

# GRAINS

## 2024/2025 OUTLOOK SUMMARY



SEPTEMBER/2024



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*The US grain harvest begins with a record soybean harvest and the second largest corn harvest in history, putting pressure on futures prices on the Chicago Stock Exchange.*

*From now on, adverse weather and expectations of La Niña should turn the markets' attention to the South American harvest.*

*In the wheat market, the harvest is progressing, and imports have increased, putting pressure on prices.*

*In the rice and bean markets, prices are rising due to the off-season.*

*In the cotton market, the decline in external prices and the record harvest in Brazil are putting pressure on domestic cotton prices.*

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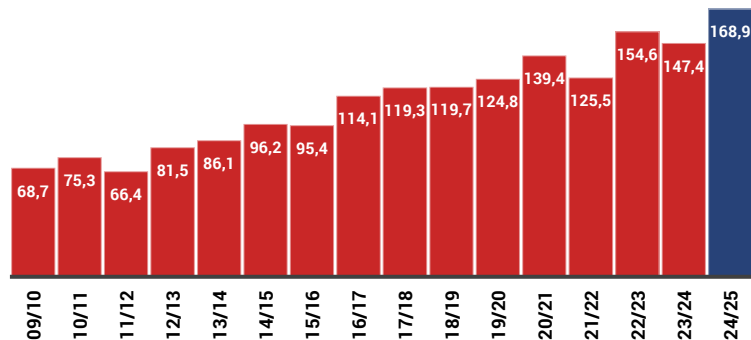


# SOYBEAN: 2024/2025 MARKET OUTLOOK

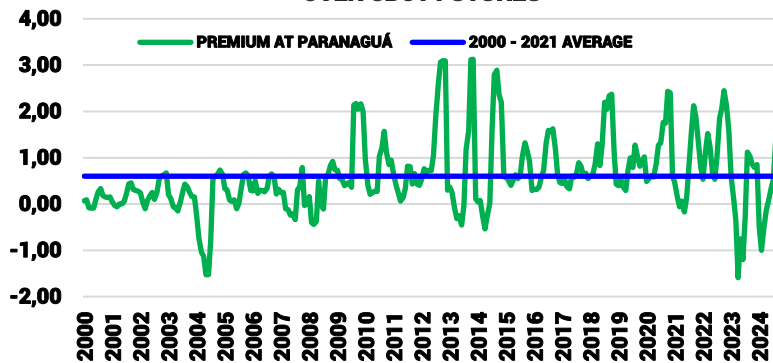
- The trend is bearish for global prices, with the harvest of the record crop in the US, record global ending stocks and the highest stocks/world consumption ratio in history.
- The 2024/2025 US crop is estimated at a record 124.8 MMT, with good weather conditions generating a record productivity of 3.57 tonnes per hectare.
- Ending stocks for the 2024/2025 season are estimated at a record 134.6 MMT, which is equivalent to 33.4% of demand, the highest level in history.
- Futures prices in Chicago for the 1<sup>st</sup> half of 2025 range between US\$ 10.20 and US\$ 10.60 per bushel and contracts for the 2<sup>nd</sup> half of 2025 operate between US\$ 10.50 and US\$ 10.65.
- At Brazilian ports, premiums between January and May 2025 will fall sharply compared to the second half of 2024, indicating downward pressure on prices in the first half of 2025.
- The “climate market” is active, adding a risk premium to soybean futures contracts, with fires, drought and delays in planting the new Brazilian and South American crops.
- This scenario should increase the volatility of future prices in the coming months.
- What's on the radar: US elections and impacts on future prices, effects of *La Niña* on the 2024/2025 harvest in South American countries and exchange rate in Brazil.



## SOYBEAN: BRAZIL PRODUCTION - MMT



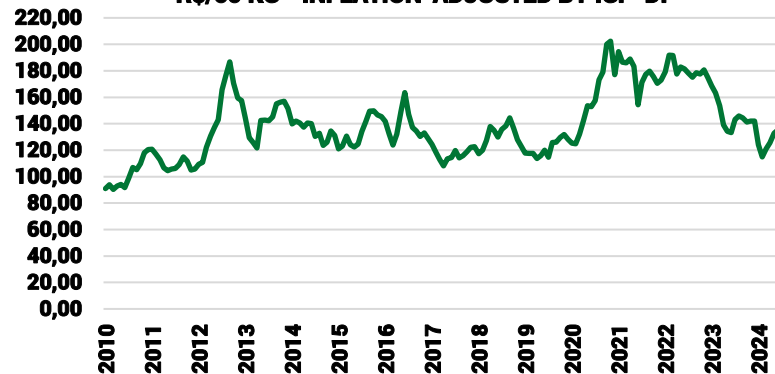
## SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



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



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

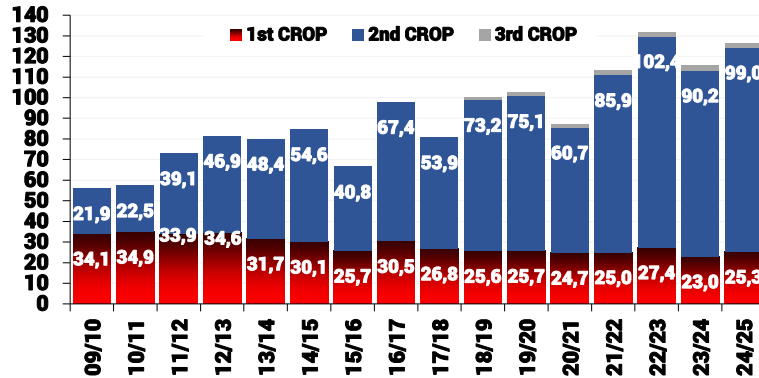


# CORN: 2024/2025 MARKET OUTLOOK

- The 2024/2025 US harvest is estimated at 385.7 MMT, the 2<sup>nd</sup> largest in history.
- In Chicago, the futures prices increased 7% the last 30 days and dropped 16% in 12 months.
- Futures in Chicago with maturities in the first half of 2025 are trading between US\$4.20 and US\$ 4.40 per bushel and for the second half of 2025 they are trading between US\$4.40 and US\$4.50.
- In the domestic market, with the hot and dry weather and strong domestic and foreign demand, Brazilian producers remain away from spot and future delivery deals.
- Buyers are having difficulty replenishing their stocks and corn prices are rising.
- Brazilian corn exports reached 24.4 MMT between January and the partial of September, 28% below the 33.9 MMT shipped in the same period of 2023.
- The Brazilian 2024/2025 harvest is estimated by our Consulting firm at 126.6 MMT, 9.5% above the volume harvested in the 2023/2024 harvest.
- The *La Niña* phenomenon will increase the risk of drought on the summer harvest (1<sup>st</sup> harvest 2024/2025) in Brazil and in Mercosur countries, especially in Argentina and Paraguay.
- What's on the radar: effects of *La Niña* on the 2024/2025 harvest in Brazil and other South American countries, flow of Brazilian exports in the coming months and exchange rate in Brazil.



## CORN: BRAZIL PRODUCTION - MMT



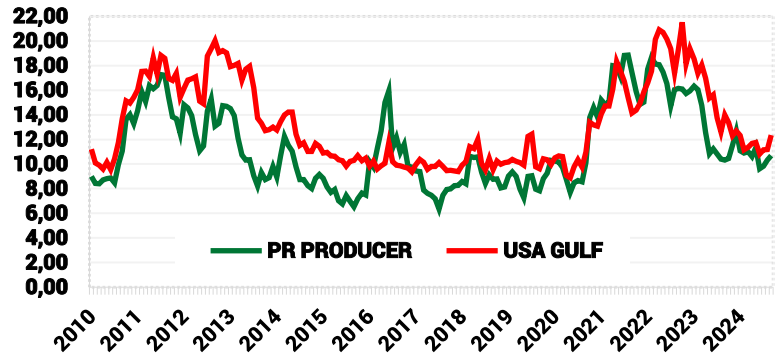
## CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



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



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

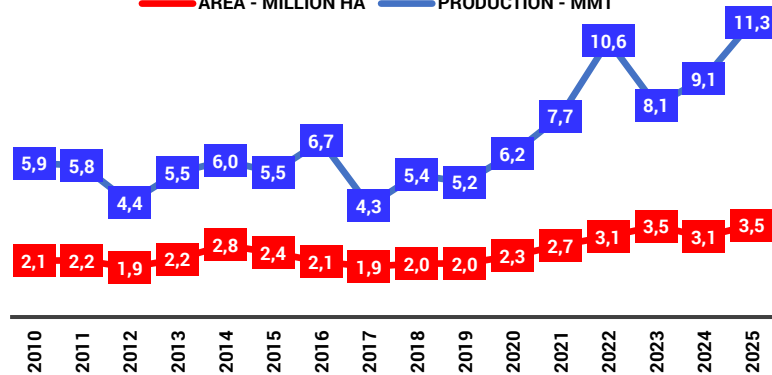


# WHEAT: 2024/2025 MARKET OUTLOOK

- In Chicago, Soft Red Winter wheat has risen 11% in the last 30 days, while Hard Red Winter wheat on the Kansas Stock Exchange has risen 9% in the same period.
- The weather continues to harm crops in Paraná, while conditions in the south of Brazil are relatively favorable and the harvest continues to advance in Brazilian crops.
- Despite high import prices, foreign purchases of wheat grain are increasing throughout 2024, given the low domestic availability of wheat, especially of higher quality.
- In the accumulated period from September/2023 to August/2024 (2023/2024 harvest), Brazilian wheat imports reached 5.97 MMT, 40% above the volume imported in the previous harvest.
- The 2024/2025 Argentine harvest is estimated at 19.6 MMT, 35% above the previous one.
- Our Consulting firm estimates that the 2024 harvest will reduce the planted area in the country by 11.6%, with a harvest of 9.1 MMT, 12.5% above the production of the previous harvest.
- In Brazil, prices for bread-type cereals FOB producer fell to between R\$1,450 and R\$1,500 per tonne in Paraná and between R\$1,350 and R\$1,380 per tonne in RS.
- What's on the radar: progress in the harvest of the Brazilian and Argentine crops, increased supply in the domestic market, exchange rate in Brazil and import parity of Argentine wheat.

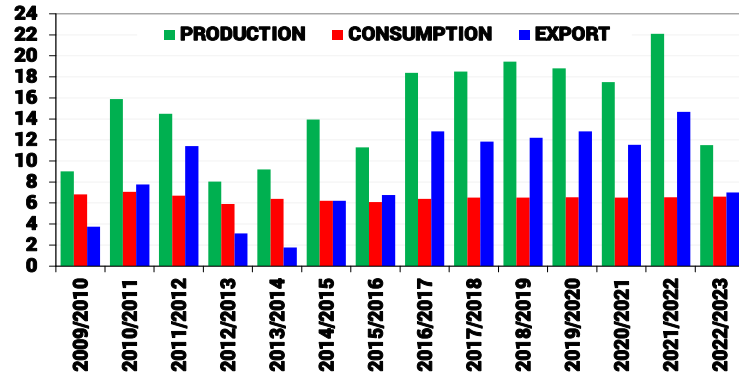
## WHEAT: BRAZIL AREA AND PRODUCTION

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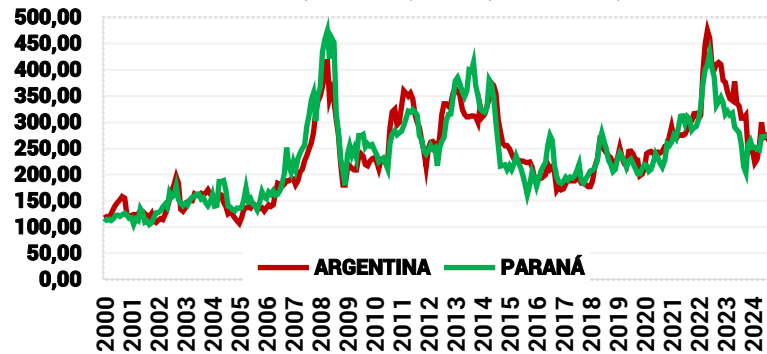


## ARGENTINA: WHEAT SUPPLY - MMT

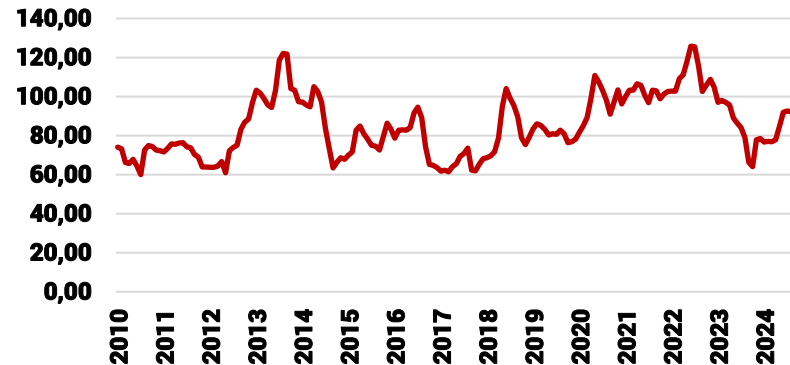
■ PRODUCTION ■ CONSUMPTION ■ EXPORT



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



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



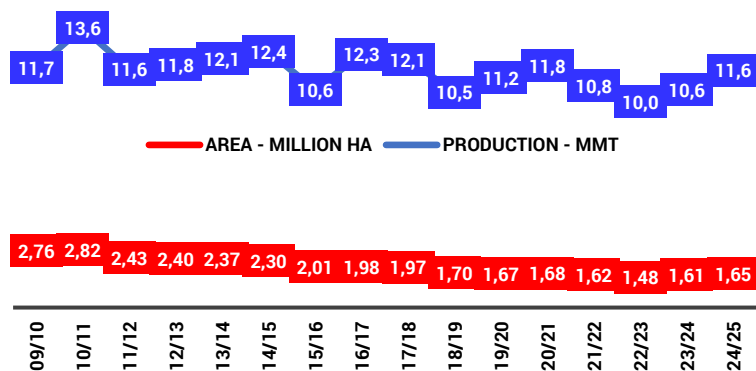


# **RICE: 2024/2025 MARKET OUTLOOK**

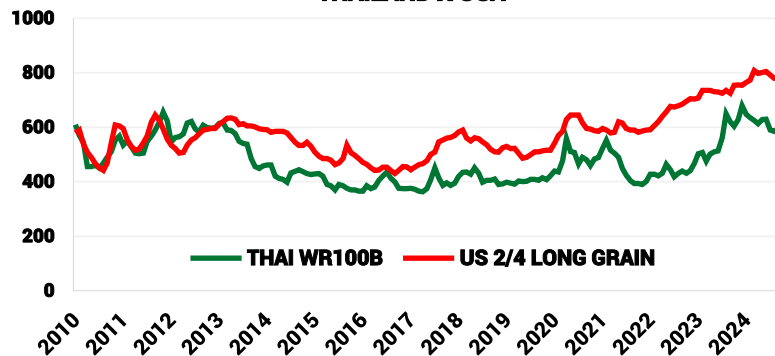
- The trend is stable prices in the domestic market, with an upward trend in the coming months.
- In Rio Grande do Sul, prices for paddy rice remain firm, supported by limited supply, accumulating a slight increase of 1.2% in the last 30 days and 17.7% in the last 12 months.
- On the demand side, industries continue to report difficulties in obtaining remuneration when accepting the prices requested by producers, which results in specific negotiations, focused on meeting the immediate needs of both sides.
- In general, the preference has been to negotiate rice already stored in industrial units, given the disagreement over prices between buyers and sellers.
- From January to August 2024, Brazilian exports fell 30% compared to the same period last year, while imports grew 14% in the same comparison.
- Brazilian rice exports are expected to fall to 1.360 MMT (paddy basis) in 2024 and imports (paddy basis) are expected to grow to 1.522 MMT (paddy basis).
- The area planted with rice in Brazil is expected to grow by 2.9% in the 2024/2025 harvest.
- What's on the radar: flow of Brazilian exports and imports in the coming months, planting intentions in the 2024/2025 harvest, resumption of exports from India and exchange rate in Brazil.



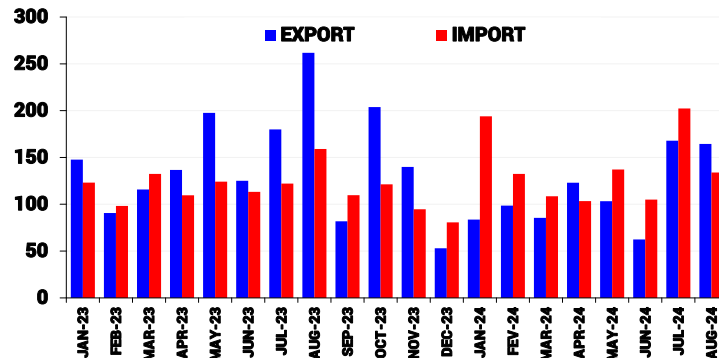
## RICE – BRAZIL AREA AND PRODUCTION



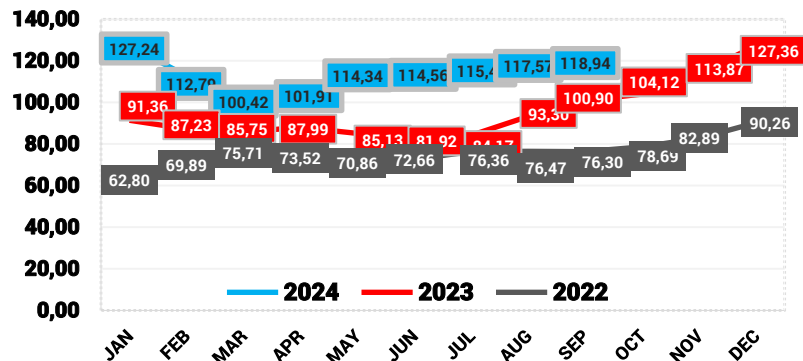
## PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE THAILAND X USA



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

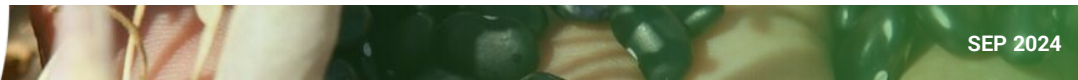


## PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG

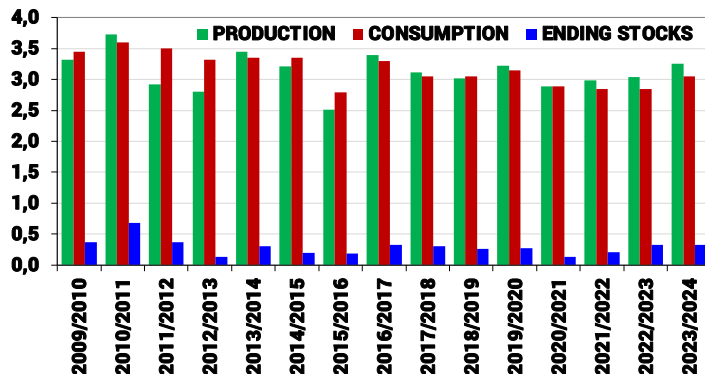


# **PULSES - BEANS: 2024/2025 MARKET OUTLOOK**

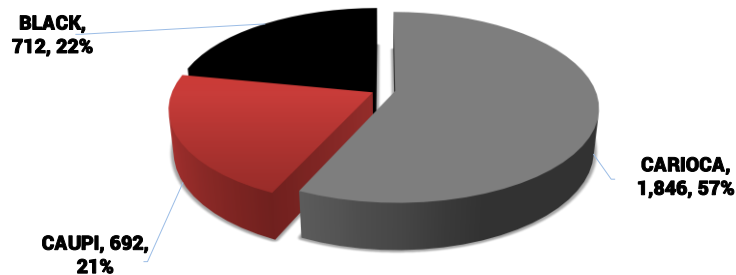
- Prices for carioca beans with grades 8.5/9.5, FOB producer, are fluctuating between R\$240 and R\$260 per 60 kg in September 2024, compared to R\$230 and R\$250 last August.
- Given the increase in prices, there is resistance in negotiations on the part of buyers.
- However, the volume offered on the spot market is not enough to prevent further price increases.
- The market supply comes from the supply of recently harvested product from the regions of Minas Gerais and Goiás and commercial and darker grains from Paraná, left over from the 2<sup>nd</sup> harvest.
- On the other hand, prices for black beans-extra, FOB producer, are ranging from R\$280 to R\$300 per 60 kg in September 2024, compared to R\$260 to R\$280 per 60 kg last August.
- The international black bean market is booming, with the end of the national harvest and the lower supply of the Argentine product, with a tendency for sustained prices.
- The price of Argentine black beans delivered to São Paulo is R\$350 per 60 kg.
- The planting of the 1<sup>st</sup> 2024/2025 bean harvest began in August in some regions of the South of the country and in São Paulo.
- What's on the radar: impacts of the current drought and the *La Niña* phenomenon on the implementation and development of the 1<sup>st</sup> 2024/2025 harvest.



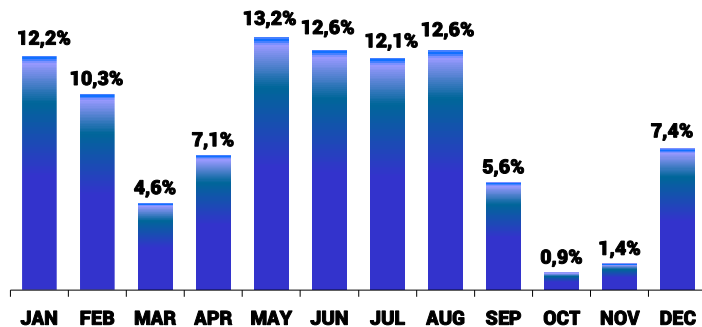
### BEANS: BRAZIL SUPPLY - MMT



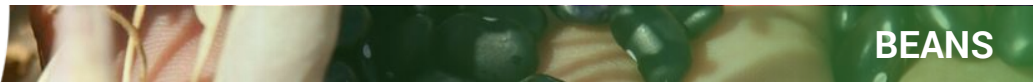
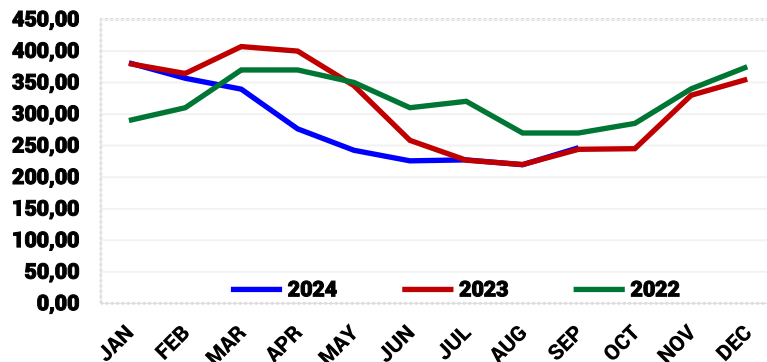
### BEANS: BRAZIL 2024 PRODUCTION DISTRIBUTION BY CLASS - THOUSAND TONNES AND %



### BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



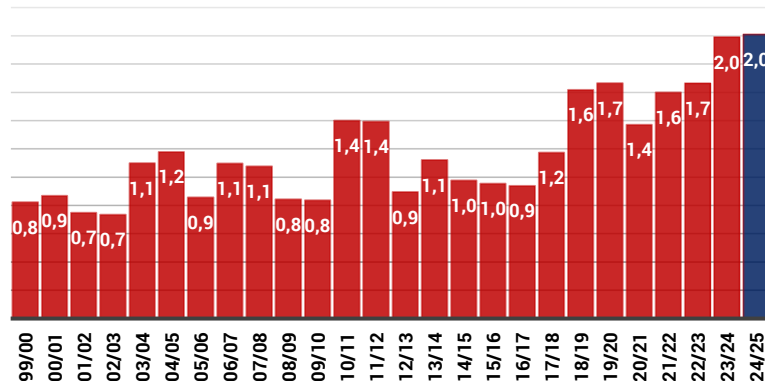
### CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



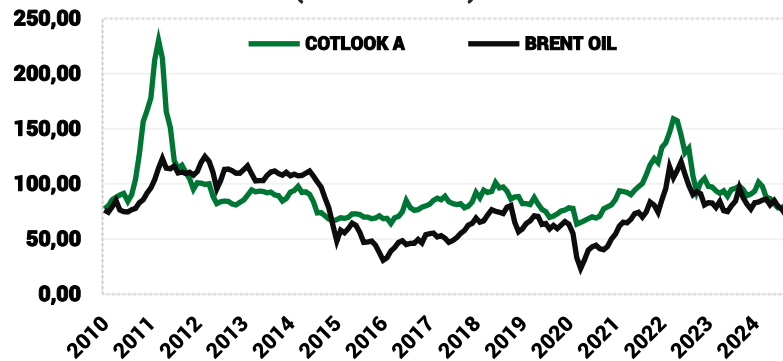
# **COTTON: 2024/2025 MARKET OUTLOOK**

- Cotton lint prices are fluctuating at around R\$ 3.93 per pound.
- The decline in global demand for textile products tends to put pressure on cotton prices.
- Demand for higher value-added items is falling since 2021, with the largest decline in the decade.
- The market is experiencing a strong downturn, especially in China, the United States and Europe.
- On the NYSE, cotton futures have accumulated a 21% drop in the last 12 months.
- Oil prices are falling, with a barrel of Brent accumulating a 6.4% drop in the last 30 days and 25.5% in the last 12 months, increasing the competitiveness of synthetic fibers that compete with lint, maintaining a bearish scenario for domestic prices.
- Liquidity in the spot market remains restricted due to the difficulty in negotiating price and quality.
- Sellers prioritize the delivery of forward contracts for domestic and foreign markets.
- The Free Alongside Ship export parity is R\$3.92/pound (70.22 ¢/pound) at the Port of Santos, based on the Cotlook A Index, referring to the fiber sent from the Far East.
- What's on the radar: flow of Brazilian exports in the coming months, oil prices and prices of fibers competing with cotton (polyester and nylon) and exchange rate in Brazil.

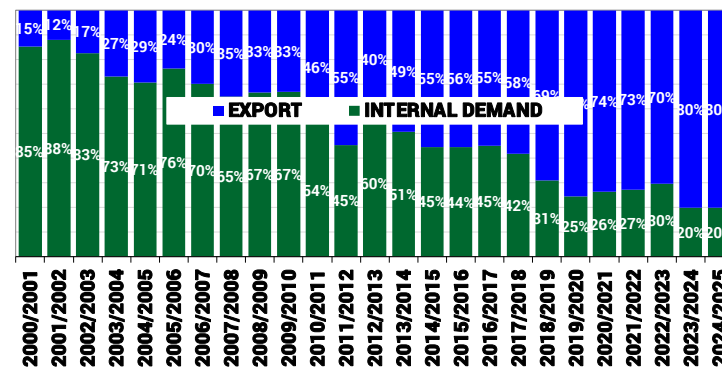
## COTTON: BRAZIL AREA – MILLION HA



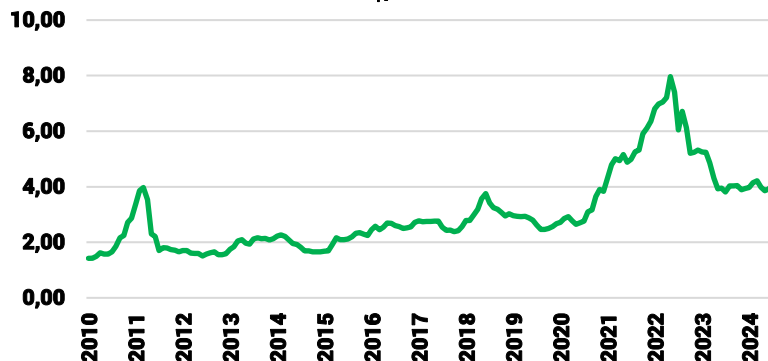
## BRENT OIL (U\$/BARREL) X COTLOOK A INDEX (CENTS/POUND)



## COTTON LINT: BRAZIL PRODUCTION DESTINATION



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





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