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TRADE WAR: NEW US TARIFFS ON CHINA'S PRODUCTS BEGIN EFFECTIVE

The 10 percent to 25 percent tariff increase on \$ 200 billion in products imported from China began on Friday, the 10th, as US President Donald Trump had announced on their social networks. "Ten months ago, China has paid tariffs to the United States of 25% on high-tech \$ 50 billion, and 10% on \$ 200 billion on other goods. These payments are partly responsible for our excellent economic performance. The 10% go up to 25% on Friday," said Trump. In addition to this tariff hike, the president of the United States said on Friday that he has begun a process for a new taxation of 25% on \$ 325 billion in products from China. Trump also said negotiations with the Chinese remain pleasant and that there is no need to hurry since the 25% tariffs on \$ 250 billion have already begun to be paid. The United States has also announced that it will buy more agricultural products from local farmers to send for humanitarian aid. "With the \$ 100 billion in tariffs we receive, we will buy agricultural produce from our large farmers in larger quantities than China and send them to poor, hungry countries in the form of humanitarian assistance. In the meantime, we will continue to negotiate with China in the hope that they will not try to redo the agreement again!" Trump announced on social networks.

Source: *Canal Rural*

WHEAT PRODUCTION IN 2019 IS EXPECTED TO GROW 3.9%, SAYS IBGE

Brazilian wheat production is expected to reach 5.5 million tons by 2019, according to the Brazilian Institute of Geography and Statistics (IBGE), released last week, according to the Systematic Survey of Agricultural Production (LSPA) in April. The result corresponds to an increase of 7.1% compared to the previous forecast in March and an increase of 3.9% when compared to 2018. The average yield (2,801 kg / ha) was estimated with an increase of 10.1% in relation to the previous month. In Paraná, the largest Brazilian producer (59.8% of the total), production is expected to reach 3.3 million tons. According to IBGE, production (12.8%) and average income (19.1%) increased compared to March. For Rio Grande do Sul, the second largest wheat producer in Brazil (25.9% of production), a production of 1.4 million tons was estimated.

Source: *Revista Globo Rural*

CHINA'S SOYABEAN IMPORTS GROW IN APRIL

Chinese soyabean imports totaled 7.64 million tons in April, 9.4% more than in the same period of last year. Despite the monthly increase, in the accumulated of the year, China imported 24.39 million tons of soyabeans, 7.9% less than the same period last year. In March, Chinese foreign purchases were lower than those recorded in the same month last year. According to the country's Customs Department, 4.92 million tons of overseas sourced soyabeans entered the Chinese market, down 14% from 2018. The Asian country is the world's largest importer of soyabeans and lives a stalemate in trade with the United States, a major player, as well as Brazil. Most of the foreign sales of soyabeans from both countries

go to China. In addition, the Asian giant lives a big problem in the pig stock. An epidemic of African swine fever killed 1 million animals and millions more were to be slaughtered. For the time being, the market does not work with a reduction in the demand for soya and / or meal, because most of the outbreaks of the disease occur in subsistence properties, which do not use imported food.

Source: *Revista Globo Rural*

MINISTER CONFIRMS MEXICAN MARKET OPENING FOR BRAZILIAN RICE

Agriculture Minister Tereza Cristina announced last week that Brazil will export rice benefited to Mexico, and in return the country will import the Mexican beans. Tereza Cristina stressed that all the phytosanitary requirements were fulfilled by the two countries. The sale of rice to Mexicans was an old demand from Brazilian producers, according to the minister.

"I mean the happiness of our rice producers, especially from Rio Grande do Sul, who were waiting for this opportunity to export rice to Mexico. We received the Mexican beans to complete our main course, rice and beans," said Tereza Cristina, next to the Mexican secretary. Mexicans import about 80% of the rice they consume. On Saturday, the Ministry of Agriculture and the Ministry of Foreign Affairs released a joint note on the opening of the market for the export of rice benefited to Mexico. Rice producer and senator, Luis Carlos Heinze (PP) was one of the parliamentarians who most celebrated the news given by the minister. "It's another market that opens up to the appreciation of our rice, and it's a permanent market. For us it is good news and I, who I have been in this activity for 45 years, being a restaurateur, I defend my sector", he said.

Source: *Canal Rural*

BRAZIL CRUSHES LESS SUGARCANE, BUT ETHANOL PRODUCTION INCREASES

Milling of sugarcane by the Central-South region's production units totaled 31.56 million tons in the second half of April, against 37.81 million tons in the same period in the 2018/2019 harvest. Despite this, data from the Sugarcane Industry Union (Unica), show that the harvest follows more alcohol than in the last cycle. According to the entity's report, the reduction in the supply of raw material is directly linked to the adverse weather conditions that changed the beginning programming of the producing units. Ethanol production totaled 1.49 billion liters in the fortnight, compared to 1.75 billion produced in the same period last year. Of the total produced this year, 1.17 billion liters were of hydrous ethanol and 318.46 million liters of anhydrous ethanol, with both registering decreases of 10.69% and 28.56%, respectively.

Source: *Canal Rural*

WITH SECOND RECORD HARVEST, CORN EXPORTS ARE EXPECTED TO ADVANCE 30%

After a break in the last cycle, the second crop of corn is expected to recover in 2018/2019, to 68.5 million tons, according to the projection of May by consultancy INTL FCStone. The estimated volume represents an increase of 27% over the last cycle. This increase would bring final cereal output to 96.8 million tons, the second largest corn crop in history - 19.9% higher than last year's volume, 80.7 million tons, and stimulate exports. According to the consultancy, it is



expected that in 2018/2019, shipments total 32 million tons, an increase of 29.2% compared to the 24.8 million tons of corn exported in the previous cycle. "In addition to the broad supply, Brazilian corn exports should benefit from the devaluation of the real against the dollar," says market analyst Lucas Pereira. Since the beginning of the year, the external scenario of increased risk aversion, coupled with the still uncertain economic and political context, has supported the dollar / real pair. In fact, the exchange rate dynamics makes Brazilian corn more competitive in the international market, especially in relation to the North American product. "The price of corn for shipment in August of that year is already cheaper in the port of Paranaguá than in New Orleans, USA, as opposed to what is normally observed," explains analyst Pereira.

Source: *Canal Rural*

LARGEST PORT IN THE NORTHEAST AGAIN HAS DIRECT ROUTE WITH SANTOS

The stretch between the ports of Suape (PE) and Santos (SP) will again have express cabotage service (coastal navigation) from June. The operation of a direct route between the largest port of the Northeast and that of Santos, the most important in the country, will reduce the navigation time to three days, according to the Pernambuco terminal. Today, in the route Santos-Suape, the boats arrive to take to eight days; in the opposite direction are four days. In May, Folha's report showed that, after the truck drivers stopped working until February of this year, the transportation of containers along the Brazilian coast increased by 18%. According to logistic specialists, the movement strengthened after the creation of the freight tariff, which eventually increased the transportation of freight in some parts of the country, especially those in the direction of descent (such as Northeast-Southeast), boosting waterway transportation. Cabotage is underutilized in the country, and the current capacity allows an expansion of the service. The Santos-Suape express route will be offered by Mercosul Line. Sought, the company did not comment. In the past, the Alliance, a company specialized in coastal transport and a competitor of Mercosul, has already offered express service on the same route. Currently, it makes direct navigation between ports on the routes Santos-Salvador, Sepetiba (RJ) -Salvador, Manaus-Pecém (CE) and Pecém-Vila do Conde (PA). According to the Ilos, from June 2018 to February 2019 cabotage grew 14.8% from South / Southeast to the Northeast. Conversely, the increase was 21.3%. According to the Ilos (Institute of Logistics Supply Chain), 508 thousand tons have been transported through coastal shipping in the last year, according to the Ilos (Institute of Logistics Supply Chain), by road transport from São Paulo to Pernambuco three million tons of cargo. The food, beverage, consumer electronics, white goods appliances, furniture and cleaning products are the ones that use the naval route the most and should benefit from express service, according to Suape.

Source: *Portos e Navios*

BRAZIL MUST SURPASS US AS THE WORLD'S LARGEST SOYABEAN PRODUCER

Once again, Brazil is about to surpass the United States as the largest soyabean producer in the world. Brazil, which is already the largest exporter of oilseed, is expected to

harvest about 123 million tons in the 2019-2020 season, beating its rival's crop, estimated at 112.9 million, according to projections by the USDA). After a record harvest in 2018-19, US production is expected to fall next season in the face of the country's trade war with China, which affects exports and drives farmers to reduce planting. For Brazil, USDA forecasts an increase in planted area. The Brazilian crop only surpassed the North American production once, in the season 2017-18, according to the USDA, that began to monitor the data in 1963. Brazil surpassed the US as the largest soyabean exporter in the 2012-13 harvest. The difference in shipments between the two countries increased further last year as Chinese importers turned to Brazilian soyabeans in the wake of the escalating tariff dispute between Donald Trump and China. The USDA report also points out that Argentine soya production in 2018-19 is expected to stand at 56 million tons, up from 55 million tons in the previous month's forecast. For the next crop, the USDA predicts 53 million tons due to the expectation of lower productivity. For Brazil, the estimate for soyabean production in the 2018-19 season was unchanged at 117 million tons. For exports, the projection fell to 78.5 million tons from the previous estimate of 79.5 million tons. The USDA report indicates that Brazilian corn production in the 18-19 crop is expected to add 100 million tons, compared to the estimated 96 million tons in April. The country's export estimate was raised to 32 million tons from the 31 million tons in the previous report. In the case of Argentina, the projection for corn production rose to 49 million tons in 18-19, up from 47 million tons in the previous estimate. Exports are expected to total 31.5 million tons, up from the estimated 30.5 million tons in April. In 2019-20, Brazilian corn production is estimated at 101 million tons, while Argentina's is projected at 49 million tons.

Source: *Portos e Navios*

Please, do not hesitate to contact us for further information through our commercial@williams.com.br and lineup@williams.com.br! Always keeping you duly posted.

