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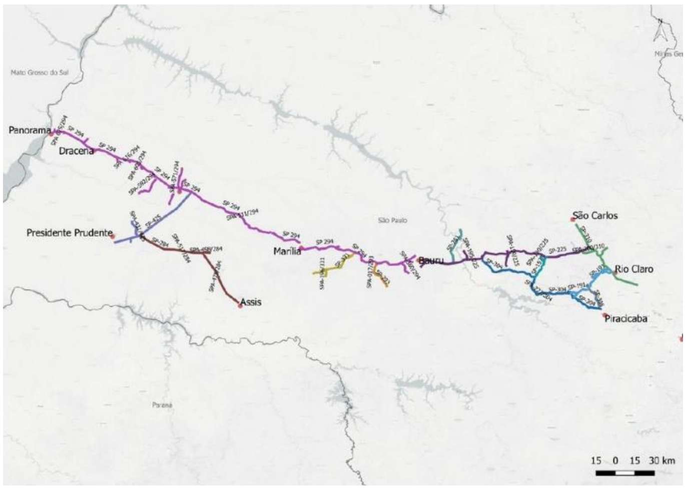
Main news

The government announced international concession of the Piracicaba – Panorama Highway, with expected investments of R$14bn. The tenure of the contract is 30-years. The contract covers a total of 1,273 kilometers of highways for modernization and expansion between the city of Piracicaba, in the Campinas region, and the municipality of Panorama, in the far west of the state, bordering Mato Grosso do Sul. Of the total R$14bn in investments, about R$1.5bn will be invested in the first two years of the contract.

The Piracicaba – Panorama lot consists of a 218 km network, currently operated by the Arteris Group's Centrovias concessionaire, whose contract expires early next year, in addition to 1,055 kilometers operated by DER-SP, which will receive all modernizations of the Road Concessions Program of the São Paulo State Government. Investments will be made in the SP-304, SP-308, SP-191, SP-197, SP-310, SP-225, SP-261, SP-293, SP-331, SP-294, SP-284, and SP-425 highways, directly benefiting 62 municipalities within this network.



Map: Globo

Among the planned interventions are 600 kilometers of duplication and new tracks (the urban contours). There will also be additional lanes and marginal roads, among other works that improve the flow, the circulation of regional production, and road safety. Other implementations include shoulders, new access and return roads, pavement recovery, walkways, and bike paths. The project also foresees that every four years revisions will be made that may adjust new investments in the tracks.

Tariff innovations

The notice foresees innovations from the economic, technological, and road safety point of view. The tariff model of the new bid leads to a kilometer tariff that is 23% lower than that currently practiced by Centrovias. There will be a 5% discount for automatic payment users. In addition, the major new innovation of the new concession is the Frequent User Discount (DUF), a new model in Brazil that will benefit drivers who use the road more often, especially residents of small towns that use the highways daily to access the trade and services network of neighboring municipalities.

Users of category 1 vehicles – passenger cars and urban cargo vehicles – will also have benefits. Within one month there will be progressive discounts on each ticket, depending on the direction of travel, up to the limit of 30 trips – the following month discounts are started again. In practice, each ticket at the toll plaza becomes cheaper within the month and there are cases where the fare on the 30th ticket may be discounted at around 90%. Frequent users can have significant monthly savings and, if they use the roads daily, will pay an average that is very close to the distance traveled.

International competition may include domestic, foreign companies, investment funds, and private pension entities – alone or in the consortium. The criterion for judging the bid will be the highest fixed grant value. Aiming to favor investments and lower toll rates, Governor João Dória determined the adoption of a lower fixed grant amount, whose minimum value was reduced from a potential of R$2bn to only R$15m. In the end, the new lot of road user will have reduced fares and many investments.

Ports, terminals and infrastructure

Petrobras has finally refueled the Iranian vessels that had been stranded for the last 50 days due to lack of fuel. The last Iranian flagged vessel left on Saturday.

The vessels had been stationed in Paranaguá since early last month after Petrobras refused to provide fuel because it feared to violate US sanctions on Iran. The ships brought urea – used to make fertilizer – and were due to return loaded with corn.

The ship Termeh left Port of Paranaguá around noon Saturday (07/27), going to another Brazilian port where it would be loaded with corn. Bavand, which was already carrying its cargo, left for Iran on Saturday night. The trip takes approximately 30 days.

A spokesman for Eleva Química, the Brazilian company that hired the ships, said Termeh received 600 tons of fuel and Bavand 1,300 tons.

The two ships are estimated to move around 100,000 tons of corn to Iran, valued at R$100m.

The Brazilian Federal Supreme Court had ordered Petrobras to refuel the ships, stating that a Brazilian company cannot be subject to sanctions by the US authorities.

The Santos Port Authority has authorized the donation of studies by 15 proponents to subsidize the bidding process for the eventual concession of the Port of Santos navigation channel. The authorization was published in this Friday's edition (07/26) of the Official Gazette (DOU) and is the result of the public call made by the Port Authority on June 11.

Fourteen companies and one individual were authorized to submit projects, surveys, investigations, and technical studies. They are: Argonáutica Engenharia e Pesquisas Ltda; Atlântico Sul Consultoria e Projetos S/S Ltda; Boskalis do Brasil Dragagem e Serviços Marítimos Ltda; Cláudio Macedo Dreer; CPEA – Consultoria, Planejamento e Estudos Ambientais Ltda; Dragabras Serviços de Dragagem Ltda; DTA Engenharia Ltda; Future ATP Serviços de Engenharia Consultiva Ltda; Jan De Nul do Brasil Dragagem Ltda; Leonardo S.p.A; Navarro Prado Advogados; Queiroz Galvão Tecnologia em Defesa & Segurança S/A; Terrafirma Consultoria Empresarial e de Projetos Ltda; Tetra Tech Engenharia e Consultoria Ltda; and Veirano Advogados.

The Port Authority granted the company Concremat Engenharia e Tecnologia S/A, 16th, up to 5 business days to regularize its documentation so that it can obtain authorization.

"The varied profile of stakeholders, ranging from large engineering groups to dredging companies, consulting and law firms, demonstrates the market's strong interest in this concession. We are sure that by working in partnership with the market since the beginning of the project, the auction will attract major players and the Port of Santos will quickly increase the efficiency of its main asset," says Casemiro Tércio Carvalho, President of the Santos Port Authority. .

The donation of studies has no burdens, charges, or conditions to the Port Authority or any member of the public administration and is not binding. Studies should be submitted within 100 days from today.

Libra Terminal's Inoperant Equipment Auction

Codesp (Dock Company of the State of São Paulo) will auction two coLibra Terminal'sntainer cranes that are inoperative at Terminal 37, occupied by the Libra Group in the Port of Santos. They will be disassembled and subsequently sold as scrap.

The port authority will still decide the date for the execution of these processes. The disposal of the assets was authorized by the National Waterway Transportation Agency (Antaq) and published in the Federal Official Gazette on Tuesday (07/24).

Libra Terminals continues to occupy the area, located near Ponta da Praia, but without permission to perform operations. The Libra Group has a debt of around R$2.7bn, related to exploration fees from the container port at the Port of Santos that were not fully paid.

This month, the Ministry of Infrastructure announced that it prepares the lease of the port company facilities in the Santos pier.

Brazilian cotton exports have grown in recent years and reached, in the first six months of 2019, a total volume of 533,579 tons, according to the National Cotton Exporters Association (Anea). Local production, which originates mainly in the state of Mato Grosso and has one of its main destinations being Asia, still faces bottlenecks to leave the country, especially with regard to logistics.

Alexandre Rubio, Commercial Director of TCP – the company that manages the Paranaguá Container Terminal, explains that high logistics costs burden the entire chain. "The cotton export chain has many logistics agents involved, which causes costs to be high and the profitability of the producer to decrease," he says." We need to find solutions that reduce the steps and make the operation cheaper and safer."

The solution offered by TCP Log – TCP's logistics subsidiary, is the operation of the product in Porto's primary area, reducing the number of agents involved. "All cotton export logistics in Paranaguá happen in the primary zone. This way, the cotton arrives at the Terminal in a truck, is unloaded near the ships' berth, stuffed in containers and is ready for shipment", explains Rubio, who adds that in the backyards or secondary zones, more agents are involved in the shipment logistics chain, which generates higher costs, making the operation more extensive and increasing the likelihood of process failures.

Another advantage pointed out by the director is the reuse of road freight. "Paranaguá is the natural port for cotton exports considering road freight. There is a large flow of trucks between the port of Paranaguá and the state of Mato Grosso, mainly with the importation of fertilizer and export of commodities, resulting in overcompetitive freight when compared to other port regions," says the executive.

Structure

TCP offers cotton exporters a state-of-the-art port structure with warehouses within the bonded area for cross-docking operations in a sheltered location, away from weather and accompanied operational management. In the primary port of Paranaguá, every export and import product handled by TCP is monitored 24 hours a day, which increases the level of security. "Because it has two scanners for inspection by the IRS, 100% of the loads moved by TCP are compulsorily inspected by the equipment, transmitting more security to customers," he says.

Chinese market

Data from the Brazilian Cotton Producers Association (Abrapa) show that Brazil, in the 2018/2019 harvest, was the second largest cotton exporter in the world. One of the main markets is China, which accounts for 25% of Brazilian exports.

Alexandre Rubio points out that by integrating the China Merchants Port Holding Company (CMPort) portfolio, China's largest and most competitive developer, investor, and operator of public ports, trade with Chinese entrepreneurs is facilitated. "In addition to China being one of the world's largest cotton consumers, consuming about 9m tons, it is the gateway for Brazilian products to access Asia."

Uruguay's National Port Administration (ANP) and UPM, a Finnish paper, wood, and pulp manufacturer, signed an agreement to build a specialized pulp terminal at the Port of Montevideo. The enclosure will also have rail access to allow direct unloading of production on ships.

According to Uruguayan Minister of Transport and Public Works, Victor Rossi, the investment in the pulp terminal at the Port of Montevideo, by the Finnish company, is about US$280m.

"This is one more step we are taking, and that means growth in the port of Montevideo, because there will be significant investments to add meters to the deep docks and storage area," Rossi said at the signing of the agreement between the ANP and UPM to begin the project.

The minister said that so far Uruguay's pulp cargo from the Fray Bentos and Conchillas mills in Cologne needs to be shipped to ports outside the country and that, because the new UPM plant will be built in the center of the country, the transfer of production by rail is the best option as it can be unloaded directly onto ships.

The work will be carried out over an estimated period of over two years and consists of enabling a covered area such as a 14.5 meter deep rail terminal and dock for ships to enter and be loaded directly. Rossi added that this project will be complemented by the construction of a viaduct in front of Pier C, which includes the restructuring of the northern access that had been built for years.

Regarding the difficulties involved in a job of this magnitude, he said it is important to keep the operation working properly at the port. “We can’t afford to close. In the coming days, we will meet with the people responsible for on-site activities and the different operators to evaluate the best way to take on the project,” he said.

On the other hand, the minister did not rule out other works at the capital’s port, either by the state administration itself or by other private concessionaires, such as those in the grain terminal area.

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This month, the Ministry of Infrastructure announced that it prepares the lease of the port company facilities in the Santos pier.

Bidding envelopes were opened for periodic maintenance dredging at the anchor points of the Ingeniero White, Galván, and Rosales ports and for the maintenance of dredging in the channels of the Bahía Blanca port system and the Puerto Belgrano Naval Base in Argentina.

For the first activity, the bidding companies were Cia. Sudamericana de Dragados SA, Gidrostroy Argentina SA, and Van Oord, the Dredging and Maritime Contractors of BV Branch Argentina – DYOPSA – UTE.

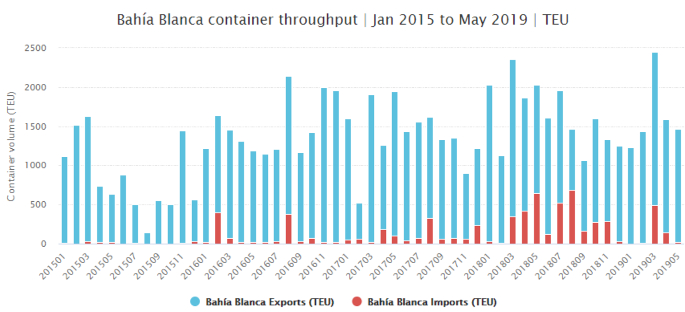
For dredging in the channels of the Bahía Blanca port system, the companies were Cia. Sudamericana de Dragados SA, Gidrostroy Argentina SA, Dredging International NV, Boskalis International BV Branch Argentina and Van Oord Dredging and Marine Contractors BV Branch Argentina – DYOPSA – UTE.

In the first case, the deadline for the project will be 27 months and includes the removal of sediment at the sites and maneuvering areas to recover the depths of the theoretical design.

In the other proposal, the project will be 30 months long. Restoration of the main access channel depths between 4 and 80 kilometers should be restored using a drag suction dredger. In addition, the Puerto Belgrano Naval Base access channel must be dredged in accordance with the stipulated conditions.

The 45-foot dredging of Bahía Blanca brings competitive advantages to the port, which can accommodate various types of ships, such as oil tankers or those related to wind energy.

The following DataLiner graph shows Bahía Blanca Port’s container throughput since January 2015:



Source: DataLiner

Shipping

The Baltic Dry Index (BDI), an index that brings bulk ocean freight shipping rates managed by London’s Baltic Exchange, is bringing good news to shipping companies that have struggled to survive over the past decade.

From the low 595 points on February 11, 2019, BDI reached 2,191 points on Monday, July 22, rising 2.68 times in just over five months. However, most of the gain came in the last month.

According to market analysts, the return of operations at the iron ore mine at Brucutu, coupled with China's iron ore orders, has suddenly increased demand for large vessels, raising the fee for bulk carriers

Capesize vessels, which are mainly used on long journeys to transport iron ore from Brazil to China, have a heavyweight in BDI. As demand for this class of vessels soared, there was a corresponding spike in the index.

Spot tariffs for Capesize vessels, with a capacity of 300,000 tons rose to US$32,000 a day last week from US$7,561 a day in February. For smaller Panamax ships, ocean freight rates increased from US$4,700 to US$17,348 a day.

Sea lines that have vessels available for spot charter will benefit most from the high prices as some of the larger ships are being upgraded with scrubbers, an instrument that can reduce their sulfur emissions. The International Maritime Organization has asked all ships to use 0.5% sulfur fuel from the current 3.5% as of January 1, 2020.

As a result, several ships are now at docks installing the scrubber that will allow them to use fuel with high sulfur content at a low price, further increasing the demand for large vessels.

Ores

The National Mining Agency (ANM) authorized Vale to partially resume the dry processing of the Vargem Grande Complex. The operations of the whole Complex were interdicted on February 20, 2019, as determined by ANM, in order to prevent any triggers that could compromise the stability of the Complex dams, as a result of activities that had developed at the site.

The authorization will allow the partial and progressive return of the Complex's dry processing, totaling around 5Mt of additional production in 2019 and, consequently, increasing the offer of Brazilian Blend Fines (BRBF).

Vale reaffirms its previously reported 307-332Mt iron ore and pellet sales guidance in 2019 and informs that current expectations are for sales to be around the center of the range.

Logistics

According to A Tribuna, **the São Paulo State Port Operators Union (Sopesp) will ask the State Government to remodel a road that could serve as new access to the Port of Santos**. It is about five kilometers from SP-048 that are not contemplated in the works of the city entrance.

The Port of Santos Authority Council (CAP) forwarded the request to the State Government. The expectation is that the remodeling of the road and structural reform will be necessary on the bridge that crosses the Casqueiro River.

According to the president of Sopesp, João Almeida, a section of this access road is part of the interventions that are already being performed at the entrance of the Santos Port area. However, it only reaches the Piratininga neighborhood.

"Analysing the traffic in that region and in Porto, we think: why can't the SP-048 be refurbished until the junction with Via Anchieta? It's a stretch of about five kilometers and could represent a big gain for the Port of Santos," said Almeida.

For the entity, the route could be a new exit for the maritime complex. In addition to helping urban mobility, it would also increase safety as it could become an escape route in the event of an accident on the Santos pier.

The president of the Association of Companies of the Industrial and Port District of Alemoa (AMA), João Maria Menano, agrees with the measure. He highlights the concern that the Santos pier cannot be held hostage to one single access. And he remembers the fire that hit Ultracargo's tanks a few years ago and blocked the area.

"I support all initiatives to improve access to Porto and the backport. It's very important," said Menano.

According to São Paulo Secretary of Logistics and Transport, João Octaviano Machado Neto, the section quoted by Sopesp is outside the concession area of Ecovias, the concessionaire that manages the Anchieta-Imigrantes System (SAI).

He states that the request has already been forwarded to the State Government and is easy to solve. "It's a matter of sitting down, talking, and resolving," said the secretary.

Captain Jorge Javier Mancuello, Paraguayan Naval Mayor General (PGN), has signed resolution 60/19, in which he limits the maximum draft size for navigation on the Paraguay River after its fall between March and June.

The PGN, within his role as river police and regulator of navigation, limits the draft to 10ft from Bahia Negra until the Remanso Castillo Bridge.

The draft allowed for sailing from Remanso Castillo to the 1240 km of the Paraguay River, at the confluence of the Parana and Paraguay rivers, is already 12 feet.

Oil & gas

Petrobras recorded a 0.5% drop in oil and NGL production in Brazil in the second quarter compared to the same period last year. In addition, the company reduced its target for the year amid asset sales, reduced production in mature fields, and ongoing maintenance, despite a 17% increase in key pre-salt areas.

In its production and sales report, the oil company reported domestic production of 2.05m barrels of oil and NGL per day between April and June. The amount, however, was 4.1% higher than the first three months of this year.

Total oil, NGL, and natural gas production totaled 2.63m barrels of oil equivalent/day (bbl/d), up 3.8% from the first quarter, but down 1% year-on-year.

"Despite the increase in production compared to the first quarter, the results were lower than initially expected," said the company, pointing to a review of its production goals.

Despite the entry of seven new production systems in 2018 and 2019, in the pre-salt Buzios and Lula fields, and the post-salt

Turtle Green fields, Petrobras had almost stable production compared to last year.

This is mainly due to the sale of 25% of the Roncador field and Petrobras America's assets, the effect of which resulted in a 72,000 bbl/d production reduction, maintenance shutdowns, and declining production of mature after-salt fields. .

Petrobras also reiterated the forecast of the P-68 platform for 2019 and the P-70 unit for 2020 to go into production.

Refining

In the refining area, processed cargo reached 1.7m barrels per day, down 5.7% over the same period last year and up 2% over the first quarter.

The Petrobras report also provided sales data, pointing to a decrease in gasoline sales in the Brazilian market in both quarterly and annual comparisons.
The state-owned company sold 367,000 barrels per day of gasoline in the second quarter, down 4.7% from January to March and 12.4% compared to the same quarter of 2018.

"Sales in the Brazilian market in the quarter were lower than in the first quarter due to the increased competitiveness of hydrous ethanol against gasoline, due to the beginning of the south-central sugarcane crop, which results in lower ethanol prices, favoring its consumption in some states," said the company.

Shares in Petrobras Distribuidora SA, Brazil's largest fuel distributor, rose more than 6% after the state-owned company decided to go ahead with the privatization of BR Distribuidora.

Petrobras concluded the offer of sale of company shares in an operation valued, according to market sources, at R$9.6m. With BR Distribuidora privatization, the company's share fell from 70.3% to about 37.5%.

Petrobras' new management is aggressively reducing its participation in downstream and midstream operations to enhance its focus on offshore oil exploration and production.

Its fuel unit operates the largest network of gas stations in Brazil, with over 8,000 outlets operating under its brand name, BR Distribuidora.

Shallow Water Oil Fields

Petrobras has signed two contracts this Wednesday (07/24) to sell oil fields in the Campos and Santos basins for US$1.5bn plus US$200m in future payments, the company said in a statement.

The Pampo and Enchova fields were sold to a Trident Energy subsidiary for US$851m and an additional future payment of US$ 200m, depending on oil prices. The Bauna field was sold for US$665m to a subsidiary of Australian Karoon Energy Ltd.

Sugar & ethanol

According to Valor**, India has vetoed Brazil for the presidency of the multilateral fishing subsidy sector at the World Trade Organization (WTO)**.

If India's position is maintained, it may increase diplomatic tension between the two countries that began with Brazil's decision to give up the developing country special and differential treatment (S&D), something that US President Donald Trump again demanded from emerging countries, such as India and Brazil.

During his March visit to the United States, President Jair Bolsonaro bargained with Trump that Brazil has given up this WTO treatment in exchange for US support to join the Organization for Economic Cooperation and Development (OECD).

S&D means more time for a country to implement trade commitments, lower import tariff cuts, and more subsidies for its producers, for example.

In the WTO, India, China, and South Africa, in particular, insist that S&D is an inalienable right of developing countries, without distinguishing between them.

Yet the US wants to change the list of countries that call themselves "developing" and reap the benefits of S&D in the WTO, pointing out rich countries that benefit from the mechanism, such as the United Arab Emirates, Qatar, Hong Kong, Singapore, Mexico, Korea, South, Turkey, and China.

India has also been denounced by Brazil in the WTO for illegal aid recently for giving more and more subsidies to its sugar producers, which knocked down the price of the commodity.

The volume of sugar exports at Brazilian ports in July will be the lowest in the last five years, with mills no longer exporting sugar amid falling global prices.

According to the navigational agency Williams, only 745,000 tons of sugar were loaded on ships in Brazilian ports in the first half of July, 28% less than in the same period last year, when production had already been reduced.

The volume is 63% lower than in July 2017, when it had a normal production volume (see table below).

In warehouses 20 and 21, operated by Copersucar, two vessels will carry 130,000 tons of soy. At the terminal operated by Rumo, a Cosan-controlled logistics company that has a 50% stake in the leader in sugar production Raízen, 10 ships are expected to be loaded with corn.

"Global demand for sugar has not fallen, it has even increased a little," says Julio Maria Borges, sugar and ethanol consultant for JOB Economia. "But there is a lot of competition out there. Brazilian mills would have to sell very cheap to make volume, and they don't want to do that," he said.

The Brazilian currency, which has increased by almost 10% in value against the dollar since May, further reduced the incentive for sugar exports.

"Many mills continue to focus on ethanol, which generates quick cash," says João Paulo Botelho, an alcohol and ethanol analyst at INTL FCStone. "They will wait for better prices to make and export sugar."

Expectations for higher sugar production in Brazil's current south-central sugarcane crop have not been met.

The share of sugar and ethanol production from sugarcane remains very similar to last year, when mills allocated 36% of sugarcane to sugar production, a record value, with everything else going to ethanol.

According to Única, Union of Sugarcane Agroindustry of the State of São Paulo, in this season the participation of sugar in sugarcane production was only 34.7%.

Sugar Production in Brazil from July 1st to 15th

year	Tons
2019	745,000
2018	1040,000
2017	2027,000
2016	1511,000
2015	1550,000

The following DataLIner chart shows Brazilian sugar export trends since January 2015:

Source: DataLiner

Meat

Minerva Foods' loss declined 88% in the second quarter of 2019 with the help of increased Argentine beef exports to China, which suffers from African swine flu that has decimated many of its pigs.

Between April and June, Minerva Foods had a negative net result of R$113.2m. During the same period last year, the net loss had been R$925.9m.

Minerva's chief finance and investor relations officer, Edison Ticle, said in an interview with Valor after the release of the balance sheet that the company would have profited had it not been non-recurring items.

These factors include an expense of about R$40m paid to the company's bond holders to release guarantees tied to the subsidiary Athena Foods. The release was critical for guaranteeing the initial public offering of the subsidiary on the Santiago (Chile) stock exchange but was postponed by adverse market conditions and is yet to occur.

Hyperinflation in Argentina was another factor that had an impact of R$40m in revenues, but without effect on the company's cash.

According to Ticle, operationally Minerva's second quarter results were positive, especially outside Brazil. The company reported positive free cash flow of R$99.8m, and the leverage ratio (ratio between net debt and Ebitda) was stable at 3.8 times.

Asian demand

Strong Asian demand for meat, especially from China, made Athena Foods, a subsidiary of Minerva's business group in Argentina, Uruguay, Paraguay, Chile, and Colombia, primarily responsible for the company's revenue, with 42% of gross revenue in the second quarter. This movement could be intensified in August, with the resumption of slaughter in the closed Venado Tuerto Argentine unit.

The meat business in Brazil, which includes exports made from the country, accounted for another 42% of gross revenue. The rest was generated in the trading area.

In the second quarter, Minerva's net revenue totaled R$4bn, an annual growth of 7.7%.

According to Ticle, demand from China could have been higher if Minerva had greater capacity to export to the country from Brazil. Currently, only the Barretos (SP) fridge is authorized to export to the Chinese.

To address this issue, the company expects more refrigerators to be enabled, possibly in August, during the visit of the Minister of Agriculture, Tereza Cristina, to the country. There are two Brazilian Minerva plants in line for the license.

Minerva is also optimistic about China opening up to Colombian beef, where the company accounts for 70% of beef exports.

According to Valor, **Marfrig Global Foods can acquire Paraguay's second-largest beef industry, Frigorífico Concepción**.

The refrigerator is for sale and can end up in the hands of Brazilian groups. In addition to Marfrig, JBJ Investimentos, owner of entrepreneur Junior Friboi – brother of Joesley and Wesley Batista – was also polled by advisers from the Paraguayan company, according to a source. In Brazil, JBJ owns the Mataboi refrigerator.

Frigorífico Concepción initial bid is considered high at US$230m, but it is already less than the US$300m it had requested a few years ago. The selling process is still in its early stages. At its peak, the Paraguayan company earned more than US$400m.

Sought by Valor, Marfrig did not comment on the matter. By e-mail, JBJ said it was unaware of "the information that JBJ would be evaluating the acquisition of the refrigerator." Concepción was not found.

According to three sources, banks Fator and Santander may participate in the transaction. The Spanish bank even sent potentially interested parties the opportunity to sell ("teaser" in market jargon).

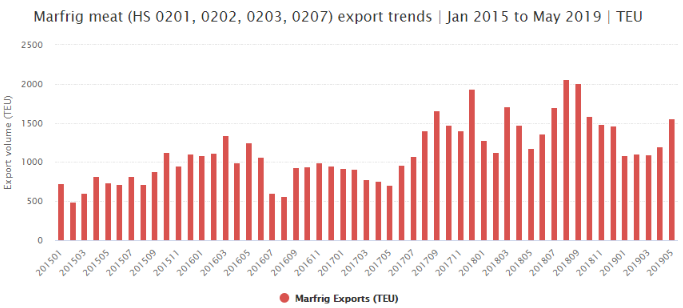
Brazilian Minerva Foods leads the Paraguayan meat industry, with almost 45% of exports. If a Brazilian group acquires Concepción, Brazil-based refrigerators will have 70% of Paraguay's beef exports and slaughtering capacity.

In the sector, it is believed that Marfrig is the main candidate to buy Concepción, as Minerva can hardly advance in the country due to competition issues.

In addition, Paraguay is the only South American country relevant to livestock in which Marfrig is not present. In Uruguay, the company leads in meat production and stands out as the leading private company. In Argentina, it is one of the largest exporters.

The possible purchase of Concepcíon would give Marfrig a relevant export platform from Paraguay. According to data from the Paraguayan government's National Service of Animal Health and Quality (Senacsa), the country's beef exports earned US$1bn last year. Of the amount, Concepción raised US$291m, according to a report from May by the Paraguayan risk rating agency Solventa.

The following chart form DataLiner shows Marfrig's beef exports in TEUs from January 2015 to May 2019:



Source: DataLiner

Grain

Chinese state media said that the United States (US) had shipped millions of tons of soybeans to China, especially after the leaders of the two countries met in June; however, the US government data show a much lower volume for imports.

The trade war between the United States and China has restricted US agricultural exports to the Chinese, with soybean sales falling since Beijing placed 25% tariffs on US shipments.

According to the latest USDA data, only 1.02m tons of soybeans have been shipped to China since the G20 meeting on June 28, ending July 18. These shipments reflected purchases made earlier this year. The USDA is due to release of new data.

Chinese television channel CCTV said the Asian country ordered the US suppliers about buying soy, cotton, pork, sorghum, and other agricultural products since July 19.

"As long as US agricultural products are reasonably priced and of good quality, new purchases will continue," the report said. The companies involved in the sales have requested exemptions from tariffs on agricultural products from Chinese customs, according to TV.

Jim Huang, chief executive of China-data.com.cn, an independent agriculture consultancy, said the purchases would be made by "state-owned companies and other major players, based on prices and demand. So the process will not be so fast".

"China is sincere in its negotiations with the US and is offering goodwill gestures," Huang said.

According to CCTV, the move would show China's willingness to promote US products and live up to the consensus reached between presidents Donald Trump and Xi Jinping at the G20 summit in Osaka in June.

Chinese and US negotiators are expected to meet in Shanghai for the first time since the summit, with talks scheduled to begin on July 30.

Earlier this month, the Trump government said it would exempt a relatively narrow list of 110 Chinese tariff products, including medical equipment and critical capacitors.

The state media reported on Sunday, "take concrete steps to implement its relevant commitments and create favorable conditions for bilateral economic and trade cooperation."

Meanwhile, customs data released on Saturday showed that China received 614,805 tons of US soybeans in June, down 2.5% from June 2018 and down 37% from 977,024 tons in May.

Brazilian wheat imports are expected to increase this year as part of the crop has been hampered by frost in the main producing regions of Paraná, which account for approximately half of the country's production. The information is from the Deral – Department of Rural Economy – of the Paraná Department of Agriculture and Supply.

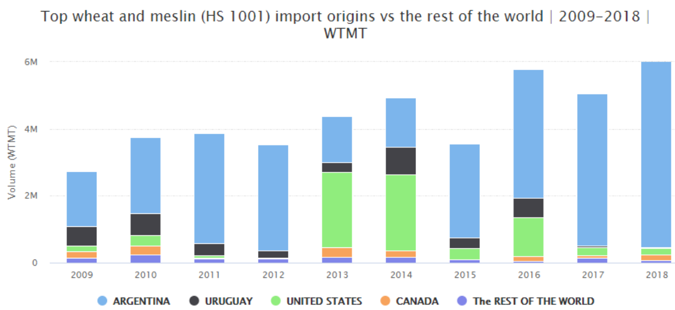
In a new crop forecast released, Deral estimates that production will fall almost 16% compared to the forecast released in June, to 2.72m tons in 2019.

According to Carlos Hugo Godinho, a wheat expert at Deral, with 500,000 tons less than expected production last month, wheat imports to Brazil are likely to increase.

"Imports should grow at the same rate as crop failure, perhaps a little less, depending on the quality factor," he noted.

Brazil is one of the largest importers of wheat in the world and, before the frosts, the federal government had estimated 7.2m tons of wheat imports this year, mostly supplied by neighboring Argentina.

The following DataLiner graph shows the main origins of wheat to Brazil:



Source: DataLiner

The harvest will begin in late August in Paraná, which produced 2.8m tons of wheat last year, as frost also damaged the fields.

According to Bloomberg, **China has authorized five of its companies to buy US soybeans without tariff**: state-owned

Jiusan Group, Shandong Bohi Industry Co, privately held China Sea (Zhonghai) Oil Industry Co, Yihai Kerry Group (Chinese subsidiary of Singapore-based Wilmar International Ltd) and Hopefull Grain & Oil Group.

The companies will be able to buy up to 3m tons of soybeans from the United States, which was interpreted as a gesture of goodwill towards the US. There may also be a second round of imports depending on how trade negotiations progress.

China's US soybean imports plummeted to near zero late last year after China adopted a 25% soybean tariff.

The decision to authorize the purchase of soy without tariff was made after a meeting between the Chinese government and buyers of the commodity in Beijing.

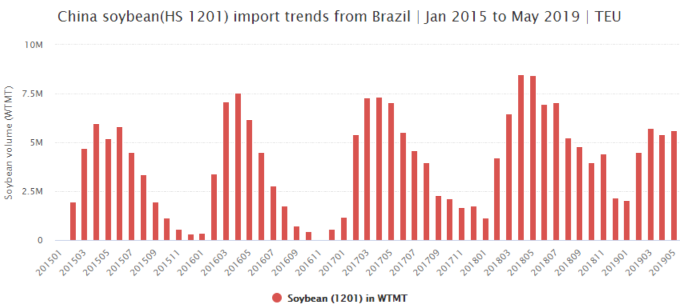
In addition, US President Donald Trump had complained that China had not increased its purchases of US agricultural products, a promise he said was made by Xi Jinping at the G20 summit in Osaka last month.

The world's largest soybeans consumer, China, reduced imports from Brazil by 13% to 20.07m tons in the first four months of 2019, from 23.08m tons shipped in the same period last year, according to Cargonave shipping agency. The Asian country's share of Brazil's soy exports fell to 72.8% in the period, compared to 77.6% in the same period of 2018, despite China imposing tariff on US soybeans.

The African swine flu, which has wiped out many of China's pigs, is one of the reasons for the downturn, as soybeans are the main raw material for making pig feed.

US trade representatives are expected to visit China. Trade talks between the two countries – which have been waging a tariff war for more than a year and have not been talking since May – are expected to advance.

The following DataLiner graph shows Brazil's soybean export trends to China from January 2015 to May 2019:



Source: DataLiner

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