

EXECUTIVE SUMMARY OF AGRICULTURAL MARKETS

Harvests, Climate, Costs, Profitability and Grain Market Trends – 2026/2027

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Weather – rising El Niño risk impacts the 2026/2027 crop

The possible consolidation of El Niño in the second half of 2026 keeps weather as the main risk factor for agricultural production. The phenomenon tends to cause excessive rainfall in the South and irregular conditions in the Northeast, affecting planting schedules and crop development. There is a risk of more intense weather events already in autumn in the South and delays in the start of the crop season in the Northeast, with a direct impact on yields. In the context of high costs, potential reductions in input application may amplify production losses.

Fertilizers – war raises costs and restricts purchases

The fertilizer market faces constraints in Q2 2026, a period that typically favors purchases in Brazil. The conflict in the Middle East, combined with higher oil prices and freight costs, keeps prices elevated and reduces the attractiveness of transactions. Logistical risk in the Strait of Hormuz threatens the global flow of inputs. Nitrogen fertilizers remain pressured by natural gas, phosphates face restricted supply, while potash shows relatively more favorable conditions, though also impacted by margin compression. Uncertainty regarding maritime freight and insurance also affects the sector.

Soybeans – high supply and uncertainties limit upside

The soybean market operates under pressure from high global supply, while the appreciation of the Brazilian real reduces competitiveness. The U.S. crop is progressing with good initial conditions, reinforcing a scenario of balance between production and consumption. In Brazil, rising costs and worsening terms of trade increase caution for the 2026/27 crop. Geopolitical tensions add volatility and occasional support to prices, but without changing the limited upside bias in the short term.

Corn – weather and exchange rate define short-term direction

The corn market remains divided between external pressure and support from the domestic physical market. The definition of the 2026 second crop, concentrated between April and May, will be decisive for prices. With good supply in South America and a weaker dollar, the short-

term bias is downward pressure. For the second half of the year, potential problems in the U.S. crop or increased external demand could reverse the scenario.

Wheat – restricted supply in Brazil supports prices

Wheat prices remain firm in Brazil, supported by low domestic availability and the need for mill replenishment, even with external pressure. The prospect of reduced planted area in 2026, due to high costs, limits future supply. Globally, still comfortable stocks and irregular production maintain balance, while weather and El Niño remain on the radar.

Cotton – exports and oil sustain firm prices

Brazilian cotton maintains firm prices, supported by strong export performance, higher oil prices, and seller resistance, even with limited liquidity in the domestic market. The global scenario still shows a surplus and high inventories, which limits sharper price increases. Continued appreciation will depend on recovery in international demand.

Rice – sluggish market and rising export volumes

The rice market shows low liquidity, with producers holding back and buyers cautious. More competitive imports gain space, while exports increase. Internationally, the combination of high supply and higher logistical costs keeps pressure on prices, despite some recovery in demand in emerging markets.

Beans – restricted supply sustains high prices

The bean market continues with high prices, especially for carioca beans, reflecting limited supply from the first crop. After a sharp increase, liquidity declines, with buyers more cautious due to difficulty in passing costs on to retail. Still, supply constraints maintain price support in the short term.

Sugarcane – global surplus pressures sugar prices

Sugar futures contracts are declining, reflecting expectations of a global surplus in the 2025/2026 and 2026/2027 crops, due to increased Asian supply. In Brazil, even with a reduction in the sugar mix, high sugarcane availability in the Center-South keeps supply under pressure, although specific factors—such as lower availability at the beginning of the harvest and a possible short-term deficit—limit sharper declines. On the other hand, the ethanol market shows a demand growth outlook, driven by greater competitiveness relative to gasoline. Consumption

may increase in 2026, with additional upside potential if the share of hydrous ethanol rises within the flex-fuel fleet. Supply is also expanding, with emphasis on corn ethanol, consolidating biofuel as a central element in sector dynamics and price formation.

Coffee – recovery of the Brazilian crop pressures prices

Brazil's 2026/2027 coffee crop is expected to be a record, with a strong recovery in arabica, reflecting favorable weather, area expansion, and increased investment in crop management. Harvesting gains pace from late May, increasing supply in Q2 and already putting pressure on prices, with declines in the domestic market. Globally, a surplus is projected, with production growth led by Brazil and countries such as Vietnam and African origins. The rebuilding of global stocks, although still from historically low levels, contributes to a more comfortable supply environment. Nevertheless, factors such as geopolitical tensions, especially in the Middle East, may provide temporary support to prices by increasing costs and uncertainty.

Citrus – biennial cycle expected to reduce the 2026/2027 crop

The citrus market shows distinct dynamics between the fresh and industrial segments. In the domestic market, orange prices show recovery, supported by tighter supply. Industrial juice stocks continue to rebuild, driven by better production conditions and superior fruit quality in the 2025/2026 crop, leading industries to require a higher ratio to form more qualified inventories. Brazilian orange production in the 2026/2027 crop is expected to decline compared to the previous cycle, influenced by the negative biennial cycle following the strong 2025/2026 harvest and by forecasts of below-average rainfall in the citrus belt. The scenario is aggravated by low orange box prices, which reduce profitability and discourage investment in management and technology.

Cattle – restricted supply keeps prices at record levels

The physical cattle market remains firm, supported by limited supply of finished animals and strong demand, especially in the export market. The livestock cycle indicates heifer retention and lower cattle availability, with shorter slaughter schedules and increased competition among meatpackers, maintaining an upward bias in the short term. In São Paulo, prices are around R\$ 365 per arroba, reflecting firm conditions also in the wholesale market. The appreciation of fed cattle has improved the terms of trade for feedlot operators, even with calf prices at high levels, above R\$ 3,300 per head. Despite recent improvement, the terms of trade remain less favorable than the historical average, indicating that although the current scenario is positive in the short term, replacement costs remain pressured.