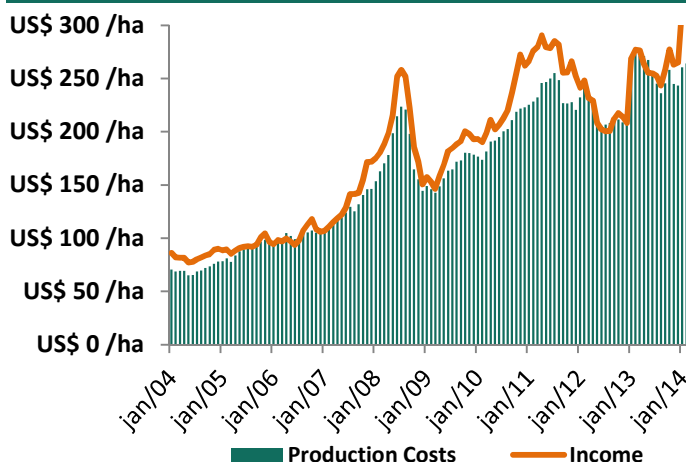


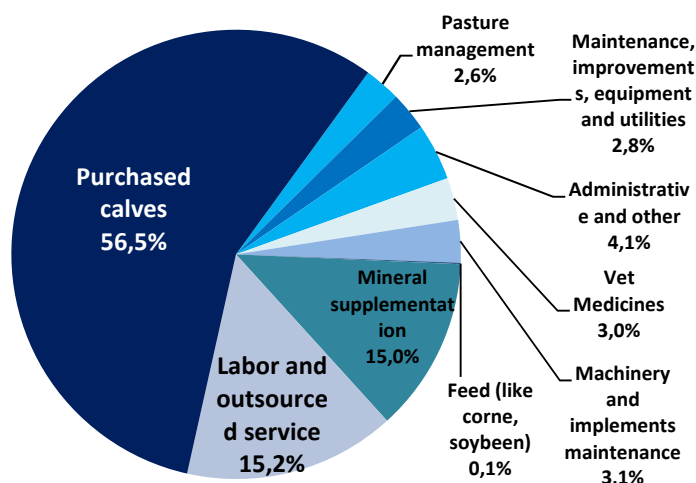


### COSTS AND INCOME TO PRODUCE COW-CALF AND BEEF FINISHING PER HECTARE



Source: Cepea/CNA

### COMPOSITION OF CASH COSTS - INPUTS



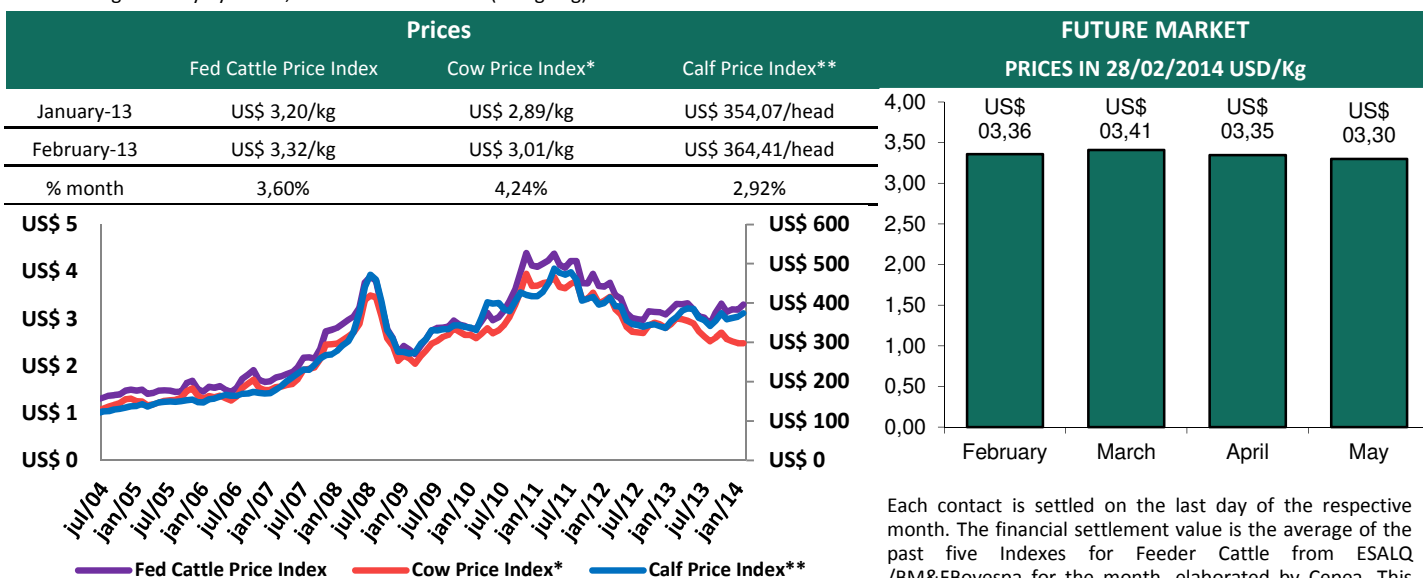
### INPUTS MARKET

Costs and returns up again in February

Beef cattle production costs picked up one more time in February. Cash Costs rose 2.42% compared to January in the "Brazilian Average" (GO, MG, MT, MS, PA, PR, RO, RS, SP and TO States). Particularly high increases were recorded for calves (considering the ESALQ/BM&F Calf Price Index – Mato Grosso do Sul State – monthly price, cash terms), fertilizers and pesticides. Increases were 2.54%, 2.22% and 2.63%, respectively, in the period considered.

Finished cattle prices also continued to rise in February, pushed up by the limited supply of slaughter-ready animals. The ESALQ/BM&FBovespa Index (São Paulo State) closed February at 120.43 reais, 4.7% more compared to January. Unfavorable weather conditions (lack of rain and very high temperatures) affected the development of pastures, mainly the in the Southeast and Central-West Brazil. The situation was especially critical in São Paulo, Goiás and South Minas Gerais and resulted in difficulties to properly finish cattle according to market specifications.

Not even the return of rain in mid-February was enough to reverse the drought effects. Unfavorable conditions of pastures caused an early consumption of silage and animal feed, which might push up inputs prices related to feeding in March and further down the year. In the corn market, important to produce animal feed, unfavorable weather effects led prices soar in February. The ESALQ/BM&FBovespa Index for corn (Campinas-SP region; cash price, using the CDI discount rate) increased significantly by 27.4%, to close at 33.95 reais (60-kg bag).



\*\* São Paulo state

\*\*Mato Grosso do Sul state

Each contract is settled on the last day of the respective month. The financial settlement value is the average of the past five indexes for Feeder Cattle from ESALQ /BM&FBovespa for the month, elaborated by Cepea. This index is based on the physical market of São Paulo state.