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Report Highlights:

Brazil's corn planted area and production for MY 2025/26 are expected to increase. Low stocks and strong demand led corn prices to high levels in the domestic market, growing producers' sowing outlooks. Corn exports are projected to increase in MY 2024/25 and remain stable in MY 2025/26, given the robust demand for corn internally. For the 2024/25 harvest, rice production is anticipated to be robust, encouraging high exports and supporting the 2025/26 planting. Wheat production in 2025/26 is forecast to reach its second-highest mark in history, following expectations of increased yields through higher crop investments. As a result, imports are forecast to decline based on less internal demand. Meanwhile, the 2024/25 wheat harvest is expected to decrease due to adverse weather affecting yields.

CORN
Production, Supply, and Distribution

Table 1
Production, Supply, and Distribution of Corn

Corn	2023/2024		2024/2025		2025/2026
Market Year Begins	Mar 2024		Mar 2025		Mar 2026
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Area Harvested (1000 HA)	21,650	21,650	22,300	22,000	22,500
Beginning Stocks (1000 MT)	10,041	10,041	7,458	8,458	4,458
Production (1000 MT)	119,000	119,000	126,000	126,000	130,000
MY Imports (1000 MT)	1,717	1,717	1,500	1,500	1,600
TY Imports (1000 MT)	1,449	1,449	1,400	1,500	1,500
TY Imp. from U.S. (1000 MT)	1	1	0	0	0
Total Supply (1000 MT)	130758	130758	134958	135958	136058
MY Exports (1000 MT)	38,300	38,300	44,000	44,000	44,000
TY Exports (1000 MT)	46,416	46,416	41,000	44,000	44,000
Feed and Residual (1000 MT)	63,500	65,000	64,500	65,000	65,500
FSI Consumption (1000 MT)	21,500	19,000	23,500	22,500	24,000
Total Consumption (1000 MT)	85000	84000	88000	87500	89500
Ending Stocks (1000 MT)	7,458	8,458	2,958	4,458	2,558
Total Distribution (1000 MT)	130758	130758	134958	135958	136058
Yield (MT/HA)	5.4965	5.4965	5.6502	5.7273	5.7778
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Corn begins in October. TY 2025/2026 = October 2025 - September 2026 Source: Post Brasilia					

Corn Production

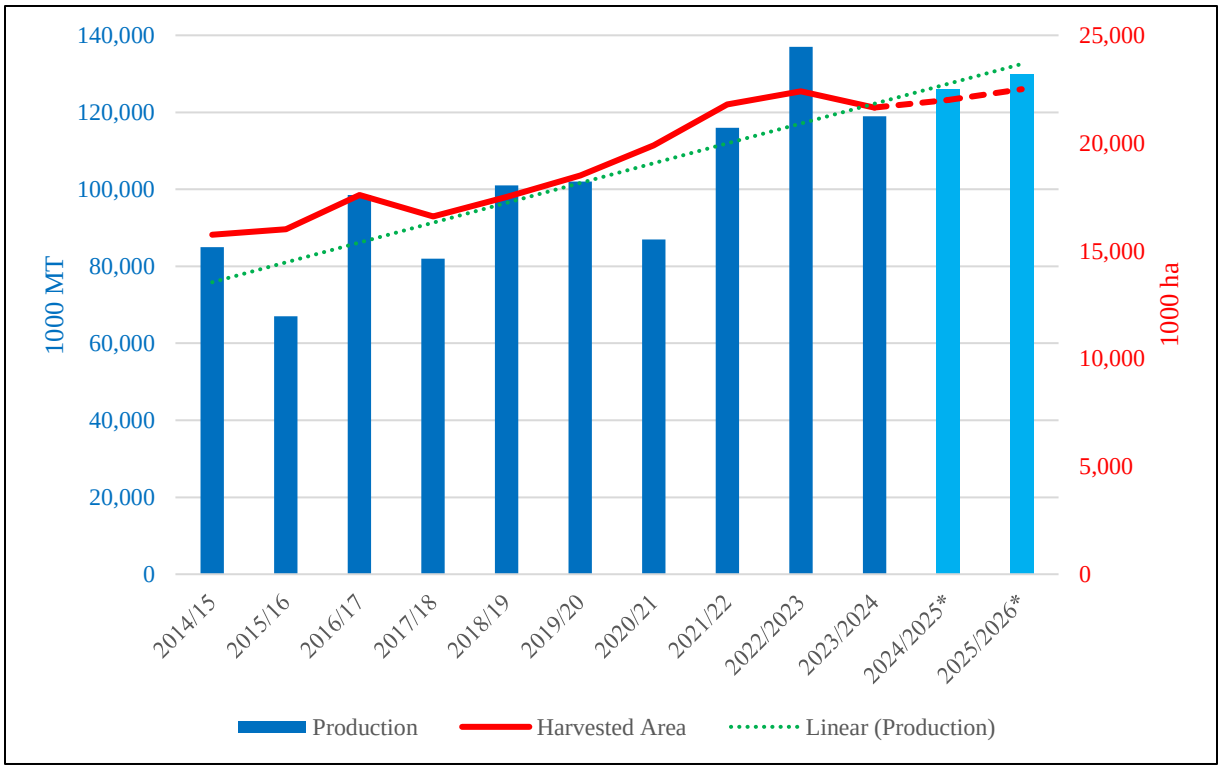
The first-season corn sowing for the 2024/25 harvest finished across Brazil in early February. Estimates indicate an increase in yield, which compensates for the reduced planted area compared to the previous season. Second-season corn accounts for nearly 80 percent of Brazil’s total corn production. Currently the second-season planted corn is experiencing favorable weather conditions and likely will result in greater production than in the 2023/24 season. Increased production, combined with strong domestic corn prices, are expected to encourage an increase in both planted area and production for the 2025/26 harvest.

Planted Area and Production Continue Upward Trend in 2025/26

Post forecasts corn planted area for MY 2025/26 (March 2026 – February 2027) at 22.5 million hectares (ha), based on upward historical trend. High corn prices and strong export opportunities in the 2024/25 season have increased producer optimism to continue investing in corn.

Post forecasts corn production for MY 2025/26 at 130 million metric tons (mmt), a 3.2 percent increase over the production estimate for MY 2024/25 (March 2025 – February 2026), set at 126 mmt.

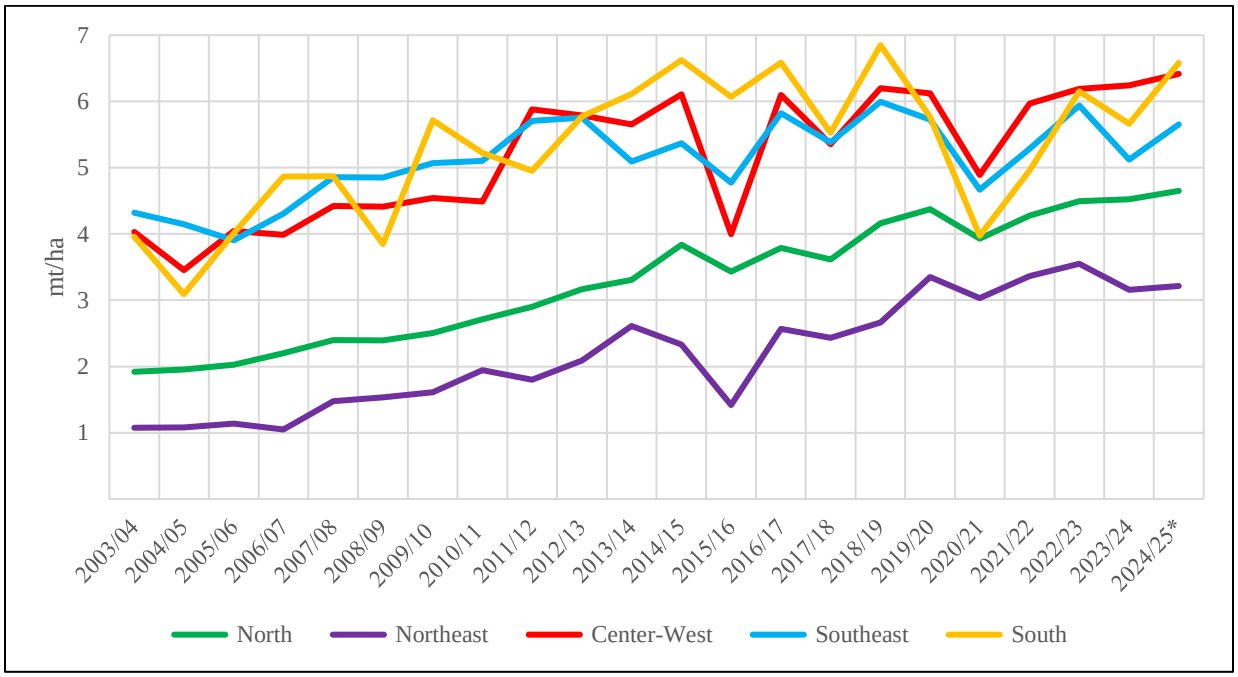
Figure 1
Evolution of Corn Harvested Area and Production in Brazil



Data source: *Foreign Agricultural Service/USDA, with 2024/25 and 2025/26 as Post estimate; Graph Post Brasilia*

Despite the expectation of a full harvest, delays in planting could pose risks to productivity. In some regions of Brazil, the planting of the second crop was completed outside the ideal window—a period deemed optimal for sowing corn immediately after the soybean harvest. Consequently, yields may be significantly affected by adverse weather conditions that can harm crop development. Delays in planting within the ideal window may also lead producers to choose other crops, such as sorghum or winter grains, instead of corn. For this reason, producers across various states will be attentive to how the conclusion of the La Niña weather phenomenon affects the soybean harvest before planting the 2025/26 corn crop.

Figure 2
Evolution of Corn Yield by Regions of Brazil



Data source: *National Supply Company (CONAB), with 2024/25 as estimates; Graph Post Brasilia*

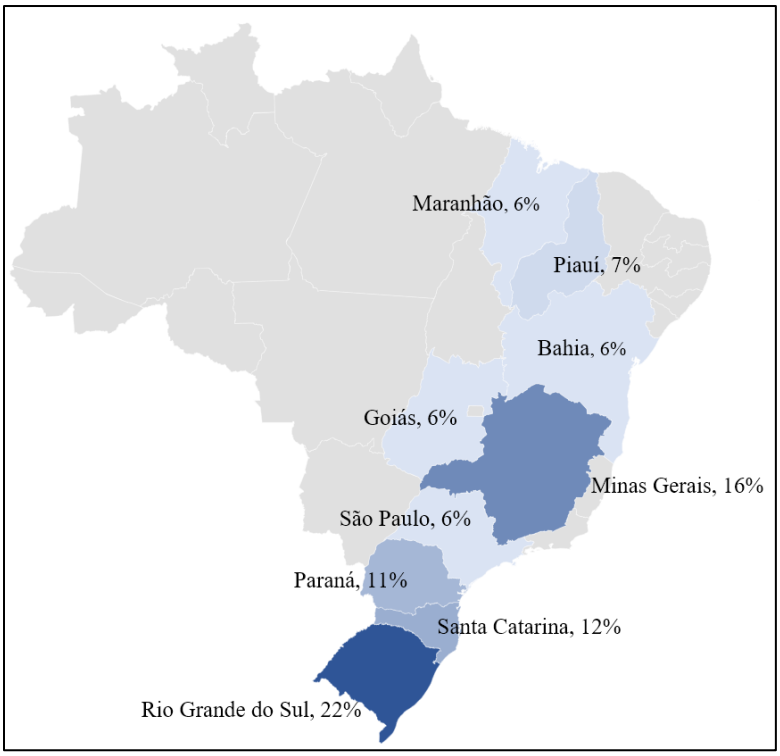
Harvest Outlook

The end of the first quarter sees the Brazilian market focused on the completion of the first-season corn harvest, as well as the sowing and development of the second-season crops. Port activity has also increased due to soybean exports, which typically result in a decrease in corn exports.

First-Season Corn

Corn is planted in Brazil year-round. First-season corn, also known as “summer corn,” was typically cultivated in southern Brazil but has now expanded to northeastern states. It is usually planted between August and December, with harvesting occurring between January and June. According to data from the National Supply Agency (CONAB), it currently represents about 20 percent of the country’s total corn production.

Figure 3
First-season Corn: Main Producing States, 2024/25



Data source: *National Supply Agency (CONAB); Graph Post Brasilia*

- **Rio Grande do Sul:** The Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS) estimates an 8 percent reduction in planted area of first-season corn this 2024/25 harvest, totaling 748.5 thousand hectares, with an average yield of 7.12 kg/ha. Some regions have experienced significant pest issues, particularly from leafhoppers. However, CONAB estimates the state's production will reach 5.5 million metric tons (mmt), 14 percent higher than the 2023/24 season. For the 2025/26 season, Post contacts are optimistic about corn prices, likely leading to increased outputs compared to 2024/25.

- **Minas Gerais:** CONAB estimates production of the 2024/25 first-season corn production at 3.8 mmt, a 0.5 percent drop from the previous season. Although the crops are set for good yields, there is an expectation of a 9 percent drop in harvested area.

- **Santa Catarina:** The 2024/25 harvest in Santa Catarina faced periods of heat and scattered rains early in the year. Despite this, crop conditions are favorable, with yield expectations potentially exceeding a record of 10 kg/ha. By mid-March, approximately 52 percent of the first-season corn area was harvested. However, there is a 12 percent reduction in planted area compared to the 2023/24 harvest. This is attributed to high production costs, concerns over potential leafhopper infestations, and low prices anticipated for 2024. As a result, production is expected to reach 2.3 mmt, according to the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC).

- **Paraná:** According to the Department of Rural Economy (DERAL/PR), the harvest of first-season corn for the 2024/25 season reached 85 percent completion by mid-March, with an estimated planted area of 267 thousand hectares. The projected yield is expected to reach a record 10.40 kg/ha for the state. As a result, Paraná's summer corn production for 2024/25 is estimated at 2.8 mmt.

- **Piauí:** The Association of Soybean and Corn Producers of the State of Piauí (APROSOJA/Piauí) reports significant losses that could reach 50 percent of the crop, which will negatively impact the 2024/25 corn harvest. The primary factor contributing to this reduction in yield is the drought that affected the state earlier this year. Some regions experienced more than 45 days without significant rainfall, coinciding with the reproductive period of the plants (flowering, fruiting, and grain filling). APROSOJA/Piauí indicates that producers, who planted early and have already harvested, managed to minimize losses to 25 percent, while those who planted later may face losses of up to 50 percent. Without accounting for these potential decreases in yield, CONAB estimated Piauí's production at 1.8 mmt for the 2024/25 harvest, which represents a 47 percent increase over the previous season.

- **São Paulo:** The first-season corn crop is developing well due to optimal weather conditions, which should increase the yield for the 2024/25 harvest by 8 percent compared to the previous season, reaching 5.92 kg/ha. A drop in corn prices in the state led to a reduction in planted area, estimated at 265.7 thousand hectares - down 7 percent from 2023/24. However, the higher yields will offset the reduction in area, resulting in production for 2024/25 being nearly equal to the previous year, projected to close at 1.6 MMT.

- **Maranhão:** Crops are progressing steadily, with sowing completed by the end of February. CONAB estimates first-season corn production for the 2024/25 harvest at 2.7 mmt, which is nearly the same as in the previous cycle. Both yield and planted area are expected to remain stable. For 2025/26, production is forecasted to stay close to this year's projections.

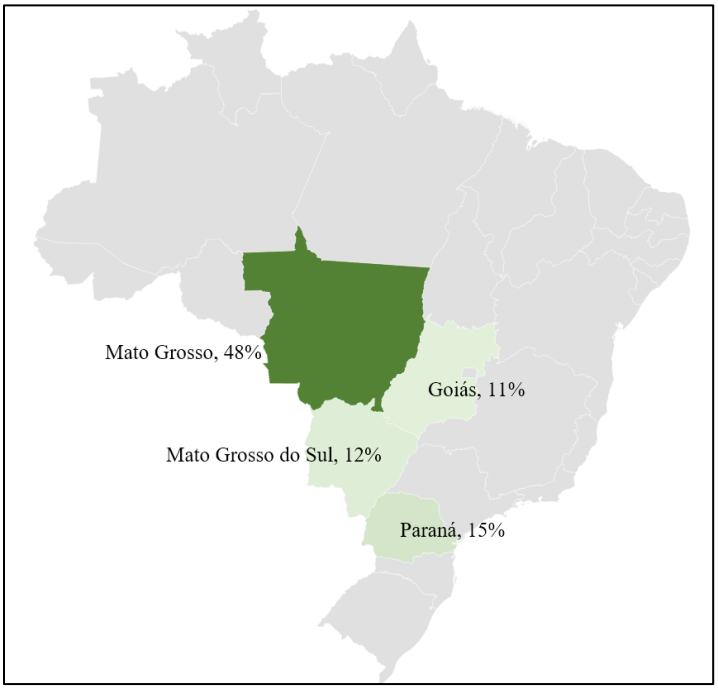
- **Goiás:** The 2024/25 first-season corn is progressing well, with CONAB estimating a 2 percent increase in production, while the second-season corn is expected to exceed 10.6 million tons, an increase of 7.5 percent in relation to the previous cycle.

- **Bahia:** The 2024/25 harvest is in its final phase in Bahia and is showing positive results, despite some phytosanitary challenges recorded in certain areas. While pests and diseases affected parts of the crop, effective management and favorable weather conditions helped maintain satisfactory yield levels. According to the Association of Farmers and Irrigators of Bahia (AIBA), average corn productivity is expected to reach 170 bags per hectare, solidifying it as one of the best productions in recent years.

Second-Season Corn

Second-season corn, commonly known as *'safrinha'* corn or "little harvest," is planted from December to March, typically following the soybean harvest. It covers the largest area of corn production in Brazil. Originally, it was the smaller of the country's two corn crops, but its production has increased significantly and now accounts for 78 percent of the total output. According to CONAB, by mid-March, the sowing of the second-corn crop in Brazil reached 90 percent.

Figure 4
Second-season Corn: Main Producing States, 2024/25



Data source: *National Supply Agency (CONAB); Graph Post Brasilia*

- **Mato Grosso:** The Mato Grosso Institute of Agricultural Economics (IMEA) estimates the 2024/25 corn production at 46.9 mmt, 0.5 percent lower than the harvest of the previous season. The decrease is a result of lower yields, estimated at 11.17 kg/ha, down from 11.56 kg/ha. Sowing in the state was completed by mid-March. IMEA also forecasts that production costs for the 2025/26 harvest will be 6 percent higher than those of the previous crop cycle, likely leading to a reduction in planted area for the next season.

- **Paraná:** According to DERAL/PR, by mid-March, over 90 percent of the second-season corn planting for the 2024/25 crop in Paraná had been completed. However, crop development is facing challenges due to heat waves and irregular rainfall, with some regions experiencing insufficient soil moisture. This has made producers hesitant to plant more corn than anticipated. There is optimism for a good harvest, as crop recovery is expected in most areas due to the forecast of improved weather conditions in the coming weeks. CONAB estimates production for 2024/25 at 14 mmt.

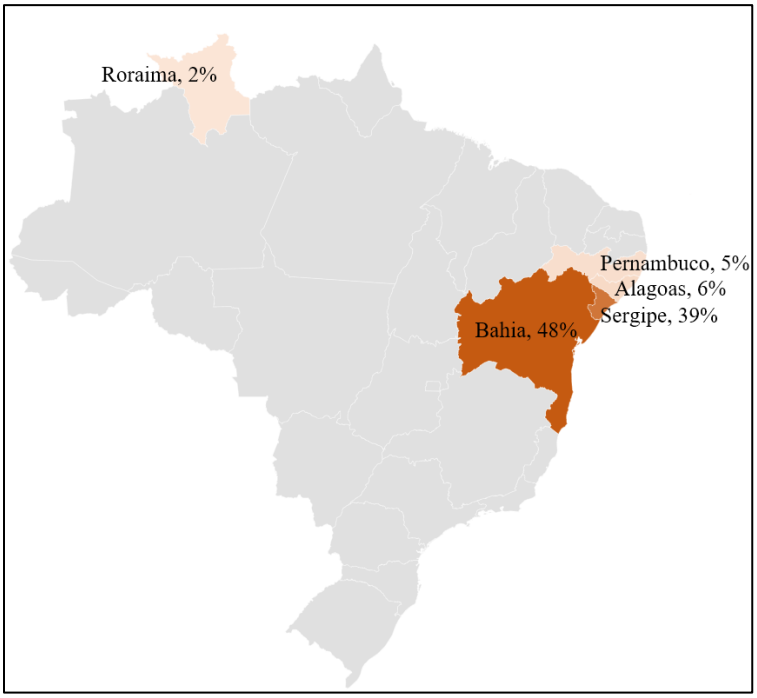
- **Mato Grosso do Sul:** APROSOJA/MS estimates that the planted area in the state for 2024/25 will be 2.1 million hectares, resulting in a production of 10.2 mmt. This marks a significant growth of 21 percent compared to the previous cycle. CONAB estimates production for the state reaching 11.5 mmt, a 45 percent increase compared to the 2023/24 harvest.

- **Goiás:** Sowing started following the soybean harvest in the state, with approximately 80 percent of the total second-corn area already planted and developing well. Optimal weather conditions have positively impacted crop development. According to CONAB, the estimated production for the 2024/25 harvest is 10.6 mmt, reflecting a 7.5 percent increase compared to the previous season.

Third-Season Corn

In 2019, Brazil also established a third-season corn crop, planted only in the north and northeast states. Due to the region's climate, this crop cycle resembles the United States, with planting occurring in May and harvesting in October. This corn cycle accounts for approximately 2 percent of corn production and presents lower yield rates, averaging 3.6 MT/ha, while first-season corn is estimated to average 6.0 MT/ha. Many analysts credit the lower productivity of third-season corn to the lesser use of technology in the region as farmers traditionally designate their harvest for livestock feed. Sowing of third-season corn should begin by April in Bahia (48% of production), Sergipe (39%), Alagoas (6%), Pernambuco, Roraima (2%), and Amapá (less than 0.1 percent).

Figure 5
Third-season Corn: Producing States, 2024/25



Data source: *National Supply Agency (CONAB); Graph Post Brasilia*

Corn Prices Skyrocket as Demand for Corn Increases

According to data from the Brazilian Institute of Geography and Statistics (IBGE), Brazil's gross domestic product (GDP) increased by 3.4 percent in 2024, reaching a total of USD 2.17 trillion. This marks a 17 percent growth rate compared to the previous year, driven primarily by the services and industry sectors. However, the agriculture sector experienced a decline of 3.2 percent in 2024 due to adverse weather conditions that impacted the production and yields of key crops throughout the year. Consequently, agriculture's share of Brazil's total GDP fell to nearly 5.6 percent, down from 6 percent in 2023.

The decline in agriculture's contribution to GDP in 2024 is not expected to continue into 2025, as the production of major crops is anticipated to recover. Agriculture has the potential to become once again a primary driver of Brazil's GDP growth in 2025, similar to its role in 2023.

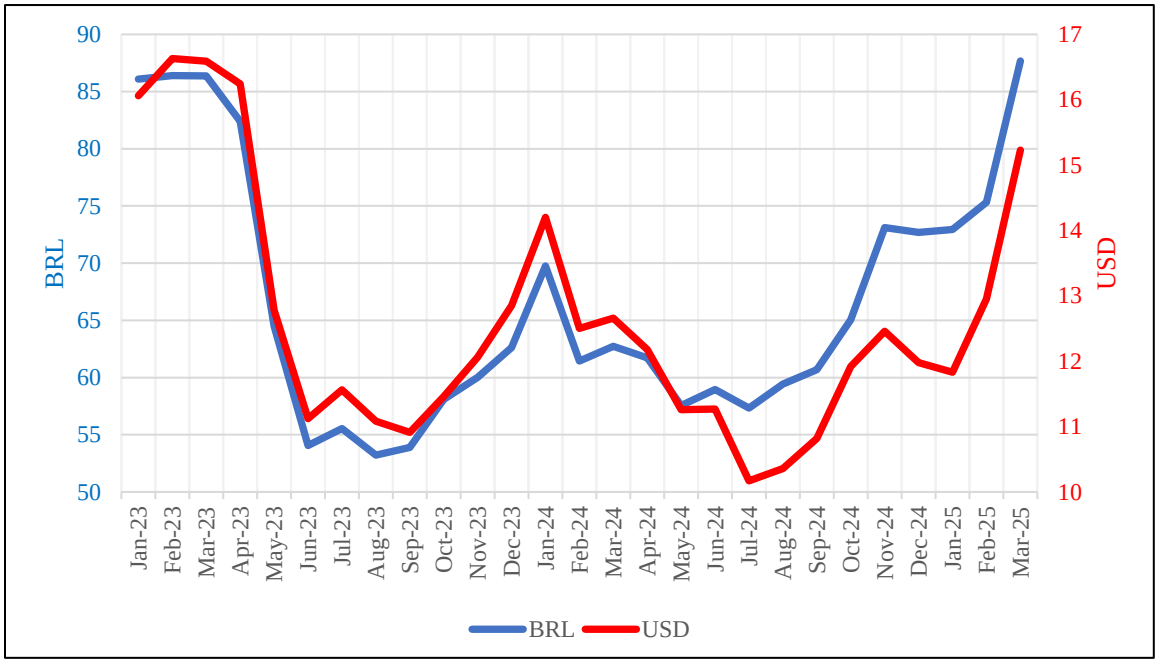
For the agriculture sector to maintain its upward trend, Brazil must address challenges that directly influence commodity prices, such as high production costs, elevated interest rates, and the depreciation of the Brazilian real (BRL) against the US dollar (USD). This depreciation makes imported agricultural inputs, including pesticides and fertilizers, more expensive.

The Central Bank's inflation projection for Brazil in 2025 is 5.7 percent. For 2026 and 2027, the forecasts are set at 4.4 percent and 4 percent, respectively. The projected exchange rate for 2025 is BRL 5.90 per USD 1.00, with estimates of BRL 6.00 for 2026 and BRL 5.90 for 2027.

Low stocks and strong demand increased corn prices to high levels in the domestic market. Prices rose significantly in February and March due to the substantial interest from buyers in the spot market. With a harvest in 2023/24 falling short of expectations, stock levels have been low, leading to increased purchasing interest. However, the availability of corn has not yet caught up as the first-season harvest continues.

According to the University of Sao Paulo’s Center for Advanced Studies in Applied Economics (CEPEA), corn prices have shown strong variations from February to March. On the first business day of March 2025, corn was quoted 16 percent higher than a month before. The average cost for a 60-kilo bag of corn in the first half of March 2025 was BRL 89.25 (USD 15.51) against BRL 62.94 (USD 12.68) in the same period of 2024. This represents a 42 percent increase year-on-year. In February 2025, corn was traded at an average of BRL 80.76 (USD 14.01), 29 percent above the average of February 2024, according to CEPEA.

Figure 6
Corn Prices in Brazil's ESALQ/BM&FBOVESPA



***Data Source**: University of Sao Paulo Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia*

The Government of Brazil remains optimistic about a decline in food prices in the first half of 2025, despite concerns regarding corn prices and the impacts of inflation on the cost of living. This optimism is based on expectations of a record harvest for the 2024/25 season.

The Ministry of Agriculture and Livestock updated the minimum prices for corn, valid until May 2026. The values will be used as a reference in operations linked to the Minimum Price Guarantee Policy (PGPM), which aims to ensure a minimum income for rural producers. The minimum prices are set before the start of the next harvest. They help producers decide what crops to plant and show the government's commitment to buying or subsidizing agricultural products if their market prices fall below the minimum prices.

Table 2
Corn Minimum Guaranteed Prices (BRL/60kg bag)

Location	Quantity	2023/2024	2024/2025	Variation	Validity
Rio Grande do Sul and Santa Catarina	60 kg	$ 52.38	$ 52.38	0%	Jan 2025 to Dec 2025
Southeast and Paraná		$ 47.79	$ 45.83	-4.10%	
Centre-West and North (except Tocantins & Pará)		$ 39,21	$ 35.91	-8.40%	
Maranhão, Pará, Piauí, Tocantins, and west of Bahia		$ 39.21	$ 40.55	3.40%	
Northeast (except Maranhão, Piauí, and west of Bahia)		$ 50.30	$ 55.07	9.50%	Jun 2025 to May 2026

Data Source: *National Supply Company (CONAB); Table Post Brasilia*

For the 2025/26 harvest, the Mato Grosso Institute of Agricultural Economics (IMEA) estimates a 2 percent increase in the total production cost of corn compared to the previous harvest, reaching BRL 6,463.97 per hectare in the state.

However, costs associated with corn cultivation are expected to decrease by 9 percent, falling from BRL 3,437.75 per hectare in February 2024 to BRL 3,131.05 per hectare in February 2025. This decrease is attributed to a significant drop in the prices of seeds, fertilizers, mechanized operations, and labor. In contrast, opportunity costs—including working capital, improvements, utilities, and machinery—are projected to rise by 29 percent year-on-year, adding considerable pressure to the overall production cost.

Table 3
Production Cost of Corn in Mato Grosso (BRL/ha)

Harvest	2020/21	2022/23	2023/24	2024/25	2025/26	2025/26
Year	2020	2022	2023	2024	2025	2025
Month	Consolidated	Consolidated	Consolidated	Consolidated	January	February*
a) Seeds	445.42	670.53	750.78	762.92	708.55	673.17
b) Fertilizers	735.63	1,816.57	1,518.66	1,342.32	1,396.97	1,389.29
c) Defensives (Fungicide, Herbicide, Insecticide, etc.)	398.17	585.83	733.24	735.94	678.04	683.84
d) Mechanized Operations (Planting, Fertilizing, Applications with Machines, Harvesting...)	84.05	161.99	150.33	169.91	172.35	176.46
e) Third Party Services	2.09	3.00	2.78	22.25	15.72	15.93
f) Labor	72.99	83.05	128.65	203.29	193.49	192.36
g) Maintenance	106.13	109.97	167.27	234.88	240.00	240.11
h) Taxes and Fees	90.59	118.33	120.88	142.95	150.80	150.65
i) Financing and Insurance	160.18	276.71	292.23	293.33	282.39	280.10
j) Post-Production (Classification and Processing, Storage, Production Transport)	286.26	288.55	285.47	381.81	441.18	440.62
k) Other Costs (Technical Assistance, Utilities, Fuel, General Expenses)	69.46	97.43	113.21	111.19	123.40	123.87
l) Lease	132.30	208.66	216.50	210.55	242.54	239.36
Effective Operating Cost - EOC (a + ... + l)	*2583.26*	*4,420.62*	*4,480.01*	*4,611.35*	*4,645.44*	*4,605.77*
Depreciation (of Equipment, Utilities, and Improvements)	196.96	202.72	324.44	424.85	456.52	456.49
Family Labor	59.83	61.64	69.95	110.96	130.73	131.10
Opportunity Cost (Working Capital, Improvements, etc.)	538.00	925.79	994.73	947.02	1,279.16	1,270.61
TOTAL	**3,378.06**	**5,610.78**	**5,869.12**	**6,094.19**	**6,511.85**	**6,463.97**

***Data Source**: Mato Grosso Institute of Agricultural Economics (IMEA), costs in BRL/ha, * with 2025/26 as estimates; Chart Post Brasilia*

Although fertilizer prices have seen a slight decrease compared to the previous harvest, high import costs at the beginning of 2025 continue to strain Brazilian rural producers. International demand significantly impacts the domestic market, contributing to these pressures.

With India, the United States, and Europe all competing to replenish stocks, nitrogen fertilizers prices are expected to rise in the coming months, which will negatively impact Brazilian producers.

This pressure on input costs, combined with an unfavorable exchange rate, will require Brazilian producers to carefully plan to ensure the viability of harvests. Logistics remain a challenge, as the transportation of soybeans takes precedence, reducing the availability of freight for transporting corn. Given this situation, it is likely that corn prices will remain elevated in the short term, driven by low supply and distribution issues.

Legislation

Brazil approved its new Tax Reform in December 2024, which introduces a value-added tax (VAT) that requires the agricultural sector to adapt. The new legislation eliminates previous cumulative taxes by establishing the Tax on Goods and Services (IBS) and the Contribution on Goods and Services (CBS). Additionally, it introduces an excise tax levied on goods considered a threat to the environment and human health.

Under the current system, taxes are partially levied by the states and municipalities where companies that provide goods and services are located. However, the approved model shifts tax collection from production to consumption, meaning taxes will be collected at the destination of the goods.

Furthermore, the reform includes provisions for differentiated regimes with reduced rates for essential goods and services. Agricultural products that constitute the National Basic Food Basket – such as rice, beans, oil, sugar, coffee, pasta, wheat flour, salt, cornmeal, and some hygiene products – a will have a zero-tax incidence. The transition to the new system will begin in January 2026, with full implementation expected by 2033.

The high cost of food products is linked to transportation challenges, which are often related to stock management. It is common for drivers use their trucks as temporary storage to handle large harvest volumes. This practice prolongs vehicle downtime and reduces their availability for new trips. Additionally, inadequate infrastructure—such as poor highways, railways, and waterways—affects transport efficiency and contributes to rising food prices. Post contacts have indicated that increasing transportation methods can be a key strategy to mitigate the logistics issues that increase costs and enhance overall efficiency.

The Government of Brazil has also announced recent plans to tackle the logistical and infrastructure challenges that impede agricultural development in the country. In 2024, the government invested USD 600 million to improve the roads and ports used for transporting agricultural products. According to the country's 2025 Harvest Transport Plan, an additional USD 800 million, approximately, will be invested this year to reduce logistics costs and enhance Brazil's competitiveness in the international agricultural market.

The improvements to federal highways and ports will focus on two strategic areas: the Northern Arch (with USD 450 million in investments) and the Southern and Southeast Corridor, both essential to Brazilian agribusiness logistics. The Ministry of Transportation also plans to hold nine auctions in strategic road corridors in 2025, which will involve improvements for over 5,517 kilometers and an estimated investment of USD 16 billion. Additionally, the privatization of 1,708 kilometers of railway is planned, with investments totaling USD 17.5 billion, which will further enhance freight transport competitiveness in the country.

The Government of Brazil has also announced recent plans to tackle the logistical and infrastructure challenges that impede agricultural development in the country. In 2024, the government invested BRL 3.6 billion to improve the roads and ports used for transporting agricultural products. According to the country's 2025 Harvest Transport Plan, an additional BRL 4.5 billion will be invested this year to reduce logistics costs and enhance Brazil's competitiveness in the international agricultural market.

The improvements to federal highways and ports will focus on two strategic areas: the Northern Arch (with BRL 2.6 billion in investments) and the Southern and Southeast Corridor, both essential to Brazilian agribusiness logistics. The Ministry of Transport also plans to hold nine auctions in strategic road corridors in 2025, which will involve improvements over 5,517 kilometers and an estimated investment of BRL 91.4 billion. Additionally, the privatization of 1,708 kilometers of railway is planned, with assets totaling BRL 99.7 billion, which will further enhance freight transport competitiveness in the country.

On March 13, the Government of Brazil approved a reduction in import tariffs on 11 agricultural products, including corn, coffee, sugar, frozen beef, and olive oil. This measure aims to help control the rising food prices. Corn (NCM 1005.90.10) imports to Brazil, which were previously taxed at 7.2 percent, will now be tax-free. Although this measure is temporary, the government has not specified how long it will remain in effect.

Corn Trade

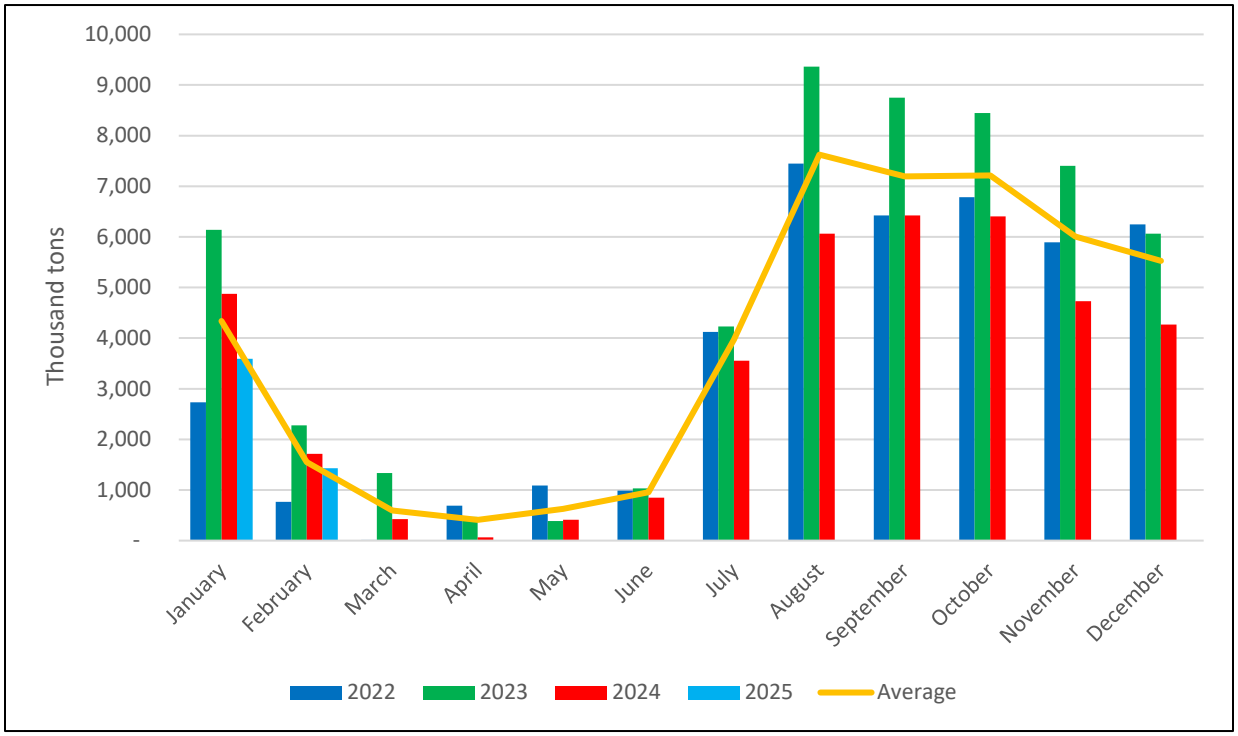
Corn Exports for 2025/26 to Remain Stable

Post forecasts corn exports for MY 2025/26 (March 2026 – February 2027) at 44 mmt, the same estimate for exports in MY 2024/25 (March 2025 – February 2026). This stabilization is attributed to an expected increase in domestic demand for corn, which will likely result in a lower surplus available for international sale.

Brazil is the second-largest corn exporter in the world, following the United States. However, Brazilian corn typically faces lower competitiveness in global markets due to higher prices.

In February 2025, Brazil exported 1.4 million tons of corn, a 16 percent decrease compared to the same month the previous year. In January 2025, Brazil exported 3.6 mmt of corn, down 26 percent from the 4.8 mmt exported in January 2024, according to Brazil's Ministry of Development, Industry, Foreign Trade and Services (MDIC).

Figure 7
Brazilian Corn Exports by Month (2022 – 2025)



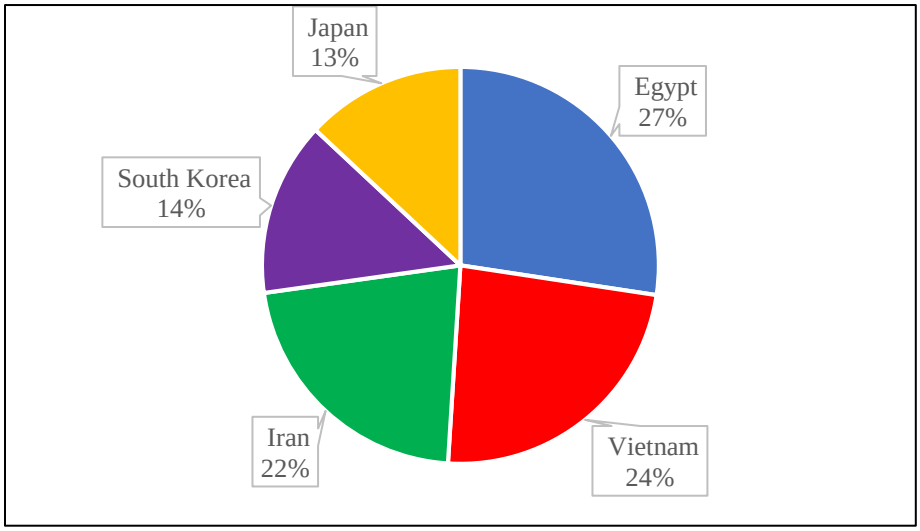
***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

In the first two months of 2025, Iran emerged as the leading destination for Brazilian corn, accounting for 34 percent of the total export volume with purchases of 1.7 mmt. Egypt followed as the second-largest buyer, representing 25 percent of the purchases, followed by Vietnam (8%), Algeria (6%), and Bangladesh (4%).

In 2024, Brazilian corn exports experienced a significant decline of 29 percent compared to the previous year, totaling 40 million tons. This reduction was largely due to decreased demand from the People's Republic of China (PRC), South Korea, and Japan. Despite the drop, South Korea and Japan remained among the top buyers of Brazilian corn. Another contributing factor to the reduced exports was the rise in corn prices in Brazil, which stayed above export parity for much of the year, making Brazilian grain less competitive compared to other markets.

Conversely, shipments to Africa doubled during the same period. Notably, Egypt solidified its position as the primary destination for Brazilian corn in 2024, purchasing 14 percent of the exported volume—an impressive increase of 240 percent compared to the previous year. Other key export destinations in 2024 included Vietnam, Iran, South Korea, and Japan.

Figure 8
Top Destinations of Brazilian Corn Exports in 2024



***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

International Markets May Impact Trade

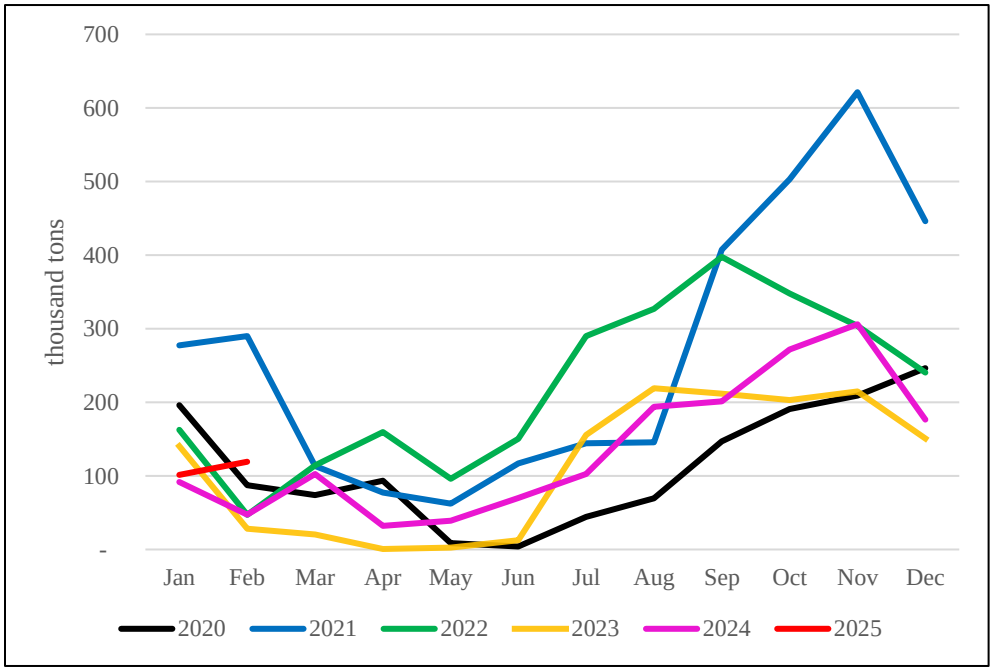
In early December 2024, the European Union (EU) and Mercosur (Argentina, Brazil, Paraguay, and Uruguay) announced the conclusion of negotiations for a free-trade agreement (FTA) that had been in discussion for 25 years. While the agreement still needs to be ratified by all parties, it proposes a corn import quota of 1 million tons per year for Mercosur countries to export to EU nations without tariffs. Despite the potential benefits this agreement could offer to Mercosur's agricultural exports, the short-term impact is expected to be limited, as Brazilian corn is generally less competitive in the international market. Brazil also faces significant challenges due to inadequate logistics infrastructure, particularly congested ports that increase costs and hinder the quick movement of production.

2024/25 Imports Continue on Trend, as 2023/24 Imports Increase to Help Meet Internal Demands

Post forecasts corn imports for MY 2025/26 (March 2026 – February 2027) at 1.6 mmt, up from the 1.5 mmt estimated for MY 2024/25 (March 2025 – February 2026). Brazil's imports of corn are relatively small compared to its production, consumption, and exports. These imports usually serve to close the gap in market demand. While it is unlikely that imports will increase dramatically, Brazil's growing consumption is expected to lead to higher import levels to meet this rising demand.

The recent decision by Brazil to eliminate import taxes on corn is not expected to significantly impact the domestic market. Traders may seize the opportunity to take advantage of lower prices in certain situations, allowing them to adjust offers or replenish stocks in specific regions, such as the Northeast. However, overall changes in the market are not anticipated.

Figure 9
Monthly Imports of Corn



***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

Paraguay remains the biggest exporter of corn to Brazil, accounting for 97.8 percent of all the corn sent to Brazil in 2024, followed by Argentina (2%), Chile (0.06%), and the United States (0.05%).

Corn Consumption

Post forecasts total corn consumption for the marketing year 2025/26 (March 2026 – February 2027) will reach 89.5 million metric tons (MMT). This is based on a strong increase in demand for corn in the feed industry and for ethanol production. Consequently, Post has also raised its estimate for total corn consumption in the marketing year 2024/25 (March 2025 – February 2026) to 87.5 MMT, which represents a 4 percent increase from its previous forecast.

In 2024, Brazil set records for the slaughter of cattle, chickens, and pigs, with corn the primary ingredient in animal feed. The country currently has 24 ethanol plants that use corn as a raw material, according to the National Petroleum Agency (ANP). Among these, 18 are full-scale corn-based plants, while the remaining facilities are flex plants, which can produce ethanol from both sugarcane and corn. These flex plants process sugarcane during the harvesting season and switch to corn when sugarcane is out of season, thereby minimizing downtime. The growth in ethanol production capacity from corn indicates that the demand for this raw material continues to rise consistently in the country.

In 2024, household food prices closed with an inflation rate of 8.23 percent, according to data from the Brazilian Institute of Geography and Statistics (IBGE). The high cost of food last year can be partly attributed to climate issues that reduced the supply of goods and the strong US dollar, which encouraged exports.

IBGE also reported that the index of Family Consumption increased by nearly 5 percent in 2024 compared to 2023. This growth was driven by several factors, including the federal government's income transfer programs, other social benefits, a rise in employment rates, and real gains in the minimum wage.

According to the Brazilian Association of Corn Industries (ABIMILHO), per capita corn consumption in Brazil in 2024 was estimated to be between 7.6 and 18 kilograms per person per year.

RICE

Production, Supply, and Distribution

Table 4
Production, Supply, and Distribution of Rice

Rice, Milled	2023/2024		2024/2025		2025/2026
Market Year Begins	Apr 2024		Apr 2025		Apr 2026
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Area Harvested (1000 HA)	1,608	1608	1,700	1,700	1,750
Beginning Stocks (1000 MT)	617	617	616	616	996
Milled Production (1000 MT)	7,199	7,199	8,000	8,080	8,100
Rough Production (1000 MT)	10,587	10,587	11,765	11,882	11,912
Milling Rate (.9999) (1000 MT)	6,800	6,800	6,800	6,800	6,800
MY Imports (1000 MT)	950	1000	900	900	900
TY Imports (1000 MT)	1,023	1,023	950	1,000	950
TY Imp. from U.S. (1000 MT)	0	0	0	0	0
Total Supply (1000 MT)	8,766	8,816	9,516	9,596	9,996
MY Exports (1000 MT)	1,000	1,000	1,300	1,300	1,400
TY Exports (1000 MT)	958	1,074	1,200	1,300	1,300
Consumption and Residual (1000 MT)	7,150	7,200	7,250	7,300	7,350
Ending Stocks (1000 MT)	616	616	966	996	1,246
Total Distribution (1000 MT)	8,766	8,816	9,516	9,596	9,996
Yield (Rough) (MT/HA)	6.584	6.584	6.9206	6.9894	6.8069

MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice begins in January. TY 2025/26 = January 2026 - December 2026
Source: Post Brasilia

Rice Production

Favorable weather conditions positively impacted the harvesting of Brazil's 2024/25 rice crop, which has recently begun. As a result, rice supply is increasing in the domestic market, putting downward pressure on prices. Rice growers anticipate robust production this year, supporting exports and encouraging the upcoming 2025/26 harvest, set to begin planting around September.

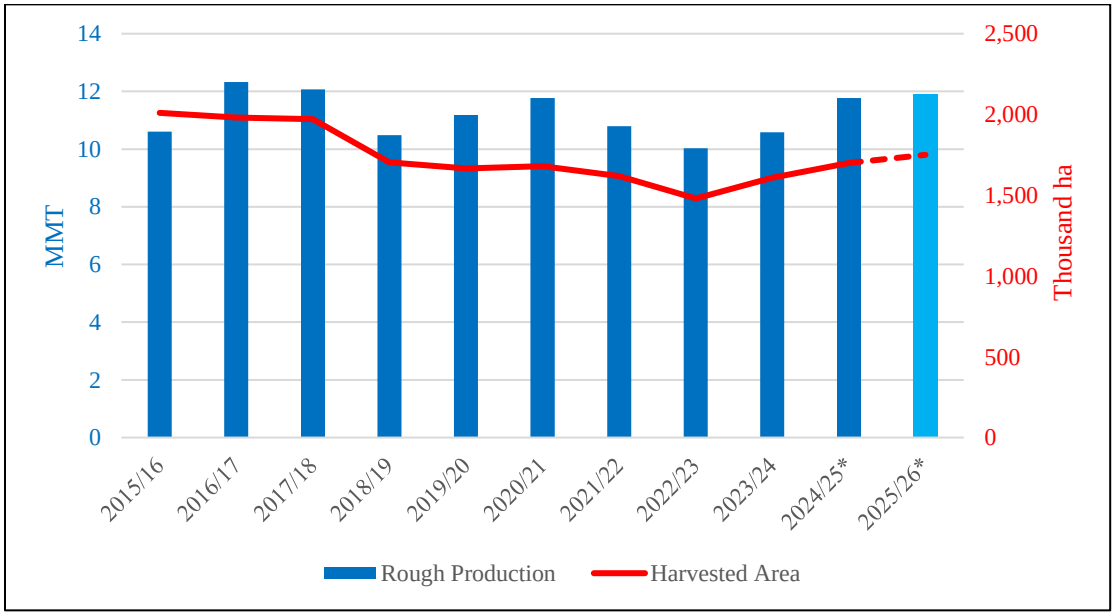
Rice Area and Production Continue to Display Upward Projections

Post forecasts rice planted area for MY 2025/26 (April 2026 – March 2027) at 1.75 million hectares (ha), based on the positive production and productivity projections for the current season. Post forecasts an initial milled rice production at 8.1 million metric tons (mmt) of milled rice equivalent (MRE) for MY 2025/26, equivalent to 11.9 mmt of paddy rice. Rice producers in southern Brazil are adopting advanced technologies and efficient management practices to enhance yields and production.

Post increased its estimate for rice planted area for MY 2024/25 (April 2025 – March 2026) to 1.7 million hectares (ha), a 6.3 percent increase over the previous forecast. The expansion is attributed to the recovery of the rice sector, particularly in the main rice producing state of Rio Grande do Sul, which faced severe rains and floods in the previous season.

Post increased its MY 2024/25 estimate for milled rice production to 8 mmt of milled rice equivalent (MRE), an equivalent of 11.9 mmt of paddy rice. This represents an 8 percent increase over the previous estimate. The increase is attributed to the producers' decision to plant, following record prices in the domestic rice market in 2024, which is expected to lead to greater profitability.

Figure 10
Rice: Evolution of Production and Harvested Area



Data Source: *Foreign Agricultural Service, Official USDA Estimates, with 2024/25 and 2025/26 as estimates; Graph Post Brasilia*

Rice harvesting is a long-standing family tradition in southern Brazil, passed down through multiple generations, making it unlikely to disappear. Additionally, rice sowing is a crucial part of the soybean-rice rotation cycle, which benefits the soil in the region. The Federation of Rice Producers of Rio Grande do Sul (FEDERARROZ) reports that this rotation can reduce production costs by up to 15 percent and increase rice yields by 10 to 20 percent, depending on soil conditions.

According to the Rio Grande do Sul Rice Institute (IRGA), the "ping-pong" rotation system—planting rice one year and soybeans the next—can significantly enhance soil quality and rice yields on irrigated rice farms. Due to inadequate drainage in certain parts of the state, growing irrigated rice is often the most viable crop option for producers in those areas.

The Rio Grande do Sul Rice Institute (IRGA) estimated that out of the 900,000 hectares of irrigated rice in the 2023/24 crop, 451,000 hectares of soybeans were planted in rotation after the rice harvest. Since the introduction of this crop rotation system in the 2009/10 harvest, harvested area of soybeans has increased from 11.15 hectares to 451.33 hectares, reaching nearly 50 percent of the rice area.

Harvest Outlook

Harvest of the 2024/25 season has begun in Brazil, with over 20 percent of the area in Rio Grande do Sul harvested by mid-March. The expectation of a less intense La Niña, or a neutral climate, poses less risk to crops in the southern region. However, low humidity and high temperatures continue to be concerns for crops that remain in the field.

Figure 11
Main Irrigated Rice Producing States (2024/25)

Data Source: *National Supply Company (CONAB); Graph Post Brasilia*

- **Rio Grande do Sul:** As the country's largest rice producer, the state is expected to see an increase in its 2024/25 harvest. A small number of regions are currently experiencing high temperatures and reduced water levels in reservoirs. This is leading to a rise in the use of intermittent irrigation systems, which are typically employed in scenarios of water restriction. This approach is expected to ensure good yield potential.

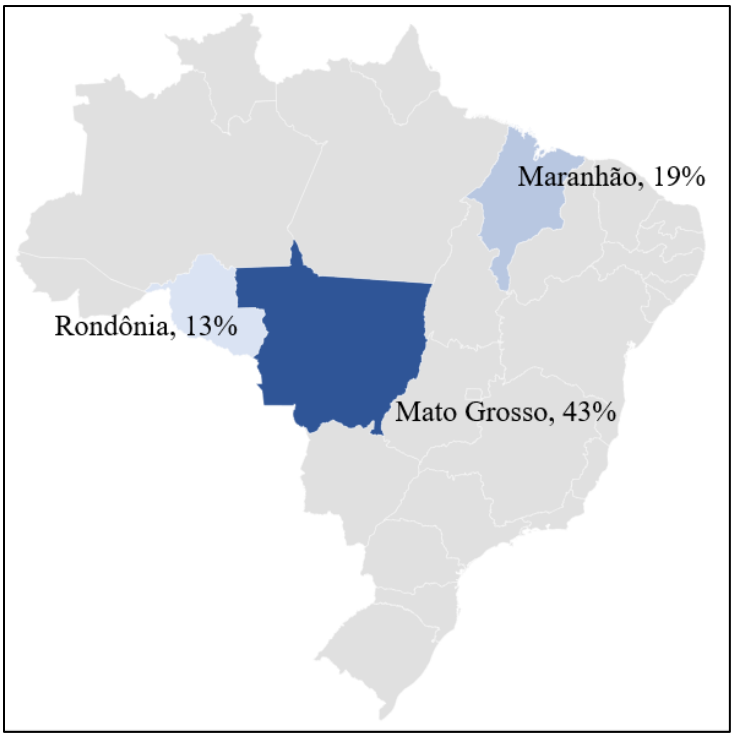
  As of mid-March, sowing was progressing at a moderate pace, with 20 percent of the intended area planted. The Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS) estimated that, for the period, approximately 40 percent of crops were in the maturation phase, 33 percent were in the grain-filling phase, and 6 percent were flowering.

  The Rio Grande do Sul Rice Institute (IRGA) estimates the planted area for the 2024/25 rice harvest to be 970,000 hectares, which is nearly 8 percent more than the previous season. EMATER/RS estimates an initial productivity of 8.48 kg per hectare (kg/ha), with total production for the 2024/25 harvest in the state estimated at 8.1 million metric tons (mmt).

- **Santa Catarina:** According to the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC), the state anticipates a slight decrease in planted area for the 2024/25 harvest compared to 2023/24, with the area expected to reach 145 thousand hectares. However, this decline is offset by a 10 percent increase in yield, which will result in rice production reaching nearly 1.3 mmt.

- **Tocantins:** Producers have opted to plant irrigated rice as a second crop behind soybeans. As a result, the rice harvest is expected to occur during the off-season, likely from July to August. According to the National Supply Company (CONAB), Tocantins is estimated to cultivate 127 thousand hectares of irrigated rice in the 2024/25 harvest, with yields expected to reach 6.01 kg/ha.

Figure 12
Main Upland Rice Producing States (2024/25)



Data Source: *National Supply Company (CONAB); Graph Post Brasilia*

- **Mato Grosso:** Traditionally known for its soybean and corn production, Mato Grosso is expected to expand its rice cultivation area for the 2024/25 season. This shift is partially due to declining soybean profitability, which is prompting producers to explore alternative crops such as rice. CONAB estimates that rice production will increase by 20 percent year-on-year, reaching 407 thousand tons in the 2024/25 harvest. The trend of growing rice in the state is expected to continue into the 2025/26 season.

- **Maranhão:** In Maranhão, an increase in rice profitability led to more than a 10 percent rise in planted area for upland rice. This crop is often used to create new fields for soybean cultivation, leveraging advanced technology to achieve good yield rates. For the 2024/25 season, Maranhão is projected to produce 178 thousand tons of upland rice, which is a 4 percent increase compared to the 2023/24 production, according to CONAB.

- **Rondônia:** The rice crop for the 2024/25 season in Rondônia is expected to be strong, with nearly half of the crops in the filling stage. However, harvesting is moving slowly, and indications suggest a reduction in planted area compared to the previous harvest. This decline is attributed to unfavorable weather conditions, which have influenced producers' decisions to plant rice this season. Consequently, the state is expected to produce 10 percent less rice than in 2023/24.

Rice Prices Plummet in Anticipation of the New Harvest

According to data from the Brazilian Institute of Geography and Statistics (IBGE), Brazil's gross domestic product (GDP) increased by 3.4 percent in 2024, reaching a total of BRL 11.7 trillion. This marks a 17 percent increase in growth compared to the previous year, driven primarily by the services and industry sectors. However, the agriculture sector experienced a decline of 3.2 percent in 2024 due to adverse weather conditions that impacted the production and yields of key crops throughout the year. Consequently, agriculture's share of Brazil's total GDP fell to nearly 5.6 percent, down from 6 percent in 2023.

The decline in agriculture's contribution to GDP in 2024 is not expected to continue into 2025, as the production of major crops is anticipated to recover. Agriculture has the potential to once again become a primary driver of Brazil's GDP growth in 2025, similar to its role in 2023.

For the agriculture sector to maintain its upward trend, Brazil must address challenges that directly influence commodity prices, such as high production costs, elevated interest rates, and the depreciation of the Brazilian Real (BRL) against the US dollar (USD). This depreciation makes imported agricultural inputs, including pesticides and fertilizers, more expensive.

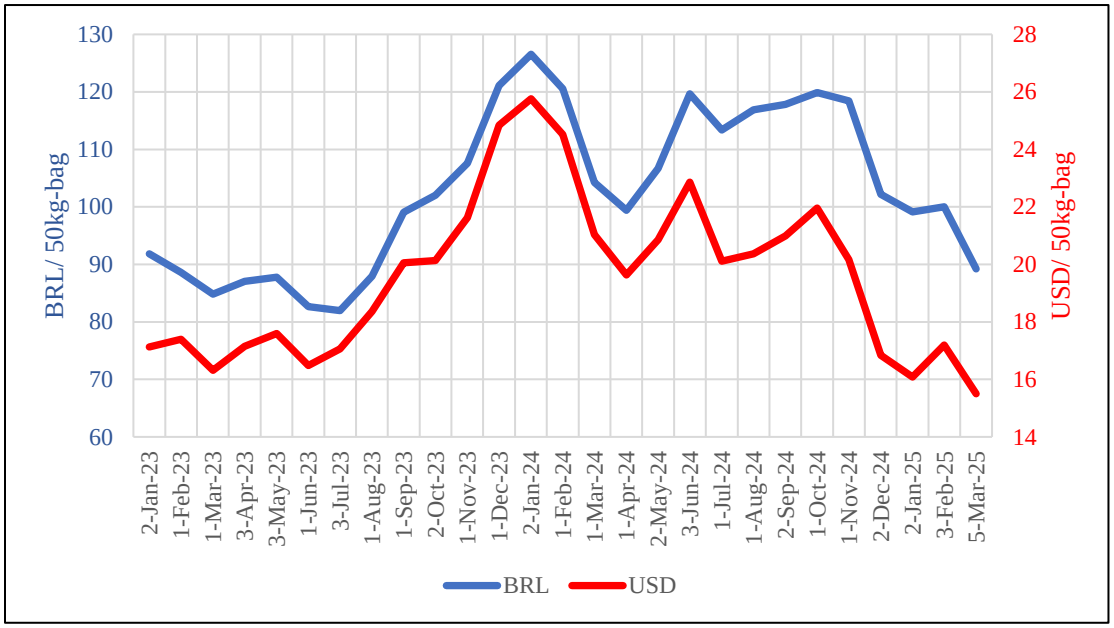
The Central Bank's inflation projection for Brazil in 2025 is 5.7 percent. For 2026 and 2027, the forecasts are set at 4.4 percent and 4 percent, respectively. The projected exchange rate for 2025 is BRL 5.90 per USD 1.00, with estimates of BRL 6.00 for 2026 and BRL 5.90 for 2027.

An increase in rice availability is expected as harvest season approaches, leading to a decline in paddy rice prices in the Brazilian market. According to the Center for Advanced Studies in Applied Economics (CEPEA/ESALQ/USP), the price of rice has dropped to BRL 83.40 (USD 14.70) per 50-kilo bag, the lowest nominal level since June 2023, in Rio Grande do Sul, which serves as the national reference for 50-kg bags.

In February 2025, the average price for rice in Rio Grande do Sul was BRL 95.70 (USD 16.60) per 50 kg bag, reflecting a 15 percent decrease compared to the average in February 2024. In January 2025, the price was slightly higher, at BRL 99.72 (USD 16.58) per 50 kg bag as a monthly average. The start of the rice harvest has placed additional pressure on the market, causing prices to fall sharply. Many producers are compelled to sell to maintain cash flow, while buyers remain cautious, holding out for more favorable prices.

Post contacts expressed concern about the recent decline in rice prices. They fear that if prices fall below the cost of production, it could lead to significant financial challenges for the sector.

Figure 13
Prices of Rice in Rio Grande do Sul



Data Source: *University of Sao Paulo Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia*

Data from CEPEA indicates that the relationship between revenue and operational costs for rice production in Rio Grande do Sul improved when comparing the average from September to November 2024 with the same period in the previous year. In Uruguaiana, a city in Rio Grande do Sul, operational costs increased by 2 percent during this period, while the average nominal price of rice rose by 10 percent. As a result, approximately 98 bags of 50 kg rice per hectare were needed to cover costs, which is a 7.2 percent decrease compared to 2023.

The Government of Brazil recently announced its plan to allocate an additional BRL 350 million to the budget of the National Supply Company (CONAB) this year. This funding is intended for the establishment of regulatory stocks of corn, rice, and beans. If this measure is approved in Brazil's annual budget, CONAB will have nearly BRL 540 million available for the purchase and storage of these food products, securing public supply to sell at competitive prices. In 2024, the amount allocated for this purpose was BRL 124 million.

Additionally, the Ministry of Agriculture and Livestock updated the minimum prices of rice for the 2024/2025 harvest. These prices will serve as references for operations related to the Minimum Price Guarantee Policy (PGPM), which aims to ensure a minimum income for rural producers. The minimum prices are set before the start of the next harvest to assist producers in deciding which crops to plant. This policy also demonstrates the government's commitment to purchase or subsidize agricultural products, if market prices fall below the established minimums.

Table 5
Rice Minimum Guaranteed Prices

Rice	Location	Type	Quantity	2023/24	2024/25	Variation	Validity
Long fine paddy rice	South (except Paraná)	1-58/10	50 kg	R$ 60.61	R$ 63.64	5%	Feb 2025 to Jan 2026
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	R$ 72.73	R$ 80.00	10%	
Long paddy rice	South (except Paraná)	2-55/13	50 kg	R$ 20.55	R$ 21.58	5%	Feb 2025 to Jan 2026
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	R$ 26.90	R$ 29.59	10%	

Data Source: *National Supply Company (CONAB); Table Post Brasilia*

Legislation

For the agriculture sector to maintain its upward trend, Brazil must address challenges that directly influence commodity prices, such as high production costs, elevated interest rates, and the depreciation of the Brazilian real (BRL) against the US dollar (USD). This depreciation makes imported agricultural inputs, including pesticides and fertilizers, more expensive.

Additionally, the climate-related disasters that affected producers in 2024 highlighted the need for improved public policies focused on the agricultural sector, particularly those related to risk management, like rural insurance and the allocation of budgetary resources.

Brazil approved its new Tax Reform in December 2024, which introduces a value-added tax (VAT) that requires the agricultural sector to adapt. The new legislation eliminates previous cumulative taxes by establishing the Tax on Goods and Services (IBS) and the Contribution on Goods and Services (CBS). Additionally, it introduces an excise tax levied on goods considered a threat to the environment and human health.

Under the current system, taxes are partially levied by the states and municipalities where companies that provide goods and services are located. However, the approved model shifts tax collection from production to consumption, meaning taxes will be collected at the destination of the goods.

Furthermore, the reform includes provisions for differentiated regimes with reduced rates for essential goods and services. Agricultural products that constitute the National Basic Food Basket will have a zero-tax incidence. The transition to the new system will begin in January 2026, with full implementation expected by 2033.

The Government of Brazil has also announced recent plans to tackle the logistical and infrastructure challenges that impede agricultural development in the country. In 2024, the government invested BRL 3.6 billion to improve the roads and ports used for transporting agricultural products. According to the country's 2025 Harvest Transport Plan, an additional BRL 4.5 billion will be invested this year to reduce logistics costs and enhance Brazil's competitiveness in the international agricultural market.

The improvements to federal highways and ports will focus on two strategic areas: the Northern Arch (with BRL 2.6 billion in investments) and the Southern and Southeast Corridor, both essential to Brazilian agribusiness logistics. The Ministry of Transport also plans to hold nine auctions in strategic road corridors in 2025, which will involve improvements over 5,517 kilometers and an estimated investment of BRL 91.4 billion. Additionally, the privatization of 1,708 kilometers of railway is planned, with investments totaling BRL 99.7 billion, which will further enhance freight transport competitiveness in the country.

Rice Trade

Traditionally, rice exports tend to increase between May and August, and producers are looking to these sales to regulate market prices. Brazilian domestic consumption alone does not support higher prices without a more robust international trade environment.

Post forecasts rice exports for MY 2025/26 (April 2026 – March 2027) at 1.4 mmt. This forecast represents an 8 percent increase over the MY 2024/25 (April 2025 – March 2026) export estimate, set at 1.3 mmt. The increase is based on Brazilian rice exports becoming more competitively priced in international markets and stronger production numbers from this season.

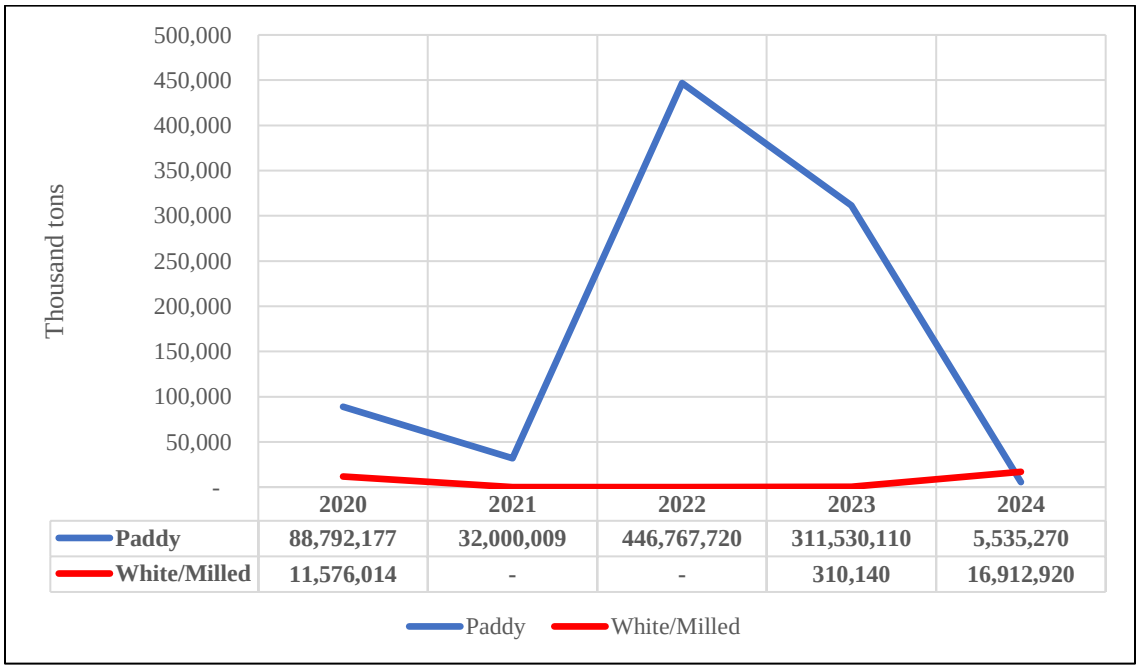
According to data from the Ministry of Development, Industry, Commerce, and Services (MDIC), Brazil exported 76.5 thousand tons of rice in January 2025. This amount represents a 34 percent increase compared to the same period last year. The main destinations were Mexico (44%), Senegal (27%), Gambia (11%), Peru (7%), and Cape Verde (3%). Mexico's significant share was primarily due to the export of paddy rice (SH6 100610) from Brazil.

In February 2025, Brazilian rice exports totaled 42.5 thousand tons, reflecting a 44 percent decrease compared to the previous month. The main destinations for these exports were Nicaragua (64%), Peru (17%), Cuba (4%), Cape Verde (2%), and Saudi Arabia (2%).

At the beginning of the year, Mexico no longer figured on the list of main destinations of milled rice due to the withdrawal of Brazilian milled rice from Mexico's import tariff exemption list. This zero-tariff rate was established under the PACIC—a domestic policy in Mexico aimed at controlling inflation—but it was recently revised to exclude milled rice. Currently, only paddy rice remains exempt from tariffs, while milled rice is now subject to a 16 percent tax.

Since the implementation of the PACIC in 2022, Brazilian rice exports to Mexico have surged more than tenfold, increasing from 32,000 tons to 440,000 tons. The tariff exemption allowed Brazilian rice exporters to make significant profits with access to the Mexican market, which historically favored rice imports from the United States. Brazilian rice tends to be more expensive due to factors such as exchange rates, high production costs, and domestic infrastructure hurdles.

Figure 14
Brazilian Exports of Rice to Mexico

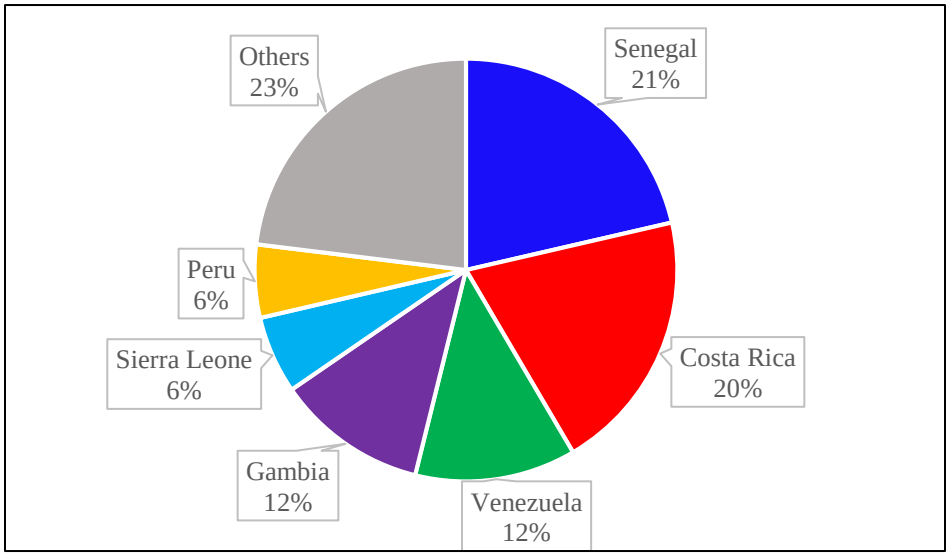


	2020	2021	2022	2023	2024
Paddy	88,792,177	32,000,009	446,767,720	311,530,110	5,535,270
White/Milled	11,576,014	-	-	310,140	16,912,920

Data Source: *Ministry of Development, Industry, Commerce and Services (MDIC), with Paddy (SH6 100610) and White/Milled (SH6 100630); Graph Post Brasilia*

According to MDIC, Brazil exported 1.1 mmt of rice in 2024. The main buyer was Senegal, which purchased broken rice (SH6 100640) and semi-milled or wholly milled rice (SH6 100630). Costa Rica was the second destination for Brazilian rice, purchasing paddy (SH6 100610) and semi-milled or wholly milled rice (SH6 100630).

Figure 15
Main Destinations of Brazilian Rice (2024)



Data Source: *Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia*

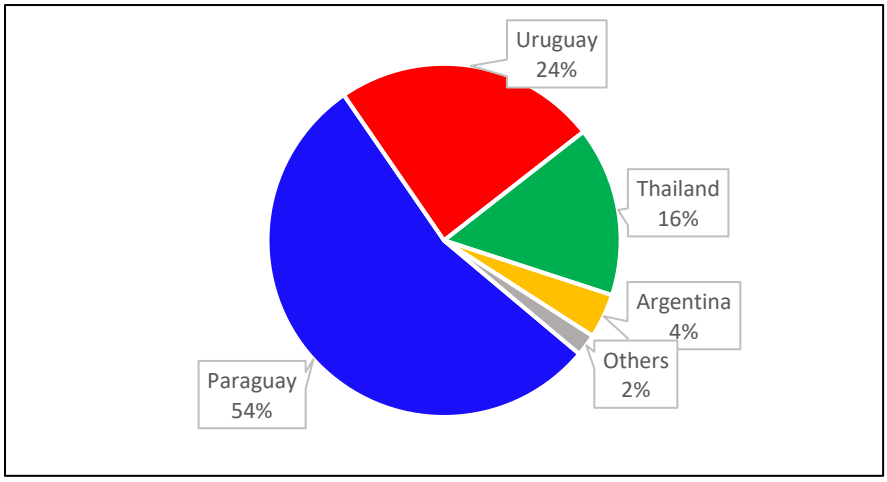
Post forecasts rice imports for MY 2025/26 (April 2026 – March 2027) at 0.9 mmt and reduced the MY 2024/25 (April 2025 – March 2026) import estimate from 1.0 mmt to 0.9 mmt. The forecasts area based on the expected increase in domestic production, which would require fewer imports of rice to supply internal demand.

According to MDIC, in January 2025, Brazil imported 80.7 thousand tons of rice, which is a 43 percent decrease compared to January of the previous year. In February 2025, imports rose to 103.5 thousand tons, reflecting a 4 percent increase over the same month in 2024.

Mercosur countries continue to be the primary source of rice imports for Brazil. With a tax-free regime and easy access to the Brazilian market, Paraguay, Uruguay, and Argentina were the main suppliers of rice at the beginning of the year.

In 2024, Thailand was also among the top countries from which Brazil imported rice, with approximately 166 thousand tons purchased, accounting for 16 percent of total rice imports. Most of these purchases consisted of semi-milled or wholly milled rice (SH6 100630).

Figure 16
Main Origin of Rice Imports (2024)



Data Source: *Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia*

Rice Consumption

Post forecasts total rice consumption for MY 2025/26 (April 2026 – March 2027) at 7.35 MMT with an increased rice consumption estimate for MY 2024/25 (April 2025 – March 2026) at 7.3 MMT. Rice is a staple food in Brazil, found in nearly 95 percent of households. However, it has a negative income elasticity, meaning that when the economy improves, consumers may easily replace it with other preferred goods.

When prices rise, Brazilian consumers typically seek cheaper alternatives for their favorite products before considering switching brands or trying different items. Consequently, consumption patterns for essential food items like wheat, beans, and rice tend to remain relatively stable, or grow at a slower pace.

In 2024, household food prices closed with an inflation rate of 8.23 percent, according to data from the Brazilian Institute of Geography and Statistics (IBGE). The high cost of food last year can be partly attributed to climate issues that reduced the supply of goods and the strong U.S. dollar, which encouraged exports.

IBGE also reported that the index of Family Consumption increased by nearly 5 percent in 2024 compared to 2023. This growth was driven by several factors, including the federal government's income transfer programs, other social benefits, a rise in employment rates, and real gains in the minimum wage.

Brazilians are expanding their rice consumption to include a variety of products beyond the traditional grain, which accounts for the gradual growth in overall rice consumption. Today, rice-based by-products such as flour, cookies, pasta, and even cosmetics have contributed to the rising demand for rice in the country.

WHEAT

Production, Supply, and Distribution

Table 6
Production, Supply, and Distribution of Wheat

Wheat	2023/2024		2024/2025		2025/2026
Market Year Begins	Oct 2024		Oct 2025		Oct 2026
Brazil	USDA Official	New Post	USDA Official	New Post	New Post
Area Harvested (1000 HA)	3,473	3,400	3,059	3,060	3,000
Beginning Stocks (1000 MT)	1,797	1,797	1,691	1,694	1,383
Production (1000 MT)	8,097	8,100	7,889	7,889	9,100
MY Imports (1000 MT)	6,609	6,609	6,500	6,500	6,000
TY Imports (1000 MT)	5,917	5,917	6,800	6,800	6,000
TY Imp. From U.S. (1000 MT)	118	118	-	-	-
Total Supply (1000 MT)	16,503	16,506	16,080	16,083	16,483
MY Exports (1000 MT)	2,812	2,812	2,700	2,600	2,600
TY Exports (1000 MT)	2,812	2,812	2,700	2,600	2,600
Feed and Residual (1000 MT)	600	600	500	600	600
FSI Consumption (1000 MT)	11,400	11,400	11,400	11,500	11,600
Total Consumption (1000 MT)	12,000	12,000	11,900	12,100	12,200
Ending Stocks (1000 MT)	1,691	1,694	1,480	1,383	1,683
Total Distribution (1000 MT)	16,503	16,506	16,080	16,083	16,483
Yield (MT/HA)	2.3314	2.3824	2.5789	2.5781	3.0333

MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July. TY 2025/2026 = July 2025 – June 2026
Source: Post Brasilia

Wheat Production

For the 2025/26 wheat harvest, forecasts indicate the potential for the second-highest production in history, as Brazilian producers increase investments in wheat cultivars, machinery, and technology, securing higher yields. Weather estimates for April, when sowing begins in the southern region, show expectations of good rainfall, which would enhance soil moisture and improve crop yields. This is particularly encouraging for the state of Rio Grande do Sul, the country's leading wheat producer, which suffered soil degradation in several areas due to severe floods in May 2024.

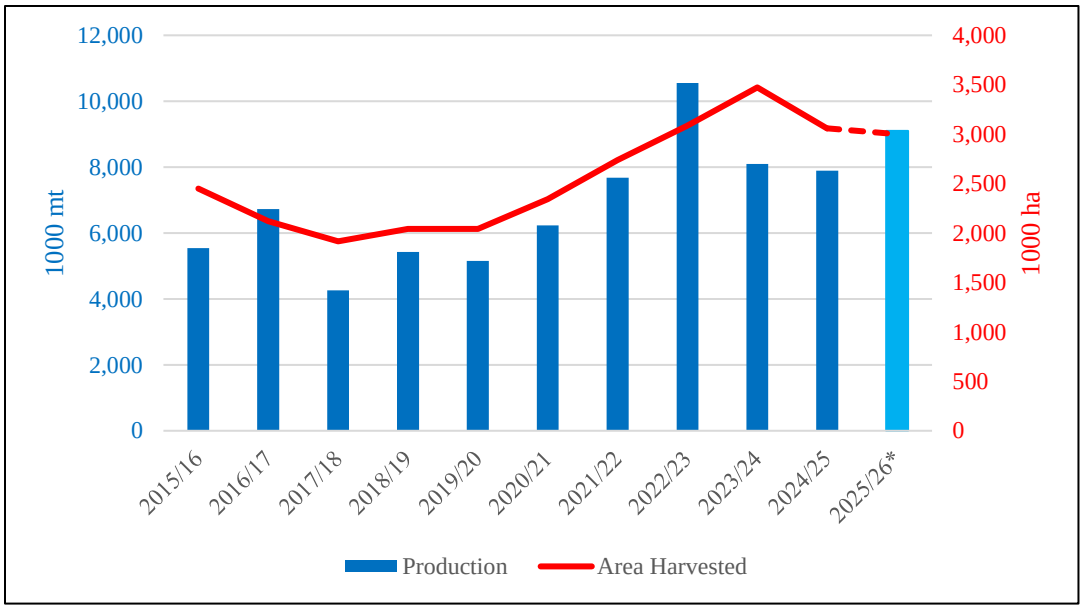
Regarding the 2024/25 crop, the adverse weather conditions experienced last year led to lower yields and diminished grain quality, resulting in a wheat harvest production level below initial projection.

2025/26 Production Anticipates Strong Growth from Yield Improvements, Despite Lower Forecast of Planted Area

Post forecasts wheat planted area for MY 2025/26 (October 2025 – September 2026) at 3 million hectares, 2 percent lower than the estimate for the 2024 harvest. Despite a slight increase in prices paid to wheat producers, wheat cultivation is primarily concentrated in regions that experience significant climate variations, including fires and frost, which heighten risks for farmers. A decrease is forecasted due to the extreme flooding and intense periods of drought in 2024 in southern Brazil. Many producers have expressed a preference for planting second-season corn instead, due to its higher profitability.

Post forecasts wheat production for MY 2025/26 (October 2025 – September 2026) at 9.1 million metric tons (mmt), a 15.4 percent increase over the current harvest. The increase is due to improved crop yields during La Niña and neutral weather conditions. Post sets wheat yield for MY 2025/26 at 3.03 kg/ha, up 17.6 percent from the 2.58 kg/ha estimated for MY 2024/25.

Figure 17
Evolution of Wheat Harvested Area and Production in Brazil



***Data Source**: Foreign Agricultural Service, Official USDA Estimates, with 2025/26 as Post estimate; Graph Post Brasilia*

2024/25 Production Takes a Hit Over Adverse Weather

Post maintained the estimate for wheat planted area for MY 2024/25 (October 2024 – September 2025) at 3 million hectares. Wheat remains the preferred winter crop in Brazil (June to September). Post decreased the wheat production estimate for MY 2024/25 (October 2024 – September 2025) to 7.9 mmt from 8.2 mmt. The decrease is attributed to severe weather conditions that impacted key producing states and led to lower yields.

Harvest Outlook

According to Brazil's National Supply Company (CONAB), 87 percent of the country's wheat crops are planted in three southern states: Rio Grande do Sul, Paraná, and Santa Catarina. Sowing takes place between March and August, depending on the specific region. However, this planting timeline falls outside the USDA's marketing year, which runs from October to September of the following year. In contrast, Brazil considers its entire wheat season to span from August to July, allowing for the harvest and export of wheat crops to align with the market year.

Producers across the country have begun planning for the 2025/26 harvest, with sowing anticipated to begin in April in most of the producing regions. According to industry contacts, there is an expected increase in production in states within the Center-West region, such as Goiás and Mato Grosso do Sul, which invested heavily in technology and wheat cultivars suited for tropical soils (see GAIN: Brazil's 'Tropical Wheat' - Paving the way to self-sufficiency).

Figure 18
Main Wheat Producing States, 2025

***Data Source**: National Supply Company (CONAB); Graph Post Brasilia*

- **Rio Grande do Sul:** As the largest wheat producer in Brazil, Rio Grande do Sul experienced an increase in production in 2024, despite a significant decline in grain quality caused by excessive rainfall during harvest. Producers are expected to increase investments for the 2025 harvest, remaining optimistic about better yields due to the anticipated positive effects of La Niña on wheat crops in the region.

- **Paraná:** The second-largest wheat-producing state and the largest consumer of wheat in Brazil, is projected to reduce its planted area in 2025 to 1.1 million hectares, from 1 million in 2024. Over the last three seasons, producers have been opting for more profitable crops, such as soybeans and corn. According to the Department of Rural Economy (DERAL/PR), high yields are expected to compensate for the decrease in planted area, leading the state to produce 3.6 million metric tons (mmt) for the 2025/26 season. This is nearly double the output from the previous harvest, which was adversely affected by severe weather conditions.

Wheat Prices on the Rise Following Lower Availability

According to data from the Brazilian Institute of Geography and Statistics (IBGE), Brazil's gross domestic product (GDP) increased by 3.4 percent in 2024, reaching a total of USD 2.17 trillion. This marks a 17 percent growth rate compared to the previous year, driven primarily by the services and industry sectors. However, the agriculture sector experienced a decline of 3.2 percent in 2024 due to adverse weather conditions that impacted the production and yields of key crops throughout the year. Consequently, agriculture's share of Brazil's total GDP fell to nearly 5.6 percent, down from 6 percent in 2023.

The decline in agriculture's contribution to GDP in 2024 is not expected to continue into 2025, as the production of major crops is anticipated to recover. Agriculture has the potential to once again become a primary driver of Brazil's GDP growth in 2025, similar to its role in 2023.

For the agriculture sector to maintain its upward trend, Brazil must address challenges that directly influence commodity prices, such as high production costs, elevated interest rates, and the depreciation of the Brazilian real (BRL) against the US dollar (USD). This depreciation makes imported agricultural inputs, including pesticides and fertilizers, more expensive.

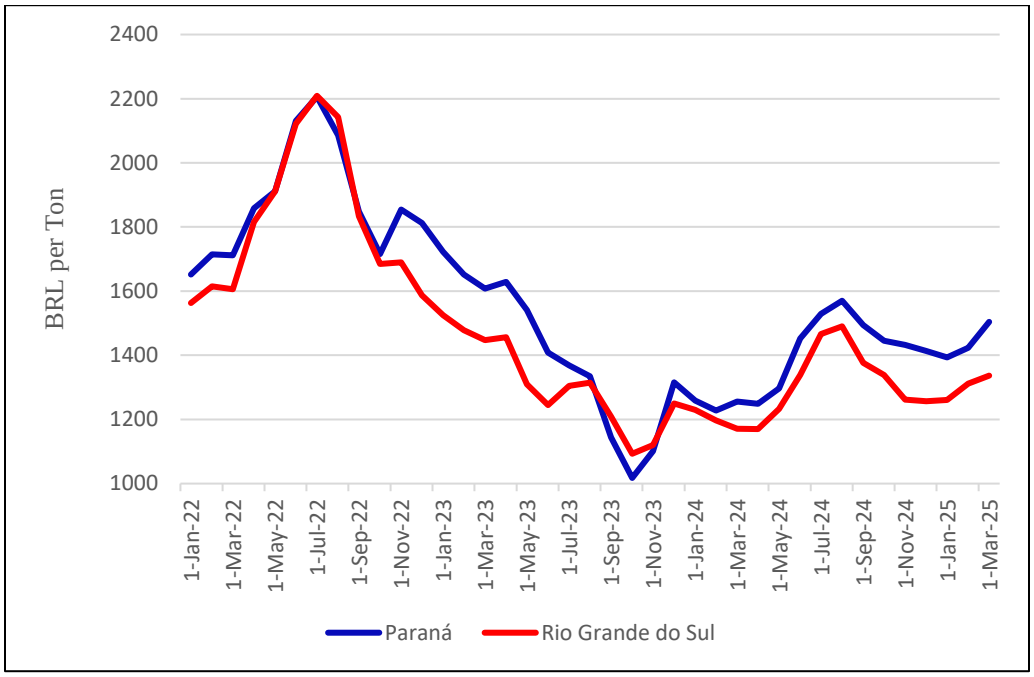
The Central Bank's inflation projection for Brazil in 2025 is 5.7 percent. For 2026 and 2027, the forecasts are set at 4.4 percent and 4 percent, respectively. The projected exchange rate for 2025 is BRL 5.90 per USD 1.00, with estimates of BRL 6.00 for 2026 and BRL 5.90 for 2027.

Wheat sales are elevated due to reduced supply. The cost of freight increased due to corn and soybean harvests occurring simultaneously as the wheat harvest. As a result, mills in various regions have reported a rise in production costs that exceeds selling prices. Additionally, demand for wheat flour has decreased, due to the low availability of trucks that are prioritizing moving soybean. This is prompting some producers to hold onto stocks in anticipation of better prices. Buyers have also faced challenges in sourcing high-quality wheat (HW 78 or above).

According to the University of São Paulo's Center for Advanced Studies in Applied Economics (CEPEA), the monthly average price of wheat in Paraná in February 2025 was BRL 1449.63 (USD 251.43) per ton, representing a 16 percent increase compared to the average for the same period in 2024. This is also a slight increase from the average price recorded in January 2025 at BRL 1409.27 (USD 234.38) per ton.

In Rio Grande do Sul, the monthly average price for wheat also showed gains this year compared to 2024. Wheat averaged BRL 1324.57 (USD 229.75) per ton in February 2025, a 11.4 percent increase from January 2024 at, BRL 1189.13 (USD 239.67).

Figure 19
Average Wheat Prices in Paraná and Rio Grande do Sul



***Data Source**: Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia*

Legislation to Minimize Impacts

On March 10, 2025, the Ministry of Agriculture and Livestock announced updated and increased minimum prices for wheat for the 2025/26 harvest. These prices will serve as a benchmark in operations linked to the Minimum Price Guarantee Policy (PGPM), which aims to ensure a minimum income for rural producers. The minimum prices are established before the upcoming harvest, guiding farmers in their crop decisions and demonstrating the government's commitment to purchasing or subsidizing agricultural products if market prices fall below these minimum levels.

The new pricing will take effect starting in July 2025 and will remain in place until June 2026. The PGPM enables producers to sell wheat to CONAB when market prices dip below the government-set minimum. Once purchased, the grain can be stored in CONAB's own warehouses or accredited storage units.

After an 11-year hiatus, CONAB resumed building wheat stocks, recently acquiring 7,200 tons from producers in Rio Grande do Sul. This strategy aims to ensure product availability and market stability while also protecting the income of producers in the region.

Table 7
Wheat Minimum Guaranteed Prices (BRL/60kg bag)

Regions/ States	Type	HW	Basic Wheat		Domestic Wheat		Bread Wheat		Improver Wheat	
			2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
South	1	78	43.15	43.15	53.88	53.88	78.51	78.51	82.23	82.23
	2	75	38.83	38.83	48.49	48.49	67.26	67.26	70.5	70.5
	3	72	34.15	34.15	41.36	41.36	49.73	49.73	50.65	50.65
Southeast	1	78	44.03	45.35	54.85	56.5	80	82.4	84.63	87.17
	2	75	39.62	40.81	49.36	50.84	68.59	70.65	72.58	74.76
	3	72	34.87	35.92	41.99	43.25	50.58	52.1	51.66	53.21
Center-West and Bahia	1	78	42.29	43.56	52.7	54.28	80	82.4	84.61	87.15
	2	75	38.07	39.21	47.42	48.84	68.58	70.64	72.57	74.75
	3	72	33.49	34.49	40.35	41.56	48.59	50.05	49.62	51.11

Data Source: *Ministry of Agriculture and Livestock (MAPA); Table Post Brasilia*

Brazil approved its new Tax Reform in December 2024, which introduces a value-added tax (VAT) that requires the agricultural sector to adapt. The new legislation eliminates previous cumulative taxes by establishing the Tax on Goods and Services (IBS) and the Contribution on Goods and Services (CBS). Additionally, it introduces an excise tax levied on goods considered a threat to the environment and human health.

Under the current system, taxes are partially levied by the states and municipalities where companies that provide goods and services are located. However, the approved model shifts tax collection from production to consumption, meaning taxes will be collected at the destination of the goods.

Furthermore, the reform includes provisions for differentiated regimes with reduced rates for essential goods and services. Agricultural products that constitute the National Basic Food Basket – such as rice, beans, oil, sugar, coffee, pasta, wheat flour, salt, cornmeal, and some hygiene products – a will have a zero-tax incidence. The transition to the new system will begin in January 2026, with full implementation expected by 2033.

The Government of Brazil has also announced recent plans to tackle the logistical and infrastructure challenges that impede agricultural development in the country. In 2024, the government invested USD 600 million to improve the roads and ports used for transporting agricultural products. According to the country's 2025 Harvest Transport Plan, an additional USD 800 million, approximately, will be invested this year to reduce logistics costs and enhance Brazil's competitiveness in the international agricultural market.

The improvements to federal highways and ports will focus on two strategic areas: the Northern Arch (with USD 450 million in investments) and the Southern and Southeast Corridor, both essential to Brazilian agribusiness logistics. The Ministry of Transportation also plans to hold nine auctions in

strategic road corridors in 2025, which will involve improvements for over 5,517 kilometers and an estimated investment of USD 16 billion. Additionally, the privatization of 1,708 kilometers of railway is planned, with investments totaling USD 17.5 billion, which will further enhance freight transport competitiveness in the country.

Wheat Trade

Exports To Remain Steady for MY 2025/26 and MY 2024/25

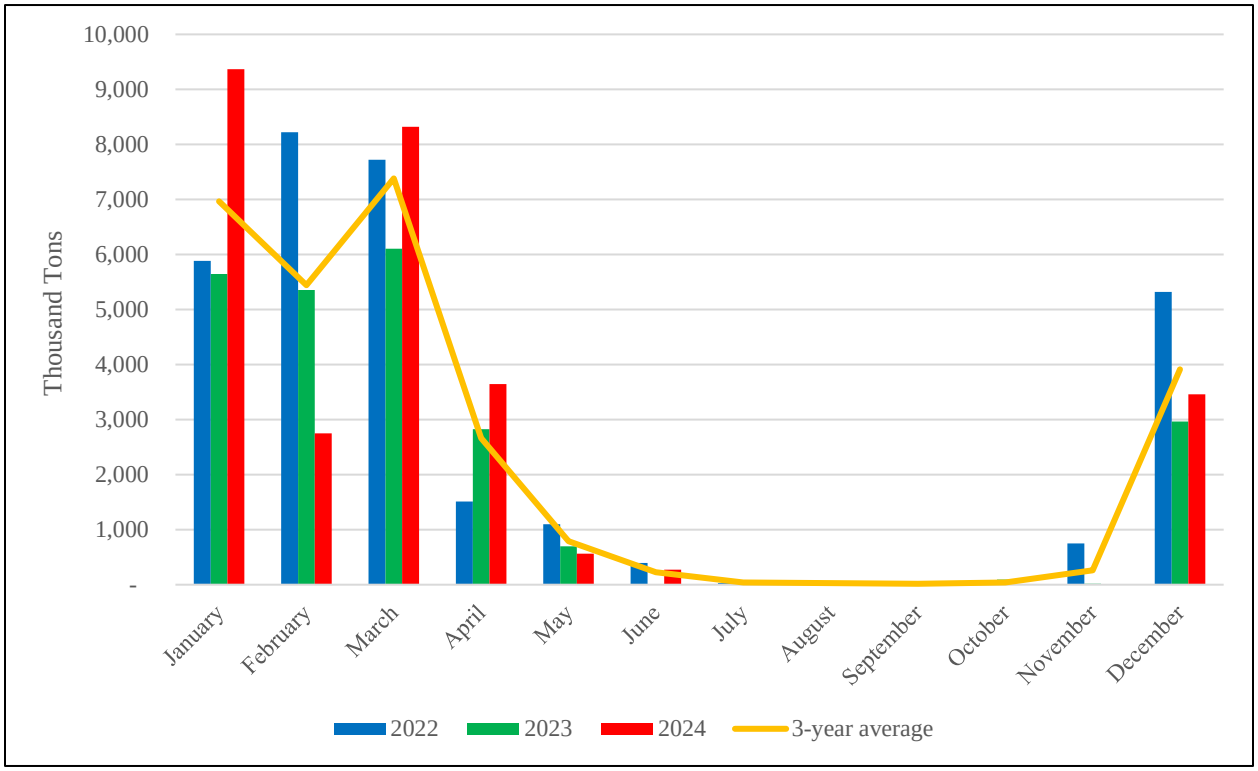
For MY 2025/26 (October 2025 – September 2026), Post forecasts wheat exports at 2.6 mmt on a wheat grain equivalent basis (WGE), based on the expectation of increased production in Brazil and improvement in the quality of Brazilian wheat. Note that the USDA uses WGE for trade numbers, which, in addition to wheat grain, include flour and wheat product volumes adjusted on a wheat grain equivalent basis.

Post increased its estimate of wheat exports for MY 2024/25 (October 2024 – September 2025) to 2.6 mmt, from its previous 2.5 mmt calculation, on a wheat grain equivalent basis (WGE), reflecting sales and line-ups reported by industry sources.

The wheat sector in Brazil faces competition at ports for exporting its production, which is constrained by limited space due to other crops, such as soybeans and corn. Furthermore, ports in Rio Grande do Sul continue to experience logistical challenges from floods that affected the state in May 2024. Brazil is not traditionally a major wheat exporter and often relies on imports to meet its domestic consumption needs due to insufficient supply.

In 2024, Vietnam emerged as the primary destination for Brazilian wheat exports, purchasing 1.3 mmt, which accounted for 47 percent of all wheat exported by Brazil that year. The Philippines followed as the second-largest destination, importing 32 percent, followed by Thailand (9%), Ecuador (8%) and Venezuela (2%).

Figure 20
Brazilian Wheat Exports by Month (2022 – 2024)



***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

In January 2025, Brazil exported 552.5 thousand tons of wheat, with Vietnam making up 51 percent of these exports. In February, exports rose by 26 percent, driven by increased shipments to various markets that import feed or lower-quality wheat, including Bangladesh.

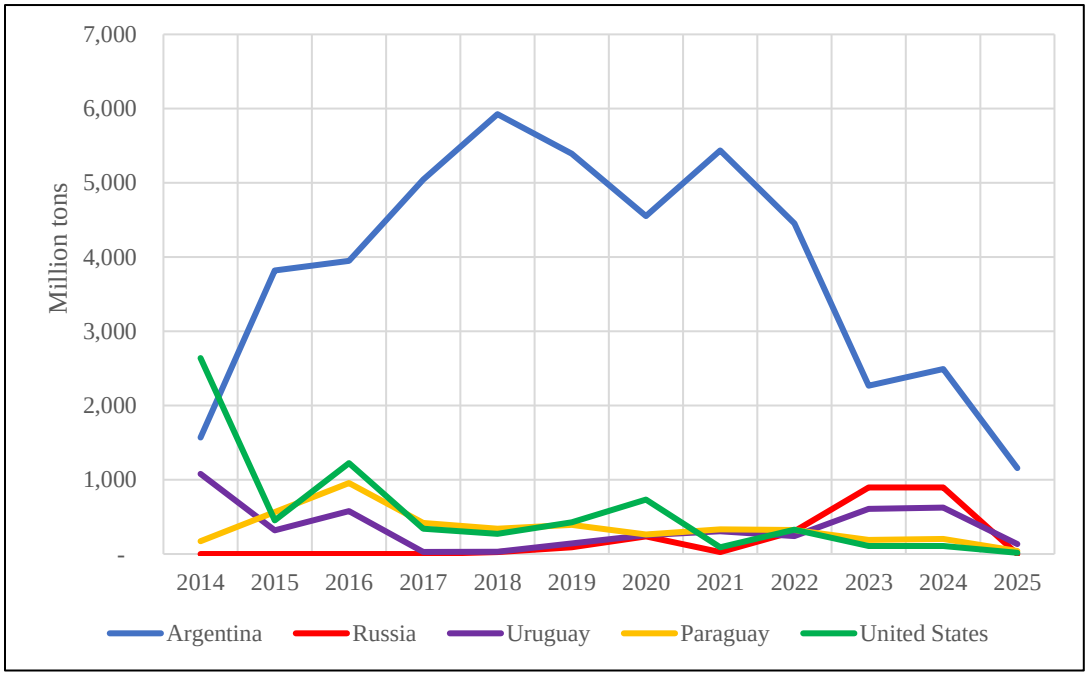
The Rio Grande port in Rio Grande do Sul is responsible for nearly all the country's wheat exports, handling 97 percent of outbound shipments. The Paranaguá port in Paraná manages the remaining 3 percent of exports.

2025/26 Imports Drop on the Expectation of Higher Production

Post sets its initial wheat imports forecast for MY 2025/26 (October 2025 – September 2026) at 6 mmt on a wheat grain equivalent basis (WGE). Although Brazil will need to import wheat to meet domestic demand, this forecast represents a 7.7 percent decrease compared to the previous market year, primarily due to an expected increase in domestic production.

For MY 2024/25 (October 2024 – September 2025), Post increases the estimate for wheat imports to 6.5 mmt on a wheat grain equivalent basis (WGE), up 8 percent from the previous estimate, based on insufficient domestic production.

Figure 21
Main Origin of Wheat Imports to Brazil (2014 - 2024)



***Data Source**: Ministry of Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

Brazilian wheat buyers are actively seeking higher-quality wheat due to low stock levels in mills. In January 2025, Brazil imported 746.4 thousand tons of wheat, marking the highest import volume for that month since 2008. While imports decreased to 610 thousand tons in February 2025, this amount is still 9.4 percent higher than the total imported during the same month last year.

Wheat Consumption

Post forecasts total wheat consumption for MY 2024/25 (October 2024 – September 2025) at 12.2 mmt, a 0.8 percent increase over the estimate for MY 2024/25 (October 2024 – September 2025), set at 12.1 mmt. As one of the primary commodities in the Brazilian basic food basket, the consumption pattern for wheat does not typically fluctuate, even with significant price changes. While Brazilians may substitute certain wheat-based products, they generally continue to consume essential wheat goods like bread.

Additionally, lower-quality grains are often absorbed by the feed industry, which maintain steady consumption patterns. However, the Brazilian milling industry, which relies on imports to satisfy domestic demand, is facing increasing production cost pressures. This strain on the industry is evident on supermarket shelves, with the potential for rising wheat flour prices that could directly affect the food sector.

In 2024, household food prices closed with an inflation rate of 8.23 percent, according to data from IBGE. The high cost of food last year can be partly attributed to climate issues that reduced the supply of goods and the strong U.S. dollar, which encouraged exports.

IBGE also reported that the index of Family Consumption increased by nearly 5 percent in 2024 compared to 2023. This growth was driven by several factors, including the federal government's income transfer programs, other social benefits, a rise in employment rates, and real gains in the minimum wage.

Attachments:

No Attachments