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IPEA: AGRIBUSINESS EXPORTS GREW 20.9% IN THE FIRST SIX MONTHS, AND CHINA IS THE MAIN MARKET

On July 23, the Institute for Applied Economic Research (IPEA) released a study on Brazilian agribusiness foreign trade, in addition to the balance of global supply and demand for the main products. According to the IPEA Conjuncture Group, the trade balance of the sector's products ended June 2021 with a positive balance of US\$ 10.8 billion. In the accumulated result for the year up to June, agribusiness exported US\$ 61.5 billion, surpassing the volume traded in the same period last year – US\$ 50.9 billion – which corresponds to a growth of 20.9%. "In June, Brazilian exporters began to feel the partial recovery in average export prices for most agribusiness products, especially beef, soy, and corn," said Ana Cecília Kreter, an associate researcher at IPEA and one of the authors of the study. However, the average price of the analyzed commodities in June is still below the record highs at the beginning of the last decade.

Sources: *Comex do Brasil/Datamar News*

BRAZIL: EXPORT COST IS THE HIGHEST IN 11 YEARS

The value of the Brazilian prize for sugar exports was reduced because of the costs for bulk products in early June this year, two months after the start of the 2021/22 sugarcane crop in the Center-South, starting in April. S&P Global Platts has registered a price of US\$ 64.50 per ton for dry bulk, considering the shipment of sugar from the port of Santos to the Chinese port of Rizhao. This is the highest weekly estimate since 11 June 2010, when the entity estimated costs at \$66/t. The rising price curve started on June 3rd. Since then, the weekly estimate has soared by 27%. Market participants have said that, at current price levels, some transactions made early in the season at a fixed CFR (cost and freight) price have become unfeasible, making traders delay shipping.

Source: *Nova Cana (*Translated by la Niani)*

MILLS INVEST IN ANHYDROUS ETHANOL TO GUARANTEE 27% MIXTURE

Anhydrous ethanol gasoline fuel blends have been gaining ground in the production of Brazilian mills. In the first three months of the 2021/22 sugarcane crop (April - June), around 35.54% of the total output in the Center-South was anhydrous ethanol. This percentage is likely to grow, according to the Commercial Director of BP Bunge Bioenergia, Ricardo Busato Carvalho. "Our market analysts estimate that almost 40% of ethanol production in the Center-South will be anhydrous until the end of the season" he said. Data show that the share of anhydrous ethanol that has been produced by now is the largest for the period since 2017/18. Today, anhydrous has shown to be more profitable than hydrous ethanol. "The price of anhydrous has grown a lot this season", says the Stonex sugar and ethanol consultant, Bruno Lima. "In mid-May, the price of anhydrous ethanol reached 14% more than hydrous". In addition, mills do not want to jeopardize current ethanol mandate, which is 27% for gasoline C. Some distributors have asked for a reduction in this percentage, alleging sugarcane crop failure and the high price of the biofuel.

Source: *Agencia Estado (*Translated by la Niani)*

BRAZIL: DEMAND FOR CORN CAN REACH 40 MILLION TONS IN THE SECOND-HALF YEAR

The rise in corn prices in the domestic market due to climate changes is leading buyers to find better offers in Argentine. The analyst Vlamir Brandalisse said that "corn crop in Brazil has been extremely difficult this year. The off-season went through a lot of trouble due to some factors, such as drought, frost, wind, hail. In addition, corn consumption is likely to reach a record number with high demand from the feed sector". More than 40 million tons of corn will be necessary in the second half. It's going to be tough", he said. "Today, off-season corn crop is 60 million tons, but a large amount has already been sold for exports. Some import transactions have been made with Argentina, and new transactions are

expected in the coming days, as Argentine corn has arrived competitively at Brazilian ports, coming to less than R\$ 100.

Source: *Canal Rural (*Translated by la Niani)*

JBS IMPORTS 30 SHIPS OF CORN FROM ARGENTINA AMID CROP FAILURE IN BRAZIL

The shortfall in the corn crop in Brazil has led the meat industry to resort to corn imported from Argentina to meet its demand for feed input. Therefore, JBS has already acquired 30 ships of corn from the neighboring country. The negotiations took place at 15 to 20 reais per 60 kg bag, which are more competitive than those in the domestic market – considering the industries located in the south and southeast regions – according to the company. "Of the total corn used to feed poultry and swine in JBS/Seara production in Brazil, imports already represent 25% of consumption, with volumes exceeding one million tons," he stated in a note. According to the company, "the excellent crop in Argentina" is what has enabled imports at more attractive prices". Aurora Foods has stated that it plans to import corn from Argentina and the United States this year due to the shortage of this grain and extremely high prices in the domestic market. Importing is one of the alternatives for Brazil – traditionally one of the largest global exporters – to deal with a reduction in corn production that has already reached 9% compared to the last harvest, to 93.4 million tons, according to figures from CONAB (the national food-supply company), released this month.

Sources: *Money Times/Datamar News*

BRAZIL: SOYBEAN PLANTING AREA TO GROW 6.7% IN CROP YEAR 2021/22, SAYS PÁTRIA AGRONEGÓCIOS

Pátria AgroNegócios released on Wednesday its first survey for the 2021/22 season. According to the entity, the projected high remuneration for the next soybean crop will make the oilseed planting area to grow by 6.7%, to 40.85 million hectares. It is almost double the increase in 2020/21. "More than two thirds of all new plots estimated for soy will come from low-yield pastures", the entity said. As a result, soy production is estimated at 144.77 million tons for the 2021/22 season, up 6% from the previous season. Productivity, however, should have a slight decrease of 0.8%, to 3,544 kilos per hectare. The expected income was based on the average growth over the last 10 years for the Center-West, Southeast and South regions; and in the last 5 years for the North and Northeast regions.

Source: *Revista Globo Rural (*Translated by la Niani)*

ADM BUYS EUROPEAN NON-GM SOY INGREDIENTS COMPANY

American multinational Archer Daniels Midland (ADM), one of the largest agribusiness companies in the world, announced today the purchase of Sojaprotein, one of the largest European producers of non-GM soy ingredients. The value of the deal was not revealed. The transaction is subject to regulatory approvals. Headquartered in Serbia, Sojaprotein has annual sales of more than \$100 million, with customers in 65 countries. The company sells conventional soy ingredients to vegetable-based meat companies, the confectionery industry, the protein bar industry, the pharmaceutical industry, and the feed industry. The acquisition is part of ADM's strategy to grow in the global market for alternative proteins, a market which currently has sales of US\$ 10 billion and is expected to reach US\$ 30 billion in the next decade, said Leticia Gonçalves, global president of ADM's special ingredients area, in note.

Sources: *Valor Econômico/Datamar News*

RICE: BRAZIL'S STOCKS TO BE RENOVATED

The current downward trend in rice prices is due to a combination of factors, as estimates of post-pandemic economic recovery, lower consumption, and the trade balance shortage in 2021. June ended with a drop of almost 11% compared to May. Data were released by AgroConab. Despite low prices in June and high production costs, the scenario is positive for producers. With the prospect that the Brazilian currency will be stronger, the pace of exports is expected to decline, compared to last season. The projection is that Brazil will sell 1.3 million tons of rice in the 2020/2021 season. The season is expected to close



with a surplus of 200 thousand tons, with imports reaching 1.1 million tons. In the macroeconomic analysis, the recovery of carryover stocks is also expected for 2021, as well as a retraction in consumption due to economic recovery estimates, considering the negative income elasticity of rice consumption.

Source: *Universo Agro / DATAGRO (*Translated by la Niani)*

BRANDT ACQUIRES SPECIALTY FORMULATIONS MANUFACTURING PLANT IN PARANÁ

BRANDT, a leading agricultural retailer and manufacturer of specialty agriculture fertilizers, has invested in a new and modern manufacturing plant in Brazil. The acquisition represents a multi-million investment. The 22 thousand m² factory is located on approximately 7 hectares (70 thousand m²) of land, in the metropolitan region of Londrina (PR). The site will ultimately house several assembly lines, finished product storage, a quality control lab and experimental station for research and development of new products. The factory is expected to be active in two years. The investment, according to President Wladimir Chaga, quadruples BRANDT's production capacity in the country. The company will keep its factory in Olímpia (SP), which is strategically located for access to the Cerrado and the Port of Santos. This is a huge leap forward for BRANDT in Brasil", said Rick Brandt, CEO & President of BRANDT. "Our goal is to move as much production for the Brazilian market to local plants," he said.

Sources: *Global Fert/Minutorural (*Translated by la Niani)*

NEW FERTILIZER LOGISTICS CORRIDOR IN BRAZIL'S NORTHERN ARC

The logistics company VLI and Companhia Operadora Portuária do Itaquí (Copi) set up a partnership to create a new railway branch for transporting fertilizers. The input will be transported to a new intermodal terminal to be built in Palmeirante, Tocantins. The works valued at R\$ 200 million will start in August. The initial handling capacity provided by this new structure will be 1.5 million tons per year. "With the start of operations in 2022, the new structure will grant the handling of fertilizer imported by the Copi Port Terminal at the Port of Itaquí by rail, connecting the port via the Carajás railroad and the North-South railroad to the new terminal to be built by COPI in Palmeirante". The new railway line will support 80 cars, and a hopper for two cars.

Sources: *UOL Economia/Global Fert (*Translated by la Niani)*

STEEL SECTOR ACCUMULATES SURPLUS OF US\$ 1.5 BILLION IN THE SEMESTER AND FEARS "TRADE DEVIATIONS"

The Brazilian steel sector accumulated a surplus of US\$ 1.5 billion in the first half of the year from exports totaling US\$ 3.8 billion and imports totaling US\$ 2.3 billion. According to a report released on July 22 by IABr (the Brazil steel institute), exports had decreased in quantity (-13.7%), to 5.2 million tons, and increased in value (+28.3%) to US\$3.8 billion compared to the same period in 2020. From January to June, imports grew 140.6% in volume, totaling 2.5 million tons, and grew 105.6% in value, to US\$ 2.3 billion. Upon disclosing the balance of the sector, the president of the IABr, Marco Polo de Mello Lopes stated that the Import Tax rate should not be reduced in the face of threats to Brazil in the steel sector, "because of the large surplus of installed capacity in the world, which reached 562 million tons last year". In his view, this enables "predatory practices, protectionist escalations, and degraded prices."

Sources: *Comex do Brasil/Datamar News*

PORT OF SANTOS: TCU AUTHORIZES AUCTIONS OF TWO AREAS WITH PLANNED INVESTMENT OF R\$1 BILLION

On July 21, the Federal Audit Court (TCU) approved the projects for leasing the areas STS 08 and STS 08A for liquid bulk (especially fuel) in the Port of Santos. Together, the leases will require investments of approximately R\$ 1 billion for modernization, capacity increase, and the construction of a new pier with two berths, representing a 50% increase in the number of berths in the Alemoa region, where they will be installed. STS 08 has an investment forecast of R\$ 265.5 million. The future STS 08A terminal, in turn, has an even greater forecast of R\$ 678.3 million. A

notice with the bidding rules will be published soon by ANTAQ (the national waterway transport agency). The auction is scheduled for this year, and the lease term is 25 years. The two areas total around 450,000 m² but will be auctioned separately: 152,300 m² at STS 08 and 297,300 m² at STS 08A. Part of the area is in operation, albeit in a precarious contractual situation due to the termination of the previous lease agreement.

Source: *Datamar News*

PARANÁ REGISTERS RECORD-BREAKING FERTILIZER IMPORTS

Record volumes of fertilizer are being imported via the ports of Paraná, the main point of entry for fertilizer in Brazil. There has never been as much fertilizer imported through the ports of Paranaguá and Antonina as in the first half of the year: 5,197,527 tons. This year's volume was 14.74% higher than the 4,529,969 tons handled in the same six months of 2020. In June alone, 1,059,933 tons were imported- the largest fertilizer import ever recorded in the state. Compared to the 916,924 tons recorded in May, June imports grew around 15.6%. In comparison with June 2020, when 706,852 tons were landed, the increase was almost 50%. The main origins of fertilizers arriving through the ports of Paranaguá and Antonina are Russia (23%), China (21%), Canada (8.4%), Belarus (7%), and Qatar (6.5%). The fertilizers that arrive through the ports of Paraná consist mainly of potassium chloride (MOP), urea, MAP (mono-ammonium phosphate), ammonium sulfate, and NPK complexes.

Source: *Datamar News*

NORTHERN SANTA CATARINA TO GAIN A NEW PORT

The northern region of the state of Santa Catarina will gain a new port. It will be in Itapoá, close to the existing private port which is among the largest container terminals in the country. Owned by COAMO, the largest agro-industrial cooperative in Latin America, the land for the new port was purchased at least six years ago and is now in the stage of environmental studies. The new port will be for bulk (grain/bran); crude soybean oil; and the import of raw materials through partners for fertilizers. It will use the same channel for ship traffic as Babitonga Bay and has even been approved by the port authority (Navy).

Sources: *ND+/Datamar News*

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