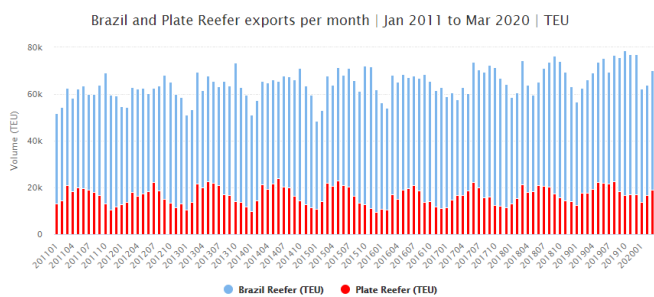


Main news

Information from Datamar's flagship product DataLiner shows that Brazilian exports in reefer containers in the first quarter of 2020 grew 6.8% compared to the same period in 2019, driven mainly by an increase in exports of animal protein. Pork exports rose an amazing 43.34% while chicken exports increased 6.64%. Beef exports fell 5.86% although March figures show growth of 2.22% compared to March 2019.

Argentina and Uruguay also saw reefer container exports rise in the first quarter of 2020 compared to the same period in 2019, up 4.7%.

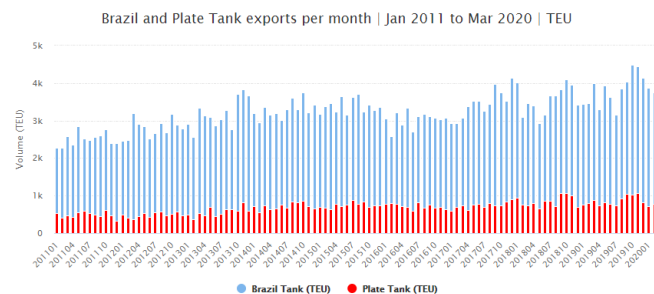
The graph below shows reefer exports from Brazil and the Plate region:



Exports of tank containers grew even more in the same comparison, up 11.3% in the first quarter of 2020 compared to the first quarter of 2019. The main driver was a 7% increase in exports of edible fats and oils, associated to the devalued Brazilian currency.

In the Plate, exports in tank containers fell 6.2% in the same comparison.

Check out below the exports of tank containers from Brazil and the Plate:



Ports, terminals and infrastructure

On May 15th, Argentina's General Administration of Ports (AGP) granted an extension to concessions for operational groups Terminal de Rio da Prata (TRP), APM Terminals, and Hutchinson Ports after numerous meetings coordinated by the entity and the Transport Ministry. The extensions are valid for 24 months and were made, according to AGP, in order to secure jobs as well as Argentina's foreign trade, whilst buying more time to develop the specifications for the new bidding

process for the port of Buenos Aires, which will focus on modernization and competitiveness of the country's main port.

According to the president of the AGP, José Bení, thanks to cooperation by all sectors of the logistics industry, it was possible to achieve this common objective. Up until yesterday, the day before the concessions were due to expire, there had been much uncertainty about the renewal of the concessions, since there is much tension in the relationship between the TRP and APM terminals.

On May 13th, Tecon Salvador received three portainers (ship to shore cranes) and five RTGs (patio cranes on wheels), to be used in the area that is being expanded by the terminal.

RTGs handle 65 tons at a time, and will serve vessels similar to the largest container carriers in operation in the world, with a hoisting capacity of 51 meters. With the current investments in the expansion project (around R \$ 443 million), the terminal, located in the state of Bahia, will be able to dock two large vessels (366 meters) simultaneously.

Brazilian port workers are starting to be more significantly impacted by Covid-19, with more cases cropping up. According to a report published by Bloomberg, at Santos, at least three private terminals that handle soy, corn, sugar, and coffee registered two cases each of Covid-19 in the last two weeks. Although infections have not yet restricted operations, terminals are struggling to contain the outbreak at a time when exports are heated. To avoid further damage, the terminals are implementing social distance measures, in addition to a contingency plan that includes the hiring of outsourced workers to replace potential absenteeism.

Contaminated crews - In addition to terminal workers, Covid-19 has been increasingly affected crews of ships anchored at the port. This Thursday, it was confirmed that of the 21 crew members of the Log-In Jatobá container carrier, 14 are contaminated with Covid-19. The vessel remains moored in the Port of Santos in quarantine determined by Anvisa (National Health Surveillance Agency). The vessel and the crew are of Brazilian nationality.

In addition to the Log-In Jatobá, three other ships are quarantined at the Santos pier. They are the cargo ships MSC Giselle and Bárbara, in addition to the passenger ship MSC SeaView.

On May 12, the Infrastructure Ministry signed eight contracts for the development of Private Use Terminals (TUPs) in the North, Northeast, South, and Southeast regions of Brazil.

According to the entity, four are contracts for new areas and the other four are for developing existing areas and for modifying the type of cargo they handle.

The companies that will manage the new TUPs are Petrocity Portos S / A, in Vitória (ES), Dock Brasil Engenharia e Serviços S / A, in São Gonçalo (RJ); MFX do Brasil Equipamentos de Petróleo Ltda, in Salvador (BA); and Camera Agroalimentos S / A, in Estrela (RS). The contractual amendments will be signed with the companies Bahia Mineração, in Ilhéus (BA); Bianchini S / A, in Canoas (RS); Transportes Bertolini Ltda., in Manaus (AM); and J. F. de Oliveira Navegação Ltda., in Belém (PA).

The highlight of all these agreements is Petrocity Portos S / A, in Vitória (ES), which plans to invest R\$3.2 billion in a terminal dedicated to containerized and general cargo, with an area of

1.7m². The TUP should be able to handle around 1.1 million tons of general cargo and liquid bulk, 475 thousand vehicles, and 19.2 million tons of containerized cargo per year.

On the 11th of May, the Ministry of Infrastructure published an ordinance that regulates the minimum wage payment for the port workers who are on leave due to the new coronavirus pandemic.

In April a law was put into effect that regulated wages for port workers during this pandemic. The workers will receive a monthly amount that corresponds to 50% of the average gross remuneration received between October 1, 2019, and March 31 of this year.

The amounts must be paid by the port operators or service borrowers who request the work of these professionals from the Manpower Management Agency (OGMO). If this payment has an impact on the already signed lease agreements, economic-financial rebalancing will be available. The order must be made directly to the port administration. The National Waterway Transport Agency (Antaq) will be responsible for arbitrating any conflicts.

On May 9th, in accordance with health safety measures, the MSC Giselle (on the FI018R voyage) had to suspend its operations at the Santos terminal BTP, as two cases of COVID-19 were detected amongst the on-board crew. By order of the relevant authorities, the vessel was immediately into quarantine at the designated area at the port, where it will wait until May 23 to resume its journey.

As the operation was interrupted when positive cases were identified, some containers were not shipped and others were removed from the deck due to operational planning, or placed in the terminal yard, without being able to be reloaded onto the vessel. MSC has stated that it will contact customers and partners individually to explain the status of all cargo and to minimize operational and commercial setbacks. The shipping line said it was cooperating with the authorities involved in this process, and taking all the necessary precautions.

Shipping

In the first quarter of 2020, Hapag-Lloyd recorded EBITDA (earnings before interest, taxes, depreciation, and amortization) of US\$517 million (EUR 469 million), and a net income of approximately USD 27 million (EUR 25 million).

“Despite the coronavirus pandemic, 2020 got off to a good start. An increase in throughput and better freight rates increased our revenue. Our financial result is below that of the first quarter of last year, as we have faced higher bunker prices due to the new rules introduced by the IMO in 2020. We also had a devaluation in bunker stocks after a drop in crude oil prices at the end of the first quarter,” says Rolf Habben Jansen, CEO of Hapag-Lloyd AG.

Hapag-Lloyd’s revenue increased during the first quarter of 2020 by about 6%, totaling US\$3.7 billion (3.3 billion euros). This can be attributed mainly to a 4.3% increase in throughput, more than 3 million TEUs, and an improved average freight rate of US\$1,094 per TEU. Transport expenses increased by almost 10% mainly due to the increase in bunker price from US\$98 to US\$523 per ton as a result of the transition to oil with lower amounts of sulfur which was required by IMO 2020. This had a negative impact on

profits, as well as a devaluation of bunker stocks equivalent to US\$64 million (approximately € 58 million) due to the rapid decline in oil prices that started at the end of the first quarter.

“We anticipate that the coronavirus pandemic will have a very significant impact in 2020, starting in the second quarter. Our main focuses will continue to be the safety and well-being of our employees, as well as our customers’ supply chains. We have adopted a wide range of measures designed to save on costs and to safeguard our profitability and liquidity. We have adjusted our service network accordingly with the lower amount of demand and seek to save in all categories, from terminals, transportation, equipment, and network costs to general expenses”, concludes Rolf Habben Jansen.

In a webinar promoted by Maersk entitled “Logistics in challenging times”, the company’s commercial director, Gustavo Paschoa, explained that with exports going at a strong pace and imports not keeping up with this demand, the supply of containers has become a critical factor in shipping. “We started to have an imbalance between imports and exports, and ensuring the availability of containers and space on ships has become an extremely critical factor in this challenging moment,” said Paschoa. “Our main focus is to avoid any disruption to our customers’ logistics chain,” he added.

According to the executive, Maersk is using several strategies to decrease or increase traffic, maintain cargo in hubs or ports through its warehouses, or even using other routes. “In addition to the need for programs and solutions to mitigate the moment we are going through, it is necessary to accelerate digital channels to gain productivity and service differentials, such as Maersk Spot, the company’s digital bookings tool, where, among other advantages, it guarantees the availability of equipment and space on ships,” he added.

Jorge Buzzetto, director of Supply Operations for Syngenta in Brazil, who also participated in the event, stated that the current logistics scenario requires transparency, traceability, visibility, and reliability to be successful. “What we are looking for at Syngenta is to ensure the most accurate information flow possible and today we are able to have visibility of where our product is in this international movement,” said Buzzetto. “Syngenta has risk management with operations around the world, often with a duplicate source of supply. We have supplies in India, China, Europe, and the USA, and that makes us create a supply chain, which helps to overcome the challenges of the current scenario with several countries entering into isolation”.

Flávio da Rocha Costa, General Logistics Manager at Eldorado Brasil Celulose, explained in the webinar that the Company has not yet felt any impacts on sales and logistics operations and that the factory continues to produce, since cellulose is an essential product used for the production of toilet paper, disposable papers, prescriptions, special papers, medicine, and food packaging. The company produced about 1.7 million tons of pulp in 2019, and is expected to continue with the same amount in 2020.

At Seara Alimentos, there was an integration in the entire logistics chain. “A lot can be learned in those moments that force us out of our comfort zone. Two months ago, if I was asked if 100% of the team could work remotely, my answers would certainly be negative. In a few days we organized the entire remote operation and changed the way of thinking and working”, said Gabriela Ristow Cavalca. “We look for integration with the entire logistics

chain and we see many opportunities. I see people more integrated, committed, and acting with great empathy, always putting themselves in the other's shoes", he concluded.

CMA CGM obtained a loan of 1.05 billion euros (US\$1.1 billion), with the French government backing 70% of it, so as to reinforce its cash flow during the new coronavirus pandemic. The loan, guaranteed by a consortium of banks formed by BNP Paribas, HSBC and Société Générale, has an initial deadline of one year and an option to extend it for up to five years, said CMA CGM in a public statement on Wednesday, May 13. The French government is offering to be the guarantor for billions of euros in loans so as to support French companies during the crisis.

"CMA CGM's cash-flow is further strengthened by this loan so that we can face uncertainties in the global economy which are consequences of the current health crisis," said the group. CMA CGM said it expects a 10% drop in throughput for the first half of 2020 when compared to the previous year. The company had a net loss last year and has been trying to reduce its debt after the acquisition of Swiss CEVA Logistics with the aim of expanding its presence in non-maritime transport.

The Itaipu Plant announced that starting on Monday, May 18, it will open its spillway to help Paraguay and Argentina, which are suffering from a drought and hence having problems transporting their grain harvest. Below the point where the power plant is, the Paraná River is very low, thus impairing cargo transportation via this route. The measure was a decision made by the Brazilian and Paraguayan chancelleries but it will also benefit Argentina.

The initial opening of the spillway is expected to last 12 days. According to the plant, there will be no loss for energy production, since the demand requested from Itaipu remains low due to the economic slowdown. According to the statement, for more than a month, the Brazilian, Paraguayan and Argentine governments have been negotiating the opening of the spillway, but initially, the hydroelectric reservoir was not at its normal level, which is 219 meters above sea level.

Since last week, the level has returned to normal and is now at 219.27 meters. The plant also stated that before the opening of the spillway it had already gradually increased power generation to serve Argentina. With this increase, the increase in water that passed through the turbines, at around a thousand cubic meters more per second, was already contributing to mitigate the effects of the drought just below the plant.

A.P.Moller-Maersk reported positive financial results for the first quarter of this year, despite the impact of the COVID-19 pandemic on global trade. According to the company, earnings before interest, taxes, depreciation, and amortization (EBITDA) increased 23% year-on-year to US\$1.5 billion. Revenues increased slightly, reaching US\$9.6 billion.

"In the first quarter of the year, A.P.Moller - Maersk again showed profitable growth. The strong results were obtained during a quarter with sharp increases in the cost of fuel, derived from the industry's switch to low sulfur fuel, and in the context of a contraction in global trade, due to blockages in most regions", says Søren Skou, CEO of AP Moller - Maersk.

The EBITDA on maritime services increased by 25% to US\$1.2 billion in the first quarter of 2020. More than 90 crossings were canceled, leading to a 3.5% decline in Maersk's average capacity used in the first quarter.

For land transport, Logistics & Services, excluding the freight forwarding business, EBITDA increased from US\$49 million to US\$69 million. The infrastructure, which includes Terminals & Towing, and Logistics & Services, excluding freight forwarding, recorded revenues of US\$2.1 billion, down from US\$2.3 billion in the same period last year linked to a decrease in revenue caused by COVID-19.

The company's expectation is that volumes in the second quarter will decrease in all businesses, possibly by 20 to 25%. "2020 is a challenging year, but as we proactively respond to lower demand and show progress in our transformation and financial performance, we are strongly positioned to weather the storm," says Søren Skou. Maersk believes that global demand for container shipping is expected to decline in 2020 due to the new coronavirus. Previously it had grown by between 1-3%.

Grain

In the first four months of this year, Brazilian agribusiness exports totaled US\$31.40 billion, marking a 5.9% increase year-on-year. The growth of agribusiness exports resulted in an increase in volumes of 11.1%, while the index price suffered a drop of 4.7%.

According to the Department of Trade and International Relations (SCRI), these sales broke the record for the largest amount ever shipped between January and April. These numbers were responsible for almost half of all Brazilian exports (46.6%). Imports, in turn, reached US\$4.57 billion (- 4.5%). As a result, the agribusiness trade balance surplus was at US\$26.83 billion in this period.

Soybeans and beef - soybean grain exports broke records in this period, both in revenue (US\$11.50 billion) and in quantity (33.66 million tons), despite the 4.2% drop in the average price for this product. China received 73.4% of Brazil's grain exports during this four-month period, marking a 26.6% increase in relation to the same period last year.

Beef exports were the most exported meat during this four-month period, accounting for 45.3% of all meat revenue. Fresh beef sales broke a record in terms of revenue (US\$2.13 billion) and quantity (469,760 tons). China bought almost half of Brazilian beef exports in this period (49.6%), becoming the country that most contributed to the export growth in comparison to 2019.

An analysis by ED&F Man Capital Markets identified that Brazilian soybeans should remain attractive for export in the second half, prolonging competition between exporters and processors for raw material during the last six months of the year, when the industry normally has good margins for soy bran. This attractiveness for exports is expected to challenge the balance of soy supply and demand in Brazil this year, as the exchange rate at historic highs makes Brazilian products very competitive.

In April, the country exported a record monthly volume of soybeans of above 16 million tons, according to government data. At the same time, soybean crushing margins in Brazil since mid-

March are above the historical average for the period, with good demand from the domestic meat industry. The following chart shows Brazilian soy exports to China and the rest of the world since 2015:

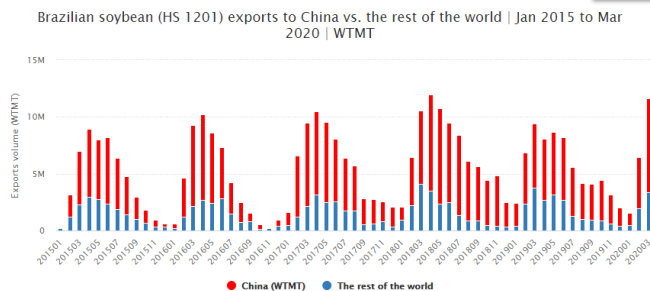


Chart source: DataLiner

On May 12, the Council of Coffee Exporters (Cecafé) reported that Brazilian exports of robusta coffee increased by 30.3% in April 2020 year-on-year, with 313,000 tons of exports.

Green coffee exports grew 1.5% in this same period, totaling 2.99 million 60 kg bags.

According to Cecafé, the green coffee results were a “positive surprise”, exceeding the projected volume for the month. Arabica exports fell by 1.1% last month when compared to April 2019, totaling 2.7 million bags.

Meat

According to April data released by the Brazilian Animal Protein Association (ABPA), 72,800 tons of pork were exported during the month, registering 19% year-on-year growth, when 61,100 tons were exported. Revenues increased by 31.9% over the same period comparison, with a total of US\$165.2 million generated in April, compared with US\$125.2 million in April 2019.

The cumulative total exported in the year until April reached 280,800 tons, a volume 28.4% higher than year-ago levels, when 218,700 tons were exported. In revenue, the cumulative total stood at US\$650.3 million, 53.5% higher than the corresponding period last year, at US\$423.6 million.

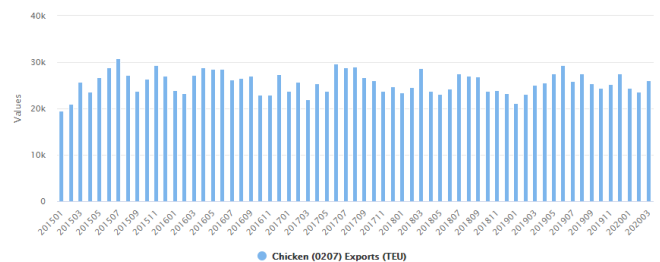
According to ABPA, the African swine flu, which has affected China since 2018, has favored Brazil’s pork exports, as pork is a Chinese favorite. The chart below shows the history of Brazilian pork exports since 2015:



Chart Source: DataLiner

Data from the Brazilian Animal Protein Association (ABPA) shows that chicken exports (both fresh and processed) grew by 5.1% in the first four months of 2020 year-on-year, totaling 1.365 million tons. Apart from higher sales to China, there was a considerable increase in exports to Africa, Asia, and the Middle East.

Considering only the month of April, there was a 4.7% drop in protein exports, equivalent to 343,300 tons shipped, compared to 360,100 tons in April 2019. The following chart shows Brazilian chicken exports since 2015:



Source: DataLiner

Other cargo

According to Argentina’s National Health and Agrifood Quality Service (Senasa), fresh fruit exports totaled 278,099 tons in the first four months of 2020, a 13.9% increase compared to the 244,220 tons shipped in the same period last year. During this period, Argentina exported 82,609 tons of pears, marking an 8.5% year-on-year increase. The main destinations were Russia (53,296 tons), Brazil (34,561 tons), United States (30,692 tons), and Italy (24,473 tons).

For apples, 38,111 tons were exported between January and April, representing a 31.6% year-on-year rise, with the main destinations being Brazil (11,106 tons), Paraguay (5,944 tons), Russia (4,301 tons), Bolivia (3,860 tons) and the United States (1,610 tons).

Lemon exports totaled 30,082 tons during this period, which marks an increase of 64.8% compared to the 18,259 tons shipped between January and April 2019. Orange exports in the first four months of 2020 totaled 13,635 tons, which is a 20% increase compared to year-ago levels. The markets that most imported Argentine lemons were Russia (15,362 tons), Holland (1,796 tons), Greece (1,741 tons), and Canada (1,360 tons), while Paraguay received the largest amount of Argentine oranges exported totaling 13,611 tons.

Senasa also registered growth in the exports of tangerines and cherries, with 2,422 tons and 2,145 tons exported respectively, **signifying growth of 10% and 65% respectively year-on-year.**

Trade

On May 12, China announced a new list of 79 US products eligible for retaliatory tariff exemptions. The tariffs had been adopted during the trade war between the two countries. The new exemptions will take effect on May 19 and expire on May 18, 2021. The list includes rare earth metal ore, gold, silver ore and concentrates. In February, China had previously reported exemptions for 696 US products, including soy and pork.

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