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GLOBAL COMMODITIES SCRAMBLE SENDS SHIPPING PRICES SOARING

The super-charged rally in commodity prices has made shipping more expensive than any time in the past decade, reviving the fortunes of an industry that was on its knees just a year ago. The scale of the boom, with red-hot demand almost everywhere on the back of a broad economic recovery and vast stimulus programs, has stretched global shipping as products such as soybeans and logs compete with traditional cargo mainstays of coal and iron ore. The surge also highlights the pressures the commodities industry is under to meet that growth. "Industries are restocking both finished products as well as raw materials, which is boosting freight movements. Volumes are above pre-pandemic levels," said Burak Cetinok, head of research at Arrow Shipping Group Ltd. "Over the last 12 months, the demand for bulk carriers was primarily driven by China, but now the rest of the world have joined in with a strong rebound in demand for industrial commodities." The surge in commodity costs is fanning fears of inflation, and questions are building around the need for a response from central banks. Should commodities start to cool, shipping prices could be one of the first indicators, according to Colin Hamilton, an analyst at BMO Capital Markets. "We see freight as an important market to watch for any signs of demand destruction amid high prices," Hamilton said.

Sources: *Bloomberg/Datamar News*

COMMODITIES PRICES RUN UP AND PUT UPWARD PRESSURE ON INFLATION

The Central Bank's Monetary Policy Committee (Copom) pointed out on Wednesday that the rise in commodity prices continues to put pressure on inflation. On this day, the collegiate decided to raise the Selic (the basic rate of the economy) by 0.75%, from 2.75% to 3.5% per year. "With the exception of oil, international commodity prices have continued rising, with an impact on price projections of food and industrial goods. In addition, the transition of the tariff to higher levels should keep inflation under pressure in the short term". Even so, Copom reinforces the diagnosis of momentary setbacks. The measures of core inflation are in the line with meeting the inflation target. Regarding the external scenario, the BC's assessment is that the new fiscal stimuli in some developed countries and the advance of vaccination against covid-19 should lead to a "more robust" recovery in activity throughout the year.

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

BRAZIL SUGAR EXPORTS UP 26% IN APRIL YOY

In April, Brazil exported 1.904 million tons of sugars and molasses, 25.67% more than in the same month last year, when a total of 1.515 million tons was shipped. But the April '21 exports decreased by 3.62% compared to the 1.975 million tons exported a month earlier, in March. Data from SECEX (the Ministry of Finance's foreign trade secretariat), show that the revenue from the sector's total exports in April was US \$ 615.59 million, 38.52% higher than the US\$ 444.40 million obtained in the month of April last year and 3.83% lower than the US \$ 640.09 million reported in March 2021. The annual increase in volume and revenue is due to the increased production in Brazil, which prioritized sugar in the recent harvest, due to the drop in production in important countries such as Thailand, and also due to the fact that the Covid-19 pandemic has reduced the demand for ethanol in the country. The decreases in comparison with the previous month, on the other hand, are due to the delay in the 2021/22 harvest in Brazil's central-southern region. There was less of the sweetener available in April than in March.

Sources: *Nova Cana/Datamar News*

CHINA'S SOYBEAN IMPORTS INCREASE 11% AS DELAYED CARGOES ARRIVE

China's soybean imports in April rose 11% from the same month last year, boosted by the arrival of some delayed Brazilian cargoes, customs data showed. China, the world's top importer of soybean, brought in 7.45 million tons of the oilseed in April, up from 6.71 million tons a year earlier, according to the General Customs Administration. "It was a pretty strong number given the delays we saw out of Brazil this year," said Darin Friedrichs, senior analyst at StoneX. "May imports are expected to be even stronger, as the peak of Brazil shipments should be arriving now." Brazil exported a record monthly volume of soybeans in April, more than 17 million tons, according to data from the Brazilian government. Chinese crushers have stepped up purchases of soybean from top exporters Brazil and the United States in the early months of 2021, expecting higher demand as the country's pig herd recovers. Brazilian shipments are expected to pick up and dominate the China market from April till late in the year, traders and analysts said.

Sources: *Reuters / Notícias Agrícolas (*Translated by la Niani)*

SYNGENTA COMPLETES FIRST DIRECT SOYBEAN EXPORT SHIPMENT FROM BRAZIL TO CHINA

Syngenta, one of the largest seed and crop-protection product companies in the world, has announced that the first shipment of Brazilian soy shipped directly to China without the intermediation of a trading company should arrive tomorrow at the Port of Xinha. The load of 70,000 tons of grain is valued at US\$ 38 million and was negotiated in line with the "Agriculture Value Chain" strategy announced in February, and using the Nutrade platform. "Grains are negotiated directly with China. The shipment is exclusively comprised of the production acquired via barter [exchange of inputs for agricultural production] from their customers," said Syngenta, in a note. Of Swiss origin, Syngenta is currently part of the Syngenta Group, a holding company controlled by Chinese state-owned companies that also include Adama. In the first quarter, the group's global sales totaled US\$ 7.1 billion, 20% more than in the same period in 2020.

Sources: *Valor/Datamar News*

ANEC MAINTAINS POSITIVE OUTLOOK FOR BRAZIL 2021 CORN EXPORTS

Despite the drought, Brazil Cereal Exporter Association (Anec) sees no reason to change prospects on corn exports in 2021, which remains at 32 million tons, less than last year. Sérgio Mendes, Anec's director general, said that his estimates since the beginning of the corn season showed a reduced number of shipments compared with 2020, because delays in corn harvest narrowed Brazil's export "window". "Based on the current scenario (of the harvest), it is still possible to maintain the numbers (of exports), but in any case, lower (than 2020)", he said. Because of the drought, private analysts have made significant slashes in Brazil's second corn crop by about 5 million tons. Some analysts see exports lower than previously expected. "If there is a significant collapse, such that it could cause a significant reduction in the total amount, then I will agree with them, then we would have problems to export", he said.

Source: *Reuters (*Translated by la Niani)*

ANHYDROUS PRICE REACHES HISTORICAL LEVEL IN BRAZIL

The price of anhydrous ethanol, used as fuel mixture, reached a historical level of R\$ 3,510/ m³ on Tuesday (4) at the mills in Ribeirão Preto, even with the beginning of the 2021/22 crop, according to data from S&P Global Platts. This price represents an increase of 85% this year and is R\$ 150/m³ higher than the previous record on March 2. Even with the beginning of the new season, which could provide higher supply to the market, the demand is limited and sustaining high prices. The most recent official figures from the Union of the Sugarcane Industry (Unica) pointed to a total ethanol production of 731 million liters in the first half of April, down 25.92% year-on-year. The production of anhydrous was 104 million liters, a drop of 41.47%. No extra stocks are expected for May, as most fuel distributors will supply their demand with



the spot trade. Producers may well focus on sugar production in relation to anhydrous ethanol.

Source: *Notícias Agrícolas* (*Translated by Ia Niani)

PRODUCTION MIX OF THE 2021/22 SUGARCANE CROP LIKELY TO BE MORE SUGAR

The production mix of the 2021/22 sugarcane crop is expected to focus on sugar production, due to the continuing trend toward high sugar prices, says Bruno Freitas, the senior economist and partner at DATAGRO. Freitas also points out that Brazil's Center-South and Northeast regions have the potential to reach at once 623 million tons (572mt for the Center-South and 51mt for the Northeast). Sugar production in the Center-South region is estimated at 36.3 million tons, a drop of 5.6%. Whereas, ethanol production is expected to reach 28.4 billion liters, a drop of 6.3%. Freitas calls attention to the production of ethanol from corn, which is projected at 3.4 billion liters, an increase of 32.5%. The director of Usina Alta Mogiana (SP), Luiz Gustavo Junqueira Figueiredo, sees an ongoing demand for both sugar and ethanol this year, but he draws attention to the increase in production costs, and the drought that may possibly damage cane fields.

Sources: *Universo Agro / DATAGRO* (*Translated by Ia Niani)

GOVERNMENT WORKS TO AVOID TRUCKERS' STRIKE ACTION FOLLOWING END OF DIESEL TAX EXEMPTION

The federal government is working to prevent a crisis with truck drivers. In February, *Gazeta do Povo* showed that the changes at Petrobras gave a boost against a joint trucker strike for April. But since then, according to many of them, the government has delivered on very few of the guidelines negotiated with the autonomous transporters. They did not renew the zero rate of PIS and COFINS on diesel, which was in force in March and April. As a result, the two taxes – which add up to R \$ 0.33 per liter of fuel – were charged again last Saturday (1st), which should result in higher prices. With no prospect of improvement in the short term, signs of a new strike are beginning to emerge, albeit timidly. Even leaders opposed to a standstill admit that the risk exists. They explain that while agribusiness celebrates the record harvest that drives exports and should help Brazil achieve its first external trade surplus in 14 years, the category is dealing with reduced freight values and high fuel prices. The Secretary of Infrastructure, Tarcísio de Freitas, began a round of conversations with truck drivers on April 22 – even before the end of the diesel tax reduction of taxes – to clarify the actions taken by the government in favor of the self-employed. Other meetings are planned, including with the president of the Central Bank, Roberto Campos Neto.

Sources: *Gazeta do Povo/Datamar News*

EVER GIVEN INSURER SAYS SUEZ CANAL'S REDUCED CLAIM IS STILL TOO HIGH

UK Club, an insurer of the container ship that blocked the Suez Canal in March, said on Monday a reduced compensation claim made by the Egyptian authorities for almost \$600 million to free the vessel and cover related losses was still "exceptionally large." The Suez Canal Authority (SCA) adjusted its claim from an initial \$916 million in an effort to settle out of court, SCA head Osama Rabie told private TV network MBC Masr on Saturday. The Ever Given, one of the world's largest container ships, was jammed across the canal for six days from March 23, stopping traffic in both directions. The vessel, still loaded with thousands of containers, is being held in a lake between two stretches of the canal amid the dispute about the level of compensation SCA has claimed from the Japanese owner Shoen Kisen. Rabie said on Saturday there was no immediate prospect of a settlement. "We haven't seen any response from their side so far, so we are moving forward with the issue, as we were, in the court," he said. UK Club said the reduced amount proposed had not been reflected in SCA's claim filed at court. An Egyptian economic court is due to hold a hearing on May 22 to consider the SCA claim for what it describes as losses due to the blockage and costs for dislodging the ship, SCA sources said.

Sources: *Reuters/Datamar News*

PORTS OF PARANÁ: STUDY AIMS TO EXTEND OPERATIONAL CAPACITY

A technical study is underway to evaluate the capacity and competitiveness of the terminals of Paranaguá and Antonina. The project, which should end in May, evaluates ways to expand the access channel - a stretch that connects the open sea to the port pier. The operational draft (the distance between the water depth and the seabed) is expected to be expanded, allowing the terminals to receive larger ships and more cargo. The goal is the most daring in the history of the ports of Paraná. Currently, the ships operate at a depth of 12.5 meters to enter the Port of Paranaguá and 8.5 to enter the Port of Antonina. The goal is to reach 15.5 and 12.5 meters, respectively. "The operational draft limits the size of the vessels and also the cargo they can safely carry", explains the president of Portos do Paraná, Luiz Fernando Garcia. This engineering study is the first step of the project, and aims at attracting larger and more modern vessels.

Source: *Portos do Paraná* (*Translated by Ia Niani)

CARGO HANDLING IN THE PORT OF IMBITUBA GROWS BY 12.6% IN APRIL

The Port of Imbituba handled 466.7 thousand tons and continues to record growth in April, up 12.6% compared to the same month last year. From January to April, the port handled 1.8 million tons and had 80 moorings. "The performance of the Port of Imbituba in the last month is due to the intense work of our port community, which takes advantage of business opportunities in the national and international markets and reinforces the important role of the port in generating employment and revenue for the region", says Fábio Riera, president of SCPAR Port of Imbituba. Mineral bulk led cargo handling in April, with emphasis on petroleum coke operations (calcined and not calcined), which reached about 140 thousand tons, mainly of exports, in addition to salt, with almost 72 thousand tons of imports. Containers reached 81.3 thousand tons, an increase of 39.8% when compared to April last year. Other commodities were also handled in the port, such as sodium sulphate, soybeans, and soybean meal, malt, soda ash, iron ore, cellulose and saltpeter. A total of 24 ships landed in the Port of Imbituba in April.

Source: *Portos e Navios* (*Translated by Ia Niani)

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