

# GRAINS

## 2024/2025 OUTLOOK SUMMARY



DECEMBER/2024



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*Soybean futures remain under downward pressure, with the climate favorable to the development of the South American harvest, which is expected to be a record. The rising dollar in Brazil is offsetting part of the external declines.*

*Corn prices remain sustained, both externally and internally, with a scenario of higher average prices in 2025.*

*In the wheat market, prices are under pressure, with the supply of grain from Mercosur and competitive prices in Brazil. There is greater stability in rice prices at the end of the off-season, but the bias is bearish for 2025. In the cotton market, cotton lint is on the rise, following the appreciation of the dollar and record exports in 2024.*

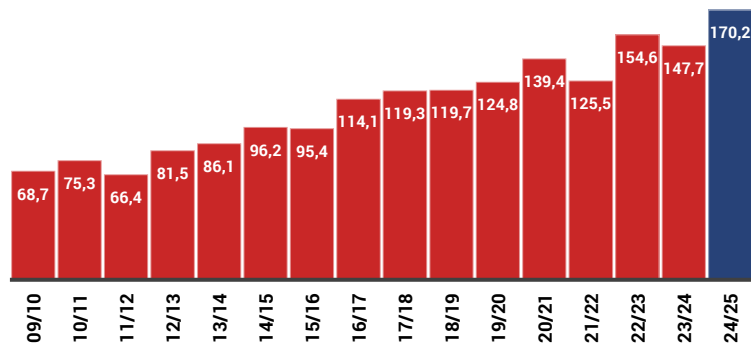
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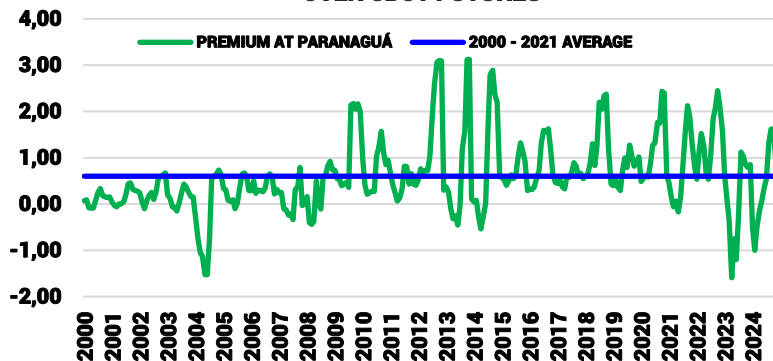
# SOYBEAN: 2024/2025 MARKET OUTLOOK

- The trend is bearish for future prices in 2025, with a scenario of a record harvest in South America, record global ending stocks and an increase in the global stocks/consumption ratio.
- Future prices in Chicago for the first half of 2025 range between US\$9.90 and US\$10.15 per bushel and contracts for the second half of 2025 operate between US\$10.00 and US\$10.25 per bushel.
- Our model for projecting future soybean prices indicates that grain prices for the 2025 maturity should fluctuate between US\$9.51 and US\$10.48 per bushel.
- In the most pessimistic forecast line, our model for projecting future soybean prices indicates that prices could test even lower levels if the record harvest in South America is confirmed, fluctuating in the range between US\$8.20 and US\$9.17 per bushel.
- In Brazil, the trend is for prices to fall in the first half of 2025, with a decline in premiums at Brazilian ports, which are already in the negative range for shipments in March/April.
- However, it is worth noting that premiums in Brazil may be impacted by Trump's policies, as was the case during the previous administration: premiums increased by an average of 148% in 2018.
- What's on the radar: Trump's impacts on future prices and on trade with China, the "climate market" in South America and the exchange rate in Brazil.

## SOYBEAN: BRAZIL PRODUCTION - MMT



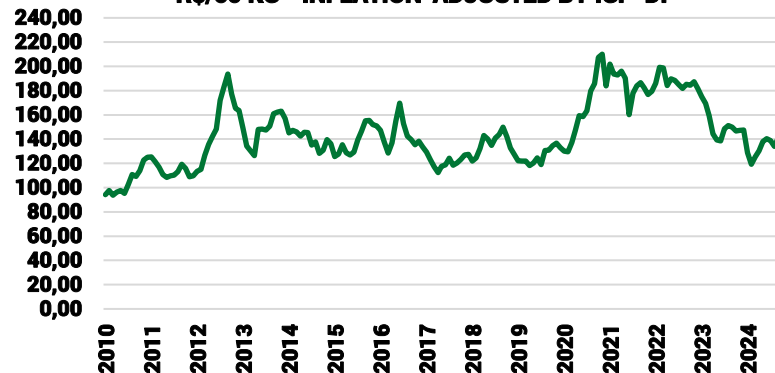
## SOYBEAN: PREMIUMS AT PARANAGUÁ IN US\$/BUSHEL OVER CBOT FUTURES



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



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

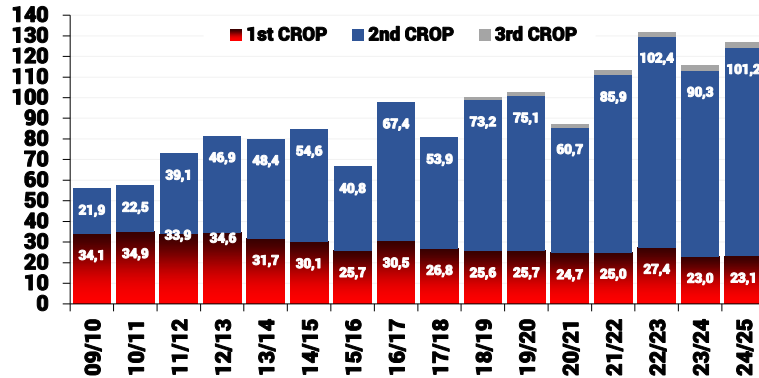


# **CORN: 2024/2025 MARKET OUTLOOK**

- Corn futures contracts in Chicago for 2025 are trading between US\$4.35 and US\$4.55 per bushel.
- In the domestic market, domestic buyers remain away from the spot market and Brazilian exports, as seen throughout the year, are at a very slow pace.
- Brazilian corn exports reached 39.6 MMT between January and the first half of December this year, a sharp drop of 29% compared to the volume shipped in the same period in 2023.
- Sellers are holding back from the spot market, while buyers are paying attention to the favorable weather for the 24/25 1<sup>st</sup> harvest, which may result in a higher supply in the coming months.
- Ending corn stocks for the 2023/2024 harvest are projected by our Consulting firm at 4.5 MMT, equivalent to just 20 days of domestic consumption.
- The projection is for a 4.0% increase in the planted area for the 2<sup>nd</sup> crop in 2025, with a large part of the crop planted within the ideal cultivation window and a harvest potential of 101 MMT.
- The total Brazilian corn crop for 2024/2025 is estimated by our Consulting firm at 126.8 million tons, 9.6% above the volume harvested in the 2023/2024 crop.
- What's on the radar: weather for the development of the 1<sup>st</sup> crop in 2025 and for planting the 2<sup>nd</sup> crop in Brazil, planting window for the 2<sup>nd</sup> crop in 2025 in Brazil and exchange rate in Brazil.



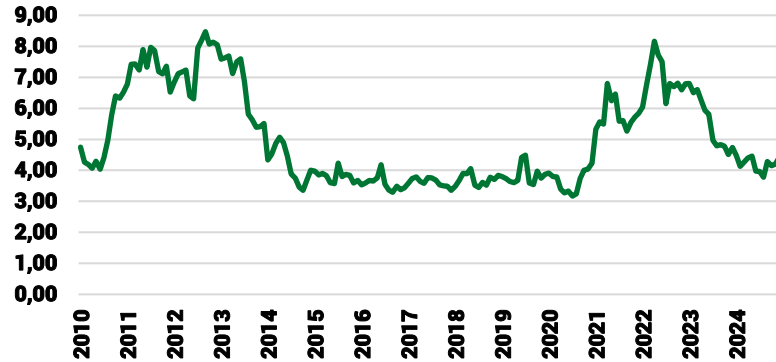
## CORN: BRAZIL PRODUCTION - MMT



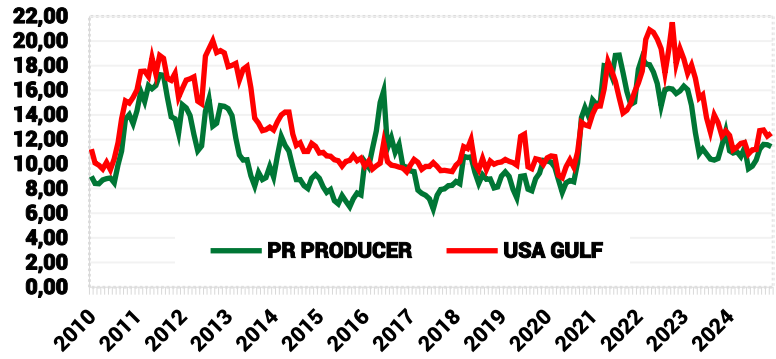
## CORN: WHOLESALE PRICES CIF SÃO PAULO R\$/60 KG - INFLATION-ADJUSTED BY IGP-DI



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



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

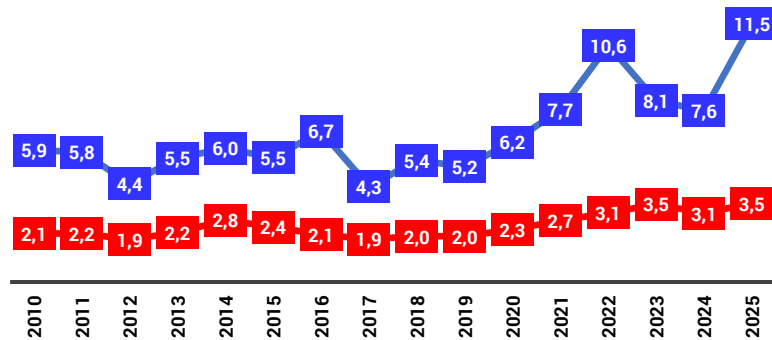


# WHEAT: 2024/2025 MARKET OUTLOOK

- Domestic wheat prices are under pressure, with weak spot negotiations, given the preference of mills to purchase grains imported from Mercosur and the low demand for flour.
- Wheat imports by Brazil have been growing this year compared to the previous year and, in 2024, reached 6.1 MMT, the highest volume in four years, with a significant increase of 62% compared to the amount internalized in the same period of 2023.
- Competition with imported wheat, mainly from Argentina and Paraguay, carried out at competitive prices, has put even more pressure on the local market, allowing Brazilian mills to mix national cereal with imported grain, according to need and logistics.
- With the crop failures in Paraná and losses also in Rio Grande do Sul, our Consulting firm's estimate for the 2024 Brazilian harvest was reduced to 7.6 MMT, well below domestic consumption, estimated at 12.0 MMT.
- In Brazil, prices for bread-type cereals FOB producer range between R\$1,350 and R\$1,400 per tonne in Paraná and between R\$1,200 and R\$1,250 per tonne in Rio Grande do Sul.
- What's on the radar: exchange rate in Brazil, import parity of Argentine wheat in the coming months and weakened domestic consumption.

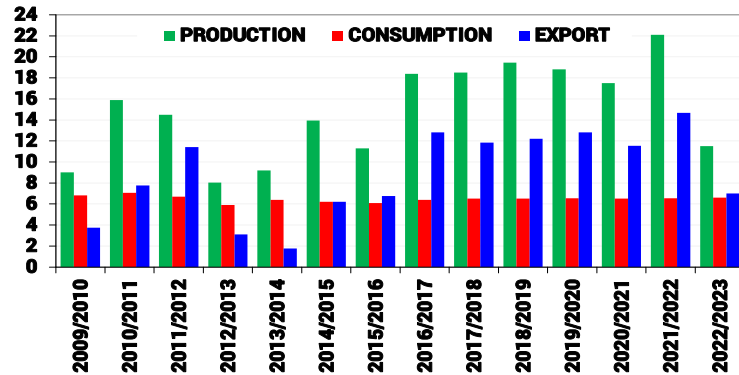
## WHEAT: BRAZIL AREA AND PRODUCTION

— AREA - MILLION HA — PRODUCTION - MMT

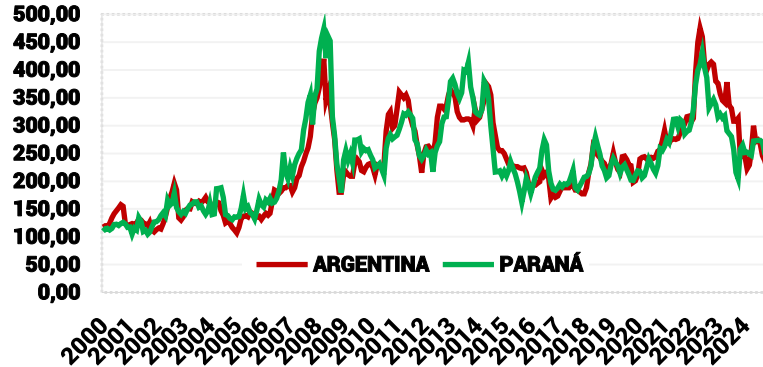


## ARGENTINA: WHEAT SUPPLY - MMT

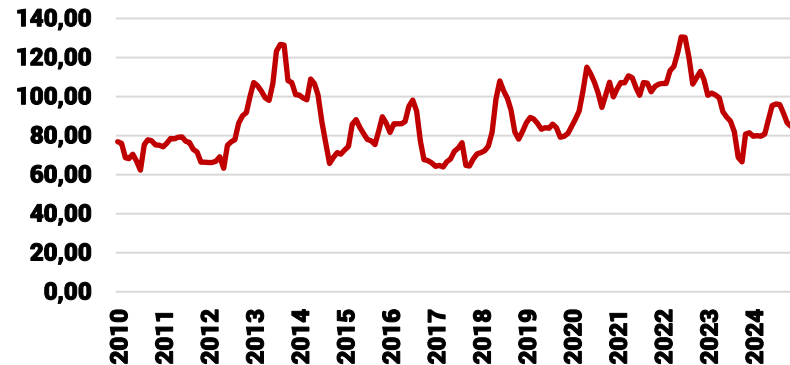
■ PRODUCTION ■ CONSUMPTION ■ EXPORT



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



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



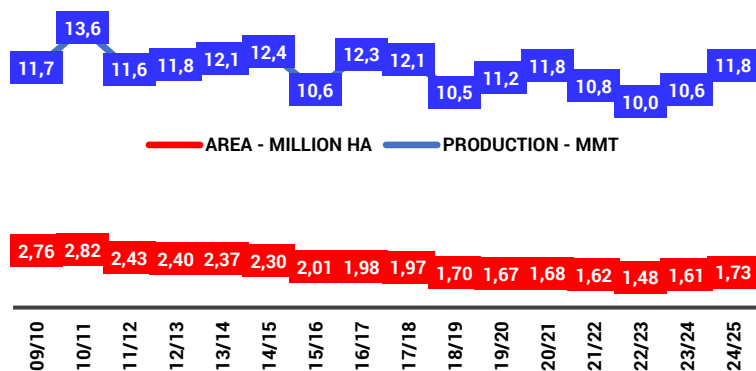


# **RICE: 2024/2025 MARKET OUTLOOK**

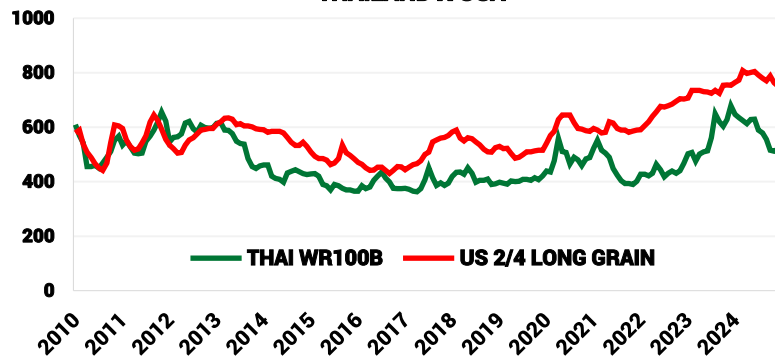
- In Rio Grande do Sul, prices for paddy rice have been more stable in recent days, after sharp losses recorded throughout November.
- Market agents are keeping an eye on the rise in the dollar and the auctions of Options contracts.
- In the auction of Options contracts held on December 12, of the 479.5 thousand tonnes offered, 249.8 thousand tonnes were traded.
- Between January and November 2024, Brazilian rice exports (paddy basis) fell by 26%, while imports grew by 8% in the same period.
- The area planted with rice in Brazil is expected to experience a strong expansion of 7.4% in the 2024/2025 harvest, with production estimated at 11.8 MMT, 11% above the previous season.
- The return of exports from India in 2025 should increase availability in global trade, reducing international prices, which have already fallen by 23% throughout 2024.
- The combination of higher production in Brazil and India's return to the export market points to a scenario of lower prices in the domestic rice market in 2025.
- What's on the radar: exchange rate in Brazil, trajectory of global prices in the coming months with the resumption of exports from India and increased supply in the Brazilian market.



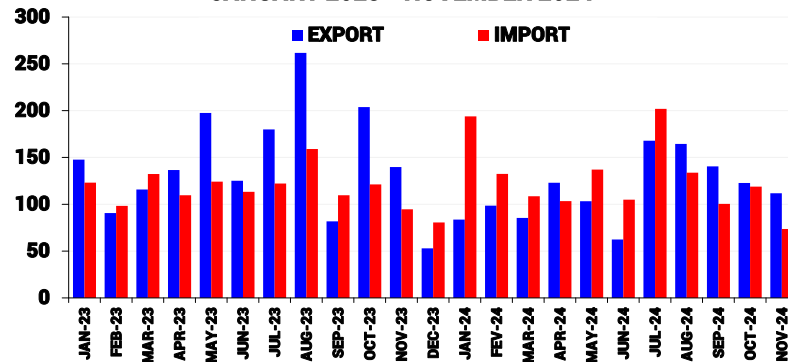
## RICE – BRAZIL AREA AND PRODUCTION



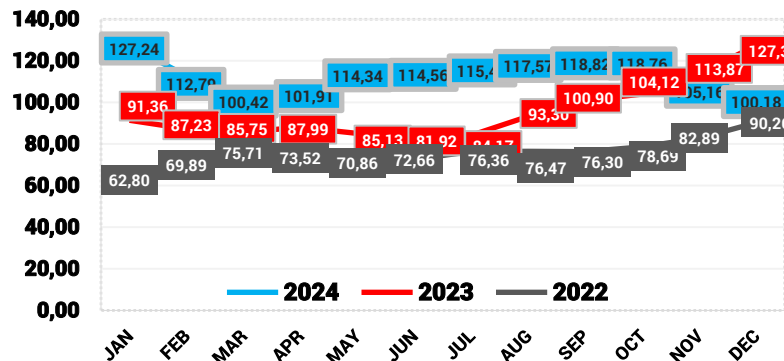
## PROCESSED RICE LONG-GRAIN: FOB PRICES US\$/TONNE THAILAND X USA



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

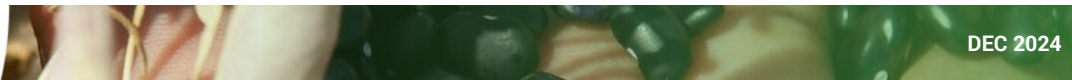


## PADDY RICE: FOB PRODUCER RS PRICES 58% UNBROKEN - R\$/50 KG

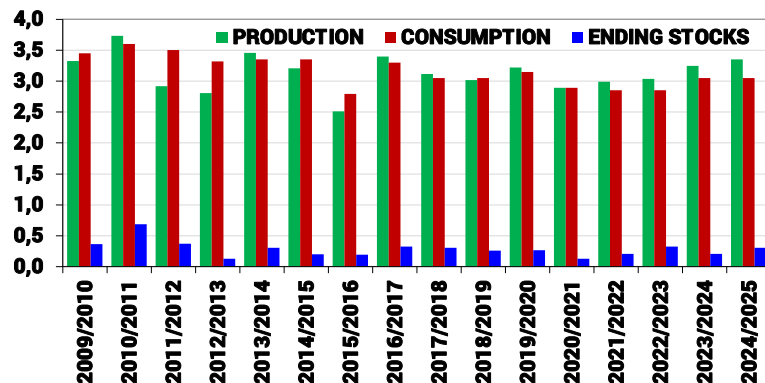


# **PULSES - BEANS: 2024/2025 MARKET OUTLOOK**

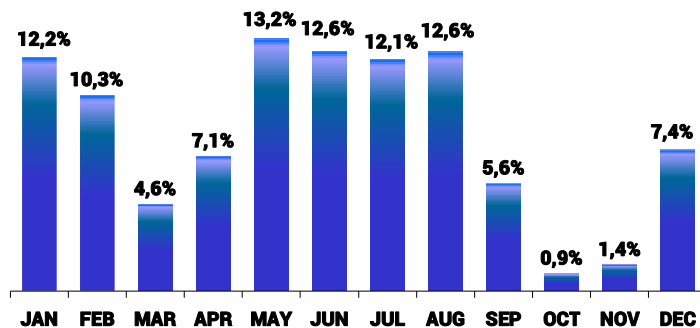
- **Prices for carioca beans with grades 9/10, FOB producer, are fluctuating between R\$230 and R\$245 per 60 kg in December 2024, compared to R\$240 and R\$265 last November.**
- **Prices for black beans-extra, FOB producer, are fluctuating between R\$220 and R\$240 per 60 kg in December 2024, compared to R\$235 and R\$260 last November.**
- **With supply exceeding demand, bean prices remain under pressure.**
- **The pressure on grain prices comes from the decline in demand and the increase in supply.**
- **The climate continues to be favorable for field work and market agents highlight the greater availability of the product, especially in the producing region of Itapeva (SP).**
- **The declines in prices are practically widespread in all regions and types of products.**
- **The smallest fluctuations in recent weeks were recorded for type 1 black beans, while the most intense ones occurred for carioca beans grades 8.0 to 8.5.**
- **On the demand side, wholesale and retail sales remain slow, a typical behavior for this period leading up to the end-of-year celebrations.**
- **What's on the radar: impacts of the weather on the quality of the 1<sup>st</sup> and 2<sup>nd</sup> harvests of 2025, evolution of consumption in the coming months and intentions to plant the 2<sup>nd</sup> harvest 2024/2025.**



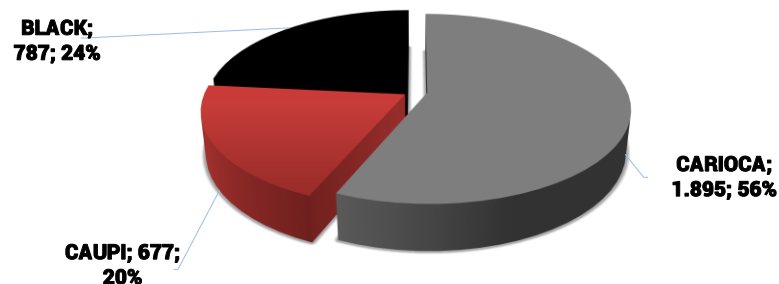
## BEANS: BRAZIL SUPPLY - MMT



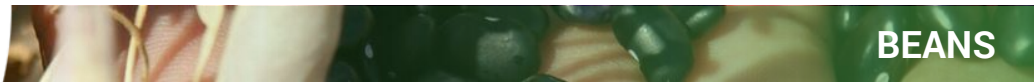
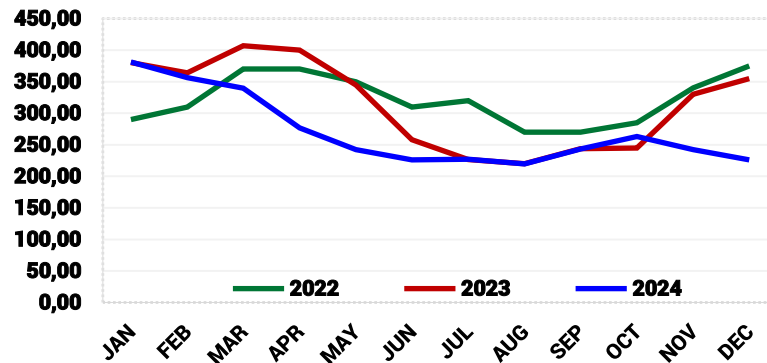
## BEANS: MONTHLY CROP DISTRIBUTION 3 ANNUAL HARVESTS



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



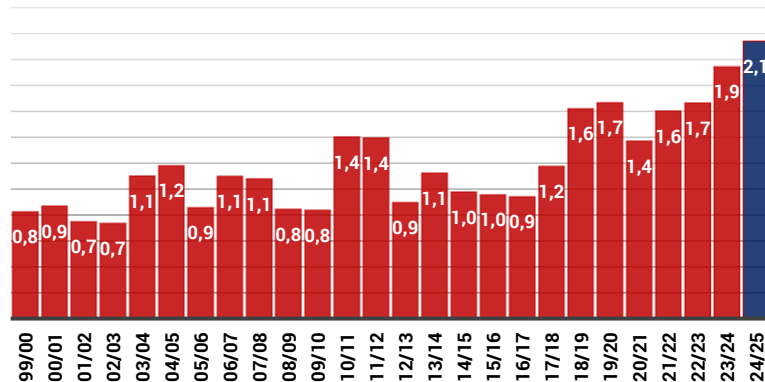
## CARIOCA BEANS: FOB PRODUCER SP PRICES R\$/60KG - BATCH MARKET



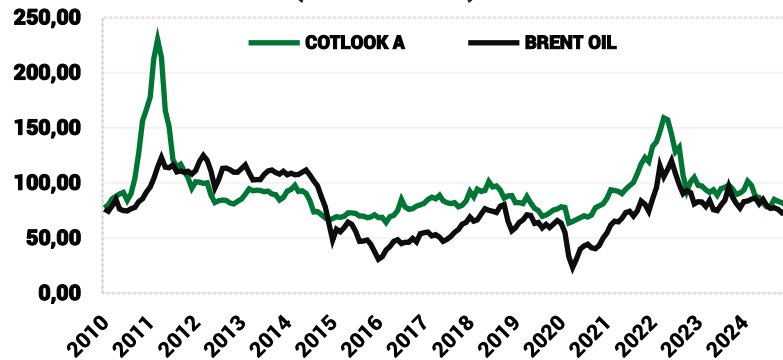
# **COTTON: 2024/2025 MARKET OUTLOOK**

- Cotton lint prices fluctuate between R\$4.15 and R\$4.20 per pound on the domestic market, in line with the appreciation of the dollar in Brazil.
- On the New York Stock Exchange, futures contracts maturing in 2025 fluctuate between 70¢ and 73¢ per pound, accumulating an average decline of 14% over the last 12 months.
- While cotton lint sales on the domestic market remain relatively stagnant, Brazilian shipments are reaching records throughout 2024.
- Industries are still staying away from spot prices, signaling a return to purchases in early 2025.
- In the last 12 months, Brazilian lint exports reached 2.421 MMT, a record for this period, with an increase of 91% compared to the same period of the previous year.
- In addition, the average export price, in BRL, remains above the value for domestic sales.
- The Free Alongside Ship export parity is R\$4.30/pound (70.83¢/pound) at the Port of Santos, based on the Cotlook A Index, referring to the fiber sent to the Far East.
- The area in Brazil is expected to grow 10% in the 2024/2025 harvest, to 2.14 million hectares.
- What's on the radar: impact of Trump's election on trade with China, oil prices and prices of competing fibers to cotton (polyester and nylon) and exchange rate in Brazil.

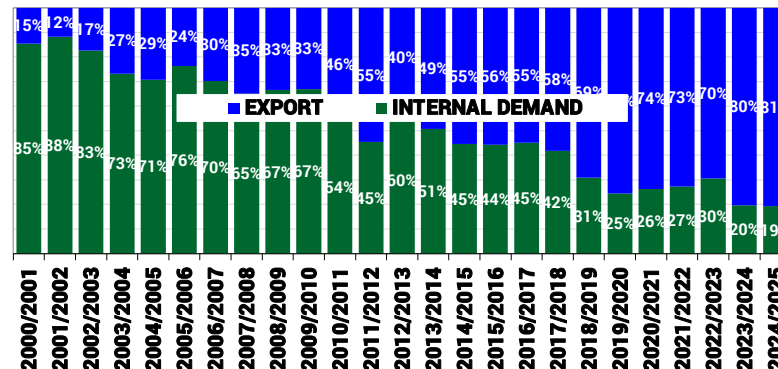
## COTTON: BRAZIL AREA – MILLION HA



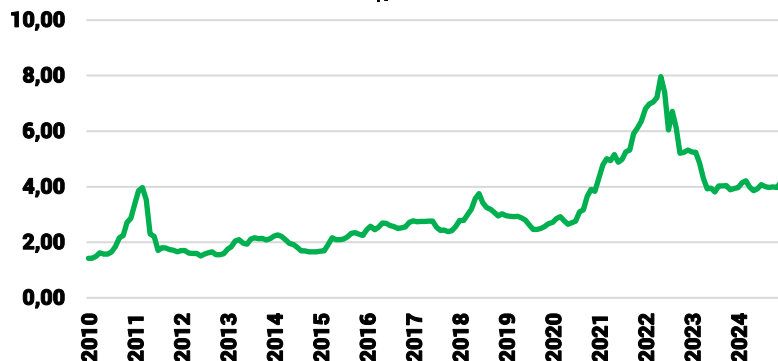
## BRENT OIL (US\$/BARREL) X COTLOOK A INDEX (CENTS/POUND)



## COTTON LINT: BRAZIL PRODUCTION DESTINATION



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





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