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Report Highlights:

Brazil is a leading oilseed producer in the world, and is projected to retain its position this season and next, despite the global economic turmoil due to the coronavirus pandemic. Post forecasts that soybean planted area will expand above trend in 2020/21, to 38.5 million hectares, as producers capitalize on lower production costs and high domestic prices. Production is forecast at 129 million metric tons (mmt) in 2020/21. Post revised down the soybean production estimate for 2019/20 to 123 mmt, due to drought in Rio Grande do Sul. Exports are forecast at 79 mmt in 2020/21, up from 77 mmt this season. Exports have been stoked by the weak Real. Peanut and cottonseed planted area and production are projected to see only marginal expansion in 2020/21 due to dampened global demand.

SOYBEAN PRODUCTION

Soybean Planted Area to Surpass Trendline Expansion in 2020/21

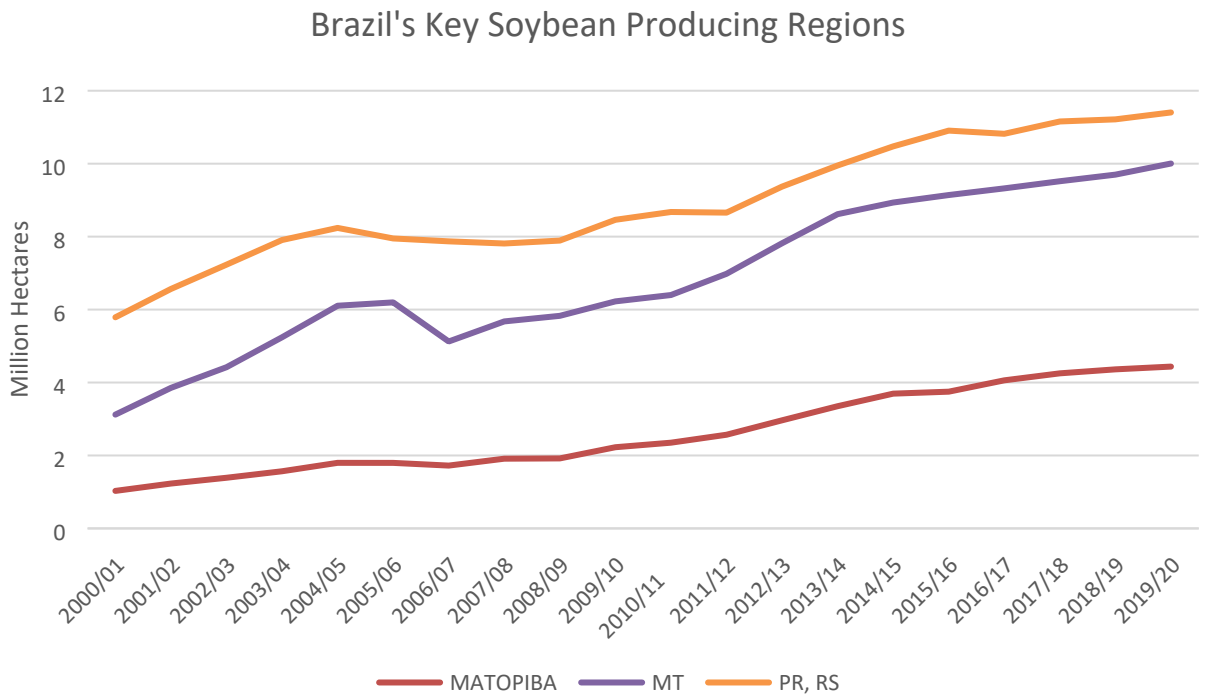
Post forecasts that Brazilian producers will expand soybean planted area to reach 38.5 million hectares (ha) next season. Soybeans are grown in 19 of Brazil's 26 states, as well as in the capital Federal District.

Soybean Production Volumes Across Brazil

Source: CONAB, production estimates for 2019/20

Post forecasts planted area to increase by more than four percent, which is above the average annual 2.8 percent growth for the last five seasons. Expansion above trend is likely in the states of Mato Grosso, Para, Maranhão, Tocantins, Piauí, and Bahia.

The massive center-west state of Mato Grosso is by far the biggest producer accounting for just under a third of the country's planted area and production volume. According to Post visits with farmers and industry experts in the state, there is still plenty of arable land that could be converted for crop production in Mato Grosso. Post interlocutors have suggested that about three million hectares are readily available to be put into crop rotation immediately. Meanwhile, up to an estimated 14 million ha may be converted eventually, without encroaching on the land in environmental reserves. The Mato Grosso Institute of Agricultural Economics (IMEA) estimates that by 2028, soybean planted area in the state will grow by 40 percent to 14 million ha, up from around ten million ha in 2020.



Source: Data from CONAB, chart OAA Brasilia

Aside from Mato Grosso, Post forecasts the largest gains in planted area in the North and Northeast regions of the country. Planted area exploded in the northern state of Para in the last ten years, growing by an average of over 22 percent annually; in the 2010/11 season, Para farmers cultivated 100 thousand ha of land for soybean production, in 2019/20 planted area reached over 580 thousand ha.

The North and Northeast states of Maranhão, Tocantins, Piauí, and Bahia, collectively known as Matopiba, have also seen impressive growth in this same timeframe. Matopiba soybean planted area expanded an average of seven percent annually in the last decade, from 2.4 million ha of soybean cultivation in 2010/11 to 4.4 million ha in 2019/20. Producers in those states have been motivated by the higher prices that come with proximity to ports, and somewhat less expensive land prices when

compared to the South and Center West of the country. Post traveled to Bahia in mid-March, where interlocutors confirmed that in 2020/21 producers plan to keep expanding planted area.

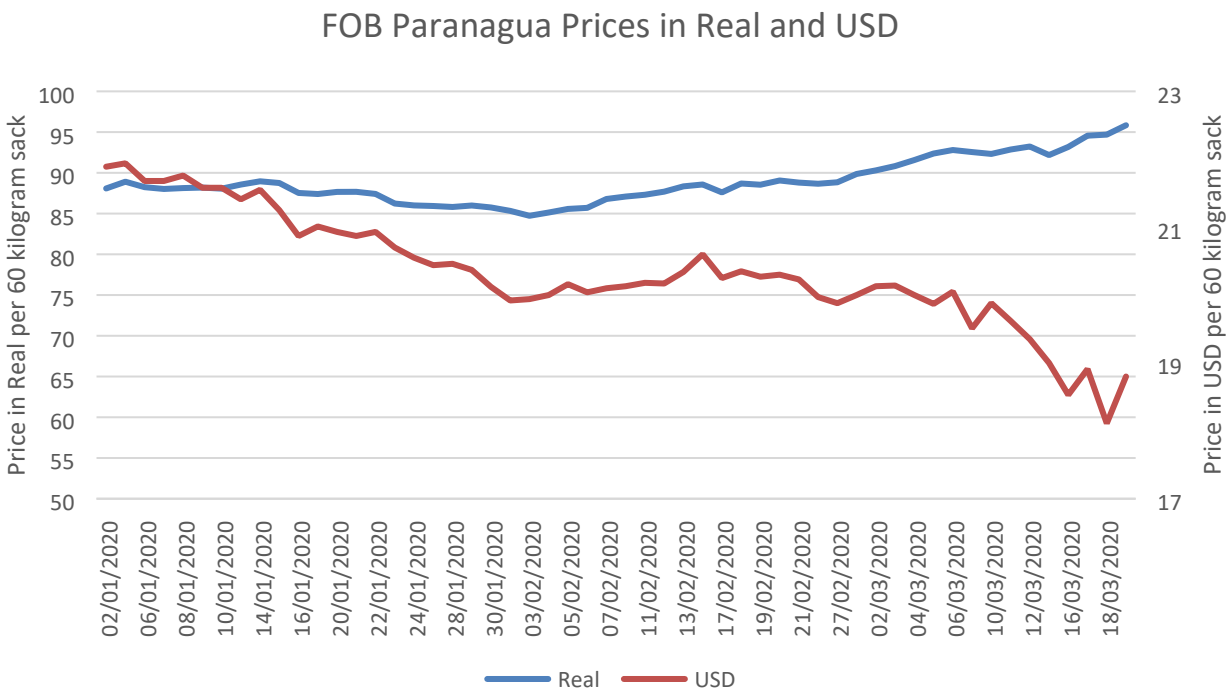
Meanwhile, planted area growth should plateau in the southern states of Parana and Rio Grande do Sul, which are the second and third largest producers of soybeans in Brazil. In Parana nearly all arable land has been put into crop rotation, thus planted area gains will be minimal in 2020/21. There is some pastureland that could be converted in Rio Grande do Sul, but due to the extremely poor harvest projected in the current season, the states' producers are unlikely to have the resources or the desire for sizeable new investments in the following season.

For the 2020/21 season, Post forecasts above trend expansion of planted soybean area based on several factors:

Global Demand: The coronavirus pandemic that has spread around the world in early 2020 has led most governments to slash growth and consumption forecasts. However, demand for soybeans is not expected to bear the brunt of this global economic deceleration due to the relative inelasticity of food demand. The Brazilian market anticipates that China, the key importer of soybeans, may actually be a bright spot for purchases as its livestock sector works to rebuild hog and sow herds decimated by the African Swine Fever (ASF) epidemic in 2019.

There are potential demand headwinds for Brazil, however, as it will have to contend with the impact from the U.S.-China Phase One trade deal. Late last year, China pledged to purchase from the United States at least $36.5 billion worth of agricultural goods in 2020, and at least $43.5 billion in 2021, though the publicly released text of the agreement did not disclose specific purchase commitments for any one commodity. In addition, when the deal was announced, Vice Premier Liu He noted that China would buy U.S. agricultural goods based on "market conditions." Despite the vague nature of commitments, most market analysts expect that at least a portion of China's soybean purchases will be diverted away from Brazil and towards the United States in order to fulfill the purchase commitments.

Favorable Exchange Rate: Given the increasingly troubled global and domestic economic outlook, the Brazilian currency, the Real (R$) has seen a sharp devaluation, loosing 20 percent of its value since the beginning of the year; on March 20 it was trading at R$ 5.11 to the USD, whereas on January 1, 2020 the rate was at R$ 4.02 to the USD. As a result of the massive devaluation, the FOB price of Brazilian soybeans out of the port of Paranagua has actually increased in domestic currency, topping R$ 95 per 60-kilogram sack by the third week of March, one of the highest levels ever. In fact, as of late March, the price per sack in some parts of Mato Grosso was at an all-time high. Meanwhile the price in U.S. dollars has continued to decline to below $19 per sack, which is about $313 per metric ton (mt), in comparison to U.S. soybeans priced at $337 /mt at the Gulf and $345 /mt in the PNW.



Source: Sao Paulo University Research Center CEPEA, Chart Post Brasilia

Profitability: For the last several seasons, producers had to contend with the rising cost of production. Next season producers are forecast to see a bit of a break in this trend. According to the IMEA, variable production costs in 2020/21 are expected to decrease by about three percent for growers in the state. In cash outlay, the largest decrease in costs is forecast for fertilizers – outlays are expected to decrease by more than R$ 45 per ha next season. Another bright spot for producers is a decrease in interest rates, on the back of progressive cuts to the SELIC benchmark interest rate, which currently stands at an all-time low of 4.25 percent. At the same time, other costs are expected to go up, for example herbicide, fungicide, and insecticide costs are forecast to rise driven by a weaker Real.

Estimated Production Costs for Biotech Soybeans Varieties in Mato Grosso (Reals per ha)

	2019/20	2020/21	% Change
Variable Cost of Production	**3148.71**	**3071.58**	**-3%**
Variable Costs of Production (on Farm)			
fertilizers	909.74	864.12	-5%
herbicides, fungicides, insecticides	782.99	806.57	3%
seeds	336.24	325.59	-3%
machinery operation	114.51	111.39	-3%
labor	112.43	118.17	5%
Other variable expenses	46.25	56.15	18%
Variable Costs of Production (ex Farm)			

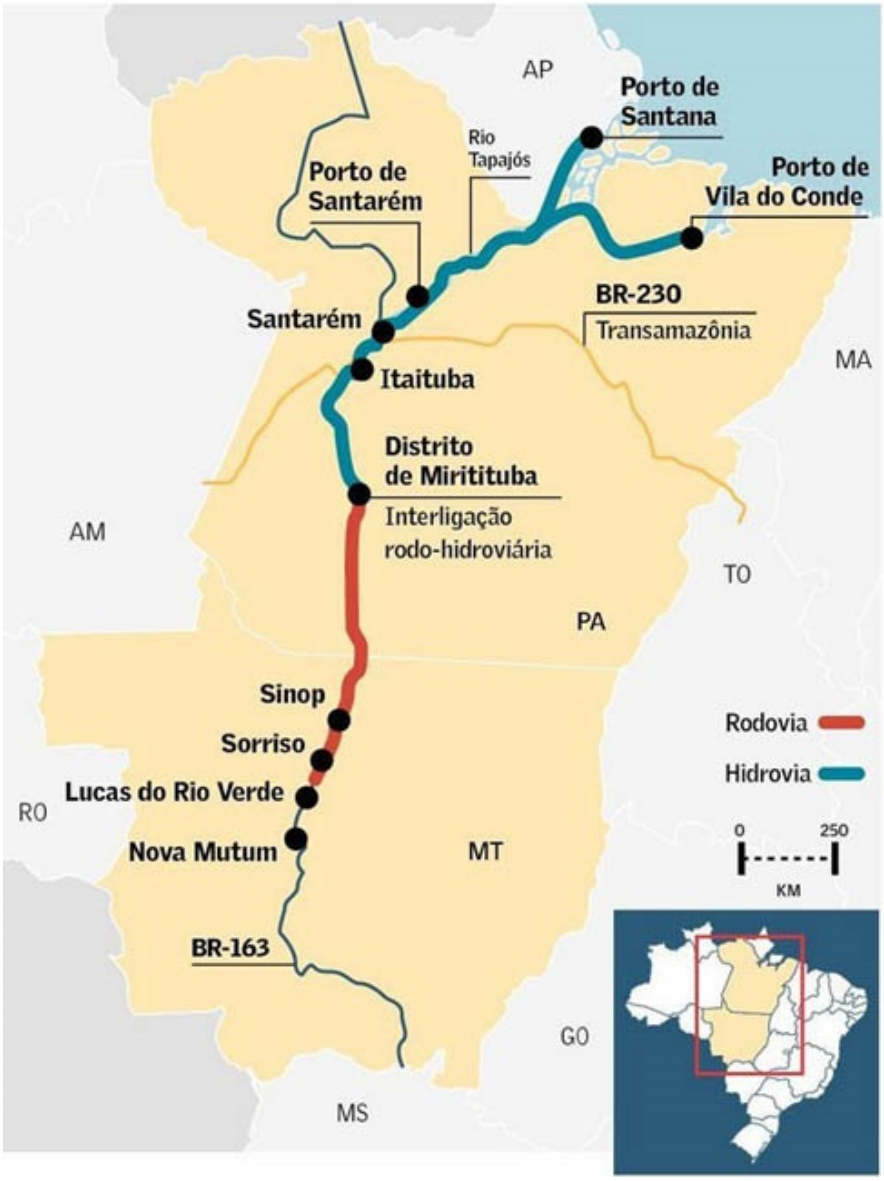
Ag Insurance	16.79	14.76	-14%
Transport, Storage	108.32	106.98	-1%
Classification, Processing	71.04	63.28	-12%
Taxes and Tariffs	165.09	146.67	-13%
Maintenance of machineries and installations	111.89	109.94	-2%
Admin Costs	157.35	171.66	8%
Interest Rates	216.05	176.3	-23%
Fixed Costs of Production	**348.99**	**392.77**	11%
Depreciation	189.42	210.23	10%
Other fixed costs	159.57	182.54	13%
Total Operating costs	**3,497.70**	**3,464.35**	-1%
Expected returns on Capital	124.59	139.31	11%
Land	285.76	390.5	27%
Income Factors	**410.35**	**529.81**	23%
Total Cost (Operating Cost and Income Factors)	**3,908.05**	**3,994.16**	2%
*all costs cited in Brazilian Real for the month of March 2020 and projected March 2021. The exchange rate used is R$4.13 to USD			

Source: IMEA

Financing: At this point, financing for the 2020/21 season is not expected to present major problems in key producing states. Even in the state of Rio Grande do Sul, where producers are expected to sustain major losses this season due to the persistent drought, Post contacts indicate that financing will remain available next season. A number of interlocutors in Bahia and Mato Grosso have suggested to Post that if, for example, traders were to reign in financing, private bankers would not hesitate to step into the agriculture space. However, if the Brazilian economy takes a severe downturn in the wake of the coronavirus pandemic, the Post forecast on credit availability may change, leaving smaller and medium sized producers in a bind, and therefore potentially shrinking planted area next season.

Infrastructure Improvements: In February 2020, President Jair Bolsonaro officially inaugurated the recently paved BR-163 highway. The highway is a major export route for agricultural commodities, used to carry soybeans and corn from Mato Grosso to the northern port of Miritituba on the Tapajos River. From there the products are transported via barge to the Amazon River ports in the state of Para. The majority of the route had been paved for years, but about a 50-kilometer section in the mountains was a problem spot every year, impassable for weeks at a time due to heavy rains.

According to the USDA report on soybean transportation costs in Brazil, truck rates from North Mato Grosso to the northern river ports of Santarém and Itaituba/Miritituba (barge terminal) decreased 12-18 percent in 2019, and will likely fall further, up to $7/ mt (or R$ 30/ mt) for the route from Sorriso to Itaituba. Post drove the newly paved section of BR 163 from Sinop to Itaituba in January 2020, and based on conversations with producers along the route,
Post believes that there will be increased soybean production in Northern Mato Grosso due to lower transport costs and thus increased profitability for soybeans. A switch from cattle pasture to crop land is expected to spur this growth.



Source: Valor Economico

Soybean Outlook 2020/21: Production

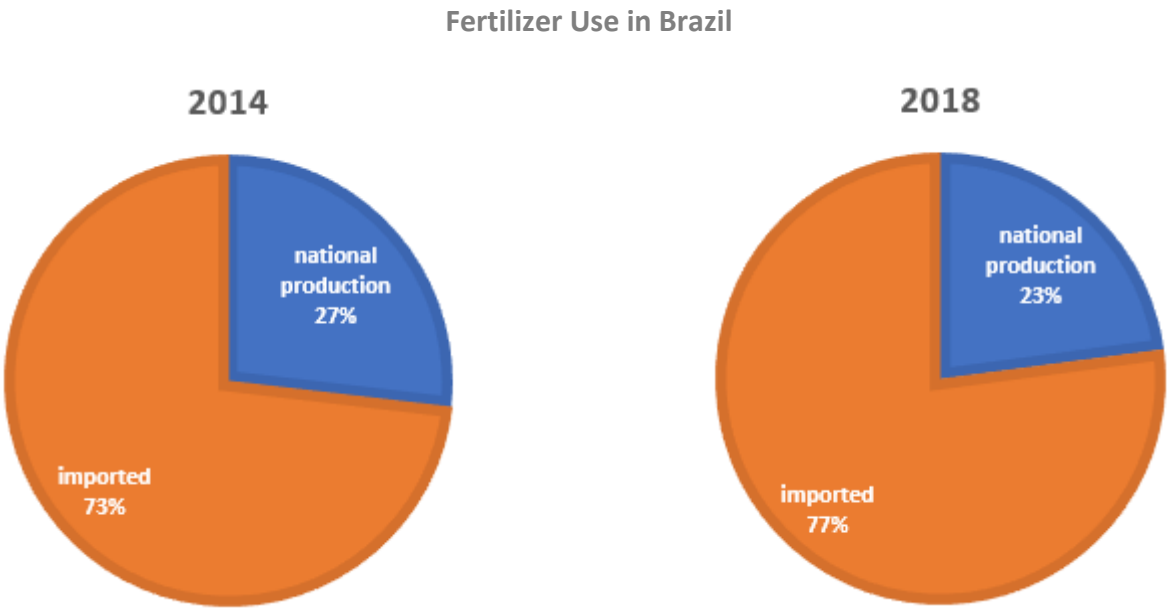
Post forecasts 2020/21 soybean production at 129 million metric tons (mmt), based on a yield of 3.35 mt per ha. The yield forecast assumes that producers will not skimp on seeds and other inputs. Post believes that key reasons for steady yields are adoption and investment in inputs, such as Genetically Engineered (GE) seeds and use of chemicals and fertilizers.

Seed Technology: Brazil is one of the global leaders in the planting of GE crops. Soybeans have an adoption rate of almost 96 percent. As of December 2019, Brazil's National Technical Commission on Biosafety (CTNBio) had approved a total of 107 GE events for commercial cultivation, of which 19 are

for soybeans. Post has spoken with several sources in Mato Grosso and Bahia that indicate that the new drought- and pest- resistant seed varieties have significantly improved yields, particularly in problematic seasons. For example, interlocutors in Bahia have noted that whereas drought-like conditions 10 years ago could result in yields of below 40 sacks per hectare, now producers still expect to collect upwards of 50-plus sacks per ha for a season with adverse climate. Similarly, industry contacts reported much improved and consistent yields in Mato Grosso and Mato Grosso do Sul due to new seed varieties.

Fertilizer Use: Post forecasts that Brazil's fertilizer demand will grow by about three percent in 2020/2021, in line with trends in recent years. The latest available data from the National Fertilizer Association (ANDA) shows that for the first six months of 2019, the total fertilizer volume supplied to the Brazilian market increased by over seven percent. Post conversations with contacts reveal that farmers are continuing to increase spending on fertilizers as it becomes more difficult to expand planted area.

Post expects that Brazil will remain heavily dependent on fertilizer imports. Brazil's fertilizer imports reached over 77 percent of total domestic use in 2018. According to ANDA, fertilizer imports were up 4 percent year-on-year in 2018, in line with the historic five-year average. National fertilizer production for the first half of 2018 was down almost nine percent from the previous year.



Source: ANDA

Production Estimate Revised Down for 2019/20

Post estimates planted area at 37 million ha for the 2019/20 marketing year (MY). Nationwide, as of the fourth week of March, producers collected about 70 percent of the estimated harvest. Based on Post travel along with reports from producers to this point, Post revised down the production forecast for the 2019/20 season by 1.5 mmt to 123 mmt.

Region/ State	2019/20 Soybean Harvest		
	Area (mn ha)	Yield (mt/ha)	Production (mmt)
Center West	**16,675**	**3.52**	**58,691**
MT	9,900	3.54	35,000
MS	3,100	3.45	10,700
GO	3,600	3.53	12,700
Other (DF)	75	3.88	291
South	**12,010**	**3.01**	**36,200**
PR	5,490	3.75	20,600
RS	5,850	2.24	13,100
Other (SC)	670	3.73	2,500
North East	**3,432**	**3.38**	**11,605**
BA	1,620	3.64	5,900
MA	1,000	3.15	3,150
PI	810	3.15	2,550
Other (AL)	2	2.25	4.5
South East	**2,700**	**3.69**	**9,950**
MG	1,600	3.72	5,950
SP	1,100	3.64	4,000
North	**2,150**	**3.05**	**6,550**
TO	1,100	3.00	3,300
Other (RR, RO, AC, AM, AP, PA)	1,050	3.10	3,250
BRAZIL	**36,967**	**3.327**	**122,996**

Source: Post Brasilia estimates

The biggest downward revision is in Rio Grande do Sul, where the ongoing drought is estimated to cut yields nearly in half from what was expected at the start of the season. Post traveled extensively throughout Rio Grande do Sul in mid-March, at which time producers and cooperatives were extremely pessimistic about the crop with many contacts estimating a crop of as little as 12 mmt. Since that time, some scattered beneficial rains materialized and thus Post forecasts production at 13.1 mmt.

Notably the losses in Rio Grande do Sul will be partially compensated by excellent yields elsewhere in the country. In southern Brazil, the state of Parana is on track to have its best harvest on record, surpassing 20.5 mmt, an almost 1 mmt improvement on its best season in 2016/17. Santa Catarina, though much smaller in total volume than Parana, is also set to harvest a record crop.

Mato Grosso, Brazil's main soybean producing state, is projected to reap a record harvest of 35 mmt in 2019/20 thanks to both an expansion in planted area of 10 million ha and improved yields. Although sowing was delayed in Mato Grosso due to a drier-than-average September, producers were able to plant

and harvest within the ideal timeframe, resulting in record yields in parts of the state. Some producers have reported early yields as high as 70 sacks per ha, an equivalent of 4.2 mt per ha. The other states in the Center West region of the country are also reporting good yields thanks to beneficial weather patterns during the crop maturation period.

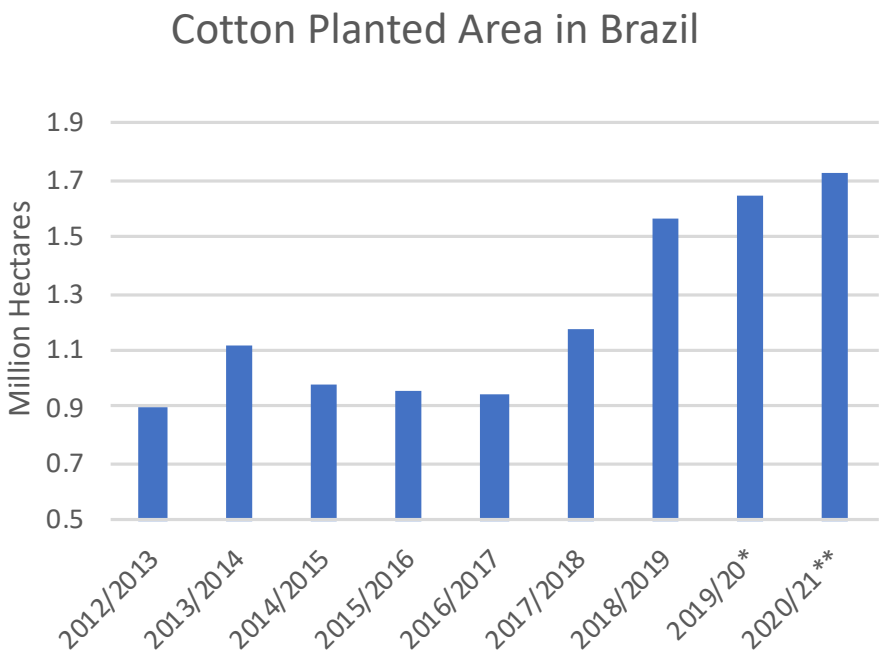
In the soybean frontier states of Bahia, Piaui, Tocantins and Maranhao, collectively known as Matopiba, hot and dry weather reduced planted area and delayed planting this season. The Bahia state government extended the planting season by three weeks – through January 20. However, after the initial delay, favorable weather patterns materialized, and overall good yields are expected with some variability across the state. Post contacts have indicated that some producers may see yields as high as 70 plus sacks per hectare. The harvest in the other three states of the region is still less than halfway complete, but the initial reports indicate adequate yields of more than 50 sacks per hectare.

COTTONSEED PRODUCTION

Cottonseed Production to Slow in 2019/20 and 2020/21

In contrast to soybean planted area, Post forecasts 2020/21 cotton planted area to increase only marginally on last season, to 1.7 million ha. The forecast 1.5 percent expansion breaks sharply with the explosive growth trend that emerged over the last five seasons, when planted area expanded by more than 71 percent – from 975 thousand ha in 2014/15 to an estimated 1.68 million ha in 2019/20.

Post believes that in the last several seasons planted area growth was driven by availability of ample arable land in key growing states, equipment capacity, and rising global cotton consumption, which, in turn spurred global cotton prices. Cottonseed production has been the beneficiary of this trend.



Source: FAS PSD, 2019/20* and 2020/21** Post Brasilia estimate and forecast

Looking forward to the 2020/21 season, Post expects that producers will be hesitant to expand planted cotton area in a substantial way. Based on conversations with producers, Post believes that farmers are close to a point of maximizing economies of scale with existing equipment and arable land that is easily available. Meanwhile, the market expects that unlike global demand for soybeans, global demand for cotton will almost certainly decline on the account of the coronavirus pandemic. In addition to the overall dampened expectation for commodity consumption, Brazil will also have to contend with the impact from the U.S.-China Phase One trade deal. The uncertainty for Brazilian producers that Beijing may increasingly look to the United States to fulfill its cotton orders, is looming large.

Post forecasts 2020/21 cottonseed production at 4.34 mmt, based on a yield of 2.55 mt/ha. The yield increase of two percent is in line with a 10-year trend average. Discounting inclement weather seasons, Brazilian producers have seen steady yield improvements due to adoption and investment in inputs, such as Genetically Engineered (GE) seeds and use of chemicals and fertilizers.

Post estimates cotton area harvested at 1.675 million ha for the 2019/20 season, which is just two percent above last season's area of 1.64 million ha. The Post estimate for 2019/20 cottonseed production of 4.2 mmt is nearly stagnant on last season's 4.19 mmt produced. The yield estimate is down to 2.5 mt/ha from 2.55 mt/ha in this timeframe. The yield decrease is based on slightly less favorable weather, though pending how climatic conditions shape up over the next two months, the yield estimate for this season may be revised up.

PEANUT PRODUCTION

Peanut Planted Area and Production Increase Sustained by Increasing Industry Organization

Post forecasts peanut planted area at 160 thousand ha in 2020/21, up from 158 thousand ha in the current season. The marginal planted area growth is well below the seven percent average area expansion recorded in the last five years. The nearly flat planted area forecast is based on projected economic deceleration this year and next on the back of the coronavirus pandemic.

Although the agricultural sector is expected to experience a more mild contraction than some other industries with more elastic demand, peanuts in particular are not viewed as a food staple, and therefore consumer demand – both in Brazil and globally - for the product is forecast to fall more than for some of the other basic foods, such as rice. At the same time, Brazil's domestic peanut industry has seen increasing organization over the last several years. The Peanut Industry Chamber was created in 2013, with an eye towards sharing information, improving quality, and attaining certifications. Producers have also invested in farm infrastructure such as storage and drying facilities to accommodate peanut production. During the current season, producers increasingly relied on estimated proceeds from peanuts to secure financing for land leases. This increased organization, importance, and integration of peanut farming in Brazil should ensure that production does not plummet as a result of the economic downturn.

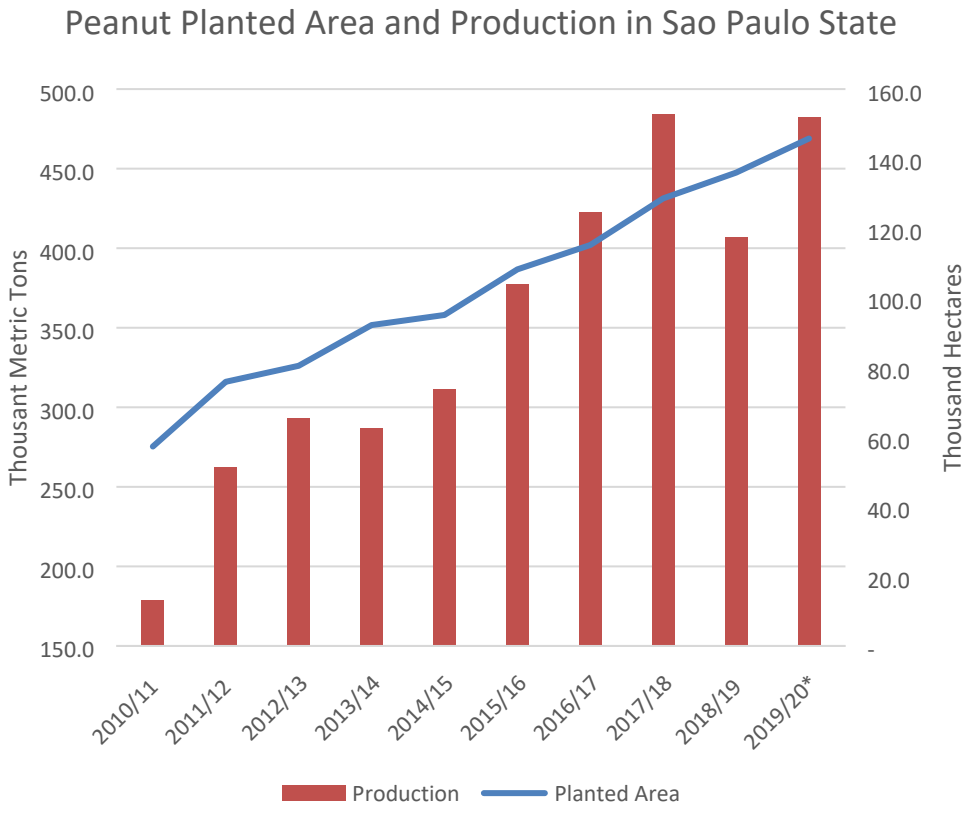
Peanuts are grown across nine states in Brazil during both a first and second harvest. However, more than 90 percent of the crop is produced in the state of Sao Paolo during the first harvest. The main reason is that producers in Sao Paulo state alternate peanut planting during the sugarcane off-season.

Peanuts are ideally suited to facilitate soil recovery by fixing nitrogen. Peanuts are also tolerant of various pests, and in fact, peanuts actually decrease the amount of pest infestations in areas cultivated with other crops. Importantly, Sao Paulo state has a more stable climate than other sugarcane growing states in the Northeast of the country. As such, growing of peanuts in crop rotation is much less popular in Bahia, for example. In addition, producers in Sao Paulo state benefit from being close to the processing, confectionary, and vegetable oil industry, as well as to ports, thereby reducing cost for buyers – whether domestic industry or traders.

Post forecasts the 2020/21 yield to increase to 3.44 mt/ha, a two percent uptick on the current harvest and in line with five-year trend line average. Post forecasts total peanut production at 550 thousand mt in 2020/21, assuming normal weather patterns.

2019/20 Estimate

Post estimates peanut planted area at 155 thousand ha, up from 150 thousand ha planted in the previous marketing year. Area expansion is concentrated in Sao Paulo state; this season farmers planted almost 146 thousand ha in the state, up more than seven percent on the previous season. In the last decade, Sao Paulo peanut production grew by an average of 11 percent annually.
The gains in yields also contributed to growth in production; in 2010/11, the average yield was 2.4 mt per hectare (t/ha). In the last year, the volume increased to 3.12 mt/ha, while the projected yield for the current season is 3.31 mt/ha, figures that reflect investments in varieties and processes.



Source: CONAB data, Post Brasilia chart

In percentage terms, the northern state of Ceara saw the biggest expansion of planted area – up by 75 percent to 700 ha, from 400 ha; Mato Grosso do Sul recorded an expansion of almost 50 percent, to 1.9 thousand ha from 1.3 thousand ha in the previous harvest; in Minas Gerais planted area is up almost 31 percent to 1.7 thousand ha from 1.3 thousand ha. In Rio Grande do Sul planted area held steady. In the southern state of Parana planted area continued to decline.

Post estimates that the 2019/20 yield will increase to 3.35 mt/ha, recovering from a significant drop in yield on the previous season where productivity was adversely affected by inclement weather. Post estimates total peanut production at 550 thousand mt in 2019/20, up from 435 mt tons in 2018/19.

SOYBEAN TRADE

Soybean Exports in 2020/21 Forecast Up

Soybean exports in the 2020/21 (February 2021 to January 2022) marketing year (MY) are forecast at 79 mmt, 2 mmt higher than in the current MY. The forecast is based on available supplies and the favorable exchange rate. Post anticipates continued weakness of the Real, amid the expected sluggish domestic economy grappling with the aftereffects of the global coronavirus pandemic. In mid-March, the Brazilian government reduced GDP growth to zero for 2020, down from over two percent growth forecast at the start of the year; meanwhile, market sources indicate that GDP may in fact shrink this year.

At this point, Post (along with many Brazilian market analysts) believes that global demand for soybeans will not see a severe downturn connected with the coronavirus pandemic. Unlike a multitude of other sectors, soybean consumption has limited elasticity. In China and Europe – key soybean importers – despite the expected forthcoming economic slowdown, meat consumption is not expected suffer a dramatic downturn. China is expected to remain the top importer of Brazilian soybeans, notwithstanding the Phase One trade deal between Washington and Beijing that was announced in mid-December 2019 (see planted area section for expanded discussion on this subject).

Current Season Soybean Exports Revised Up on the Strong Dollar

For the current 2019/20 (February 2020 to January 2021) season, Post revised up the soybean export estimate by 2 mmt to reach 77 mmt. Although Post's export forecast takes into account the overall subdued demand from China, the increase in exports is expected due to the extremely favorable exchange rate (see first section of the report for more detailed discussion). Post estimates that by the end of March, Brazilian farmers will have already forward sold about 70 percent of their expected production for this marketing season. The remaining 30 percent is likely to be commercialized in the coming months due to the very strong dollar.

Traders have been doing brisk business with Brazilian soybeans. The official statistics from the Ministry of Economy (SESEX) peg exports for February at 5.12 mmt, nearly on par with the record 5.26 mmt exported in the same month last year. Meanwhile, cargo service data indicated that the actual number of soybeans shipped last month was 6.58 mmt, so the SECEX data may yet be revised upward in coming months (it is not unusual for official data to lag somewhat behind shipments reported by cargo services). Ship lineup reported in the press indicates that an astounding 14.7 mmt is scheduled to be shipped in

March – well above the month's five-year average of 8 mmt. There is already 3.60 mmt scheduled to ship in April.

Key to watch will be the last several months of 2020. Typically, soybean volumes from Brazil trail off in the last quarter of the calendar year, with the harvest having wrapped up months earlier and most of the crop intended for export already shipped. This timeframe also coincides with peak exports from the United States. At that point, Brazilian soybeans are typically priced higher, providing the right 'market conditions' for exports from the United States. However, this year is unlikely to be typical given the long tail impact from the coronavirus pandemic. At this point it is difficult to predict whether lower stocks will prop up Brazilian prices enough to make Brazilian soybeans uncompetitive with U.S. soybeans, or whether the currency devaluation will continue to facilitate Brazilian shipments to China.

There is, however, a downside risk for Brazil's soybean exports which hinges on disruption of port logistics. Ports were already grappling with excess capacity in February due to strong demand, harvest delays and excessive rainfall. Then, in mid-March, local media reported that dock workers were organizing a two-week strike to protest lack of protection and precautionary measures against the spread of coronavirus at the Port of Santos, which is Brazil's main export hub. The agricultural industry, from oilseed association Abiove to meat exporter association ABPA - quickly appealed to the government to step in, and a hastily arranged agreement pledged to ensure that the port will stay open while operators will step up policies to protect the health of all personnel involved in port activities. Post believes that a strike by port workers wouldn't be a major problem for soybean exports, since grain elevators at the ports employ their own staff. However, if the virus strikes widely amid the port workforce, there is potential for reduced operations and capacity. It bears mention that virus-related disruptions are possible at any of the country's ports, and if they occur in any one port they may quickly spread to others.

COTTONSEED TRADE

Cottonseed Use to Remain Concentrated in the Domestic Market

More than 95 percent of cottonseed production in Brazil is consumed domestically. Post expects that domestic consumption will continue to account for virtually all cottonseed use in the coming seasons. Post forecasts that cottonseed exports will be 100 thousand mt in 2020/21, on par with the estimate for 2019/20. Although the actual volume of exports is negligible – under 3 percent of supply – in percentage terms, 2019/20 and 2020/21 exports are expected up almost 100 percent when compared to 53 thousand mt exported in 2018/19. Post's export outlook is based, in part, on the weak Real, which should make cottonseed exports more profitable.

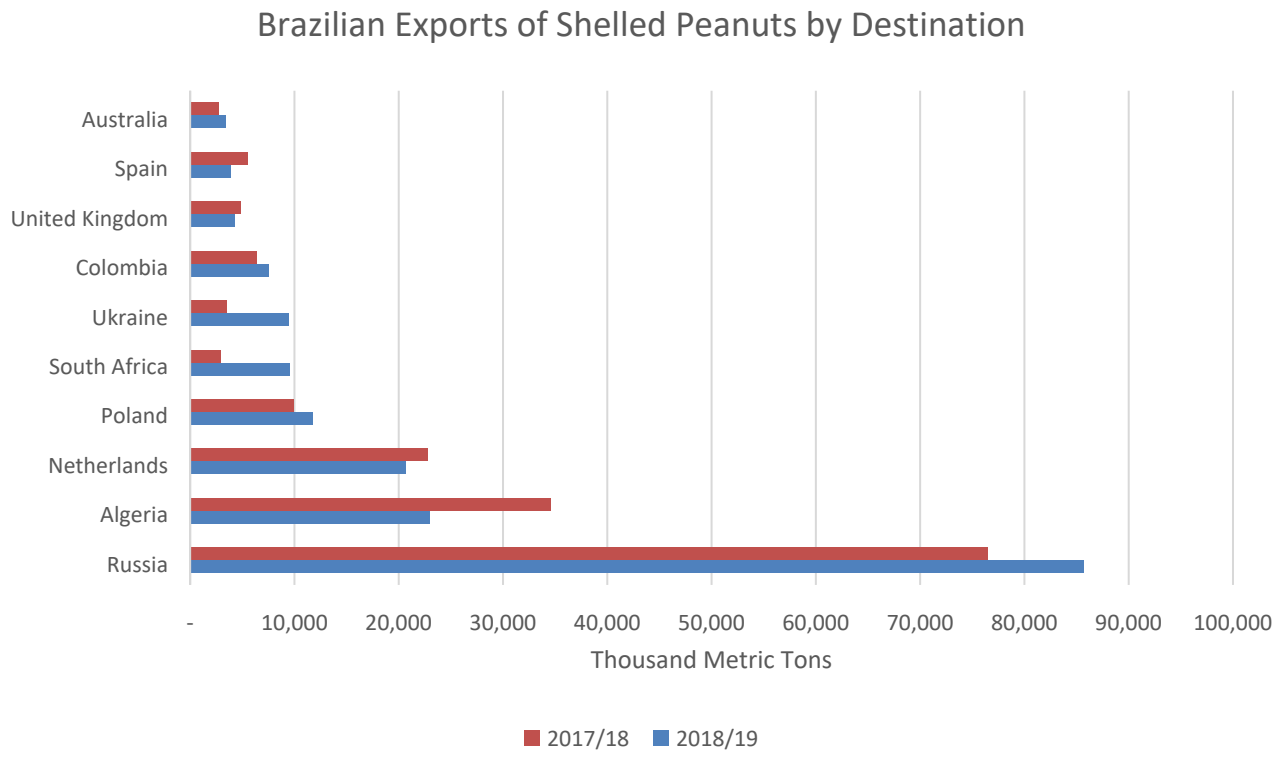
PEANUT TRADE

Peanut Exports Forecast to Continue Upward Trajectory

Although Brazil does not rank in the top ten peanut producers globally, it's the world's fifth largest exporter of peanuts. Over the last decade, Brazil's peanut exports grew exponentially, rising to an estimated 285 thousand mt in 2019/20, up almost four times from 77 thousand mt in 2010/11. Post

forecasts peanut export expansion to continue, albeit growing at a slower rate in 2020/21, with exports rising to 300 thousand mt.

Post's outlook for export expansion in the current and subsequent season is based on available supply and continued demand in the main importing markets. The majority of Brazil's peanut exports are of the shelled variety (HS 120242) and are destined for buyers in Europe and the Middle East, where consumers should maintain enough purchasing power even during the economic downturn.



Source: Foreign Trade Secretariat, Ministry of Economy (SECEX)

When it comes to trade in processed peanut products, Brazil does not export or import peanut meal. Conversely, the majority of Brazil's peanut oil production is exported; nevertheless, volumes are relatively low. Post forecasts peanut oil exports to reach 52 thousand mt in 2020/19. For 2019/20, Post estimates peanut oil exports at 51 thousand mt, up just slightly on 49 thousand mt last season. The main destinations for peanut oil are China and Italy.

SOYBEAN DOMESTIC CONSUMPTION & PROCESSED PRODUCTS

Soybean Crush Industry to Decelerate in 2020/21

Post forecasts 44.5 mmt of soybeans destined for processing in the 2020/21 MY, an increase of just over one percent on the 2019/20 estimate. The forecast expansion is below the five-year average growth rate of 1.8 percent annually. The slower expansion is forecast based on expected deceleration in the economy leading to nearly stagnant domestic demand for soy meal, and only a tepid increase in demand

for soy oil. Weak domestic demand will be cushioned to a degree by exports, which are expected to grow due to the weak Real.

Post forecasts 2020/21 soybean meal production at 34.5 mmt. Domestic soymeal consumption is forecast to increase just one percent next season to 18.7 mmt. Post anticipates domestic meal demand growth to slow down as domestic meat consumption levels off due to the expected economic deceleration. Export demand for soybean meal is forecast to provide a buffer for the stagnant domestic demand, with exports buffeted by the weak Real.

For next MY, Post forecasts soy oil production at 8.7 mmt. Domestic oil consumption is expected to increase to 8 mmt, up from 7.7 mmt in the current season. The forecast increase in consumption is based entirely on the expectation of rising demand for biodiesel driven by higher blending mandates. According to the national oil regulator ANP, total biodiesel production in 2019 was 5.9 billion liters, and Brazil's vegetable oils industry association Abiove has forecast that biodiesel production will reach 6.9 billion liters in 2020, representing a 17 percent rise on last year's production.

Soybean Processing Expansion in 2019/20 driven by Strong Demand

Post maintains the 2019/20 forecast of 44 mmt of soybeans destined for processing this season. Post also maintains the 2019/20 estimate for meal production at 34.1 mmt and for oil output to reach 8.6 mmt. The estimate is based on availability of supply and continued strong demand from the domestic meat processing and oil industries. In fact, local market sources indicate that the Brazilian processing industry is scrambling to rebuild its dwindling stocks, on the expectation that raw bean export demand will remain high. According to a survey by São Paulo Scot Consultoria firm, domestic soybean meal prices were up 2.1 percent month-on-month in March, and more than 11 percent as compared to same month last year. Typically, domestic soybean and soybean product prices fall in March, during peak harvest around the country.

Post maintains its estimates for domestic meal consumption at 18.5 mmt, as livestock and poultry industries press on with their plans to expand production to meet strong demand coming from China. Post revised up its estimate for meal exports by 100 thousand mt to 16.3 mmt, based on the assumption that the weaker Brazilian Real will make meal exports more competitive at a time when global export supplies decline due to work disruption in Argentina, the world's leading soybean product exporter. In Argentina, deliveries of soybeans by trucks to processing plants have been severely disrupted as more than 70 municipalities across the country are taking measures against the global coronavirus pandemic, which involves controlling the movement of agricultural production by their jurisdictions. At the same time, an organization of port workers in Argentina has asked the government of the country to suspend port activities for 15 days in the nation. Meanwhile, in Brazil, agriculture and connected industries have been deemed essential and continue to operate without significant disruption.

Although Post maintained the overall soy oil production estimate, Post revised down by 300 thousand mt the estimate for domestic consumption to 4 mmt, and revised up oil exports to 700 thousand mt from 500 thousand mmt. Typically, in Brazil, domestic biodiesel demand tends to follow the trend of the overall economy, with demand rising in the times of plenty and falling when growth contracts. In addition, petroleum is a direct competitor to biodiesel, and as oil prices plunge, consumers are expected

to switch their preference for whatever fuel is cheaper. Based on those two factors, Post estimates that domestic oil consumption will decrease.

However, the decrease in oil consumption will be cushioned by the government's biodiesel blending mandates. On March 1, 2020, Brazil increased in the biodiesel blend mandate by one percent to 12 percent (B12), less than a year after the last increase went into effect in September 2019. The biodiesel blending rate is slated to rise by 1 percent every year, reaching 15 percent in 2023. According to ANP, depending on the month, soy oil accounts for between 54 and 73 percent of all feedstock for biodiesel production in Brazil. The remainder of feedstock for biodiesel production comes from beef tallow and other animal and vegetable fats and oils.

Meanwhile, oil exports are estimated to go up based on the favorable exchange rate and the forthcoming disruptions to Argentine's exports.

COTTONSEED DOMESTIC CONSUMPTION & PROCESSED PRODUCTS

Cottonseed Crush to Keep Pace with Production

The majority of Brazil's cottonseed production is destined for crush, with raw cottonseed exports and stocks accounting for less than five percent of total supply of cottonseed on the market. As such, cottonseed crush has increased at an almost equal pace with cottonseed production in the last five years.

For the 2020/21 MY, Post forecasts 4.1 mmt of cottonseed will be processed into oil and meal. Post estimates cottonseed oil production at 656 thousand mt, with 400 thousand mt for industrial use, and 235 thousand mt destined for food use. In the 2020/21MY, Post estimates cottonseed oil cake production at just over 1.95 mmt, all of which is destined for animal feed.

For the 2019/20 MY, Post estimates Brazil's crush industry to process 3.95 mmt of cottonseed into oil and meal. Post forecasts cottonseed oil production at 632 thousand mt, with 390 thousand mt in industrial use for biodiesel, 230 thousand mt destined for food use, with negligible exports. Cottonseed oil cake is a byproduct of oil production. For the 2019/20 MY, Post forecasts cottonseed oil cake production at 1.88 mmt, all of which is destined for animal feed.

PEANUT DOMESTIC CONSUMPTION & PROCESSED PRODUCTS

Domestic Peanut Consumption

Brazil consumes about half of its total peanut supply domestically. For 2020/21 (January-December 2021), Post forecasts domestic consumption at 241 thousand mt, which represents about a two percent increase on the estimate for the current marketing year. The increase will be driven by crush. Processing is forecast to increase by 2.5 percent to 164 mmt, while peanut food use is forecast to remain almost flat – at 76 thousand mt in 2020/21, up from 75 thousand mt in the current season. The Post forecast for domestic raw peanut consumption is based on the expectation that the domestic economy, and consumer demand, will still grapple with the aftereffects from the coronavirus pandemic in 2021.

Meanwhile, the peanut crush increase will be driven by peanut oil exports, which is forecast to produce good returns with the expected continuation of weakness of the Real. Domestic peanut oil consumption is forecast at 8 thousand mt in 2020/21. For 2020/21, Post estimates peanut meal production at 67 thousand mt.

Post estimates that total domestic consumption in 2019/20 (January-December 2020) will reach 236 thousand mt, just slightly above the 232 thousand mt consumed last season. While peanut processing is expected increase to 160 thousand mt, up from 150 thousand mt in 2018/19, food use – mostly driven by the confectionary industry – should decrease to 75 thousand mt, from 81 thousand mt in the same timeframe. The domestic confectionary industry is expected to contract in 2020 on the back of disruption of operations due to the coronavirus pandemic, as well as economic deceleration that will be reflected on consumer purchases.

Peanut oil production is estimated at 58 thousand mt for the current MY, of which 51 thousand mt is estimated to be exported. Peanut meal production is a by-product of oil production and is not driven by demand factors. All of Brazil's peanut meal production is consumed domestically. In 2019/20, Post estimates peanut meal production to reach 66 thousand mt, all of it destined for animal feed.

Oilseed, Soybean (Local)	2018/2019		2019/2020		2020/2021	
Market Begin Year	Feb 2019		Feb 2020		Feb 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	36200	36200	37000	37000	0	38500
Area Harvested	35900	35900	36900	36900	0	38500
Beginning Stocks	2652	2652	767	552	0	602
Production	117000	117000	126000	123000	0	129000
MY Imports	145	145	150	150	0	100
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	119797	119797	126917	123702	0	129702
MY Exports	73234	73445	77000	77000	0	79000
MY Exp. to EU	3400	3400	3500	3500	0	0
Crush	43409	43400	43850	44000	0	44500
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2387	2200	2650	2100	0	0
Total Dom. Cons.	45796	45800	46500	46100	0	44500
Ending Stocks	767	552	3417	602	0	6202
Total Distribution	119797	119797	126917	123702	0	129702
CY Imports	144	136	150	150	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	73781	74595	77000	74600	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	3.2591	3.2591	3.4146	3.3333	0	3.3506
1000 HA, 1000 MT, MT/HA						

Oil, Soybean (Local)	2018/2019		2019/2020		2020/2021	
Market Begin Year	Feb 2019		Feb 2020		Feb 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	43409	43400	43850	44000	0	44500
Extr. Rate, 999.9999	0.1919	0.1919	0.1919	0.1955	0	0.1955
Beginning Stocks	368	368	404	420	0	650
Production	8330	8330	8415	8600	0	8700
MY Imports	35	35	30	30	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	8733	8733	8849	9050	0	9380
MY Exports	1008	1013	1000	700	0	500
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	3595	3700	3685	4000	0	4300
Food Use Dom. Cons.	3726	3600	3775	3700	0	3700
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	7321	7300	7460	7700	0	8000
Ending Stocks	404	420	389	650	0	880
Total Distribution	8733	8733	8849	9050	0	9380
CY Imports	48	50	30	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	1036	1040	1000	950	0	0
CY Exp. to U.S.	0	0	0	0	0	0
1000 MT, PERCENT, 1000 MT						

Meal, Soybean (Local)	2018/2019		2019/2020		2020/2021	
Market Begin Year	Feb 2019		Feb 2020		Feb 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	43409	43400	43850	44000	0	44500
Extr. Rate, 999.9999	0.775	0.7751	0.7754	0.775	0	0.7753
Beginning Stocks	3955	3955	3371	3289	0	2614
Production	33640	33640	34000	34100	0	34500
MY Imports	23	21	26	25	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	37618	37616	37397	37414	0	37134
MY Exports	16382	16462	15200	16300	0	16500
MY Exp. to EU	7500	7500	7500	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	17865	17865	18757	18500	0	18700
Total Dom. Cons.	17865	17865	18757	18500	0	18700
Ending Stocks	3371	3289	3440	2614	0	1934
Total Distribution	37618	37616	37397	37414	0	37134
CY Imports	23	25	25	25	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	16682	16625	15200	15200	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	17865	17865	18757	18500	0	18700
1000 MT, PERCENT, 1000 MT						

Oilseed, Cottonseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	1640	1640	1700	1675	0	1700
Area Harvested (Cotton)	1640	1640	1700	1675	0	1700
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	93	93	162	145	0	105
Production	4254	4187	4254	4200	0	4340
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4347	4280	4416	4345	0	4445
MY Exports	53	53	50	100	0	100
MY Exp. to EU	0	0	0	0	0	0
Crush	3950	3900	4000	3950	0	4100
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	182	182	190	190	0	200
Total Dom. Cons.	4132	4082	4190	4140	0	4300
Ending Stocks	162	145	176	105	0	45
Total Distribution	4347	4280	4416	4345	0	4445
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	53	53	50	50	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	2.5939	2.553	2.5024	2.5075	0	2.5529
1000 HA, RATIO, 1000 MT, MT/ HA						

Oil, Cottonseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	3950	3900	4000	3950	0	4100
Extr. Rate, 999.9999	0.16	0.16	0.16	0.16	0	0.16
Beginning Stocks	23	23	41	33	0	44
Production	632	624	640	632	0	656
MY Imports	4	4	2	2	0	2
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	659	651	683	667	0	702
MY Exports	3	3	3	3	0	3
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	390	390	400	390	0	400
Food Use Dom. Cons.	225	225	235	230	0	235
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	615	615	635	620	0	635
Ending Stocks	41	33	45	44	0	64
Total Distribution	659	651	683	667	0	702
CY Imports	3	3	3	3	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	4	4	2	2	0	0
CY Exp. to U.S.	0	0	0	0	0	0
1000 MT, PERCENT, 1000 MT						

Meal, Cottonseed	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	3950	3900	4000	3950	0	4100
Extr. Rate, 999.9999	0.4747	0.4749	0.475	0.4749	0	0.4749
Beginning Stocks	5	5	5	5	0	5
Production	1875	1852	1900	1876	0	1947
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1880	1857	1905	1881	0	1952
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1875	1852	1900	1876	0	1947
Total Dom. Cons.	1875	1852	1900	1876	0	1947
Ending Stocks	5	5	5	5	0	5
Total Distribution	1880	1857	1905	1881	0	1952
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	1519.3125	1500.6756	1539.57	1520.1228	0	1577.6541
1000 MT, PERCENT, 1000 MT						

Oilseed, Peanut	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	150	150	155	158	0	160
Area Harvested	147	147	155	158	0	160
Beginning Stocks	73	73	28	28	0	39
Production	435	435	550	530	0	550
MY Imports	2	2	2	2	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	510	510	580	560	0	589
MY Exports	250	250	295	285	0	300
MY Exp. to EU	50	50	50	50	0	0
Crush	150	150	170	160	0	164
Food Use Dom. Cons.	81	81	82	75	0	76
Feed Waste Dom. Cons.	1	1	1	1	0	1
Total Dom. Cons.	232	232	253	236	0	241
Ending Stocks	28	28	32	39	0	48
Total Distribution	510	510	580	560	0	589
CY Imports	2	2	2	2	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	250	250	295	295	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	2.9592	2.9592	3.5484	3.3544	0	3.4375
1000 HA, 1000 MT, MT/HA						

Oil, Peanut	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	150	150	170	158	0	160
Extr. Rate, 999.9999	0.3667	0.3667	0.3529	0.3671	0	0.3688
Beginning Stocks	1	1	0	0	0	1
Production	55	55	60	58	0	59
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	56	56	60	58	0	60
MY Exports	49	49	51	51	0	52
MY Exp. to EU	12	12	12	12	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	7	7	8	8	0	8
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	7	7	8	6	0	8
Ending Stocks	0	0	1	1	0	0
Total Distribution	56	56	60	58	0	60
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	49	49	51	51	0	0
CY Exp. to U.S.	0	0	0	0	0	0
1000 MT, PERCENT, 1000 MT						

Meal, Peanut	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	150	150	170	158	0	160
Extr. Rate, 999.9999	0.4133	0.4133	0.4118	0.4177	0	0.4188
Beginning Stocks	0	0	0	0	0	0
Production	62	62	70	66	0	67
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	62	62	70	66	0	67
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	62	62	70	66	0	67
Total Dom. Cons.	62	62	70	66	0	67
Ending Stocks	0	0	0	0	0	0
Total Distribution	62	62	70	66	0	67
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	69.688	69.688	78.68	74.184	0	75.308
1000 MT, PERCENT, 1000 MT						

Attachments:

No Attachments