



MARKET OUTLOOK

Earnings Release

2Q24

Videoconference

May 15th

10 a.m - Brasília

9 a.m - New York

2 p.m - London

Simultaneous translation to English
and Brazilian Sign Language



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Market Outlook

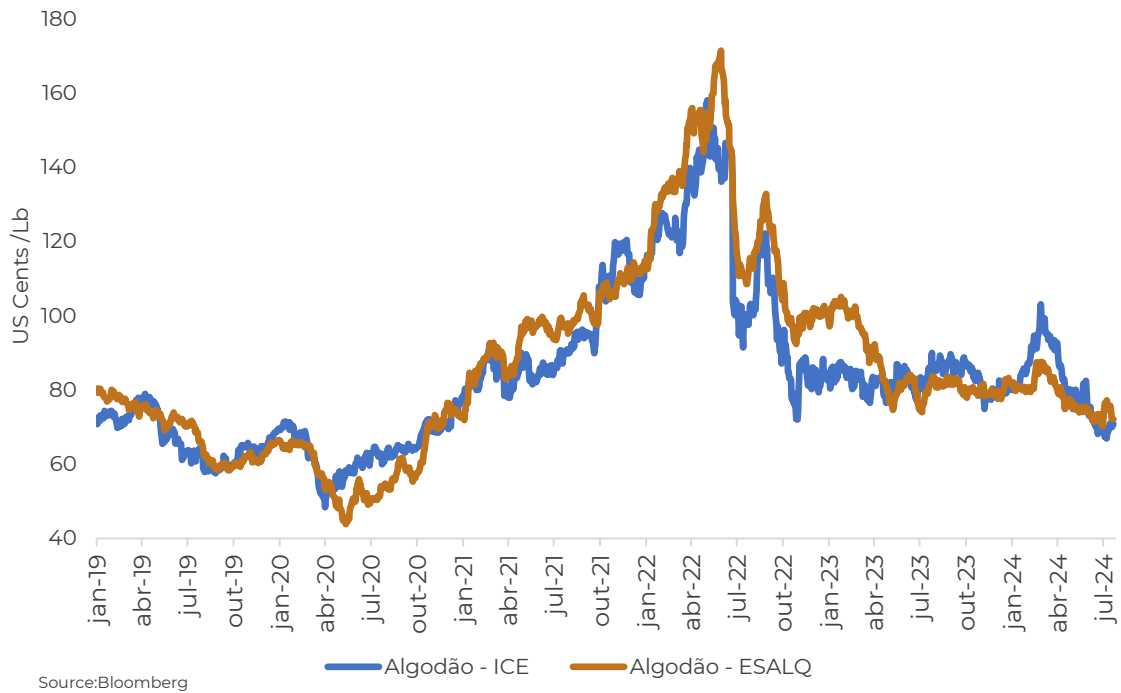
Figure 1: Price variation for selected commodities, January/2020 to July/2024



Cotton

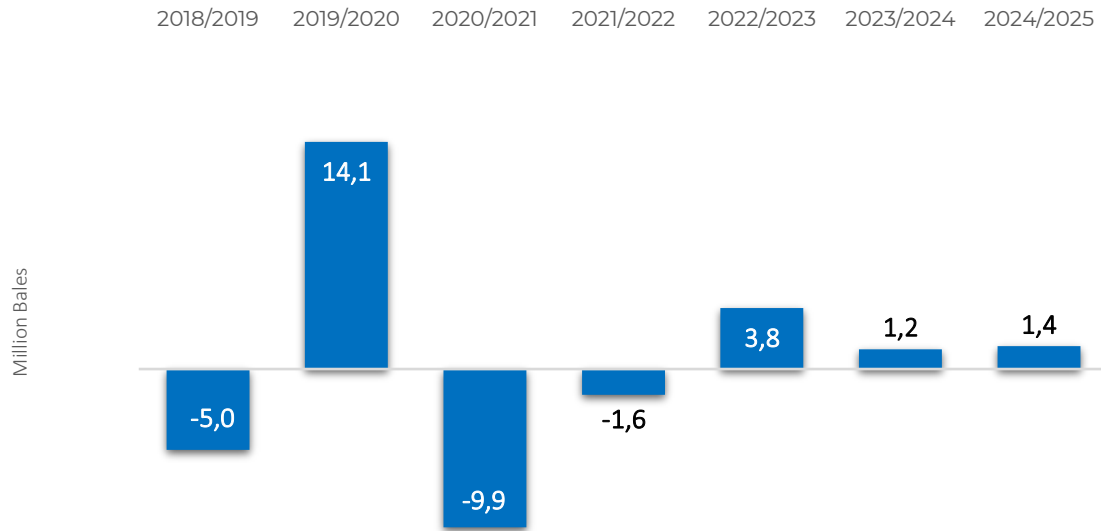
The second quarter of 2024 was marked by a reduction in cotton prices in both the international and domestic markets, reflecting the global supply-demand fundamentals.

Figure 2: Cotton prices, international market x Brazil



Global cotton consumption is expected to reach 116.2 million bales, according to USDA data for the 2024/25 crop year, as against the estimated production of 117.6 million bales, with the current supply-demand cycle resulting in a surplus, in 1.4 million of bales.

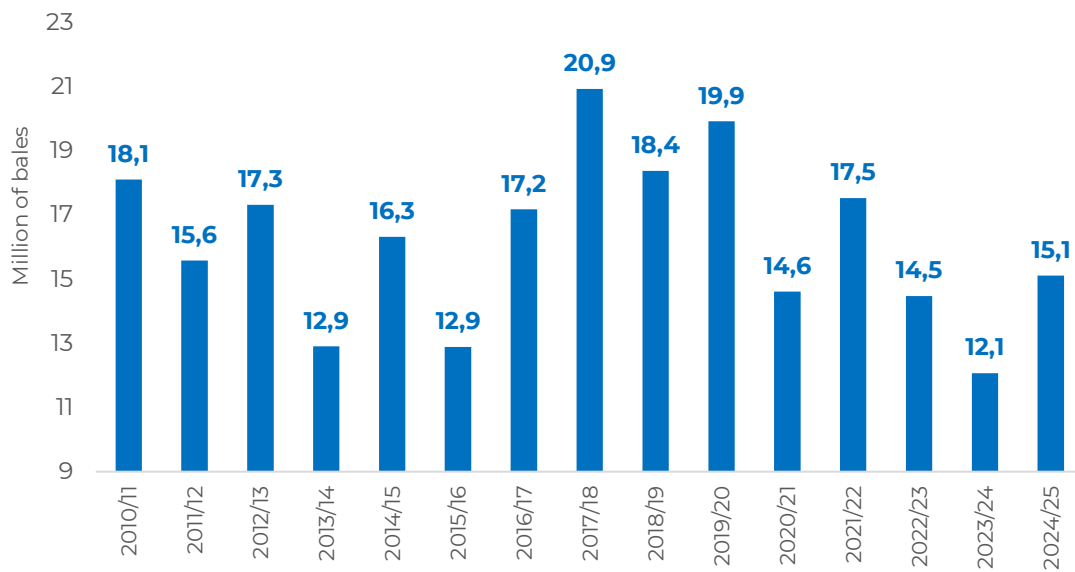
Figure 3: Cotton – Global Supply and Demand



Source:USDA

The current scenario reflects an expected recovery for the U.S. crop year, whose production is estimated at 15.1 million bales, an important recovery compared to the previous crop year, which was the lowest in 15 years.

Figure 4: Cotton – Historical United States Production

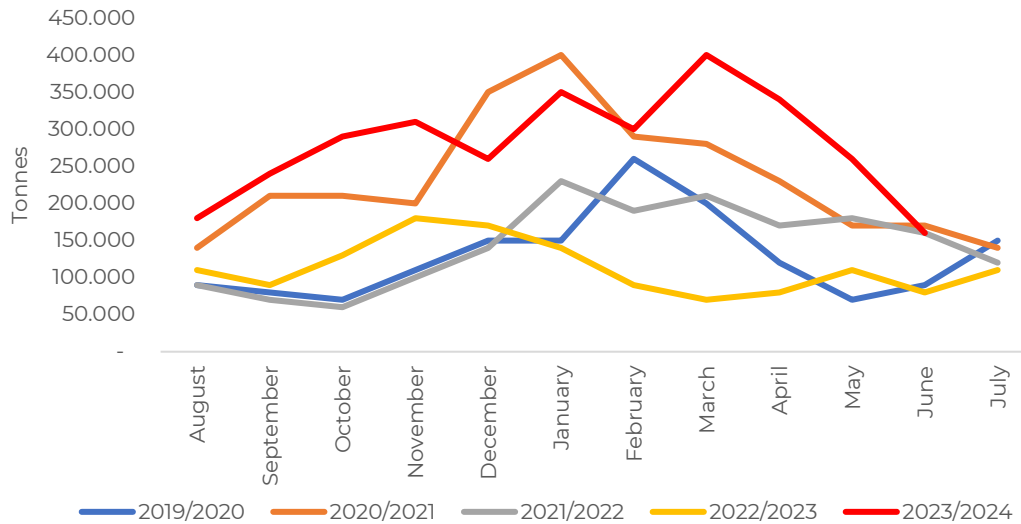


Source:USDA

This phenomenon should directly affect the global cotton market, since the U.S. is currently between the main exports wordily.

The scenario of cotton demand in China has been of fundamental importance, since the country is currently the world's biggest cotton consumer. In the 2023/24 crop year to date, its import volumes have exceeded those of the past five years, surpassing 3.0 million tons.

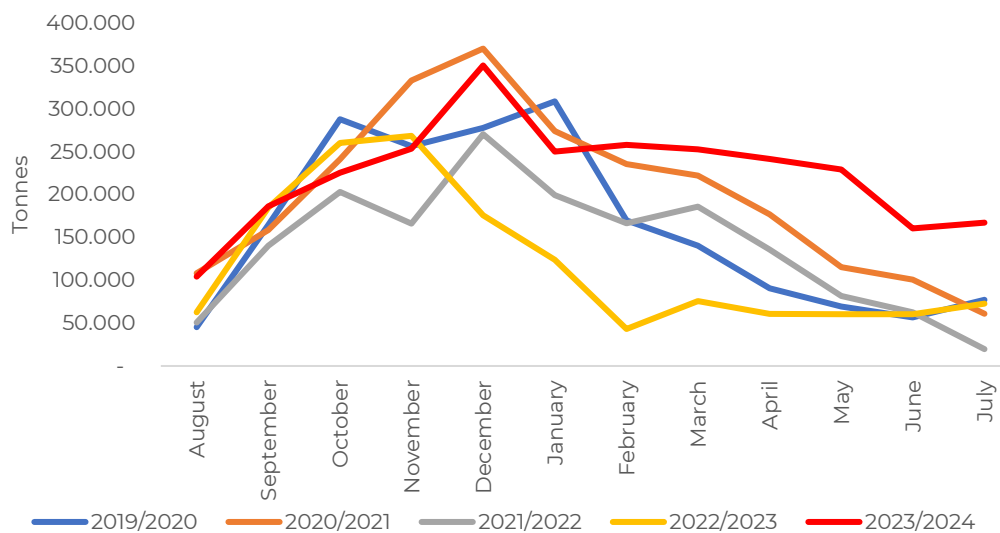
Figure 5: Cotton – Chinese Cotton Imports by crop year



Source: Bloomberg and Comextat MDIC

Brazilian exports of cotton have shown relevant recovery in January through July compared to previous cycles.

Figure 6: Cotton – Brazilian Cotton Exports by crop year



Source: Bloomberg and Comextat MDIC

As such, Brazil continues keeping the tendency of growing in terms of market share and consolidate its position as an important global player - the country is expected to become the world's second largest cotton exporter.

Soybeans

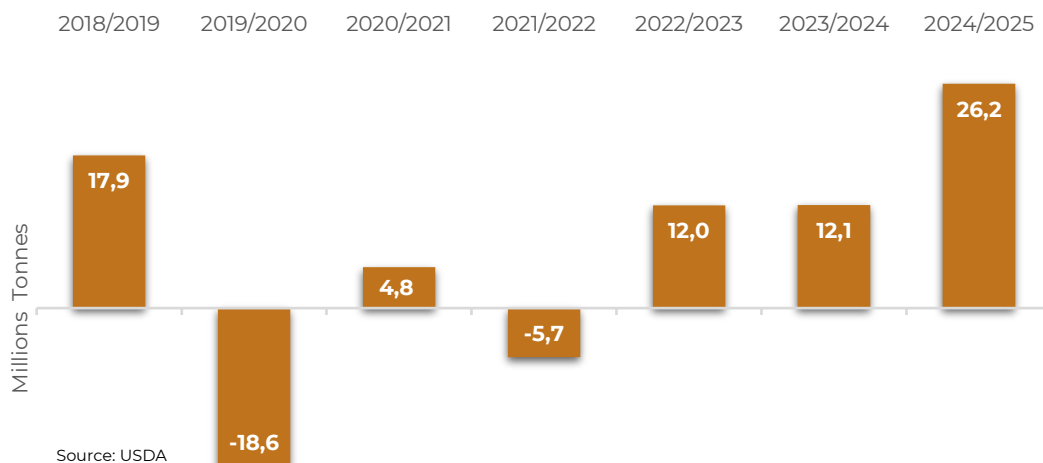
Soybean spot prices quoted on the Chicago Board of Trade (CBOT) and the prices paid for the grain based on the Paranaguá/CEPEA reference were highly volatile in the second quarter of 2024.

Figure 7: Soybean prices, International Market x Brazil



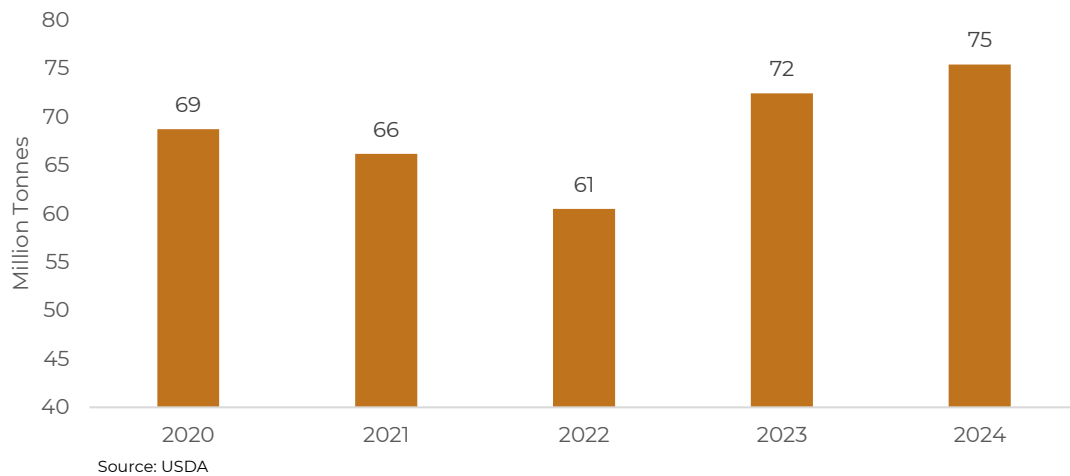
The current 2024/25 crop year has been marked by a favorable start for the U.S., with actual expectation of production of 124.9 million tons, it means a significant recovery from the 113.3 million tons produced in the previous year. Global supply-demand balance should register a surplus, with production outstripping consumption by about 25.9 million tons.

Figure 8: Soybean – Global Supply and Demand



Therefore, monitoring the development of the U.S. crops is of utmost importance to ensure that global supply-demand balance remains at the current estimated levels. Regarding demand for the Brazilian soybean, the country's balance of trade registered the highest ever export volume in the comparable period from January to July, attesting to the strong global demand and the competitiveness of Brazilian soybean in the international market.

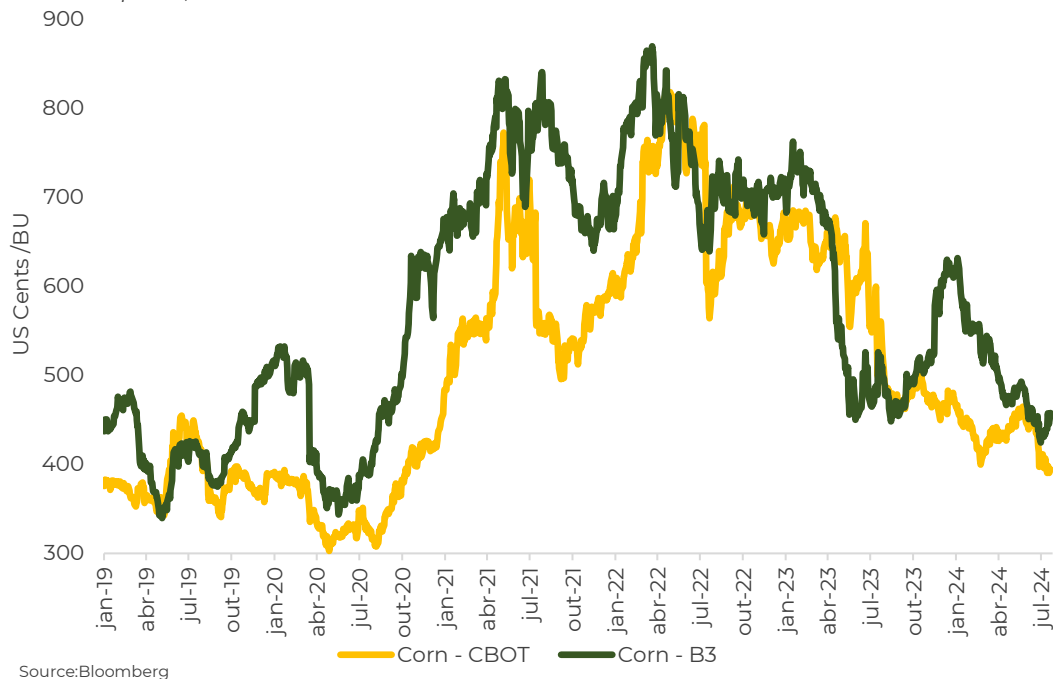
Figure 9: Soybean – Accumulated Exports of Soybeans January – July period



Corn

Corn prices for spot contracts on the CBOT and in Brazil's domestic market decreased in the second quarter of 2024.

Figure 10: Corn prices, International Market x Brazil

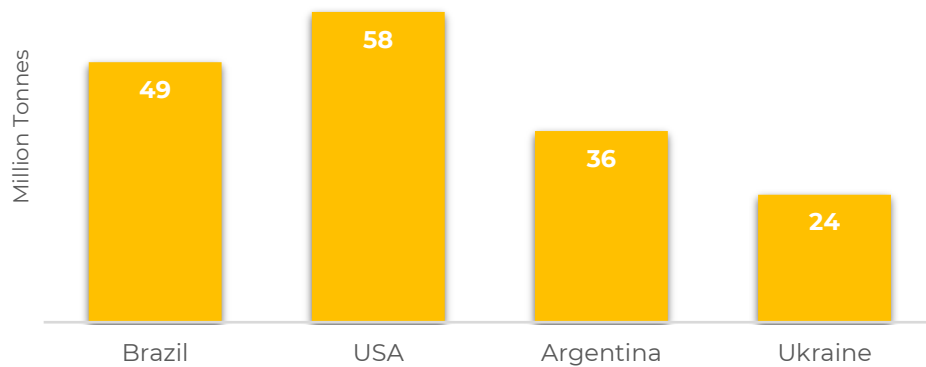


The start of the current 2024/25 crop year has been favorable for the U.S., with actual expectation of production of 383.6 million tons, slightly lower than the 384.7 million tons recorded in the previous cycle. According to estimates by the Buenos Aires Grains Exchange, Argentine corn production in 2023/24 decreased by approximately 18% from the initial estimate for 2024, from 56.5 million tons to the current 46.5 million tons, due to pest attacks.

Additionally, is configured as fundamental important factors are the monitoring of the development of the second-crop corn harvest in Brazil, as well as the development of Ukrainian crops of the cereal, where weather issues still bring uncertainty to the confirmation of local total corn production.

Such events should be of utmost importance to adjust global corn exports, since Argentina, Brazil and Ukraine are, alongside the U.S., among the world's largest corn suppliers.

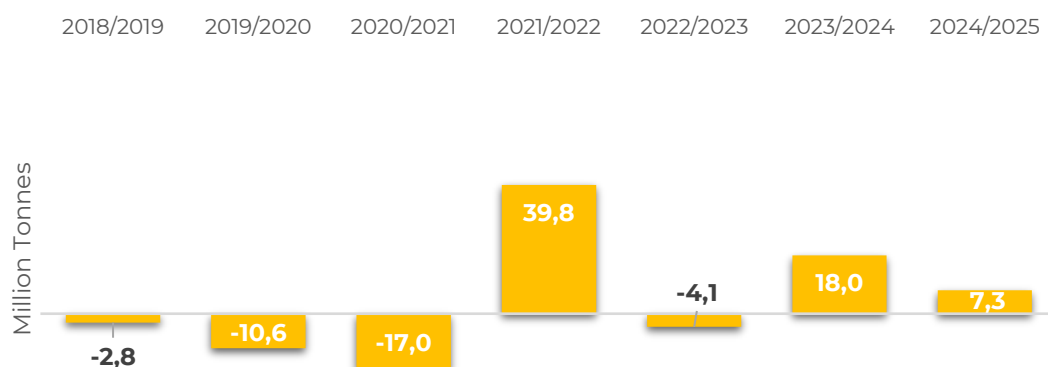
Figure 11: Global Corn Exports by country in 2024/2025, most important countries



Source:USDA

Currently, the global supply-demand balance should result in surplus production of approximately 7.3 million tons over consumption which is in relation to the 2023/24 crop year represents a significant decrease in terms of recorded surplus.

Figure 12: Corn – Global Supply and Demand



Source: USDA

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