Required Report: Required - Public Distribution **Date:** August 01, 2025

Report Number: BR2025-0023

Report Name: Grain and Feed Update

Country: Brazil

Post: Brasilia

Report Category: Grain and Feed

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Report Highlights:

Brazil is set for a record corn crop in the 2024/25 season due to increased planted area and favorable weather. However, exports may not grow significantly due to rising domestic consumption for animal protein and corn ethanol. The 2025/26 agricultural cycle presents uncertainty for producers amid a decline in domestic corn prices. While favorable conditions and elevated prices for rice boosted production during the sowing period for the 2024/25 harvest, recent price pressures are causing concerns for the 2025/26 harvest. Lastly, the 2025/26 wheat harvest is expected to be smaller due to reduced planted area and climate issues, leading to increased wheat imports to satisfy milling industry demands.

CORN
Production, Supply, and Distribution

Table 1
Production, Supply, and Distribution of Corn

Corn	2023/2024		2024/2025		2025/2026	
Market Year Begins	Mar 2024		Mar 2025		Mar 2026	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	21,650	21,650	22,300	22,000	22,600	22,600
Beginning Stocks (1000 MT)	10,041	10,041	8,488	8,458	7,988	8,958
Production (1000 MT)	119,000	119,000	132,000	134,000	131,000	131,000
MY Imports (1000 MT)	1,717	1,717	1,500	1,500	1,600	1,600
TY Imports (1000 MT)	1,449	1,449	1,500	1,500	1,500	1,500
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	130,758	130,758	141,988	143,958	140,588	141,558
MY Exports (1000 MT)	38,270	38,300	43,000	43,000	43,000	43,000
TY Exports (1000 MT)	46,416	46,416	41,000	42,000	42,000	42,000
Feed and Residual (1000 MT)	62,500	65,000	64,500	65,000	65,500	65,500
FSI Consumption (1000 MT)	21,500	19,000	26,500	27,000	28,500	29,000
Total Consumption (1000 MT)	84,000	84,000	91,000	92,000	94,000	94,500
Ending Stocks (1000 MT)	8,488	8,458	7,988	8,958	3,588	4,058
Total Distribution (1000 MT)	130,758	130,758	141,988	143,958	140,588	141,558
Yield (MT/HA)	5.4965	5.4965	5.9193	6.0909	5.7965	5.7965
(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 2025/2026 = October 2025 - September 2026 Source: Post Brasilia						

Corn Production

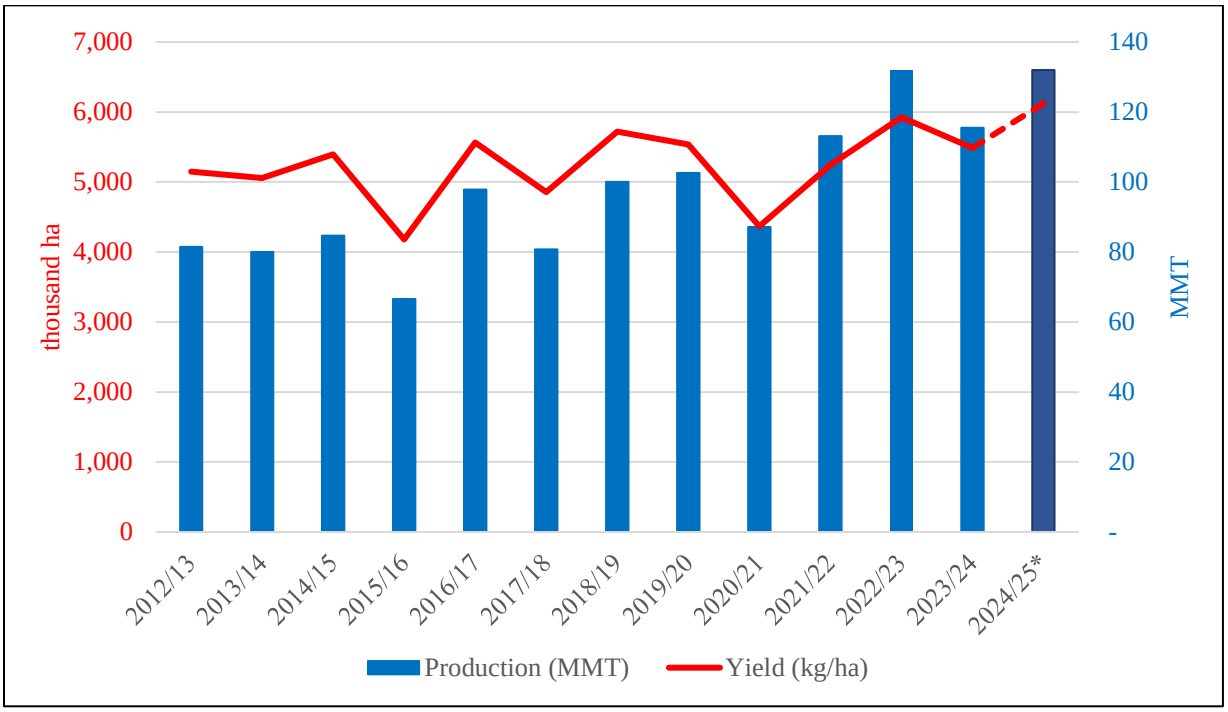
Brazil is on track for a record corn crop in the 2024/25 season, due to favorable weather conditions and planted area expansion. High yields, especially of second-season corn, have contributed to increased production across the country. The combination of abundant supply and subdued demand, both within Brazil and internationally, has limited price growth for corn in the country's key markets. This dynamic may dampen producers' enthusiasm for planting ahead of the 2025/26 harvest.

2025/26 Production Expected to Decrease Following a Record Crop in 2024/25

Post slightly increased its forecast for corn planted area for MY 2025/26 (March 2026 – February 2027) to 22.6 million hectares (ha), from its original estimate of 22.5 million hectares. Corn is one of the most important and traded commodities in the country and continuously expands its planted area.

Post updated its forecast for corn production for MY 2025/26 to 131 million metric tons (mmt), a 2 percent decrease over the production estimate for MY 2024/25 (March 2025 – February 2026), set at 134 mmt. Optimal weather conditions, in combination with an increase in planted area, are leading to a record corn crop in Brazil for the 2024/25 cycle. There are also strong indications of high yields, even from corn crops planted outside the ideal sowing window, typically right after the soybean harvest. However, for the 2025/26 cycle, Post forecasts yield to revert back to trendline, bringing production levels slightly down.

Figure 1
Evolution of Corn Harvested Area and Production in Brazil



Data source: *National Supply Company (CONAB), with 2024/25 as estimates; Graph Post Brasilia*

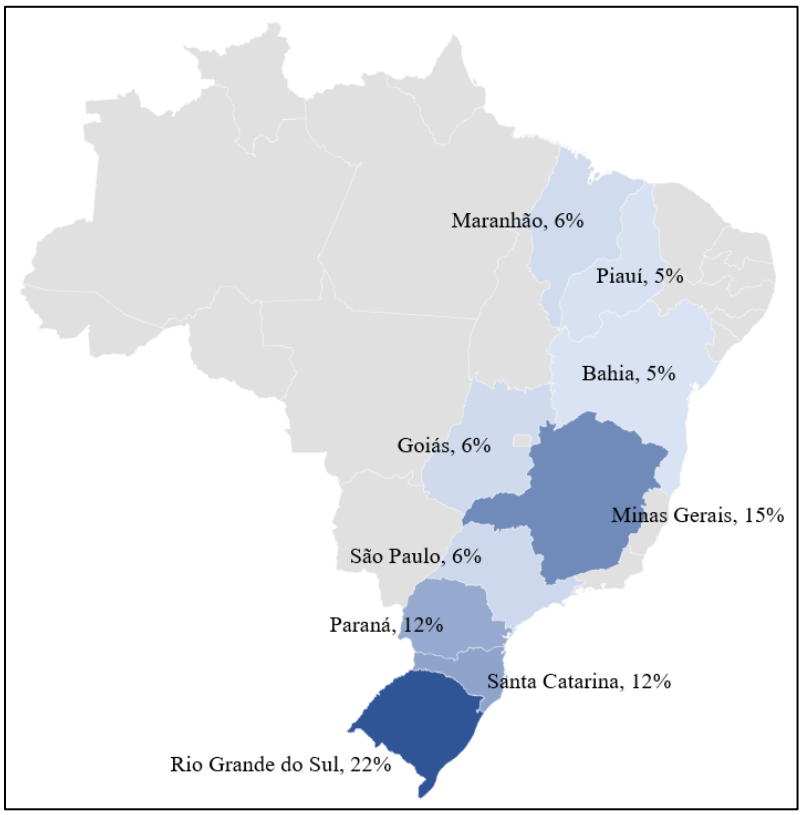
Harvest Outlook

First-Season Corn

First-season corn, also known as "summer corn," is usually planted between August and December, with harvesting occurring between January and June. According to data from the National Supply Agency (CONAB), for the 2024/25 cycle, it represents 19 percent of the country's total corn production.

By early July, the harvesting of first-season corn was nearly complete across Brazil, with a few regions still pending. Although the planted area for the 2024/25 harvest has decreased, yields are anticipated to be higher, resulting in an overall increase in production compared to the previous season.

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



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

- **Rio Grande do Sul**: According to the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), first-season corn production for the 2024/2025 harvest increased by 7.5 percent compared to the previous cycle, reaching an estimated production of over 4.8 million tons. This positive outcome is attributed to planting during the ideal window in August, optimal weather conditions for plant development in September and October, effective management practices, and the use of irrigation.

- **Minas Gerais:** CONAB estimates first-season corn production for the 2024/25 period will reach 3.8 million metric tons (mmt), reflecting a 1.5 percent decline compared to the previous season. This decrease is primarily due to a significant reduction in the planted area, which dropped by 9.5 percent relative to the 2023/24 harvest.

- **Santa Catarina:** Favorable rainfall distribution and milder temperatures during the crop development period contributed to the strong performance of the state's first-season corn crop. As a result, the average yield for the 2024/25 harvest increased by 44 percent compared to the previous year. Despite a 13.5 percent decrease in planted area, which totaled 255,761 hectares, production reached 2.5 mmt, according to the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC).

- **Paraná:** The state's first-season corn harvest has concluded, achieving the highest average yield in its history, according to the Department of Rural Economy (DERAL/PR). Production for the 2024/25 harvest was estimated at 3 mmt, 17 percent higher than the 2023/24 crop. The average yield reached 10.89 kg/ha, nearly 26 percent higher than the previous harvest.

- **São Paulo:** There is a two percent reduction in planted area for the 2024/25 harvest compared to the previous season. However, yields are projected to increase by 15 percent, reaching 6.88 kg/ha. This should bring the 2024/25 first-season corn production to 1.6 mmt, a 12 percent rise over the previous cycle. The increase in yield is attributed to better weather conditions that allowed the crop to recover from losses caused by severe drought the previous year.

- **Goiás:** The 2024/25 first-season corn harvest in Goiás recorded high yields, averaging 10.4 kg/ha, according to CONAB. Production is estimated at 1.5 mmt, which reflects a 9.4 percent increase compared to the previous harvest. The state made significant investments in grain production over the past few years, and the expectation is for increased production for the 2025/26 cycle.

- **Maranhão:** This state harvests its first-season crop later in the year due to its planting cycle, but the outlook for yields is positive, as crops have mostly benefited from good weather patterns throughout the 2024/25 developing season. CONAB estimates a 5 percent growth in corn production for the 2024/25 harvest, reaching 1.5 mmt. The increase is due to a combination of higher yields and planted area.

- **Piauí:** The Association of Soybean and Corn Producers of the State of Piauí (APROSOJA/Piauí) reports below-average rains in the last quarter of 2024 during the development phase of the first-season crops in various regions. However, good weather following the reproductive period of the plants (flowering, fruiting, and grain filling) benefited the harvest. Consequently, the state's estimates for first-season corn yields in 2024/25 have remained similar to the previous cycle. With an increase in planted area, CONAB estimates Piauí's production at 1.3 mmt for the 2024/25 harvest, representing an 8 percent increase over the previous season.

- **Bahia:** According to the Association of Farmers and Irrigators of Bahia (AIBA), the harvest of first-season corn was nearly complete by the end of June, reaching 98 percent. The crops yielded positive results, despite encountering phytosanitary challenges in certain areas. The average corn productivity is higher than that recorded in the 2023/24 harvest. This season, productivity is

expected to reach between 150 and 220 bags per hectare, making it one of the best productions in recent years.

Second-Season Corn

Second-season corn, commonly known as *'safrinha'* corn or "little harvest," is planted from December to March, typically following the soybean harvest. It covers the largest area of corn production in Brazil. During the 2024/25 harvest, it accounts for 79 percent of the total corn produced in the country.

By mid-July, the harvesting of second-season corn crops reached nearly 42 percent, significantly lower than the 74 percent recorded last year and the 51 percent average over the past five years, according to CONAB data. This delay is attributed to heavy rains that affected much of the country in June, along with a drop in temperatures, which increased the humidity in the grains.

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

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

- **Mato Grosso:** By mid-July, 72 percent of the second-corn area in the state was harvested, with record yields. However, the pace of harvesting is slower compared to the previous season due to late planting and increased rainfall in 2024/25, according to data from the Mato Grosso Institute of Agricultural Economics (IMEA). The institute estimates the 2024/25 corn harvest will be a record volume, representing a 14.5 percent increase compared to the 2023/24 cycle. This increase in

production can be attributed to favorable weather conditions during the development and maturity phases of the plants, even for those sown outside of the ideal planting window. According to CONAB, some areas of the state achieved yields of up to 7.12 kg/ha. For the 2025/26 harvest, planting is expected to begin in September, but advance sales are below the historical average, reflecting producers' caution in light of the currently low market prices.

- **Paraná:** As of early July, DERAL/PR reported that 29 percent of the second-season corn had been harvested, which marks a significant delay compared to the previous harvest due to the high humidity of the grains. The state plans to plant 2.76 million hectares, which is a 9 percent increase compared to the 2023/24 season. This is expected to bring the 2024/25 production to 16.53 million tons, a 27 percent rise from the previous year.

- **Mato Grosso do Sul**: The high humidity of grains is delaying the harvest in the state, increasing concerns for loss of crops and increase of incidences of pests and diseases. CONAB estimates that by mid-July, 22 percent of the crops were harvested.

- **Goiás**: By mid-July, 27 percent of the second-season corn in Goiás had been harvested. Data from CONAB indicates that for the 2024/25 harvest, the combined area for first and second-season corn increased by nearly 4 percent to 1.8 million hectares, with yields reaching 7 kg/ha, a 7 percent increase compared to the 2023/24 cycle. Total corn production is anticipated to reach 12.5 million tons, representing an 11 percent growth over the same period. According to the state's Secretariat of Agriculture, Livestock and Supply (SEAPA), this positive outcome is due to both the expansion of the harvested area and an increase in average productivity. For the 2025/26 season, corn production is expected to continue rising, keeping Goiás among the top corn producers in the country.

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 presents lower yield rates. Many analysts credit the lower productivity to the lesser use of technology in the region as producers traditionally designate their harvest for livestock feed.

Planting was finalized in the country by early July. Good weather conditions during the development phase have led production estimates by CONAB for the 2024/25 harvest to reach 2.5 MMT.

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

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

- **Bahia:** Plants have reached the flowering stage, but expectations for yields are lower due to bad weather, which impacted the initial development of crops in different regions. However, CONAB estimates a 3 percent increase in the planted area, which may offset production losses for the 2024/25 harvest compared to the previous cycle. Production of third-season corn in the state is projected to reach 1.2 mmt.

- **Sergipe and Pernambuco:** Planting completed, albeit with delays in both states due to a lack of rain. Despite this, the crops are developing well. Sergipe is expected to maintain the same area and production for 2024/25 as in the previous year, estimated at 932,300 tons, reflecting stagnant or minimal growth into 2025/26. Conversely, Pernambuco has experienced favorable weather conditions in recent months, which may lead to an increase in production for the 2024/25 season.

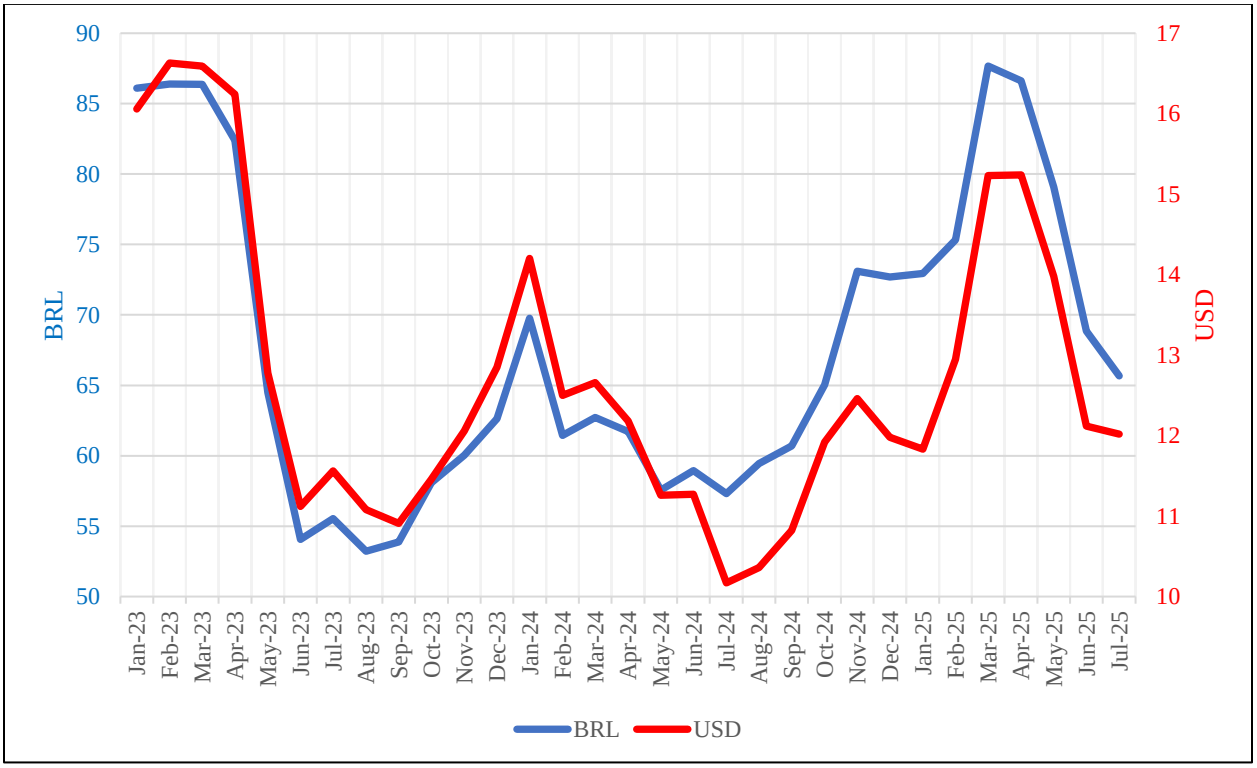
- **Alagoas:** A series of rainy days has improved soil moisture and benefited the state's third-season corn harvest. Additionally, CONAB data indicates a 13 percent increase in planted area, driving the 2024/25 production slightly up to 142,600 tons.

Corn Prices

In the first half of 2025, corn prices in Brazil experienced significant volatility. 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 reached BRL 74.17 (USD 12.34) in January. The market peaked in March, with the average price rising to BRL 89.12 (USD 15.52) per bag. This increase was driven by temporarily strong domestic demand due to limited supply from the first-season harvest.

However, from April, prices began to decline steadily. By the end of June, the average price had fallen to BRL 68.15 (USD 12.29) per bag. This represented a 23.5 percent decrease from the peak in March and an 8 percent decrease from the prices recorded at the beginning of the year.

Figure 5
Corn Prices in Brazil's ESALQ/BM&FBOVESPA



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

This change is linked to the advancement of the second-season corn crop harvest, which holds the potential for record production levels, thereby increasing the supply available in the domestic market. However, several factors, including the decline in international prices and the weakening of the dollar (USD) against the Brazilian real (BRL), have diminished export parity, putting additional pressure on domestic prices. As a result, the market is experiencing low liquidity and depreciation, requiring more adjusted commercial strategies from producers.

The Central Bank's inflation projection for Brazil in 2025 is 5.17 percent. For 2026 and 2027, the forecasts are set at 4.5 percent and 4 percent, respectively. The revised projected exchange rate for 2025 is BRL 5.65 per USD 1.00, with estimates of BRL 5.70 for 2026. In March 2025, the exchange rate was set at BRL 5.90 per USD 1.00.

The appreciation of the real against the dollar adversely affects domestic commodity prices and decreases the competitiveness of Brazilian products. Generally, a 10-cent increase in the exchange rate could result in a reduction of nearly BRL 5.00 in the price of a bag of corn, illustrating the concern producers have regarding the current appreciation of the real and its impact on their financial results.

The Ministry of Agriculture and Livestock updated the minimum prices for corn, valid until May 2027. The values will be used as a reference in operations linked to the Minimum Price Guarantee Policy (PGPM), which aims to ensure a minimum income for rural producers. The minimum prices are set before the start of the next harvest. They help producers decide what crops to plant and show the government's commitment to buying or subsidizing agricultural products if their market prices fall below the minimum prices.

Table 2
Corn Minimum Guaranteed Prices (BRL/60kg bag)

Location	Quantity	2023/2024	2024/2025	2025/2026	Validity
Rio Grande do Sul and Santa Catarina	60 kg	BRL 52.38	BRL 52.38	BRL 55.64	Jan 2025 to Dec 2025 (2024/25 harvest) Jan 2026 to Dec 2026 (2025/26 harvest)
Southeast and Paraná		BRL 47.79	BRL 45.83	BRL 51.03	
Centre-West and North (except Tocantins & Pará)		BRL 39.21	BRL 35.91	BRL 38.28	
Maranhão, Pará, Piauí, Tocantins, and west of Bahia		BRL 39.21	BRL 40.55	BRL 46.24	
Northeast (except Maranhão, Piauí, and west of Bahia)		BRL 50.3	BRL 55.07	BRL 63.08	Jun 2025 to May 2026 (2024/25 harvest) Jun 2026 to May 2027 (2025/26 harvest)

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

Issues with Production Costs and Storage Remain

Post contacts indicated that the average production costs for the 2025/26 harvest are expected to be higher than those of this year's crop. Notably, there was a significant increase in fertilizer prices in early 2025, particularly for potassium and phosphate-based products. More recently, the prices of nitrogen fertilizers, mainly urea, have also risen due to ongoing conflicts in the Middle East. As a result,

producers are entering the new harvest facing higher costs than in the previous year, yet they anticipate profits that are equal to or even lower than those from the most recent harvest, which has led to widespread discouragement among them. In certain regions, such as Mato Grosso, where production costs have decreased, this reduction is primarily attributed to lower costs for seeds, soil correctives, and macronutrients.

According to the Brazilian Association of Soybean and Corn Growers (APROSOJA), the total cost of producing one hectare of second-season corn in a single-crop system in Mato Grosso do Sul has surpassed BRL 4,700, equivalent to 89.5 bags per hectare. Of this total, fertilizers represent 42 percent of the costs, amounting to 24.2 bags per hectare, followed by seeds at 27 percent and pesticides at 10 percent. The study also incorporated administrative expenses, technical assistance, transportation, interest rates, and machinery depreciation.

When corn is cultivated in rotation with soybeans, the cost per hectare decreases to BRL 3,278.83, or 65.6 bags. Even so, fertilizers and seeds still constitute approximately 70 percent of the total costs. The study indicates that growing corn in rotation with soybeans is more economically advantageous. In this rotation model, the profit is 15.4 bags, while in the single-system model, production costs exceed the average productivity.

For the 2025/26 harvest, IMEA estimates that the total production cost of corn will rise by 9 percent compared to the previous harvest, reaching BRL 6,644.40 per hectare in the state.

Nevertheless, the costs associated with corn cultivation are anticipated to decrease by 2 percent, dropping from BRL 3,225.11 per hectare registered in May 2024 to BRL 3,168.31 per hectare in May 2025. This reduction is attributed to a slight decrease in the price of seeds, pesticides, mechanized operations, and temporary labor. In contrast, the price of certain fertilizers, adjuvants, and opportunity costs (including working capital, improvements, utilities, and machinery) are projected to increase by more than 50 percent year-on-year, which is likely to exert pressure on the overall production cost.

Table 3
Production Cost of Corn in Mato Grosso (BRL/ha)

Harvest	2020/21	2022/23	2023/24	2024/25	2025/26	2025/26
Year	2020	2022	2023	2024	2025	2025
Month	Consolidated	Consolidated	Consolidated	Consolidated	January	May*
a) Seeds	445.42	670.53	750.78	762.92	708.55	751.16
b) Fertilizers	735.63	1,816.57	1,518.66	1,342.32	1,396.97	1,324.68
c) Defensives (Fungicide, Herbicide, Insecticide, etc.)	398.17	585.83	733.24	735.94	678.04	720.74
d) Mechanized Operations (Planting, Fertilizing, Applications with Machines, Harvesting...)	84.05	161.99	150.33	169.91	172.35	161.05
e) Third Party Services	2.09	3.00	2.78	22.25	15.72	16.12
f) Labor	72.99	83.05	128.65	203.29	193.49	194.56
g) Maintenance	106.13	109.97	167.27	234.88	240.00	239.91
h) Taxes and Fees	90.59	118.33	120.88	142.95	150.80	151.97
i) Financing and Insurance	160.18	276.71	292.23	293.33	282.39	282.91
j) Post-Production (Classification and Processing, Storage, Production Transport)	286.26	288.55	285.47	381.81	441.18	441.04
k) Other Costs (Technical Assistance, Utilities, Fuel, General Expenses)	69.46	97.43	113.21	111.19	123.40	122.43
l) Lease	132.30	208.66	216.50	210.55	242.54	254.13
Effective Operating Cost - EOC (a + ... + l)	*2583.26*	*4,420.62*	*4,480.01*	*4,611.35*	*4,645.44*	*4,660.69*
Depreciation (of Equipment, Utilities, and Improvements)	196.96	202.72	324.44	424.85	456.52	456.82
Family Labor	59.83	61.64	69.95	110.96	130.73	139.72
Opportunity Cost (Working Capital, Improvements, etc.)	538.00	925.79	994.73	947.02	1,279.16	1,387.15
TOTAL	**3,378.06**	**5,610.78**	**5,869.12**	**6,094.19**	**6,511.85**	**6,644.40**

***Data Source**: Mato Grosso Institute of Agricultural Economics (IMEA), costs in BRL/ha, * with 2025/26 as estimates; Chart Post Brasilia*

To ensure growth in the coming years, the grain sector must address one of its most significant infrastructure challenges. According to the Brazilian Association of Machinery and Equipment Industry (ABIMAQ), Brazil has a static grain storage capacity of 214 million tons, resulting in a storage capacity deficit of approximately 120 million tons. The Brazilian Corn and Sorghum Producers Association (ABRAMILHO) reports that this deficit has been increasing by about 5 million tons each year. Moreover, currently, 15 percent of the country's available storage capacity is found on farms, while in the United States, this figure is closer to 50 percent.

On July 1, the Government of Brazil announced the 2025 Harvest Plan, a public agricultural credit and financing policy that offers subsidized loans with varying interest rates to producers. As part of this plan, the Warehouse Construction and Expansion Program (PCA) was introduced, featuring an interest rate of 8.5 percent, which is considered too high to encourage new investments. Consequently, the lack of corn storage is not expected to improve in the near future. The second corn harvest occurs while silos are still filled with soybeans, leaving the corn exposed to various risks outdoors.

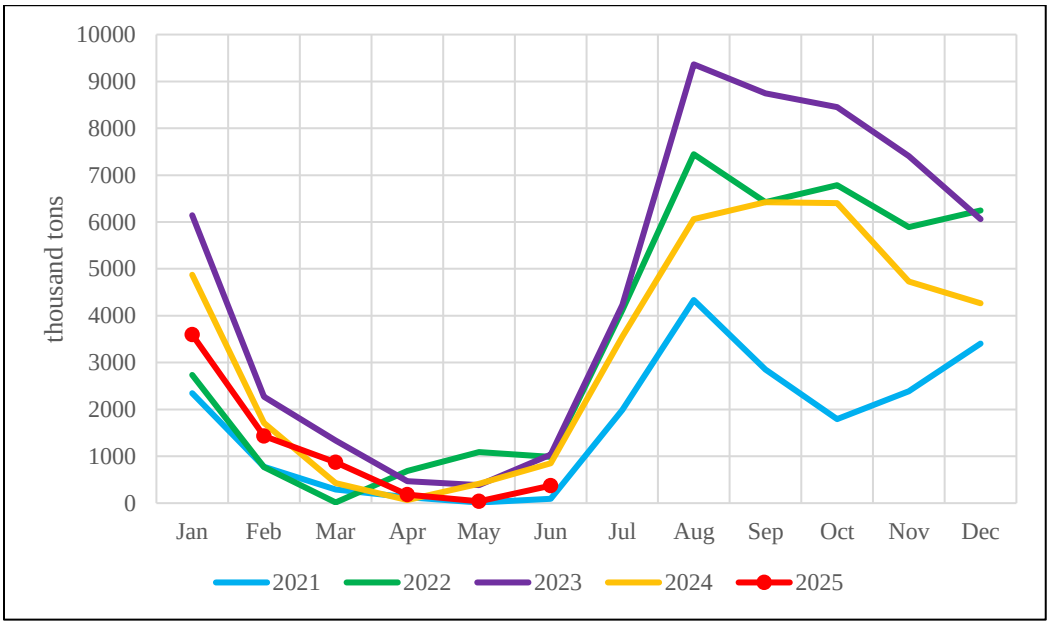
In Mato Grosso, the situation is particularly concerning. According to data from the Brazilian Association of Soybean and Corn Growers (APROSOJA/MT), soybean and corn production is projected to reach 97.3 million tons in 2025, up from 86.3 million tons in 2024, representing a 13 percent year-on-year increase. During the same period, however, storage capacity has increased by 3 percent, rising from 50.8 to just 52.2 million tons.

Corn Trade

Post revised its forecast for corn exports for MY 2025/26 (March 2026 – February 2027) from 44 mmt to 43 mmt, the same estimate for exports in MY 2024/25 (March 2025 – February 2026). This consistency is attributed to an expected increase in domestic demand for corn, especially for the corn ethanol industry, which will likely result in a lower surplus available for international sales.

Although Brazil is expected to experience a significant increase in corn production during the 2024/25 harvest, its corn exports are unlikely to see a similar rise. This is primarily due to higher demand for corn in the domestic market and a forecasted increase in international corn supply, particularly from the United States. Consequently, this situation is expected to limit the amount of Brazilian corn exported to other countries, resulting in an increase in domestic stocks.

Figure 6
Brazilian Corn Exports by Month (2022 – 2025)

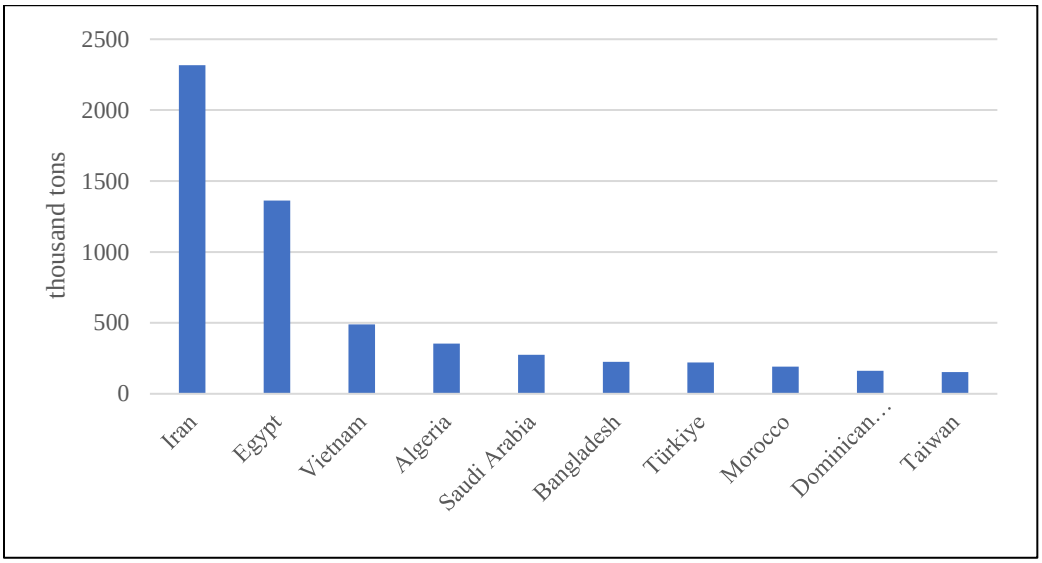


***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

According to Brazil's Secretariat of Foreign Trade (SECEX) under the Ministry of Development, Industry, Foreign Trade, and Services (MDIC), Brazilian corn exports in June 2025 totaled 369,533 tons, significantly lower than the same period last year when exports reached 850,892 tons. This decline can be attributed to delays in the start of the second-season corn harvest and reduced availability of harvested grains. However, exports are expected to increase from July as the new harvest begins reaching ports.

Iran, the primary destination for Brazilian corn in the first half of the year, is currently facing logistical and diplomatic challenges, creating uncertainty for the remainder of the year. This situation may lead to a decline in exports to that country. Additionally, contacts at Post have indicated that Japan, which was Brazil's largest buyer in 2019, may ramp up its purchases again if it seeks to reduce its dependence on U.S. corn. Japan is particularly interested in corn for pig feed.

Figure 7
Top Destinations of Brazilian Corn Exports (Jan - Jun, 2025)



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

The People's Republic of China (PRC), which has traditionally imported Brazilian corn, reduced its purchases in 2025 due to a strong domestic harvest and a self-sufficiency policy. As a result, Brazil is now looking for new buyers to diversify its trade options.

In May 2025, Brazil and the PRC signed new phytosanitary agreements that permit the export of various products to the PRC, including distillers dried grains (DDG). DDG is a byproduct of corn ethanol used for animal feed, and until now, nearly all Chinese DDG imports have come from the United States. This authorization for Brazilian exports is expected to allow Brazil to compete for a significant share of the Chinese market, especially as Brazilian production is on the rise, driven by the emerging corn ethanol industry.

According to the National Union of Corn Ethanol (UNEM), DDG production reached 4.1 million tons during the 2024 harvest, marking a 36 percent increase from the previous cycle. Production is anticipated to reach 5 million tons this year and to double by 2035. Currently, Brazil exports DDG to countries such as Vietnam and Türkiye.

Data from CONAB indicates that corn and soybean exports through the ports of the Northern Arc have more than doubled in the last four years. The volume shipped in the region rose from 36.7 million tons in 2020 to 57.6 million tons in 2024, reflecting a 57 percent increase. This growth can be attributed to investments in multimodal infrastructure, particularly in expanding rail transport and the increasing use of waterways in the Amazon region. The proximity to new production areas, such as MATOPIBA (comprising Maranhão, Tocantins, Piauí, and Bahia), has been a crucial factor in enhancing the flow of harvests.

According to CONAB, the ports of the North accounted for approximately 38 percent of Brazilian soybean and corn exports in 2024. In comparison, the ports of Santos (in São Paulo) and Paranaguá (in Paraná) accounted for 43 percent in the same period.

Post maintained its forecast for corn imports for MY 2025/26 (March 2026 – February 2027) at 1.6 mmt, as well as its estimate of 1.5 mmt for MY 2024/25 (March 2025 – February 2026). Brazil's imports of corn are relatively small compared to its production, consumption, and exports, with imports usually used to close on-the-spot market demands. While it is unlikely that imports will increase dramatically, Brazil's growing consumption is expected to lead to slow but progressive import levels to meet this rising demand.

Table 4
Main Origin of Corn Imports - January to June (in Kg)

	2025	2024
Paraguay	606,972,870	347,934,100
Chile	321,426	332,599
Argentina	160,723	33,760,302
United States	26,989	602,291
South Africa	25,000	25,000
Thailand	7,656	-
Mexico	17	9,500
Germany	-	11,180
Moldova	-	-
Total	**607,514,681**	**382,674,972**

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

Paraguay remains the biggest exporter of corn to Brazil, accounting for 99 percent of all the corn sent to Brazil in the first half of 2025, followed by Chile, Argentina, and the United States.

Corn Consumption

Post revised its forecast for total corn consumption for marketing year 2025/26 (March 2026 – February 2027) to 94.5 million metric tons (mmt), a 5.6 percent increase over the previous forecast. The new estimate is based on the strong growth in demand for corn by the ethanol industry. Post also raised its estimate for total corn consumption in marketing year 2024/25 (March 2025 – February 2026) from its original 87.5 mmt to 92 mmt.

The Mato Grosso Institute of Agricultural Economics (IMEA) projects a 9 percent increase in corn consumption by ethanol industries in Mato Grosso in the 2024/25 season compared to the previous harvest. This demand for corn already represents nearly 77 percent of the state's domestic consumption.

Post contacts also believe that the increase in the anhydrous ethanol blend in gasoline, from 27 to 30 percent starting August 1, 2025, will further boost corn ethanol consumption in Brazil. Analysts have calculated that corn ethanol production in Brazil could rise from 8.20 billion liters in 2024/25 to 18.4 billion liters by 2033/34. This increased demand is expected to promote new investments in ethanol plants in regions such as Paraná, Rio Grande do Sul, Bahia, and Tocantins, thereby decentralizing the energy matrix and fostering regional development.

Additionally, Brazil's recent case of Highly Pathogenic Avian Influenza (HPAI), detected in May 2025, has not significantly impacted corn consumption by the protein sector. Initially, there were concerns that a potential reduction in the number of birds would impact feed consumption, as corn is primarily used for that purpose. However, Brazil managed to control the outbreak quickly, minimizing its effects.

RICE

Production, Supply, and Distribution

Table 5
Production, Supply, and Distribution of Rice

Rice, Milled	2023/2024		2024/2025		2025/2026	
Market Year Begins	Apr 2024		Apr 2025		Apr 2026	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	1,608	1,608	1,700	1,700	1,600	1,600
Beginning Stocks (1000 MT)	617	617	711	711	1,286	1,311
Milled Production (1000 MT)	7,199	7,199	8,200	8,200	7,600	7,700
Rough Production (1000 MT)	10,587	10,587	12,059	12,059	11,176	11,324
Milling Rate (.9999) (1000 MT)	6,800	6,800	6,800	6,800	6,800	6,800
MY Imports (1000 MT)	964	964	850	900	850	900
TY Imports (1000 MT)	1,023	1,023	950	1,000	900	950
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8,780	8,780	9,761	9,811	9,736	9,911
MY Exports (1000 MT)	969	969	1,275	1,300	1,300	1,400
TY Exports (1000 MT)	958	958	1,100	1,100	1,275	1,300
Consumption and Residual (1000 MT)	7,100	7,100	7,200	7,200	7,300	7,300
Ending Stocks (1000 MT)	711	711	1,286	1,311	1,136	1,211
Total Distribution (1000 MT)	8,780	8,780	9,761	9,811	9,736	9,911
Yield (Rough) (MT/HA)	6.584	6.584	7.0935	7.0935	6.985	7.0775

MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Rice begins in January. TY 2025/26 = January 2026 - December 2026
Source: Post Brasilia

Rice Production

Elevated prices for rice paid to producers during the sowing period for the 2024/25 harvest led to an increase in the planted area. Coupled with favorable weather conditions, this resulted in an increase in production compared to the previous season.

However, the 2025/26 agricultural cycle presents significant uncertainty for rice producers. A combination of high interest rates, low domestic prices, and heavy reliance on fertilizers is putting pressure on cost management and risk assessment throughout the production chain. Additionally, rising default rates and stricter credit conditions are intensifying the challenges faced by producers.

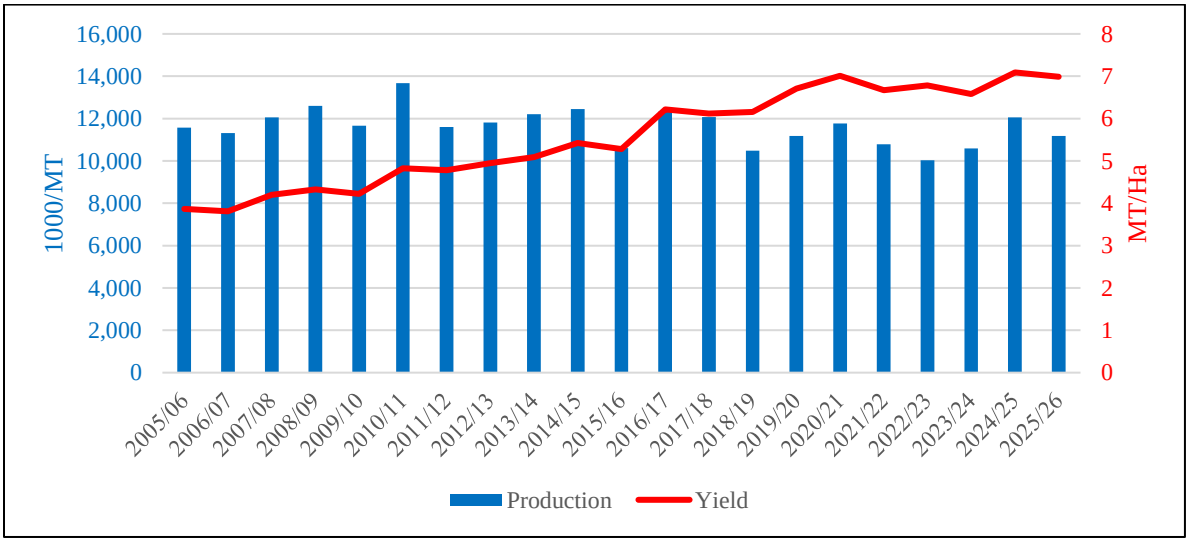
2025/26 Rice Production Forecast Set to Decrease

Post updated its forecasts for rice planted area for MY 2025/26 (April 2026 – March 2027) to 1.6 million hectares (ha), a 9 percent decrease from its original estimate. This decline is largely attributed to a significant drop in rice prices paid to producers, which has discouraged many from investing in rice for the upcoming season. As a result, Post revised down its initial forecast for milled rice production from 8.1 million metric tons (mmt) of milled rice equivalent (MRE) for MY 2025/26 to 7.7 mmt, equivalent to 11.3 mmt of paddy rice.

2024/25 Increase in Planted Area Leads to Estimated Growth in Production

In contrast, high prices for rice at the time of sowing for the 2024/25 harvest led to an increase in planted area compared to the previous season. Alongside favorable weather conditions throughout 2024, crop development was particularly successful in Rio Grande do Sul and Santa Catarina, the main producing states. As such, Post increased its MY 2024/25 estimate for milled rice production to 8.2 mmt of milled rice equivalent (MRE), an equivalent of 12 mmt of paddy rice. This represents a 1.5 percent increase over the previous estimate.

Figure 8
Rice: Evolution of Production and Yield



Data Source: *Foreign Agricultural Service, Official USDA Estimates, with 2024/25 and 2025/26 as estimates; Graph Post Brasilia*

Harvest Outlook

Rice harvesting was successfully concluded in the main producing states, with the National Supply Company (CONAB) estimating the largest production of the past eight harvests. The high yields were a result of optimal weather conditions and the use of technological mechanisms that enhanced the productive potential of the crops. While a few regions indicate a potential for improved crop production for 2025/26, Post contacts have signaled that the biggest producing states are not likely to continue the upward production pattern seen in 2024/25.

Irrigated Rice

Figure 9
Main Irrigated Rice Producing States (2024/25)

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

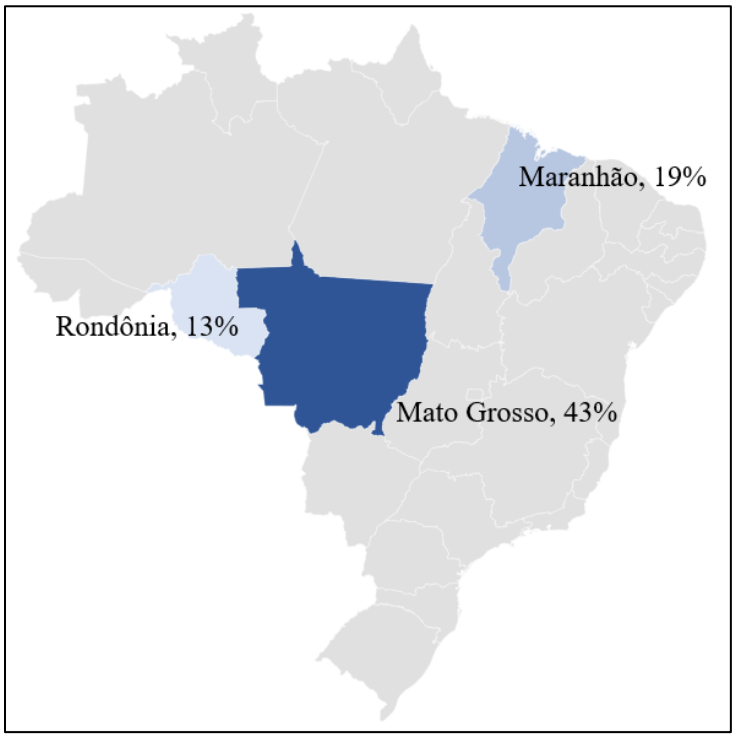
- **Rio Grande do Sul:** The rice harvest in the state has concluded, and producers are now focusing on off-season management. The volume of rice available is higher than last year. According to CONAB, production is expected to reach 12 MMT, which represents a 15 percent increase compared to 2024. This growth is attributed to the expansion of the planted area, driven by the high prices at the time of sowing. However, in a few regions of the state, the outflow of the harvest faced challenges due to a shortage of trucks and limited capacity of both mobile and stationary bulk carriers, despite the favorable conditions of rural roads. For the 2025/26 harvest, producers are hoping for a reduction in the ongoing rains to begin preparations for the next planting season.

- **Santa Catarina:** The 2024/25 crops have experienced high yields due to a combination of factors, including optimal weather conditions, advancements in crop management technology, and the use of high-yield cultivars. According to the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC), the 2024/25 harvest is expected to see a 12 percent increase in production compared to the previous cycle, reaching 1.3 million metric tons (mmt), which results from a 12.5 percent increase in yield.

- **Tocantins:** Crops have developed well, thanks to the effective use of proper crop management tools. According to CONAB, production is expected to increase by 9 percent in the 2024/25 harvest compared to the previous season, reaching a total of 806.8 thousand tons. Steady rainfall has ensured the recovery of spring and dam water levels, which has enabled adequate water capture for the management of irrigated crops. The state's production aims to supply the domestic market, especially during the off-season. For the 2025/26 harvest, expectations indicate an increase in rice production, as local producers continue to invest consistently.

Upland Rice

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



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

- **Mato Grosso:** The state saw a significant increase in area planted with rice during the 2024/25 harvest as producers chose to grow upland rice as a second or third-season crop to enhance profitability. According to CONAB, the state is expected to produce 537 thousand tons of rice in the 2024/25 harvest, driven by a 53 percent increase in planted area and a 4 percent increase in yield compared to the previous harvest. Although the rains in April affected the quality of the grains in a small number of regions, the impact on overall production was not significant. With Mato Grosso accounting for nearly half of the country's upland rice production, the forecast indicates continued growth in 2025/26, particularly due to the successful integration of upland rice into crop rotation systems.

- **Maranhão:** The lack of rain has affected various regions growing upland rice, leading to decreased production, while pest incidences have further reduced yields. However, there was an increase in the areas planted with improved irrigated rice cultivars, particularly in fields that benefit from natural flooding from rainwater. As a result, the 2024/25 harvest is expected to see an increase in production due to the larger planted areas and more secure yields.

- **Rondônia:** Rainfall during the rice harvest period caused occasional losses due to plant lodging. However, these losses were not significant enough to impact the positive production estimates for the 2024/25 harvest. CONAB estimates production at 162.4 thousand tons, representing a 17 percent increase compared to the previous harvest.

- **Piauí:** Adverse weather conditions, primarily due to a lack of rain across most of the state, have affected small producers the most, resulting in lower rice production than initially estimated at the beginning of the 2024/25 planting season. Many producers lack sufficient technology to ensure reliable production and have experienced total loss. Nonetheless, Piauí has managed to increase its overall production compared to the 2023/24 harvest, aiming for a total of 75.5 thousand tons due to the increase in planted area.

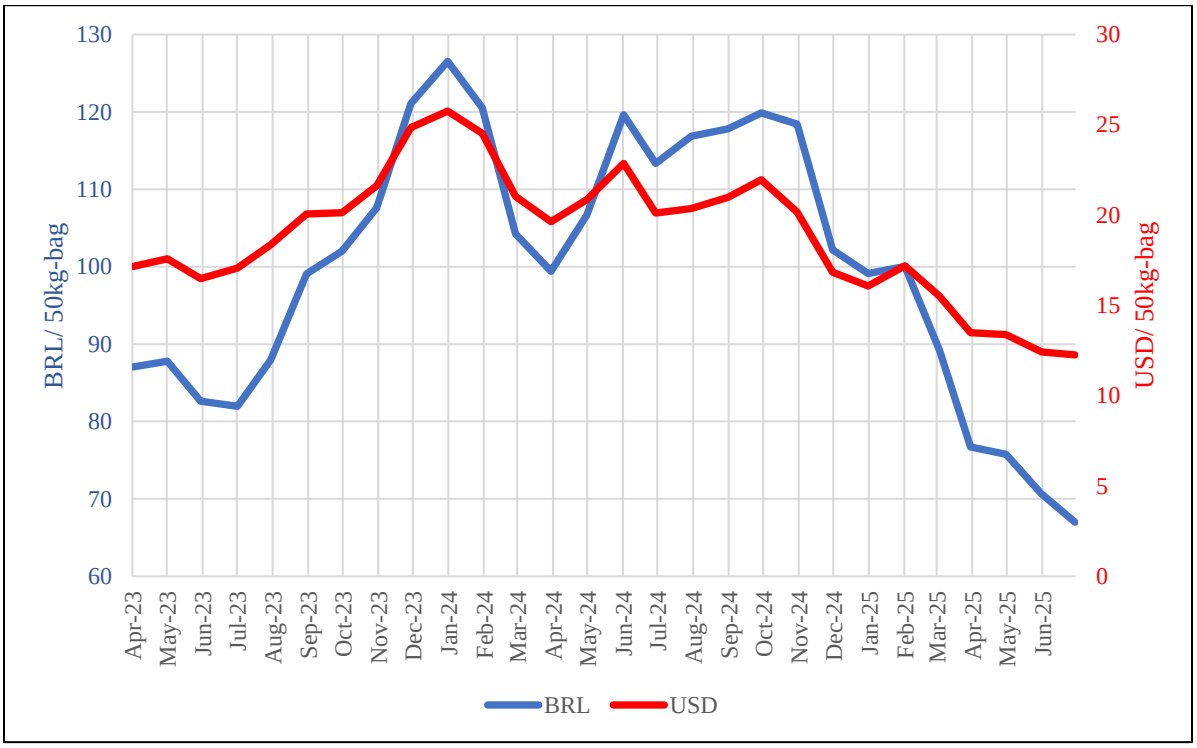
Rice Prices

Brazil experienced a significant increase in rice prices from June 2023 to January 2024, when the cost of rice reached BRL 147.97 (USD 26.88) per 50-kilo bag, according to the Center for Advanced Studies in Applied Economics (CEPEA/ESALQ/USP). However, the situation dramatically changed following an abundant harvest in Rio Grande do Sul and neighboring Mercosur countries. The rise in regional supply and intense competition led to a substantial decline in prices.

Since the beginning of 2025, the average price of paddy rice in Rio Grande do Sul has consistently decreased, reaching nominal levels last seen in July 2022. April witnessed a sharp drop in prices, a month after India lifted its last export restrictions imposed in 2022. In May 2025, the average price for rice was BRL 73.70 (USD 13.00) per 50-kilo bag, reflecting a 35.5 percent decrease compared to the average price in May 2024. By June 2025, prices reached a new low, trading at a monthly average of BRL 67.01 (USD 12.08) per 50-kilo bag.

Producers have limited the volume of rice sold due to these low prices. Consequently, trading is restricted to occasional demand, as the prices offered are below production costs. This situation is likely to negatively impact producers' profitability and influence planting decisions for the 2025/26 season.

Figure 11
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*

The Ministry of Agriculture and Livestock recently updated the minimum prices of rice for the 2025/2026 harvest. These prices will serve as references for operations related to the Minimum Price Guarantee Policy (PGPM), which ensures a minimum income for rural producers. The minimum prices are set before the start of the next harvest to assist producers in deciding which crops to plant. This policy also demonstrates the government's commitment to purchase or subsidize agricultural products, if market prices fall below the established minimums.

Table 6
Rice Minimum Guaranteed Prices

Rice	Location	Type	Quantity	2024/25	2025/26	Validity
Long fine paddy rice	South (except Paraná)	1-58/10	50 kg	BRL 63.64	BRL 63.74	Feb 2025 to Jan 2026 (2024/25 harvest) Feb 2026 to Jan 2027 (harvest 2025/26)
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	BRL 80.00	BRL 80.00	
Long paddy rice	South (except Paraná)	2-55/13	50 kg	BRL 21.58		Feb 2025 to Jan 2026
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	BRL 29.59		

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

Due to the significant decline in rice prices and limited sales by producers, CONAB has announced the purchase of 110 thousand tons of rice through a sales option contract for the current harvest.

However, the Federation of Rice Growers' Associations of Rio Grande do Sul (FEDERARROZ) has voiced its opposition to the government's purchase of rice under the minimum price regime of BRL 63.00 per bag. The federation argues this price does not cover the actual costs of rice farming, and if prices remain at this level, there will likely be a drastic reduction in the area planted with rice. Additionally, FEDERARROZ has emphasized the need for the Government of Brazil (GoB) to increase inspections of packaging regarding rice classification, as they have reported instances of fraudulent classifications.

The Central Bank's inflation projection for Brazil in 2025 is 5.17 percent. For 2026 and 2027, the forecasts are set at 4.5 percent and 4 percent, respectively. The revised projected exchange rate for 2025 is BRL 5.65 per USD 1.00, with estimates of BRL 5.70 for 2026. In March 2025, the exchange rate was set at BRL 5.90 per USD 1.00.

The appreciation of the Brazilian real (BRL) against the dollar (USD) adversely affects domestic commodity prices and decreases the competitiveness of Brazilian products. Generally, a 10-cent increase in the exchange rate could result in a reduction of nearly BRL 5.00 in the cost of a bag of corn, illustrating the concern producers have regarding the current appreciation of the real and its impact on their financial results.

Rice Trade

Traditionally, rice exports tend to increase between May and August, and producers are looking to these sales to regulate market prices. Brazilian domestic consumption alone does not support higher prices without a more robust international trade environment.

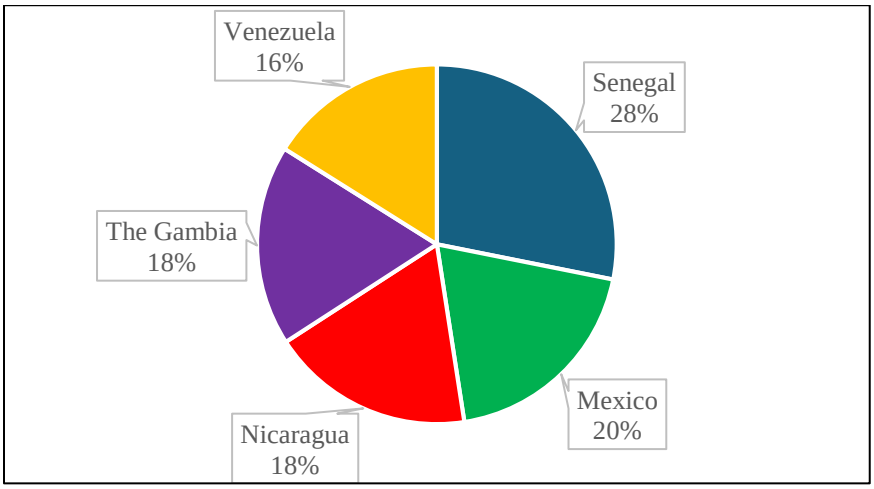
Post maintained its forecast for rice exports for MY 2025/26 (April 2026 – March 2027) at 1.4 mmt. This forecast represents an 8 percent increase over the MY 2024/25 (April 2025 – March 2026) export estimate, which was also maintained by Post. For the 2024/25 harvest, the greater availability of rice in the domestic market should lead to a reduction of prices internally throughout the year, which will make Brazilian rice more competitive. As a result, exports are likely to increase as the year progresses.

In the first half of the year, Brazil exported 389,200 tons of milled rice, representing a 13 percent decrease compared to the same period in 2024, according to Brazil's Secretariat of Foreign Trade (SECEX) under the Ministry of Development, Industry, Foreign Trade, and Services (MDIC). The main destinations for these exports were Senegal, The Gambia, and Peru. This decline was primarily attributed to the resumption of rice exports by India, which had been on pause since 2022. India's return to the market in October of last year significantly affected the competitiveness of Brazilian rice.

From January to June 2025, Brazil's total rice exports reached 489,500 tons, marking an 18 percent increase compared to the same period in 2024. Industry contacts noted that the average prices for international transactions exceeded those in the domestic market, which stimulated trade. Additionally, as Brazil's harvest began in March, prices became more competitive, potentially benefiting Brazilian exports in the second half of the year.

Brazil's rice exports to Central American countries increased in 2025. In the first quarter of the year, the primary destinations for paddy rice included Senegal, Mexico, Nicaragua, The Gambia, and Venezuela. Between April and June, Costa Rica also emerged as a significant destination. Industry contacts indicated that this increase in exports was likely influenced by the new U.S. tariffs on imported rice affecting these countries.

Figure 12
Main Destinations of Brazilian Rice (2024)

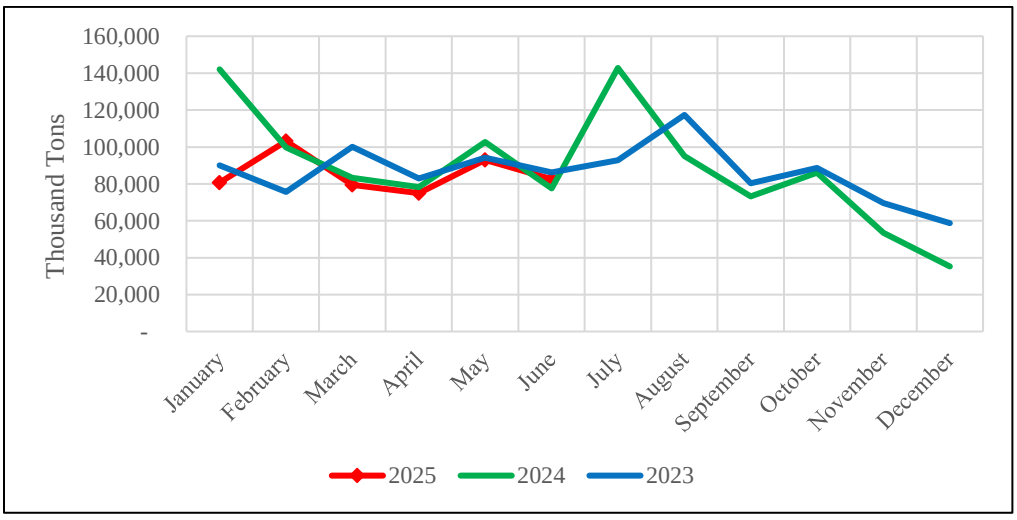


Data Source: *Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia*

The Brazilian Rice Industry Association (ABIARROZ) issued an official statement expressing "deep concern" regarding the U.S. government's decision to impose import tariffs on Brazilian exports, including milled rice. Currently, the United States accounts for 13 percent of Brazil's white rice exports. ABIARROZ estimates that if the tariff remains in place, losses to the Brazilian rice industry could reach $25 million per year.

Post maintained its forecast for rice imports in marketing year (MY) 2025/26 (April 2026 – March 2027) at 0.9 million metric tons (MMT), which is the same estimate as for MY 2024/25 (April 2025 – March 2026). Since the beginning of 2025, rice imports have been operating in a pattern of trendline, with some months showing increased imports in relation to the previous season and others with less.

Figure 13
Monthly Imports of Rice into Brazil



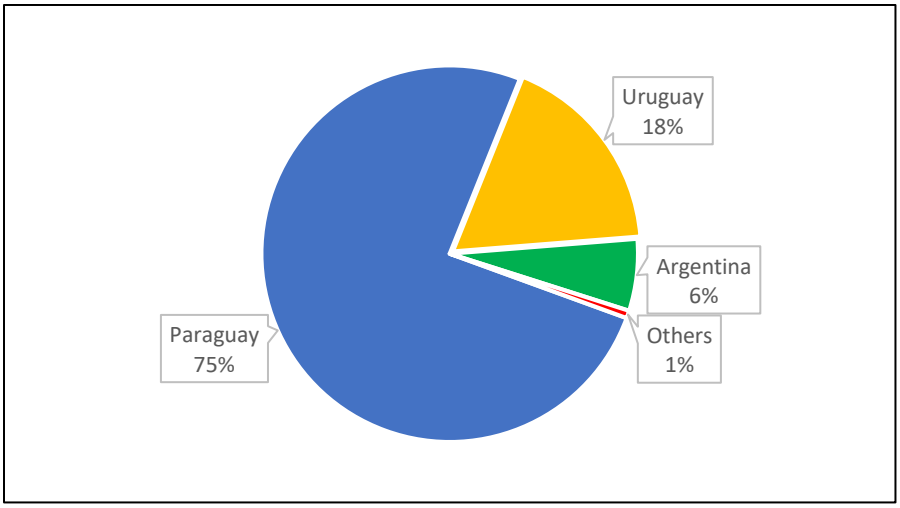
Data Source: *Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia*

According to SECEX, rice imports in the first half of the year totaled 513.8 thousand tons, a 12 percent drop compared to the same period of 2024. In June, Brazil imported 82.6 thousand tons, a 7 percent increase over June 2024. At the beginning of July, the rice market, especially in Rio Grande do Sul, continued to operate with low liquidity, with agents waiting for more favorable conditions to sell product. This has limited trade in the domestic market, leading to an increase in imports.

Mercosur countries remain the primary source of rice imports for Brazil. With a tax-free regime and low-cost transportation to the Brazilian market, Paraguay, Uruguay, and Argentina emerged as the main rice suppliers during the season.

Due to logistical challenges and a multitude of interstate taxes, several industries are exploring alternatives in the international market, leading to an increase in rice imports from Paraguay. In 2024, Paraguay accounted for 54 percent of Brazil's rice imports. In the first six months of 2025, this share rose to 75 percent. This strategy has helped ensure a steady supply and reduce the impact of limited domestic availability.

Figure 14
Main Origin of Rice Imports - January to June, 2025



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 2025/26 (April 2026 – March 2027) at 7.3 MMT and reduced its rice consumption estimate for MY 2024/25 (April 2025 – March 2026) by 1.4 percent, to 7.2 MMT. Rice is a staple food in Brazil, found in nearly 95 percent of households. However, it has a negative income elasticity, meaning that when the economy improves, consumers may easily replace it with other preferred goods.

Data from the Brazilian Institute of Geography and Statistic (IBGE) indicates that in the aggregated past 12 months, the price of rice to the final consumer fell by 12 percent. In Brazil, rice is mostly consumed

with beans, which also showed a significant drop, between 4 and 23 percent, depending on the type of bean.

However, substantial growth in consumption is not expected, as consumption patterns have shifted recently, with many Brazilians opting for more pre-cooked meals rather than traditional rice and beans dish. In addition, the retail sector recently experienced a slowdown in rice and bean sales, especially among low-income families, such as those receiving federal government stipends.

WHEAT

Production, Supply, and Distribution

Table 7
Production, Supply, and Distribution of Wheat

Wheat	2023/2024		2024/2025		2025/2026	
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)	3,473	3,473	3,059	3,060	2,800	2,800
Beginning Stocks (1000 MT)	1,797	1,797	1,691	1,694	2,180	2,183
Production (1000 MT)	8,097	8,100	7,889	7,889	8,000	8,000
MY Imports (1000 MT)	6,609	6,609	6,600	6,600	6,700	6,700
TY Imports (1000 MT)	5,917	5,917	7,309	7,309	6,900	6,900
TY Imp. From U.S. (1000 MT)	118	118	-	-	-	-
Total Supply (1000 MT)	16,503	16,506	16,180	16,183	16,880	16,883
MY Exports (1000 MT)	2,812	2,812	1,900	1,900	2,700	2,600
TY Exports (1000 MT)	2,812	2,812	1,897	1,897	2,700	2,600
Feed and Residual (1000 MT)	600	600	600	600	500	500
FSI Consumption (1000 MT)	11,400	11,400	11,500	11,500	11,600	11,600
Total Consumption (1000 MT)	12,000	12,000	12,100	12,100	12,100	12,200
Ending Stocks (1000 MT)	1,691	1,694	2,180	2,183	2,080	2,083
Total Distribution (1000 MT)	16,503	16,506	16,180	16,183	16,880	16,883
Yield (MT/HA)	2.3314	2.3323	2.5789	2.5781	2.8571	2.8571

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

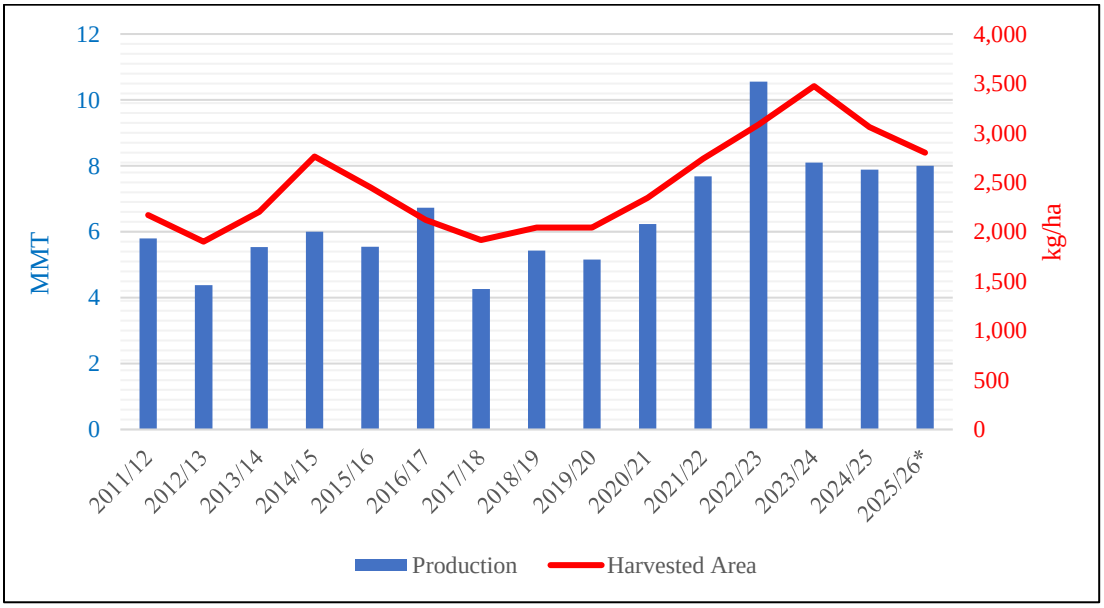
Initial forecasts indicated the potential for near-record wheat production for the 2025/26 harvest, as producers increased investments in wheat cultivars, machinery, and technology, likely resulting in higher yields. However, an adverse scenario has emerged, characterized by disappointments in previous harvests, a recent decline in wheat prices, and challenges in accessing rural credit. These factors have resulted in a significant reduction in planted area in the largest producing regions. Consequently, even if favorable weather conditions and effective crop management support stable production throughout the harvest, the overall growth is unlikely to reach initial projections due to the reduction in the planted area.

2025/26 Producers Apprehensive Over Past Outcomes

Post revised its forecast for wheat planted area for MY 2025/26 (October 2025 – September 2026) from the original 3 million hectares (ha) to 2.8 million hectares (ha), a 7 percent reduction over the initial projection. Wheat cultivation is primarily concentrated in regions with significant climate variations, including frost and heavy rainfall, which increase risks for producers.

Post also reduced its forecast for wheat production for MY 2025/26 (October 2025 – September 2026) to 8 million metric tons (mmt). The decline in production is mainly due to a reduction in planted area. High production costs and the low profitability of wheat are likely to influence producers' decision to grow this crop, with many opting to plant second-season corn instead, due to its higher cost-effectiveness.

Figure 15
Wheat Production and Harvested Area in Brazil

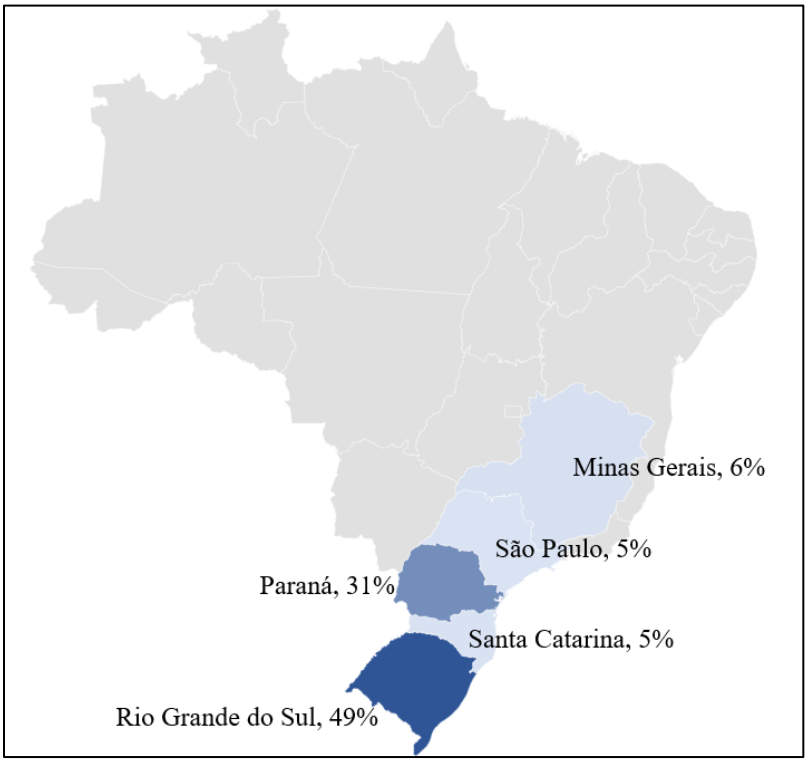


***Data Source**: Foreign Agricultural Service, Official USDA Estimates, with 2025/26 as estimate; Graph Post Brasilia*

Harvest Outlook

Most of Brazil's wheat crops are planted in three southern states: Rio Grande do Sul, Paraná, and Santa Catarina. Sowing takes place between March and August, depending on the specific region. However, this planting timeline falls outside the USDA's marketing year, which runs from October to September of the following year. In contrast, Brazil considers its entire wheat season to span from August to July, allowing for the harvest and export of wheat crops to align with the market year.

Figure 16
Main Wheat Producing States, 2025



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

- **Rio Grande do Sul:** Wheat planted area for the 2025 harvest is forecast to decline, as producers face high production costs, increased risks of losses from severe weather, and various economic challenges within the state. Many producers continue to struggle to recover from financial losses caused by heavy floods last season and have difficulty accessing government credit and insurance. These issues have discouraged numerous producers from planting wheat, a winter crop that has faced a continuous drop in price during harvest. According to data from the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), by early July, 50 percent of the state's area was sown. However, due to excessive rain, soil erosion, and a lack of sunlight, many crops needed to be replanted. Additionally, sales of farming inputs, such as seeds, fertilizers, and machinery, remain slow, with producers indicating a reliance on lower levels of technology.

- **Paraná:** According to the Department of Rural Economy (DERAL/PR), wheat planting has recently concluded in the state. Most of the crops may benefit from cold weather impacting the area, but this could negatively affect fields that were planted earlier and are currently producing flowers or are in the grain-filling stage. The National Supply Company (CONAB) estimates that the wheat planted area for the 2025/26 harvest will be 833.9 thousand hectares, representing a 27 percent decrease compared to the previous season. This reduction is attributed to producers' pessimism regarding the wheat crop, largely due to high production costs and low profitability from previous harvests. As a result, many producers chose to plant second-season corn, barley, or oats instead. Nevertheless, good yield forecasts are expected to mitigate the loss in area and secure a slight year-on-year production gain of 1 percent, increasing production to 2.4 million metric tons (mmt).

- **Santa Catarina:** Frosts in the southern part of the country did not cause as much damage to crops as in other states of the region due to sowing occuring later in the year. The planting for the 2025/26 harvest is expected to conclude in August, but the crops in the ground are developing well. The Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC) estimates a 17 percent decrease in planted area compared to the 2024/25 harvest, which will reduce production from 432.2 thousand tons last cycle to 359.8 thousand tons in 2025/26.

- **Minas Gerais:** Sowing was still underway by mid-July, and a slight reduction in planted area is expected for the 2025/26 season. However, production is likely to increase due to productivity gains. Producers are exploring strategies to boost crop yields through the use of technology and soil improvement techniques. According to CONAB, the state is expected to produce 437.4 thousand tons in the 2025/26 harvest, representing a 6 percent increase over the previous season.

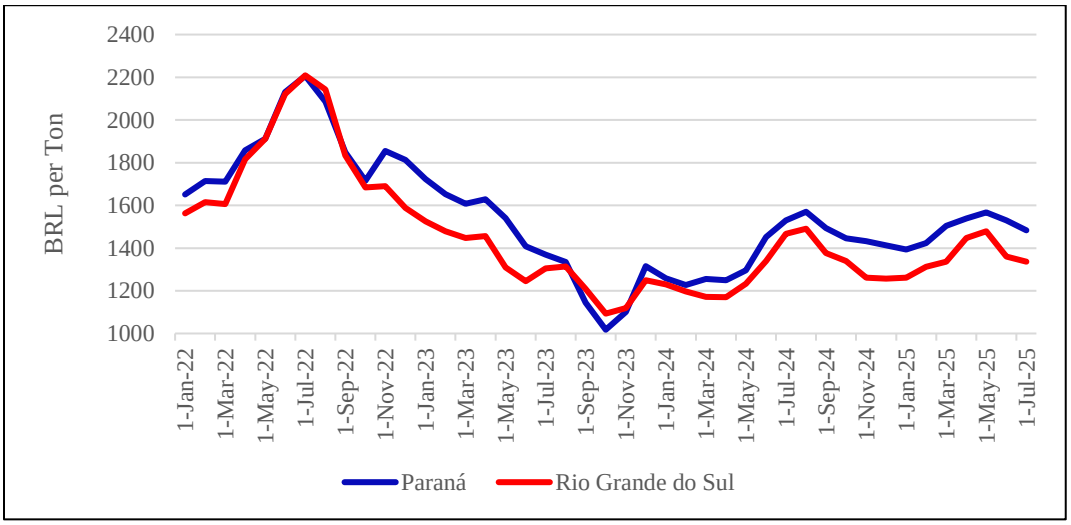
- **São Paulo:** The state's Agriculture Secretariat initially forecasts a similar wheat production outlook for 2025/26 compared to the previous year. However, Post contacts in the region believe the current estimate is more positive than expected due to favorable weather conditions resulting in good yields. These agricultural institutions estimate total production closer to 400 thousand tons, rather than the 354.9 thousand tons anticipated by CONAB for the season. Nevertheless, a decrease in the planted area is still projected due to a lack of incentives for wheat producers concerning prices and uncertainties related to the weather.

Wheat Prices

According to the University of São Paulo's Center for Advanced Studies in Applied Economics (CEPEA), the monthly average price of wheat in Paraná in June 2025 was BRL 1510.60 (USD 272.42) per ton, a 2.5 percent drop compared to the average price in May 2025, when wheat was traded at BRL 1548.86 USD (273.15).

In Rio Grande do Sul, the monthly average price for wheat also decreased in June 2025 in comparison to the previous month. Wheat averaged BRL 1351.14 (USD 243.67) per ton in June 2025, a 4 percent decrease from May 2025, when it was priced at BRL 1407.93 (248.29).

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



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

The decline of domestic wheat prices in June was driven by the progress of sowing in Brazil and weak demand. Post contacts indicate that many milling agents have excess stock, while others choose to work with imported wheat.

In May, the average price for a bag of wheat received by producers in Paraná was BRL 79.69. This marked a 15 percent increase compared to the same month in 2024, when prices were at BRL 68.83. Despite this annual growth, the current price is seen as insufficient to alleviate producers' discouragement, according to information from DERAL/PR.

Fertilizer prices rose by 22 percent during this time, contributing to an overall increase of approximately 8 percent in variable costs, which went from BRL 67.41 to BRL 72.87 per bag in the past year. DERAL/PR noted the rise in production costs was offset somewhat by decreases in pesticide and seed costs. Nevertheless, profit margins remain low.

The Central Bank's inflation projection for Brazil in 2025 is 5.17 percent. For 2026 and 2027, the forecasts are set at 4.5 percent and 4 percent, respectively. The revised projected exchange rate for 2025 is BRL 5.65 per USD 1.00, with estimates of BRL 5.70 for 2026. In March 2025, the exchange rate was set at BRL 5.90 per USD 1.00.

The appreciation of the real against the dollar adversely affects domestic commodity prices and decreases the competitiveness of Brazilian products. Generally, a 10-cent increase in the exchange rate could result in a reduction of nearly BRL 5.00 in the cost of a bag of corn, illustrating the concern producers have regarding the current appreciation of the real and its impact on their financial results.

Wheat Trade

2025/26 Exports Remain Steady While 2024/25 Loses Competitiveness

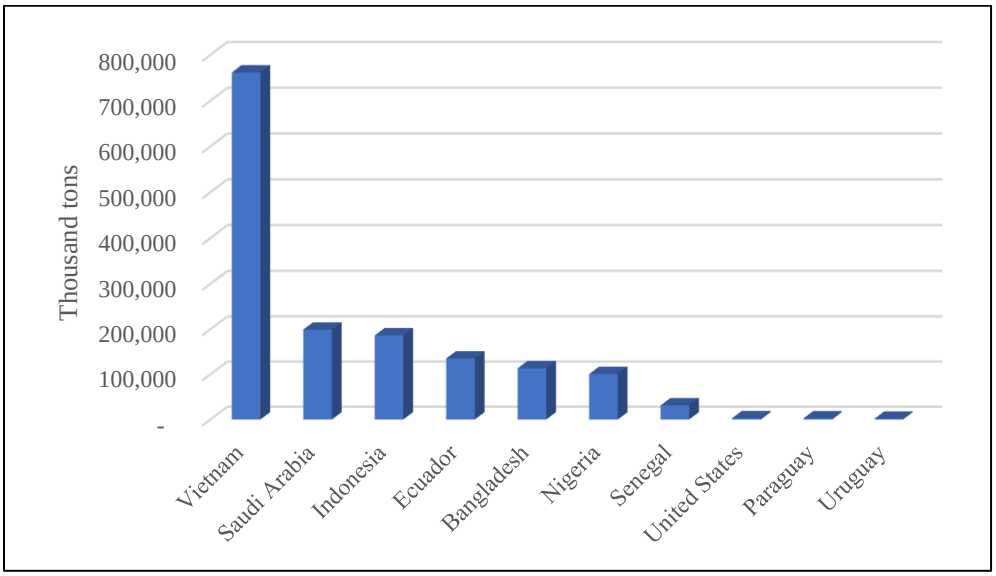
Post maintained its forecast for wheat exports for MY 2025/26 (October 2025 – September 2026) at 2.6 mmt on a wheat grain equivalent basis (WGE), based on the slightly bigger production year-on-year. Note that the USDA uses WGE for trade numbers, which, in addition to wheat grain, include flour and wheat product volumes adjusted on a wheat grain equivalent basis.

Post lowered its estimate for wheat exports for MY 2024/25 (October 2024 – September 2025) from the previous 2.6 mmt to 1.9 mmt, on a wheat grain equivalent basis (WGE). The appreciation of the Brazilian real has discouraged exports, making Brazilian wheat less competitive compared to Argentine grain. Brazil is not traditionally a major wheat exporter and often relies on imports to meet its domestic consumption needs due to insufficient supply.

In the first half of 2025, Vietnam, the main buyer of Brazilian wheat in 2024, remained the primary destination for Brazilian wheat exports, accounting for 49 percent of wheat exported by Brazil during this period. Saudi Arabia was the second-largest destination, importing 13 percent, followed by Indonesia (12%), Ecuador (9%), and Bangladesh (7%).

Several importing countries purchase Brazilian wheat for animal feed, opting for the lower-quality grains available. In contrast, others prefer high-quality grains and purchase Brazilian wheat as a substitute for grain from other markets, such as Ukraine.

Figure 18
Main Destination of Brazilian Wheat Exports (January - June, 2025)



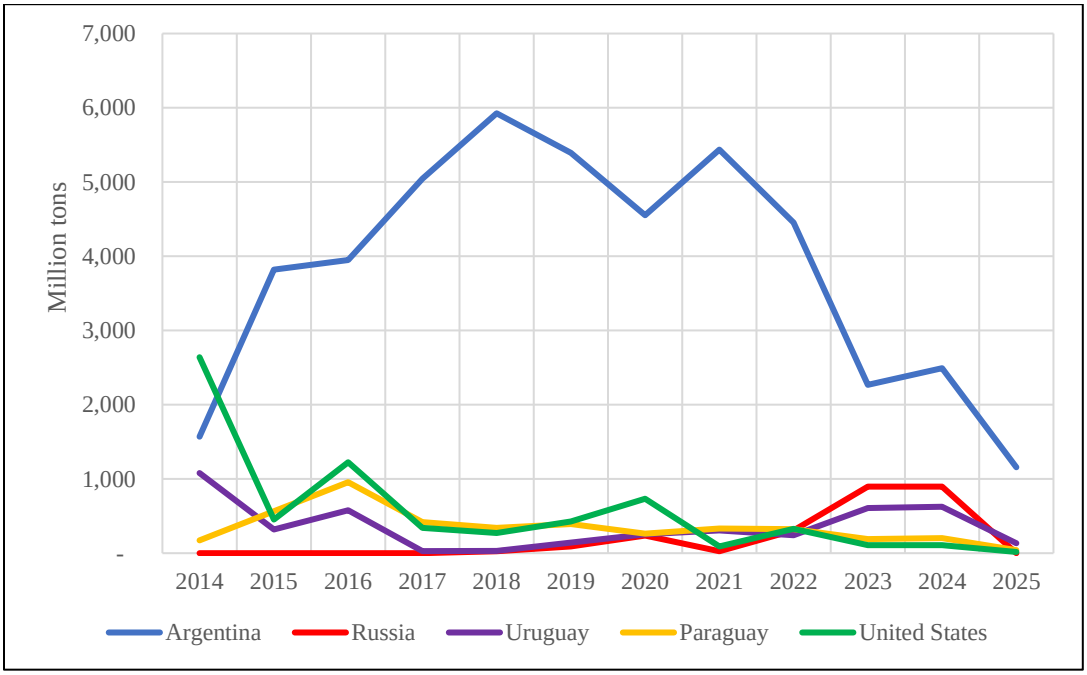
***Data Source**: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia*

Imports Increase Due to Lower Domestic Production

Post increased its wheat imports forecast for MY 2025/26 (October 2025 – September 2026) to 6.7 mmt from its initial estimate of 6 mmt on a wheat grain equivalent basis (WGE) based on the expectation of lower production for the coming harvest.

For MY 2024/25 (October 2024 – September 2025), Post increased the estimate for wheat imports by 1.5 percent, now set at 6.6 mmt on a wheat grain equivalent basis (WGE), based on insufficient domestic production.

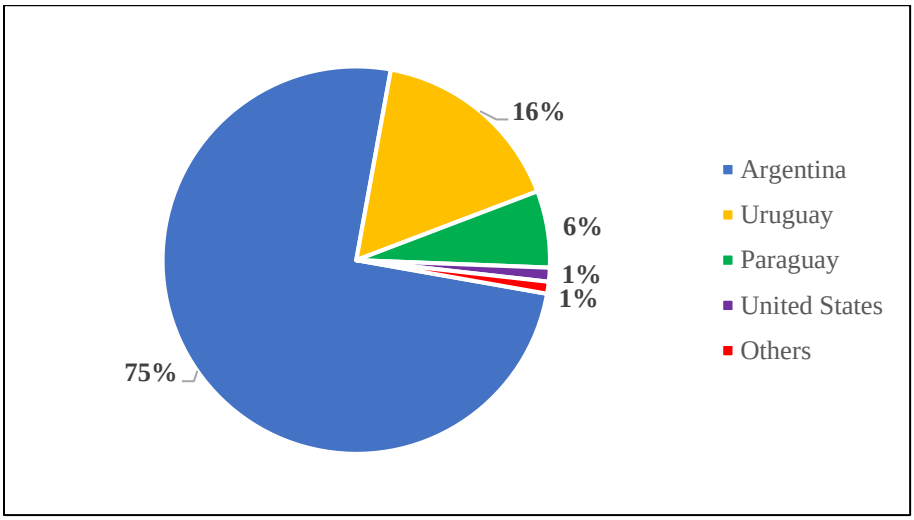
Figure 19
Main Origin of Wheat Imports to Brazil (2014 - 2024)



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

In June 2025, Brazil imported 487 thousand tons of wheat, with 94 percent of this volume coming from Argentina and 6 percent from Paraguay, according to data from Brazil's Secretariat of Foreign Trade (SECEX) under the Ministry of Development, Industry, Foreign Trade, and Services (MDIC). During the first half of 2025, total imports reached 3.6 million tons, which is just over 6 percent higher than the 3.4 million tons imported in the same period in 2024.

Figure 20
Main Origin of Wheat Imports (January - June, 2025)



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

Data from Cepea/Esalq-USP indicates that Brazil has depleted its domestic wheat reserves and will rely on imports until the new harvest arrives in August 2025. While the wheat supply from Mercosur countries is expected to increase, available supplies from Argentina are limited due to exporter prioritization of corn to take advantage of rising international prices.

The reduction in Argentine wheat supply, caused by adverse weather conditions, was somewhat mitigated by increased imports from other Mercosur nations, underscoring the importance of regional cooperation in securing Brazil's wheat supply, which is heavily reliant on imports.

Wheat Consumption

Post maintained its forecast for total wheat consumption for MY 2025/26 (October 2025 – September 2026) at 12.2 mmt, a 0.8 percent increase over the estimate for MY 2024/25 (October 2024 – September 2025), set at 12.1 mmt. Wheat is one of the primary commodities in Brazil's basic food basket and tends to maintain a consistent consumption pattern, even when prices fluctuate significantly. While Brazilians may substitute some wheat-based products, they generally continue to consume essential items like bread.

According to the Brazilian Supermarket Association (ABRAS), overall food consumption in Brazil rose by 2 percent in May 2025 compared to April. This increase was driven by a decline in inflation and income boosts provided through federal government benefit payments. Additionally, the falling prices of essential items, such as rice, milk, and soybean oil, helped sustain household supplies during this period, encouraging increased consumption.

The Brazilian Development Bank (BNDES) has approved financing for the establishment of Brazil's first vital gluten plant, which will be in Rio Grande do Sul. Vital gluten, extracted from wheat flour, is used to enhance the quality of baking flour and is also found in medicines and personal care products. The new plant is projected to process 25.6 thousand tons of vital gluten per year.

The Brazilian Wheat Industry Association (ABITRIGO) recently conducted a survey of 150 mills across Brazil, revealing a 3 percent increase in flour production in 2024, totaling 13.2 million tons. Of this total, 30 percent is used for baking, and 13 percent is used for pasta, underscoring the significance of these segments for domestic consumption.

Attachments:

No Attachments