

EXECUTIVE SUMMARY OF AGRICULTURAL MARKETS

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

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Weather – transition to neutrality and increased El Niño risk

The trend is for a transition to ENSO neutral conditions between February and April 2026, with about a 60% probability, followed by the persistence of neutrality during the Southern Hemisphere winter. Climate models indicate a gradual increase in the probability of El Niño formation in the second half of 2026, exceeding 60% in the September–October–November quarter. Although the immediate scenario is one of climate neutrality, monitoring is focused on the possible onset of El Niño by the end of 2026, which may cause significant changes in rainfall and temperature patterns and generate impacts on the 2026/2027 crop.

Fertilizers – conflict in the Middle East raises prices

The outbreak of conflict in the Middle East triggered a strong reaction in the international fertilizer market, especially nitrogen-based fertilizers, given the risks of disruptions in regional production and logistics. In Brazilian ports, prices recorded sharp increases, while international suppliers began withdrawing offers from the market amid geopolitical uncertainty. The potential impact is significant, as the Middle East accounts for about 40% of global urea exports. In the short term, the effects should be more immediate in the United States due to the spring crop. In Brazil, impacts tend to occur gradually, but the scenario reinforces market caution in a country highly dependent on imported fertilizers.

Soybeans – oil prices and China purchases drive prices higher

Soybean futures contracts in Chicago have recently risen, driven by expectations of increased Chinese purchases of U.S. soybeans and higher oil prices, which enhance the competitiveness of biofuels and provide additional support to soybean oil demand. At the same time, the market is monitoring trade negotiations between the U.S. and China, which may result in new commitments to import the U.S. oilseed. At the same time, logistical risks linked to the conflict in the Middle East, such as potential restrictions in the Strait of Hormuz, raise concerns about increased fuel and transportation costs. In this scenario, the prospect of higher freight rates tends to reduce the net value received by producers, encouraging faster sales in Brazil. The recovery of the exchange rate and the need to meet financial commitments have also stimulated crop commercialization, contributing to a reduction in port premiums.

Corn – strong demand and uncertainties about the second crop

Corn prices in Brazil continue on an upward trend, supported by firm seller behavior and strong demand. In the domestic market, uncertainty regarding the production of the second crop, due to planting delays in some areas, reinforces the upward bias. In the international scenario, prices are also supported by rising oil prices, which increase the competitiveness of corn ethanol, and by a possible reduction in planted area in the U.S. in 2026/2027. Despite this, the conflict in the Middle East brings uncertainties for external demand. A potential reduction in purchases by Iran, the main destination for Brazilian corn, could generate domestic surpluses. Still, as Brazilian exports are concentrated in the second half of the year, the impact on the domestic market tends to be limited in the short term.

Wheat – lower imports support price recovery

The Brazilian wheat market is beginning to show a moderate price recovery in producing regions in the South, driven by reduced domestic stocks, greater competitiveness of domestic product compared to imports, and a gradual recovery in demand from the milling industry. With mills already supplied in the short term, demand has shifted to batches for delivery in April and May, supporting prices. Brazilian imports fell sharply, totaling 215 thousand tons in February, a 63% drop compared to 2025, the lowest volume for the month since 2008. Globally, prices are also supported by climatic and geopolitical factors, as well as rising oil prices, which pressure logistics costs in the international grain market.

Cotton – firm seller stance supports price increases

The Brazilian cotton lint market shows rising prices, supported by the firm stance of sellers. Buyers with immediate needs have shown greater flexibility in negotiations, although liquidity remains limited due to misalignment between the parties. In the domestic market, prices range between R\$ 3.53 and R\$ 3.57 per pound, slightly above export parity, estimated at R\$ 3.34 per pound at the Port of Paranaguá. In the external scenario, the market is monitoring geopolitical tensions, which may influence oil prices, maritime freight costs, and agricultural inputs. Brazil exported 270.5 thousand tons in February, a 14.6% drop compared to January, but stable year-on-year.

Rice – restricted supply supports slight price increase

The paddy rice market in Rio Grande do Sul shows low liquidity, with slow negotiations and occasional purchases by industry. Prices show a slight increase supported by the firm stance of producers, who restrict supply while awaiting greater arrival of the new crop. The average paddy rice price has risen 4.4% in the last 30 days. Even so, values remain 28% below those

observed in the same period of 2025, reflecting a structurally pressured market year-on-year. At the same time, producers report harvesting difficulties due to diesel shortages caused by delays in fuel deliveries amid rising oil prices and geopolitical tensions involving Iran.

Beans – limited supply supports strong price increase

The Brazilian bean market closed February with strong price increases, especially for carioca beans, whose average price rose 29.3% from January to February, marking the highest monthly variation ever recorded for the product. In March, the market shows moderate liquidity, with more cautious buyers focused on retail replenishment, while supply from the 2025/2026 first crop remains limited, supporting prices. After the strong increase in February, some buyers temporarily withdrew from the market due to difficulties in passing prices on to wholesale and retail. Prices for carioca beans (grades 9/10) range between R\$ 335 and R\$ 350 per 60 kg bag, compared to R\$ 300 to R\$ 320 in February. Black beans (extra quality) range between R\$ 180 and R\$ 205 per bag, also reflecting a more restricted supply scenario.

Sugarcane – ethanol will lead in the 2026/2027 crop

For the 2026/2027 crop, the sugar-energy sector is expected to operate under greater pressure on sugar and strengthening of ethanol. Sugar prices are expected to remain pressured due to high global supply, although with limited support from a possible reduction in Brazilian production and sugarcane redirection. In contrast, ethanol is expected to gain even more relevance, with expansion in production and demand, supported by its competitiveness against gasoline and increased domestic supply, including corn ethanol. This context should influence the mills' production mix, favoring biofuel. Even so, the sector will face higher costs (diesel and fertilizers) and pressured margins, requiring greater operational efficiency in a tighter balance environment.

Coffee – high supply in Brazil pressures prices

The international coffee market is expected to remain under pressure in 2026/2027, even with occasional recoveries in New York, given expectations of higher global supply. Production losses in Colombia support prices in the short term, but are offset by expansion in other producers, especially Brazil, whose crop may exceed 70 million bags, with strong growth in arabica.

Favorable weather reinforces the scenario of high production, putting pressure on prices as the harvest approaches. More cautious positioning by funds increases volatility and maintains a bearish bias. In Brazil, sales remain slow, with producers prioritizing available stocks and

avoiding setting prices for the new crop amid uncertainties. Climate risks during harvest may still affect quality, but the baseline scenario indicates high supply, pressured prices, and selective trading.

Citrus – still weak external demand pressures the sector

The citrus market shows distinct dynamics between the fresh fruit and industrial segments. In the domestic market, fresh orange prices are recovering, supported by tighter supply. In the juice segment, however, the scenario is one of weaker external demand, especially in the European Union, where shipments slowed significantly after a brief rebound in January, limiting the pace of crop outflow.

On the other hand, industrial stocks are being rebuilt, driven by better production conditions and higher fruit quality in the 2025/2026 crop, leading industries to require higher ratios to form more qualified inventories. Despite strong export performance to the U.S., global consumption is still considered slow, keeping the market in a delicate balance, with greater availability, high stocks, and the need for a more consistent recovery in European demand to sustain the sector.

Cattle – restricted supply supports prices and raises replacement costs

The fed cattle market begins 2026 with firm prices, reflecting lower availability of finished animals. In São Paulo, prices are around R\$ 350 per arroba, up 10.2% over 12 months. Beef production is expected to fall about 3%, while slaughter may decline 4%, influenced by female retention. Even with lower production, Brazil is expected to maintain exports close to 4.1 million tons, with relevant growth at the beginning of the year. In the domestic market, consumption is expected to grow more modestly, while the replacement market remains valued, with strong increases in calf prices.