

## SUGAR AND ALCOHOL PRODUCTION RISES AND APPROCHES THE 2016/17 RESULT

After a slower milling start than in the previous harvest, the volume of processed sugarcane and sugarcane production now register levels closer to those of the 2016/17 season. Rains that took place in late November and the closure of more mills' activities have pulled sugarcane milling down in the second half of last month, according to the Sugarcane Industry Union (Unica). In the period, 15.22 million tons of sugarcane were processed, down 22.64% over the same period last year. In the accumulated crop, cane processing reached 568.177 million tons, down 2.33% from the same period last season. The quality of the raw material has improved again in the last two weeks. Sugar cane content (ATR) rose 6.84% year-on-year to 137.30 kilograms per ton - almost the same level as the crop so far of 137.57 kilograms per ton of sugarcane. In the last two weeks, the mix was even more for ethanol: 63.17% of the broth was directed to ethanol production. "In the final months of the agricultural crop, it is natural for sugar production to decline, but in the meantime this condition has been intensified by the relative prices of sugar and ethanol that are more attractive to the latter and by the conditions in the fuel market, which allowed a considerable advance in ethanol sales," Antonio de Padua Rodrigues, Unica's technical director, said in a statement. As a result, ethanol production in the second half of November totaled 500 million liters of hydrate, up 15.36% compared to the same period last year, and 300 million liters of anhydrous, up 0.59%.  
*Src.: Valor Economico*

## SUGAR AND ORANGE JUICE PRICES REACT, BUT FOLLOW BELOW 2016

Prices of sugar, coffee, orange juice, cotton, soyabeans and corn, the main agricultural commodities exported by Brazil, continue to oscillate around lower levels than last year in the international market. As the exchange rate has not offset this erosion, since the real remains firm against the US dollar, the trend weighs on the profit margins of the producers of these crops in the country, with negative repercussions on planting expansion and investments in technologies. Value-based calculations based on monthly averages of second-place futures contracts show that among the "soft commodities" referenced on the New York Stock Exchange, the greatest erosion continues to be observed in the sugar, coffee and orange juice markets, which closed November with setbacks of more than 20% in relation to the same month of 2016. A year ago, prices were still sustained by crop failures in the Brazilian Center-South, due to climatic problems caused by El Niño. The country leads the global exports of the three products. Even with increases of more than 4% in relation to October, the averages of sugar and juice ended November with decreases of 26.33% and 24.3% compared to the averages of November last year. But depending on the fundamentals of supply and demand, the reaction may continue, which has already led investment funds in New York to increase their bets on new valuations. In the case of sugar, due to high oil prices, which motivates Brazilian mills to produce more ethanol; regarding to juice, due to the shrinkage of the United States offer. On the Chicago stock exchange, soyabeans and corn fluctuated little in November, as has been the case in recent months. Average oil prices closed the month with a positive change of 0.87% in relation to

October, but down 1.71% compared to November last year. On the other hand, the contracts of second place of delivery of the cereal dropped 1.89% over October, but annual high of 0.65%.

*Src.: Valor Economico*

## OIL PRODUCTION IN BRAZIL IS EXPECTED TO RISE 3.8%

In 2017 Brazil's average oil output is expected to rise 3.8% this year, up from 2.7 million barrels per day (bpd) last year, and is expected to double by 2026 as new fields enter, - the director of the Energy Research Company (EPE), José Mauro Coelho. He explained that in 2016 the national production of the commodity reached 2.6 million bpd, and the perspective is increasing for the coming years until reaching the level of 5.2 million bpd in 2026. "You have fields going into production, new equipment, but growth now and in the short term is slow," the EPE director told reporters at an event of the Federation of Industries of the State of Rio de Janeiro (Firjan). "From 2022, with the entrance of the big fields and increase in the rhythm of production, like Libra and Búzios, for example, there will be a big jump in production," he said. Coelho pointed out that the expectation is that in 2026 Brazil will become a major oil exporter with foreign sales of 3 million bpd. This level may decrease if negotiations with Chinese interested in building a refinery in Maranhão with a daily processing capacity of 300k to 400k barrels are made. "We understand that in the coming years, Brazil will be an importer of medium, such as diesel and aviation kerosene, and the investment there will be important to reduce the import of these products," said Mauro.

*Src.: Reuters*

## BRAZILIAN WHEAT HARVEST EXPECTED TO REACH 4.3 MILLION TONS

Brazil is expected to close 2017 with a production of around 4.3 million tons of wheat, predicts Eduardo Gradiz, responsible for operations in Brazil of Chinese grain trading Cofco. According to Gradiz, the grain harvest in São Paulo is expected to reach 260k tons. According to the executive, factors such as the growing demand from state mills and logistics put wheat from São Paulo ahead of that produced in other states. "The São Paulo market is very big. The industry does not need to win customers because they are already there. For me, this is the state with the greatest potential for production growth, because it unites all the characteristics that leverage the sector," said Gradiz.

*Src.: Universo Agro*

## IMPORTS OF FERTILIZERS BY BRAZIL ARE A POSSIBLE INVESTMENT ON MERCOSUL-EGYPT FREE TRADE

The prospects for Brazilian agribusiness exports to the Arab countries in 2018 are expanding, says Osmar Chohfi, vice president of International Relations at the Arab-Brazilian Chamber of Commerce. "We expect an expansion of the sugar and animal protein trade primarily," he told Broadcast Agro, the state-owned Grupo Estado real-time news service. For Chohfi, the demographic growth and purchasing power of the countries in that region is what should boost this export agenda. "Today, more than 50% of the population of these countries is under 30 years old," he added. From January to November this year, the export of sugar from Brazil to the Arab countries grew 36.25%, to US \$ 4.27 million. Shipments of



poultry meat advanced 6.1%, on the same basis of comparison to \$ 2.46 million. The data comes from the Arab-Brazilian Chamber of Commerce representing 22 countries. Total Brazilian exports to these countries totaled US \$ 12.5 billion between January and November. The result represents an increase of 21.66% over the same period of 2016.

Src.: Global Fert

### TIPLAM TERMINAL IN SANTOS PORT COMBINES TECHNOLOGY WITH SUSTAINABILITY

The flow of domestic agricultural production became more agile and secure with the expansion of the Port Integrator Terminal Luiz Antônio Mesquita (Tiplam), in the Port of Santos, delivered this year by VLI. An investment of R \$ 2.7 billion made it possible to combine logistic efficiency with sustainability. The Tiplam is located on the banks of the Piaçaguera Canal and with the expansion it moves 14.5 million tons of products per year. The expansion allowed the facility to start exporting soyabean, soyabean meal, corn and sugar, becoming a modern ally for the flow of domestic agricultural production. With the additional capacity already increased, the terminal adds approximately 20% to the volume of agricultural commodities exported by Santos in 2016. All cargo destined for export will come by rail. With the full exploration of the rail mode, it avoided the addition of 1,5k trucks circulating per day on the coastal highways. "It made no sense for us to invest more than R \$ 2 billion without creating some benefit for the community where we are working," says Tiplam general manager Alessandro Gama. The readjustment of the logistics chain, aimed at safety and operational qualification, cost about R \$ 2 billion. The company has built multimodal terminals in the interior, acquired new locomotives and wagons, modernized the railway line on the way and is expanding maintenance workshops. The modernizations will enable the grain export corridor, whose final destination in the country is Santos, to increase from 7.5 million to 19.8 million tons of solid bulk annually. According to estimates of the company itself, the investment enables the reduction of time in the cycle of the entire logistics chain by up to 70%.

Src.: Global Fert

### CORN PLANTATION IN BRAZIL REACHES 97% OF THE AREA

The planting of the 2017/18 corn crop in Brazil reached 97% of the estimated area for the crop until the date of 01 ° of December, points out survey of França Jr. Consulting, compiled by DATAGRO Consulting. In the same period of last year, the percentage was 99%, against a five-year average of 98%. And corn exports reached 3.52 million tons in November, according to data from the Ministry of Industry, Foreign Trade and Services (MDIC), collected by France Jr. Consultoria, and compiled by DATAGRO Consultoria. In the first eleven months of the year, shipments totaled 25.253 mln / ton.

Src.: Universo Agro

### AGRURAL UPGRADES SOYA PRODUCTION FORECAST TO 112.9 MILLION TONS

AgRural's consultancy has raised its soya production estimate for the 2017/18 crop to 112.9 million tons, up from 110.2 million in November. The change is due to the

conclusion this week of the first estimate of productivity per state for the current season, replacing the trend lines used in the calculation until November, AgRural said in a note. The consultancy also adjusted upward, by 108k hectares, the planted area to 34.8 million hectares, which resulted in a higher production forecast. Average productivity was raised to 54.1 bags per hectare, up from 53 bags / hectare projected until November, but below the record of 56.1 bags per hectare harvested in the 2016/17 crop, when Brazil produced 114.1 million tons, AgRural said. The consultancy noted, however, that yield forecasting may change, depending on how the weather will behave in the coming months, during the reproductive stages of crops. For now, the harvest is under favorable climatic conditions throughout the country, according to AgRural.

Src.: Revista Globo Rural

### AGRICULTURE AND AGRIBUSINESS CONTRIBUTED 23.5% OF GDP IN 2017

Agriculture and agribusiness in Brazil contributed 23.5% of the country's Gross Domestic Product (GDP) in 2017, the largest share in 13 years, the Brazilian Agriculture and Livestock Confederation (CNA) stated. The CNA also said job creation was the highest in 5 years in the agriculture and meat production sectors, the only segments of the economy that increased employment. The CNA added at its annual meeting in Brasília (DF) that agriculture was the main contributor to reducing inflation in Brazil.

Src.: Revista Exame

Please, do not hesitate to contact us for further information!  
Always keeping you duly posted.

