GRAIN HARVEST IS EXPECTED TO FALL 3.9%

The unfavorable climatic conditions in the country's corn production regions led the National Container Company (Conab) to slightly reduce the estimate for Brazilian grain and fiber production in the 2017/18 harvest. According to the new projection, production is expected to add 228.52 million tons, 3.9% below the record of 2016/17, and 0.5% below the June estimate. Conab cut the forecast for the corn crop in the 2017/18 cycle by 3.8% compared to the previous estimate, to 56.02 million tons. In relation to the last crop, when 67, 4 million tons of corn were harvested, the volume is 16.9% lower. According to Conab, the reduction reflects the lack of rainfall in the producing regions and the planting outside the ideal period. In addition, says Conab, lower corn prices have hurt the "technology package" used in this corn crop, also with a reflection on productivity, which fell 13.3% compared to 2016/17, to 4.8K kilos per hectare. Considering also the corn sown in the summer - whose harvest has already been completed -, Brazil should produce a total of 82.9 million tons in the 2017/18 harvest, a drop of 15.2% against 97.8 million tons harvested in the crop 2016/17, according to Conab. In the survey, Conab raised its forecast for soyabean production - flagship of the agribusiness export - which is expected to reach a record 118.89 million tons in the harvest 2017/18. The number is 0.7% higher than the one estimated in June and 4.2% higher than the previous harvest. In addition to the increase in the area planted in the country between the two crops - from 33.9 million to 35.1 million hectares in the current crop, there were gains in productivity in the crop. According to Conab, the average yield reached a record of 3,382 kilos per hectare. In the last crop, it had been 3,364 kilos. "The productivity of this crop is the result of the application of a good technological package, combined with favorable temperatures, despite some problems in the south", says Conab. Another product that had high harvest estimate was wheat. According to the State, Brazil is expected to produce 4.9 million tons in the 2017/18 harvest - the previous forecast was 4.8 million tons. In relation to the 2016/17 harvest, the advance is 15%. The expected increase is due to the expected increase in the wheat area, which should reach 2 million hectares (up 4.9% over the previous crop). Already the productivity should grow 9.6%, to 2.4K kilos per hectare in the current harvest, according to Conab.

Src .: Valor Econômico

BRAZIL TO INCREASE ARGENTINA WHEAT IMPORTS 10% IN 2019

Brazilian grain importers are aiming to buy up to 5.5 million mt of wheat from Argentina in 2019, up 10% from 2018, local media quoted Leonardo Sarquis, agriculture minister for Buenos Aires province. The minister made the announcement following his recent meetings with Brazilian industry associations Abitrigo and Abimapi in Sao Paulo. Officials from both the Argentine province and the national agriculture ministry, as well as representatives from local wheat association Argentrigo, oilseed industry chamber Ciara and the Federation of grain stockpilers were also participants in the meetings. Brazilian importers had already acquired 2.5 million mt of wheat as of the end of March. Sarquis said that the province of Buenos Aires is responsible for nearly half of the country's annual wheat production. Also, the minister highlighted that the province provides around 44% Argentina wheat exports to Brazil. As of the end of last week, wheat producers had planted 69.2% of the 6.1 million hectares expected for the upcoming crop cycle at a national level, according to a recent report by the Buenos Aires Grain Exchange. Wheat producers in Argentina's core zone are expected to plant 1.35 million hectares in the 2018/19 crop cycle, up 22.7% compared to the previous crop cycle, according to a recent study by the Rosario Board of Trade (BCR). This figure would represent an increase of 250K hectares compared to the 2017/18 cycle, the report states. At a national level, wheat production totalled 17.5 million mt in the 2017/18 crop season, down compared to 18.2 million mt in the previous harvest cycle, according to BCR.

Src.: AgriCensus

HYDRATED ETHANOL PRODUCTION GROWS 60% IN JUNE

Sugarcane milling in the Center-South Region reached 45.31 million tons in the second half of June, down from 47.71 million tons processed in the same period last year. According to UNICA, of the amount of sugarcane processed in the last half of June, only 37.67% went to sugar production, compared to 50.52% registered on the same date of 2017. With this scenario, sugar production decreased by 23,69% in the last 15 days of June 2018, reaching 2.28 million tons. Ethanol production, on the other hand, increased by 30.44%, totaling 2.35 billion liters in this harvest against 1.80 billion in the same period of the 2017/2018 crop. The main highlight is the manufacture of hydrated, with a growth of 60.18% in relation to the biweekly production at the end of June 2017, totaling 1.55 billion liters. In the accumulated crop until June 30th, milling in the Center-South reached 222.57 million tons (growth of 11.60% in comparison with the same period of the 2017/2018 crop), with the production of 9.75 million tons tons of cane (-12.10%), 3.29 billion liters of anhydrous ethanol (+ 2.06%) and 7.77 billion liters of hydrate (+ 76.36%).

Src.: Universo Agro

PORT OF SANTOS PREPARES FOR SHIPS OF 366 METERS

The Port of Santos is capable of receiving vessels of 366 meters. For the company Docks of the State of São Paulo (Codesp), the state that manages the Santos dock, with the current infrastructure of the navigation channel, it is possible to travel with ships of the New Panamax class, which are capable of transporting 14K TEUs equivalent to a 20-foot container). However, terminals and the São Paulo pilots point out the need to carry out various structural works. The advances of the naval industry, the growth of foreign trade demands and the improvement of logistics, with a focus on economies of scale in cargo transportation, are some of the factors that make Porto have to be prepared for the new reality of world navigation. Currently, the Santos dock already receives freighters with up to 336 meters in length, 48 meters of mouth (width) and capacity for transport of 9K TEU. In May, the largest long-haul vessel in the complex, the Hyundai Loyalty, which has 340 meters forward and afterward for the first time came to the Port of Santos. If, on the one hand, ships have grown in size and consequently can carry a greater volume of cargoes, on the other hand, the port complexes need to prepare to receive those cargoes. In this context, land and waterway accesses deserve special attention to ensure the access of goods to Porto. Asked, the Port Authority informed that the Port of Santos contracted technical studies to prepare for this new reality. And it was these works that showed the viability of the access of these boats to the Santos dock.

Src.: Portos e Navios

UNCERTAINTY ABOUT FREIGHT LIMITS FERTILIZER LOGISTICS

Increased cost of transportation of fertilizers is limiting deliveries and leading to product accumulation in the warehouses of Brazilian ports. According to consultancy INTL FCStone, losses are caused by two situations. The first is the small amount of trucks available. As there is little movement of agricultural cargo to the ports, the return freight, which takes the fertilizer to the rural areas of the country, is also limited. The lack of product, in turn, limits the purchases of the producers. The second situation occurs in the port terminals. Without the flow of cargo, the warehouses in the ports are full. Ships that need to unload fertilizer are waiting longer. The consequence is the increase in cost with the so-called demurrage, the fine paid when the vessel is stopped for a longer time than the contractor. According to him, in Paranaguá, where more than 40% of the fertilizers imported by Brazil arrive, the average waiting time for ships to dock is 17 days. "The increase in the cost of demurrage is coupled with the higher prices of fertilizers on the international market, the higher value dollar and the higher freights", he says.

Src.: Globo Rural

STRIKE AND FREIGHT CAN TAKE UP TO 30% OF REVENUE FROM GRAIN EXPORTERS

The truck drivers 'strike and the lack of definition of road freight tariffs are expected to cause losses of 10% to 30% in grain exporters' revenues in Brazil this year. This was stated by the advisor of the National Association of Cereal Exporters (Anec), Luiz Barbieri, for whom the situation is one of the main points of uncertainty for the sector at the moment. According to him, grain exporters had a double impact with the truckers' strike. The first was the more than ten days without cargo handling, which caused a loss of revenue for the industry. The second is in the difference in what was estimated in relation to the cost of transport and what can be defined with the so-called tabulation. He pointed out, however, that exporters are managing to move soyabeans to the export terminals. As the corn harvest began, the need to dispose of what was dammed in the warehouses gave support to the freight, in levels above the reference values proposed by the National Agency of Terrestrial Transportation (ANTT). "Each associate has worked in a way. Since there is a legal understanding that it does not have a valid table, there are those who are practicing market prices. There are companies that do not understand this way and are not carrying ", reported the board member of Anec. The biggest problem is in the return freight, when the necessary fertilizers are brought in to plant the next harvest. This situation puts another point of uncertainty about the 2018/2019 harvest, which will still be planted. "The rural producer realized that the profitability of the crop to be planted is compromised. There's a huge risk for the chain, the impact on technology at the next planting, "said Barbieri.

Src .: Globo Rural

QUEUE OF SHIPS TO EMBARK SUGAR IN PARANAGUÁ IS ALMOST ZERO WITH FREIGHTS AND MINOR OFFER

The row of ships to ship sugar in the Port of Paranaguá (PR) has dropped to practically zero in the last week, reflecting the lower supply of the sweetener for export in the State and the uncertainties regarding freight costs, according to data from shipping agency Williams and a representative heard by Reuters. In July 2017, for example, Paranaguá accounted for about 20% of the country's sugar exports, the largest producer and exporter of the sweetener. The president of the Association of Bioenergy Producers of Paraná (Alcopar), Miguel Rubens Tranin, evaluates that the uncertainties regarding freights respond in part to this situation. "This was causing slowness in the business in Paranaguá, and with this the tradings, the exporters, ended up opting for another port. Who operates here, operates in Santos also, so there was an adjustment in the deliveries," he said, be something punctual. Freight shipping was one of the measures taken by the government to end the truck drivers' protests in May. The provisional measure that instituted it is under analysis in the Congress and, since June, has affected the transport of goods of the Brazilian agribusiness, according to representative entities.

Src.: Portos e Navios

TRADE DISPUTE BETWEEN US AND CHINA INCREASES PREMIUM PAID BY BRAZILIAN SOYABEAN

The trade war between the United States and China is benefiting Brazilian soyabeans. According to the Deputy Secretary of Agricultural Policy of the Ministry of Agriculture, Sávio Pereira, the demand and the premium paid by the grain are increasing with the commercial tension between the two major world powers. According to information from Agência Brasil, China announced that it has initiated "immediate" retaliatory measures against imports of American products after the entry into force in the United States of tariffs on imported Chinese goods worth US$ 34 billion. A set of tariffs of 25% was applied on products such as soyabeans. Following the Chinese announcement, soyabean prices fell on the Chicago Stock Exchange. "Prices are set by the Chicago Stock Exchange, but the stock market reflects a lot in the American market. Regional markets such as Brazil, Argentina and Paraguay adapt to the Chicago Stock Exchange through premiums paid at ports. As there is this drop in the demand for American soyabeans, the premiums in Brazilian ports for Brazilian soyabeans go up", explained Pereira. The Map secretary also said that the effect for the Brazilian soyabean market may be positive. "Last week, information had already been canceled that purchases of 500K tons of American soyabeans. It means that American soyabeans will cost 25% more for the Chinese. Evidently this caused a fall in the Chicago Stock Exchange, which reflects much the American product. But, in compensation, the premiums in the Brazilian ports have risen. So American taxation, with the fall in Chicago, affected Brazil, I would even say positively. Now, the demand is for the Brazilian product."

Src.: Universo Agro

Please, do not hesitate to contact us for further information!
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