Required Report: Required - Public Distribution **Date:** August 05, 2026

Report Number: BR2026-0031

Report Name: Grain and Feed Update

Country: Brazil

Post: Brasilia

Report Category: Grain and Feed

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Report Highlights:

Brazil's 2026/27 corn harvest is projected to be smaller than the strong 2025/26 harvest due to high production costs, elevated fertilizer prices, and potential El Niño effects. Corn exports are forecast at 43 MMT for MY 2026/27, up from 42 MMT in MY 2025/26, supported by greater overall supply. Meanwhile, Brazil's rice industry faces ongoing constraints through the 2026/27 cycle due to tight credit conditions, steep production costs, and high interest rates. This unfavorable economic scenario has eroded profit margins and planting incentives, leading to reduced planted area and production. For wheat, Brazil is entering a new cycle with reduced planted area, lower investment, and rising input costs exacerbated by recent crop failures and price volatility. For MY 2026/27, wheat production is forecast to drop 22.5 percent to 6.1 MMT, driving import demand to a record high.

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CORN
Production, Supply, and Distribution

Table 1
Production, Supply, and Distribution of Corn

Corn	2024/2025		2025/2026		2026/2027	
Market Year Begins	Mar 2025		Mar 2026		Mar 2027	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	22300	22300	22800	22800	23200	23000
Beginning Stocks (1000 MT)	7354	7354	11604	10604	12304	12804
Production (1000 MT)	136000	136000	138000	139500	139000	139000
MY Imports (1000 MT)	1761	1761	1700	1700	1800	1700
TY Imports (1000 MT)	1966	1966	1700	1700	1800	1700
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	145115	145115	151304	151804	153104	153504
MY Exports (1000 MT)	42011	42011	43000	42000	44000	43000
TY Exports (1000 MT)	38839	38839	43000	42000	44000	43000
Feed and Residual (1000 MT)	64000	65000	64000	64000	65000	65000
FSI Consumption (1000 MT)	27500	27500	32000	33000	33000	35000
Total Consumption (1000 MT)	91500	92500	96000	97000	98000	100000
Ending Stocks (1000 MT)	11604	10604	12304	12804	11104	10504
Total Distribution (1000 MT)	145115	145115	151304	151804	153104	153504
Yield (MT/HA)	6.099	6.099	6.053	6.118	5.991	6.044

(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 2026/2027 = October 2026 - September 2027
Source: Post Brasilia

Corn Production

High production costs, increased fertilizer prices, and potential impacts from the El Niño weather phenomenon suggest that Brazil's 2026/27 corn crop will likely be smaller than the record 2025/26 harvest. Higher fertilizer costs may reduce the planted area of second-season corn, while the El Niño could delay the soybean harvest. In this scenario, the later reaping could compromise the optimal planting window for the following corn crop.

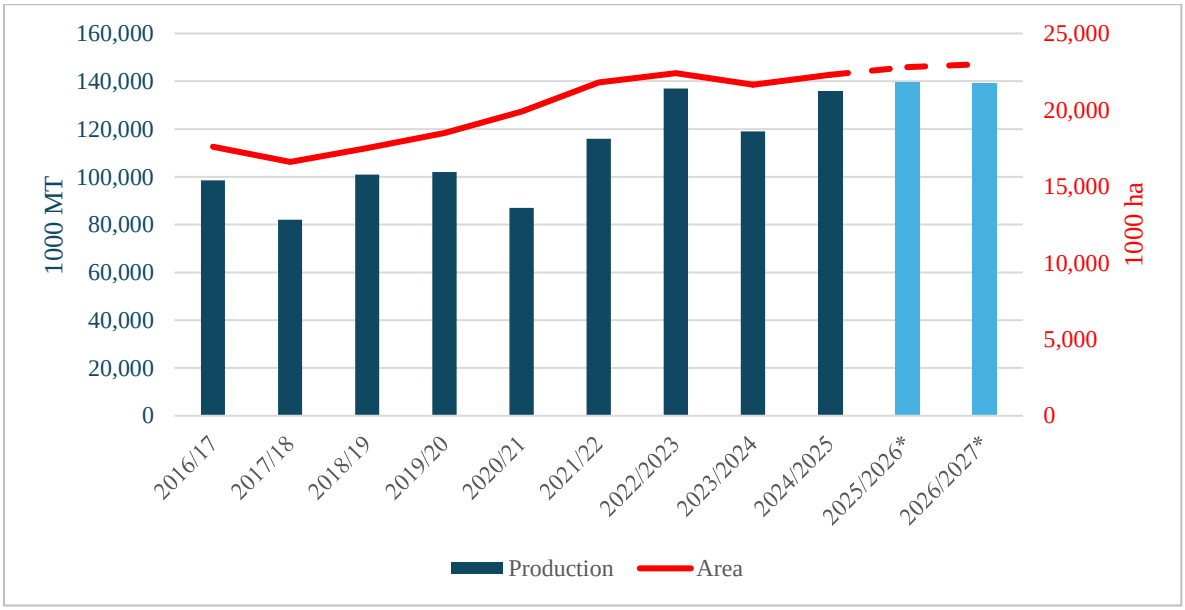
For the 2025/26 harvest, planted area for both first- and second-season corn is expected to increase. However, dry weather during key growth stages has reduced second-season yields. As a result, 2025/26 second-season corn production is projected to decline, although this loss is partially offset by an expected increase in first-season production compared to the previous cycle.

2026/27 Corn Outlook Remains Strong as 2025/26 Harvest Sets Record

Post maintained its forecast for corn planted area for MY 2026/27 (March 2027 – February 2028) at 23 million hectares (ha) and estimated planted area for MY 2025/26 (March 2026 – February 2027), at 22.8 million hectares. Corn remains highly profitable, even with elevated production costs. In addition, rising ethanol demand continues to drive producers to prioritize corn planting.

Corn production for MY 2026/27 (March 2027 – February 2028) is revised to 139 million metric tons (MMT), up 2 percent from the original forecast and slightly under the 139.5 MMT estimated for MY 2025/26 (March 2026 – February 2027). Optimal weather conditions during the development of the 2025/26 first-season corn crop have led to strong yields, which result in high production year-on-year. However, second-season corn is expected to suffer a short decline in output, led by periods of drought in some key regions such as Goiás and Minas Gerais.

Figure 1
Evolution of Corn Harvested Area and Production in Brazil



Data source: *Foreign Agricultural Service, Official USDA Estimates, with 2025/26 and 2026/27 as Post estimates; Graph Post Brasilia*

Harvest Outlook

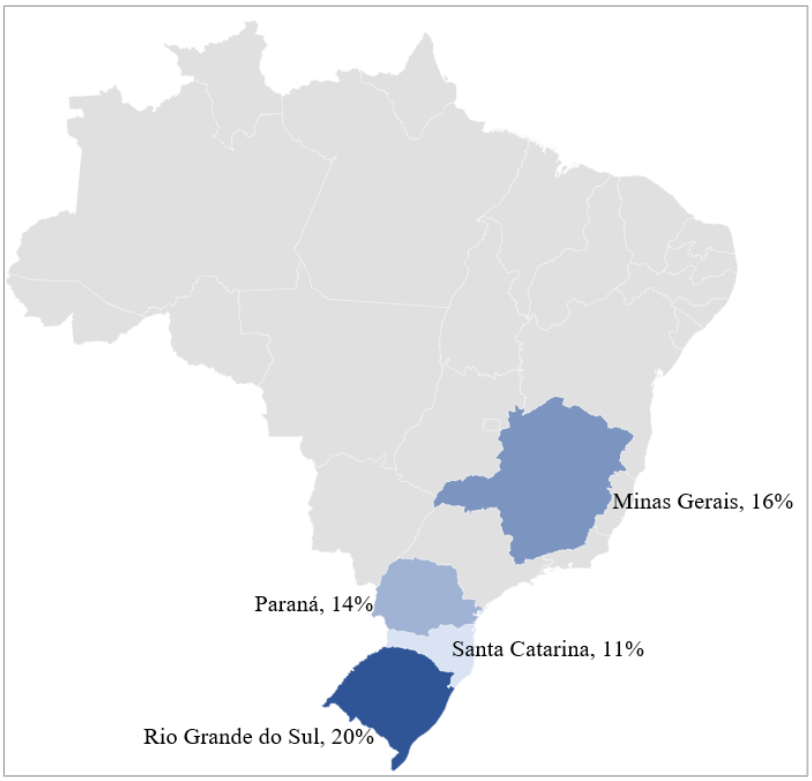
The impacts of El Niño expected to occur between July and September 2026 could potentially compromise both soybean and corn harvests. Erratic rainfall during this period may disrupt the beginning of soybean planting and increase the need for replanting. Such delays could postpone the soybean harvest and negatively affect the optimal planting window for the subsequent second-season corn crop.

First-Season Corn

First-season corn, or "summer corn," is typically planted from August to December and harvested from January to June. For the 2025/26 cycle, it accounts for 21 percent of Brazil's total corn production, according to Brazil's National Supply Agency (CONAB).

By the first week of July, the harvest of first-season corn in Brazil had reached 96 percent, according CONAB. Harvesting is complete in Paraná, Santa Catarina, São Paulo, Rio Grande do Sul, Goiás, Minas Gerais, and Pará. In Piauí and Maranhão, operations are nearly finished, with yields exceeding initial estimates.

Figure 2
First-season Corn: Main Producing States, 2025/26



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

- **Rio Grande do Sul:** The Technical Assistance and Rural Extension Agency of Rio Grande do Sul (EMATER/RS) calculated that the state's 2025/26 first-season corn crop covered 812,540 hectares, a 13 percent increase in planted area over the previous harvest. With yields remaining virtually stable compared to the prior year, production for the 2025/26 season was estimated at 6 MMT, 13 percent above the 5.3 MMT harvested in the previous cycle.

- **Minas Gerais:** The state's Secretariat of Agriculture, Livestock, and Supply (SEAPA) estimates first-season corn production for the 2025/26 harvest at 4.7 MMT, a 23 percent increase over the previous cycle. This growth is driven by higher yields, despite challenges from fungal disease outbreaks during the rainy season. Producers implemented effective crop management and recovered from delays caused by late soybean planting and harvesting. SEAPA projects a 14 percent yield increase compared to the 2024/25 harvest.

- **Paraná:** The Department of Rural Economics (DERAL/PR) reports that first-season corn production reached 4.1 million tons in 2025/26, up from 3.1 million tons in the previous cycle. This increase resulted from favorable weather conditions, an expansion of the cultivated area, and technological advancements combined with the adoption of increasingly precise agronomic practices that improved productivity.

- **Santa Catarina:** The Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC) estimated a 4 percent increase in planted area for the 2025/26 first-season corn harvest, offset by a 2.6 percent decrease in yield. Production reached 2.5 MMT, 1 percent higher than the previous year.

Second-Season Corn

Second-season corn, commonly referred to as '*safrinha*' corn or "little harvest," is planted between January and March, typically following the soybean harvest. It represents the largest share of corn production in Brazil, accounting for 77 percent of the total corn produced during the 2025/26 harvest.

Choosing the right planting window for second-season corn sowing is crucial for the crop's success. Planting too early or too late can expose the crop to significant climatic risks, such as water shortages, excessive rainfall, or frost. The ideal planting window varies from one producing region to another due to the unique climatic conditions of each location.

By mid-July, the harvest of second-season corn in Brazil had reached 39 percent, according to CONAB. This pace is slower than the previous season, primarily due to wetter conditions that delayed corn drying. In Mato Grosso, over half of the planted area has already been harvested, with yields exceeding expectations. However, in Paraná, progress remains slow due to frequent rains and high grain moisture. In Mato Grosso do Sul, reduced rainfall has facilitated natural drying and accelerated the harvest, while in Goiás, yields are confirming estimates of a crop shortfall.

Figure 3
Second-season Corn: Main Producing States, 2025/26



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

- **Mato Grosso:** As of mid-July, 60 percent of the projected corn harvest area for the 2025/26 season in Mato Grosso was harvested, exceeding last year's rhythm over the same timeframe. However, according to data released by the Mato Grosso Institute of Agricultural Economics (IMEA), this strong performance has a downside: the prospect of high market volumes is putting downward pressure on prices, leading to a reluctance among producers to finalize sales. The production estimate for the 2025/26 crop stands at 53.3 MMT, with an anticipated yield of 120.28 bags per hectare across an area of 7.39 million hectares (ha).

- **Paraná:** The state's 2025/26 second-season corn crop reached a record area of 2.9 million hectares, 4 percent above the previous cycle, with production estimated at 17.6 MMT. As harvesting progresses, surpassing the 10 percent mark by mid-July, operations have been hindered by high humidity levels, as reported by DERAL/PR. The increase in planted area should offset an estimated 2 percent decrease in yield.

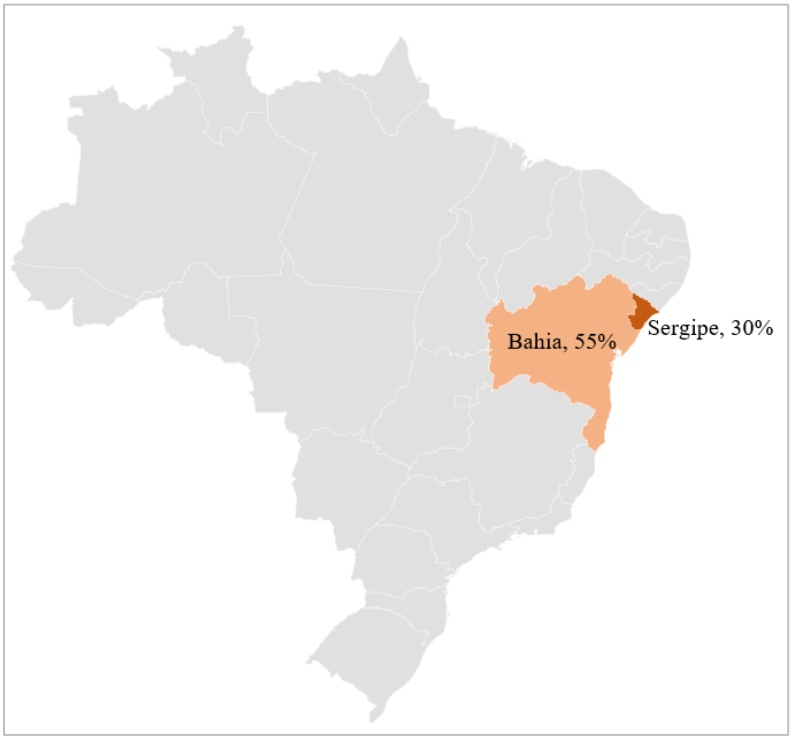
- **Goiás:** The state's Secretariat of Agriculture, Livestock, and Supply projects the production of the 2025/26 second-season corn crop to be 10.3 MMT. Unfortunately, crops across much of the state experienced water deficit during critical development stages, namely, flowering and grain filling, between April and May. As a result, producers are reporting severe crop failure and yield losses. CONAB estimates production to drop to 8.7 MMT in the state, a 31 percent loss in relation to the 2024/25 harvest.

- **Mato Grosso do Sul:** The 2025/26 second-season corn harvest in the state is moving at a slower pace than usual, as fieldwork began later due to frequent rainfall. The Mato Grosso do Sul Soybean and Corn Producers Association (APROSOJA/MS) reports that 71 percent of the crops are in good condition, 18 percent in fair condition, and 11 percent classified as poor. APROSOJA/MS has maintained its projection for planted area at 2.2 million hectares for the 2025/26 crop. However, the average yield is expected to drop by 22 percent compared to the previous season, reaching an estimated 84.2 bags per hectare. Consequently, production is anticipated at 11.1 MMT, marking a 20 percent decrease from the 2024/25 harvest. For CONAB, the loss is not as significant year-on-year, with production for 2025/26 estimated at 12.4 MMT, 5 percent below the previous cycle.

Third-Season Corn

Third-season corn crop, planted only in the north and northeast states, has a crop cycle that 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 traditionally presents lower yield rates. Many analysts credit the lower productivity to the lesser use of technology in the region as producers tend to designate their harvest for livestock feed.

Figure 4
Third-season Corn: Producing States, 2025/26



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

- **Bahia:** The third-season corn crop in Bahia is primarily located in the SEALBA region, which includes Sergipe, Alagoas, and northeastern Bahia. Dry weather has significantly reduced rainfall in key agricultural regions, compromising the potential of rain-fed crops. This situation has created a stark contrast: crops in the central-north and western regions are maintaining good quality due to irrigation, while the northeast is experiencing confirmed losses and poor quality during critical stages of vegetative growth, flowering, and grain filling. For the 2025/26 harvest, CONAB estimates production at 1.5 MMT, reflecting a 12 percent increase over the previous season, primarily due to an expansion in planted area.

- **Sergipe:** Corn harvesting in the state will begin in August and should last until December. A survey conducted by the Brazilian Institute of Geography and Statistics (IBGE) indicates a nearly 20 percent cumulative increase in corn production in Sergipe over the last four years. The state government is promoting planting through various initiatives, including seed distribution, to thousands of farming families and tax reductions to enhance competitiveness. As a result, the state has established itself as a benchmark for corn production in the Northeast region, with output surpassing the 1-million-ton mark and standing out for its high productivity.

  However, the 2025/26 harvest is expected to decrease production by 35 percent, according to CONAB, with estimates dropping from 1.2 MMT in 2024/25 to 818,700 tons. With planting now completed, many regions have been affected by severe drought, leading to reduced soil moisture for plants. In some areas, producers are forced to release their livestock, fearing they will not have enough crops to harvest for silage. Reports of crop failure are emerging from nearly the entire state.

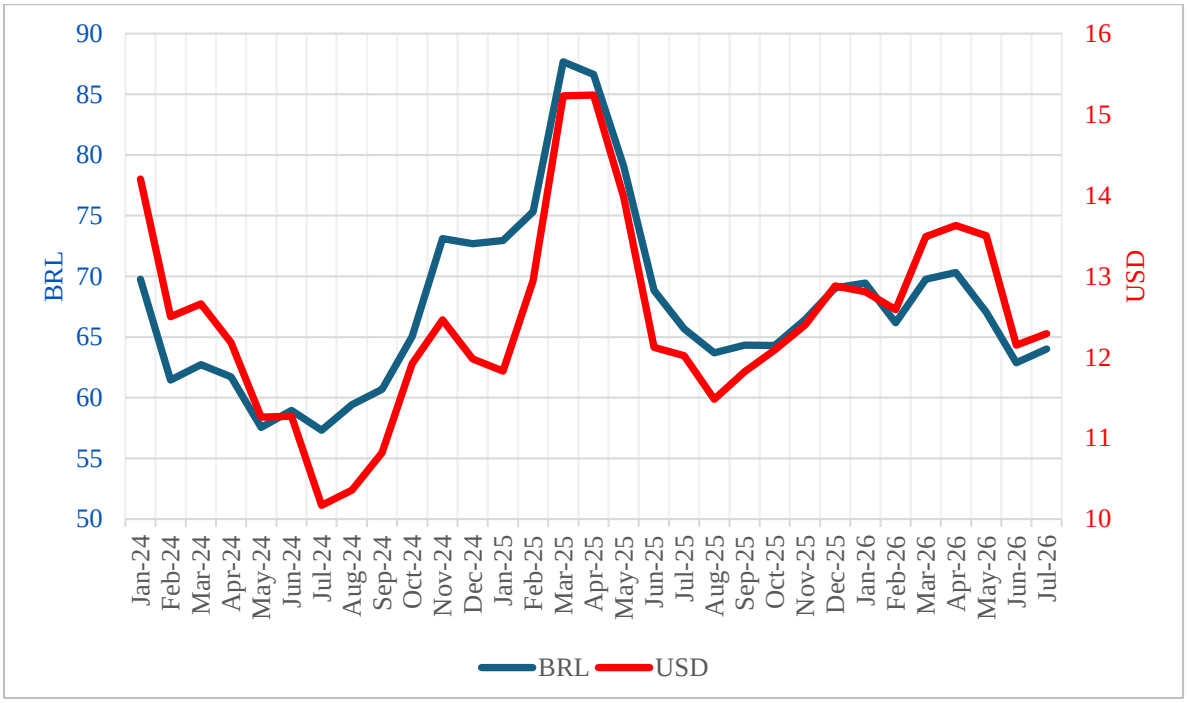
Corn Prices

In the first half of 2026, Brazil’s corn market experienced significant downward pressure on prices due to high domestic supply and ample global stocks. However, by the end of June and into early July, there was a shift toward price recovery and balance, influenced by weather factors and producers' reluctance to sell.

At the beginning of the year, prices remained stable, strengthened by the regional spot market. The arrival of the first-season corn crop contributed to upward price movements. However, starting in April, prices fell considerably as the second-season harvest progressed and the U.S. dollar (USD) depreciated. This downward pressure intensified as the second-season crop harvest continued, leading to prices reaching their lowest point of the year in mid-June 2026.

According to the University of São Paulo's Center for Advanced Studies in Applied Economics (CEPEA), the average monthly cost for a 60-kilogram bag of corn in June 2026 was BRL 63.68 (USD 12.41), a 3 percent decrease from the previous month, when corn was traded at BRL 65.60 (USD 13.16), and almost 7 percent lower than the average price of corn in June 2025 (BRL 68.15 / USD 12.29).

Figure 5
Corn Prices in Brazil



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

The wide availability of corn in the domestic market helps explain the pressure on corn prices. While domestic demand remains strong and continues to grow, the low competitiveness of Brazilian corn in the international market has led to a larger volume of the grain being retained within the country. Additionally, the appreciation of the Brazilian real (BRL) over the past year has made Brazilian corn less attractive to foreign buyers. Looking ahead to the second half of the year, the exchange rate may become even more volatile as the Brazilian general election cycle approaches.

Production Costs Accumulate

According to the Mato Grosso Institute of Agricultural Economics (IMEA), the estimated production costs for the 2026/27 corn crop at the end of June 2026 reached BRL 3,767.37 per hectare. This represents a 13.5 percent increase compared to the figures for the 2025/26 crop. The rise in production costs is mainly attributed to higher expenses for fertilizers and defensives, along with increased insurance costs.

As a result, the Effective Operating Cost (EOC) rose by 14 percent compared to the previous crop, ending June 2026 at BRL 5,493.40 per hectare. Additionally, the Total Cost increased by 10 percent year-over-year, reaching BRL 7,372.88 per hectare. Given this context, IMEA projects that, assuming a benchmark yield of 120.28 bags per hectare, producers will need to sell corn at a minimum price of BRL 45.96 per bag to cover the EOC.

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

Harvest	2020/21	2022/23	2025/26	2025/26	2026/27	2026/27
Year	2020	2022	2025	2025	2026	2026*
Month	Consolidated	Consolidated	Consolidated	January	January	June
a) Seeds	445.42	670.53	777.46	708.55	834.24	848.78
b) Fertilizers	735.63	1,816.57	1,421.89	1,396.97	1,521.07	1,532.66
c) DEFENSIVES (Fungicide, Herbicide, Insecticide, etc.)	398.17	585.83	737.78	678.04	823.34	913.04
d) MECHANIZED OPERATIONS (Planting, Fertilizing, Applications with Machines, Harvesting...)	84.05	161.99	170.19	172.35	176.68	190.81
e) Third Party Services	2.09	3.00	17.66	15.72	30.93	46.33
f) Labor	72.99	83.05	194.53	193.49	231.17	235.76
g) Maintenance	106.13	109.97	239.61	240.00	274.90	260.59
h) Taxes and Fees	90.59	118.33	151.10	150.80	178.86	173.29
i) Financing and Insurances	160.18	276.71	291.69	282.39	349.78	427.35
j) POST-PRODUCTION (Classification and Processing, Storage, Production Transport)	286.26	288.55	444.61	441.18	511.39	525.34
k) Other Costs (Technical Assistance, Utilities Fuel, General Expenses)	69.46	97.43	125.67	123.40	135.01	136.40
l) Lease	132.30	208.66	233.98	242.54	232.44	203.05
Effective Operating Cost - EOC (a + ... + l)	*2583.26*	*4,420.62*	*4,806.17*	*4,645.44*	*5,299.79*	*5,493.40*
DEPRECIATION (of Equipment, Utilities, and Improvements)	196.96	202.72	456.37	456.52	465.76	450.40
Family Labor	59.83	61.64	131.54	130.73	107.45	113.90
OPPORTUNITY COST (Working Capital, Improvements, etc.)	538.00	925.79	1,331.83	1,279.16	1,384.79	1,315.18
TOTAL	**3,378.06**	**5,610.78**	**6,725.91**	**6,511.85**	**7,257.79**	**7,372.88**

***Data Source**: Mato Grosso Institute of Agricultural Economics (IMEA), costs in BRL/ha, * with 2026 as estimates; Chart Post Brasilia*

Due to high production costs, fertilizer purchases for second-season corn in 2027 are progressing more slowly than in previous years. Producers are being cautious and feel that recent market conditions have not favored making firm commitments. The sector is still dealing with the aftermath of past crises, such as the sharp spike in fertilizer prices since the Russian war in Ukraine and the ongoing effects of the recent closure of the Strait of Hormuz. Many producers have decided to postpone their purchases, hoping for more moderate prices in the coming months.

The challenge, however, lies in the strict deadlines imposed by the agricultural calendar. With soybean planting just a few months away, the process of building stocks for the 2026/27 crop needs to advance. If imports continue to fall short of required levels, the market could face reduced product availability and higher prices precisely during peak demand periods.

Infrastructure Hurdles: The Ongoing Struggle

The agricultural sector accounts for approximately one-quarter of national economic activity and is experiencing increased production that places significant strain on transport infrastructure. Consequently, the national strategic priority has shifted: in addition to ensuring agricultural productivity, it is now essential to guarantee the efficient, planned, and competitive distribution of the harvest.

Static storage capacity is the most significant vulnerability in the production chain, with a structural deficit of approximately 135 million tons, much of which is concentrated in the Center-West region. In comparison, the United States can store 150 percent of its production (with 65 percent located on-farm), whereas Brazil stores about 62 percent, with just 17 percent of this capacity situated on rural properties, according to the Brazilian Association of the Machinery and Equipment Industry (ABIMAQ). The insufficient availability of storage units compels producers to sell their harvest immediately, necessitating the hiring of trucks during periods when freight costs are elevated.

Recent studies on logistics infrastructure indicate that ports in Brazil’s "Northern Arc" have consistently increased their export volumes and have become the primary entry point for fertilizers into the country, mainly due to the strategic proximity to the key exporter nations. As this route gains prominence, its significance is increasing for the export of agricultural products.

Figure 6
Main Ports in Brazil's "Northern Arc"



***Data Source**: Image adapted by Post from Ministry of Agriculture, Livestock, and Supply (MAPA)*

In contrast, the Southeast and South corridors, which include the major ports of Santos and Paranaguá, are experiencing more modest growth. Although these corridors continue to handle the majority of exports, this slower growth reflects a significant logistical shift in grain shipments and input sourcing from the South toward Brazil's Central-North region.

Brazilian grain exports primarily rely on road transportation, which creates a logistical bottleneck. The country currently operates with an estimated surplus of 70,000 trucks on long-distance routes. Data from the Ministry of Transport indicate a gradual effort to rebalance logistics in the country, but estimates suggest that in 2025, rail transport accounted for 25 percent of freight movement, waterways for 9 percent, and road transport for 66 percent. In 2023, road transport was responsible for 69 percent of Brazilian soybean exports, as reported by the Research and Extension Group in Agroindustrial Logistics (ESALQ-Log/USP).

To reduce costs and logistical challenges, the agribusiness sector has adopted the backhaul strategy. Under this approach, the same fleet that delivers grain to ports returns to production regions carrying fertilizer. This strategy is especially important in the Northern Arc, where fertilizer imports are rising.

Approximately 85 percent of fertilizers used in Brazil are imported, which increases the agribusiness sector's vulnerability to international price volatility and supply constraints. Prices for urea, ammonia, and other nitrogen-based fertilizers are rising. The most pronounced impacts are anticipated during the purchasing cycle for the 2026/27 crop season. Purchases of nitrogen-based fertilizers from overseas

typically begin in June and July, with volumes peaking by December as importers replenish stocks before the second-season corn crop planting. In contrast, phosphate fertilizer acquisitions generally occur between April and August.

Brazilian fertilizer imports declined by nearly 9 percent in the first half of 2026 compared to the same period in the previous year. This decrease reflects a more cautious approach among Brazilian buyers, who have postponed negotiations in response to ongoing geopolitical uncertainties.

Nitrogen fertilizer prices experienced a sharp decline mid-year after reaching a peak in April 2026. However, this price reduction did not affect all market segments. Phosphate fertilizers remain scarce due to persistently high sulfur prices, which is a critical raw material for their production. As a result, pressure on certain agricultural inputs continues.

Fluctuations in urea prices have a large impact given urea's central role in food production. Approximately half of global agricultural output depends on synthetic nitrogen-based fertilizers, with urea being the most widely used. In Brazil, demand for nitrogen fertilizers generally increases during the second half of the year. The recent decline in urea prices benefits producers currently importing the product. However, industry contacts report that elevated urea costs have constrained the traditional barter system, in which producers exchange crops for fertilizers.

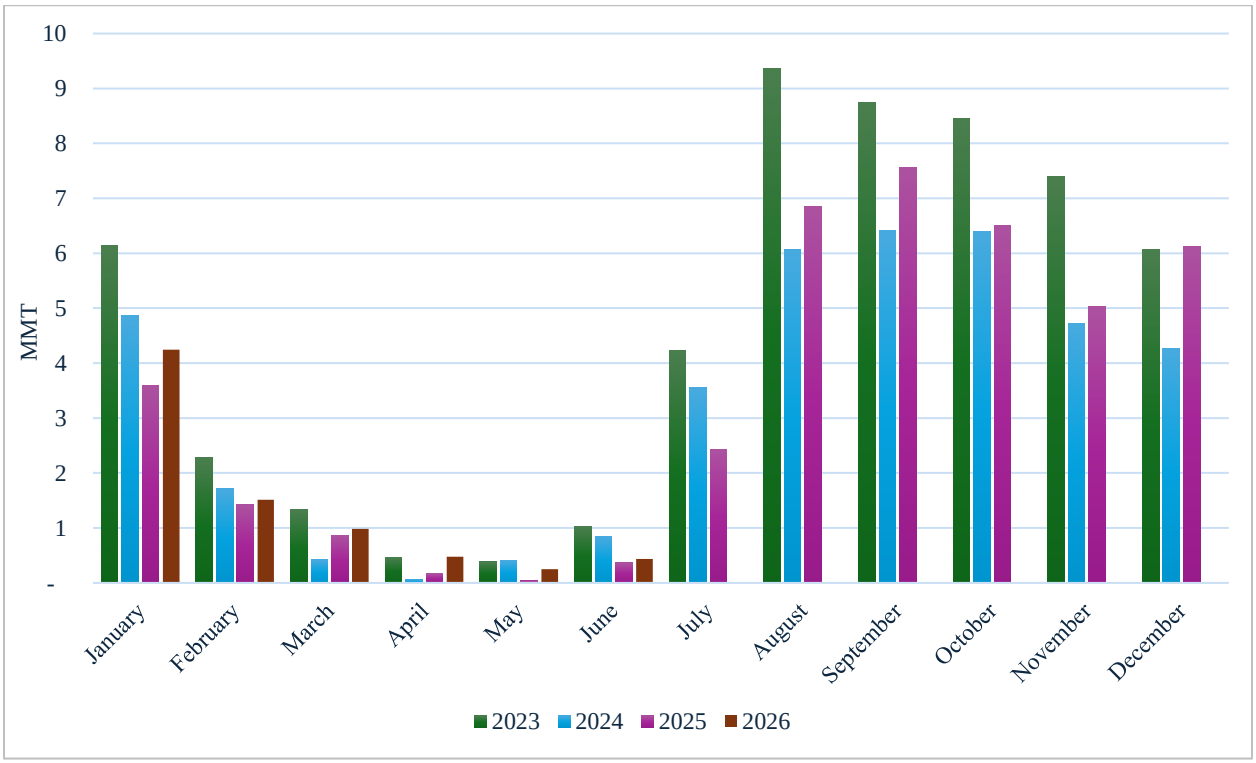
Corn Trade

Exports

Post revised its forecasts for corn exports for MY 2026/27 (March 2027 – February 2028) to 43 MMT, up 2 percent from the original forecast and from the 42 MMT estimated for MY 2025/26 (March 2026 – February 2027). The increase is driven by a greater supply of corn. However, it should be noted that, despite high production levels supporting export potential, the majority of Brazil's corn is consumed domestically.

According to data from the Secretariat of Foreign Trade (SECEX) under the Ministry of Development, Industry, Commerce and Services (MDIC), Brazilian corn exports in the first half of 2026 (from January to June) reached 7.9 MMT, a 22 percent increase compared to the same period in 2025. In June, Brazil shipped 435.5 thousand tons of corn, representing an 18 percent rise from June 2025. However, the average price per exported ton in June was nearly 7 percent lower than in June 2025. In May 2026, corn exports amounted to 250.5 thousand tons, marking an impressive 543 percent increase compared to May 2025, when only 38.9 thousand tons were shipped.

Figure 7
Brazilian Corn Exports by Month (2023 – 2026)

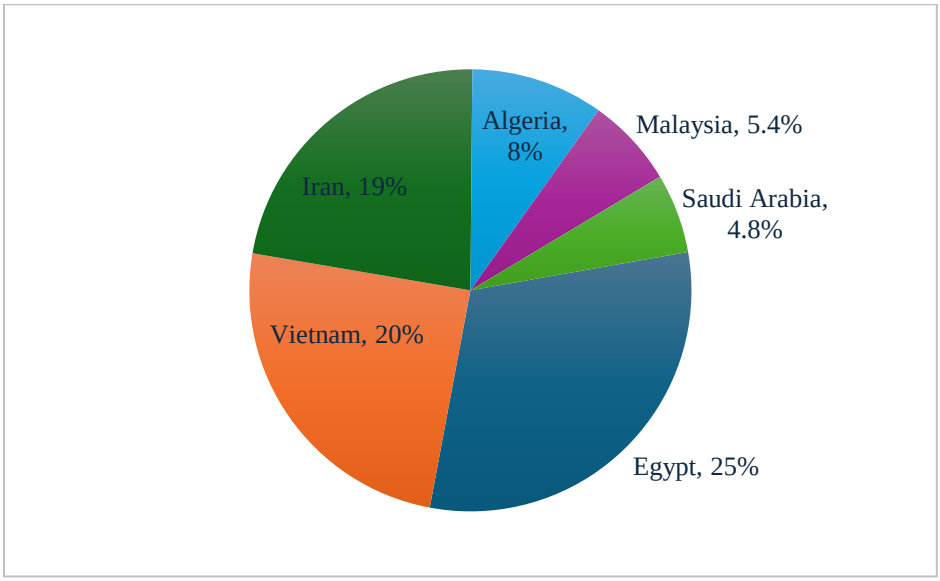


***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

Given the expectation of ample U.S. corn stocks and significant production in Argentina in 2026, competition with Brazil's second-season corn is expected to be intense. As such, Post contacts have indicated that this will likely make it increasingly difficult for Brazil to maintain the high export levels.

Data from SECEX indicates that between January and June 2026, Egypt emerged as the leading destination for Brazilian corn, purchasing 2 MMT, followed by Vietnam, which bought 1.6 MMT, and Iran, with purchases totaling 1.5 MMT. Rounding out the top five buyers are Algeria, which imported approximately 634 thousand tons, and Malaysia, which purchased nearly 430 thousand tons during the first half of the year.

Figure 8
Top Destinations of Brazilian Corn Exports (January – June 2026)



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

Post contacts indicate that the strengthening trade relationship between the People's Republic of China (PRC) and Australia may lead to shifts in the corn export balance from Brazil in the near future. This change is due to Australian barley regaining a strategic position in the PRC market, allowing it to compete with Brazilian corn for a share of the PRC's animal feed sector. The competitiveness of these two grains primarily depends on the price ratio and the availability of products that meet quality standards. When barley becomes a more attractive option, feed manufacturers tend to increase its inclusion in their formulations.

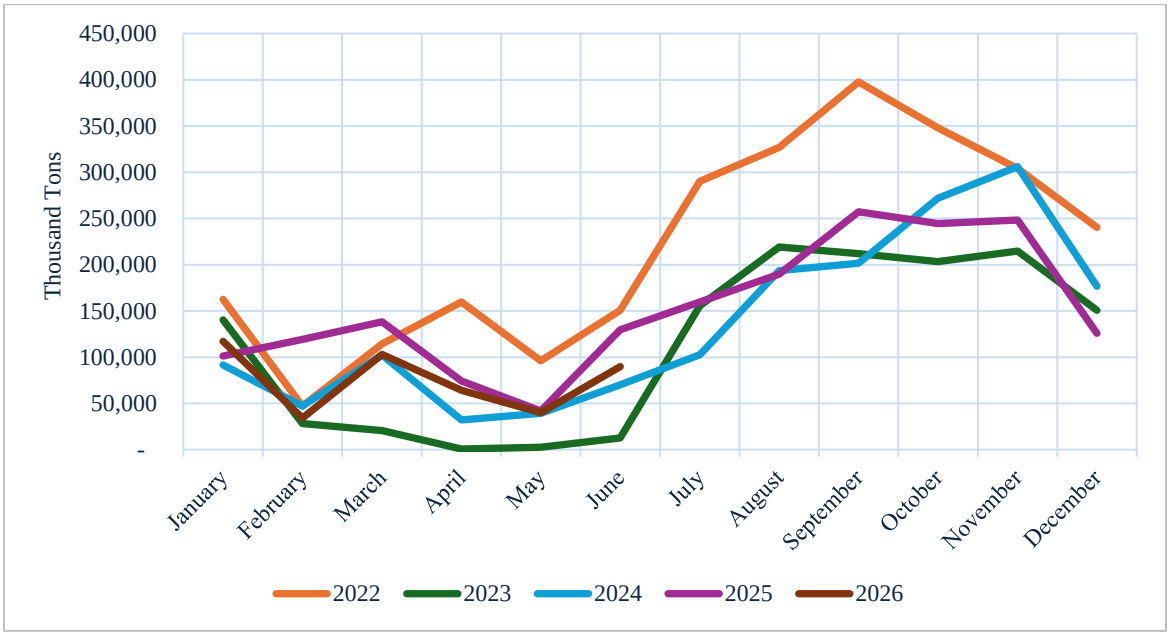
However, in situations where prices are high or the supply of premium barley is restricted, corn may regain market share and emerge as a competitive alternative. Depending on domestic demand in the PRC, the country might feel the need to import both grains. Brazilian exporters will need to closely monitor market trends and import dynamics.

Imports

Post maintained the forecast for corn imports for MY 2026/27 (March 2027 – February 2028) at 1.7 MMT, the same estimate for MY 2025/26 (March 2026 – February 2027). Compared to its total production, consumption, and export volumes, Brazil brings in a relatively small amount of corn through imports, which mainly serve to address short-term regional market needs.

While a sharp increase in import volumes appears unlikely, the country's growing consumption levels, especially in the feed and ethanol industries, could lead to a gradual, sustained increase in imports as a way to meet this rising demand.

Figure 9
Brazilian Corn Imports by Month (2022 – 2026)



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

In the first half of 2026 (January to July), Paraguay remained as the leading supplier of corn to Brazil, providing 99 percent of the imports. Out of an estimated 448,100 thousand tons of corn for the period, Paraguay supplied 446,600 thousand tons, according to SECEX data. Argentina ranked second, supplying 0.28 percent, followed by the United States at 0.03 percent and South Africa at 0.02 percent. Paraguay's dominance in the market is attributed to a combination of competitive prices and efficient logistics. U.S. corn exports to Brazil are mainly corn seeds for sowing.

Corn Consumption

Post increased its forecast for total corn consumption for MY 2026/27 (March 2027 – February 2028) to 100 MMT, a 3 percent growth over the revised estimate for MY 2025/26 (March 2026 – February 2027), of 97 MMT. The increase is driven by the continued growth of the ethanol and feed industries.

According to the Brazilian Association of Corn and Sorghum Producers (ABRAMILHO), approximately 60 percent of corn consumed in Brazil is used for animal feed. Of this amount, 32 percent are allocated to poultry and 15 percent to swine. Additionally, the use of corn in pet food is on the rise, now comprising 1.7 percent of domestic consumption. This is significant considering Brazil has the second-largest pet population in the world, following the United States.

ABRAMILHO states that direct consumption of corn by Brazilians remains low, accounting for 3 percent of total domestic use. The per capita consumption is around 12 kg per year, which is notably lower than in other countries: 63 kg in Mexico, 42 kg in the European Union, 30 kg in the PRC, and 28 kg in the United States.

The demand for corn in ethanol production continues to grow annually as new ethanol and flex plants are established. The Brazilian government announced an increase in the mandatory blend of anhydrous ethanol in gasoline from 30 to 32 percent (E32). This change is expected to create additional annual demand of about 1 billion liters of ethanol, with approximately 300 million liters expected to come from the corn ethanol industry, according to the National Corn Ethanol Union (UNEM).

The Agriculture and Livestock Federation of Mato Grosso (FAMATO) has announced that second-season corn has initiated a new phase for the state's production sector. They estimate that the expansion of processing industries will drive up demand for corn in the coming years. FAMATO forecasts that Mato Grosso will nearly double its number of processing plants in the near future, requiring a substantial increase in corn production for bioenergy, ethanol, and animal protein.

The National Union of Animal Feed Industries (SINDIRAÇÕES) projects that Brazil's animal feed production will grow by 3.4 percent in 2026, reaching a total of 97 million tons, up from 94 million tons in 2025. In this estimate, the sector is projected to consume around 62 million tons of corn, including bran and Distillers Dried Grains (DDGs), which is a high-protein meal for animal feed.

Post contacts have indicated that the anticipated reduction in livestock herds due to export restrictions on Brazilian meat imposed by key trading partners, such as the European Union, is not expected to have a significant impact on the rate of corn consumption for animal feed in the 2026/27 period.

For first-season corn, the grain is traditionally directed toward animal protein and feed, supporting a domestic market that is less vulnerable to external shocks. In contrast, while the second-season corn also serves these purposes, it is increasingly utilized by the corn-based ethanol industry.

RICE

Production, Supply, and Distribution

Table 3
Production, Supply, and Distribution of Rice

Rice, Milled	2024/2025		2025/2026		2026/2027	
Market Year Begins	Apr 2025		Apr 2026		Apr 2027	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1764	1764	1600	1600	1500	1500
Beginning Stocks (1000 MT)	336	336	1189	1189	964	1039
Milled Production (1000 MT)	8675	8675	7600	7600	7400	7400
Rough Production (1000 MT)	12757	12757	11176	11176	10882	10882
Milling Rate (.9999) (1000 MT)	6800	6800	6800	6800	6800	6800
MY Imports (1000 MT)	948	948	925	1000	950	1100
TY Imports (1000 MT)	931	931	975	975	950	950
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	9959	9959	9714	9789	9314	9539
MY Exports (1000 MT)	1370	1370	1400	1400	1400	1400
TY Exports (1000 MT)	1091	1091	1400	1400	1400	1400
Consumption and Residual (1000 MT)	7400	7400	7350	7350	7300	7300
Ending Stocks (1000 MT)	1189	1189	964	1039	614	839
Total Distribution (1000 MT)	9959	9959	9714	9789	9314	9539
Yield (Rough) (MT/HA)	7.2319	7.2319	6.985	6.985	7.2547	7.2547

MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice begins in January. TY 2026/27 = January 2027 - December 2027
Source: Post Brasilia

Rice Production

The economic outlook for Brazil’s rice industry remains highly constrained, setting the stage for repercussions through the 2026/27 cycle. Producers in 2025/26 were hit by tight credit conditions, steep production costs, and sustained high interest rates. This unfavorable balance between elevated production costs and low profit margins has eroded planting incentives, leading to forecasts of contracting planted area and total output in the 2025/26 harvest and the subsequent 2026/27 cycle.

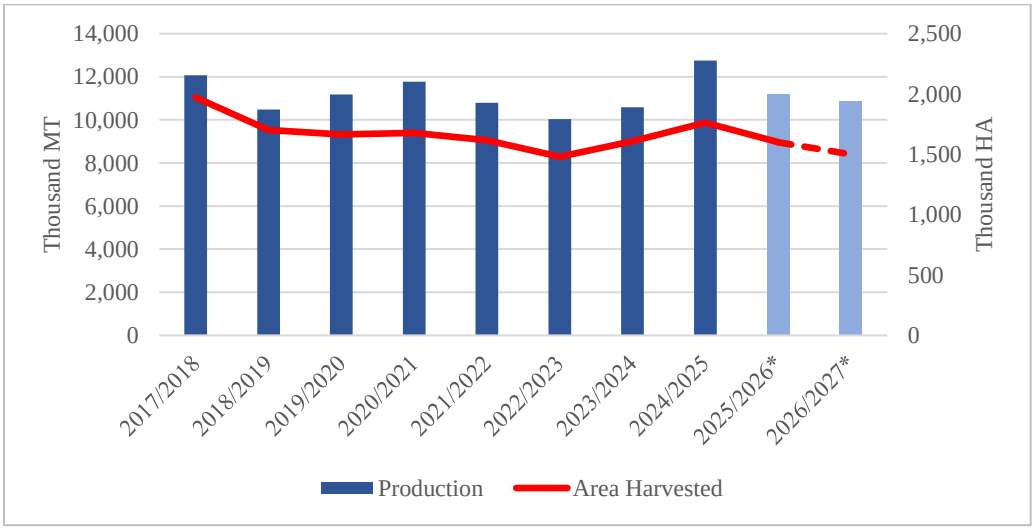
2026/27 Production Set to Decrease Due to a Drop in Planted Area

Post reduced its forecast for rice planted area for MY 2026/27 (April 2027 – March 2028) to 1.5 million hectares (ha), a 6 percent decrease over the estimate for MY 2025/26 (April 2026 – March 2027), set at 1.6 million hectares (ha). Rice production for MY 2026/27 was revised to 7.4 million metric tons (MMT) of milled rice equivalent (MRE), an equivalent of 10.8 MMT of paddy rice. This represents a 2.6 percent drop over the MY 2025/26 production estimate, set at 11.1 MMT.

The 2025/26 Brazilian rice harvest saw a slowdown in domestic supply and a reduction in planted area. After a supply recovery in 2024/25, the domestic rice market again faced strong economic pressure, driven by high production costs, tight profit margins, and competition from the significant volumes harvested in other Mercosur countries during the previous cycle. This scenario is set to continue into the 2026/27 cycle, leading to further decreases in area and production.

The reduction in planted area was a result of producers scaling back planting in favor of more profitable crops and in response to a challenging financial environment characterized by tighter credit and high interest rates.

Figure 10
Rice: Evolution of Production and Area



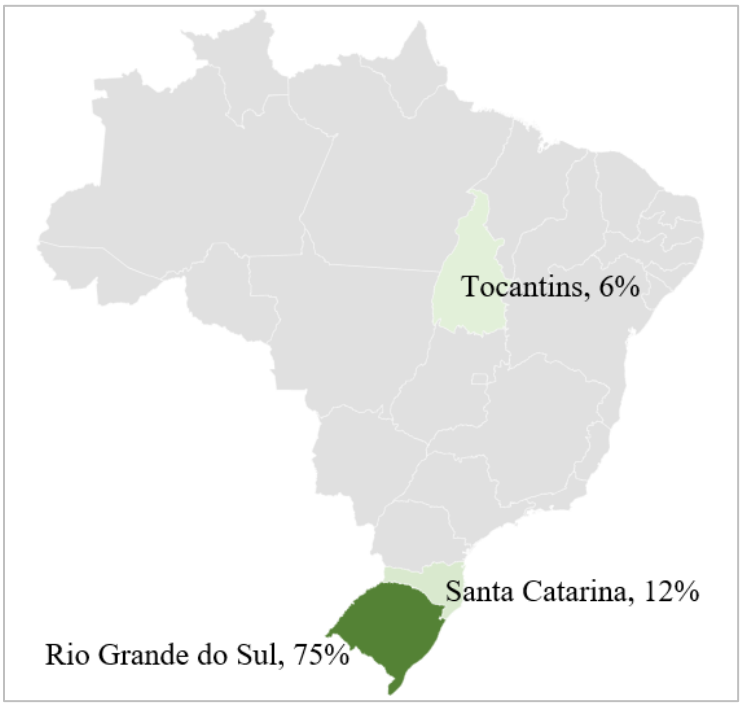
Data Source: *Foreign Agricultural Service, Official USDA Estimates, with 2025/26 and 2026/07 as estimates; Graph Post Brasilia*

Harvest Outlook

The 2025/26 rice harvest is complete in the country's major producing areas, confirming the estimated reduction in planted area compared to the previous cycle. Rio Grande do Sul remained the leading production state and was responsible for the largest share of the national harvest. According to the National Supply Company (CONAB), in the 2025/26 crop season, 94 percent of the rice planted in Brazil was irrigated, and the remaining 6 percent was rainfed.

Irrigated Rice

Figure 11
Main Irrigated Rice Producing States (2025/26)



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

- **Rio Grande do Sul:** The 2025/26 rice harvest concluded with an 8 percent decrease in planted area, totaling 891.9 thousand hectares, according to data from the Rio Grande do Sul Rice Institute (IRGA). Compared with the previous cycle, average crop yield was estimated by the Technical Assistance and Rural Extension Agency of Rio Grande do Sul (EMATER/RS) at 8,703 kilograms per hectare (kg/ha), resulting in a total 2025/26 production of 7.7 MMT. This volume is 11 percent lower than that of the previous cycle, when the state harvested 8.7 MMT of rice.

  The Federation of Rice Growers' Associations of the State of Rio Grande do Sul (FEDERARROZ) is advocating differentiated treatment from the federal government for rural producers in Rio Grande do Sul, aiming to ensure the continuity of production in the face of the sectoral crisis. Federarroz cites indebtedness, high production costs, market prices incompatible with production costs, difficulty accessing credit, high interest rates, competition from imported products, and the impacts of extreme weather events recorded in the state over the last five years as factors justifying specific measures to assist rice growers from Rio Grande do Sul.

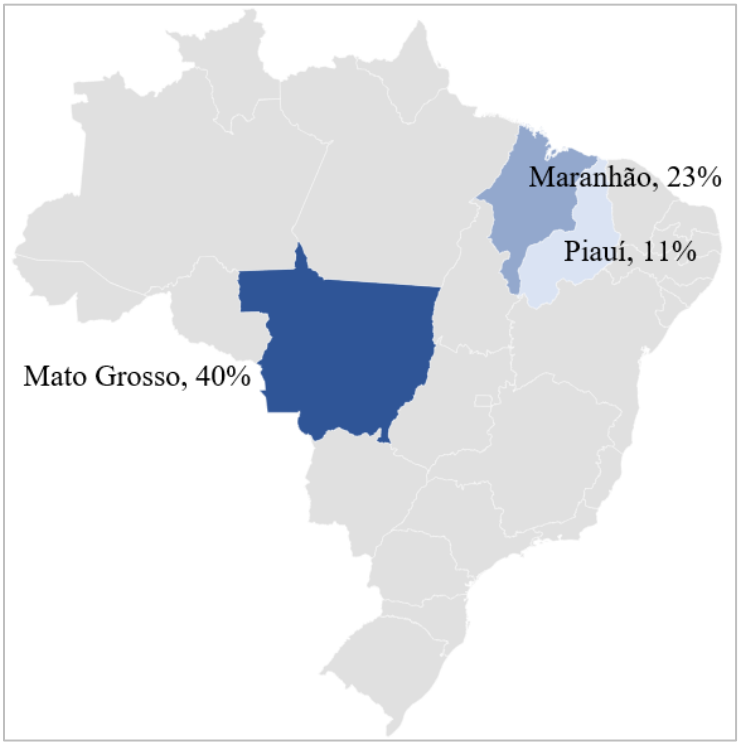
- **Santa Catarina:** According to the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC), the state has 94 rice-producing municipalities, totaling 143.4 thousand hectares of irrigated rice. Production for the 2025/26 irrigated rice crop is estimated at 1.25 MMT, a 3 percent decrease compared to the 2024/25 season. The decline reflects a slight reduction in

planted area and the exceptional performance of the previous cycle, which had pushed output above trend. Producers also reduced input use because prices were below production costs, leading to lower yields. Following the completion of the 2025/26 harvest in April, producers are beginning soil preparation for the new harvest.

- **Tocantins:** The four largest irrigated rice-producing municipalities in the North region of Brazil are in the state of Tocantins. Producers in the region use flood irrigation systems for irrigated rice cultivation during the rainy season, from October to April. During the dry season, from May to September, sub-irrigation systems are primarily used for soybean seed production, as well as for cultivating corn, beans, and watermelons. The state's southwestern region is recognized as one of Brazil's key irrigated agriculture areas and was incorporated into the National Irrigated Agriculture Policy. Nevertheless, with high production costs and low market prices, producers have opted to swap rice for other more profitable crops such as soybeans and corn this 2025/26 season. As a result, planted area decreased by over 20 percent in relation to the previous cycle, dragging the production of irrigated rice from 807 thousand tons in 2024/25 to 622 thousand tons in 2025/26.

Dryland Rice

Figure 12
Main Dryland Rice Producing States (2025/26)



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

- **Mato Grosso:** Dryland rice cultivation in the state is widely used in rotation with soybeans and for pasture renovation. It is gaining traction as a second and third crop. Low rice prices have led producers to plant less rice in the 2025/26 harvest, reducing the planted area by almost 50 percent, according to CONAB. This has led to a direct reduction in production, which closed the 2025/26 season at 271.4 thousand tons, half of the amount achieved in the 2024/25 harvest, of 537.1 thousand tons.

- **Maranhão:** The state's rice production was severely reduced in 2025/26, with CONAB estimating a 51 percent drop in comparison to the previous cycle. As a result, dryland production closed at 124.1 thousand tons. The decline is a result of lower yields and a decrease in planted area. Faced with growing production costs and high interest rates, producers reduced technological investments in the harvest and opted to plant more profitable crops, such as soybeans or corn. In addition, crops were hit with periods of lack of rain during critical development phases and high humidity during harvesting, both of which impacted output.

- **Piauí**: Rice cultivation in the state is driven largely by family farming. The 2025/26 harvest faced periods of drought in some regions, although not severe enough to reduce yield. As such, the state showed an increase of almost 7 percent in productivity in relation to the previous cycle, according to CONAB. However, the planted area of dryland rice reduced from 52 thousand hectares to 47 thousand hectares, resulting in a 3 percent production decline. CONAB estimated the 2025/26 production at 73.1 thousand tons.

Rice Prices

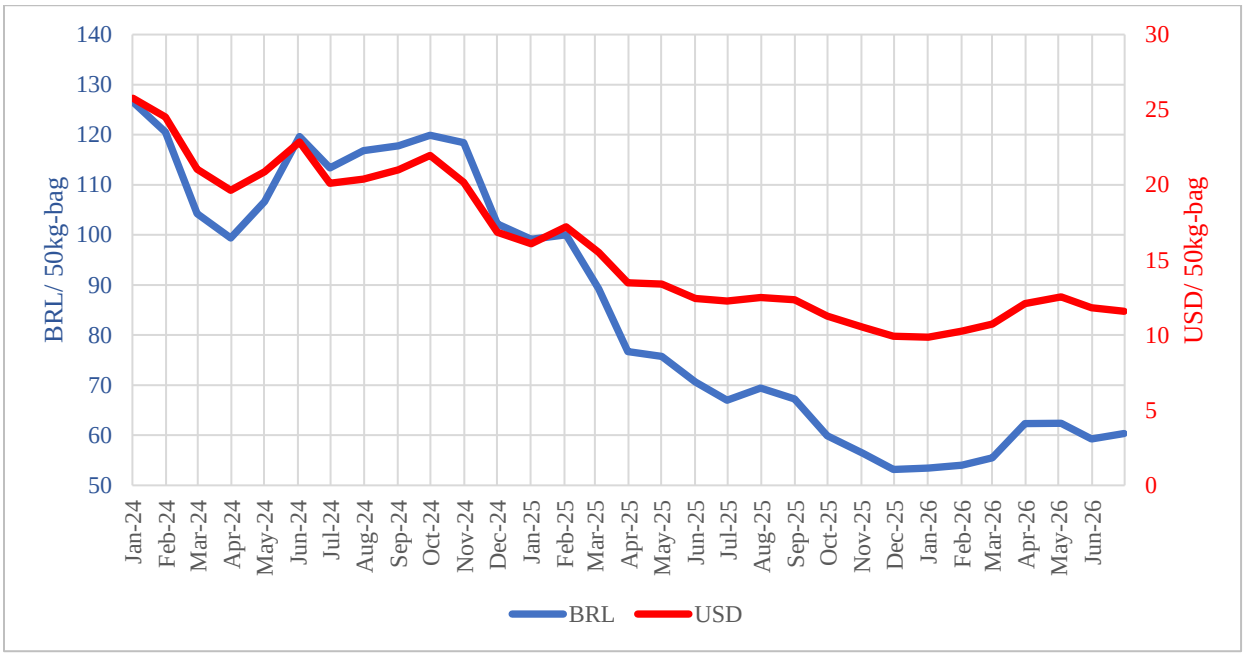
Brazilian rice exports in the first half of 2026 helped ease supply pressure in the domestic market by allowing a portion of production to be directed to foreign markets. This created conditions for a gradual recovery in the prices paid to producers.

Processing companies took a cautious approach to purchasing, constrained by the difficulty of passing costs on to wholesale and retail sectors and the tight processing profit margins. In May, some buyers shifted their focus to rice auctions held by CONAB, reducing their participation in direct negotiations and contributing to shifts in spot market dynamics.

CONAB held four commercial sale auctions for the 2025/26 paddy rice crop; the first was aimed at producers in Rio Grande do Sul, Santa Catarina, Alagoas, and Sergipe, while the subsequent three targeted only the southern states. Approximately 262,800 metric tons of rice were traded through the PEPRO (Equalizer Premium Paid to Rural Producers) and PEP (Premium for Product Flow) mechanisms.

According to the Center for Advanced Studies on Applied Economics (CEPEA/ESALQ/USP), the average rice price in June 2026 was BRL 59.49 (USD 11.59) per 50-kg bag, 11 percent lower than the average in June 2025. In May 2026, rice in Rio Grande do Sul was traded at BRL 61.02 (USD 12.24) per 50-kg bag, almost 2.5 percent below June 2026.

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*

Post contacts anticipate a continued upward trend in prices over the coming months as the crop continues to hit the market. Furthermore, price trends in the second half of the year will also depend on the performance of the U.S. crop and production in Asian countries, which are already feeling the effects of the El Niño phenomenon, as these supplies compete for market share.

Under normal market conditions, increased supply would exert downward pressure on prices. However, recent movements have not followed this pattern. According to CEPEA, current rice prices remain below the minimum reference price established under Brazil's Minimum Price Guarantee Policy (PGPM). Part of the effective price floor is sustained through policy tools such as PEP, PEPRO, and product retention by market participants.

The PGPM is a federal policy instrument designed to reduce income volatility for rural producers and ensure a minimum level of remuneration. The PGPM minimum price also serves as a reference for supply decisions, encouraging or discouraging production and helping to ensure regular domestic availability. PEPRO and PEP are CONAB-administered auction mechanisms that help guarantee that producers receive at least their cost of production when market prices are very low. Under PEPRO, the subsidy is paid directly to the producer or cooperative that sells the product. Under PEP, the subsidy is paid to the buyer (such as a mill or trader), who must in turn pay the PGPM minimum price to the producer.

Table 4
Rice Minimum Guaranteed Prices for Long Fine Paddy Rice

Rice	Location	Type	Quantity	2025/26	2026/27	Validity
2025/26 harvest	South (except Paraná)	1-58/10	50 kg	R$ 63.64	R$ 63.74	Feb 2026 to Jan 2027
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	R$ 80.00	R$ 80.00	
2026/27 harvest	South (except Paraná)	1-58/10	50 kg	BRL 63.74	BRL 68.07	Feb 2027 to Jan 2028
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	BRL 80.00	BRL 88.44	

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

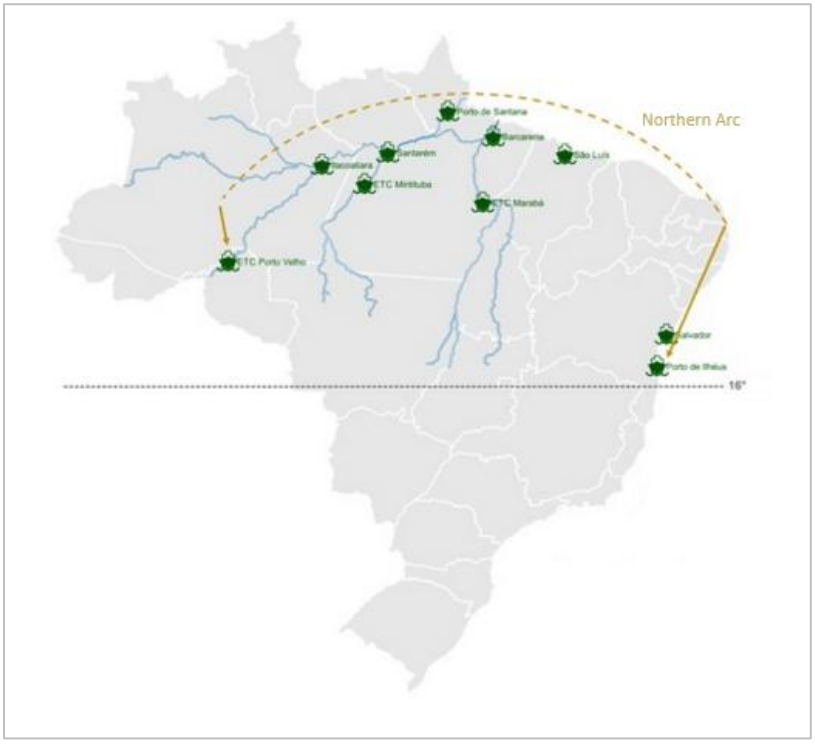
Infrastructure Hurdles: The Ongoing Struggle

The agricultural sector accounts for approximately one-quarter of national economic activity and is experiencing increased production that places significant strain on transport infrastructure. Consequently, the national strategic priority has shifted: in addition to ensuring agricultural productivity, it is now essential to guarantee the efficient, planned, and competitive distribution of the harvest.

Static storage capacity is the most significant vulnerability in the production chain, with a structural deficit of approximately 135 million tons, much of which is concentrated in the Center-West region. In comparison, the United States can store 150 percent of its production (with 65 percent located on-farm), whereas Brazil stores about 62 percent, with just 17 percent of this capacity situated on rural properties, according to the Brazilian Association of the Machinery and Equipment Industry (ABIMAQ). The insufficient availability of storage units compels producers to sell their harvest immediately, necessitating the hiring of trucks during periods when freight costs are elevated.

Recent studies on logistics infrastructure indicate that ports in Brazil's "Northern Arc" have consistently increased their export volumes and have become the primary entry point for fertilizers into the country, mainly due to the strategic proximity to the key exporter nations. As this route gains prominence, its significance is increasing for the export of agricultural products.

Figure 14
Main Ports in Brazil's "Northern Arc"



***Data Source**: Image adapted by Post from Ministry of Agriculture, Livestock, and Supply (MAPA)*

In contrast, the Southeast and South corridors, which include the major ports of Santos and Paranaguá, are experiencing more modest growth. Although these corridors continue to handle the majority of exports, this slower growth reflects a significant logistical shift in grain shipments and input sourcing from the South toward Brazil's Central-North region.

Brazilian grain exports primarily rely on road transportation, which creates a logistical bottleneck. The country currently operates with an estimated surplus of 70,000 trucks on long-distance routes. Data from the Ministry of Transport indicate a gradual effort to rebalance logistics in the country, but estimates suggest that in 2025, rail transport accounted for 25 percent of freight movement, waterways for 9 percent, and road transport for 66 percent. In 2023, road transport was responsible for 69 percent of Brazilian soybean exports, as reported by the Research and Extension Group in Agroindustrial Logistics (ESALQ-Log/USP).

To reduce costs and logistical challenges, the agribusiness sector has adopted the backhaul strategy. Under this approach, the same fleet that delivers grain to ports returns to production regions carrying fertilizer. This strategy is especially important in the Northern Arc, where fertilizer imports are rising.

Approximately 85 percent of fertilizers used in Brazil are imported, which increases the agribusiness sector's vulnerability to international price volatility and supply constraints. Prices for urea, ammonia, and other nitrogen-based fertilizers are rising. The most pronounced impacts are anticipated during the purchasing cycle for the 2026/27 crop season. Purchases of nitrogen-based fertilizers from overseas

typically begin in June and July, with volumes peaking by December as importers replenish stocks before the second-season corn crop planting. In contrast, phosphate fertilizer acquisitions generally occur between April and August.

Brazilian fertilizer imports declined by nearly 9 percent in the first half of 2026 compared to the same period in the previous year. This decrease reflects a more cautious approach among Brazilian buyers, who have postponed negotiations in response to ongoing geopolitical uncertainties.

Nitrogen fertilizer prices experienced a sharp decline mid-year after reaching a peak in April 2026. However, this price reduction did not affect all market segments. Phosphate fertilizers remain scarce due to persistently high sulfur prices, which is a critical raw material for their production. As a result, pressure on certain agricultural inputs continues.

Fluctuations in urea prices have a large impact given urea's central role in food production. Approximately half of global agricultural output depends on synthetic nitrogen-based fertilizers, with urea being the most widely used. In Brazil, demand for nitrogen fertilizers generally increases during the second half of the year. The recent decline in urea prices benefits producers currently importing the product. However, industry contacts report that elevated urea costs have constrained the traditional barter system, in which producers exchange crops for fertilizers.

The severe economic crisis experienced during recent harvests continues to negatively impact the rice supply chain. Faced with this scenario, companies in the sector have been seeking alternatives to make their internal operations more efficient without compromising the production cycle. These measures include increased factory automation, particularly in response to labor shortages.

Rice Trade

Exports

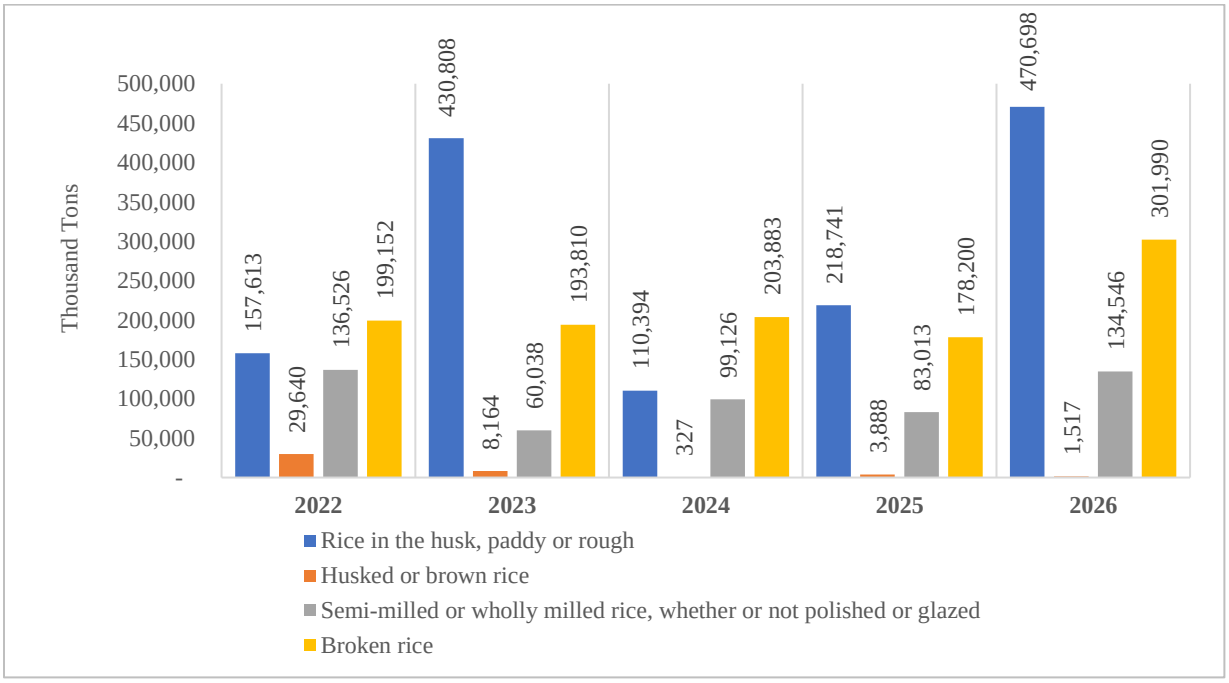
Traditionally, rice exports tend to increase between May and August, and producers rely on these sales to help regulate market prices. Brazilian domestic consumption alone is not sufficient to support higher prices without a more favorable international trade environment.

Post revised its forecast for rice exports for MY 2026/27 (April 2027 – March 2028) to 1.4 MMT, the same estimate for MY 2025/26 (April 2026 – March 2027). Brazil remains a strong exporter of paddy and broken rice, and low prices of rice paid in the domestic market stimulate international sales. As internal demand continues to be strong, exports are likely to remain at a high level in the upcoming season.

Brazilian rice exports grew by 88 percent between January and June compared to the same period in 2025, marking one of the best performances ever recorded for the sector, according to data from the Secretariat of Foreign Trade (SECEX) under the Ministry of Development, Industry, Commerce and Services (MDIC).

Brazil exported 908,751 thousand tons of rice between January and June 2026, generating export revenue of USD 266,786 thousand. While the export volume rose by about 88 percent in comparison to 2025, the export value increased by 35 percent, largely due to more timid exchange-rate movements between the U.S. dollar (USD) and the Brazilian real (BRL). According to data from SECEX, Brazil exported almost 170,844 thousand tons of rice in June 2026, a 34 percent increase over the amount registered in June 2025.

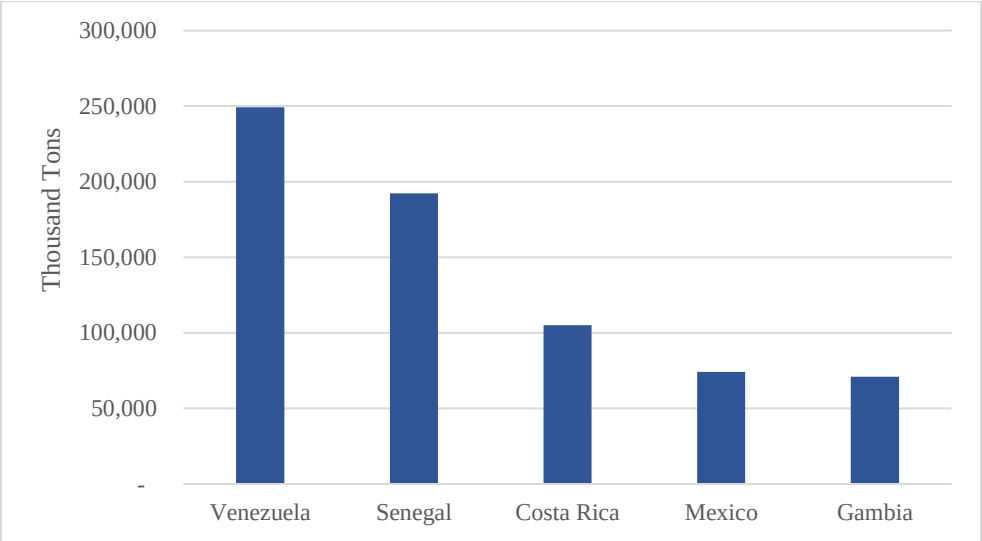
Figure 15
Brazilian Rice Exports, by Category (January to June 2022 - 2026)



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

The main buyers of Brazilian rice in the first half of 2026 were Venezuela, Senegal, Costa Rica, Mexico, and Gambia. Senegal and Gambia imported primarily broken rice, while Venezuela, Mexico, and Costa Rica sourced mainly paddy rice from Brazil. These countries were also the main destination of Brazilian rice in 2025.

Figure 16
Main Destinations of Brazilian Rice (January - June 2026)



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

Brazilian rice exporters have recently expressed concern that the lack of consensus on the internal division of agricultural quotas under the Mercosur-European Union trade agreement is delaying access to the European market. Under the agreement, the FIFO (First In, First Out) system defines the release of import quotas. Since Mercosur countries have not reached a consensus on the internal division of quotas for sensitive products such as rice, access to the European market is distributed in chronological order of application. The agreement stipulates that the quota will expand progressively, reaching 60,000 tons annually over the next five years.

Uruguay and Argentina exhausted all tariff-free rice quotas in the first month after the treaty came into effect, exporting the annual quota of 6,667 tons in May. This move frustrated new license applications from Brazilian exporters and exposed operational asymmetries. Uruguay retained 63 percent of the quota, with Argentina covering the remainder.

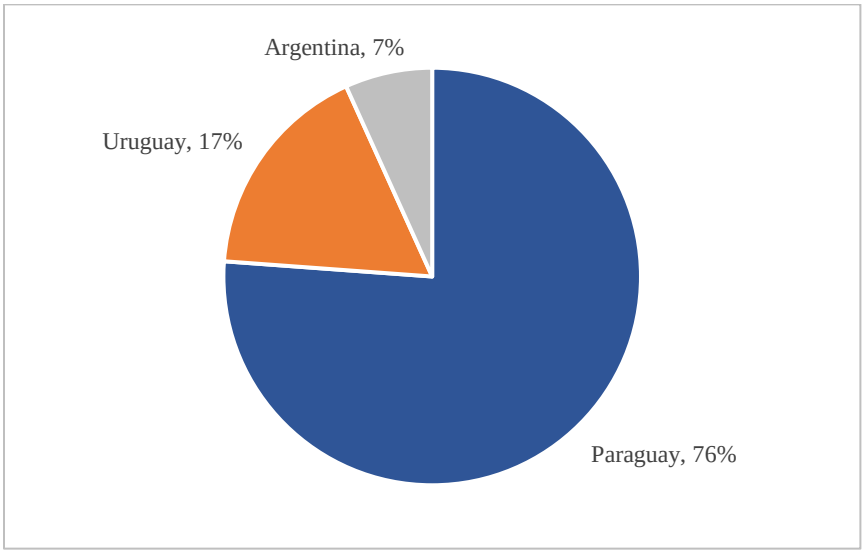
In mid-July, the United States announced an additional 25 percent tariff on Brazilian rice exports. The measure primarily affects Rio Grande do Sul and Santa Catarina, states that account for a large share of exported grain. The United States was the third-largest buyer of Brazilian milled rice in June, responsible for nearly 20 percent of the imports of this grain, behind only Peru and Cuba. According to Post contacts, the measure is expected to reduce exports, as Brazilian milled rice will become more expensive in U.S. markets and less competitive. To offset this, producers may try to compensate by exporting paddy rice to other countries to balance stocks.

Imports

Post maintained its forecast for rice imports for MY 2026/27 (April 2027 – March 2028) at 1.1 MMT and maintained its estimates MY 2025/26 (April 2026 – March 2027) imports at 1 MMT. Brazil imports mainly husked and milled rice, in contrast to exports, which consist largely of broken and paddy rice. Imports are forecast to rise as the domestic industry takes advantage of favorable harvest conditions, competitive prices, and relatively simple logistics in neighboring countries, which remain Brazil's leading rice suppliers.

Paraguay, Uruguay, and Argentina remain Brazil's main sources for imported rice. Capitalizing on Mercosur's duty-free trade agreement and streamlined logistics, these countries enjoy preferential market access and stronger sales opportunities across the Brazilian border.

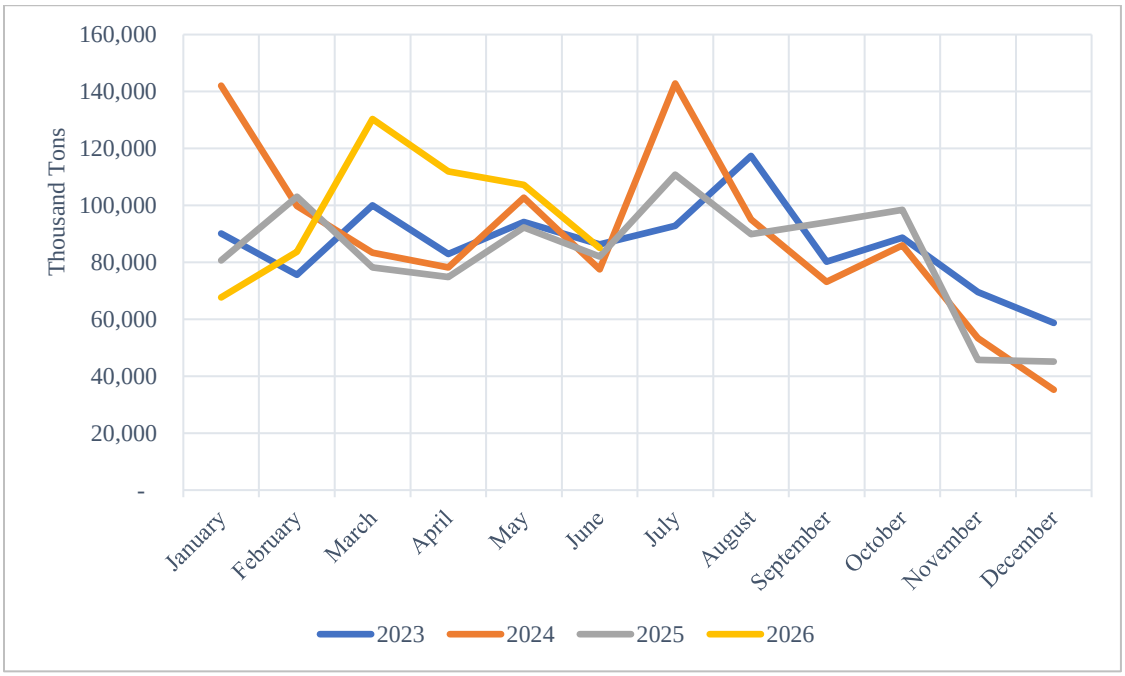
Figure 17
Main Origin of Rice Imports (January - June 2026)



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

According to SECEX, Brazil imported 85,109 thousand tons of rice in June 2026, with an outlay of USD 29,878 thousand. This represents a 4 percent increase in volume and a 9 percent reduction in value in comparison to June 2025.

Figure 18
Monthly Imports of Rice into Brazil



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

Rice Consumption

Post maintained its forecast for total rice consumption for MY 2026/27 (April 2027 – March 2028) at 7.3 MMT, 0.7 percent lower than the estimate for MY 2025/26 (April 2026 – March 2027). Brazilian consumer behavior reveals a structural decline in per capita consumption and profound changes in habits.

The total annual volume consumed in the country has remained a stable adjustment variable due to population growth. However, average apparent per capita consumption has shown a historical downward trend.

Market research indicates that the traditional "rice and beans" dish is losing ground on Brazilian dinner tables. This shift is driven by lifestyle changes, which lead to more meals eaten away from home and less home cooking, as well as the rise of smaller, younger households, which has pushed consumers toward options perceived as faster or more convenient, such as pasta, bread, potatoes, and ready-to-eat or ultra-processed foods.

This decline in consumption is occurring despite lower prices for the end consumer. Rice prices saw significant retail decreases in 2025, yet these reductions were not enough to reverse the trend of switching to other carbohydrate sources. This shows that rice's loss of prominence is linked more to cultural factors and convenience than to budget constraints.

WHEAT

Production, Supply, and Distribution

Table 5
Production, Supply, and Distribution of Wheat

Wheat	2024/2025		2025/2026		2026/2027	
Market Year Begins	Oct 2024		Oct 2025		Oct 2026	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3059	3059	2446	2446	2300	2000
Beginning Stocks (1000 MT)	1691	1691	2687	2685	2710	2908
Production (1000 MT)	7889	7889	7873	7873	6700	6100
MY Imports (1000 MT)	7201	7199	6400	6600	7200	7200
TY Imports (1000 MT)	7299	7299	6514	6514	7400	7300
TY Imp. From U.S. (1000 MT)	288	288	97	97	0	0
Total Supply (1000 MT)	16781	16779	16960	17158	16610	16208
MY Exports (1000 MT)	1894	1894	1840	1840	2000	1900
TY Exports (1000 MT)	1897	1897	1840	1840	2000	1900
Feed and Residual (1000 MT)	700	700	750	750	800	800
FSI Consumption (1000 MT)	11500	11500	11660	11660	11700	11700
Total Consumption (1000 MT)	12200	12200	12410	12410	12500	12500
Ending Stocks (1000 MT)	2687	2685	2710	2908	2110	1808
Total Distribution (1000 MT)	16781	16779	16960	17158	16610	16208
Yield (MT/HA)	2.578	2.578	3.218	3.218	2.913	3.050

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

Brazil, which imports about half of its wheat, is starting a new crop cycle with less planted area and reduced investment. This reduction comes despite wheat's importance for staples like bread and pasta. Lower harvests and yields reflect producers' uncertainty, as the sector has struggled with crop failures and price volatility in recent years. For the 2026 harvest, rising input costs, especially for fertilizers, have worsened the situation.

In response, some producers have reduced inputs by using fewer certified seeds and less fertilizer. In some instances, some areas traditionally used for wheat have shifted to winter crops deemed more profitable and less prone to weather-related risks, such as canola, sorghum, and barley.

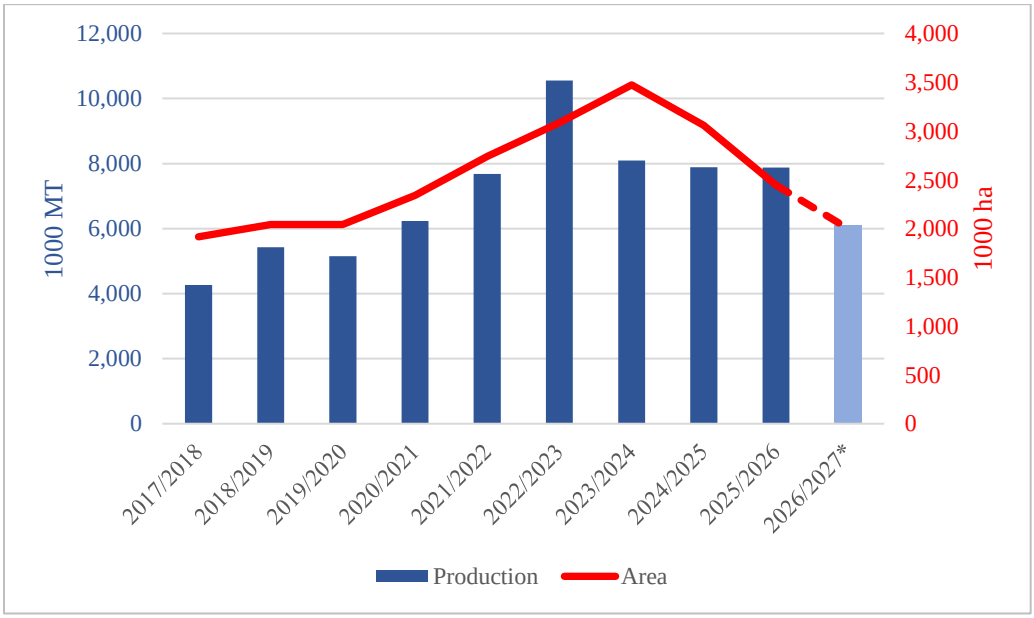
There is also increasing concern about weather conditions and the potential impact of the El Niño phenomenon during the crop cycle. A stronger El Niño may bring a wetter winter to key producing regions, affecting crop development and further reducing yields. While El Niño typically lowers the risk of severe frosts, it increases the likelihood of heavy rainfall during harvest, which could reduce output.

2026/27 Planted Area Drops to the Lowest Size in Over Nine Years, Leading to a Sharp Decline in Production

Post revised its forecasts for wheat planted area for MY 2026/27 (October 2026 – September 2027) to 2 million hectares (ha), a 13 percent decrease from the original estimate of 2.3 million ha. The new forecast represents a sharp 18 percent decline of harvested area for MY 2025/26 (October 2025 – September 2026), estimated at 2.4 million ha. Due to the anticipated effects of the El Niño, ongoing debts, limited credit access, and rising production costs, producers are reducing investments. Consequently, the 2026 harvest will likely see a significant decline in planted area and yields.

Post reduced its forecast for wheat production for MY 2026/27 (October 2026 – September 2027) to 6.1 million metric tons (MMT), 22.5 percent lower than the production estimated for MY 2025/26, set at 7.8 MMT. If confirmed, this will be Brazil's sharpest decline in wheat production over the past seven years.

Figure 19
Evolution of Wheat Harvested Area and Production in Brazil



***Data Source**: Foreign Agricultural Service, Official USDA Estimates, with *2026/27 as Post estimate; Graph Post Brasilia*

Harvest Outlook

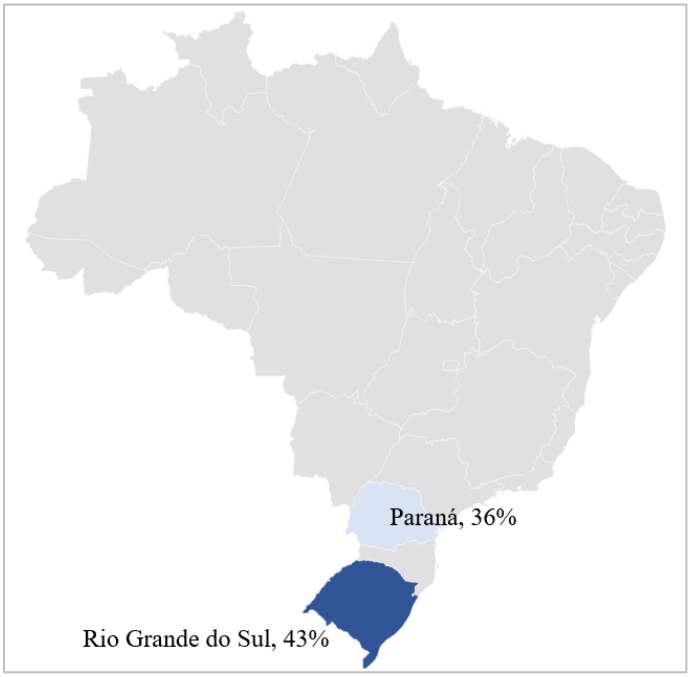
Brazil produces most of its wheat in the southern states of Rio Grande do Sul and Paraná. According to Brazil's National Supply Company (CONAB), 78 percent of the 2026 wheat harvest will be planted in these two states. Sowing usually begins in March and continues through August, depending on the region. This schedule does not align with the USDA's marketing year, which runs from October to September. However, Brazil defines its wheat season as August to July, which allows harvest and export activities to match the market year.

Southern wheat-growing regions in Brazil often experience adverse weather due to the absence of a defined dry season during grain maturation. Consequently, producers have reported partial or total crop losses in recent years, as well as declines in grain quality that impact industrial processing.

By the first week of July, wheat sowing in Brazil had reached 90 percent of the projected area, according to CONAB, despite rainfall slowing operations in Rio Grande do Sul and Santa Catarina. Excess moisture hindered crop management and topdressing, but crops have continued to show good vegetative development.

In Paraná, Brazil's leading wheat-producing state, most crops are in the vegetative development stage, with some areas showing emergence and flowering. Cooler temperatures and adequate soil moisture have supported tillering and good crop quality. However, producers remain cautious, as El Niño typically brings increased rainfall to southern Brazil, which could affect grain quality at harvest.

Figure 20
Main Wheat Producing States, 2026



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

- **Rio Grande do Sul:** The Technical Assistance and Rural Extension Company of Rio Grande do Sul (EMATER/RS) estimates lower planted area due to uncertainty over El Niño and limited access to rural credit. As a result, planted area declined from 1.16 million hectares in 2025 to an estimated 814,220 hectares in 2026. Production is expected to fall by 36 percent to nearly 2.2 MMT in 2026, with average yield projected at 2.70 kilograms per hectare (kg/ha). According to EMATER/RS, crops planted at the beginning of the recommended period showed satisfactory establishment and vegetative growth. However, wheat sowing progressed slowly because of high soil moisture, reaching 87 percent of the projected 2026 area by early July.

- **Paraná:** By mid-June, wheat planting in Paraná reached 84 percent of the 722,000 hectares projected by the Department of Rural Economics (DERAL/PR) for 2026. Alternating rainy and sunny days have supported plant establishment and growth. The production estimate stands at 2.4 MMT, with crops in good condition. However, DERAL/PR notes that achieving this level depends on avoiding significant frost or moisture issues during winter. Excessive rainfall could compromise grain quality, directly impacting the milling industry, as wheat exposed to too much rain may be rejected for industrial use. In this case, mills may need to increase purchases from other regions to meet demand.

Wheat Prices

Wheat prices in Brazil continued to rise throughout June, extending a trend that began in February. This increase is attributed to limited supply, as producers retain stocks in anticipation of improved market conditions.

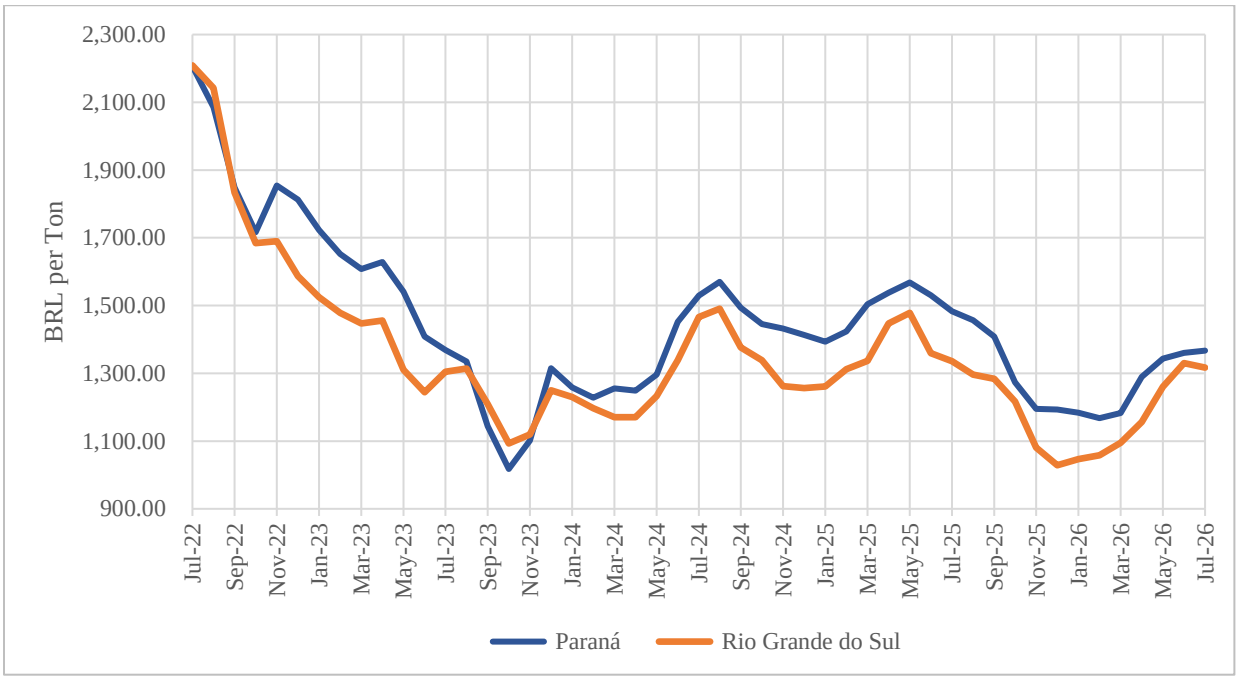
As a result, milling operations have increasingly accepted seller price expectations to secure necessary inventory. This situation is similar to conditions in May, when ongoing producer reluctance and limited market liquidity characterized the trading environment.

Additionally, producers are exercising caution regarding the upcoming harvest due to elevated costs, low trading prices, and the potential impact of El Niño. Milling volumes remain low, indicating weak demand. Analysts attribute this to reduced consumer purchasing power and changing consumption patterns among higher-income groups. These factors have contributed to persistent low liquidity in the wheat market.

The University of São Paulo's Center for Advanced Studies in Applied Economics (CEPEA) reported that the monthly average price of wheat in Paraná was BRL 1,370.85 (USD 267.14) per ton in June 2026. This figure reflects a 1 percent decrease compared to May 2025. Compared to June 2025, when wheat was quoted at BRL 1,510.60 (USD 272.42), the decline reached 9 percent. Despite this, wheat prices in Paraná have gradually increased, gaining nearly 2.5 percent from early June 2026 to mid-July.

In Rio Grande do Sul, the monthly average wheat price also declined year-on-year. In June 2026, the average price was BRL 1,325.29 (USD 258.26) per ton, nearly 2 percent lower than the BRL 1,351.14 (USD 243.67) recorded in June 2025. On a monthly basis, wheat prices in Rio Grande do Sul experienced greater gains in May and June 2026, followed by slight fluctuations before a renewed upward trend.

Figure 21
Average Wheat Prices in Paraná and Rio Grande do Sul



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

The depreciation of the US dollar (USD) relative to the Brazilian real (BRL) facilitated imports and constrained additional growth in the domestic market. Reduced wheat demand, combined with a weaker exchange rate, lowered the cost of imported wheat by approximately BRL 15.00 per ton.

According to the Central Bank of Brazil, the Extended National Consumer Price Index (IPCA), which serves as Brazil's official inflation measure, is projected to reach 5.3 percent in 2026. The inflation rate is forecast at 4.18 percent for 2027, with subsequent estimates of 3.7 percent for 2028 and 3.5 percent for 2029. The exchange rate is estimated at BRL 5.20 per USD 1.00 for 2026, BRL 5.58 for 2027, BRL 5.35 for 2028, and BRL 5.40 for 2029.

Infrastructure Hurdles: The Ongoing Struggle

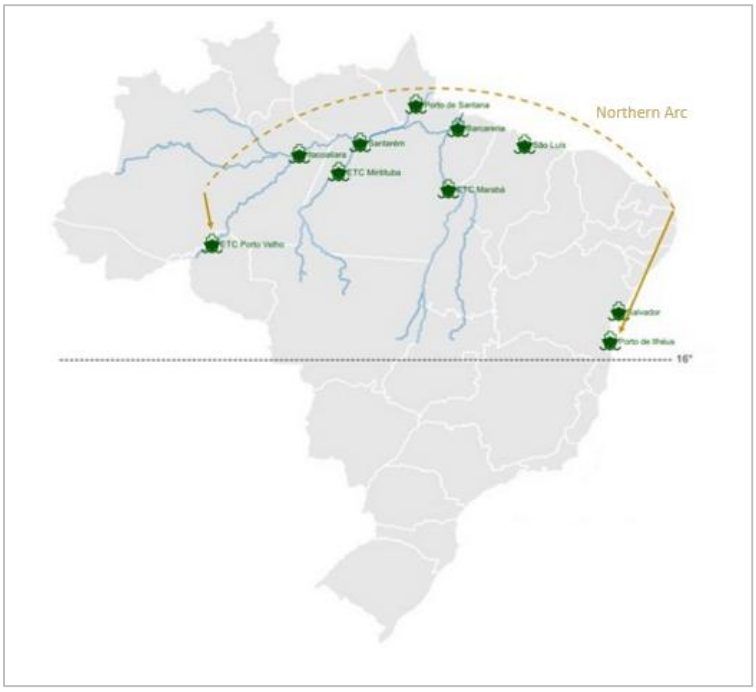
The agricultural sector accounts for approximately one-quarter of national economic activity and is experiencing increased production that places significant strain on transport infrastructure. Consequently, the national strategic priority has shifted: in addition to ensuring agricultural productivity, it is now essential to guarantee the efficient, planned, and competitive distribution of the harvest.

Static storage capacity is the most significant vulnerability in the production chain, with a structural deficit of approximately 135 million tons, much of which is concentrated in the Center-West region. In comparison, the United States can store 150 percent of its production (with 65 percent located on-farm), whereas Brazil stores only about 62 percent, with just 17 percent of this capacity situated on rural

properties, according to the Brazilian Association of the Machinery and Equipment Industry (ABIMAQ). The insufficient availability of storage units compels producers to sell their harvest immediately, necessitating the hiring of trucks during periods when freight costs are elevated.

Recent studies on logistics infrastructure indicate that ports in Brazil's "Northern Arc" have consistently increased their export volumes and have become the primary entry point for fertilizers into the country, mainly due to the strategic proximity to the key exporter nations. As this route gains prominence, its significance is increasing for the export of agricultural products.

Figure 22
Main Ports in Brazil's "Northern Arc"



***Data Source**: Image adapted by Post from Ministry of Agriculture, Livestock, and Supply (MAPA)*

In contrast, the Southeast and South corridors, which include the major ports of Santos and Paranaguá, are experiencing more modest growth. Although these corridors continue to handle the majority of exports, this slower growth reflects a significant logistical shift in grain shipments and input sourcing from the South toward Brazil's Central-North region.

Brazilian grain exports primarily rely on road transportation, which creates a logistical bottleneck. The country currently operates with an estimated surplus of 70,000 trucks on long-distance routes. Data from the Ministry of Transport indicate a gradual effort to rebalance logistics in the country, but estimates suggest that in 2025, rail transport accounted for 25 percent of freight movement, waterways for 9 percent, and road transport for 66 percent. In 2023, road transport was responsible for 69 percent of Brazilian soybean exports, as reported by the Research and Extension Group in Agroindustrial Logistics (ESALQ-Log/USP).

To reduce costs and logistical challenges, the agribusiness sector has adopted the backhaul strategy. Under this approach, the same fleet that delivers grain to ports returns to production regions carrying fertilizer. This strategy is especially important in the Northern Arc, where fertilizer imports are rising.

Approximately 85 percent of fertilizers used in Brazil are imported, which increases the agribusiness sector's vulnerability to international price volatility and supply constraints. Prices for urea, ammonia, and other nitrogen-based fertilizers are rising. The most pronounced impacts are anticipated during the purchasing cycle for the 2026/27 crop season. Purchases of nitrogen-based fertilizers from overseas typically begin in June and July, with volumes peaking by December as importers replenish stocks before the second-season corn crop planting. In contrast, phosphate fertilizer acquisitions generally occur between April and August.

Brazilian fertilizer imports declined by nearly 9 percent in the first half of 2026 compared to the same period in the previous year. This decrease reflects a more cautious approach among Brazilian buyers, who have postponed negotiations in response to ongoing geopolitical uncertainties.

Nitrogen fertilizer prices experienced a sharp decline mid-year after reaching a peak in April 2026. However, this price reduction did not affect all market segments. Phosphate fertilizers remain scarce due to persistently high sulfur prices, which is a critical raw material for their production. As a result, pressure on certain agricultural inputs continues.

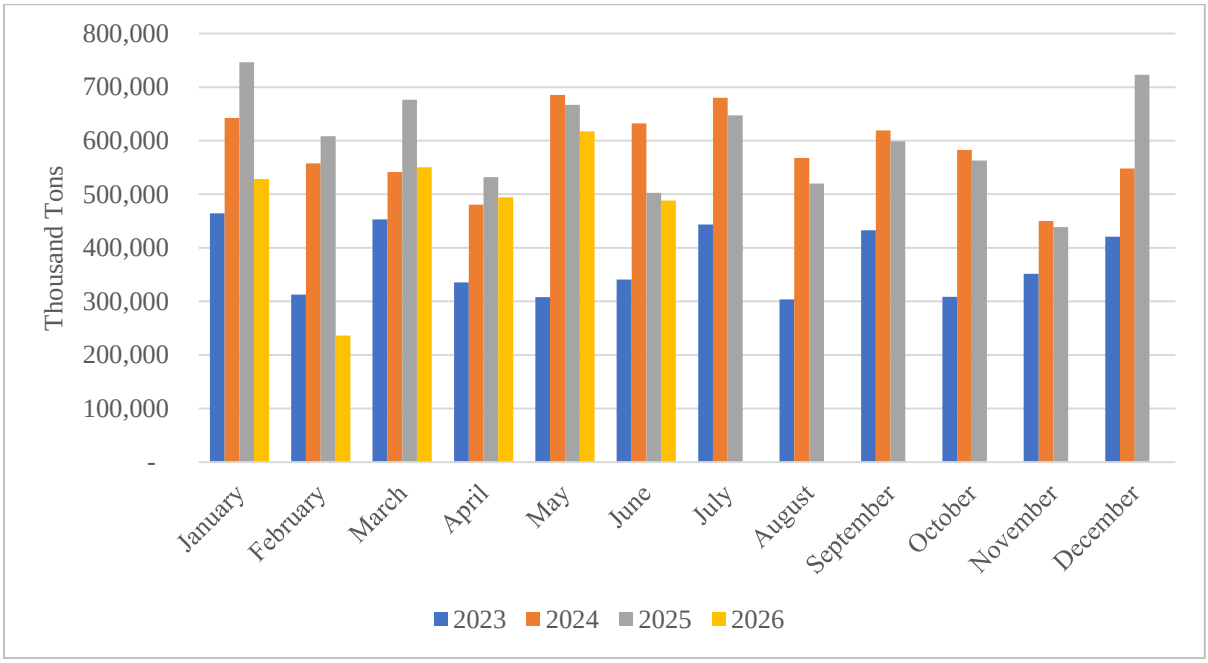
Fluctuations in urea prices have a large impact given urea's central role in food production. Approximately half of global agricultural output depends on synthetic nitrogen-based fertilizers, with urea being the most widely used. In Brazil, demand for nitrogen fertilizers generally increases during the second half of the year. The recent decline in urea prices benefits producers currently importing the product. However, industry contacts report that elevated urea costs have constrained the traditional barter system, in which producers exchange crops for fertilizers.

Wheat Trade

MY 2026/27 Imports Surge Amid a Potential Crop Failure

Post maintained its wheat imports forecast for MY 2026/27 (October 2026 – September 2027) at 7.2 MMT, on a wheat grain equivalent basis (WGE) and decreased its import estimate for MY 2025/26 (October 2025 – September 2026) to 6.6 MMT. 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. The expected drop in Brazil's wheat production this season is set to drive imports to a record high in 2026. Fear that El Niño could cause crop failure is also boosting early imports.

Figure 23
Brazil: Monthly Wheat Imports

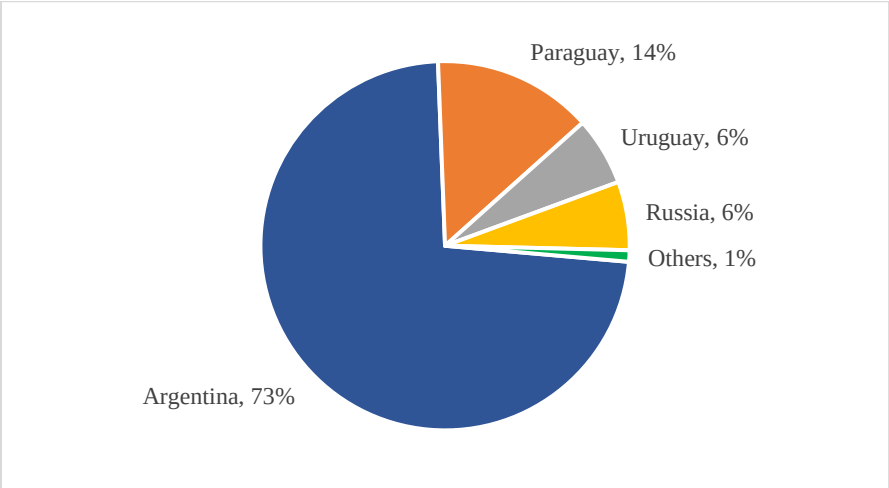


***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

Argentina has historically served as Brazil's primary wheat supplier, benefiting from geographic proximity and Mercosur regulations that permit duty-free imports. However, Post contacts highlighted that industry has expressed significant concerns regarding the quality standards of recent Argentine wheat arriving on the market. Many Brazilian mills have determined that a substantial portion of the Argentine wheat harvested in 2025 is unsuitable for producing flour for bread-making, which remains the highest-demand product in Brazil.

Data from the Brazilian Secretariat of Foreign Trade (SECEX) of the Ministry of Development, Industry, Trade and Services (MDIC) indicate that Argentina remains the principal source of wheat imports to Brazil. In the first half of 2026, approximately 73 percent of Brazil's wheat imports originated from Argentina, followed by Paraguay (14%), Uruguay (6%), and Russia (6%). The three Mercosur countries are traditionally the leading suppliers, benefiting from geographic proximity, competitive pricing, and a zero-tariff import regime. Other suppliers, including the United States, Canada, and Russia, which do not benefit from tariff exemptions, have made occasional exports, typically in response to specific quality requirements, price differentials, or efforts to adjust regional supply.

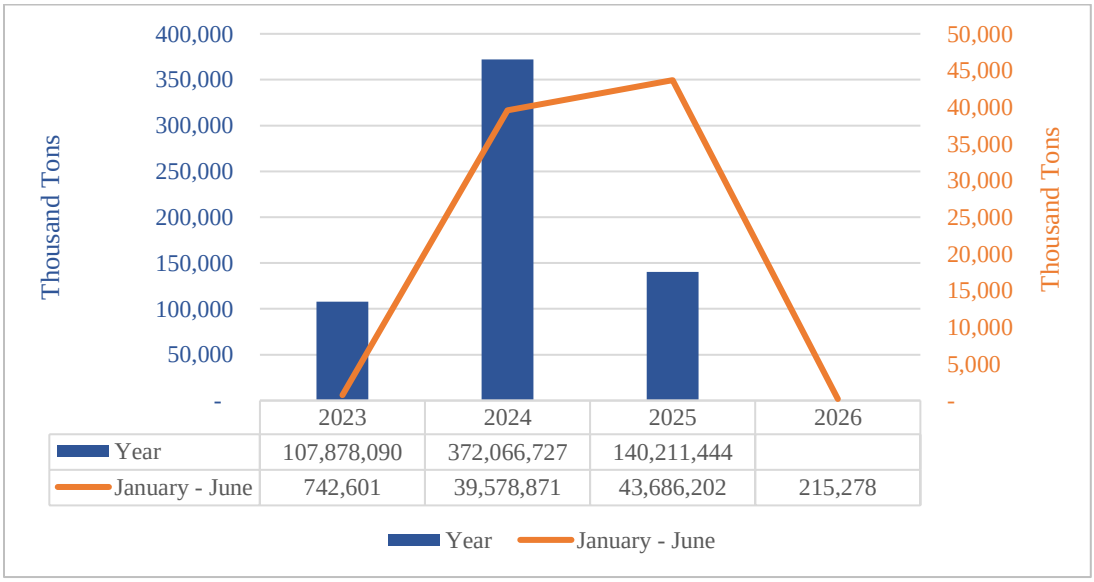
Figure 24
Main Origin of Wheat Imports (January - June 2026)



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

Brazilian mills indicated the necessity to import between one and 1.5 million metric tons (MMT) of wheat from regions outside Mercosur. Due to reduced domestic agricultural output and a growing reliance on imports, compliance with international standards has become increasingly important for maintaining Brazil's wheat supply. Consequently, Brazilian mills are expected to source larger quantities of wheat from non-Mercosur countries, likely at higher costs. Russia and the United States are identified as potential suppliers. The sector currently benefits from a tariff-free quota of 750,000 tons per year for wheat imports originating outside Mercosur.

Figure 25
Wheat Imports from the United States



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

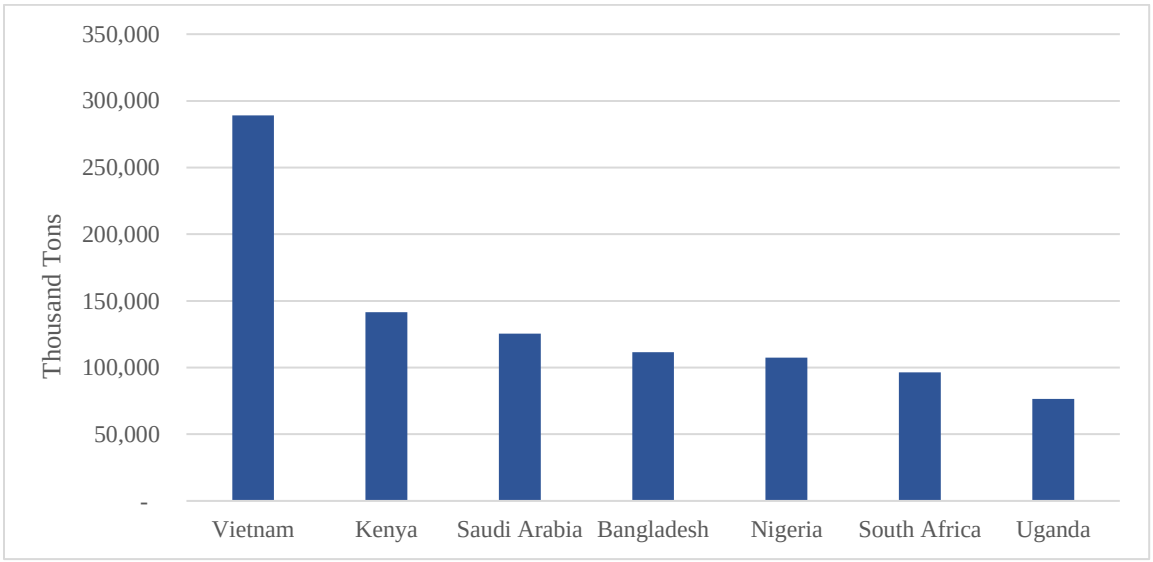
2026/27 Exports Remain Small and Steady

Post maintained its forecast for MY 2026/27 (October 2026 – September 2027) wheat export at 1.9 MMT on a wheat grain equivalent basis (WGE). This represents a 3 percent increase over the estimate for the exports of MY 2025/26 (October 2025 – September 2026), revised to 1.8 MMT. Although Brazil is not a major wheat exporter, the availability of lower-quality wheat with reduced gluten content has created additional export opportunities for the country.

Historically, Brazilian wheat exports have been minimal, as the country is typically a net importer. The limited volume exported has primarily been directed to Asian and African markets. In the first half of 2026, Kenya became a significant importer of Brazilian wheat. The country ended 2025 as the seventh largest destination for Brazilian wheat exports.

According to SECEX, Brazil exported slightly more than 1 MMT of wheat in the first half of 2026. Vietnam remained the primary destination, accounting for 27 percent of total exports, with 289,172 tons purchased from January to June 2026. Kenya ranked second with 13 percent, followed by Saudi Arabia (12%), Bangladesh (10%), and Nigeria (10%).

Figure 26
Main Destination of Brazilian Wheat Exports



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

Almost all the wheat exported from Brazil leaves the country through the Rio Grande do Sul, which accounts for 98 percent of the exports. To meet this demand, the state has a strong structure of cabotage, receiving wheat from other major producing states, such as Paraná. Exports are traditionally concentrated between December and March, aligning with domestic wheat availability.

Wheat Consumption

Post slightly adjusted its forecast for total wheat consumption for MY 2026/27 (October 2026 – September 2027) from 12.4 MMT to 12.5MMT, based on the prospect of increase in feed, food, and industrial consumption. Total consumption is set to grow 0.7 percent over MY 2025/26 (October 2025 – September 2026), estimated at 12.4 MMT. Despite being a staple food in Brazil, wheat consumption patterns have remained relatively unchanged.

In 2025, wheat milling in Brazil reached 13.275 million tons, representing a 0.6 percent increase from the previous year, according to the Brazilian Wheat Industry Association (ABITRIGO). This modest growth resulted from enhanced operational efficiency in industrial facilities, which operated at a utilization rate above 76 percent.

Paraná continued to lead wheat milling activities, processing 3.9 million tons despite a 1 percent year-on-year decline. In contrast, Rio Grande do Sul experienced a 3 percent increase, reaching 2 million tons, while São Paulo processed 1.73 million tons, reflecting a decrease of nearly 8 percent. The North and Northeast regions, which rely primarily on imported wheat to meet demand, recorded a 5 percent increase in milling, totaling 3.5 million tons.

The construction of Brazil's first large-scale wheat ethanol plant in Rio Grande do Sul is expected to process 525,000 tons of raw material annually. In addition to its significance for the energy sector, this project may offer an alternative revenue source for farmers cultivating wheat, triticale, and other winter cereals. The initiative contributes to the expansion of Brazil’s biofuels industry and aligns with efforts to optimize agricultural land use outside the summer growing season.

The processing of wheat for ethanol production also generates co-products for animal feed, including DDGS, wet bran, and vital wheat gluten, which are widely utilized in livestock production systems. Additionally, the proximity of the industrial facility to major production areas is likely to reduce logistics costs across the supply chain. The commissioning of the new plant is anticipated to increase demand for wheat and other winter cereals.

Attachments:

No Attachments