

CORN / SOY MARKET | BRAZIL

USDA'S 94TH ANNUAL AGRICULTURAL
OUTLOOK FORUM

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FEBRUARY, 2018

Brazil | Scale and Double Crop Advantages



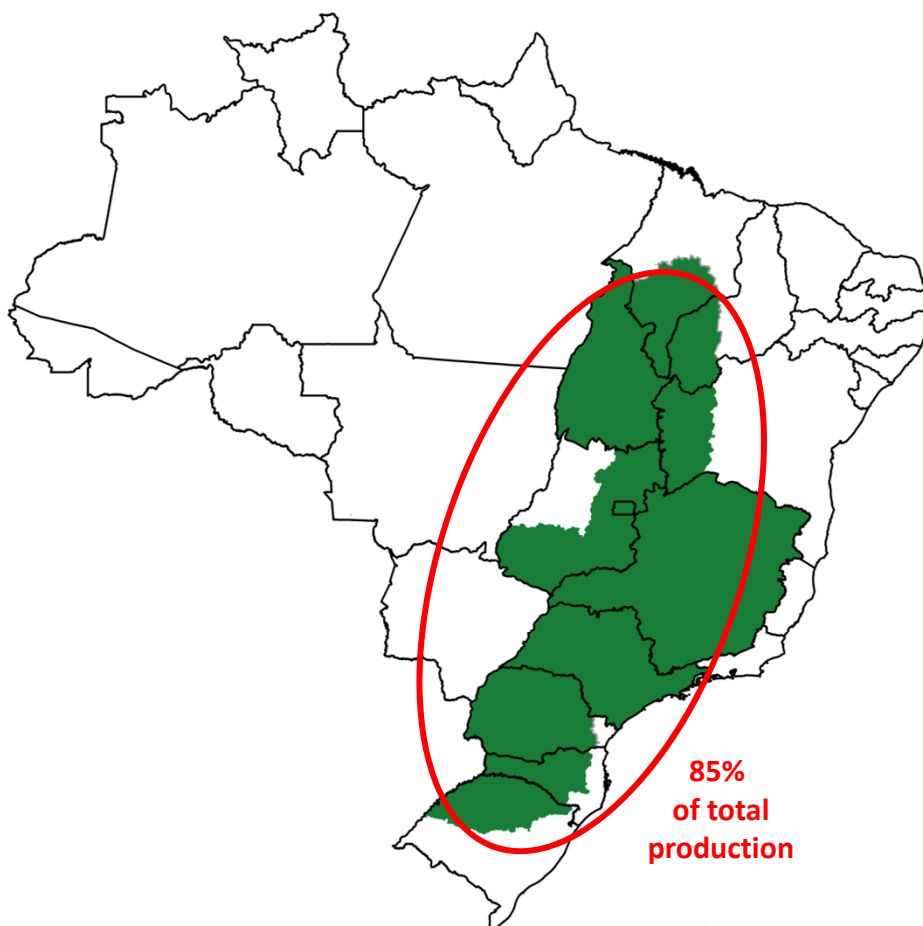
This slide was shown in the USDA Outlook Forum 2002 as an innovation.

Corn 2nd Crop | Agronomics and Optimization Benefits

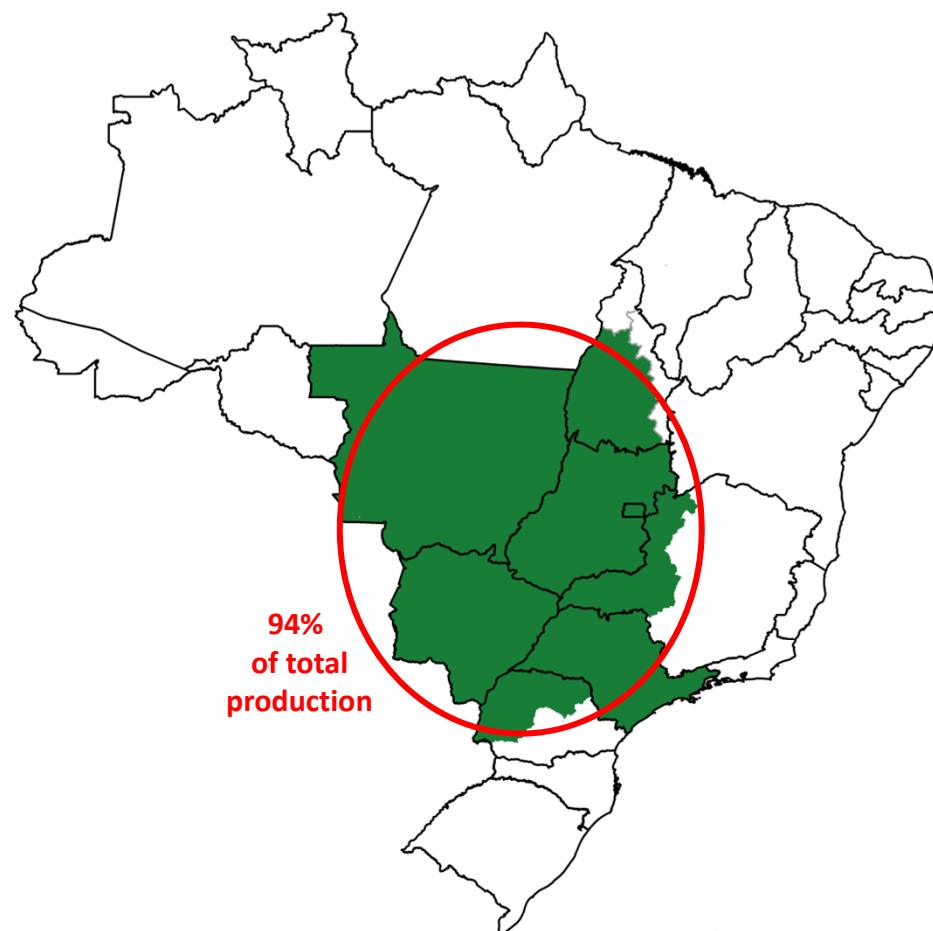
- Crop rotation between corn and beans (C4 – C3)
- Soil protection in a “no-tillage system”
- Fertilization of the fields as a single system
- Better control of nematodes, diseases and pests
- Machinery and Labor optimization in the farm, diluting fixed costs
- Better balanced cash flow of the farming business during the year

Corn/Brazil | Production

Corn – 1st Crop (summer)

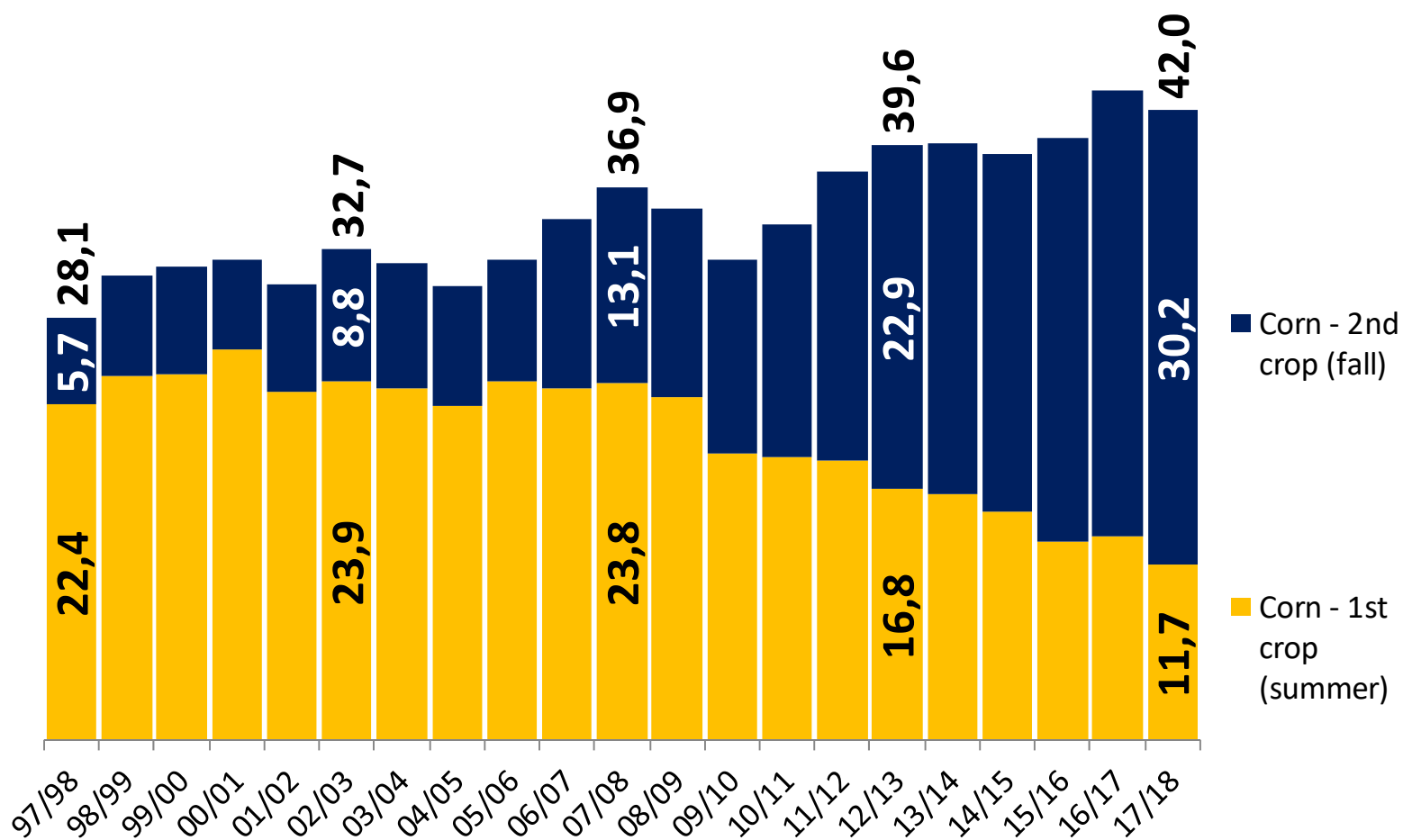


Corn – 2nd Crop (fall/winter)



Corn/Brazil | Planted Area

(million acres)



Corn 2nd crop/
soybean area: 18%

19%

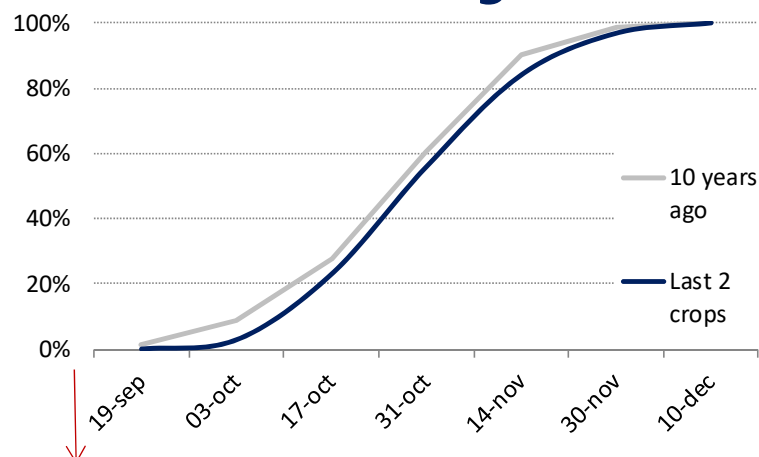
25%

33%

35%

Soybean / Brazil | "Ace in the hole"

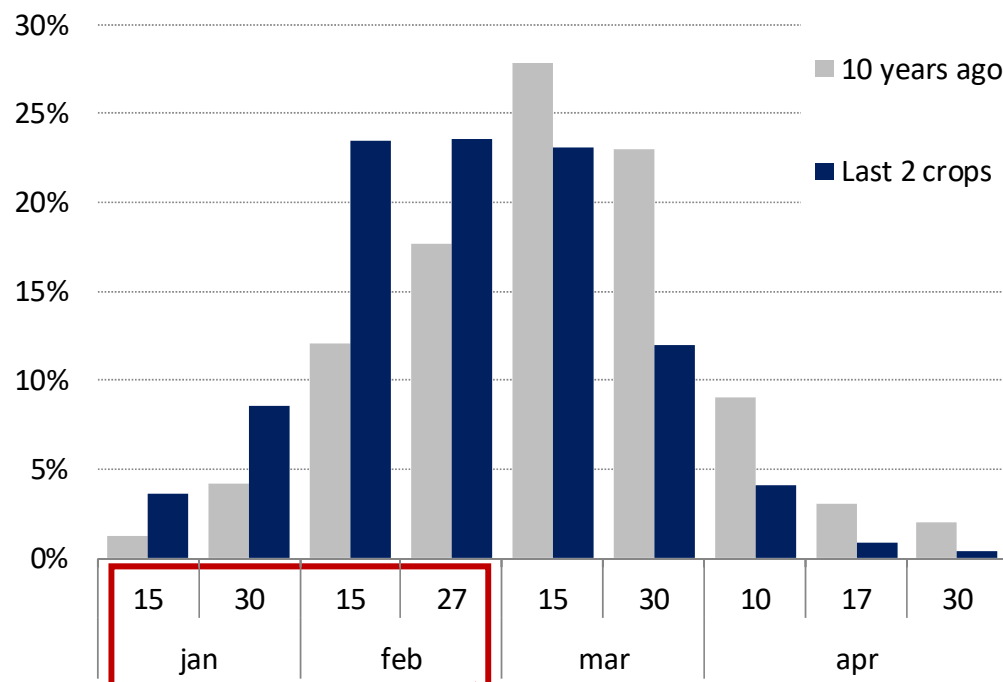
Planting



The period when soybean planting is not allowed (soybean rust prevention) ends on Sep-15

Last 20 years: Focus on early cycle **breeding** improvement. Reducing the total cycle from 120-130 days to 95-100 days.

Harvesting

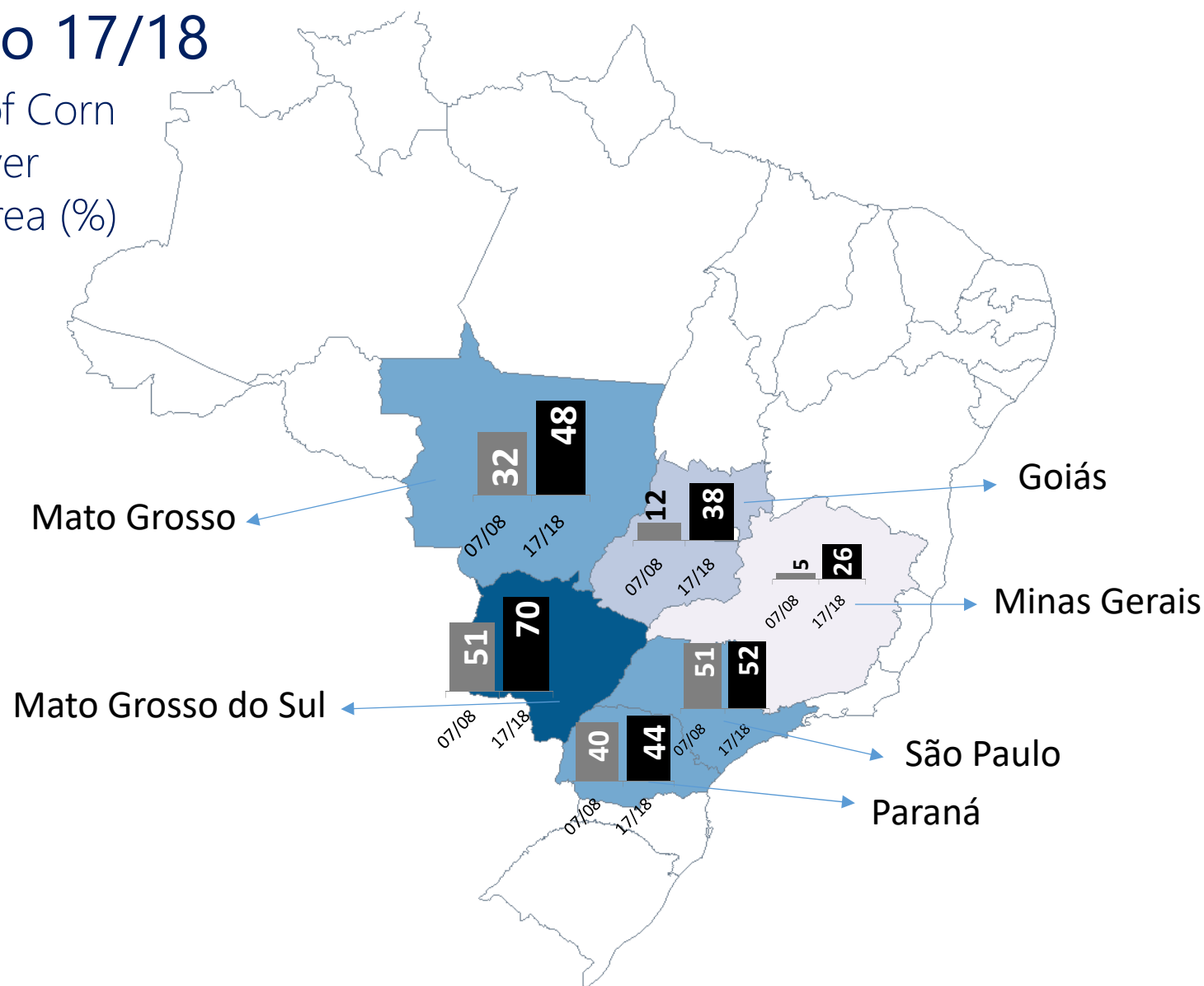


Ideal calendar to planting Corn 2nd crop
 % of soybean harvest:
 10 years ago: 35%
 Last 2 crops: 60%

Corn 2nd Crop/Brazil | Penetration by state

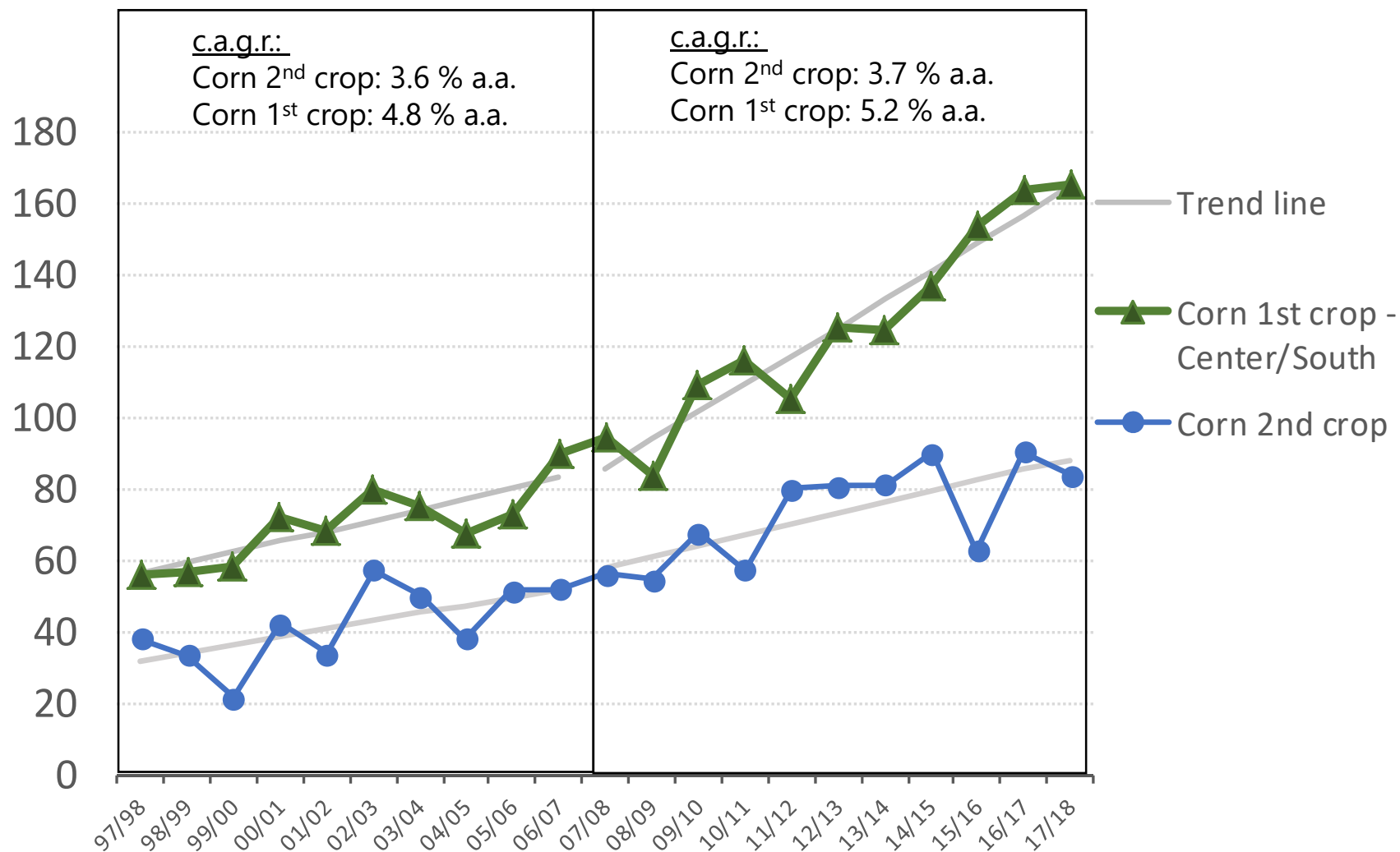
07/08 to 17/18

Evolution of Corn
2nd crop over
Soybean area (%)



Corn/Brazil | Yield

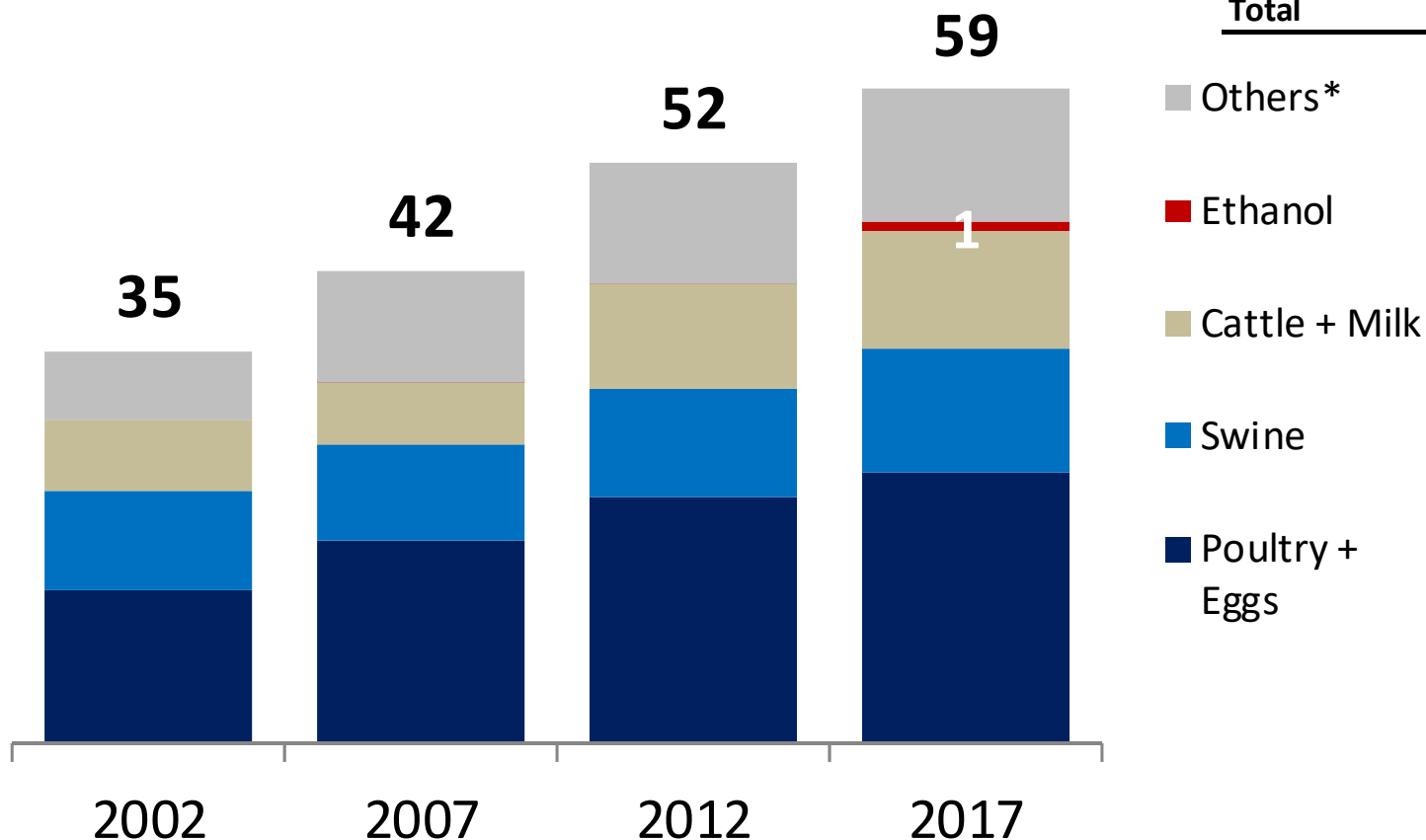
(bushel/acre)



Corn/Brazil | Domestic Consumption

(million t.)

c.a.g.r	Last 10 years
Swine	3%
Poultry + Eggs	3%
Cattle + Milk	7%
Ethanol	87%
Others	2%
Total	3%



**Domestic
Market Share:**

99%

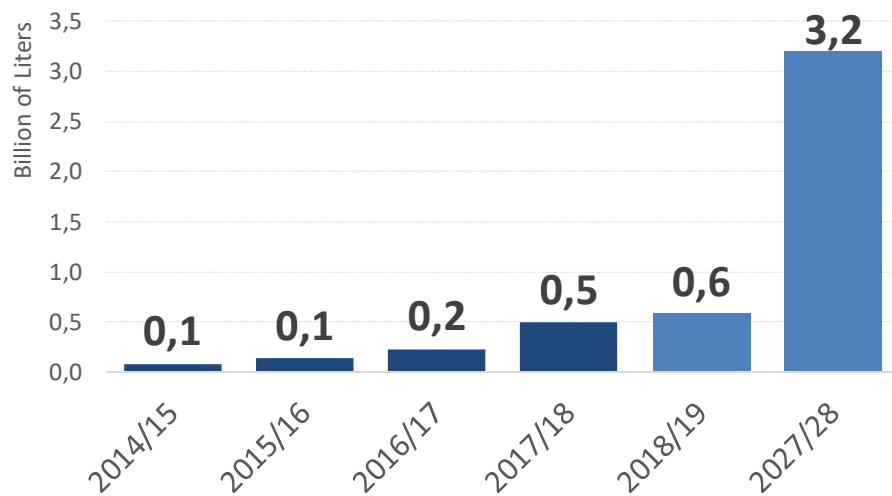
82%

71%

59%

Ethanol | Estimated Corn-based Output in Brazil

Corn-based Ethanol Output
(Bi liters)



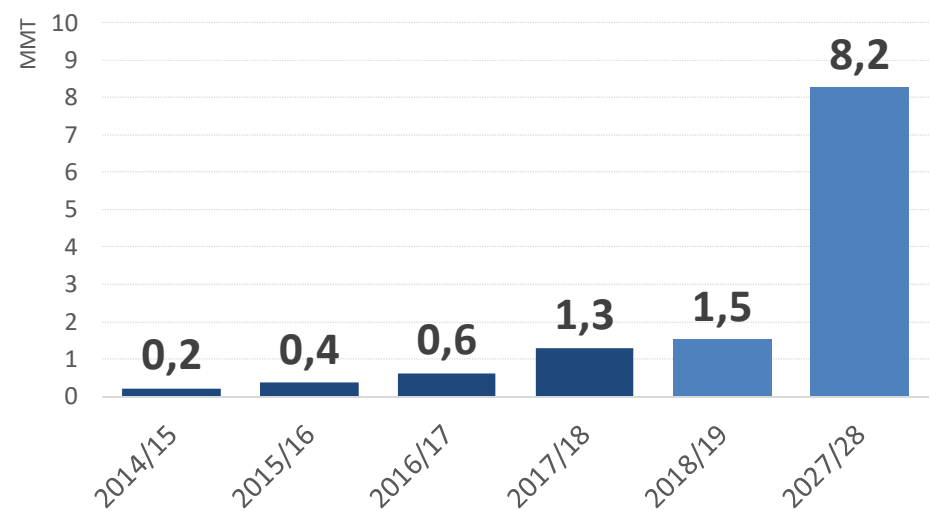
2017/18

6 Working Facility (1 Full + 3 Flex)

1.3 mmt of corn

0.55 million liters of ethanol

Corn crushed for Ethanol
(MMT)



Next years

+ 13 Facilities (5 Full + 8 Flex)

8.2 mmt of corn

3.2 billion liters of ethanol

Corn/Brazil | Production and Exports

2007

Production area



North, Northeast and
Center-West :

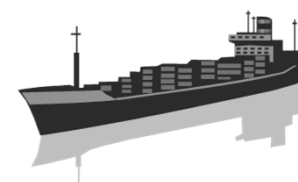
24 mmt
38%

South and Southeast:

36 mmt
62%



Exports Ports



North, Northeast and
Center-West :

0.4 mmt
8%

South and Southeast:

5.9 mmt
92%

Corn/Brazil | Production and Exports

2017

Production area



North, Northeast and
Center-West :

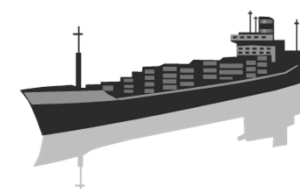
59.1 mmt
60%

South and Southeast:

39.5 mmt
40%



Exports Ports



North, Northeast and
Center-West :

8.6 mmt
29%

South and Southeast:

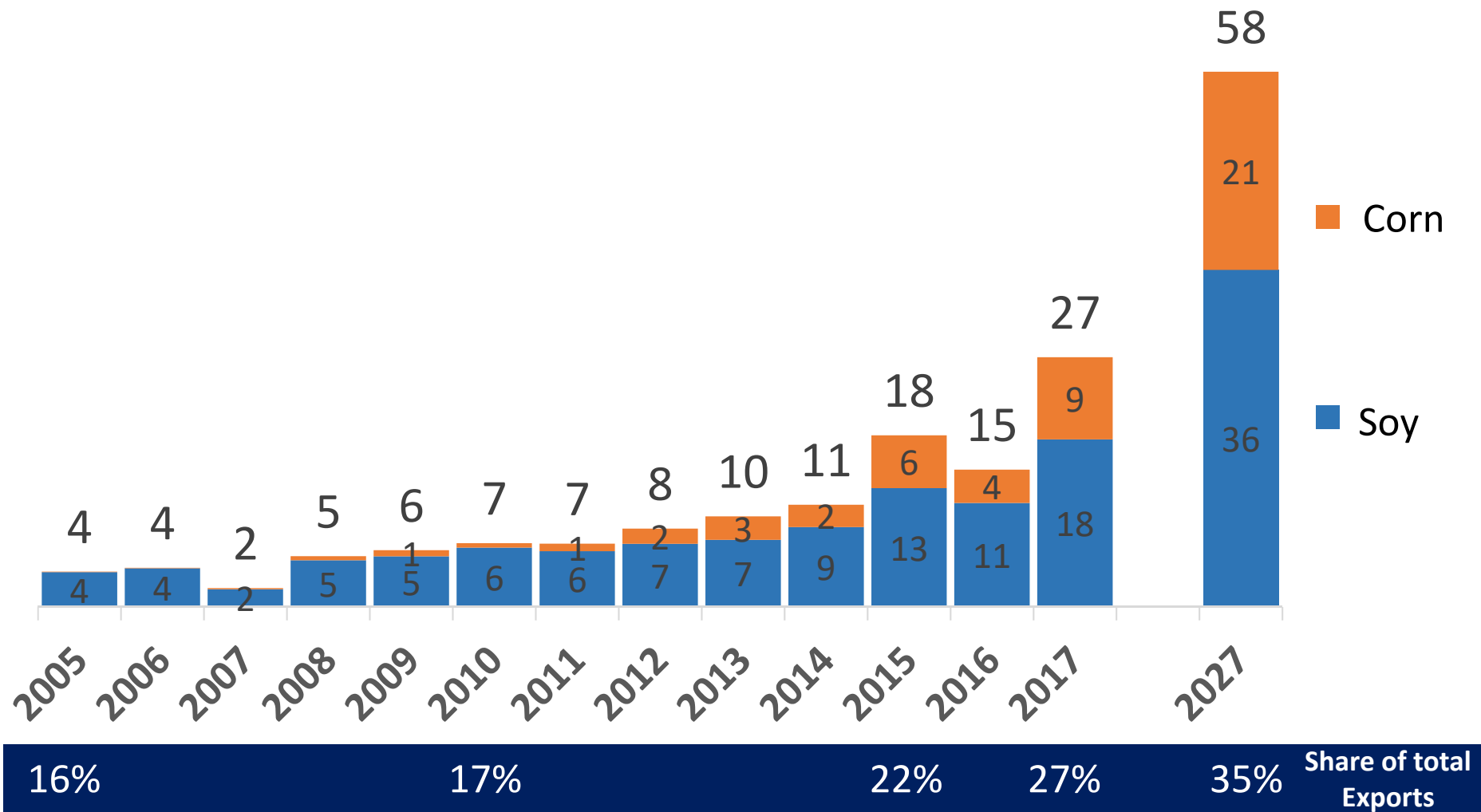
20.6 mmt
71%

● New Port Facilities

Source: Agroconsult, SECEX

Soy+Corn/Brazil | Northern Arc Export

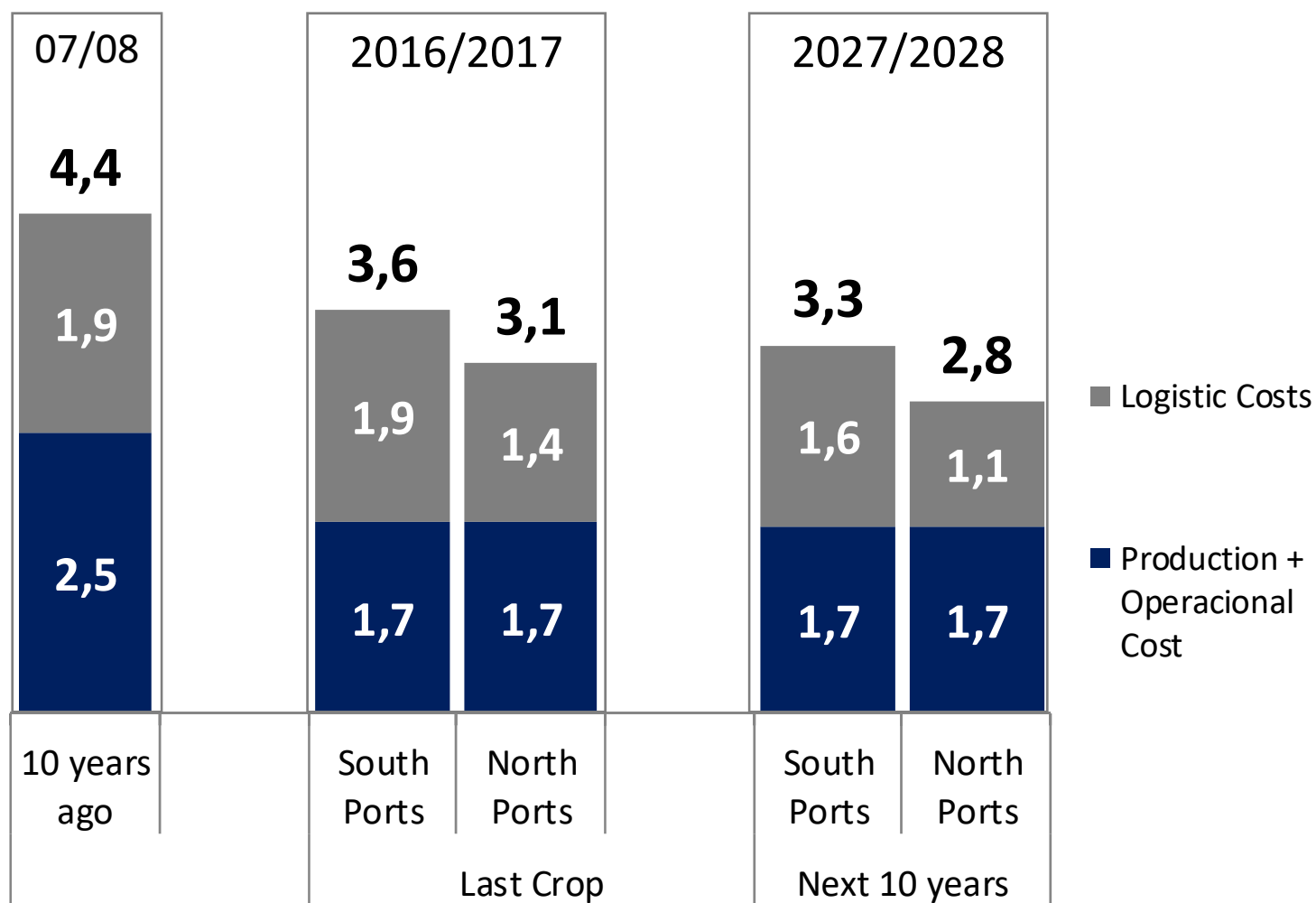
(millions t.)



Source: CONAB, Forecast: Agroconsult. Calendar: Jan/Dec

Corn/Brazil | Production and Logistics Costs

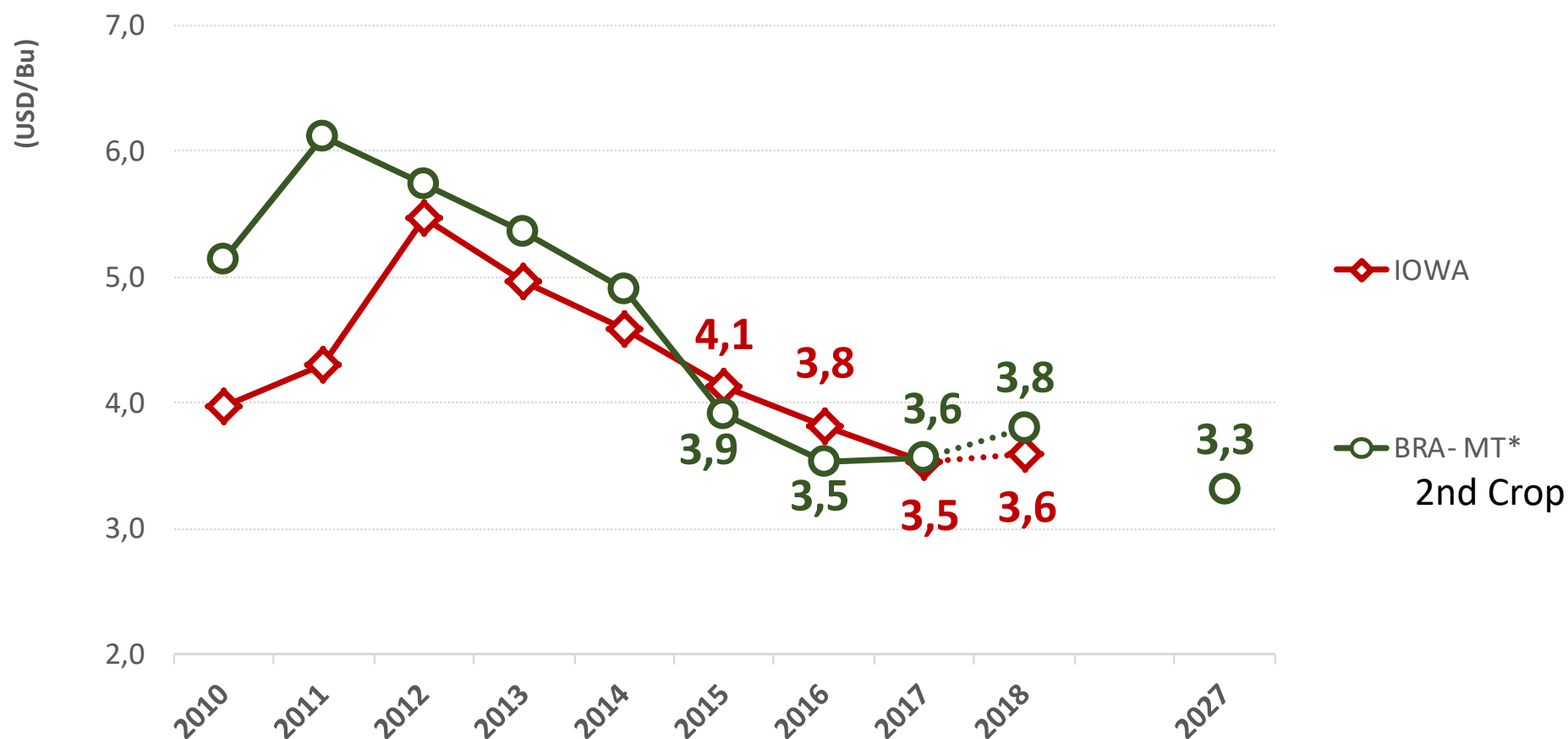
Production in Sorriso/MT
(USD/bu)



Corn | Break-even

(USD/bu) – FOB Cost

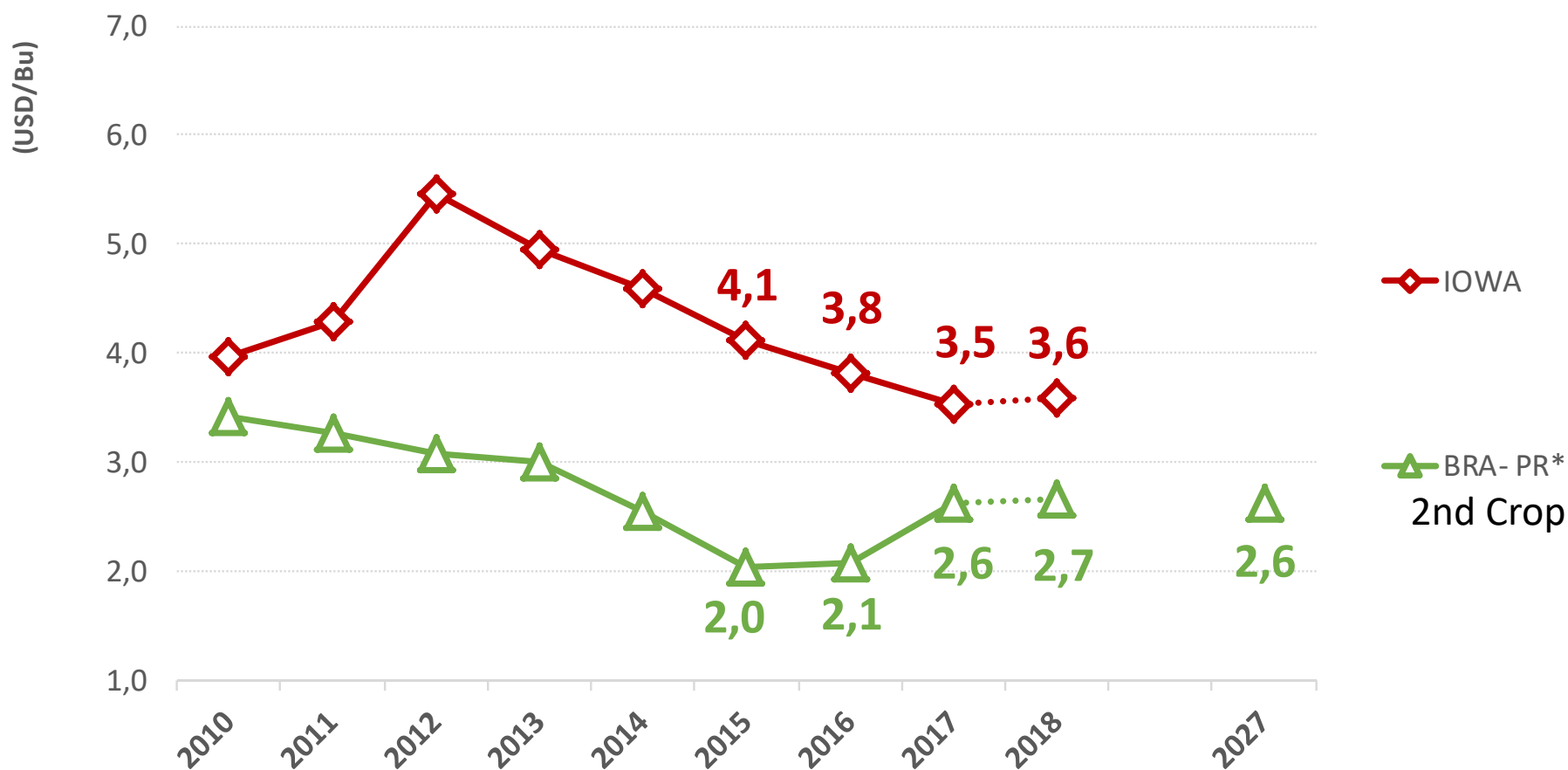
- Land rent included in IOWA cost
- Land rent not included in Mato Grosso; it's on summer soy cost



Corn | Break-even

(USD/bu) – FOB Cost

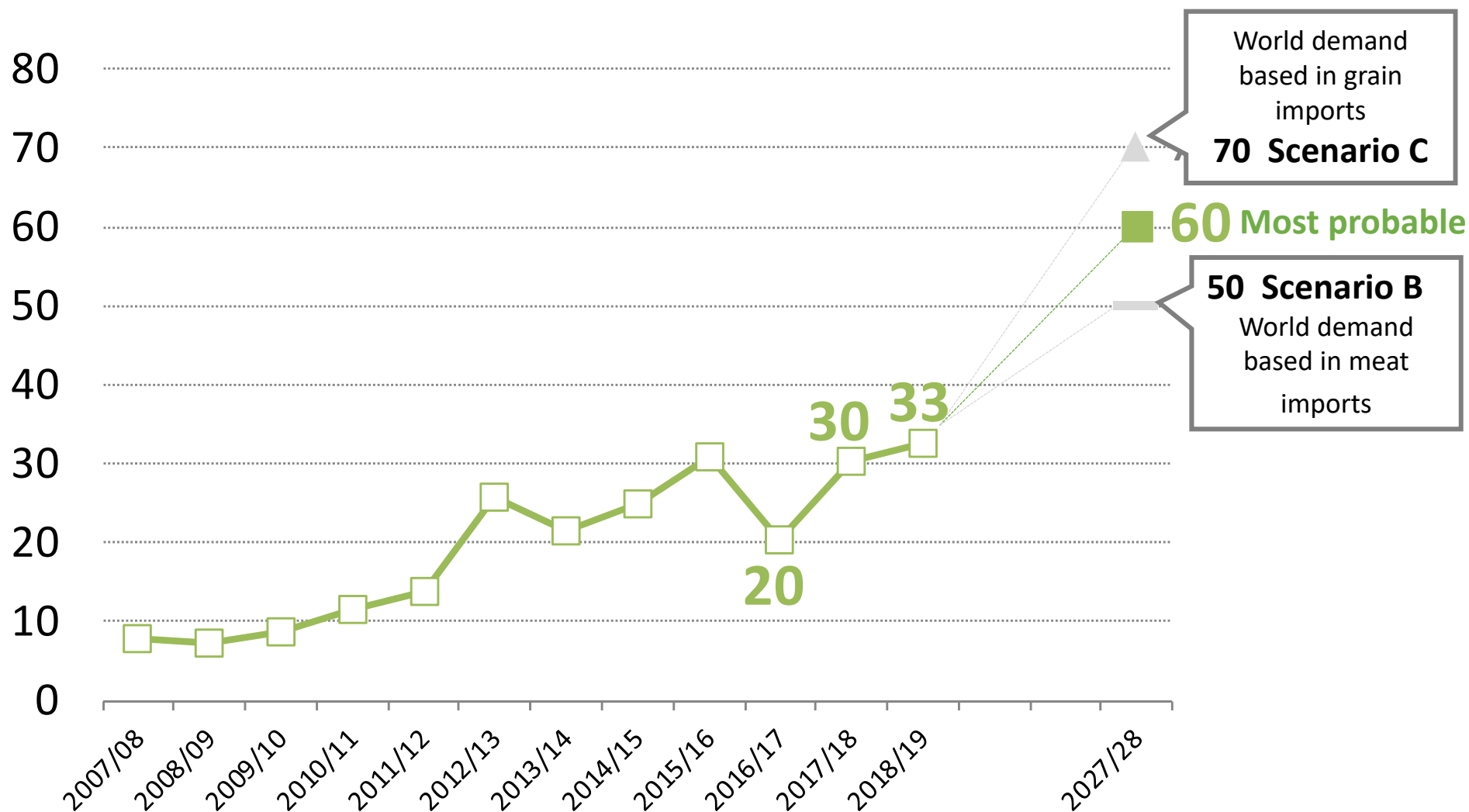
- Land rent included in IOWA cost
- Land rent not included in Paraná; it's on summer soy cost



Corn | Exports

(million t.)

Calendar: October/September



Source: USDA Forecast: Agroconsult. Calendar: OCT/SEP.

SOYBEAN MARKET

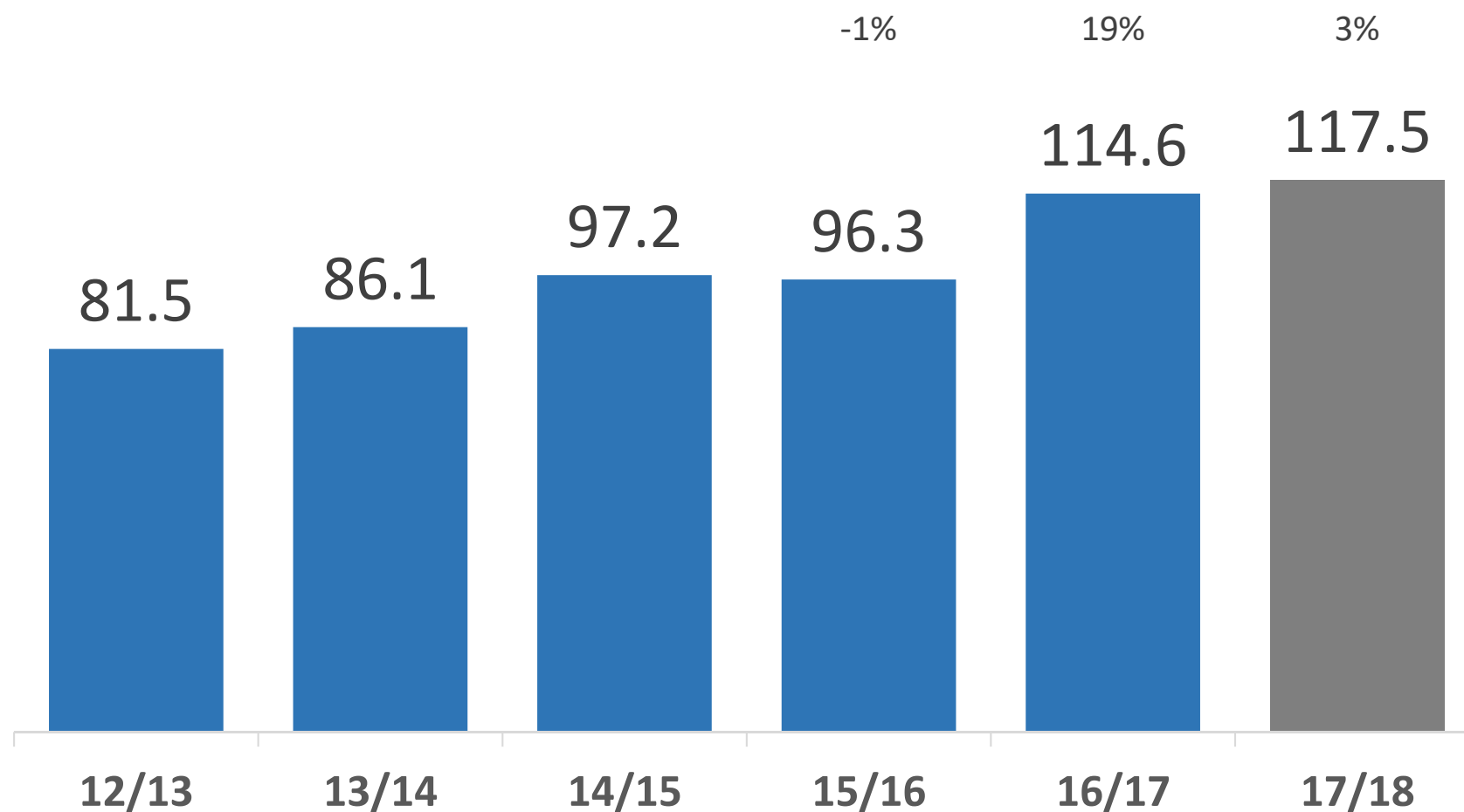
17/18

Soybeans market

- 1 We are heading to a record crop

Soybean/Brazil | Production

(millions t.)



Soybean/Brazil | Crop Condition

Area
(%)

56

10

34



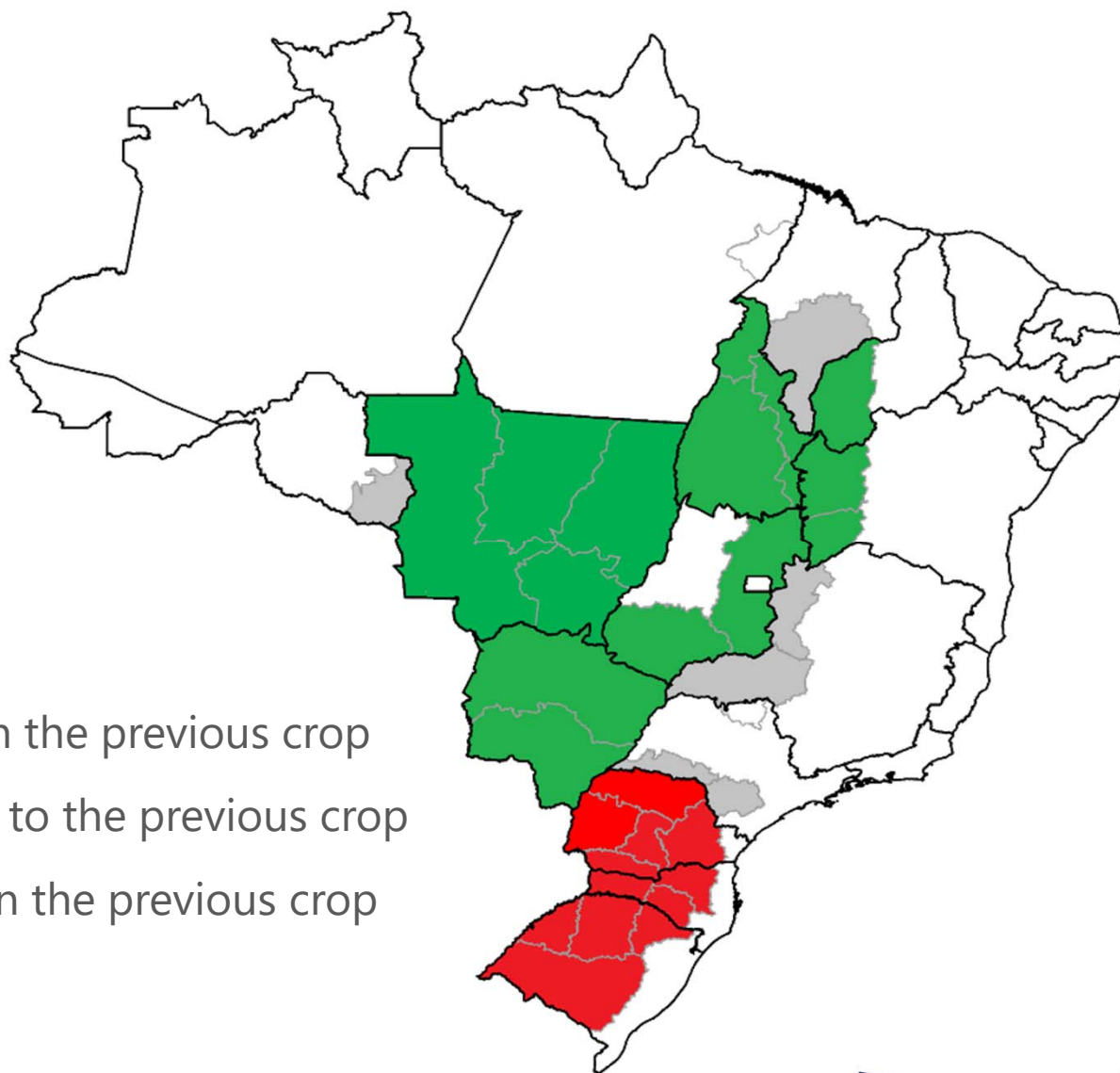
Better than the previous crop



Equivalent to the previous crop



Worse than the previous crop



RALLY DA SAFRA ROUTES 2018

WHERE AND WHEN THE TRIP TAKES
PLACE

The Rally da Safra Roadmap follows
the soybean and corn farming
calendar.

12 teams

9 teams will focus on soybean

3 teams will focus on corn

95% of the soybean production area
and 72% of the corn production area

www.rallydasafra.com.br



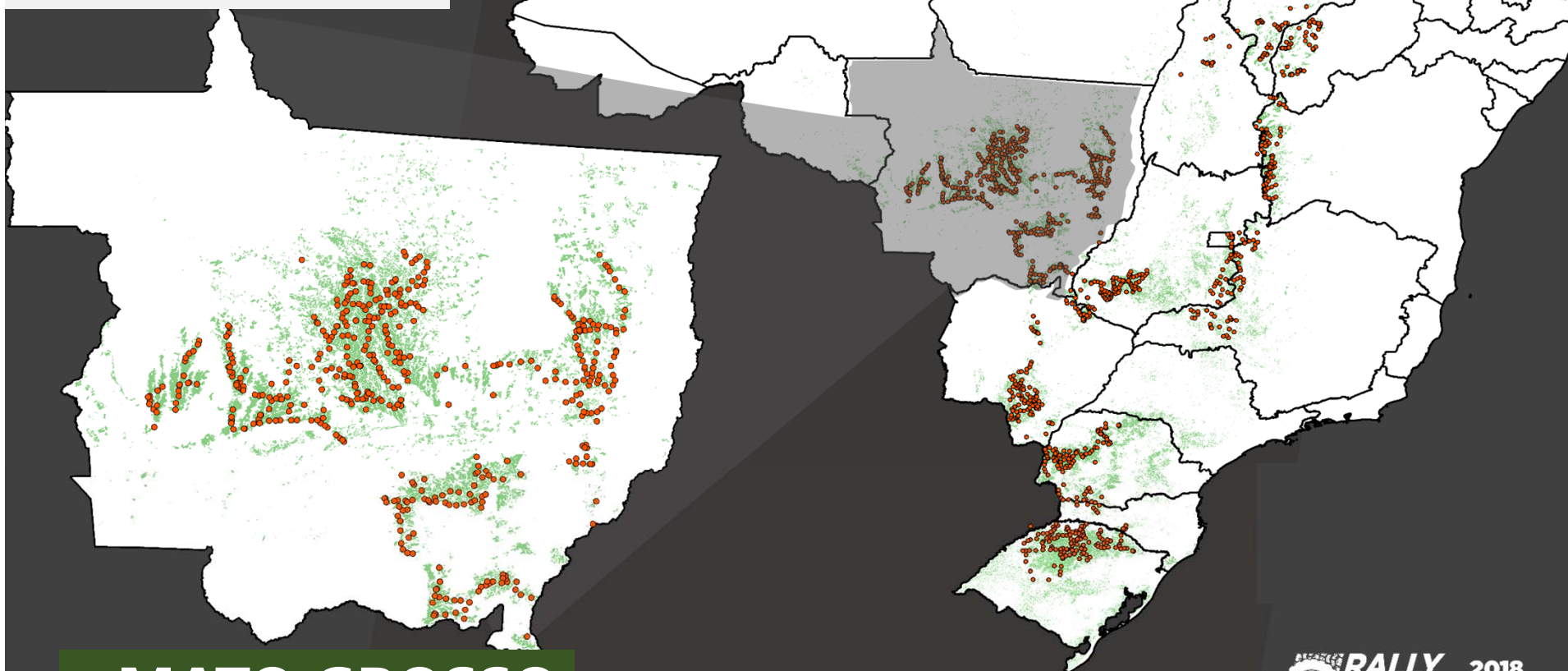
RALLY DA SAFRA

SAMPLES

Soybeans 1163

Corn 407

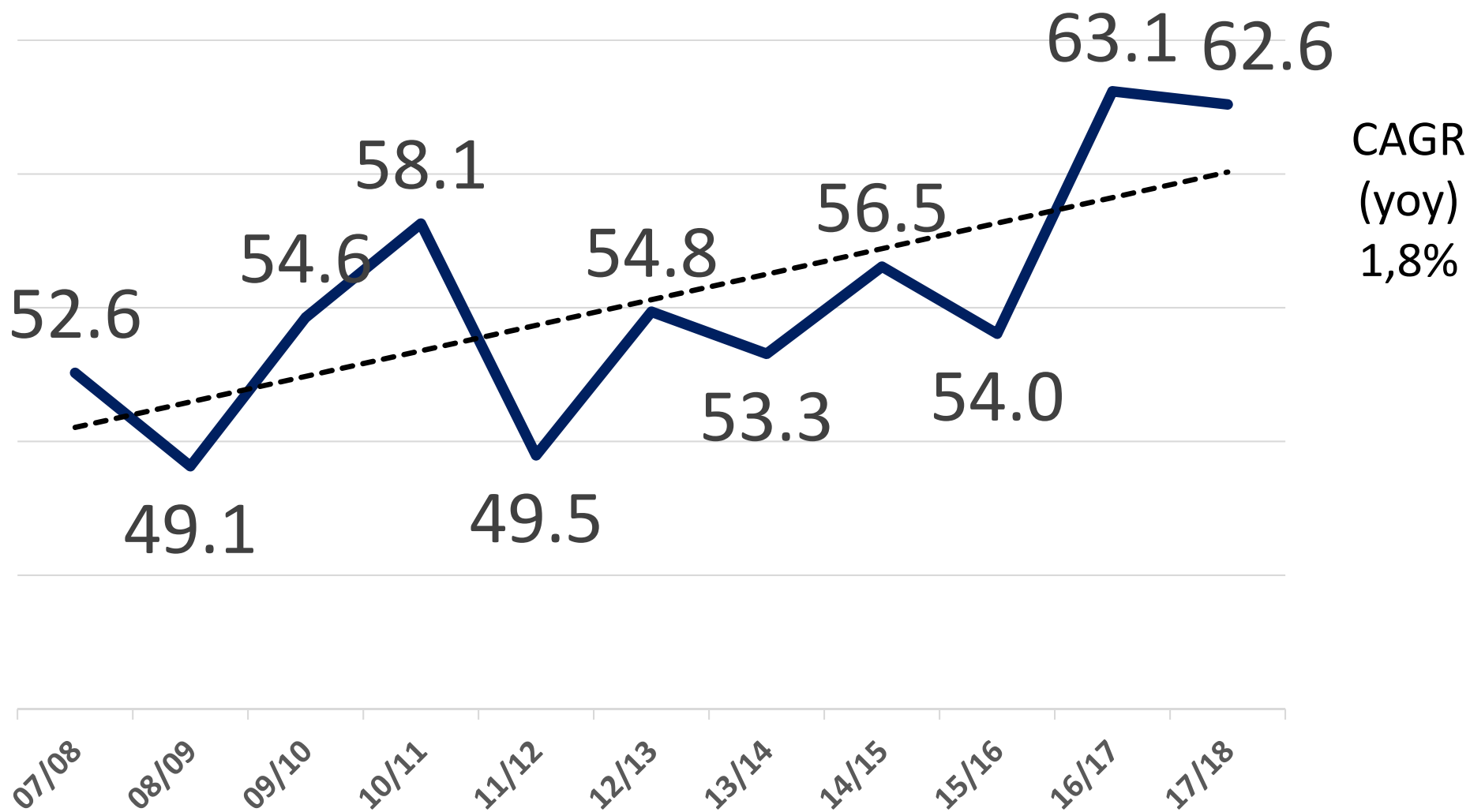
TOTAL 1570



MATO GROSSO

Soybean/Brazil | Yields

(bu/acre)

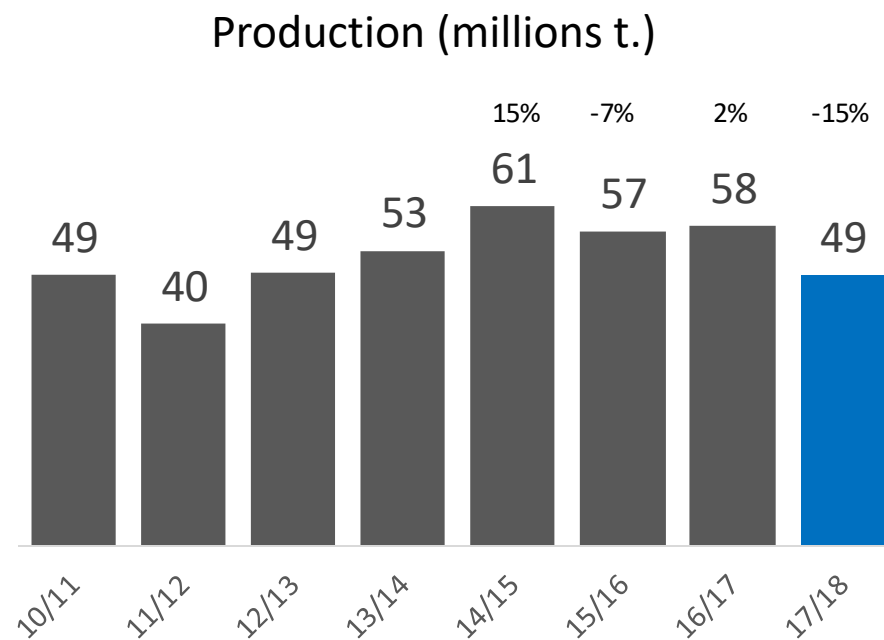
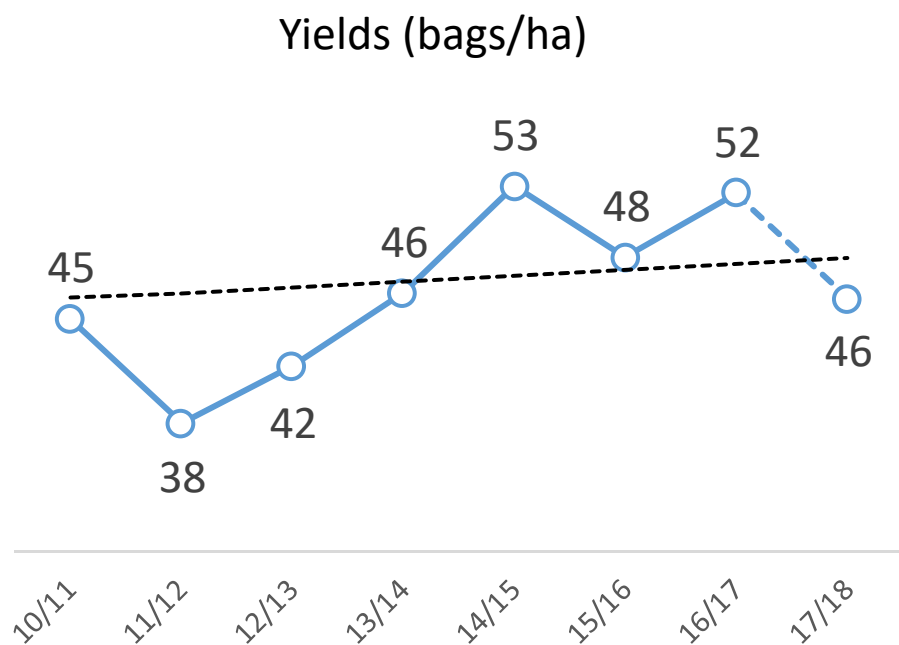


Source: Conab. Forecast: Agroconsult

Soybeans market

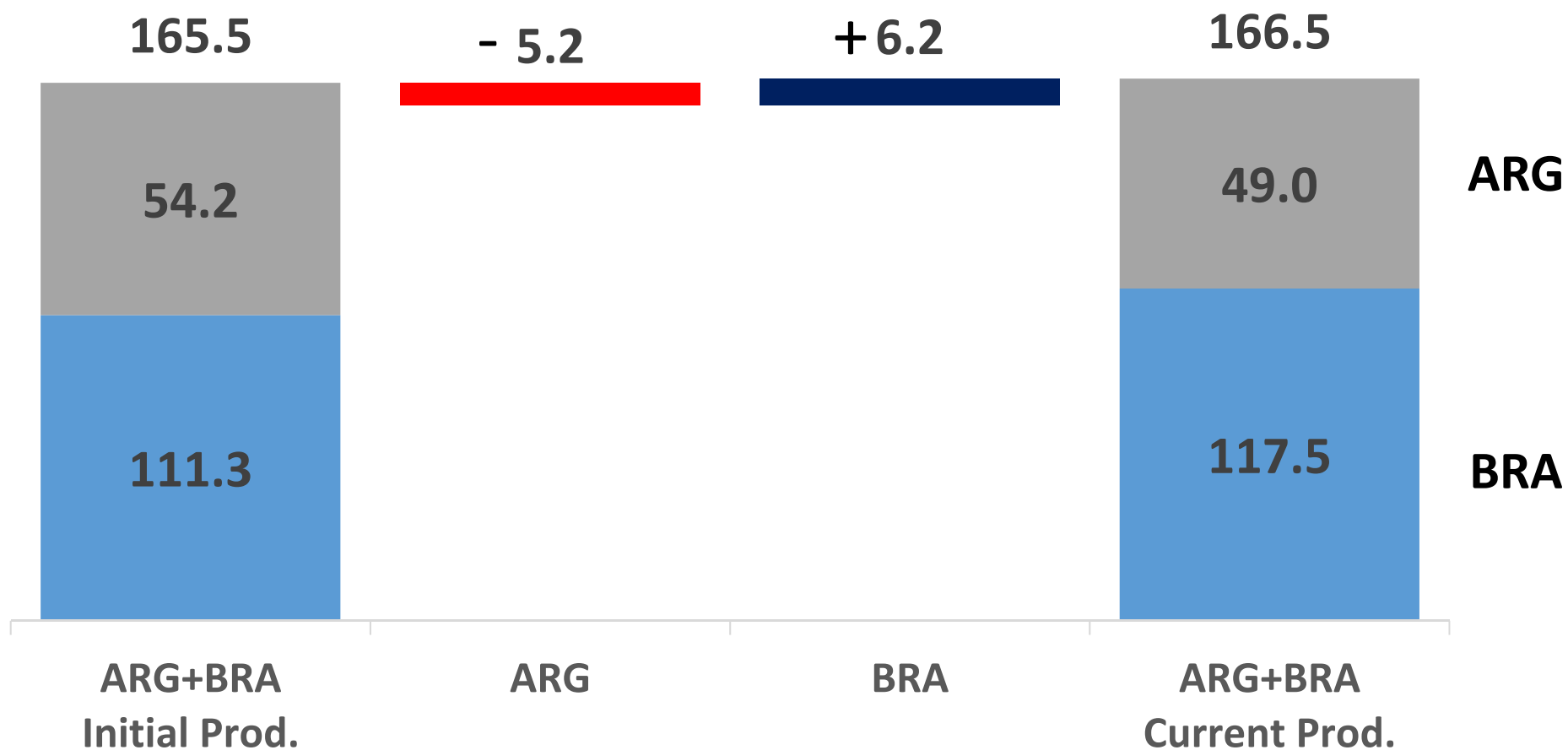
- ① We are heading to a record crop
- ② Argentina already has irreversible losses

Soybean/Argentina | Yields and Production



Soybean/ARG and BRA | 2017/18 Production

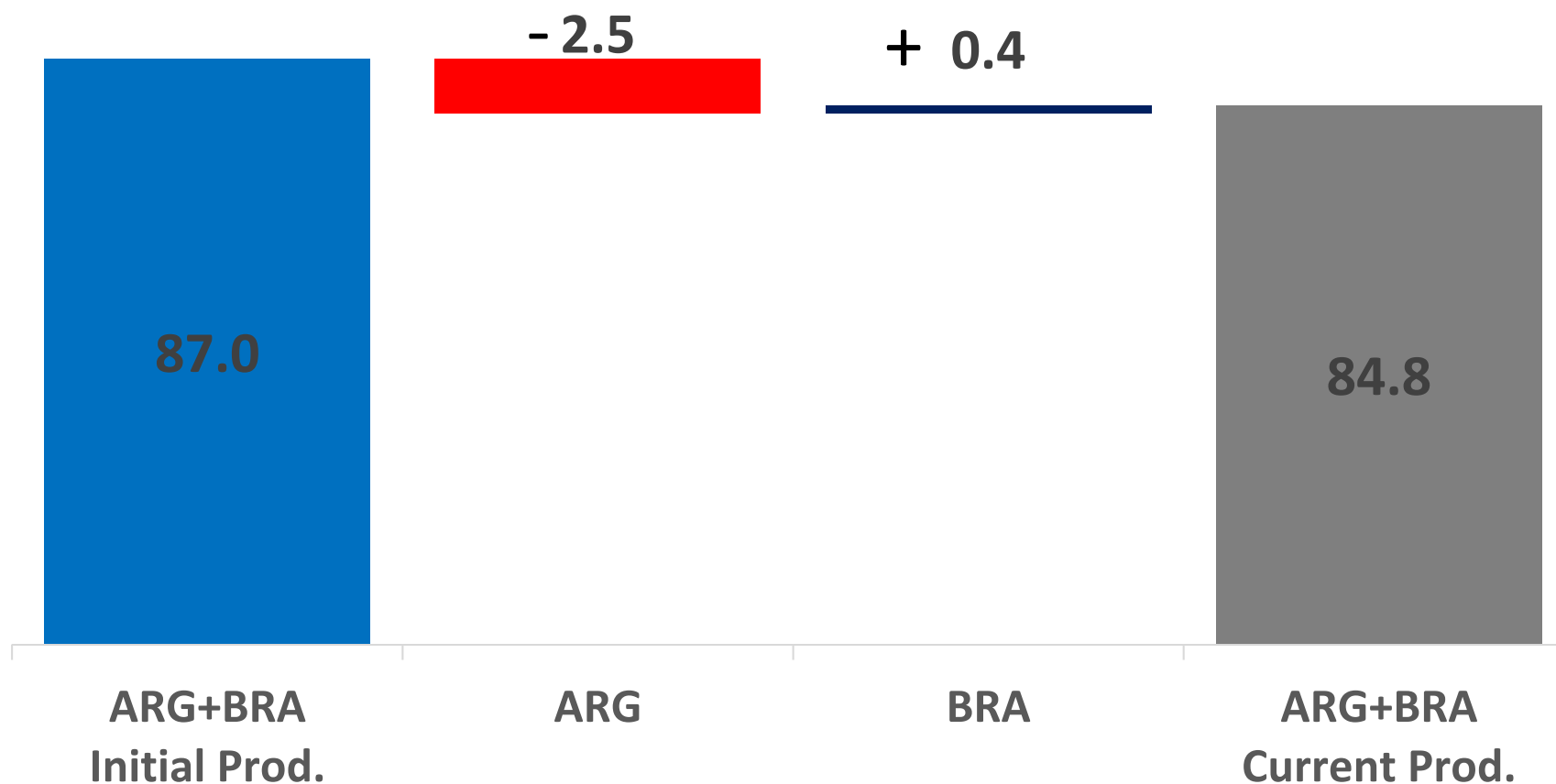
(millions t.)



Soybean Meal/ARG and BRA | 2017/18

Production

(millions t.)



Soybeans market

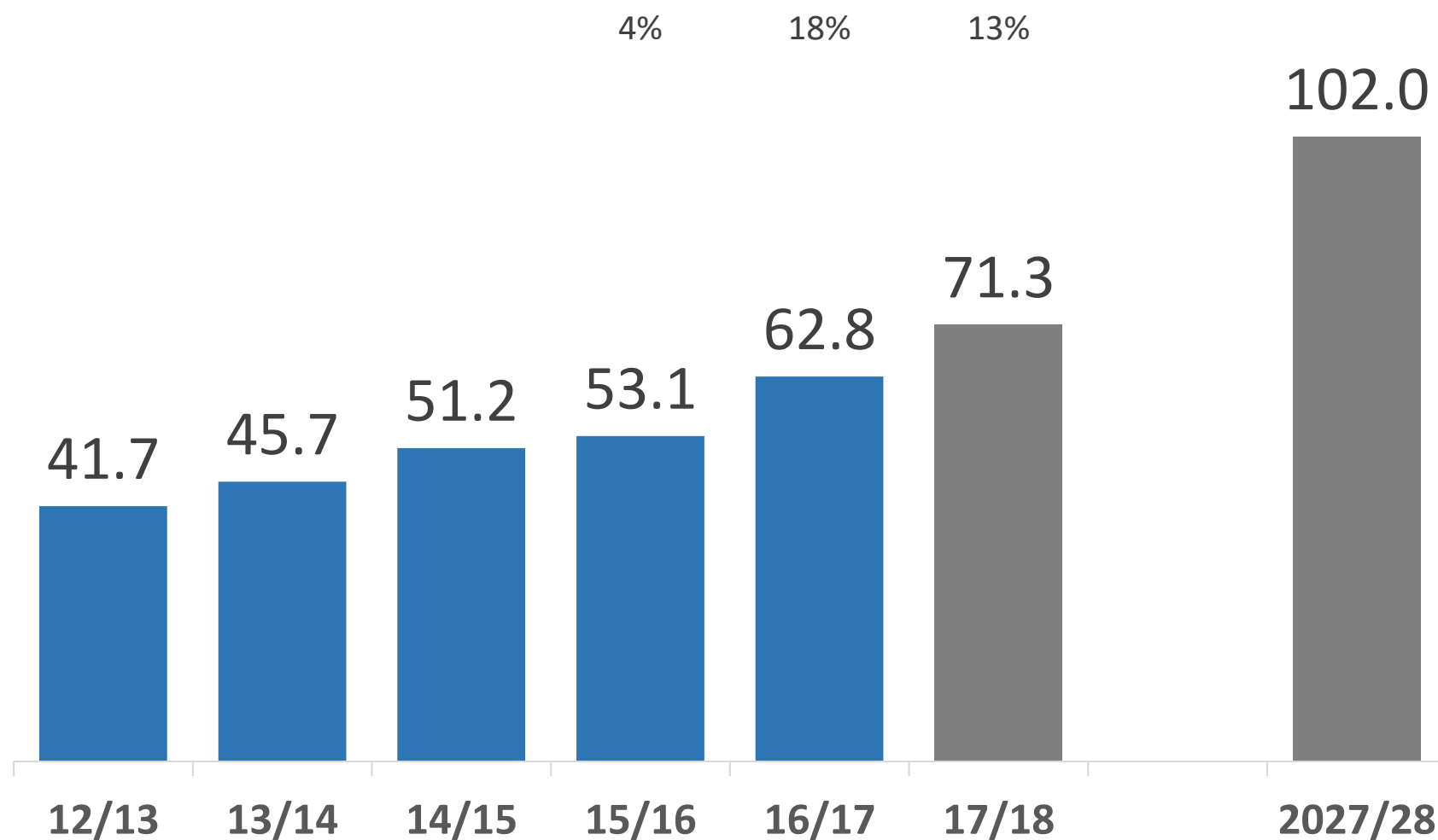
- ① We are heading to a record crop
- ② Argentina already has irreversible losses
- ③ Arg. Crushing volumes reduction might increase crushing in USA. But imports from Paraguay can balance the meal production in Argentina

Soybeans market

- 1 Brazil is heading to a record crop
- 2 Argentina already has irreversible losses
- 3 Arg. Crushing volumes reduction might increase crushing in USA. But imports from Paraguay can balance the meal production in Argentina
- 4 Brazilian exports will be record again

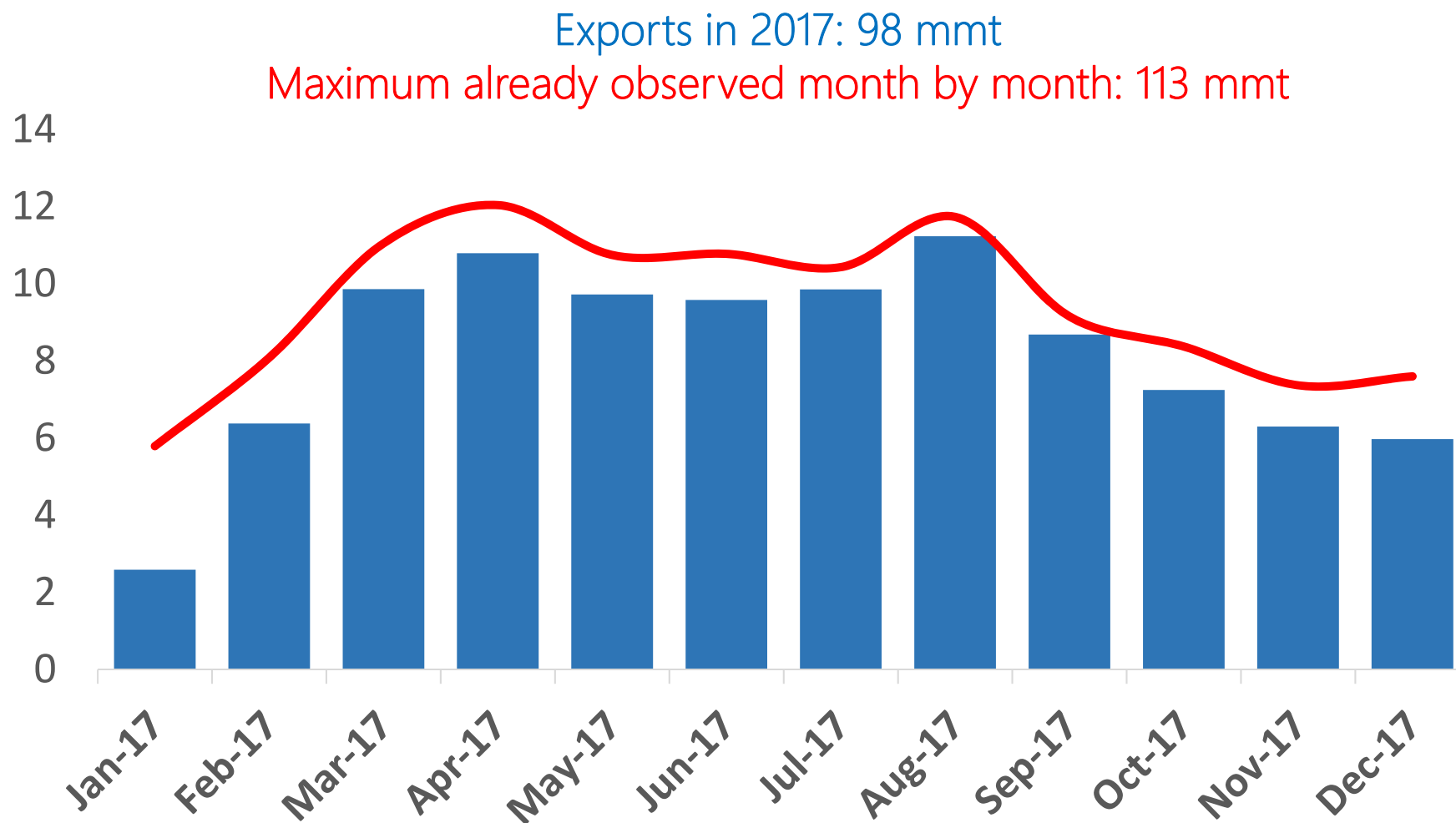
Soybean/Brazil | Export

(millions t.)



Soy+Corn/Brazil | Exports vs. Theoretical Capacity

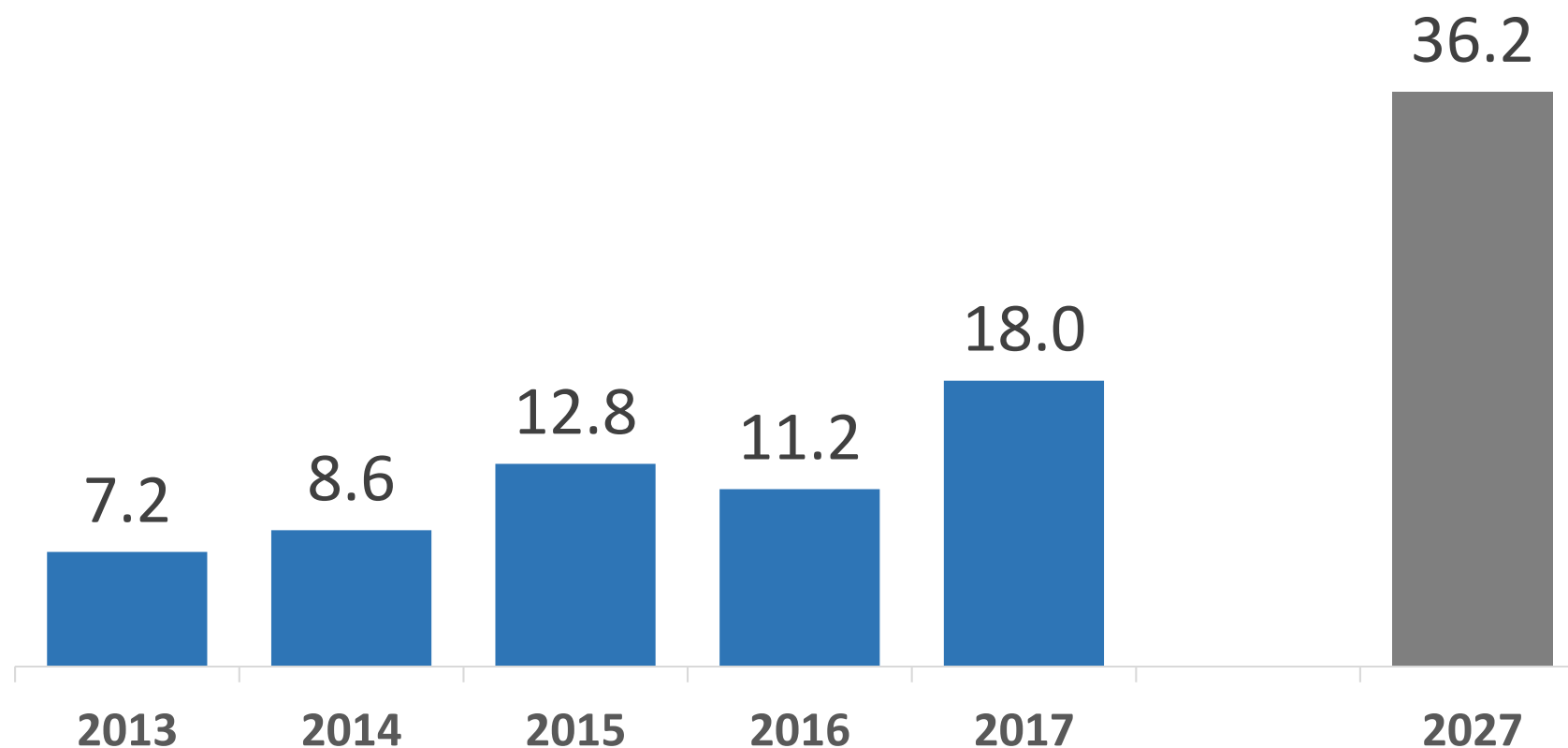
(millions t.)



Source: Lineup Cargonave. Ports: Santos, Paranaguá, Rio Grande, São Francisco, Imbituba, Vitória, Itacoatiara, Itaquí, Vila do Conde, Santarém, Aratu.

Soybean/Brazil | Northern Arc Export

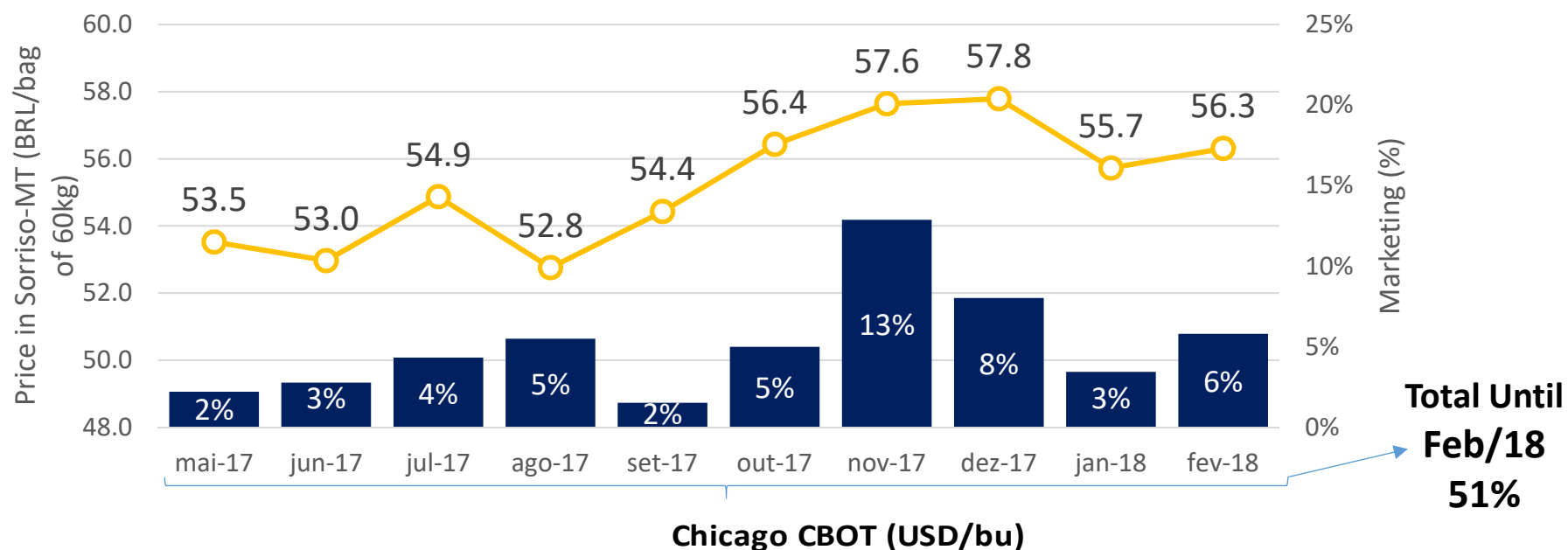
(millions t.)



Soybeans market

- 1 Brazil is heading to a record crop
- 2 Argentina already has irreversible losses
- 3 Arg. Crushing volumes reduction might increase crushing in USA. But imports from Paraguay can balance the meal production in Argentina
- 4 Brazilian exports will be record high
- 5 Pricing soybeans is BRL rational

Soybean/Mato Grosso | Marketing (BRL/bag of 60kg)



Exc. Rate (BRL/USD)	Chicago CBOT (USD/bu)								
	8,0	8,5	9,0	9,5	10,0	10,5	11,0	11,5	12,0
2,40	26	29	31	34	37	39	42	44	47
2,60	30	33	35	38	41	44	47	50	53
2,80	34	37	40	43	46	49	52	55	58
3,00	37	41	44	47	51	54	57	60	64
3,20	41	45	48	52	55	59	62	66	69
3,40	45	49	52	56	60	64	67	71	75
3,60	49	53	57	61	65	69	73	76	80
3,80	52	57	61	65	69	73	78	82	86
4,00	56	61	65	70	74	78	83	87	92

Source: Agroconsult Freight: 260 BRL/ton. Premium: 60 US\$/bu. Basis: 4 BRL/bag of 60kg. Source of marketing: IMEA.

THANK YOU!!!



agroconsult.com.br

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