

MONTHLY CONSULTING REPORT

Crops, Climate, Costs, Profitability and Grain Market Trends – 2025/2026

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CLIMATE – LA NIÑA AND IMPLICATIONS FOR THE 2025/2026 CROP SEASON

The climate outlook remains influenced by a weak La Niña event during the 2025/2026 summer, with a high probability of a transition to ENSO-neutral conditions between January and March 2026. Even with this weakening, climate models indicate a risk of residual influence through late summer and early autumn in the Southern Hemisphere. The main point of attention remains rainfall irregularity, which may affect the crop calendar, yield potential, and the planting window for the second crop (safrinha).

FERTILIZERS – ELEVATED COSTS AND MARGIN PRESSURE

Fertilizers continue to exert significant pressure on production costs in 2026, particularly phosphate-based products. The increase in MAP prices, driven by international supply constraints and geopolitical factors, has not been offset by viable alternatives. Nitrogen and potash prices also remain elevated, reflecting market volatility, margin recovery within the industry, and logistical risks, amid higher producer leverage and already-tight margins.

SOYBEANS – MARKET UNDER PRESSURE AND FOCUS ON CHINESE DEMAND

The international soybean market remains under pressure on the CBOT, reflecting slow U.S. exports, elevated speculative long positions, and improved weather conditions in Brazil. The lack of acceleration in Chinese purchases anticipated under the bilateral agreement tends to maintain a bearish bias. In the Brazilian physical market, trading remains slow, with consumers well supplied and capitalized producers showing limited willingness to sell. Brazil's 2025/2026 soybean crop is on track for a new record, estimated at 177.9 million metric tons.

CORN – FIRM PRICES AND RISKS FOR THE SECOND CROP (SAFRINHA)

Domestic corn prices remain firm in Brazil, supported by weather-related risks and forward purchasing by the ethanol industry. Despite expectations of a larger domestic surplus, delays in soybean planting increase the risk of a tighter second-crop (safrinha) planting window in 2026. Internationally, growing attention is focused on the potential reduction in U.S. planted area, which could keep global stocks relatively tight in the next cycle.

WHEAT – SELECTIVE MARKET AND IMPORT PRESSURE

The wheat market remains selective, with spot demand concentrated among mills that are currently supplied through mid-January. Imports declined in November but remain elevated on a cumulative annual basis, maintaining structural pressure on the domestic market. Domestic prices vary by region and quality, while exports from Rio Grande do Sul provide partial support to local price levels.

COTTON – EXPORTS PROVIDE MARKET SUPPORT

The cotton market continues to be supported by the strong performance of Brazilian exports, which are on track to reach a new historical record. Consistent external demand and firm seller positioning have kept domestic prices relatively stable. Export parity levels remain aligned with domestic quotations, while New York futures suggest moderate volatility.

RICE – SUPPLY PRESSURE LIMITS PRICE RECOVERY

Supply pressure continues to limit a recovery in rough rice prices, particularly in Rio Grande do Sul. Despite a slight improvement in demand toward the end of the marketing year, high-end stocks reduce the potential for a more sustained price recovery throughout 2026, even with positive export performance.

BEANS – RECORD EXPORTS AND TIGHTER ENDING STOCKS

The bean market shows distinct dynamics across varieties, with carioca beans supported by quality-driven demand and black beans pressured by ample supply. Exports reached a historical record in 2025, contributing to a sharp reduction in ending stocks. Even so, the advance of the 2026 first-crop harvest mitigates risks of domestic supply shortages.