EXECUTIVE SUMMARY OF AGRICULTURAL MARKETS

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

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CLIMATE – EL NIÑO PROBABILITY

La Niña is losing intensity, with a high probability of transitioning to neutral conditions during the Southern Hemisphere autumn. Excess rainfall in the Central-North has delayed soybean harvesting and second-crop corn planting, while the South is experiencing periods of irregular water availability. In the short term, climate risk is concentrated on the summer crop in Rio Grande do Sul and on the development of the 2026 second corn crop. For 2026/2027, attention is increasing regarding a possible shift in the Pacific phase, with more than a 60% probability of an El Niño event.

FERTILIZERS – COSTS REMAIN ELEVATED

The global fertilizer market begins 2026 with restricted supply, high industrial costs, and strong geopolitical influence, sustaining an upward price bias. In Brazil, input prices have risen significantly, especially phosphates and potash, pressuring producer profitability. Reduced Chinese exports, higher raw material costs, and seasonal international demand keep the global balance tight. At the same time, unfavorable terms of trade are leading producers to adjust purchasing strategies and substitute more expensive products. As a result, the market is expected to remain volatile, with structurally firm prices throughout 2026.

SOYBEANS – AMPLE SUPPLY AND GEOPOLITICAL VOLATILITY

The Brazilian crop is moving toward record volume, reinforcing elevated global supply. The market remains sensitive to trade negotiations between China and the United States. Any additional U.S. purchases are likely to impact Brazilian export premiums more than the domestic physical market. Looking ahead to 2026/2027, a possible expansion of planted area in the United States may keep global stocks comfortable, limiting structural price increases.

CORN – DOMESTIC FIRMNESS AND GLOBAL COMFORT

Domestic prices are showing a temporary recovery due to short-term supply tightness and delays in second-crop planting. However, the international scenario remains comfortable, with a record U.S. crop and significant global stocks. Climate risk in April and May for the 2026 second crop will be decisive in confirming or reversing current price support.

WHEAT – SLUGGISH MARKET AND EXTERNAL COMPETITION

Weak industrial demand and comfortable stocks keep the domestic market slow. Competition from Argentina and Paraguayan wheat pressures prices, while the global balance remains well supplied. The environment of compressed margins already signals a possible reduction in planted area next season, especially in Paraná.

COTTON – TECHNICAL REBOUND IN A BEARISH ENVIRONMENT

New York futures show a slight recovery, supported by technical factors and firmer oil prices. However, high U.S. stocks and moderate global demand limit consistent gains. In Brazil, export parity and exchange rates determine liquidity in the domestic market. Prices may react in the second half of 2026, supported by acreage reductions in the United States and Brazil and declining Chinese production.

RICE – PROFITABILITY CRISIS IN THE SOUTH

The global market remains well supplied, with record production and high stocks. In Rio Grande do Sul, prices are below production costs, increasing indebtedness and indicating reduced planted area for the 2026/2027 crop.

BEANS – PRICE INCREASE SUPPORTED BY RESTRICTED SUPPLY

Bean prices have risen significantly, especially carioca beans, due to slow harvesting and lower availability in the 2026 first crop. The scenario contrasts with early 2025 and reinforces short-term price support, depending on harvest progress.

SUGARCANE – PRESSURE PRICES THROUGHOUT THE SEASON

The sugar market is undergoing a bearish cycle, reflecting weakened demand. Negative sentiment also prevails in the international market, where export returns are lower than domestic prices, reducing mill price-fixing for the 2026/2027 crop. Ethanol prices remain firm in the short term, driven by the off-season. For 2026/2027, however, the recovery in supply — with a higher ethanol mix and parallel expansion of corn ethanol production — is expected to pressure prices throughout the season.

COFFEE – EXPECTATION OF GREATER SUPPLY PRESSURES PRICES

International coffee prices have fallen sharply recently, reflecting improved weather conditions and expectations of greater global supply in the 2026/2027 cycle. A stronger U.S. dollar and higher production projections, especially in Brazil, have reinforced the downward movement. Brazil's 2026/2027 crop is estimated at 69.3 million bags (+10.1%), driven mainly by the recovery of arabica production. Globally, production is expected to exceed consumption, generating a surplus of 11.3 million bags, although stocks remain relatively low.

CITRUS – SUPPLY RECOVERY DRIVES PRICE DECLINES

Brazil's 2026/2027 orange crop is expected to post moderate production growth, estimated at 330 million boxes, putting pressure on producer prices. The orange juice market is expected to face a significant price decline in 2026 due to the strong recovery in Brazilian production. The substantial crop expansion increases fruit supply and reduces the tension observed in previous years when adverse weather limited production. As a result, average prices are projected to decline significantly, by close to 30%, over the coming year.

BEEF – ESTRICTED SUPPLY SUSTAINS PRICE INCREASES IN 2026

Fed cattle prices have risen sharply, reflecting restricted supply, pasture recovery, and strong export performance. In January 2026, beef exports increased 28.6% year-on-year, with a significant rise in average prices, reinforcing market support throughout the year. Despite this, the stocker-to-finishing terms of trade have deteriorated, reaching the worst level on record, due to firm replacement cattle prices and relatively higher input costs.

MACHINERY – INTEREST RATES AND CREDIT LIMIT RECOVERY

The Brazilian agricultural machinery market is expected to stabilize in 2026, interrupting a cycle of sharp contraction in recent years, following a significant drop in harvester sales and a major adjustment in the tractor market. The production chain has already adapted to the new demand level, with inventories and production capacity resized. Despite pent-up demand for technological renewal, the main constraint on recovery remains the high cost of credit, combined with reduced availability of subsidized financing. In an optimistic scenario, sales may reach 55.6 thousand units (+12.3%), while in a realistic scenario, expectations are 51.8 thousand units (+4.7%).