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## **BRAZILIAN AGRICULTURAL SECTOR PROSPERS IN SPITE OF COVID-19 PANDEMIC, SAYS USDA**

Most of Brazil's agricultural sector has been thriving, despite the negative effects of the covid-19 pandemic on the country's economy as a whole, said the United States Department of Agriculture (USDA) attaché in Brasília. The agency noted that Brazil's Gross Domestic Product (GDP) is expected to shrink by at least 7% this year, while agriculture may grow up to 3%. "The agricultural sector is taking advantage of the opportunities in the international market that arose because of the covid-19 pandemic, supplying a variety of products to foreign markets at a time when other countries are facing production problems and some are restricting exports to ensure domestic supply" Said the USDA. According to the attaché, the rapid appreciation of the dollar against the real made agricultural exports from Brazil attractive in the international market. Despite having recently fallen, the US currency still accumulates a gain of 31% in 2020. "The weak real also discouraged dollar-denominated imports and fueled domestic demand for agricultural products produced in the country." The attaché pointed out that Brazilian agriculture, working together with government decision makers, overcame initial logistical obstacles and raised exports of some commodities to record levels amid the pandemic. In addition, "it kept the offer on the domestic market, at a time when Brazilians increased their purchases of food in supermarkets". The USDA said that while the country has not experienced food shortages or supply chain disruptions, some segments of the population are suffering from greater food insecurity because of price increases in recent months. In general, the attaché believes that the agricultural sector in Brazil is well positioned to face the spread of covid-19 and the post-pandemic period.

Source: *Revista Dinheiro Rural*

## **TRADE BETWEEN BRAZIL AND MIDDLE EAST ACCOUNTS FOR 6.5% OF TOTAL TEU VOLUME**

In a webinar promoted by the Arab Brazilian Chamber of Commerce in May, the vice president of Brazil, Hamilton Mourão, pledged to help improve the flow of trade and investments between Brazil and the Arab countries, including the creation of a shipping route between the country and the region. The Middle East already represents an important region in the context of foreign trade, since the 15 countries that represent this region are responsible for 6.5% of total container shipping in the world. If the bloc were a single country, it would have the world's third-largest volume, behind only China (28.5%) and the USA (6.9%). Looking at trade between Brazil and the Middle East, the volume traded is also quite expressive, with the region responsible for 6.5% of the total volume of TEU imported and exported (10% in exports and 2% in imports). As a basis for comparison, China represents 22% and the USA 13% of the volume of TEU imported and exported by Brazil. According to the Arab Brazilian Chamber of Commerce, in 2019 the Arab countries became the third-largest destination for Brazilian exports. In 2018, the region occupied fifth place in the ranking for recipients of Brazilian exports, with US\$11.4 billion imported by the regional bloc. In 2019 the region ranked third, behind only China and the United States, with imports worth US\$12.1 billion. Exports from Brazil to the Arab countries rose 6.3% in 2019 compared to the previous year. Despite this, there is still no direct sea route between Brazil and the Middle East. According to the Arab Brazilian Chamber, the organization has been working in partnership with the Union of Arab Chambers to formulate a strategy to create a direct maritime line, which should shorten the cost of

transportation and the delivery time of goods. According to DataLiner data, of the countries that make up the Middle East, the three most significant trading partners are Saudi Arabia, receiving 25% of the volume exported, United Arab Emirates with 24% of the volume, and Turkey with 18%. The remaining volumes (33%) are divided into 10 countries. It is worth noting that there is no cargo flow between Brazil and Afghanistan and Lebanon.

Source: *Brazil-Arab News Agency / Datamar News*

## **VALUE OF AGRICULTURAL PRODUCTION SHOULD GROW 8.5% IN 2020**

The Gross Value of Agricultural Production (VBP) of 2020, according to data updated in May, is estimated at R \$ 703.8 billion, 8.5% above that obtained in 2019 (R \$ 648.4 billion). The value is a record since the historical series began, in 1989. Crops increased by 11%, with R \$ 469.8 billion, and livestock grew by R \$ 234 billion, an increase of 3.9% from last year. According to the June Bulletin of Conab, the rise of the Dollar in relation to the Real placed domestic prices at high levels. "The record harvest of grains estimated at 250.5 million tons, agricultural prices and the favorable performance of some crops, such as coffee and sugar cane, were decisive in the values obtained from the VBP", analyzes José Garcia Gasques, general coordinator of Policy and Information Evaluation of the Secretariat of Agricultural Policy of the Ministry of Agriculture, Livestock and Supply. The prices of corn (19.7%), soy (11.8%) and arabica coffee (20.4%) show strong increases in relation to last year. Also according to Conab, accumulated soybean exports, from January to May, reached 48 million tons, a record for the period. The international market has also reflected in livestock, whose prices for beef and pork have increased compared to last year. Other products, such as orange, rice, beans, tomatoes and wheat, experience price increases in this period, but the source of these increases is linked to the domestic market. Three products (coffee, corn and soy) represent 57.8% of the VBP of the crops.

Source: *DATAGRO*

## **FOUR STATES RESPOND TO 87.5% OF THE CULTIVATED AREA OF CONVENTIONAL SOYBEAN**

The production of conventional soybean has been decreasing in Brazil since the introduction of genetically modified seeds. Transgenic-free soybean, however, brings advantages to rural producers interested in niche markets and to remain free to choose which varieties and products to use in their crops. In a survey conducted by Instituto Soja Livre, Mato Grosso is the main producer of conventional soybean in the country, using 602.2 thousand hectares for these cultivars, which means 52.8% of the total area destined for these cultivars. Next comes Paraná, with 206.3 thousand hectares (17.8%), Goiás with 113.4 thousand hectares (9.6%) and Mato Grosso do Sul with 85.5 thousand hectares (7.3%). The states of Roraima, Minas Gerais, Tocantins, Rondônia, Rio Grande do Sul, Piauí, Federal District, São Paulo, Maranhão, Bahia, Santa Catarina and Pará represent 12.6% of the total area planted with conventional soybean. In the 2019/20 Brazilian harvest 1.5 million hectares of conventional soybean were planted with a production of 5.1 million tons. Mato Grosso occupied half of this area, producing 2 million tons of soybean without genetic modification. Instituto Soja Livre works with FoodChain ID, a company that makes international certifications for soybeans. The objective is that, in the medium term, Brazilian conventional soy can be certified and gain free access to European and also Chinese markets.

Source: *Universo Agro / DATAGRO*

## **SOYBEAN PRICES SHOULD STABILIZE IN THE SHORT TERM, SAYS COGO**



In the short term, the trend is for the stabilization of soybean prices in the Brazilian market, according to consultancy Cogo - Inteligência em Agronegócio. "With the decline of the dollar in recent weeks, the export parity in ports decreased, reducing the prices paid in the interior of the country," he says. In Paranaguá, since the peak registered last May 14, of R \$ 116.27 per bag of 60 kilos, the export parity decreased 7.1% in reais. As a result, in the interior of Paraná, the producer FOB price decreased 3.4% in the last 30 days, but still accumulates highs of 17.5% in 2020 and 30.5% in the last 12 months. In the opposite direction, future quotes on the Chicago Stock Exchange are firmer, having accumulated an increase of 3% in the last 30 days. In addition, the completion of the soybean harvest in Argentina, the large North American stock and the favorable climate for cultivation in the United States put pressure on soybean values in Brazil.

Source: Canal Rural

### WINTER HARVEST 2019/20 IN RIO GRANDE DO SUL HAS POTENTIAL TO REACH 3 MILLION TONS

With an estimated production of 2,969,275 tons, the winter 2020 harvest in Rio Grande do Sul was announced this Tuesday afternoon (16), at an online press conference, by Emater / Ascar (RS). The online broadcast was attended by the president and technical director of Emater / RS, Geraldo Sandri and Alencar Paulo Rugeri. According to a survey carried out in 286 municipalities in the state of Rio Grande do Sul, the sample reveals a trend towards the consolidation of winter grains in the northern half of the state, as a result of the installation of development companies in these regions, especially canola and barley. This year, the main winter grains (wheat, barley, canola and white oats) will be grown on 1,300,966 hectares, while in the 2019 harvest there were 1,131,966 hectares and a production of 3,128,548 tons. The main product of the season, wheat should have a production of 2,189,837 tons. Grown in an area of 915,712 hectares, 20.34% more than in the previous harvest, which was 760,914 hectares, the grain has an average productivity trend of 2,391 kilograms per hectare. Concentrated in the regions of Santa Rosa, Ijuí and Frederico Westphalen, it is noteworthy that wheat has increased by 120% in the area to be cultivated in the region of Porto Alegre, from 500 hectares in the last harvest to 1,100 hectares in this harvest.

Source: Universo Agro / DATAGRO

### BRAZIL'S TOTAL PORT THROUGHPUT GROWS BY 3.71% IN THE FIRST QUARTER

Data from ANTAQ's Waterway Statistics indicate that from January to April, the national port sector (public ports + private terminals) had a throughput of 340 million tons. The volume corresponds to a growth of 3.71% when compared to the same period in 2019. Of the total handled between January and April, private ports handled 65.2% and public ports, 34.8%. The Ponta da Madeira (MA) Terminal was the private facility that was most busy with 51.8 million tons handled. Regarding public ports, Santos (SP) was the leader with 35.3 million tons. Iron ore was the main cargo, totaling 108.5 million tons, marking a decrease of 6.21% when compared to the same period of 2019. Between January and April this year, the highlight was the movement of fuels minerals, which had a growth of 17.54%. The throughput in April was 91.6 million tons, marking an increase of 16.6% when compared to the same month of 2019. According to the Antaq Statistics and Performance Evaluation management team, the effect of COVID-19 on total throughput, so far, seems to have been restricted mainly to the month of January, when the epidemic peaked in China, causing a decrease of 15.3% in Chinese exports. According to Antaq, this effect was overcome in the following months, due to total exports to China from January to April increasing by 11.7%. Soybeans and oil exports, especially, increased by more than 40%. According

to the agency, the expectation for the year 2020 is an increase in total port throughput. Despite a negative cabotage result in the short term, both exports and imports are expected to grow, mainly driven by agricultural bulk, and strong harvests combining with increased demand from China. As well as liquid bulk and oil, which have already increased by 20% up until April and should remain significant throughout the year.

Source: Datamar News

### SUAPE RECORDS GROWTH OF 11% IN THE MOVEMENT IN MAY

Despite the challenge of maintaining operations in the midst of the new coronavirus pandemic, the Port of Suape grew in its total cargo handled in May 2020. There were 2,029,990 tons, an increase of 11% over the same period. 2019, when the port registered 1,823,831 tons. Highlight for liquid bulk with an increase of 16.5% in the month. In the accumulated result for the year, Suape grew even more, registering 10,548,474 tons from January to May this year, while, in the same period of 2019, there were 8,705,736 tons, which represents a 21% increase. National leader in the movement of liquids and gases, Suape handled 1,392,506 tons in May. In 2019, in the same period, there were 1,371,091 tons. Among liquid bulk operations, crude oil marked an increase of 64.2%, representing 610 thousand tons of the product, while in May 2019 it registered 371 thousand tons. The mineral fuel operation also increased, reaching a 27.8% increase compared to the same month of 2019. The liquid bulk category comprises basic inputs used in the daily lives of Brazilians, such as LPG (cooking gas), fuels and oils. Solid bulk also follows an important growth line in Suape. Wheat, coke and slag loads increased 198% compared to the same period in 2019. In volume, solid bulk handled 45,098 tons in the month. In May last year, that number was 15,111 tonnes.

Source: Portos e Navios

### PORT OF PARANAGUA REGISTERS NEW RECORD OF MONTHLY MOVEMENT

The Port of Paranaguá returned to record record movement in May. With 5.7 million tons, the volume of imports and exports was 44% higher than that recorded in the same month of 2019 (3.9 million). The port of Paraná has already achieved three consecutive months of performance superior to previous historical brands. Even with the Covid-19 pandemic, port activity remains on the rise, driven by exchange rates and international demand. "The high dollar favored the shipment, which was maintained thanks to the preventive measures adopted even before the beginning of the crisis", explains Luiz Fernando Garcia, CEO of the company Portos do Paraná. Exports represented 70% of the movement in May, reaching 4 million tons in the month. Soybeans, in grain and bran, were the main product shipped: 2.7 million tons. In imports, which totaled 1.6 million tons, the highlight in May was fertilizer. Paranaguá, which is the main port of entry for fertilizers in the country, registered 878,442 tons. In the total handled in 2020, exports exceed imports by more than 7 million tons. Of the movements, 65% (15.4 million tons) left the ports of Paraná destined for international markets. Imported products accounted for 35% of operations (8.3 million tons).

Source: Portos e Navios

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