EXECUTIVE SUMMARY OF AGRICULTURAL MARKETS

Crops, Climate, Costs, Profitability and Agricultural Market Trends 2026/2027
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Climate – Very Strong El Niño Raises Risks for 2026/2027

El Niño continues to strengthen, with Equatorial Pacific temperature anomalies above +3.0°C and a probability of more than 90% of reaching very strong intensity during the 2026/2027 Southern Hemisphere spring and summer. For October–December, there is a 75% probability of a historic event, exceeding the intensity of episodes recorded since 1950. The strengthening of the phenomenon increases the likelihood of climate impacts typically associated with El Niño.

Fertilizers – Global Risks Keep the Market Under Pressure

The Brazilian market combines weaker demand in 2026 with increasing supply risks for 2027. High interest rates, tighter credit conditions and compressed margins are reducing purchases and encouraging more rational fertilizer use. At the same time, geopolitical tensions, logistical constraints, high sulfur costs and reduced availability leave nitrogen and phosphate fertilizers vulnerable.

Soybeans – Weather and China Increase Price Volatility

Planting of the 2026/27 crop is progressing with support from rainfall, but El Niño continues to pose risks to Brazil's Center-West, particularly because of uneven rainfall distribution. In the United States, larger production is weighing on prices, while lower inventories and growing crush demand are limiting downside pressure. China is accelerating purchases of U.S. soybeans for commercial and political reasons, reducing the importance of Brazil's price advantage. Consultancy View: weather in Brazil, Chinese purchases and stronger domestic consumption should sustain high volatility, with upside potential if yield losses occur.

Corn – Tighter Balance and Higher Risks for 2027

Global production is expected to decline in 2026/2027, while inventories fall and the stocks-to-use ratio reaches its lowest level since 2012/2013. In Brazil, less competitive exports are limiting near-term price gains, but the outlook for 2027 is firmer. Delays in soybean planting could compromise the planting window for the second corn crop, while demand for feed and ethanol continues to expand. Consultancy View: the scope for significant price declines is limited, and

crop losses in Brazil or disruptions in the Black Sea region could trigger meaningful price appreciation.

Wheat – Tight Supply Keeps Prices Supported

Old-crop inventories are virtually depleted in Paraná and very low in Rio Grande do Sul, while mills need to rebuild positions. Rainfall, low solar radiation and disease risks are increasing uncertainty over the quality of the new crop. Internationally, logistical disruptions in the Black Sea region continue to sustain volatility. Consultancy View: harvest progress may cap price gains, but the combination of tight supply and uncertainty over quality should continue to support premiums, particularly for higher-quality wheat.

Cotton – Global Deficit Supports a Positive Price Bias

Global consumption in 2026/2027 is expected to exceed production by approximately 1.1 million metric tons, while inventories become relatively tighter. Deteriorating U.S. crop conditions add weather-related risk to the market. In Brazil, weak textile demand limits price recovery, but exports continue to grow and diversify across destinations. Consultancy View: the tighter global balance reduces downside potential and maintains a moderately positive price bias, contingent on U.S. weather conditions and Asian demand.

Rice – Lower Inventories Support Price Recovery

Tight supply, producer holding and the rebuilding of industry inventories are supporting the recovery of paddy rice prices in Rio Grande do Sul. Exports are also reducing surpluses and increasing competition for raw material. For 2026/27, expectations of lower Brazilian production, tighter inventories and El Niño-related risks are creating more supportive fundamentals. Consultancy View: although lower immediate purchasing needs from some mills may moderate price gains, the overall environment remains supportive of prices.

Dry Beans – Producer Holding and Quality Support Prices

For carioca beans, progress of the third crop increased supply and initially pressured prices, but producers began storing part of their output, supporting a recovery. Buyers remain selective and focused on quality. For black beans, lower off-season availability is keeping prices firmer. Consultancy View: quality, the pace of commercialization and producer holding will be key determinants, with stronger support for higher-grade lots.

Sugarcane – Higher Yields and a More Ethanol-Oriented Crop Mix

Brazilian sugarcane production in 2026/2027 is expected to reach 705.2 million metric tons, up 4.7%, driven primarily by a recovery in yields. In the Center-South, however, rainfall is delaying crushing, reducing TRS and could leave approximately 14 million metric tons of cane to be carried over into the next cycle. The production mix is also shifting: approximately 53% of the raw material is expected to be directed to ethanol. As a result, higher agricultural output should not translate into a proportional increase in sugar supply.

Sugar – Tighter Supply Supports a Firmer Price Outlook

The global market enters 2026/2027 with tighter supply and high exposure to weather risks. In Brazil's Center-South, lower TRS, rainfall disruptions and a more ethanol-oriented production mix are expected to reduce sugar output to around 39 million metric tons. For 2027, El Niño, lower inventories in India and production risks in Thailand and Europe increase the sensitivity of the global balance. A smaller inventory cushion leaves the market vulnerable to further supply losses and supports a firmer price outlook.

Ethanol – Firm Demand Supports Prices Despite Higher Supply

Brazilian ethanol production is expected to approach 42 billion liters in 2026/2027, with growth in both sugarcane- and corn-based ethanol. Despite higher supply, rainfall is interrupting crushing operations and supporting prices in the short term. Demand remains firm, supported by ethanol's competitiveness versus gasoline, while exports are also increasing. In 2027, market balance will depend on whether consumption can keep pace with expanding supply, as well as on tax policy, weather conditions and the industrial production mix.

Coffee – Record Crop Reduces Supply Risks

The prospect of a record Brazilian crop in 2026/2027 reduces supply risks for conilon and robusta coffee and improves the outlook for soluble coffee. Following the sharp price increase through mid-2025, conilon prices declined as Brazilian production recovered and soluble coffee was exempted from U.S. tariffs. For 2027/28, flowering conditions are also favorable across the main producing regions. El Niño remains the primary risk and could affect Brazil and Vietnam, but in the short term the outlook points to greater availability and less upward pressure on prices.

Citrus – Higher Inventories and Weak Demand Pressure Prices

The orange market is undergoing an adjustment after years of tight supply and high prices. The 2026/2027 crop is estimated at 263.2 million boxes, below the previous cycle, but the rebuilding of juice inventories and weaker international consumption are limiting price recovery. Rainfall is increasing fruit weight, but it is also delaying harvesting and raising the risks of disease and quality losses. Citrus greening remains the main structural challenge, while El Niño adds weather uncertainty. For 2027/28, favorable flowering conditions could increase production, leaving the market dependent on inventory drawdowns and a recovery in demand.

Fed Cattle – Controlled Supply Supports Prices

The fed cattle market maintains a firm bias, supported by controlled supplies of slaughter-ready animals and a more restrained selling stance among cattle producers, who are waiting for higher prices. In São Paulo, cattle prices have risen 13.7% over the past 12 months. Lower feedlot supply reinforces price support, as the number of cattle on feed was 14.4% below the same period of 2025, indicating reduced additional availability of finished cattle during the second half of the year. In the export market, exhaustion of the Chinese quota has slowed the recent pace of shipments. Even so, Brazilian beef exports have reached 1.918 million metric tons year to date, up 4.7% from the same period a year earlier.

Chicken – Demand and Exports Support a Price Recovery

The chicken meat market is recovering after two consecutive months of declines, supported by stronger domestic demand and robust export performance. In São Paulo's independent market, live chicken is quoted at BRL 5.38 per kilogram, up 13.5% over the past 30 days. Exports remain an important source of support, reaching 3.626 million metric tons year to date, 15.0% above the same period of 2025. The European Union embargo on Brazilian animal-origin products remains a factor to monitor, but front-loaded purchases by European importers have helped reduce the risk of excess product in the domestic market in the short term.

Pork – Excess Supply Keeps Prices Under Pressure

The pork market remains under strong pressure from abundant supply and weak domestic demand, with prices posting eight consecutive monthly declines in 2026. In Santa Catarina, live hogs are quoted at BRL 4.63 per kilogram, down a substantial 44.0% over the past 12 months. In the São Paulo wholesale market, special pork carcasses are quoted at BRL 7.20 per kilogram, down 45.7% over 12 months. The sharp decline has significantly improved pork's

competitiveness relative to beef and chicken, but ample availability and insufficient domestic consumption to absorb supply continue to limit a price recovery.