

SUGAR HARVEST 17/18 IN SOUTH-CENTRAL SHOULD CLOSE WITH ETHANOL STOCK UP TO 21% LOWER

Brazil's center-south is expected to close the 2017/18 sugarcane harvest on March 31 with ethanol inventories down 21% year-on-year, reflecting heated consumption in recent months. This was projected by JOB Economia e Planejamento consultancy. According to the consultancy, total reserves of alcohol will be between 1.5 billion and 1.6 billion liters, equivalent to no more than 20 days of consumption. As of March 31st, this year, inventories stood at 1.9 billion liters, enough for more than 30 days of demand. This year, ethanol production skyrocketed over the second half of the year thanks to higher demand for the product, whose competitiveness over gasoline improved after higher tax breaks for the oil derivative. In November, total ethanol sales by center-south plants grew 19% compared to the same month last year to 2.3 billion liters, according to the Sugarcane Industry Union (Unica). This change of scenery in recent months led the consultancy to raise its projection for ethanol production in the center-south in 2017/18 to 25.26 billion liters, from 24.25 billion liters considered in April. The cane grinding, however, was maintained by JOB at 593 million tons, a volume that, according to the consultancy, is expected to be reached by March thanks to the anticipation of the next harvest.

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SUGAR EXPORTS ARE BIGGER THAN EXPECTED

JOB Economia e Planejamento consultancy predicts that sugar stocks as of March 31st, 2018 will also fall short of those observed a year ago, around 190k tons, or 15 days of consumption - a year ago, were enough for 25 days of supply. "Sugar exports are higher than expected and production is expected to be below expectations, so inventories will be lower in the off-season," said the managing director. In effect, the change of production mix in favor of ethanol led the sector to bet on a lower production of sugar in this crop. JOB itself, for example, cut its projection to 36 million tons from 36.6 million tons at the start of the harvest. Exports were already accumulated in the year to November, 2.3% above those observed in the same period of 2016, with many mills taking advantage of attractive prices in the past to comply with contracts now, according to data from the Foreign Trade Secretariat (Secex).

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FERTILIZER DELIVERIES IN BRAZIL GROW 1.6% IN NOVEMBER

Fertilizer deliveries to Brazil's final consumer in November totaled 3,287 million tons, up 1.6% from the same period in 2016, the National Association for Fertilizer Diffusion (Anda) said this week. Sales in the January-November period were 2.1% above the same period last year, totaling 32.08 million tons, the association said. Imports of intermediate fertilizers by Brazil in November reached 2,355 million tons, stable compared to the same period of 2016. In the period from January to November this year, imports of intermediate fertilizers by Brazil grew 8.2% year-on-year to 24.21 million tons, Anda said.

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BRAZILIAN WHEAT IMPORT IN 2017 WILL BE THE LARGEST IN A DECADE

Brazil's wheat import this year is expected to reach 7.2 million tons, the biggest volume in about a decade after a crop failure in the country, the National Supply Company (Conab) said this week. Brazil, one of the largest global importers of wheat, had already purchased large volumes of the grain in 2016, when imports totaled 7.09 million tons. In normal years, Brazil usually imports about half of its consumption, estimated in 2017 at 11.3 million tons, according to Conab data. Conab revised up its import forecast this year by 200k tons compared to the November forecast, after reducing the nearly completed harvest forecast by almost 270k tons. The estimated volume for 2017 is only below the import registered in Conab's historical series in 2006/07, when Brazil imported more than 7.5 million tons - at that time, Conab did not indicate the calendar year as a reference for numbers, but the crop year. Imports of wheat from Brazil this year were dominated by Argentina, traditionally Brazil's leading supplier, with more than 4 million tons from January to October, according to data from the industry association Abitrigó. Paraguay, the United States and Canada appear as smaller suppliers in the country. With Brazil buying large volumes abroad, other suppliers, such as Russia, are eyeing the Brazilian market. Technicians from both governments are discussing an opening to Russian wheat, while also negotiating a resumption of the Russian market for Brazilian beef.

Src.: Reuters

BRAZIL IS HEADING FOR ITS SECOND LARGEST GRAIN HARVEST, BUT THERE ARE RISKS

Although the main projections of the government and consultancies indicate that Brazilian producers are sowing that which will be the second largest grain harvest in the country's history, less only that harvested this year, there are climatic risks that could jeopardize part of the great volume forecast, mainly corn. It is neither new nor surprising that the "ideal" climate of the 2016/17 crop is not being repeated in the current season, which justifies the modest decreases envisaged in the surveys released by the National Supply Company (Conab) and the Institute Brazilian Institute of Geography and Statistics (IBGE). It is the possibility of formation of the phenomenon La Niña that may still result in bigger problems. According to Conab, the total cultivated area will reach 61.5 million hectares in 2017/18, down 0.9%, and production is expected to decline 4.7% to 226.5 million tons. With a less favorable climate, the average yield of all crops is estimated at 3.686 kilograms per hectare, 5.6% lower, driven by a 9% retraction forecast for the corn that will be harvested in the summer. According to IBGE, production will total 219.5 million tons, a reduction of 9.2%. Even if the greater percentage of fall estimated by the IBGE prevails, the negative impact on the Brazilian Gross Domestic Product (GDP) tends to be moderated in 2018, as well as the pressure of this lower supply on inflation, since it will still be a large crop and there are stocks of various products available. The warning signal will light, on both fronts, if the rhomb by chance goes deeper. "What is happening is the presence of a small pockets of cold water in the Pacific, where temperatures are really well below average, but we can not officially say we are going through a



La Niña," Marco Antônio dos Santos from Rural Climate said. According to him, these conditions should be maintained until the beginning of next year. So, he noted, there would be good pluviometric conditions in the South in the summer - and production losses would be contained. It is relying on this scenario that Conab estimates that the country's soyabean harvest will reach 109.2 million tons in 2017/18, 4.3% less than in the previous crop, and that the total volume of corn will reach 92.2 million tons, down 5.7%.

Src.: Valor Economico

SOYABEAN PULLED FIELD EXPORTS JUMP IN NOVEMBER

Exports of Brazilian agribusiness, headed by soyabbeans, totaled US \$ 7.1 billion in November, according to data from the Ministry of Agriculture (Secex / Mdic). With the result, 23.7% bigger than in November 2016, the sector accounted for 42.4% of all foreign sales in the country last month. According to the ministry, imports from agribusiness fell 9.7% to US \$ 1.2 billion, and the surplus increased 31.1% to US \$ 5.9 billion. Most of the products leading sector shipments have made headway. In the case of soyabbeans and by-products, the increase was 156.4%, to US \$ 1.3 billion, still supported by the largest harvest in history in the 2016/17 crop. Shipments of the grain reached 2.1 million tons, a record for November, and yielded \$ 815 million, according to the ministry. There were also increases in meat exports (14.3% to US \$ 1.3 billion) and forest products (15.7% to US \$ 998.6 million), but there was a drop in the country's sugar and ethanol exports.

Src.: Valor Economico

SÃO MARTINHO MILLING IS ABOVE 22 MILLION FOR THE FIRST TIME

With the potential to reach up to 24 million tons in sugarcane milling, São Martinho CEO Fábio Venturelli says that the company should close the 2017/2018 harvest with 22.2 million tons processed, up 15.2% in relation to the previous season. "For the first time we are grinding over 22 million tons," says the executive during the São Martinho Day in São Paulo. Currently, the company specializing in the production of sugar, ethanol and cogeneration energy operates with 93% of installed capacity, a percentage considered satisfactory by the CEO. According to him, the sugar production has the potential to reach 1,545 million tons, in case the production mix is more sugar, and that of ethanol can beat 1.22 billion liters, in the hypothesis of an alcohol mix. With the potential to reach up to 24 million tons in sugarcane milling, São Martinho CEO Fábio Venturelli says that the company should close the 2017/2018 harvest with 22.2 million tons processed, up 15.2% in relation to the previous season. "For the first time we are grinding over 22 million tons," says the executive during the São Martinho Day in São Paulo. Currently, the company specializing in the production of sugar, ethanol and cogeneration energy operates with 93% of installed capacity, a percentage considered satisfactory by the CEO. According to him, the sugar production has the potential to reach 1,545 million tons, in case the production mix is more sugar, and that of ethanol can beat 1.22 billion liters, in the hypothesis of an alcohol mix.

Src.: Revista Globo Rural

MATO GROSSO COMMERCIALIZED 38% OF THE SOYABEAN PRODUCTION EXPECTED IN 2017/2018

Soyabean marketing in the 2017/2018 crop increased 5.84% in the last month, reaching 38.6% of the expected production, according to the Institute of Mato Grosso do Agropecuária (Imea). "Despite the good flow in business, sales follow the same period of the 2016/2017 vintage," the company says in a report on the culture. In the first eight days of December the sales of the 2016/2017 crop advanced 1.91%, reaching the cumulative of 97.50%. "The average selling price of the last month was R \$ 58.99 / bag, showing a slight increase of R \$ 0.26 / sac compared to November. Despite the slight increase in last month's prices, prices are still well below the same period of the 2016/2017 vintage, when it recorded an average sale price of R \$ 66.16 / bag.

Src.: Revista Globo Rural

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