

EXECUTIVE SUMMARY OF AGRICULTURAL MARKETS

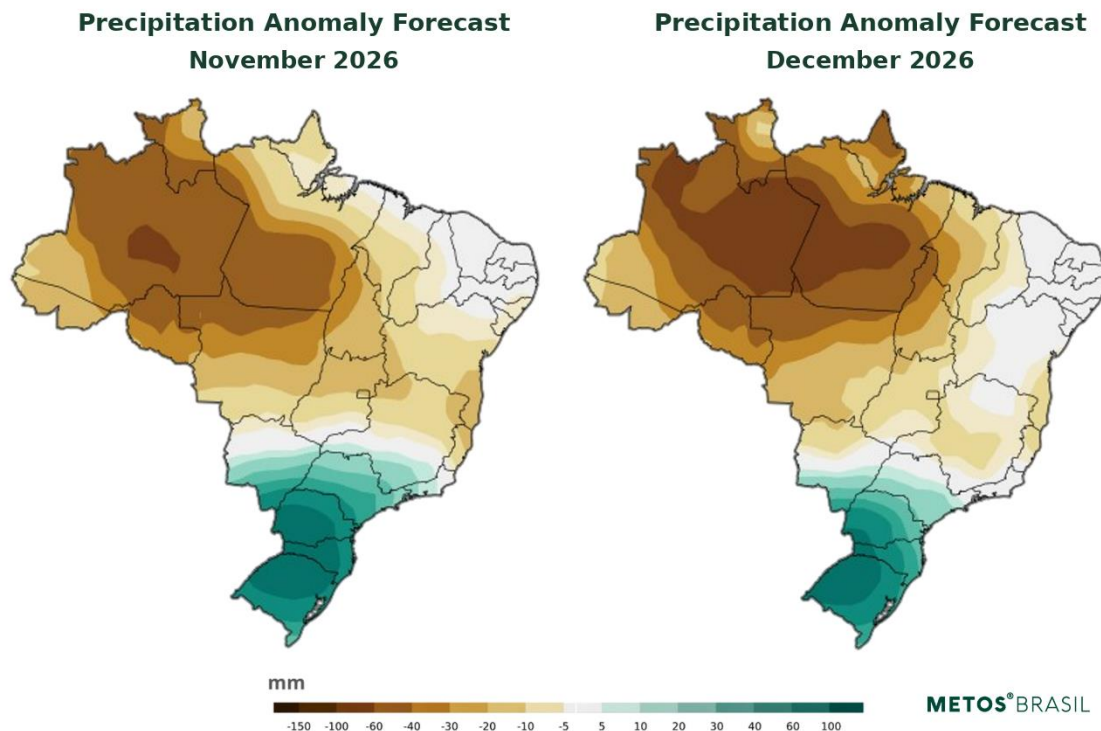
Crops, Climate, Costs, Profitability and Agricultural Market Trends – 2026/2027

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Climate - Very Strong El Niño Raises Risks for the 2026/27 Crops

El Niño is expected to remain strong to very strong throughout the 2026/27 spring and summer. In Southern Brazil, excessive rainfall raises the risk of waterlogging, crop diseases and planting delays. In the Center-West, irregular rainfall threatens soybeans and the planting window for the second corn crop. The North and Northeast face a greater risk of water deficits. Weather conditions will be decisive for yields and prices in 2027.



Fertilizers - Weak Demand in 2026 and Rising Risks for 2027

Brazilian fertilizer imports fell 15.6% from January through September, while domestic sales declined 9.2%. There is no indication of widespread shortages for the summer crop, but risks are increasing for 2027. Nitrogen fertilizer availability is a concern for the second corn crop, while sulfur shortages and higher prices threaten phosphate supply in 2027/28. The outlook for potash is more comfortable.

Soybeans - China, Biofuels and El Niño Shape Market Trends

Ample global supplies limit immediate upside, but Chinese purchases of U.S. soybeans and expanding biofuel production support demand. In Brazil, expectations for a large crop coexist with El Niño-related weather risks. South American yields, exchange rates and export premiums will be decisive for prices in 2027. Any crop losses could quickly alter the global supply-demand balance.

Corn - Ample Supply Caps Prices as Ethanol Strengthens Demand

Large crops in the United States and South America are pressuring international prices. Brazil's 2026/27 corn crop is projected at nearly 148 million metric tons, while domestic consumption continues to grow, driven by corn ethanol. Industrial expansion is reducing exportable surpluses and strengthening regional demand. El Niño poses risks to the planting schedule and yields of the 2027 second corn crop.

Wheat - Quality Losses Increase Import Dependence

Excessive rainfall in Southern Brazil is impairing wheat quality and reducing the availability of milling-grade lots. Competition for Type 1 wheat is supporting prices, while the milling industry is becoming more dependent on Argentine imports. In the global market, projected consumption exceeds production, keeping the balance tight. The quality of Argentina's crop, exchange rates and logistics will determine milling costs and prices in 2027.

Cotton - Global Deficit Supports a Gradual Recovery

Global cotton consumption is expected to exceed production by approximately 1.1 million metric tons in 2026/27, providing support to prices. However, upward revisions to supply and inventories are limiting near-term gains. Brazil is consolidating its leadership in global exports, with shipments projected at 3.48 million metric tons. Area expansion in Mato Grosso and Asian textile demand will be decisive for prices in 2027.

Rice - Lower Global Supply and El Niño Support the Outlook

Global rice production is expected to decline 2.4% in 2026/27, while inventories are trending lower. India's export policy remains decisive for international prices. In Brazil, a smaller planted area and the risk of excessive rainfall in Rio Grande do Sul increase uncertainty surrounding the next crop. The price recovery is improving margins, but still does not fully cover production costs.

Dry Beans - Tight Inventories and Weather Risks Support Prices

Brazilian dry bean production is projected at 2.93 million metric tons in 2026/27, with tight inventories and the possibility of acreage reductions in producing regions. El Niño raises the risk of planting delays and yield losses, particularly in Southern Brazil. Demand remains concentrated on retail restocking. The combination of reduced acreage, weather constraints and limited supply could support prices and increase volatility in 2027.

Sugarcane - Lower Crushing Volume and Industrial Yield

Brazilian sugarcane crushing totaled 496.1 million metric tons through September, down 1.6% year over year. Excessive rainfall is disrupting harvesting and sucrose accumulation, reducing sugar output. The prospect of carrying substantial volumes of cane into 2027/28 is constraining current supply, but could support a recovery in crushing next season. El Niño remains the main risk to yields and raw material quality.

Sugar - Global Deficit and Weather Risks Support Prices

The global sugar market is projected to post a 500,000-metric-ton deficit in 2026/27 due to production losses in Brazil and Europe. International prices are supported by weather risks and net-long fund positions, but the appreciation of the Brazilian real limits export returns. Weak physical demand is constraining premiums. In 2027, crop developments in Brazil and India will be decisive for price support.

Ethanol - Firm Demand Supports Prices Despite Higher Supply

Hydrous ethanol prices are recovering, driven by stronger demand and weather-related crushing disruptions. A price ratio of 61.7% relative to gasoline favors biofuel consumption. Exports increased 66% in September to 340.3 million liters. Prices are expected to remain firm through the end of the 2026/27 season, while greater availability of carryover cane could expand supply and limit gains in 2027/28.

Coffee - Ample Supply Caps Gains, but Quality Supports Premiums

Greater coffee availability after the 2026/27 harvest is limiting the price recovery, while appreciation of the Brazilian real is pressuring domestic prices. Brazilian exports rose 20% in September to 3.9 million 60-kg bags. Reduced availability of higher-grade beans is supporting quality premiums. For the 2027/28 crop, rainfall is favorable for flowering, but El Niño continues

to pose weather risks. Volatility is expected to persist, with the recovery limited by ample supply and inventory rebuilding.

Citrus - Larger Inventories and Weak Demand Pressure Prices

Lower prices for processing oranges are worsening the fertilizer barter ratio, pressuring margins and potentially compromising orchard fertilization. By contrast, higher Tahiti lime prices are improving producers' purchasing power. Brazilian orange juice exports increased 12.4% in volume from July through September, but revenue fell 30%. A price recovery will depend on a sustained rebound in international demand, particularly in Europe.

Cattle - Restricted Supply Maintains an Upward Bias

Limited supplies of slaughter-ready cattle, firm domestic demand and exports are supporting an upward bias in fed cattle prices. In Sao Paulo, prices reached R\$ 384.95 per arroba, up 4.9% over the past 30 days. From January through September, beef exports totaled 2.113 million metric tons, down 1.5%. The approaching resumption of Chinese purchases under the 2027 quota could intensify the increase, while the early stage of female retention should gradually restrict supply. For 2027, higher replacement cattle prices and lower animal availability reinforce the outlook for firm prices.

Chicken - Demand and Exports Support a Recovery

The chicken market is experiencing a price recovery, supported by firm domestic demand, balanced supply and strong export performance. In Sao Paulo, live chicken prices reached R\$ 5.38 per kilogram, up 1.9% over 30 days, although still down 1.7% over 12 months. From January through September, exports totaled 4.085 million metric tons, a strong increase of 13.1%. The potential reopening of the European Union market improves the external demand outlook. Balanced supply and sustained consumption will be critical to maintaining the recovery.

Hogs - Prices Respond to Lower Supply

Hog prices posted their first recovery of 2026, supported by reduced supply, improving demand and inventory building ahead of year-end. In Santa Catarina, live hog prices reached R\$ 5.94 per kilogram, up 11.0% over the past 30 days, but still down sharply by 28.2% over 12 months. Pork exports totaled 1.032 million metric tons from January through September, up 4.8%. Seasonal consumption gains and exports may support further increases, but ample domestic availability continues to limit a more consistent price recovery.