

EXECUTIVE SUMMARY OF AGRICULTURAL MARKETS

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

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Weather – El Niño Gaining Strength for 2026/2027

The latest NOAA projections indicate an increased probability of the development of an **El Niño event in the coming months**, with persistence throughout the **Southern Hemisphere spring and summer of 2026/2027**. Despite increased confidence relative to previous projections, substantial uncertainty remains regarding the maximum intensity of the phenomenon, with no clear predominance among weak, moderate, or strong events.

For Brazilian agribusiness, the main point of concern is not only the occurrence of El Niño itself, but also its potential impacts on the regional distribution of rainfall and temperatures during the next crop season. This scenario reinforces the need for continuous weather monitoring and greater attention to agronomic and commercial planning for the **2026/2027 summer crop season**.

Fertilizers – Tight Supply and Pressured Input-to-Output Ratios

The global fertilizer market remains in a highly volatile environment, supported by **tight phosphate supply, instability in nitrogen markets, and elevated raw material costs**. Chinese export restrictions continue to reduce global phosphate availability, while elevated sulfur and ammonia costs, along with logistical bottlenecks, continue supporting international prices.

Despite recent declines in products such as urea, **input-to-output ratios remain among the least favorable levels of recent years**, reducing the pace of purchasing activity in Brazil. Producers' cautious stance increases the risk of concentrated buying activity close to the planting period of the **2026/2027 summer crop**, raising the likelihood of logistical bottlenecks and supply disruptions.

Soybeans – Record Supply and Support from Biofuel Demand

Global soybean production is expected to reach a **new record in the 2026/2027 season**, increasing global availability and limiting more consistent upward price movements in the short term. After surpassing **US\$12.00 per bushel**, Chicago futures lost momentum following the conclusion of the meeting between the United States and China without concrete announcements regarding additional Chinese purchases. Furthermore, U.S. soybeans continue

to trade approximately **US\$1.00 per bushel above Brazilian soybeans**, reducing international competitiveness.

Despite the outlook for abundant supply, prices continue to find support from expected growth in soybean meal and soybean oil demand, driven primarily by the expansion of biofuels and firm crude oil prices. In Brazil, premiums for future shipments remain above spot market levels, supporting the potential for a gradual recovery in prices during the inter-harvest period. In the medium and long term, climate risks associated with El Niño and the prospect of lower global stock-to-use ratios may introduce additional risk premiums into futures prices.

Corn – Tighter Global Fundamentals in the Medium Term

The Brazilian corn market continues operating in a relatively comfortable short-term supply environment, supported by elevated carryover stocks – the highest levels of the past five years – and by ongoing harvest progress. This environment keeps buyers on the sidelines awaiting potential additional price declines, while sellers are showing greater flexibility in negotiations due to the need to free storage capacity.

Globally, however, fundamentals remain tighter. World corn production is projected to decline **1.3% in 2026/2027**, while consumption is expected to remain above supply, reducing global inventories to **277.5 million metric tons** and lowering the stock-to-use ratio to **21.1%**, the lowest level since 2014. This scenario reinforces a more bullish price outlook over the medium and long term, although weather-related factors affecting Brazil's **2nd crop corn** and elevated external market volatility remain key points of attention.

Wheat – Quality Supports Prices During the Inter-Harvest Period

The wheat market is showing firmer prices and increasing trading activity, mainly driven by the industry's need to rebuild inventories for June and July. More limited availability of lots meeting bread-making standards, particularly regarding protein content and functional quality, strengthens the negotiating position of producers still holding higher-quality wheat.

In the domestic market, Paraná state is recording transactions between **BRL 1,350 and BRL 1,400 per metric ton FOB**, while Rio Grande do Sul shows stronger activity, with transactions between **BRL 1,470 and BRL 1,500 per metric ton CIF** for premium-quality wheat. Internationally, the prospect of a **10% reduction in planted area in Argentina during 2026/2027**, combined with elevated production costs, tends to reduce future supply and strengthen price support in the Brazilian market.

Cotton – Record Exports Support Prices

The Brazilian cotton market is operating at its highest price levels since **June 2025**, primarily supported by strong export performance and lower seasonal availability during the inter-harvest period. In the domestic market, cotton lint continues trading between **BRL 4.20 and BRL 4.25 per pound**, remaining above export parity levels and reinforcing domestic market strength.

Exports continue to represent the main driver supporting prices, with shipments during the current season already reaching **2.8 million metric tons**, matching total exports from the previous cycle with three months still remaining before the end of the season. Internationally, prices continue to find support from stronger oil prices, climate risks in U.S. producing regions, and increased fund long positions. Despite slower activity from the textile industry, market fundamentals remain supportive of firm prices in the short term.

Rice – Prices Under Pressure and Reduced Area in 2026/2027

The paddy rice market in Rio Grande do Sul remains characterized by low liquidity and price pressure, with prices ranging between **BRL 61.00 and BRL 62.00 per 50-kg bag**, recording declines over the last 30 days. Harvest progress and slowing demand continue increasing available supplies and limiting more consistent recovery movements.

Despite relatively positive export performance over the past twelve months, external demand has recently slowed, and prices remain below production costs, reducing producers' investment capacity. This scenario reinforces expectations of a reduction in planted area during the **2026/2027 season**, while the possibility of strengthening El Niño conditions in the second half of the year increases climate risks for Rio Grande do Sul, Brazil's main rice-producing region.

Beans – Tight Supply Maintains Upward Price Bias

The bean market continues showing an upward price bias, supported by a combination of tighter supply and firm demand. Slower harvest progress in Paraná, the main **2nd crop bean-producing state**, combined with weather irregularities, reduced product availability and resulted in further downward revisions to **2025/2026 production estimates**.

In the short term, demand remains firm, especially from retailers and supermarkets, while buyers remain more cautious due to elevated price levels. Expectations for a more significant reduction in production in Paraná reinforce price support and increase the influence of supply and demand fundamentals on price formation over the coming months.

Sugarcane – Greater Ethanol Allocation and Climate Risk

Brazilian mills are expected to increase sugarcane allocation toward ethanol production during the **2026/2027 season**, driven by stronger profitability for biofuels relative to sugar in the domestic market. Even without implementation of **E32**, mill production mix trends already indicate greater ethanol orientation, reflecting weaker international sugar prices and a more favorable ethanol environment.

Globally, the projected **3.2 million metric ton sugar deficit in 2026/2027**, combined with the temporary suspension of Indian exports and climate risks associated with strengthening El Niño conditions – especially for India and Thailand – increases concerns regarding future supply. Despite this scenario, Brazil maintains its dominant position and strong competitiveness in global exports, reinforcing its strategic role in balancing the global market.

Coffee – Supply Recovery Pressures Prices

Coffee prices are expected to remain on a weakening trend over the coming months, pressured by Brazilian harvest progress and expectations of significant supply recovery during the **2026/2027 season**. Brazilian production is expected to increase by approximately **15%**, led by **Arabica coffee**, whose output could rise by **25%**, increasing global availability and reducing support for international prices.

In addition to larger supply, the market expects stronger Brazilian exports and a gradual narrowing of the price differential between Arabica and Robusta coffee, with greater adjustment pressure concentrated on Arabica. In the short term, weather remains the key factor to monitor, particularly frost risks during winter and potential impacts from an early El Niño event, which could cause harvest delays, drying difficulties, and changes to the expected price outlook during the second half of the year.

Citrus – Smaller Crop Does Not Guarantee Price Recovery

The **2026/2027 orange crop** in the São Paulo and Triângulo Mineiro/Southwest Minas Gerais citrus belt is projected at **255.2 million 40.8-kg boxes**, representing a **13% decline** from the previous cycle. Although lower Brazilian production contributes to limiting pressure on global orange juice inventories, international price recovery potential will depend mainly on demand recovery in key consumer markets, which remains cautious.

The sector enters the new cycle under significantly different conditions compared to the supply shock experienced in 2024. Partial rebuilding of global juice inventories, relatively greater

product availability, and slowing demand have reduced price sensitivity to production adjustments. Domestically, citrus production continues facing margin compression due to elevated costs, expansion of **HLB (greening disease)**, and weaker price remuneration. For 2026/2027, the scenario still requires strong focus on cost management, productivity, and medium-term investment viability.



Cattle – Comfortable Supply and Export Uncertainties Limit Upside

The Brazilian fed cattle market is showing **stable prices after recent declines**, but the environment remains pressured by a combination of comfortable slaughter schedules, adequate animal supply, and expectations of weaker domestic demand during the second half of the month. Greater selling willingness among livestock producers, influenced by deteriorating pasture conditions and concerns regarding further price declines, reduces the industry's need for immediate replenishment.

In international markets, attention is focused on the possibility of **exhaustion of China's import quota for Brazilian beef during the second half of the year**, which could limit export pace to Brazil's main destination market. Given this scenario, market diversification strategies are expanding, with greater focus on the United States, Middle East, and Southeast Asia. Although the Brazilian government is seeking to expand Chinese market access through the redistribution of unused quotas from other countries, current expectations indicate a period of price stabilization in the short term following the strong increase observed during the first half of the year.