

## Dr Cordonnier Highlights on South America

Date: Monday, November 16, 2020,

### **2020/21 Brazil Soybean Estimate Unchanged at 132.0 Million Tons**

- Neutral to slightly lower bias going fwd
- Weather improving somewhat, but rains still hit and miss and not typical start to summer
- MG for ex only 20-40% of normal rainfall over last 2 months
- Weekend rains favored N/E areas of Brazil
- Southern Brazil dryness major concern going fwd
- Crop is 70% planted LW vs 69% avg
- Brazil soybean yields still could be OK if weather cooperates going fwd which has not been the case in the 3 largest producing states of MG, Parana, and RG do Sul (driest)
- Biggest concern is potential for periods of dryness during Dec/Jan esp in S Brazil when crop is filling pods
- Know for sure; 1) crop is going to be later than normal, program won't really ramp up until late Jan or early Feb. So multiple vessels won't be leaving Brazil until mid Feb, 2 weeks later than LY and 2) safrinha corn is going to be planted later than desired and a large % after the ideal planting window closes about the 3<sup>rd</sup> week of Feb

### **2020/21 Brazil Corn Estimate Lowered 2.0 mt to 106.0 Million**

- Neutral to lower bias going fwd
- Corn could impact corn more so than soybean production as corn has one chance to successfully pollinate and produce grain, where beans is ongoing
- The dry conditions in S Brazil have already compromised yield potential for full season corn and safrinha will be later than normal
- RG do Sul full season corn Jan-Mar of this year 386 municipalities in state declared state of emergency due to drought. Nov starting off hot and dry like Oct down in RG do Sul and still 20 municipalities in state of emergency w many more expected. Trucking water to rural areas for livestock and humans. Already seeing losses with farmers reporting few ears and est. 20-30% lost already and growing
- Strengthening La Nina that is already moderate to borderline strong
- La Nina=dryer than normal weather in S Brazil and Arg and below normal rainfall for at least Nov and Dec
- Farmers have sold 70% of 19/20 corn production at avg price of \$6.19/bu, up 11% vs last Nov when price was \$2.82/bu!
- Mato Grosso safrinha corn—est in some areas as much as 20% of corn will be planted during month of March, late!
- IMEA saying farmers in MG has sold 97% of 19/20 corn and 60% of 20/21 corn and 4% of 21/22 corn; values \$5.20, 3.70, and 3.42 respectively for the diff years a bu

## 2020/21 Argentina Soy Estimate Lowered 1.0 mt to 50.0 Million Tons

- Neutral to lower bias going fwd
- Weather favorable for soybean planting in C/S areas of Arg
- Weekend rains benefited W areas of Arg
- Eastern Arg mostly dry—dryness concerns in Santa Fe, Entre Rios, and E Buenos Aires
- The weather this week dry across Arg w improved chances of rain next week
- Very early to be adjusting sb yields, but Dr C is concerned about dry start and longer range forecasts calling for dryer than normal conditions atleast through Nov/Dec
- 20% planted vs 24% avg. Last week was a good week of planting

## 2020/21 Argentina Corn Estimate Unchanged at 49.0 Million Tons

- Neutral to lower bias going fwd
- Spotty growing season to start, some areas still waiting for moisture
- 31% planted vs 38% avg
- Farmers start planting 2<sup>nd</sup> phase of corn in early Dec
- 31% of total 20/21 crop planted during early phase, which is less than normal around 45%. Will farmer plant less corn? His geuss is yes but wont know until Jan sometime

## Deforestation in Amazon Biome of Northern Mato Grosso

There is always a lot of negative news about illegal fires and deforestation in the Amazon Biome of Brazil and the difficulty in trying to monitor and police such an expansive area. But sometimes, there is good news as well.

That was the case last Friday when the Environmental Secretary for the State of Mato Grosso announced their two most recent raids in northern and northwestern Mato Grosso that resulted in the arrest of illegal loggers, confiscation of equipment, and fines of millions of reals.

The raids were carried out by the Brazilian Military Police in conjunction with the Plant and Animal Protection Bureau of the State of Mato Grosso, and the Brazilian Army as part of "Operation Northern Amazon Arc" that include state agencies such as the Secretary of Public Safety, the State Police, the local Fire Departments, the Environmental Protection Agency, and state and federal agencies. Between January and October of this year, the operation has issued fines totaling R\$ 2.5 billion (approximately \$475 million) involving 566,000 hectares of illegal fires and deforestation (1,398,000 acres).

Between January and October of this year, "Operation Northern Amazon Arc" has arrested 332 individuals for illegal activities and confiscated 112 chain saws, 1 helicopter, 645 pieces of equipment, 110 trucks, 163 tractors, 72 bulldozers, and 31 guns in addition to confiscating the illegal lumber (pictured below) and the land that was illegally cleared. More work needs to be done for sure, but sometimes we need to acknowledge positive developments!