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Report Highlights:

Corn prices in Brazil have been rising in recent months, driven by factors such as the increased prices in international markets and the devaluation of the Brazilian Real. As a result, corn production for MY 2024/25 (March 2025 – February 2026) is revised up to 128 MMT. Rice production is also expected to rise in 2024/25 due to the expansion of planted area, led by greater profitability from rice sales and improvements in yield. Meanwhile, Brazil experienced a substantial decline in the domestic wheat supply in 2023 and is not expected to recover this year, particularly due to a significant reduction in production in Paraná. Consequently, Post increased its forecast for wheat imports for MY 2024/25 (October 2024 – September 2025) to 6 MMT.

CORN
Production, Supply, and Distribution

Table 1
Production, Supply, and Distribution of Corn

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Mar 2023		Mar 2024		Mar 2025	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	22400	22400	21500	22000	22300	22300
Beginning Stocks (1000 MT)	3971	3971	10041	10041	7841	6341
Production (1000 MT)	137000	135500	122000	122000	127000	128000
MY Imports (1000 MT)	1333	1333	1300	1300	1500	1500
TY Imports (1000 MT)	1684	1684	1450	1450	1400	1400
Total Supply (1000 MT)	142304	140804	133341	133341	136341	135841
MY Exports (1000 MT)	54263	54263	41500	44000	48000	48000
TY Exports (1000 MT)	53285	53285	46471	46471	46000	48500
Feed and Residual (1000 MT)	61500	62000	63500	63000	64000	63500
FSI Consumption (1000 MT)	16500	16000	20500	20000	21500	2100
Total Consumption (1000 MT)	78000	78000	84000	83000	85500	84500
Ending Stocks (1000 MT)	10041	8541	7841	6341	2841	3441
Total Distribution (1000 MT)	142304	140804	133341	133341	136341	135841
Yield (MT/HA)	6.1161	6.0491	5.6744	5.5455	5.6951	5.7399
(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 2023/2024 = October 2023 - September 2024 Source: Post Brasilia						

Corn Production

Following the end of the El Niño weather phenomenon, which severely impacted corn production in 2023/24, yields are expected to improve for 2024/25. However, in Rio Grande do Sul, Minas Gerais, and Goiás, there have been several reports of harmful effects from corn leafhopper (*Daubulus maidis*), mainly in areas where the so-called ‘green bridges’ are established, the name given to those areas where corn is planted year-round. In Minas Gerais, there have been reports of crop destruction, with losses ranging from 70 to 90 percent in certain varieties of corn.

The main impact of this pest is the reduction in the development of the grain, resulting in grains of lower weight and quality. The leafhopper has also been causing significant damage to crops in Argentina,

Paraguay, and Uruguay. In the United States, there is a growing research effort to contain its spread, especially in states such as Florida and Oklahoma, before the pest reaches the corn belt.

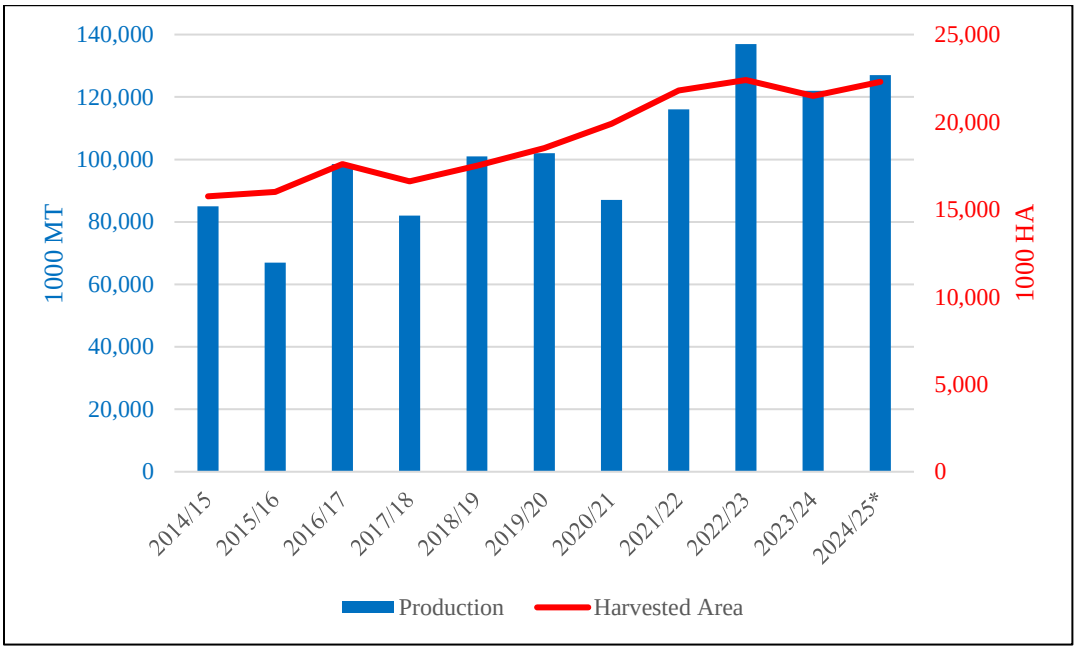
The effects of the floods that hit Rio Grande do Sul between late April and early May 2024 to the upcoming harvest are still being assessed. This impacted more than 60 percent of the state, affecting lives, causing damage to infrastructure, and losses to livestock and several crops, such as rice, wheat, and corn. Data from the Hydraulic Research Institute (IPH) at the Federal University of Rio Grande do Sul (UFRGS) show that the rains caused the displacement of more than 14 trillion liters of water into the Guaíba Lake. The volume of water resulted in a raise of 5.37 meters (17.6 ft), surpassing the historic floods of 1941 and 2023. In the fields, water erosion caused severe impacts to the soil structure, washing away soil defensives and fertilizers, essential for future productivity, and depositing sediments. This soil correction may still take years and impact crop yield.

Slight Increase to Corn Area for MY 2024/25, While MY 2023/24 Area Showed Year-On-Year Decline Due to Low Corn Profitability

Post increased its forecast for corn planted area for MY 2024/25 (March 2025 – February 2026) to 22.3 million hectares (ha). This represents a 1.4 percent growth in relation to MY 2023/24 (March 2024 – February 2025), now estimated at 22 million hectares (ha). Nevertheless, the 2023/24 corn area is almost 2 percent lower than the previous harvest, which was characterized by a high-producing year. The decline is mainly credited to a sharp decrease in planted area of first-season corn, given the low price of corn on the market, which led farmers to opt for other crops, such as soybeans. For the upcoming 2024/25 harvest, lower production costs and higher optimism over better weather conditions are leading producers to invest in corn planting.

Post slightly increased its forecast for corn production for MY 2024/25 (March 2025 – February 2026) from the previous 127 million metric tons (MMT) to 128 MMT. As corn prices gain attractiveness once again and with reduced production costs, farmers are more inclined to increase sowing. In addition, the end of the El Niño weather phenomenon in favor of La Niña, should bring better crop development. This has led Post to maintain its estimate for corn production for MY 2023/24 (March 2024 – February 2025) at 122 MMT.

Figure 1
Evolution of Corn Area and Production in Brazil



Data source: *USDA, with 2024/25 as estimate; Graph Post Brasilia*

Harvest Outlook

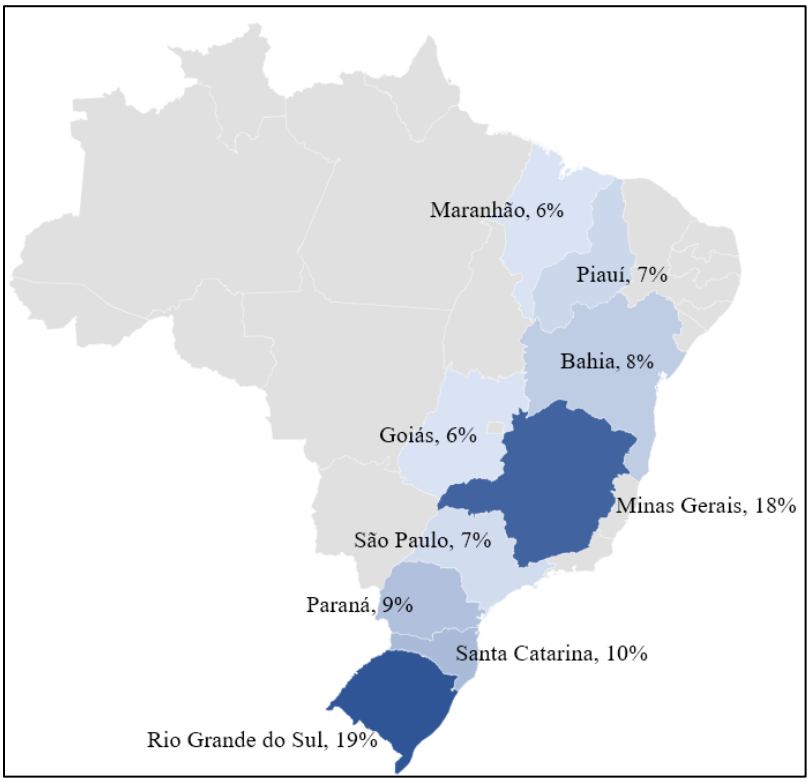
The La Niña weather phenomenon, already in effect, has caused delays in soybean planting in some areas of Central-North Brazil. In addition, the purchase of inputs for the second corn crop is slower than usual, reflecting the reduced planting window and concerns about possible logistical problems.

First-Season Corn

Corn is planted in Brazil year-round. First-season corn, also known as "summer corn," is usually planted between August and December and harvested between January and June. For the 2024/25 harvest, the National Supply Agency (CONAB) estimates that it will account for 19
percent of all corn production in the country. The government agency projects a 5 percent decrease in planted area this harvest in relation to the 2023/24 crop.

The drop can be credited to the market situation of lower profitability and the increase in the incidence of pests, especially the corn leafhopper. According to CONAB, by mid-November, 49 percent of the first corn crop had been planted in Brazil, with 73 percent of the harvest in the vegetative development phase.

Figure 2
First-season Corn: Main Producing States, 2024/25



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

- **Rio Grande do Sul:** According to CONAB, by late October, corn planting in the state reached 83 percent for the 2024/2025 harvest. The favorable climate, with moist soil, high solar radiation, and mild nights, has benefited the development of most plants. For the 2024/2025 harvest, the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS) estimates corn planted area at 748,511 hectares, with an average yield of 7.81 kg/ha.

- **Minas Gerais:** In the 2023/24 harvest, yield was significantly affected by the drought, but for the 2024/25 harvest, CONAB estimates that Minas Gerais will see a 2.5 percent increase in production, reaching 3.9 MMT. Due to unfavorable conditions in the corn market, the state is expected to have a 6 percent reduction in harvested area compared to the previous season, reaching 642.3 thousand hectares. Regular rainfall has allowed sowing to progress, but work remains behind schedule.

- **Santa Catarina:** According to CONAB, optimal weather conditions allowed for the advancement of sowing, which reached 86 percent of the projected area at the end of October. The first sown areas are already receiving the first applications of pesticides to prevent attacks by pests, such as leafhoppers. According to the Agricultural Research and Rural Extension Company (EPAGRI/SC), corn production in 2024/25 should reach 2.1 MMT. Silage corn, which is considered a green grain and is highly used in the state for animal feed, should total 8.8 MMT.

- **Paraná:** According to Paraná's Department of Rural Economy (DERAL/PR), the state's corn harvest is progressing satisfactorily, with 98 percent of the first corn crop of 2024/25 planted by early November. Almost the totality of the areas is in good condition, benefiting from favorable weather conditions for both planting and the development of crops. Due to low profitability of the corn, with less attractive prices and higher production costs, lower planted area is expected this harvest in relation to the past season.

- **Bahia:** According to the Secretariat of Agriculture, Livestock, Irrigation, Fisheries, and Aquaculture (SEAGRI/BA), the 2023/24 harvest was marked by adverse weather conditions because of the El Niño, leading corn to reach a productivity of 150 bags per hectare in upland areas and 160 bags per hectare in irrigated areas. For the 2024/25 harvest, climate forecasts indicate the possibility of a La Niña phenomenon, which tends to be more favorable for agricultural productivity in the region. Initial prospects are positive, with the expectation that corn yields will reach 170 bags per hectare in upland areas and 180 bags in irrigated areas, raising the total estimated corn production to 1 MMT in the state.

- **Piauí:** planting of the first-season corn crop is only expected to begin in December, but production for 2024/25 is estimated by CONAB at almost 1.7 MMT, a 37 percent increase compared to the previous harvest. This growth is due to the combination of a larger planted area and, above all, higher yield.

- **São Paulo:** optimal rain patterns in the past month allowed an advance in corn sowing in the state, reaching almost 15 percent by the beginning of November. Production for 2024/25 is estimated by CONAB at 1.5 MMT.

- **Maranhão**: planting of the first-season corn crop is only expected to occur between November and December, after the completion of soybean harvest in some regions. Production for 2024/25 is estimated by CONAB at almost 1.4 MMT.

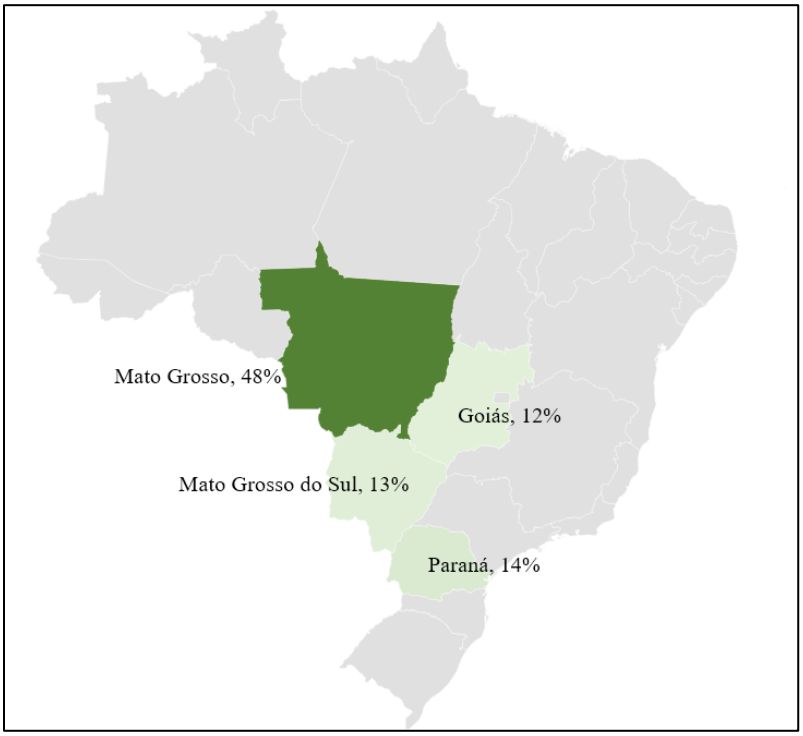
- **Goiás:** According to the state's Secretariat of Agriculture, Livestock and Supply (SEAPA-GO), first-season corn planting in the Central-West region remains slow due to low soil moisture and high temperatures. For the 2024/25 harvest, a reduction in the planted area is projected, similar to the decline recorded in the previous harvest. The decrease is projected at 11 percent in Goiás due to the crop's lower attractiveness during the period. However, corn production for the 2024/25 harvest is expected to increase by 12.7 percent compared to the previous season, due to an estimated increase in yield compared to the 2023/24 harvest.

Second-Season Corn

Sowing usually follows the soybean harvest and comprises the most extensive area. It started as the smallest of Brazil's two corn crops but for the 2024/25 harvest it is estimated to account for 79 percent of all the corn production in Brazil, according to CONAB.

Nevertheless, producers are apprehensive over sowing in certain regions of the country, especially the southeast and center-west, where soybean planting was delayed. In Brazil, corn is planted in rotation with soybean, and delays in the latter may significantly affect yields for corn production. In Mato Grosso and Paraná, soybean sowing was delayed because of strong rains, in turn making it hard to plant corn in these states by December, inside the so-called 'ideal planting window'. In the remaining states, planting of second-season corn should start between January and March. If farmers are unable to proceed with planting within the optimal timeframe, second-season corn yields may be severely impacted.

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



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

- **Mato Grosso**: Responsible for almost 50 percent of all the second-season corn planted in Brazil, the state of Mato Grosso registered in 2023/24 its second largest corn harvest in the historic series of the Mato Grosso Institute of Agricultural Economics (IMEA), at 47.2 MMT.

  According to IMEA, for the 2024/25 season, corn planted area is estimated at 6.79 million hectares. With the soybean harvest being delayed, a smaller area of corn is expected to be planted within the ideal period, which may affect the yield, estimated at 112 bags per hectare. Weather conditions and the possible incidence of pests and diseases, in addition to the necessary investments in seeds and fertilizers, are indicated as factors that may impact the final yield of the harvest. Given this scenario, IMEA estimates total corn production for Mato Grosso to remain stable, with a projection

of 45.5 MMT for the total 2024/25 harvest. According to IMEA, the final corn production in Mato Grosso for the 2023/24 harvest was 47.2 MMT, the second largest in the Institute's historical series.

IMEA has recently presented a study estimating that the corn planted area in Mato Grosso should grow by around 60 percent over the next 10 years, reaching 10.90 million hectares, while production should grow over 70 percent, to 80.4 MMT in the 2033/34 harvest. The increase is driven by the growing share of corn in areas traditionally occupied by soybeans. This change would be justified by the increasing demand for corn both for export and for domestic consumption, especially by the state's ethanol industries, which have expanded their production capacity.

Third-Season Corn

In 2019, Brazil also established a third-season corn crop, planted only in some states of the country's North and Northeast. Due to the region's climate, this crop cycle resembles that of the United States, with planting occurring around May and harvesting in October. This corn cycle accounts for approximately 2 percent of corn production

The 2023/24 third-season corn harvest continues to advance in all states, with completion expected in November due to inclement weather that affected harvesting work.

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

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

- **Bahia:** For the 2023/24 harvest, CONAB estimates a corn production of 1.2 MMT, with a yield of 3.74 kg/ha. The dry weather favored the development of crops and the harvest, which should be completed by December. For 2024/25, the forecast is for a production of 1.1 MMT, almost 8 percent below the previous harvest.

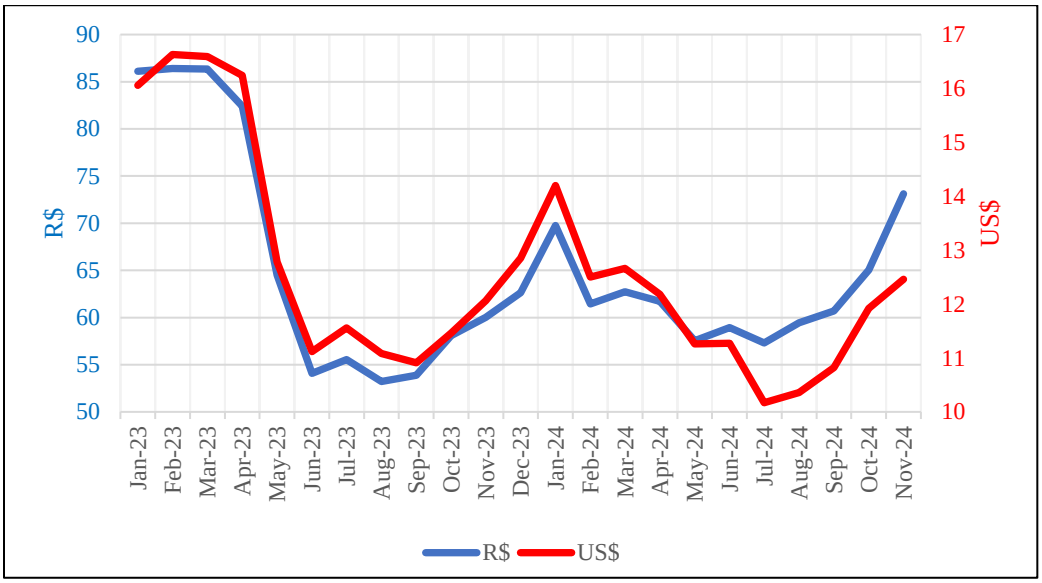
- **Sergipe:** As the harvest nears completion, the state is expected to produce 932 thousand tons of corn in the 2023/24 season, with CONAB forecasting the same production for 2024/25.

- **Alagoas:** The state is expected to have an increase in planted area, yield, and production for the 2024/25 harvest in relation to the previous year, as a result of higher technological investments and better return for commercial transactions. Harvest of the 2023/24 crop should be finalized in November. CONAB forecasts the 2024/25 harvest production at almost 143 thousand tons, a 17.7 percent increase over the previous season.

Corn Prices On the Rise in October After Recent Drops

The price of corn in Brazil registered a strong appreciation in October 2024. According to the University of Sao Paulo's Center for Advanced Studies in Applied Economics (CEPEA), corn prices reached R$ 72.94 (US$ 12.62) for a 60-kilo bag, accumulating an appreciation of 13.4 percent in the month and reaching the highest level since mid-April 2023. In Rio Grande do Sul, corn closed the last week of October, quoted at R$ 65.50 (US$ 11.33) per 60-kilo bag, representing an increase of 22.5 percent compared to the same period in 2023, when it hit R$ 53.47 (US$ 10.61). In other Brazilian regions, the price of corn fluctuated between R$ 49.00 and R$ 72.00 per 60 kg/bag in October 2024, significantly higher than the prices of R$ 36.00 to R$ 55.00 recorded in 2023. This appreciation scenario occurs despite the 30 percent drop in Brazilian exports when comparing October 2024 with the same month of 2023. The increase was sustained by heated domestic demand and less availability of sellers throughout October.

Figure 5
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*

In Brazil, demand for corn is driven mainly by animal feed and corn ethanol production. In October, the price of corn remained high on the domestic market, although the prices of ethanol and some animal proteins, such as frozen chicken and pork carcasses, fell. Low sales by producers and the strengthening of margins for livestock farmers have supported prices.

The combination of unfavorable weather and uncertainty over the supply of corn has prompted producers to hold on to their stocks, reducing liquidity in the spot market. At the same time, buyers are showing greater interest in purchasing corn, seeking to replenish stocks and protect themselves from a possible price spike. These factors are supporting the rise in prices, especially with supply restricted by sellers.

Regarding inputs, the current scenario presents advantages for producers. Seed prices, for example, have fallen compared to last year, while pesticides and defensives have recorded attractive cost-benefit ratios. According to IMEA data, fertilizer costs, which account for almost 36 percent of the total cost of corn production in Mato Grosso for the 2024/25 harvest, grew by 1.65 percent in September compared to the previous month. The growth was mainly driven by the increase in the cost of urea, a reflection of geopolitical tensions in the Middle East. Nitrogen and phosphate costs have also risen, driven by the unfavorable exchange rate. However, corn prices in the state have also displayed valuation, with an increase of 2 percent in September in comparison to the previous month, softening the impact of the production costs to producers.

Table 2
Production Cost of Corn in Mato Grosso (R$/ha)

Harvest	2020/21	2022/23	2023/24	2023/24	2024/25	2024/25
Year	2020	2022	2023	2023	2024	2024
Month	Consolidated	Consolidated	Consolidated	Agosto	January	September*
a) Seeds	445.42	670.53	750.78	694.26	895.42	792.28
b) Fertilizers	735.63	1,816.57	1,518.66	1,603.40	1,324.15	1,284.77
c) DEFENSIVES (Fungicide, Herbicide, Insecticide, etc.)	398.17	585.83	733.24	765.27	841.39	760.61
d) MECHANIZED OPERATIONS (Planting, Fertilizing, Applications with Machines, Harvesting...)	84.05	161.99	150.33	149.51	177.45	169.08
e) Third Party Services	2.09	3.00	2.78	2.80	22.01	22.07
f) Labor	72.99	83.05	128.65	128.39	206.25	201.50
g) Maintenance	106.13	109.97	167.27	167.36	234.33	234.58
h) Taxes and Fees	90.59	118.33	120.88	120.21	140.66	141.85
i) Financing and Insurances	160.18	276.71	292.23	295.41	307.40	293.47
j) POST-PRODUCTION (Classification and Processing, Storage, Production Transport)	286.26	288.55	285.47	290.02	388.82	379.62
k) Other Costs (Technical Assistance, Utilities Fuel, General Expenses)	69.46	97.43	113.21	114.16	110.93	110.87
l) Lease	132.30	208.66	216.50	224.93	222.59	205.98
Effective Operating Cost - EOC (a + … + l)	*2583.26*	*4,420.62*	*4,480.01*	*4,555.72*	*4,871.42*	*4,596.69*
DEPRECIATION (of Equipment, Utilities, and Improvements)	196.96	202.72	324.44	324.05	426.56	424.95
Family Labor	59.83	61.64	69.95	69.94	110.45	110.87
OPPORTUNITY COST (Working Capital, Improvements, etc.)	538.00	925.79	994.73	1,030.55	1,032.33	936.12
TOTAL	**3,378.06**	**5,610.78**	**5,869.12**	**5,980.25**	**6,440.75**	**6,068.63**

***Data Source**: Mato Grosso Institute of Agricultural Economics (IMEA), costs in R$/ha, with 2020 as pre-Covid 19 Pandemic costs and with September 2024/25 as estimates; Chart Post Brasilia*

The forecast of steadier weather could improve the outlook for the second-season corn crop, dispelling concerns about production and halting the price increase.

The Ministry of Agriculture and Livestock updated the minimum prices for corn in the 2024/25 harvest. 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 farmers 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 3
Corn Minimum Guaranteed Prices (R$/60kg bag)

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

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

Corn Trade

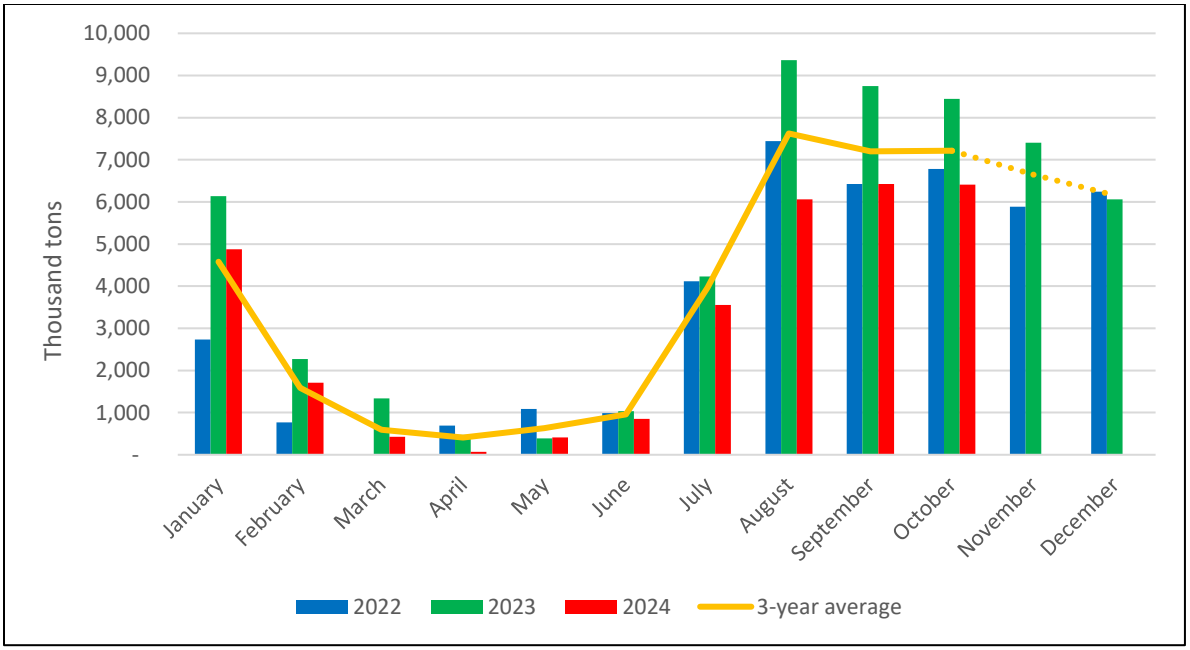
2024 Exports Disappoint

Post revised its forecast for corn export for MY 2024/25 (March 2025 – February 2026) from its original annual estimate of 51 MMT to 48 MMT. Post also decreases its estimate for corn export for MY 2023/2024 (March 2024 – February 2025) from the previous 45 MMT to 44 MMT. The drop in corn exports is due to the smaller crop harvested in Brazil in the 2023/24 season and because Brazilian corn is currently less competitive in the international market.

According to data from the Brazilian Secretariat of Foreign Trade (SECEX), corn exports in October reached 6.4 MMT, a drop of 24 percent compared to the total exported in the same month last year, of 8.4 MMT. In September, Brazil exported 6.4 MMT of corn, 73.4 percent of the total exported in September last year, which was of 8.7 MMT.

The National Association of Cereal Exporters (ANEC) forecasts that Brazil will export 4.7 million tons of corn in November 2024. The Association also reduced its projection for total exports for the calendar year, to 29.7 MMT in 2024, well below the 55.5 MMT exported in 2023. The decline is credited to lower production and robust domestic demand.

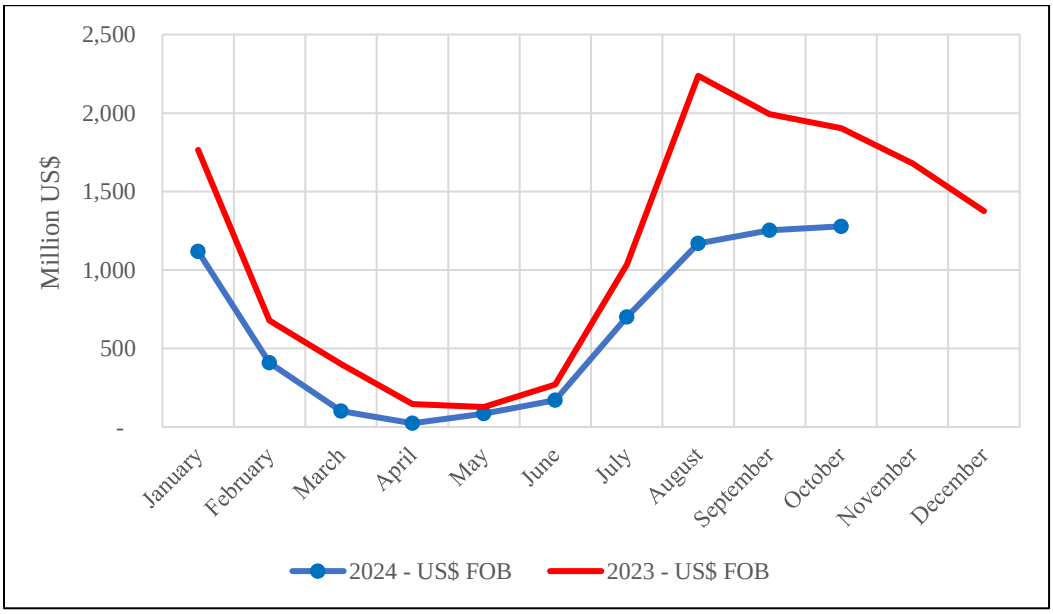
Figure 6
Brazilian Corn Exports by Month (2022 – 2024)



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

Regarding revenue, Brazil levied a total of US$ 1.278 billion in October 2024, a 33 percent drop compared to the US$ 1.902 billion in earnings in October 2023. From January to October 2023, Brazil collected US$ 10.558 billion in corn exports, with the government expecting to increase revenue in 2024. However, in the same period of 2024, Brazil had collected US$ 6.309 billion, a 40 percent drop.

Figure 7
Brazil: Revenue On Corn Exports



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

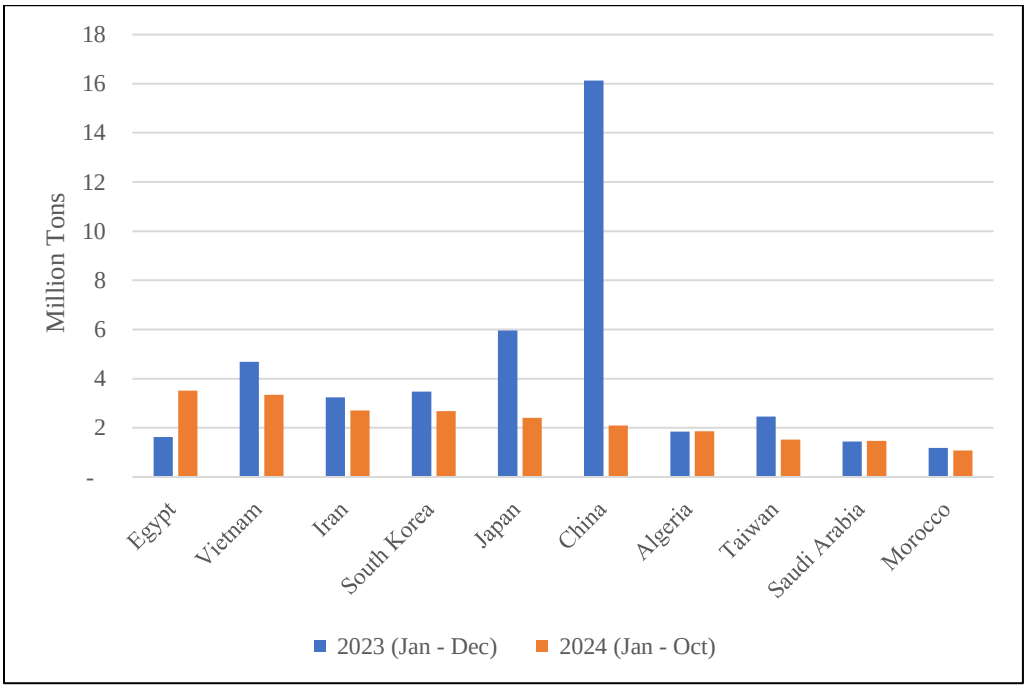
By SECEX data, Mato Grosso exported 17 MMT of corn in 2024, until September, with the ports in the north of the country (such as Barcarena and Santarém) accounting for 61 percent of this volume and those in the south contributing 39 percent of the state's corn exports in the same period.

China's corn purchasing rate in 2024 fell significantly compared to the previous year. In 2023, the country imported 16 million tons of Brazilian corn, while in 2024 this volume is expected to reach 3.3 million tons, according to Post contacts. Brazil continues to be the largest supplier of corn to China, with 48 percent of imports, followed close behind by the United States, with 44 percent.

The reduction in Chinese purchases is directly linked to the country's supply and demand balance. Data from the Chinese customs show that the country projects corn production for 2024/25 to reach 292 million tons, 4 percent higher than the 288.8 million tons calculated for the 2023/24 harvest.

If China does indeed decrease its overall imports of corn, this market will likely become more complex for Brazil, with Argentina competing for supply and China not buying. It is worth noting that Argentina recently obtained approval to export corn to China, following an agreement on sanitary requirements. This will further intensify competition for Brazil.

Figure 8
Top Destinations of Brazilian Corn Exports (2023-2024)



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

From January to October 2024, Brazil's main destination of corn was Egypt, with 3.5 million tons (MMT), followed by Vietnam (3.3 MMT), Iran (2.7 MMT), South Korea (2.6 MMT), Japan (2.4 MMT), and China (2.1 MMT).

Imports Continue to Bring In Small Numbers

Post maintained its forecast of corn imports for MY 2024/25 (March 2025 – February 2026) at 1.5 MMT and decreased its estimate for corn imports for MY 2023/2024 (March 2024 – February 2025) from 1.4 MMT to 1.3 MMT. Brazilian annual imports of corn are significantly small in comparison to exports, with the country typically importing corn only to meet market demands.

With a scenario of reduced domestic supply, appreciation of the Brazilian Real against the dollar and relatively low international prices, Brazil is importing more Argentine corn, within the rules and regulations that determine that these purchases must be destined only for animal feed. The states that should import more corn from other countries are Rio Grande do Sul and Santa Catarina, due to geographical facilitation. Nevertheless, Paraguay remains the biggest origin of corn imports for Brazilians.

Table 4
Main Origin of Corn Imports (in Tons)

	2023	2024*
Paraguay	1,358,283	1,121,345
Argentina	848	33,767
Chile	416	994
United States	269	662
South Africa	153	25

***Data Source**: Trade Data Monitor (TDM), with 2024 related to January to October; Table Post Brasilia*

Corn Consumption

Post increased its forecast of total corn consumption for MY 2024/25 (March 2025 – February 2026) to 84.5 MMT, 0.6 percent above the previous estimate. Post also increases its estimate for MY 2023/2024 (March 2024 – February 2025) for total corn consumption by 1.2 percent, to 83 MMT. The increases are due to the expected growth to the corn ethanol-based industry in the country.

The Goiás Secretariat of Agriculture, Livestock and Supply (SEAPA-GO) estimates that in Brazil, corn ethanol production is expected to absorb one-fifth of domestic consumption of corn in the 2024/25 harvest, a 25 percent increase compared to the previous season. In Goiás, the increase was even more significant, with corn ethanol production increasing 297 percent in the last seven harvests, to 757.5 million liters.

According to data from the National Union of Corn Ethanol (UNEM), Brazil has 21 corn ethanol plants, almost all of which are in the Central-West region, with 11 plants in Mato Grosso, 6 in Goiás, 2 in Mato Grosso do Sul, 1 in Paraná and 1 in São Paulo. Of these, 11 are exclusively corn-based (full), while the others are known as flex plants, since they produce ethanol from sugarcane and corn. These plants process sugarcane during the harvest period and switch to corn during the sugarcane off-season, eliminating plant idleness.

Itaú BBA projects Brazilian corn ethanol production at 7.5 billion liters in the 2024/25 harvest, an increase of 19 percent over the 2023/24 harvest (6.3 billion liters). In 2019, corn ethanol accounted for 2 percent of Brazil's total ethanol production, against a projected 23 percent of total biofuels participation in 2024.

As a byproduct of ethanol production, dried distillers grains (DDG/DDGS) are used as a source of protein and energy in animal feed. Exports of these products have recently gained momentum with the opening of the Colombian market, increasing the total number of authorized destinations to 183 in 58 countries since the beginning of 2023.

According to the Brazilian Institute of Geography and Statistics (IBGE), cattle slaughter in Brazil rose by almost 15 percent in the third quarter of 2024. The country has been showing a progressive increase in livestock investments since 2021, which has been resulting in higher animal feed consumption.

According to EMATER/RS, in Rio Grande do Sul, the consumption of corn silage by cattle is also likely to grow in the 2024/25 harvest, supported by a possible increase in production led by high soil moisture and optimal weather conditions. Crops have been developing well, with an average yield of 40.40 kg/ha in an area of 357,311 hectares in the state.

Corn silage is a food that comes from a process of preserving forage, which offers animals a series of benefits and prevents the nutritional loss. It has a good energy content due to the presence of grains and is well consumed by animals. The cultivars used in corn silage are not always the same as those used in grain crops.

Lastly, the price of the basic food basket increased by 2.4 percent in the year to November 2024. Animal protein and basic products were the main items that increased prices. However, this scenario did not prevent Brazilian Household Consumption from growing by 2.5 percent in the year to date, according to the Brazilian Association of Supermarkets (ABRAS).

RICE

Production, Supply, and Distribution

Table 5
Production, Supply, and Distribution of Rice

Rice, Milled	2022/2023		2023/2024		2024/2025	
Market Year Begins	Apr 2023		Apr 2024		Apr 2025	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	1480	1480	1605	1550	1700	1600
Beginning Stocks (1000 MT)	901	901	617	617	717	717
Milled Production (1000 MT)	6822	6822	7200	7100	8000	7400
Rough Production (1000 MT)	10032	10032	10588	10411	11765	10882
Milling Rate (.9999) (1000 MT)	6800	6800	6800	6800	6800	6800
MY Imports (1000 MT)	1040	1040	1100	1300	900	1100
TY Imports (1000 MT)	982	982	1100	1300	950	1000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8763	8763	8917	9017	9617	9217
MY Exports (1000 MT)	1146	1146	1000	1100	1300	1100
TY Exports (1000 MT)	1208	1208	1000	1100	1300	1100
Consumption and Residual (1000 MT)	7000	7000	7200	7200	7300	7300
Ending Stocks (1000 MT)	617	617	717	717	1017	817
Total Distribution (1000 MT)	8763	8763	8917	9017	9617	9217
Yield (Rough) (MT/HA)	6.7784	6.7784	6.5969	6.7361	6.9206	6.8013

MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice begins in January. TY 2024/25 = January 2025 - December 2025
Source: Post Brasilia

Rice Production

Favorable market conditions, supported in part by public policy, are expected to increase the rice planted area for the 2024/25 harvest, including both irrigated and upland varieties. As the El Niño comes to an end, improved weather conditions should lead to better rice yields in the southern regions of the country, thereby boosting production for the upcoming harvest.

Also of interest for the 2024/25 harvest is the aftermath of the floods that hit Rio Grande do Sul between late April and early May 2024, which is still being assessed. This disaster affected over 60 percent of the state, impacting lives, damaging infrastructure, and harming livestock, along with several crops, including rice, wheat, and corn. According to data from the Hydraulic Research Institute (IPH) at the Federal University of Rio Grande do Sul (UFRGS), the floods displaced more than 14 trillion liters (3.7

trillion gallons) of water into the Guaíba Lake. This volume caused the water level to rise by 5.37 meters (17.6 feet), surpassing the historic floods of 1941 and 2023. On the fields, water erosion severely impacted soil structure, washing away essential soil treatments and fertilizers necessary for future productivity and leaving behind sediments. Correcting this soil damage may take years, which could ultimately affect crop yields.

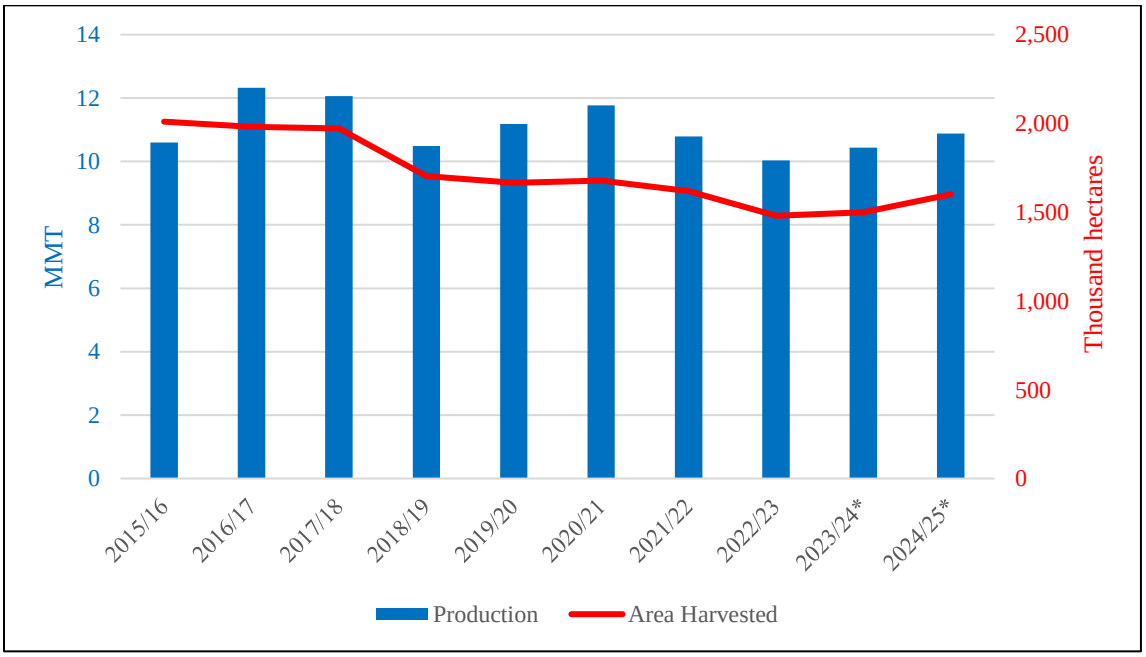
2024/25 Production on the Rise

Post maintained its forecast for rice planted area for MY 2024/25 (April 2025 – March 2026) at 1.6 million hectares (ha) and 1.55 million hectares (ha) for MY 2023/24 (April 2024 – March 2025), based on the ongoing recovery in profitability projected for the rice sector in Brazil.

Post increased its forecast for milled rice production for MY 2024/25 (April 2025 – March 2026) to 7.5 million metric tons (MMT) of milled rice equivalent (MRE), equivalent to 11 MMT of paddy rice, from the previous 7.4 MMT of MRE. Post also increased its MY 2023/24 estimate for milled rice production to 7.2 million metric tons (MMT) of milled rice equivalent (MRE), an equivalent of 10.6 MMT of paddy rice. This represents a 1.4 percent increase over the previous estimate and is based on the projections of higher yields and bigger planted area for the year.

It's important to note that the anticipated growth in rice production for MY 2024/25 relies on the successful recovery of the state of Rio Grande do Sul, as well as incentives for producers to address the challenges caused by this year's floods.

Figure 9
Rice: Evolution of Production and Harvested Area

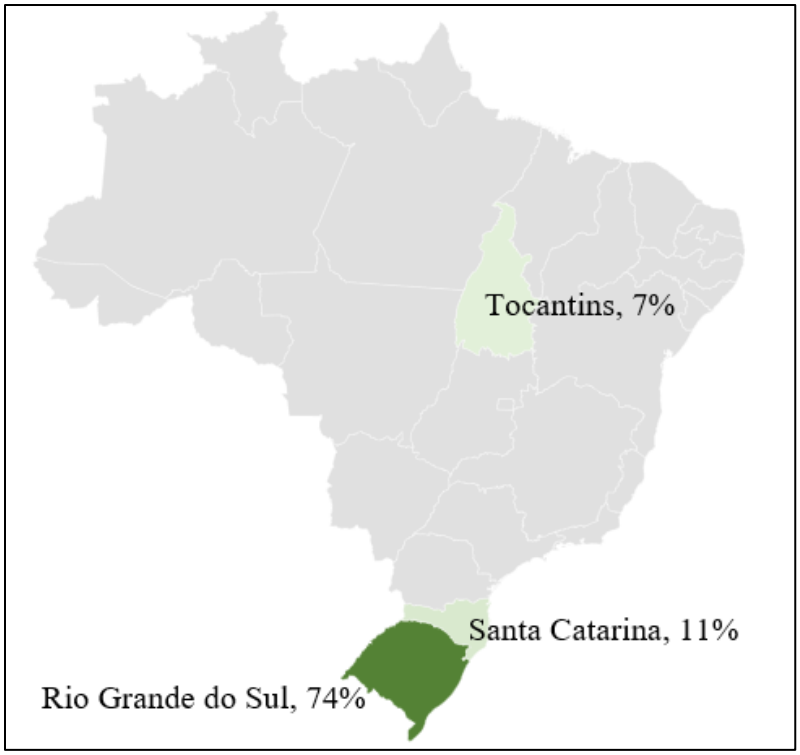


Data Source: *Foreign Agricultural Service, Official USDA Estimates, with 2023/24 and 2024/25 as estimates; Graph Post Brasilia*

Harvest Outlook

Brazil's National Supply Company (CONAB) estimates that by mid-November, 65 percent of the country's rice has been sown, which is consistent with last year's progress. Of these crops, more than 86 percent are currently in the development phase.

Figure 10
Main Irrigated Rice Producing States (2024/25)



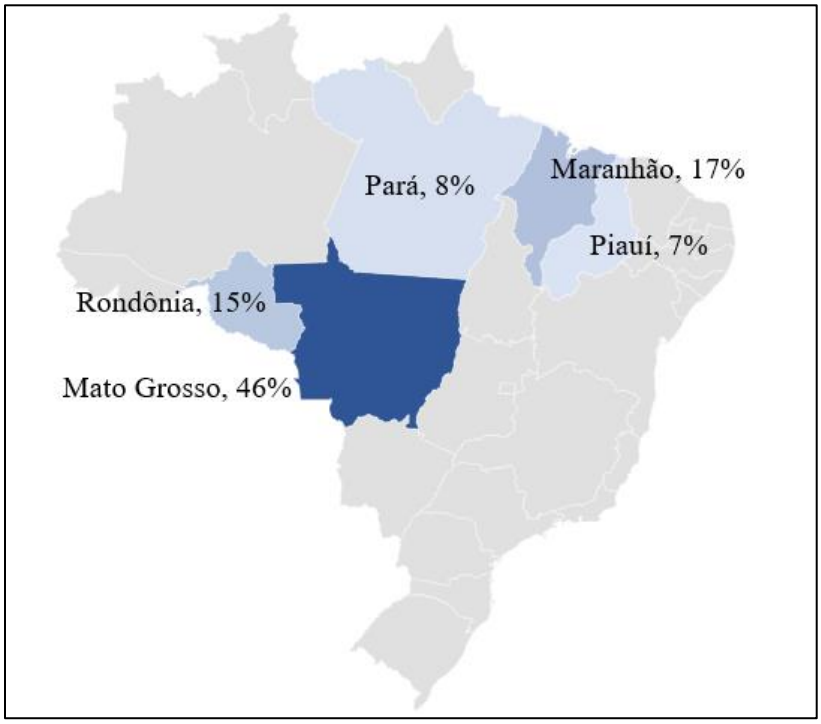
Data Source: *National Supply Company (CONAB); Graph Post Brasilia*

- **Rio Grande do Sul:** According to the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), in the first week of November, rice planting reached the final third of the projected areas for the harvest in the state during the first week of November. Scattered rains have favored the intensification of sowing and crop management activities, allowing producers to carry out fertilization and herbicide applications. The Rio Grande do Sul Rice Institute (IRGA) projects a total planted area of 948,356 hectares for the 2024/25 rice crop, which is higher than the previous season. Meanwhile, EMATER/RS estimates a yield of 8.47 kg/ha.

- **Santa Catarina:** According to the Agricultural Research and Rural Extension Company (EPAGRI/SC), the 2024/25 harvest is expected to increase by approximately 18 percent year-on-year, bringing rice production to 1.3 million metric tons (MMT) with a planted area of 145,000 hectares. The yield is estimated at 8.74 kg/ha, marking a 10 percent increase over the previous harvest. The favorable climate and investment in technology are expected to ensure predominantly good conditions for the crops, with positive results anticipated for this cycle.

- **Tocantins:** The sowing of irrigated rice is delayed compared to the previous harvest, while the planting of upland rice is set to begin between November and December. The state's Agriculture and Livestock Secretariat (SEAGRO) estimates that the planted area for the 2024/25 harvest will be 131,000 hectares.

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



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

- **Mato Grosso**: The state's rice planted area for the 2023/2024 harvest reached 125,447 hectares, with a productivity of 3.24 kg per hectare, resulting in a total production of 407,487 tons of rice. Despite facing the worst drought in the last 44 years, Mato Grosso is expected to increase rice production in the 2024/2025 harvest, reaching 474,000 tons with a planted area of 133.6 thousand hectares, as projected by CONAB.

- **Maranhão:** CONAB reports that upland rice cultivation has not yet commenced in the state. The rice harvest is anticipated to last until February 2025, taking into account the various cycles of the cultivated varieties. For the 2024/2025 season, CONAB estimates that upland rice production will be 170.7 thousand tons, reflecting a slight decrease of 0.4 percent compared to the previous harvest due to a minor reduction in the planted area.

- **Rondônia:** At the start of the 2024/2025 harvest, the state faced water shortages and high temperatures, which delayed planting. CONAB estimates a production area of 151.7 thousand hectares, which represents a 9.5 percent increase from the previous season.

- **Pará:** In Pará, upland rice is planted as an initial crop to prepare the soil for subsequent corn and soybean planting. Sowing has recently begun in the state, and the crops are developing well. For the 2024/2025 season, an increase in the planted area is expected compared to the previous harvest.

- **Piauí:** Traditionally, sowing of upland rice in Piauí begins between December and January. Family farmers typically plant this type of rice in small rural properties to prepare the soil for new soybean fields. CONAB estimates production for the 2024/2025 season at 75.4 thousand tons, which accounts for roughly 7.5 percent of the total upland rice output in the country.

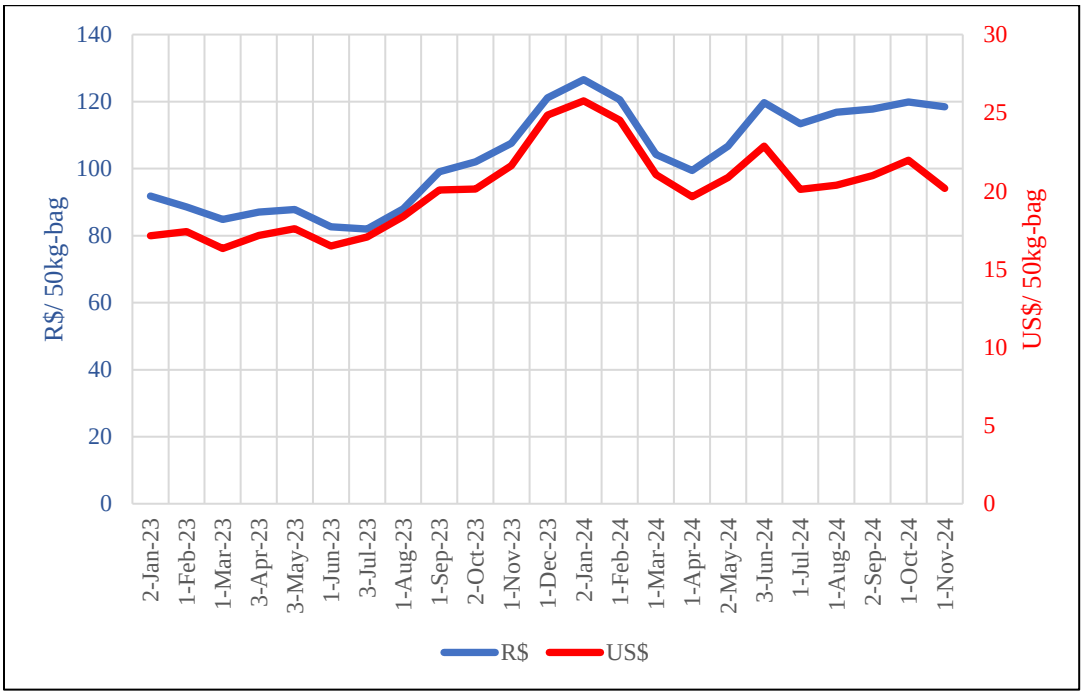
Rice Prices Without Significant Variations

According to the University of São Paulo's Center for Advanced Studies in Applied Economics (CEPEA), the average price for paddy rice in Rio Grande do Sul, which serves as the national reference, was R$ 119.29 (US$ 21.21) per 50-kg bag in October 2024. This represents a slight increase of 0.4 percent compared to the previous month. One factor contributing to this price stability is the lack of major liquidity shocks in the market. However, when compared to October 2023, there was a notable appreciation of 14.6 percent.

On November 19th, the CEPEA index recorded the price of rice at R$ 110.12 (US$ 19.07), indicating a 7.7 percent decline from the beginning of the month. This drop may be attributed to the positive progress of the new crop harvest and the government's recent announcement of auctions to build rice stocks (see the 'Government Launches New Programs To Stimulate the Rice Sector' section below).

According to Post contacts, sales activity has decreased in recent weeks. Many producers are focused on sowing the new crop, which has reduced the volume of sales intended for the domestic market. Meanwhile, others are opting to wait for greater price stability or an increase in prices before entering negotiations.

Figure 12
Rice Prices in Rio Grande do Sul



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

Government Launches New Programs to Stimulate the Rice Sector

In mid-October, the Brazilian government launched a program aimed at stimulating rice production and stock formation in the country. The initiative plans to invest approximately R$ 1 billion to purchase up to 500,000 tons of rice.

Small and medium-sized producers will have the opportunity to sign option contracts with the federal government, ensuring the purchase of their production at a price predetermined in the contracts. This program is intended to help mitigate losses from the 2023 and 2024 harvests, which have been adversely affected by droughts and flooding in Brazil's southern region. CONAB will oversee the transparency of the entire process.

The contracts will vary in validity depending on the producing region. For producers in Minas Gerais and Paraná, the expiration date is set for July 30, 2025, with a guaranteed price of R$107.86 per 60 kg bag, amounting to R$48,537.00 per contract for 27 tons of rice. In contrast, for states like Rio Grande do Sul and Santa Catarina, the payment is due by August 30, 2025, at a price of R$87.62 per 50 kg bag, totaling R$47,314.80 per contract. For all other states, the payment deadline is October 30, 2025, with the same price of R$107.86 per 60 kg bag, maintaining the contract value at R$48,537.00.

Additionally, the government will allocate up to R$998 million for the acquisition of these contracts, further supporting the formation of public rice stocks.

The Brazilian government has also introduced a complementary initiative called '*Arroz da Gent*e,' focused on family farming. This program will provide credit at lower interest rates, along with promotional support and technical assistance to enhance cultivation practices. It includes funding for purchasing adapted machinery, building silos, and implementing techniques that reduce manual labor during harvesting. Initially, the program aims to benefit 200 municipalities across 14 states in the Northeast, Central-West, North, and Southeast regions. Furthermore, the Federal Government plans to increase the distribution of rice seeds, emphasizing traditional varieties to promote biodiversity and the adaptability of crops to local conditions.

Rice Trade

Post increased its forecast for rice exports for MY 2024/25 (April 2025 – March 2026) to 1.2 MMT from the previous 1.1 MMT based on the estimated growth in production for the upcoming harvest. Post maintained its estimate for exports for MY 2023/24 (April 2024 – March 2025) at 1.1 MMT.

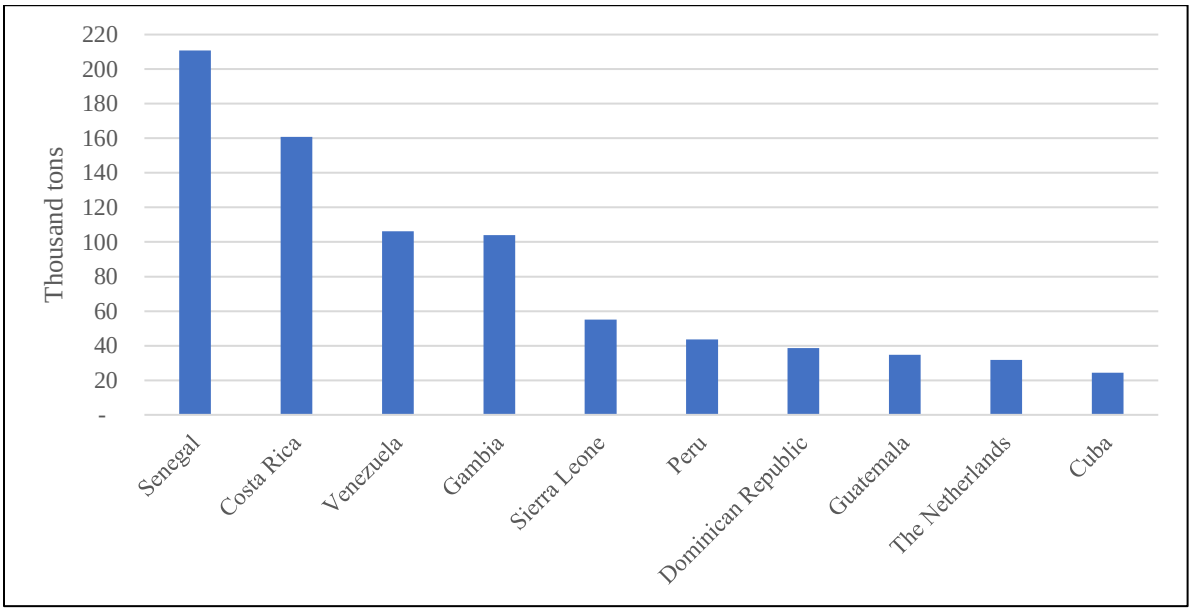
Rice exports are expected to decline for the 2023/24 harvest due to several factors: domestic prices are higher than export values, domestic availability is lower, and production in the United States has increased. An increase in exports is anticipated for the 2024/25 harvest because of a projected recovery in Brazil's rice production and a potential decrease in prices.

According to Brazil's Ministry of Development, Industry, Commerce, and Services (MDIC), paddy rice exports reached 27.5 thousand tons in the first two weeks of November, while milled rice exports totaled 29.5 thousand tons during the same period. In October 2024, Brazil exported nearly 123 thousand tons of paddy rice, generating revenue of US$ 47.1 million. This represents a 40 percent decrease in volume compared to October 2023.

Last month, Brazil exported 82 thousand tons of milled rice, which brought in US$ 26.9 million in revenue, marking a 53 percent decrease in volume and a 49 percent decrease in revenue compared to October 2023. The primary destinations for milled rice exports in October 2024 included Costa Rica, Senegal, the Netherlands, Gambia, and Sierra Leone.

One of the main reasons for the year-on-year decrease in exports is the flooding that occurred in Rio Grande do Sul in May. Since this southern state accounts for over 70 percent of Brazil's rice production, the industry faced challenges related to decreased competitiveness, material shortages, and infrastructure issues.

Figure 13
Main Destinations of Brazilian Rice (January – October 2024)



Data Source: *Trade Data Monitor (TDM); Graph Post Brasilia*

The high exchange rate boosted interest in exports in September. According to data from the Ministry of Development, Industry, Trade, and Services (MDIC), Brazilian rice exports (husked) experienced strong growth that month. Exports totaled 148.5 thousand tons, generating revenue of US$ 61 million. This volume represents an increase of nearly 82 percent compared to the same period last year, while revenue increased by 83 percent.

Additionally, the Brazilian Rice Industry Association (ABIARROZ) reported an increase in milled rice exports, which reached 123.6 thousand tons, marking an upsurge of 83 percent. The primary destinations for Brazilian rice exports in September included Senegal, the Dominican Republic, Gambia, the United States, and Belgium.

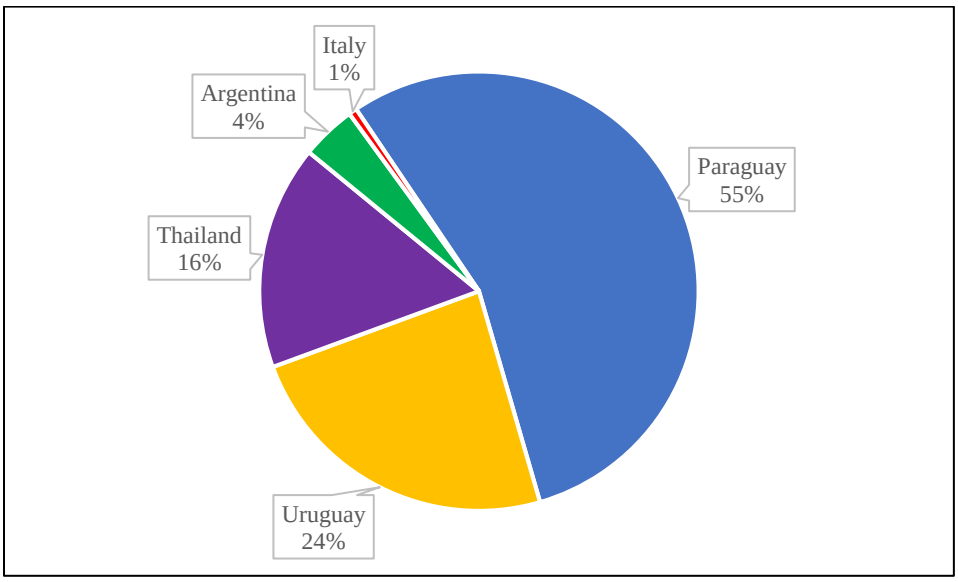
The rise in exports was driven by bulk sales, which played a vital role in recovering export volumes. However, logistical issues continue to pose significant challenges for the rice sector, including a lack of containers, shipping delays, competition for trucks from other crops, and rising freight costs.

The Federation of Rice Growers' Associations of Rio Grande do Sul (FEDERARROZ) emphasizes that Brazilian rice in 2025 has the potential to establish a stronger presence in markets such as Mexico, especially if the United States reduces its rice trade with that country. Additionally, the possibility of maintaining or expanding trade embargoes by the U.S. against countries like Cuba and Nicaragua opens opportunities for Brazil to enhance its market presence in these regions. Brazilian producers are also watchful of a potential intensification of the trade barriers between the United States and China, which could prompt China to increase its imports of Brazilian commodities, including rice.

Imports Decrease on Account of Bigger Production

Post decreased its forecast for rice imports for MY 2024/25 (April 2025 – March 2026) to 1 MMT from the previous 1.1 MMT, as well as the estimate for MY 2023/24 24 (April 2024 – March 2025) to 1.1 MMT, down from the previous forecast of 1.3 MMT. The expected increase in production will likely decrease the need for more imports.

Figure 14
Main Origin of Rice Imports (January – October 2024)



Data Source: *Trade Data Monitor (TDM); Graph Post Brasilia*

Rice Consumption

Post decreased its forecast for rice consumption for MY 2024/25 (April 2025 – March 2026) to 7.2 MMT, down 1.4 percent in relation to the previous estimate. Post maintained its estimate for rice consumption for MY 2023/24 (April 2024 – March 2025) at 7.2 MMT.

While rice is a staple food in Brazil, present in almost 95 percent of households, it also has a negative income elasticity of demand. For this reason, rice consumption in Brazil tends to remain relatively stagnant.

In situations where prices rise, Brazilian consumers usually look for cheaper options for their favorite products before deciding to switch brands or products. As a result, consumption patterns for essential food items like wheat, beans, and rice tend to remain somewhat stable.

Lastly, the price of the basic food basket increased by 2.4 percent in the year to November 2024. Animal protein and basic products were the main items that increased prices. However, this scenario did not

prevent Brazilian Household Consumption from growing by 2.5 percent in the year to date, according to the Brazilian Association of Supermarkets (ABRAS).

WHEAT
Production, Supply, and Distribution

Table 6
Production, Supply, and Distribution of Wheat

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	3086	3090	3473	3400	3000	3000
Beginning Stocks (1000 MT)	1102	1102	1797	1797	1691	1385
Production (1000 MT)	10554	10554	8097	8100	8100	8200
MY Imports (1000 MT)	4678	4678	6609	6500	6200	6000
TY Imports (1000 MT)	4985	4985	5917	5800	6100	5900
TY Imp. From U.S. (1000 MT)	334	334	118	146	0	0
Total Supply (1000 MT)	16334	16334	16503	16397	15991	15585
MY Exports (1000 MT)	2687	2687	2812	2812	2700	2500
TY Exports (1000 MT)	2689	2689	2812	2812	2700	2500
Feed and Residual (1000 MT)	450	450	600	700	500	700
FSI Consumption (1000 MT)	11400	11400	11400	11500	11400	11500
Total Consumption (1000 MT)	11850	11850	12000	12200	11900	12200
Ending Stocks (1000 MT)	1797	1797	1691	1385	1391	885
Total Distribution (1000 MT)	16334	16334	16503	16397	15991	15585
Yield (MT/HA)	3.42	3.4155	2.3314	2.3824	2.7000	2.7333
MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Wheat begins in July. TY 2024/2025 = July 2024 – June 2025 Source: Post Brasilia						

Wheat Production

By mid-November 2024, Brazil's wheat harvest had reached 80 percent, with higher yields than the previous season. However, Post contacts have expressed concerns about the quality of this year's wheat, which appears to be below the typical standards associated with Brazilian wheat production.

Also of interest for the 2024/25 harvest is the aftermath of the floods that hit Rio Grande do Sul between late April and early May 2024, which is still being assessed. This disaster affected over 60 percent of the state, impacting lives, damaging infrastructure, and harming livestock, along with several crops, including rice, wheat, and corn. According to data from the Hydraulic Research Institute (IPH) at the Federal University of Rio Grande do Sul (UFRGS), the floods displaced more than 14 trillion liters (3.7 trillion gallons) of water into the Guaíba Lake. This volume caused the water level to rise by 5.37 meters

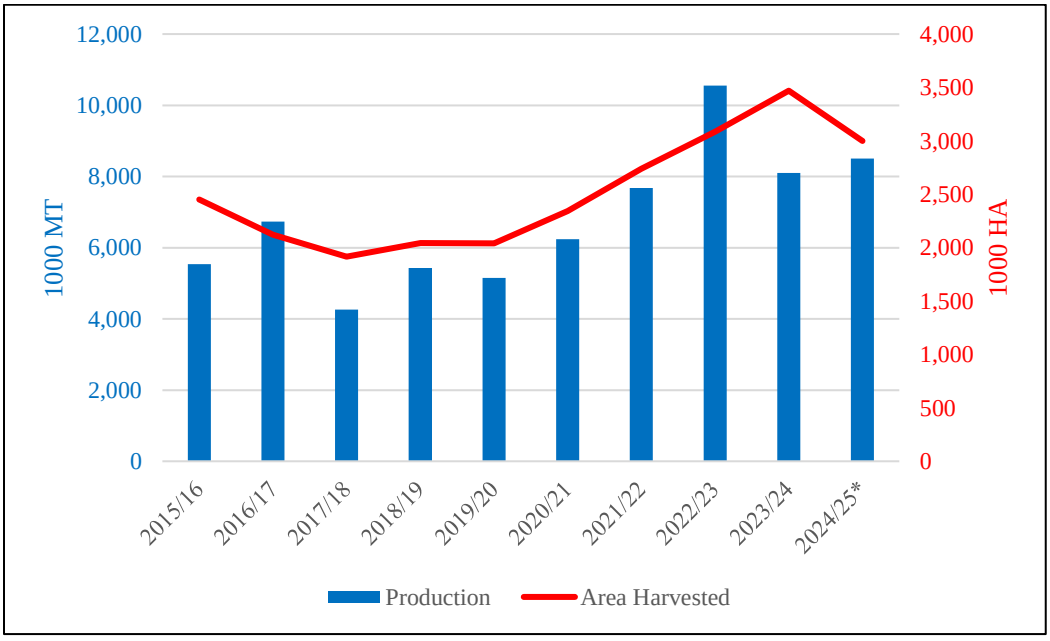
(17.6 feet), surpassing the historic floods of 1941 and 2023. On the fields, water erosion severely impacted soil structure, washing away essential soil treatments and fertilizers necessary for future productivity and leaving behind sediments. Correcting this soil damage may take years, which could ultimately affect crop yields.

2024/25 Planted Area and Production Decline as Wheat Prices Reach a Downward Trend

Post reduced its forecast for wheat planted area for MY 2024/25 (October 2024 – September 2025) to 3 million hectares, 7.7 percent lower than the previous estimate. Wheat prices in Brazil are experiencing a downward trend, influenced by a decline in international markets and the broader global economic situation. This has led producers to exercise more caution regarding their planting decisions. As a result, Post has lowered its forecast for wheat production for MY 2024/25 to 8.2 MMT, down 14.6 percent from the previous estimate.

For MY 2023/24 (October 2023 – September 2024), Post has also reduced its wheat production estimate from 8.3 MMT to 8.1 MMT, primarily due to adverse weather conditions that have negatively impacted crop development. The estimated wheat planted area for MY 2023/24 has been revised to 3.4 million hectares, reflecting a 1.5 percent increase compared to the previous estimate. This slight adjustment can be attributed to the fact that wheat continues to be the preferred winter crop in Brazil (June to September).

Figure 15
Evolution of Wheat Harvested Area and Production in Brazil



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

Harvest Outlook

According to Brazil's National Supply Company (CONAB), 86 percent of the country's wheat crops are planted in three southern states: Rio Grande do Sul, Paraná, and Santa Catarina with an additional 5 percent from Minas Gerais. Sowing takes place between March and August, depending on the specific region. However, this planting timeline is outside the USDA's market year, which runs from October to September of the following year. Brazil, on the other hand, considers its entire wheat season to span from August to July, allowing the wheat crop harvest and export to occur within the parameters of the market year.

Figure 16
Main Wheat Producing States, 2024

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

- **Rio Grande do Sul:** According to the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), the state's wheat production is expected to reach 4.1 million tons (MMT) in the 2024 crop year, marking a 57 percent increase from the 2.6 MMT harvested in 2023. The estimated yield is 3.11 kg/ha, an impressive 78 percent increase compared to the previous crop's yield of 1.75 kg/ha. However, the planted area is projected to decrease by 12 percent year-on-year, reaching 1.32 million hectares. This reduction in area is primarily due to challenges producers have faced in sourcing adequate seeds for sowing.

The quality of the harvested wheat is lower than that obtained before the rainy season. The hectoliter weight (PH, in Portuguese) of the grains is slightly below 78 kg/hl. Additionally, some storage units and buyers are using the “falling number” (FN) criterion to select wheat. This criterion measures the grains' ability to retain starch and resistance to early germination, with a minimum requirement of 220 seconds. Consequently, it has been difficult to sell batches of lower-quality grains, which have diminished baking potential. This decline in grain quality is attributed to a high incidence of diseases, such as wheat blast and Fusarium Ear Blight, intensified by the recurrent rains.

- **Paraná:** By mid-November, approximately 98 percent of the wheat planted area had been harvested. However, the lack of rain during the critical development stages of the wheat crops has led to low yields. Consequently, the state is likely to increase its grain imports from other states or from Paraguay to meet its milling demands. According to the Department of Rural Economy (DERAL/PR), the wheat planted area in the state is approximately 1.15 million hectares for 2024. Production is expected to reach around 2.3 MMT, which represents a 36 percent drop compared to the 3.8 MMT harvested in 2023. Data from the Brazilian Wheat Industry Association (ABITRIGO) indicate that Paraná has not achieved a harvest at its full potential since 2016, primarily due to excessive rainfall in some years and droughts in others that have affected productivity.

- **Santa Catarina:** According to data from the Agricultural Research and Rural Extension Company (EPAGRI/SC), wheat production in the 2024/25 harvest is expected to reach 433,000 tons in the state, representing an increase of nearly 41 percent compared to the previous harvest. This rise in production occurred despite an anticipated reduction in planted area, from 137.5 thousand hectares in 2023/24 to 121.3 thousand hectares in 2024/25. The increase in yield can be attributed in part to incentives from public policies, such as programs aimed at enhancing crop productivity and quality. One such initiative encourages the cultivation of winter grains and supports producers through the distribution of limestone, which helps correct soil quality and boosts the agricultural potential of rural properties.

- **Minas Gerais:** Water scarcity is harming the current harvest. According to Brazil’s National Supply Company (CONAB), the state should produce almost 412 thousand tons of wheat during the 2024 harvest, a 12 percent drop from the previous season. This decline is attributed to a combination of lower planted area and smaller yield.

Milling Capacity Grows

According to EPAGRI/SC, based on data from ABITRIGO, Brazil saw an increase in its installed wheat milling capacity in 2023. The number of mills rose from 144 to 147.

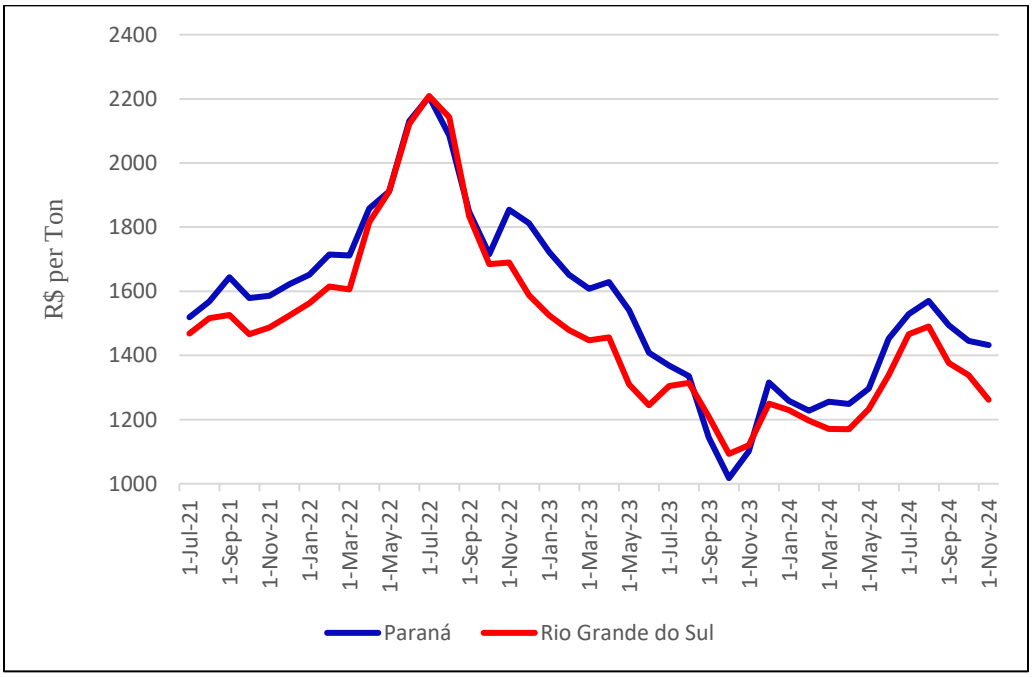
In Paraná, milling surged by 48,141 tons in 2023, despite the closure of one mill. In Rio Grande do Sul, the opening of six new mills contributed to a substantial increase of 230,966 tons. Santa Catarina, with 13 mills, also experienced a rise in milling volume of 26,702 tons. However, states like São Paulo and the North and Northeast regions reported a decline in milling activity, with decreases of 28,422 tons in São Paulo and 85,900 tons in the North and Northeast combined. Overall, Brazil ended 2023 with a positive variation of 250,888 tons, bringing the total milling volume to 12,816,808 tons.

The primary concern is that the growth in the number of mills may heighten competition in the market, which could exert pressure on profit margins. While states such as Paraná and Rio Grande do Sul have demonstrated increases in both installed capacity and milling volume, the North and Northeast regions continue to see declines in processing, which reinforces the concentration of milling activities in the major producing states in the southern part of the country.

Wheat Prices Are Down, But So are Production Costs

In October, the monthly average of wheat prices in Paraná was R$ 1430.49 (US$ 254.36) per ton, a 3.4 percent decrease over the average of September 2024 and 7 percent below the price registered in August. In comparison to October 2023, when wheat reached a monthly average of R$ 1034.58 (US$ 204.32), prices are 15 percent higher this season. In Rio Grande do Sul, the average price in October 2024 was R$ 1279.45 (US$ 227.53), almost 24 percent higher than in October 2023, when it averaged R$ 1080.50 (US$ 213.42). By the 19th of November, wheat in Paraná had reached R$ 1438.57 (US$ 249.15), and in Rio Grande do Sul, it was quoted at R$ 1256.2 (US$ 217.56).

Figure 17
Average Wheat Prices in Paraná and Rio Grande do Sul



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

In Brazil, temporary harvest pressures in the states of Rio Grande do Sul and Paraná also impact prices. However, analysts believe that the upward trend in prices will remain strong in the coming months.

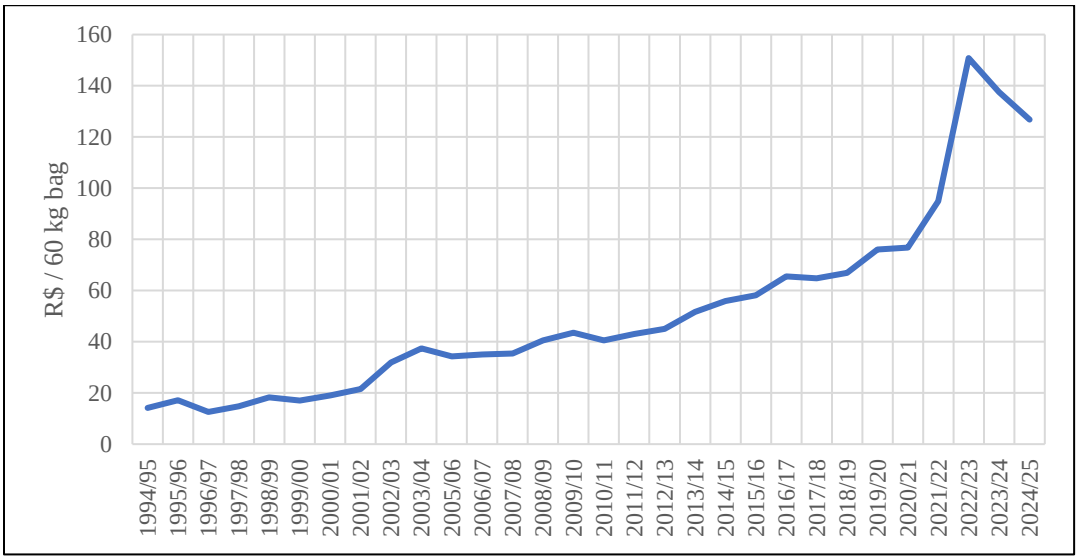
Wheat production costs this season have been favorable for producers in Paraná. During the 2022/23 season, the estimated total production cost per 60 kg bag of wheat in the state was R$ 150.81. In the 2023/24 season, this cost decreased by nearly 9 percent to R$ 137.59, and it now stands at R$ 126.80. This reduction represents almost an 8 percent decrease in production costs for the 2024/25 season compared to the previous harvest.

Table 7
Outline of Wheat Production Cost in Paraná

Description	**R$/ ha**	**R$/ 60kg**	**Share (%)**
Machinery and implementation operation	388.98	8.10	6.41
Cost of maintenance of improvements	37.70	0.79	0.62
Temporary labor	69.19	1.44	1.14
Seeds	556.50	11.59	9.16
Fertilizers	1,223.00	25.48	20.14
Agrochemicals	468.60	9.76	7.72
General expenses	54.88	1.14	0.90
External transportation	144.48	3.01	2.38
Technical assistance	55.98	1.17	0.92
Insurance / PROAGRO	274.40	5.72	4.52
Interest Rates	111.94	2.33	1.84
TOTAL VARIABLE COSTS (A)	3,385.65	70.53	55.75
Depreciation of machinery and implements	466.36	9.72	7.68
Depreciation of improvements and installations	50.26	1.05	0.83
Soil systematization and correction	149.75	3.12	2.47
Capital insurance	43.10	0.90	0.71
Permanent labor	264.14	5.50	4.35
SUB-TOTAL (B)	973.61	20.29	16.03
Equity Compensation	301.30	6.28	4.96
Land Compensation	1,411.95	29.42	23.25
SUB-TOTAL (C)	1,713.25	35.70	28.21
TOTAL FIXED COSTS (B+C)	2,686.86	55.99	44.25
OPERATIONAL COST (A+B)	4,359.26	90.82	71.79
TOTAL COST (A+B+C)	**6,072.51**	**126.52**	**100.00**

Data Source: Department of Rural Economy (DERAL/PR); Table Post Brasilia

Figure 18
Evolution of Wheat Production Cost in Paraná



Data Source: Department of Rural Economy (DERAL/PR); Graph Post Brasilia

Government Comes to the Rescue of Rio Grande do Sul

Wheat producers in Rio Grande do Sul will be allowed to sell up to 200,000 tons of grain from the 2024/25 harvest to the Federal Government through the Federal Government Acquisition Mechanism (AGF), as outlined in the Minimum Price Guarantee Policy (PGPM). The National Supply Company (CONAB) will handle the purchases, which are supported by a budget of R$ 261 million.

This measure is specifically for Rio Grande do Sul, where the average price paid to grain producers is approximately R$ 67.11 per 60-kilo bag, which is below the government's minimum price of R$ 78.51 for the state. A strong supply of wheat in the international market has led to downward pressure on prices. Last year, CONAB provided support for marketing and transportation of wheat through initiatives such as the Equalization Premium Paid to Rural Producers (Pepro) and the Product Transportation Premium (PEP). These efforts enabled the government to assist in the flow of around 479,280 tons of cereal.

CONAB will continue to monitor the market, as this mechanism may also be utilized in other producing states where market prices fall below the minimum, subject to the limits of available resources.

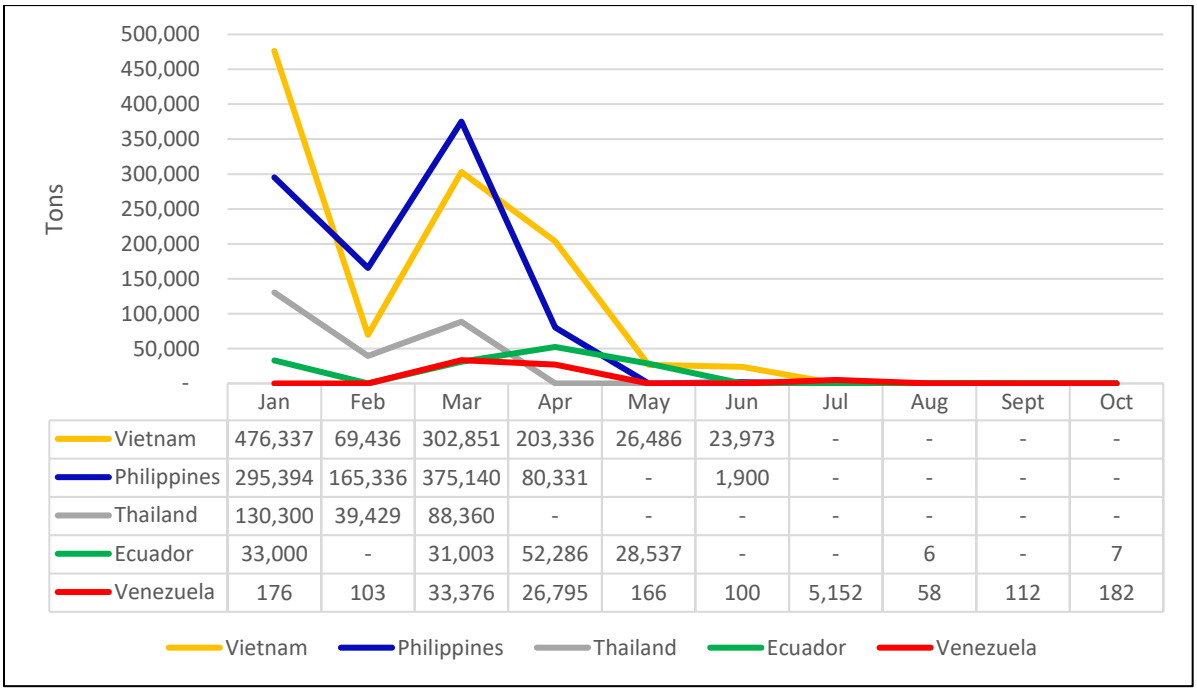
Wheat Trade

Post decreased its forecast for wheat exports for MY 2024/25 (October 2024 – September 2025), to 2.5 MMT, from the previous 2.7 MMT, an 11 percent decrease over the export for MY 2023/24 (October 2023 – September 2024) set at 2.8 MMT. However, exports for 2023/24 have exceeded initial predictions and show a 5 percent increase compared to the previous marketing year.

The low quality of some segments of the Brazilian harvest has driven up exports, as the domestic market prefers to consume higher-quality grains. By October, Brazil had exported 2.5 million tons, reflecting a 20 percent increase compared to the same period in 2023.

Vietnam continues to be the top destination for Brazilian wheat exports in 2024, accounting for 44 percent of all exports. Other significant destinations include the Philippines (37%), Thailand (10%), Ecuador (6%), and Venezuela (2.5%).

Figure 19
Main Destinations of Brazilian Wheat Exports, 2024



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Vietnam	476,337	69,436	302,851	203,336	26,486	23,973	-	-	-	-
Philippines	295,394	165,336	375,140	80,331	-	1,900	-	-	-	-
Thailand	130,300	39,429	88,360	-	-	-	-	-	-	-
Ecuador	33,000	-	31,003	52,286	28,537	-	-	6	-	7
Venezuela	176	103	33,376	26,795	166	100	5,152	58	112	182

***Data Source**: Trade Data Monitor (TDM); Graph Post Brasilia*

Imports Rise Due to Low Quality of Domestic Grains

Post increased its forecast for wheat imports for MY 2024/25 (October 2024 – September 2025) to 6 MMT, up from the previous estimate of 5.5 MMT. Brazil remains reliant on wheat imports to meet its internal consumption needs. The country experienced a sharp decline in domestic supply in 2023 and is

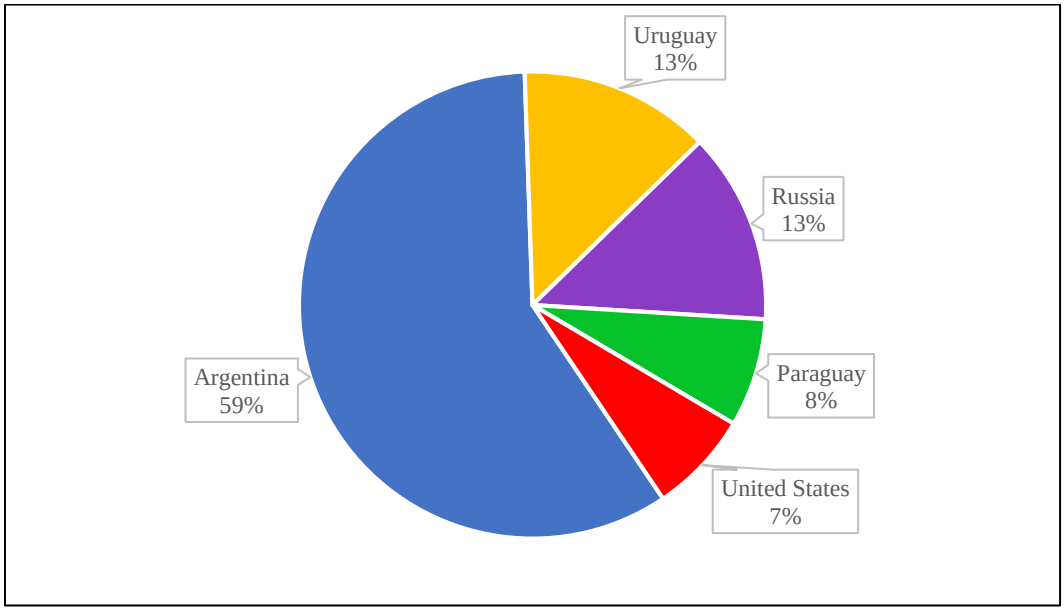
not expected to recover this year, particularly due to a significant reduction in production in Paraná. As such, Post also increased its estimate for wheat imports for MY 2023/24 (October 2023 – September 2024) from 5.6 MMT to 6.5 MMT.

According to data from the Brazilian Secretariat of Foreign Trade (SECEX), wheat imports in October reached 552.4 thousand tons, marking the highest volume for that month in the last five years. From January to October, total imports amounted to 5.7 MMT.

According to the International Center for Economic Analysis and Agricultural Market Studies (CEEMA), the quality of Brazilian wheat remains a concern. A significant portion of the production is not expected to meet the 78 PH standard and the desired falling number index—both important indicators for the wheat market. As a result, Brazil is likely to increase its cereal imports in 2025.

Moreover, the poor quality of crops in Rio Grande do Sul and Paraná is diminishing the supply of type 1 wheat, which may result in increased imports of Argentine wheat and flour. This could drive domestic prices up to international levels, potentially allowing Argentina to capture an even larger share of the Brazilian wheat market in the upcoming season.

Figure 20
Main Origin of Wheat Imports to Brazil (January – October 2024)



***Data Source**: Trade Data Monitor (TDM); Graph Post Brasilia*

Wheat Consumption

Post decreased its forecast of total wheat consumption for MY 2024/25 (October 2024 – September 2025) from 12.3 MMT to 12.2 MMT, the same estimate as MY 2023/24 (October 2023 – September 2024). In situations where prices rise, Brazilian consumers usually look for cheaper options for their favorite products before deciding to switch brands or products. As a result, consumption patterns for essential food items like wheat, beans, and rice tend to remain relatively stable.

As there has been a notable reduction in the amount of high-quality wheat planted in Brazil, wheat is one of the primary commodities that typically require imports to meet internal consumer demands. Therefore, a decrease in production, whether in quantity or quality, is unlikely to significantly impact customer trends, as supply deficits are compensated with increased imports.

Consumption of wheat for industrial purposes is expected to increase soon, though the extent of this growth is yet to be evaluated. The city of Santiago, in Rio Grande do Sul, will have Brazil's first wheat ethanol plant. The plant is expected to begin operating early 2025 and will have an annual production capacity of 12 million liters of biofuel, using wheat, rye, barley, and corn as raw materials. The first module of the plant, already built, will process 26 thousand tons of wheat per year, generating 10 million liters of ethanol and 8 thousand tons of distilled dried grains (DDG) for animal feed. Two other companies plan to open wheat ethanol plants in the state by 2026.

Lastly, the price of the basic food basket increased by 2.4 percent in the year to November 2024. Animal protein and basic products were the main items that increased prices. However, this scenario did not prevent Brazilian Household Consumption from growing by 2.5 percent in the year to date, according to the Brazilian Association of Supermarkets (ABRAS).

Attachments:

No Attachments