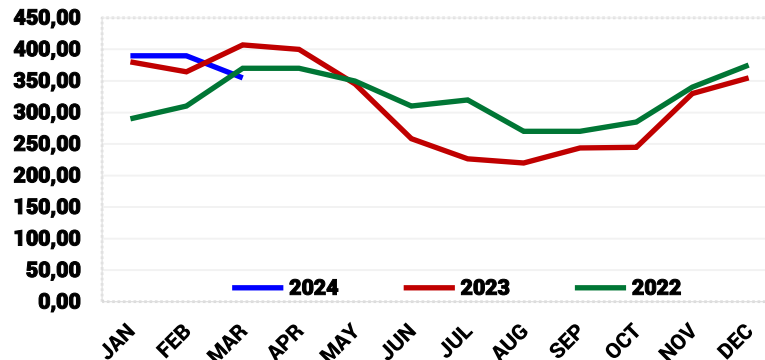
### BEANS: BRAZIL 2023 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



### BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



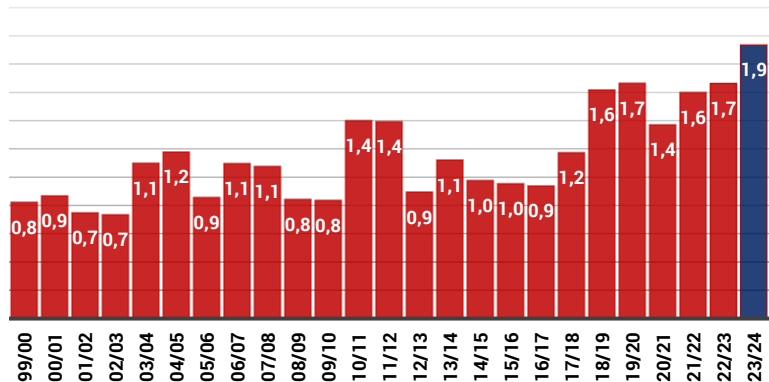
### CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



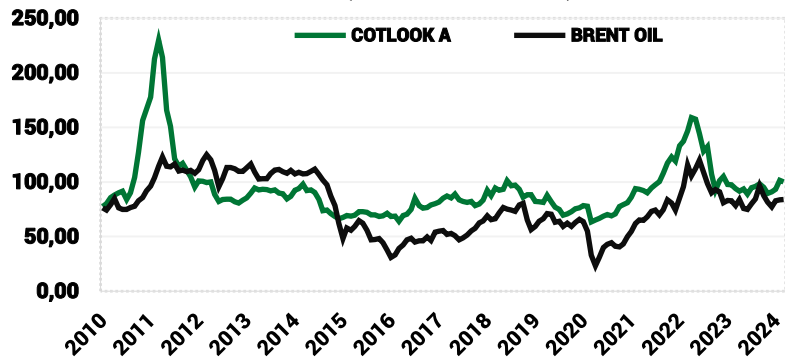
# COTTON: 2024/2025 MARKET OUTLOOK

- The area planted with cotton in Brazil will 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\$4.24 per pound.
- Commercialization in the domestic market remains weakened, with only occasional interest from buyers and sellers in negotiating, following the sharp rise in domestic prices in the last 30 days.
- After the sharp rise in cotton futures on the New York Stock Exchange in February, producers have been holding back on supply in the expectation of, later on, trading cotton at export parity.
- On the buyers' side, the factories currently operating in the market are finding it difficult to pass on the price and, therefore, buy hand-to-mouth.
- The FAS (Free Alongside Ship) export parity is R\$ 4.55 per pound (91.47 ¢ per pound) at the Port of Santos (SP), based on the Cotlook A Index, referring to feather placed in the Far East.
- 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.

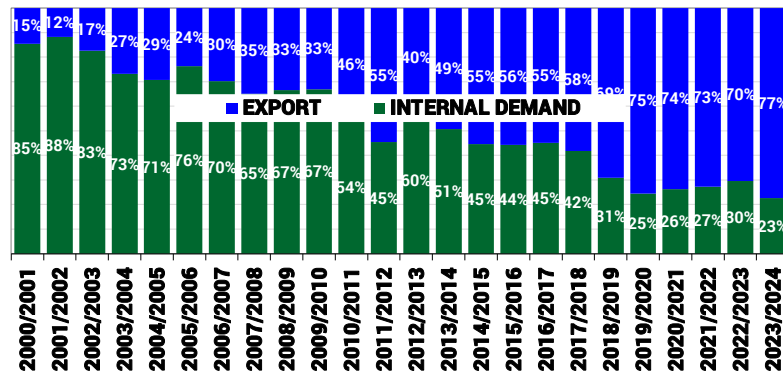
### COTTON: BRAZIL AREA – MILLION HA



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



### COTTON LINT: BRAZIL PRODUCTION DESTINATION



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





+55 51 32481117

+55 51 999867666



[www.carloscogo.com.br/en](http://www.carloscogo.com.br/en)



[consultoria@carloscogo.com.br](mailto:consultoria@carloscogo.com.br)



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