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CORN MUST KEEP HIGH PRICES IN BRAZIL EVEN AFTER SAFRINHA'S ENTRY

2020 promises to be another very positive year for corn prices in Brazil. According to Germinar Corretora market analyst Roberto Carlos Rafael, the high volume of corn exports (which should close the January 31st year with 42.5 million tons) led to the reduction of Brazilian stocks and should keep the market warmed up this year. Rafael believes in carryover stocks of 11 million tons, which in the analyst's accounts are sufficient for a maximum of 60 days of consumption in Brazil. "Now we have resumed the year (after the holidays) with a high bias because the passing stocks are low and we will have very isolated harvests, with the summer crop beginning to arrive even in the second half of March," he says. In the view of the analyst, corn prices have been at levels of good profitability for the producer for some time and should remain high at least until the arrival of the safrinha in June. "The market should remain firm even in the post-off season because expectations for next-year stockpile are also low," says Rafael. Given this positive scenario, the recommendation of Roberto Carlos is that the producer, even undecided about the cultivation of corn second crop due to the shortening of the best window of cultivation (after the delay of soya), bet on the planting of cereal.

Source: *Notícias Agrícolas*

WHEAT: BRAZIL MUST IMPORT 7.5 MILLION TONS

Brazil's wheat production is estimated at 5.4 million tons in the 2019/2020 season, with an estimated area of 1.98 million hectares. In 2018/2019, production was estimated at 5.428 million tons, according to a US Department of Agriculture (USDA) attaché. The USDA estimates initial stocks at 1.039 million tons and total consumption at 12.1 million tons. Final stocks are projected at 1.239 million tons. The document also highlights that imports should reach 7.5 million tons in 2019/2020.

Source: *Agencia Safras*

SOYA PRODUCTION IN BRAZIL ON 19/20 SHOULD GROW 4.6%

Brazil's soyabean production in 2019/2020 should reach 124.3 million tons, an increase of 4.6% compared to the previous season, estimates the consultancy Agroconsult at the launch of the 2020 Rally. The planted area should be 36, 7 million tons, growth of 2.2% compared to 2018/2019. Productivity should reach 56.5 bags per hectare, compared to 55.2 bags per hectare in the previous cycle. According to Agroconsult managing partner André Pessôa, several regions have benefited from a good combination of rain and light, despite the initial delay in planting. However, he pointed out that Rio Grande do Sul already has consolidated losses. In the south, there was indeed drought, and some growers left areas without planting because of insufficient moisture. With that, the state's productivity should fall from 58.1 bags per hectare to 54.2 bags per hectare, according to Agroconsult.

In Mato Grosso, the yield should increase to 57.5 bags per hectare, compared to 57.0 bags per hectare in the previous cycle. In Paraná, the outlook is 59.5 bags per hectare, against 51.3 bags per hectare in the 2018/19 crop. In both cases, the crops received adequate rainfall throughout development.

Source: *Canal Rural*

CORN CONTINUED WITH ADVANCE PRICES WITH RETENTION OF OFFER

The Brazilian corn market has been keeping pace with gradual increases in prices. Limited supply guarantees these advances. According to the Harvest & Market analyst, producers still bet on retention as a recurring strategy. "Consumers face difficulties in the composition of their stocks, leading to the continuation of the upward movement," he comments. In the port of Paranaguá, the price was R \$ 40/48 per bag. In Santos, the price was around R \$ 41/50 per bag. In Paraná, the price was R \$ 44.50 / 45.50 the bag in Cascavel. In Sao Paulo, price of \$ 49.50 / 50.50 in Mogiana. In Campinas CIF, price of R \$ 52,50 / 54 per bag. In Rio Grande do Sul, price was R \$ 46/47 per bag in Erechim. In Minas Gerais, price in R \$ 50,00 / 52,00 per bag in Uberlândia. In Goiás, price was at R \$ 45/46 per bag in Rio Verde, not available. In Mato Grosso, price was R \$ 40,00 / 42,00 per bag in Rondonópolis, for the available.

Source: *Canal Rural*

PROGRAMMING OF BRAZILIAN SOYA SHIPMENT TO CHINA POINTS HIGH FALL THIS MONTH

Soyabean exports from Brazil to China in January may fall by almost half compared with the same period last year, considering data so far ship scheduling at ports, according to Cargonave shipping agency data compiled by Reuters. Scheduled shipments to China amounted to about 800K tons, with more than 10 ships scheduled, compared to approximately 1.4 million tons estimated in January 2019 according to the agency's line-up of the same period last year. The expected reduction in Brazilian shipments to China so far, according to analysts, comes as Chinese are close to signing the phase 1 trade agreement with the United States, which leaves buyers more distant from Brazilian soyabeans. In addition, Brazil's exports to China in January last year, when there were about 20 ships scheduled to ship soyabeans to the Asian country at this time, reflected many deals made when the Sino-US trade war was fierce. She also noted that China and the US are very close and, according to the news, are expected to sign an agreement next week. If this hit between the two largest economies in the world occurs, the analyst does not rule out that there is a certain "emptying" of purchases of the Brazilian product, with the possible occurrence even of "washouts", or cancellation of business in Brazil with repurchase in the US by tradings.

Source: *Reuters*

PORT OF PARANAGUÁ REACHES GRAIN EXPORTS

The Paranaguá Port Export Corridor closed 2019 with another record in the movement of solid bulk. Together, in the year, the ten terminals that make up the complex exported more than 20.23 million tons of soybean and corn, in grain and bran. The volume achieved is another historic mark, surpassing by almost 2.4% the number of 2018 - of 19.76 million tons.



In 2019, as reported by the president of Porto, Luiz Fernando Garcia, there were no works to restructure the site. The effort was to reorganize the flow, align the rules and act with maximum joint efficiency between the Portos do Paraná Operations Director team and the operators. The Port of Paranaguá Export Corridor is a set of terminals, public (one, with two silos) and private (nine), interconnected by conveyor belts to six ship-loading equipment operating in three berths, west of the quay - 212, 213 and 214. Soybeans was the main bulk exported by the port of Paranaguá. In 2019, by the Export Corridor alone more than 10.6 million tons of the product were exported, mainly to China - which received more than 89% of the product that left the port of Paraná. Paranaguá Port is the third main exporter of the commodity in Brazil, behind Santos and Rio Grande. The volume of corn exported by the three cradles of the complex is 5.36 million tons. The main destinations for the product that came out are Iran (42%), Japan (29.7%) and South Korea (7.1%). Paranaguá Port is the second largest maize exporter in the country, behind Santos Port only. Of soybean meal, 4.19 million tons were exported by the Corridor in 2019. The main destinations of the product were Holland (25.69%), France (17.67%) and South Korea (15.28%). Paranaguá Port is also the second largest exporter of soybean meal in the country, behind only Santos Port, for one million.

Source: *Portos e Navios*

SOYA MUST ENSURE NEW RECORD IN GRAIN HARVEST

Brazilian grain production should total 248 million tons in this 2019/20 harvest, according to new estimates released by the National Supply Company (Conab). The volume is 0.6% higher than projected in December. If confirmed, it will be 2.5% higher than the 2018/19 cycle and will represent a new record. According to the Brazilian Institute of Geography and Statistics (IBGE), the record will come with 243.2 million tons. According to Conab data, the advance is the result of an estimated total planted area of 64.2 million hectares, 1.5% higher than last season, and an average yield estimated at 3,864 kilograms per hectare, with 1% increment in the same comparison. With higher area and yield this season, soybeans are responsible for most of Conab's upward adjustment compared to the scenario outlined last month. Of the most anticipated 1.4 million tons in total volume, oilseed accounts for 1.1 million. According to the state, the harvest of the flagship of Brazilian agribusiness will reach the 122.2 million tons, an increase of 6.3% over the 2018/19 harvest. For total corn production (first, second and third harvests), Conab now forecasts 98.7 million tons, 0.3% higher than projected in December but still 1.3% lower than 2018/19. This is because the second crop tends to decrease by 3.1% to 70.9 million tons, mainly because the weather is not as favorable as in 2018/19. In the case of wheat, Conab slightly reduced its estimate for last year's harvest to 5.1 million tons. If it is the largest soya exporter in the world, and one of the largest in corn and cotton, Brazil is one of the main wheat importing countries.

Source: *Canal Rural*

MARINE FUEL INCREASE BY 50% BY REGULATORY CHANGE IMPACTS SECTOR COMPANIES

Even before the bunker regulatory turnaround earlier this year, long-haul and cabotage companies have begun to feel

the burden on their costs of the new scenario, which made the bunker jump by 50%. In Brazil. In October, when Petrobras officially began selling the 0.5% sulfur bunker, prices were close to \$ 400 / t. Today, they already exceed US \$ 650 / ton in Santos. Meanwhile, the world average price of the IFO 380 bunker (with 3.5% sulfur content) is around US \$ 370 / tonne - the state-owned company no longer manufactures the version here. Since January 1st, vessels have been required to use fuels with a sulfur content of a maximum of 0.5%, against the previous limit of 3.5%. Regulatory change, called IMO 2020, was defined in mid-2016 by the International Maritime Organization (IMO). If vessels are equipped with scrubbers, they may continue to use old fuel. A detail of the rule is that vessels have until March 1 to burn the most polluting fuel left in the tanks. The cabotage segment has seen its costs rise significantly because of rising prices. According to the executive director of the Brazilian Association of Cabotage Shipowners (ABAC), Luis Fernando Resano, about 50% of the sector costs come from fuel. "Here in Brazil, no shipowner installed scrubbers, which are very expensive and they already knew that Petrobras would discontinue bunker production of 3.5%. We are even more dependent," he said. According to him, the high operating cost has been around 20% since October. The industry says that Petrobras saw in the bunker price rise 0.5% an opportunity to increase its margins. As offshore oil is low in sulfur, switching to the new fuel is less expensive. Despite criticism of the ship, data from Ship & Bunker show that the 0.5% bunker is cheaper in Santos than on average at other ports in the world - \$ 652 versus \$ 684 / t respectively. Resano says the impact on cabotage is different compared to long distances, mainly because of competition with road transport and the lack of alternatives to supply the vessel abroad. "In the long run, some companies are already passing along this price. In cabotage, we have difficulty," he said.

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

