

## BRAZILIAN SOYABEANS STILL HIGH AMID US-CHINA DISPUTE

While Chinese tariffs affect the US agricultural sector, demand for Brazilian soyabeans shows no signs of slowing. Importers in China did not expect to formalize fees against US remittances - some of them were already expanding purchases from Brazil. The Asian country bought 17% more Brazilian soyabeans in May compared to the same period last year, bringing total shipments to 12.4 million tons, a monthly record. This month, total exports are expected to hit the highest value ever recorded for June, according to Tarso Veloso, an analyst at AgResource in Chicago. Brazilian exports increased even after the national strike of truck drivers interrupted road transport for 10 days in May. Exports continued because inventories in port terminal warehouses were much larger than expected, Veloso said. Brazil is the world's largest supplier of soya. The strike still caused some delays in shipments, which led to an increase in export commitments for June. Shipment scheduling on June 8 suggests that exports could reach 11.1 million tons this month, Veloso said. The total would contrast with 9.2 million tons from a year earlier, according to government statistics. Brazil is expected to export 71 million tons in the 12-month period ending February, according to AgResource. If China did impose tariffs on US soyabeans, Brazil could ship up to 85 million tons, Veloso said before the announcement of tariffs on New York time on Friday night. As demand for the Brazilian offer increased, commodity prices jumped. The premium paid for soya shipment in July at the port of Paranaguá rose 26% last week to \$ 1.05 a bushel, according to Commodity 3 data. On the other hand, soyabean futures traded in Chicago had the third weekly loss followed.

*Src.: Portos e Navios*

## FREIGHT CRISIS AFFECTS OPERATIONS IN THE PORT OF SANTOS

The controversy surrounding the collection of the minimum freight for cargo transportation has affected the operations of the Port of Santos. Terminals specializing in the handling of solid bulk of vegetable origin have received fewer goods than usual. Last week, 84 ships were waiting for a mooring window on the dock, and of these, 22 waited for loading of grain. Tribuna found that at least three terminals of the Santos dock reduced their cargoes due to lack of cargo. To avoid the absence of trucks, the goods that arrive in Santos predominantly use the railway modal. In one of the bulk facilities of the Santos quay, instead of the 6K tons received daily from Mato Grosso (MT), only 700 tons of grains are arriving per day. All this merchandise is stored in the producing areas, where more than 10 million tons of grain are waiting to be transported. The information is from the executive director of the National Association of Exporters of Cereals (Anec), Sergio Mendes. According to him, in the last weeks, only 20% of the grains left the producing zone towards the ports. In order to put an end to the national movement of truck drivers, which blocked roads and caused the shortage of fuel, cargo and even food, the Federal Government signed an agreement with the category. However, the measure generated another crisis, as producers and exporters did not agree with the minimum freight rate, which, according to them, can add up to 150% the final cost of the cargo.

For the executive director of Anec, it is impossible to guarantee a minimum freight rate for truckers. Changes in the dollar and commodity prices on the international market cause costs to fluctuate and producers and exporters can not guarantee fixed remuneration for drivers. According to Mendes, with the agreement signed between truck drivers and the Federal Government, exports were much more expensive. The estimate is that the additional cost is US \$ 40 per ton of soya, corn or soyabean meal.

*Src.: Portos e Navios*

## PRICE OF SOYABEAN MEAL RISES ALMOST 30% IN ONE YEAR

The good demand for soyabeans and the appreciation of the US dollar against the Brazilian real have left the prices of soyabean meal in the domestic market firmer. According to a survey by Scot Consultoria in São Paulo, the ton of concentrated food was quoted, on average, at R\$ 1,475.14, without freight, in the first half of June. In relation to the same period of 2017, the price rose 29.4%. In the monthly comparison, the increase was 1.7%. It is worth noting that in May, even with the truck stoppage, which affected exports, Brazil shipped 12.35 million tons of soyabeans (record monthly volume) and 1.65 million tons of bran, according to the Ministry Industry, Foreign Trade and Services (MDIC). Scot indicated that the trend is that the volumes shipped by Brazil will gradually decrease from now on, with the lowest domestic availability. However, the off-season in the United States should keep firm prices on the international market in the short and medium term. The cattle rancher should also pay attention to the exchange rate, which has varied considerably in recent weeks and has a direct impact on the Brazilian soyabean market and the development of the 2018/2019 North American crop. Another point of attention is the freight tariff, which halted the grain market in June.

*Src.: Canal Rural*

## WHEAT PRICES UP 7% IN THE MONTH

While external wheat prices are falling, pressured by the advance of planting in the United States and Argentina, domestic prices reach new nominal records, driven by firm demand and the decline of producers. In Rio Grande do Sul, for example, the value of the ton of product reached R \$ 950.98. In the month, the high is of 7.76% In addition, cereal stocks are low in Brazil, which should also increase wheat imports, especially if consumption in the 2018/2019 crop year remains close to 11.3 million tons. According to the Center for Advanced Studies in Applied Economics (Cepea), high consumption and low cereal availability in Brazil have already worried buyers of domestic wheat. Some already try to anticipate the acquisitions of the new crop, which should arrive in September, trying to fix prices. On the seller's side, there are concerns related to the crop that is still being sown and that can be impacted by the climate. With this, few are the ones that negotiate in advance.

*Src.: Canal Rural*

## RAIN FAVORS WHEAT CROPS IN SOUTHERN REGION

Heavy rainfall has been observed in crops in the southern region of the country. According to Somar Meteorologia, with above-average values, precipitation is favoring wheat sowing in the northern areas of Paraná and Rio Grande do Sul. In Rio

Grande do Sul, 45% of the areas have already been planted, the Santa Rosa region being the most advanced, with 60% of cultivated area. The climatic conditions favor the establishment of crops and development and make the producers of Rio Grande do Sul excited about productivity. In Paraná, the scenario is even more optimistic, 87% of the areas destined for cultivation have already been planted and with the more regular rains the conditions of the crops have improved throughout the harvest, and so far 79% of the planted areas are considered conditions favorable, most of them in the vegetative development stage. The rains tend to decrease until next week, with little significant volumes, but still sufficient to maintain soil moisture. In addition, temperatures should remain low, but without frost occurrence that could cause any problem to wheat development.

Src.: *Universo Agro*

### PORT OF PARANAGUÁ RECORDS RECORD IN SOLID BULK DISCHARGE

The port of Paranaguá registered a record movement in the discharge of solid bulk in a period of 24 hours this week. 41,305 thousand tons of barley and fertilizer were discharged between June 19<sup>th</sup> and June 20<sup>th</sup>. The volume recorded is 21.5% higher than the last record, which occurred in 2014, when 24K tons of fertilizers were moved in 24 hours. The data are from the Port Administration of Paranaguá and Antonina (Appa). The record movement was obtained by discharging five vessels that operated simultaneously at the commercial port dock of Paranaguá, which came from Argentina (barley), Russia, China, Estonia and Canada (fertilizer). Between January and May 2018, 4,462 million tons of solid / import bulk cargoes reached the ports of Paraná. Of this total, 4,029 million tons moved are fertilizers. During the period, 125K tons of wheat, 112K tons of salt, 60,7K tons of malt and another 134K tons of barley were also highlighted.

Src.: *Global Fert*

### WITH FREIGHT HIGH, FERTILIZER STANDS STILL IN PORT

Freight tariffs are delaying the delivery of fertilizers to rural producers and the sector already forecasts lower profitability with the increase in product prices. As fewer trucks are going up to the ports, the imported input that would be the cargo on the return trip is stopped on the ships. According to a survey by the Brazilian Confederation of Agriculture and Livestock (CNA), of the 60 vessels stopped in Brazilian ports, 35 are with fertilizers. The executive director of the Brazilian Fertilizer Mixers Association (AMA Brasil), Carlos Eduardo Florence, estimates that 60% of the deliveries planned for this period of the year are dammed - most of the fertilizer consumed in the country is imported. "There is no more storage capacity for fertilizers in the ports, the volume that comes out is insignificant, with several ships standing and loaded with fertilizers", he said. According to the shipping agency Williams Brazil, from June 1<sup>st</sup> to June 18<sup>th</sup>, the amount of fertilizer expected to be discharged in Brazilian ports amounted to 5,143 million tons - 36% for Paranaguá (PR), 22% for Santos (SP) and 12.3% for Rio Grande (RS).

Src.: *Global Fert*

### RICE PRICE RISES 7% IN ONE MONTH

The domestic rice market continued with strong price recovery in the penultimate week of June. In Rio Grande do Sul, the main national benchmark, the cumulative increase in the period was over 2%. The average price practiced in the state went from R \$ 38.41 to R\$ 39.41. According to consultancy Safras & Mercado, there was an increase of 7.21% in relation to the same period of the previous month - when the product was worth R\$ 36.76. In comparison with the same time last year, the retraction is still 0.88% - when it was quoted at R \$ 39.76. "Even with the logistical problems for the transportation of rice, domestic and, above all, external demand continue to support the rise in domestic prices", said market analyst Gabriel Viana. In the foreign market, prices, which had fallen sharply in late May and early June, have recovered 16% since June 6<sup>th</sup>. "This recovery, however, occurred only in cereal spot contracts on the Chicago Mercantile Exchange," Viana recalls, showing that demand for the current crop remains firm. The September and October contracts, which are the ones that represent the new season in the northern hemisphere, are under pressure due to the expectation that the next harvest will be voluminous.

Src.: *Canal Rural*

### CORN PRICE IN SC REACHES HIGHEST VALUE SINCE JANUARY 2017

Corn sack prices continue to rise for the fourth consecutive month in Santa Catarina. The price was on the average of R \$ 35.58 / s paid to the producer in May - an increase of 4.84% over the previous month and 51.2% compared to the same period of 2017. In relation to the price of soybeans, corn gains an advantage and becomes more competitive for producers in Santa Catarina. Corn prices in May are the highest since January 2017 and the grain is once again attractive to farmers. In Santa Catarina, corn is in the same area of the summer crop with soya and the price ends up influencing the producers' choice. There is a relationship between corn and soybean prices that assists in decision making: when soybean prices are 2.3 times higher than corn prices, it is more profitable to plant soybeans, when the value is lower, corn is more attractive. With the valorization of the corn, the grain takes strength in the comparison and becomes a more competitive option. The Secretary of State for Agriculture and Fisheries, Airton Spies, points out that producers must also take into account production costs, productivity and resistance to climate change. In the case of corn and soybeans, the costs to produce one hectare of high-tech corn are greater than to produce one hectare of soybeans. And even with higher yields, corn is more sensitive to changes in climate, especially drought. "For the farmers who plan to grow corn in the 2018/2019 crop, the outlook is good. The grain is rising due to the growing demand and exports of a third of Brazilian production. Producers should make a careful analysis of all these factors and choose the best option to use their area", says Spies.

Src.: *Canal Rural*

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