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NEWSLETTER

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INDUSTRY OFFERS RETAILERS MORE MONEY TO BOOST SALES

The current scenario of fiercer competition between brands, following the drop in consumer disposable income, has made the industry spend more to try to improve its sales. Amounts paid by companies to retail chains, or negotiations involving discounts on invoices, lost strength in the first year of the pandemic, but accelerated again at levels above those of the last five years.

According to a survey conducted by Valor based on the financial statements of eight major chains that publish these figures, over R$2 billion in commercial funds were paid by manufacturers to retailers in 2021, a rise of 11.6% over 2020. For comparison, this expansion rate is more than double the average annual growth of 5.7% seen since 2016.

According to calculations, there was a 3.4% drop in the total amount in 2020 compared to 2019. When the health crisis began two years ago, the payment of emergency aid by the government supported the accelerated demand in consumption, and without the need for companies to support much more aggressive actions, some payments lost strength – a different picture from today.

The information was collected from the footnotes and/or financial reports released by GPA, Assaí, Carrefour (including Atacadão), Americanas, Magazine Luiza, Raia Drogasil and Panvel. Among all the companies, in two there is practically stability (GPA and RD) and in only one, Americanas, there is a drop, of 9.5%, in the amount.

There are companies that do not inform these numbers in their reports, such as Via and Grupo Mateus – the publication is not mandatory, according to Brazilian accounting standards. The industry does not usually inform this data in their earnings reports (Whirlpool, Ambev and M.Dias Branco, for example, do not disclose the information), so the best barometer is the retail market. Adding up all the chains, the expansion in disbursements is in line with the increase in total gross revenue in 2021 (11%).

According to consultants who work with the networks, these negotiations accelerated as of 2021, in a movement that has been extended through 2022, with a focus on increasing sales by commercialized volume. In 2021, much of the increase in revenue came from rising inflation, and not from volume (which even shrank in certain products).

“In the good years, companies take their foot off the gas in terms of funds. That’s not to say that retailers won’t continue to negotiate this with industry, but the commercial stimulus drops. But everything indicates that 2022 will be a year of more bumps, and with retailers feeling more pressure on cash, the need for these agreements on the store side increases,” says Eugenio Foganholo, head of consulting firm Mixxer.

“What happened in 2020 was a disruption of products, with the crisis of the supply chains in the pandemic,” says the chairman of the board of a retailer in São Paulo. “There was a shortage of merchandise, from cell phones to furniture, and no one had to beat a drum to sell. Part of 2021 wasn’t bad either, and that made the funding for actions in TV disappear. But if you look now, there are even wholesalers advertising meat and beer offerings in prime time. And the industry is the one who pays for part of this, under the cooperative advertising agreement.”

These negotiations involve marketing funds (support for campaigns in newspapers, on TVs), or in shelf exposure (who pays more has better space). There are still bonuses associated with industry purchase and customer sales targets, and freight reimbursements. If the chain exceeds the goal, a bonus is paid. And the payment can be made through the reduction of invoices payable to the industry.

Store openings are still part of the negotiations, although they do not involve such significant amounts, through the free delivery of initial batches of products to new stores. Openings receive greater funds than refurbished stores – last year, openings and conversions grew more than in 2020. Between openings and closings, the balance was positive in 204,000 stores, and in 2020 there were 75,000 closings. For 2022, the projection is for a new positive balance.

Among the cases analyzed, Carrefour (whose largest business is Atacadão), Dimed (Panvel) and Assaí lead the increase in payments, with expansion of 32%, 22% and 18%, respectively, in 2021 versus 2020. Carrefour integrated at the time the Makro chain to its store base, absorbing new contracts. The chain and Assaí have resumed openings since 2021.

Consultants also point out two aspects in these negotiations: the pressure that the industry itself faces in its expenses and the effect of high inflation in these trade agreements. Manoel Araujo, head of Martinez de Araujo Consultoria de Varejo, remembers yet another aspect. “I have five brands of a certain product in the store, and I signal that I will look for other cheaper brands in the market. I can still use the store’s own brand, which fits like a glove in these times of crisis. This all ends up entering the daily negotiation of discounts,” he says.

Despite the fact that, strategically, these negotiations are fundamental in the sector. Brazilian accounting rules do not require the disclosure of those numbers in the footnotes or in the earnings reports. And the subject has already been the target of fraud in the sector years ago.

There are chains and industries that only mention in the footnotes the existence of commercial agreements, and others that specify them in the "accounts receivable" or "suppliers" lines. The amount is also credited as a type of credit of the cost of the goods purchased.

Audit reports on chains's financial statements often cite the bonuses as a "significant" issue that merits exchange of information with management for further clarification but conclude that the handling of the issue in statements is "acceptable". In 2003, Dutch retailer Royal Ahold admitted that its profits were inflated by $500 million between 2001 and 2002 because of the inclusion of bonuses that never existed.

Source*: Valor International*
https://valorinternational.globo.com/

April 04, 2022

SUZANO TARGETS NEW MARKETS OF $115BN

Suzano, the largest producer of eucalyptus pulp in the world, plans to enter new markets of $115 billion a year that are likely to grow in tandem with the decarbonization agenda. The company says its transformation project toward the bioeconomy remains firm and cited four fronts: textile, carbon, bio-oil and microfibrillated cellulose.

"We will continue delivering results in the short term. But we have to look to the future, to think on how we will operate to transform the company and the society", said on Wednesday CEO Walter Schalka.

Some of the new businesses are in the process of becoming operational. The company has already submitted for certification 7,5 million tonnes of carbon equivalent — from a total of 30 million tonnes that can be exploited — and these credits will be traded on the voluntary market, said the director of New Business, Strategy, IT, Digital and Communication of Suzano, Christian Orglmeister.

In addition, the first textile fiber plant from microfibrillated cellulose in partnership with Finland's Spinnova starts production at the end of the year — this market alone is estimated at $70 billion.

Some of these businesses are on the verge of becoming operational: the company may soon trade 7.5 million tonnes of carbon equivalent in the voluntary market, and the company's first textile fiber mill in partnership with Finland's Spinnova will start production at the end of the year.

Marcelo Bacci, Suzano's chief financial, investor relations and legal officer, said that the reduction of the company's disbursements to R$1,500 per tonne by 2027, considering investments and production costs, will increase free cash flow generation by R$2.3 billion a year. In 2021, these disbursements totaled R$1.669 per tonne.

The Cerrado project, which foresees the installation of a pulp mill with a production capacity of 2.55 million tonnes per year in Ribas do Rio Pardo (Mato Groso do Sul), will contribute to these gains, since it will have the lowest cash production cost in the world.

The new pulp plant under construction in the interior of São Paulo will bring greater energy efficiency and reduce the pulp cash cost by R$115 per tonne, which means an impact of R$12 per tonne on the company's cash cost.

"The project will have high energy efficiency, allowing for a 64% growth in energy generation per tonne produced," said Aires Galhardo, Suzano's head of pulp operations.

The company currently generates 0.14 megawatt per tonne and will reach 0.23 MW per tonne when the project is operational, as it will generate 0.63 MW per tonne.

The global demand for hardwood pulp will continue to grow over the next few years, driven mainly by the tissue, packaging and specialty paper segments, said Leonardo Grimaldi, the company's head of commercial pulp, people and management.

The company estimates that the global consumption of hardwood will organically increase by 4.7 million tonnes in the next five years, to 41.1 million tonnes in 2026.

But the prevailing assessment is that this increase can be higher considering two major trends: the replacement of other fibers for hardwood pulp and the migration of plastic to materials from renewable sources, potentially expanding the consumption of the raw material to 43.1 million tonnes in 2026.

On the supply side, considering the projects already unveiled, the expanding capacity including closures and conversions may reach 6.9 million tonnes in the period.

However, supply disruption has occurred more and more frequently and is expected to reduce the additional volume of fiber in the market in the coming years, the executive said. Historically, 700,000 tonnes produced in older mills leave the market each year. This volume reached 2 million tonnes in the 2020-2021 period, he added.

In this scenario, the operation rate of the global industry would be 91% in 2026, compared with 90% in 2021, Mr. Grimaldi said.

Suzano will continue to grow on the tissue paper market and this expansion can be organic, through investments on new projects, or via acquisition, Luís Bueno, the company's head of consumer goods and corporative relations, said recently.

The executive recalled that there is much room for expanding the demand for tissue in Brazil, given the low per capita consumption index in relation to other markets. Last year, the company operated at 100% capacity in tissue.

Suzano entered this market in 2018 with an initial focus on the North and Northeast regions, where it is already the leader with 66% and 28% shares, respectively. After advancing into the Central-West and Southeast regions, it ended 2021 as the third largest player in this market, with a share of 11.2%.

Source*: Valor International*
https://valorinternational.globo.com/

April 05, 2022

FLOW OF FOREIGN CAPITAL TO BRAZIL WILL CONTINUE, GOLDMAN SAYS

The flow of foreign capital to Brazil will be sustained in the medium term and there will be a new phase of investments towards fixed income assets, said Ricardo Mora, a partner and co-head of Latin America at Goldman Sachs. The American executive of Mexican descent spoke to Valor while in Brazil, his first interview with a local news outlet. Among his functions as the chief executive of the bank in the region, Mr. Mora oversees the executive committee formed by the five co-CEOs of the Brazilian operation.

With more than 30 years of experience in emerging markets, Mr. Mora sees the flow of foreign investment associated with the monetary tightening carried out by the Central Bank as anchors for the Brazilian currency. "When you have tighter monetary conditions, which allow for the interest rate differential to provide the anchor for the currency, you have portfolio flows that will continue to come into this country," he said.

The current flow of funds has been "mostly geared towards equity," the executive said, who believes there will be a new phase of this capital inflow directed to fixed income, which "will anchor the [Brazilian] currency."

Read the main excerpts from the interview below.

Valor: We see a strong inflow of funds from abroad to the stock exchange. Is Brazil cheap for foreign capital?

Ricardo Mora: When you look at the broader environment or what's going on in the markets, the perception of cheap can vary. And when you look at currency fluctuations in association with valuations, then what's perceived to be expensive could be cheaper, from the dollar perspective. And so what's happened in terms of Brazil specifically is we've had from our estimates, there's been roughly about R$86 billion of foreign inflows. And that's been mainly geared towards the equity markets. And so you've seen the commensurate appreciation of the foreign exchange [rate]. And so roughly R$80 billion have been equities. The remainder have been directed to fixed income, as a result of the CDI [Brazil's interbank benchmark rate] being higher. From the equity portfolio flows that we've seen all these have been in the secondary market, mainly into the commodity space, banks and index. But we have not seen the money come into institutions that serve the local population, in the retail space. We haven't seen it [inflows], for example, in fields that you would think would be more consumer led, it's really been more focused on commodities and banks.

Valor: Is this inflow sustainable in the medium term?

Mr. Mora: It's a good question. The economic engine in Brazil is strong. There will be continued inflows into Brazil, it's not a matter of whether there'll be some fits and starts in terms of valuations versus other countries. But in terms of how foreign investors see the country and its economic might, it's very clear that you can see it in many different avenues. We have just discussed fixed income and equities, but we also look at foreign direct investment. And, through our global network, we're in touch with sovereign wealth funds, high net worth individuals, family offices, and all have intentions to invest in Brazil.

Valor: About the Brazilian real, do you see the exchange rate back into the fundamentals?

Mr. Mora: From the perspective of Goldman Sachs, there was an overshooting of the currency in terms of depreciation. What we're doing is more reverting back to the mean. More importantly, the inflows have helped, certainly, but the policies help as well. When you have tighter monetary conditions, which allow for the interest rate differential to provide the anchor for the currency, you have portfolio flows that will continue to come into this country now. So far, as we discuss, it's been mostly geared towards equity, and I think the next leg will be fixed income flows. And a stable currency in the backdrop of a robust economy will then allow for continued fixed income flows. That will be the next leg, which then will anchor the currency.

Valor: Do you see the exchange rate below R$5 to the dollar after the elections, in October?

Mr. Mora: I wouldn't be surprised if we go below that. And it's a function of the sustainability [of debt]. And that will come down to government policy, fiscal, in the backdrop of what's happening with the continued drop of inflation as a result of the Central Bank's hikes. And so in that backdrop, you don't have for example an overheating economy. There is a certain slack in the economy that will allow it to grow. And so in that backdrop, now, this comes down to the ability for continued growth. And that depends again on fiscal policy and a well-anchored currency.

Valor: Is there a risk of reversal of the inflow to the emerging markets if the Fed hikes interest rates more aggressively?

Mr. Mora: In terms of foreign inflows and broader markets, it's difficult to gauge where capital flow will go. One thing is certain: in the backdrop of market volatility, investors tend to be less risk averse and to look for value. And they tend to look for assets where there's strong underlying enterprise value. It's already well known that there will be at least seven rate hikes in the U.S. If you look at the FCI [financial conditions index], it's already tightened quite substantially, and the market has been pricing these tighter monetary conditions. From a valuation perspective, you can argue that Brazil is fundamentally strong in value. That's why we've seen these commensurate flows.

Valor: Brazil started raising rates before the Fed. Can this help cushion the impact of interest rate hikes in the United States?

Mr. Mora: The Brazilian central bank was one of the first to move. And they were very early to the recognition that the word "transitory" was a bit of a difficult concept to describe the condition [of inflation] given the backdrop of rising prices. The Brazilian central bank has been quite aggressive and not just moving in small increments of 25 basis points. One sees they are very serious about [monetary] policy. In that backdrop, you've seen the currency react. This year, it's been the combination of central bank policy and foreign inflows. And the Central Bank reacted appropriately. It's widely recognized that this Central Bank had to react to what was happening on the ground with Covid. And when there was a recognition that inflationary pressures were building, again, reacted very quickly. When you look at the broader emerging markets, there have been certain countries that have been resistant to move as actively as the Brazilian central bank. And that'll bode very well, in terms of future policy and the ability for foreign investors to know that the central bank and its policy will be reactive [against inflation] as needed, that there's an independence of the central bank, that they will do what's right.

Valor: Will the war in Ukraine affect the flow to Brazil?

Mr. Mora: When you look at emerging markets, it used to trade as a beta of one, meaning that if you had a problem in one market, it would affect the others. And now, what you have is a more of a focused view, in terms of recognizing that risks can be isolated, and that portfolio and capital flows will be affected in specific manners. The market now sees that there's actually very independent and very specific regional differences between these countries and policies. In Brazil, for example, we did see certain portfolio flows leaving Eastern Europe, including Russia, and flowing into Latin America, specifically into Brazil. And so from that perspective, there was some shift in the portfolio flows more geared towards equities as you've had these tremendous growth and valuations in developed countries, specifically in the U.S. Of course, most of the capital that has been directed to the U.S. has done very well. It's hard to take that money away from that performance, and spin it into another jurisdiction. That said, as the macro backdrop has become a bit more challenging in developed markets, we've seen these portfolio flows. Brazil, specifically, has very attractive valuations, and it also has the right components of what the world needs, like commodities. In that backdrop, it seems to me very clear that there'll be continued interest in terms of portfolio flows, either in the private markets or as outright cross border flows.

Valor: Does Goldman see the sustainability-linked bonds as an opportunity in Brazil?

Mr. Mora: We have seen many new, modern operations in Brazil and we see many opportunities in the sustainable bond market. There are new concepts, like carbon credits, debt for nature swaps, the concept of being able to monetize what is already in Brazil in terms of [conserved] nature, for example, the ability to have carbon capture associated with Brazil's [environmental actions]. Goldman has had a tremendous focus in terms of being able to help our clients that have access to these resources and to monetize them. I think you're going to continue to see very innovative products around this space. That's a very good thing in terms of outlook, because monetization means more preservation.

Valor: What are Goldman's plans for Brazil and Latin America?

Mr. Mora: In Latin America, I would say that in the last two years we've had successive record years in the region across divisions. When you look at Latin America, Brazil is core to our focus in terms of our aspirations for the region. And when I specifically look at what's happening here, and what we'd like to do, one is clearly investing in our people. There's been a number of initiatives taking place here. For example, we've been very active in our hiring in the tech space. We hired 40 engineers last year, and our intention is to hire another 20 this year. Under the Brazil Management Committee, we've been able to progress our plans in Brazil.

***Source**: Valor International*
https://valorinternational.globo.com/

April 06, 2022

MARKET EASES BETS ON LONGER CYCLE OF INTEREST RATES HIKES

The yield curve has fallen over the last three weeks as the Central Bank's Monetary Policy Committee (Copom) signaled that it is likely to end the tightening cycle in May after raising the Selic, Brazil's benchmark interest rate, to 12.75%.

Market agents not only removed bets on a longer cycle as a result. They also started to see cuts totaling 250 basis points in 2023 – around two times what they projected in March 16, the last meeting of the Copom.

Since then, the market has bought into the Central Bank's statements that the tightening cycle will end in the next meeting of the Copom, and now consider in the future interest curve an interest rate between 12.75% and 13% for this year. In the period, the two-year rate, more associated with short-term inflation, dropped almost 100 basis points, to 12% from 12.935%. The five-year rate also saw a crucial loss of risk premium, to 11.10% from 12.17% — falling below the level seen before the war.

"There was a very strong repricing of the curve as the Central Bank was more emphatic in its statements about stopping the tightening cycle and insisting that the 12.75% level is enough for inflation convergence [with the target]," said Filippe Santa Fé, a fixed-income manager at ASA Hedge. "In this context, it is normal for the market to bet that the rate will plummet along the curve."

The still challenging inflation scenario is key for the market to adopt a structural bet on lower future interest rates. BTG Pactual projects that the IPCA, Brazil's official inflation rate, is likely to peak between April and May. This factor, added to the prospect of the end of the tightening cycle, is expected to remove more premium from the fixed rate curve ahead, said economist Álvaro Frasson.

"We see an important disinflation ahead, even though it will be slower than expected," he said. "The Selic will probably be forced to remain high, between 9% and 10%, in order to deal with any fiscal risk." BTG estimates that the Central Bank will not be able to interrupt the tightening in May and will raise the benchmark interest rate for the last time to 13.25% in June. The bank foresees a rate of 9.5% at the end of 2023.

The pricing extracted from the yield curve points to a scenario for the moment in which the Selic will end 2022 between 12.75% and 13%, then decline to 10.5% in 2023, still well above the median of 9% of the most recent Focus, Central Bank's weekly survey with economists. Before the last meeting of the Copom, nominal market rates projected a basic interest rate of 13.5% at the end of this year and 12.25% at the end of next year.

“I don’t think a 250-basis points cut is too much, given that the Selic is likely to have risen more than 1,000 points by the end of the cycle,” said Vinicius Alves, a strategist at Tullett Prebon. The market underestimates the risk of an accelerated tightening in the United States that could limit the eventual impetus for interest rate cuts, he added. “That’s something that would cause the dollar to gain ground globally, pick up inflation and require the [Brazilian] central bank to keep a tight policy for longer,” he said.

Christiano Clemente, the chief investment officer of Santander Private Banking, is dissenting from the recent pricing of Selic declines. “The market is thinking that the Central Bank will stop raising in the middle of this year and, in a matter of four to six months, start to cut the rate,” he said. “It doesn’t make sense to me to raise interest rates and then start cutting them soon after. The most reasonable thing would be a rate that remains constant over a certain time horizon.”

Mr. Clemente notes that the term structure of interest rates is back to the level seen before the war in Ukraine, “returning” the post-war peak stress – the five-year rate even began to trade below the 10.16% seen before the conflict. “But no doubt the Central Bank has taken over the narrative and the more appreciated exchange rate has also helped the curve to fall,” he said.

Mr. Santa Fe also added a caveat about the rates, saying that the high inflation and pressured cores, as well as above-target inflation expectations for 2023, do not support a bet on an end to tightening, let alone monetary easing. “I think we will have a partial correction of this movement,” he said. “The exchange rate has helped the curve to fall and an interruption in that dynamic could lead to a rate adjustment.”

In fact, this was the tone on Tuesday: the rates saw strong advances, reflecting the general movement of higher global interest rates, especially in the U.S. The interbank deposit rate for January 2024 rose to 12% from 11.82%, while the rate for January 2027 rose to 11.1% from 10.85%.

It draws the attention of financial agents that the curve has deepened its “inversion” – that is, the difference between the two- and five-year interest rates became even more negative.

Huang Seen, head of fixed income at Schroders, says that short interest rates have remained high, but long rates have declined with foreign capital inflows.

Source: *Valor international*
[https://valorinternational.globo.com/.](https://valorinternational.globo.com/)

April 07, 2022

PÁTRIA SEEKS BUYER FOR DATA CENTER COMPANY

The asset management company Pátria Investimentos decided to put its data center division up for sale and is already in advanced talks with international M&A boutiques and foreign investment banks to define who could take over the business, sources familiar with the matter say. Odata would be valued at about $1 billion and is likely to attract the interest of foreign rivals in the sector and investment funds, sources say.

Created in 2015, the data center division of Pátria began as a startup offering infrastructure to house servers that process information with global distribution. The business has grown in recent years and has a presence in Colombia and Mexico.

Late last year, the company took a $30 million loan from the International Finance Corporation (IFC), a World Bank arm, to finance the expansion of its data center structure in Brazil and Latin America.

For 2022, Odata has investment plans of around R$1.2 billion to strengthen its expansion in the state of São Paulo and also in Rio de Janeiro, the company told Valor recently.

A good part of Odata's revenue comes from large cloud computing service providers, with long-term contracts – the company did not reveal the exact turnover. Besides service providers, the company has clients in education, telecommunications and finance.

The data center sector has received heavy investments. The consultancy IDC Brasil estimated that the companies' spending on public cloud services in Brazil could reach $3 billion last year.

Sources say that Pátria's business division may attract foreign groups, which are consolidating this segment in the international market.

In a more recent move, the Rio de Janeiro-based investment group Piemonte Holding bought five data centers from telecom Oi, which is under judicial reorganization and sold several assets, for R$325 million, and committed to invest R$42 million in the operation.

The Digital Colony group, owner of Highline in Brazil and which bought the towers auctioned by Oi, also has plans for multimillion investments to build new data centers in Brazil, Chile and Mexico through its company, Scala Data Centers.

With about $24 billion in assets under management at the end of last year, Pátria has heavy investments in companies in the country through funds in the infrastructure and real estate industries, as well as relevant stakes in the healthcare, agribusiness, food, and financial services industries.

Last year, the asset management company tried to draw investors for part of its businesses. However, the adverse international backdrop since last year and the political uncertainties due to the presidential elections in Brazil left the plans frozen for the end of this year or 2023.

Among the fund's assets that may go public are the health companies Athena and Elfa. Another Pátria's company that may go public is Lavoro, of agricultural inputs distribution, with presence in Latin America.

In January last year, Pátria's private equity firm made its debut on the Nasdaq after raising $588 million. A good part of the proceeds will be used for acquisitions.

Pátria and Odata declined to comment.

Source: *Valor international*
https://valorinternational.globo.com/.

April 07, 2022
PIX GAINS GROUND AS PAYMENT METHOD AMONG ONLINE STORES

Brazil's largest online stores are increasingly adding Pix as a payment method, with a record share in March, while debt cards are losing ground since the launch of Central Bank's instant-payment system, the latest edition of the payment study Gmattos found.

Last month, 69.5% of the analyzed stores offered the option of payment via Pix, compared with 16.9% in early 2021, when the survey was held for the first time. The method is behind credit cards (accepted by 98.3% of stores) and banking bar-coded bills known as boletos (accepted in 76.3% of them). The study included 59 online stores, which account for 85% of e-commerce in the country.

According to the survey, the availability of debit card payment, which has never been very high, has been dropping substantially. In the January 2021 edition, it was 37.3%; two months later, it peaked at 42.3%; last month, it dropped to 27.1%.

Gastão Mattos, co-founder and CEO of Gmattos, believes that debit cards are close to the floor, but sees no sign of recovery. Rogério Panca, head of the Brazilian Association of Credit Card Companies and Services (Abecs), told Valor this week that the expansion of payments with debt cards in e-commerce is a priority of the trade group.

Mr. Mattos believes that Pix may reach 90% of stores by the end of this year or early next year. He recalled that 72% of stores that don't work with Pix are making some kind of cash payment available, including boletos and debit cards. In other words, they have some propensity, in terms of business strategy, to also offer the Pix.

"In these stores, the option is not offered yet probably due to technological difficulties, such as integration," Mr. Mattos said. Companies that do not offer any cash payment alternative typically work with higher average ticket sales.

The acceptance of boletos, on the other hand, has remained relatively stable. With the growth of Pix, the spread between both has shrunk, and the instant-payment system could soon reach the second position in the ranking, although there is no direct competition between payment methods.

According to Mr. Mattos, the number of online stores that offer some kind of discount for consumers who pay with Pix has been increasing. In addition to the fact that payment is instantaneous, the method also increases the cart conversion rate, or the number of purchases actually completed after the items are added to the online shopping cart. This rate is around 30% with debit cards and 80% with Pix.

Credit cards, a traditional driver of e-commerce, remains in the top of the ranking. Mr. Mattos points out, however, that alternative installment plans are on the rise. "This is a strong trend for the year. The existing options are clearly not meeting everyone's needs," he said, citing installment plans via boleto and direct financing with large banks. "I think smaller, digital banks will also offer more such options."

Wallets were accepted by 44.1% of the stores analyzed in March, up from 54.2% in the same month of 2021, Gmattos said.

Source: *Valor international*
https://valorinternational.globo.com/.

April 08, 2022

JAPANESE COMPANIES WILL DEVELOP SOLAR FARMS IN BRAZIL

Fazsol has signed a contract with Órigo Energia to build 17 solar farms with 33.4 megawatts of capacity, in the distributed power generation model, in which the consumer chooses its own supplier.

The investment in the project is about R$150 million. The contract is part of Fazsol's growth strategy in Brazil. Fazsol is the result of a partnership between Japan's Shizen Energy and Espaço Y, a Brazilian holding company in the home construction segment. Shizen intends to operate in the country through the joint venture to assist Japanese companies in Brazil to decarbonize their power generation mix.

According to the terms of the partnership, Fazsol will develop the solar farms, while Órigo will be the bridge with the final consumers. The farms will be built in the Federal District, Minas Gerais and Ceará, and will be able to generate enough power to meet the demand of 130,000 homes for a year.

The farms are expected to start operating in November. Bruno Suzart, Shizen Energy's manager for Brazil, said that the contract will allow Fazsol to increase fourfold the volume of power generated in the country, in addition to tripling the team. “This will help us to find new clients,” he said.

Fazsol boasts 25 renewable power projects in operation in Brazil, with 8.6 MW of capacity. The company intends to invest R$1 billion by 2024, when it expects to have 200 MW of solar plants in operation in the country.

Shizen arrived in Brazil in 2018. The company was founded in 2011 by three Japanese entrepreneurs from the renewable power industry as discussions emerged in the country with the shutdown of nuclear power plants after the Fukushima accident. The company operates in four other countries through partnerships and Fazsol was the chosen one in Brazil.

In the last few months, the company made studies about the potential of renewable power generation in Brazil at the request of the Japanese government. “We want to repeat, with Fazsol in Brazil, Shizen's successful experience with Japanese companies in other countries. We are able to serve these companies in their own language, and negotiations can occur according to the format they are used to,” Mr. Suzart said.

The fact that Órigo is also backed by Japanese investors helped in the negotiation, Mr. Suzart said. “There is a cultural connection between the companies. Some presentations even took place in Japan,” he said.

Japanese group Mitsui & Co has a 17% stake in Órigo. The remainder is split between investment funds TPG and MOV Investments, and part is dispersed in the Brazilian stock exchange. The company operates a solar power subscription business in which customers receives credit on their electricity bill for power generated in solar power farms.

The plants built by Fazsol will serve these Órigo customers. “The agreement will enhance the company's mission: to democratize access to clean power in Brazil,” said Rodolfo Molinari, Órigo's chief business officer.

Based on this contract, Fazsol intends to expand and operate in other markets in which it was not yet present in Brazil. Until then, the company had focused on the development of distributed generation plants. “This is a structuring project, which allows us to look towards expansion,” said Fazsol’s director Nélio Pereira.

The company is considering tapping the free market. “We can help transform the companies that are already in the free market into self-producers; in this case, there is a complementary cost efficiency,” Mr. Pereira said.

Source: *Valor international*
https://valorinternational.globo.com/.

April 12, 2022

TELEFÓNICA’S VIVO TO OPEN CORPORATE VENTURE CAPITAL FUND

Telecom Vivo announced on Monday the creation of its first corporate venture capital (CVC) fund to invest R$320 million in startups over the next five years. The amount makes Vivo Ventures one of the largest CVCs in Brazil.

The company plans to invest in 12 to 20 startups, with stakes in the range of R$15 million to R$20 million, in an average allocation of R$60 to R$80 million per year.

“We want to have stakes close to 20%. Therefore, the startup has to be big enough in the pre-money for our check to represent that percentage,” Christian Gebara, Vivo’s CEO, told Pipeline, Valor’s business website. In the average the company projects, the startup should have a price valuation around R$100 million before the investment.

Vivo has begun discussing internally and formatting the fund over the past six months, part of the company’s strategy to “Digitize to Bring Closer”, as its institutional motto states. “This means not only being the connection structure, but also being a digital ecosystem,” says the CEO.

Until now, Vivo’s investments in startups were made through Wayra, the Telefonica group’s innovation hub. Globally, Wayra has already invested the equivalent of R$300 million and, in Brazil, there were about R$25 million in a decade, with 30 startups in the local portfolio.

“Unlike Vivo Ventures, these were pre-seed and seed funding, with an average ticket of R$1.5 million. Now we can enter series A or B rounds of companies that have gone through this seed,” says Mr. Gebara.

One of the attractions for the startups, besides the capital, is the access to Vivo's ecosystem, emphasizes the CEO — the telecom giant has more than 100 million pageviews in its base, 1,700 stores and 20 million unique users in the app, with an average of 80 million monthly interactions.

This connection has given Wayra's startups revenues of R$70 million in 2021 with Vivo alone — Gupy, for example, is a recruiting company that was hired by the investor. "Companies can raise money with other funds, but few have this customer base, the volume of channels and the big data that we have," says Mr. Gebara.

Wayra invests in Gabriel, a security and camera monitoring startup that currently operates indoors — if it begins to operate indoors, it may enter the smart home connection, for example, an issue in which Vivo has been engaged.

Wayra's team will be responsible for the technical part of CVC and the business flow for the fund, which is interested in solutions in finance, health, education, entertainment, whether B2C or B2B. The company already has initiatives in these areas, such as Vivo Money, a personal credit service, and Vivo V, a health and wellness marketplace.

In Brazil, corporate venture capital funds have already made more than 200 deals in the last 20 years, amounting to $1.3 billion, according to a survey by fintech Distrito — most of this capital has been invested in the last two years. Here in Brazil, almost 70% of the CVCs are focused on the initial phase of startups, and therefore generally have lower volumes.

Sinqia's CVC, for example, is R$50 million, and CSN's is R$30 million. Companies that invest in more mature phases also have larger vehicles — BV Bank made R$300 million available to this type of investment in 2018, Via allocated R$200 million last year and Banco do Brasil divided this same amount in two vehicles earlier this year.

In the world, $80 billion were invested by CVCs only in 2021, according to CB Insights.

According to Mr. Gebara, Vivo will continue simultaneously with other strategies, such as partnerships in the model of the joint venture with Ânima Educação and maybe acquisitions. "The investment in startups complements our digital positioning," he adds.

Source: *Valor international*
https://valorinternational.globo.com/.

April 13, 2022

PRIVATE-EQUITY, VENTURE CAPITAL FUNDS INVEST R$11.6BN IN Q1

Private-equity funds made investments of R$11.6 billion in Brazilian companies in the first quarter, up 8.4% year over year. The faster pace, this time, appears among the portfolios that invest in more mature companies, with R$5.2 billion, compared to R$1.9 billion in the same period in 2021. The venture capital portfolios, which focus on projects in early stages, allocated R$6.4 billion from January to March, with a drop of 27.3% compared to 12 months ago.

The data are from a quarterly survey held by KPMG and the Brazilian Private Equity and Venture Capital Association (Abvcap) unveiled to Valor.

The seasonal comparison may say little of what is happening in the venture capital segment as a whole, said Roberto Haddad, a partner and leader for private equity and venture capital at KPMG in Brazil. “In the last two years, it has grown enormously, doubled in size. That’s an important indicator, but in the middle of the road there are fluctuations,” he said. “The big indicator, the main one in my view, is the strength of this fund industry within the context of acquisitions and the dynamics of the Brazilian economy.”

Mr. Haddad points out that in the first quarter of 2020 the industry had invested R$5.7 billion in private-equity and venture-capital funds, but it is not possible to link the weaker performance to the Covid-19 pandemic, which entered the radar for real as of March.

The apparent strength shown by private-equity funds in the first quarter may not extend into the year, said Piero Minardi, head of Abvcap. The executive, who also leads Warburg Pincus in Brazil, believes that the segment tends to be more sensitive to issues related to the election and the macroeconomic environment. “The moment the political picture is defined, regardless of who wins [the presidential election], and there is a clear path ahead, volatility disappears. The private-equity segment invests in longer cycles, it is difficult to position today because of the risk of a setback for a certain macro policy.”

In any case, privatizations, businesses in the infrastructure segment and in more basic segments such as chemicals and petrochemicals have attracted funds with large sums of money. For Mr. Minardi, depending on the agenda, sanitation and port projects have a lot of potential. The consumer industry is also usually followed by private-equity managers with attention.

“There is a factor that can be important: the interest rate itself. The companies have to finance themselves again at a cost of 20% a year. This puts pressure on cash flow, it is a problem for those who have long-term debt, it is a factor for companies to consider selling some equity to have a better capital base and avoid the interest rate trap.”

In venture capital, the assessment is that strong activity will prevail, running somewhat independently from the economic cycles. “If innovation is good, it will do well in any situation. Great brands have emerged in crises, like Uber in 2008,” Mr. Haddad points out. “There is a giant movement in fintechs. The financial market has always been very strong and has shown strength in acquisitions. There are new banks, but also the big ones incorporating the smaller ones to get up to speed,” he notes. The insurance, health and logistics segments also tend to continue growing and attracting money.

The higher interest rates, however, may hinder funding by new companies in reais because once again the pension funds have no motivation to migrate from fixed income, that pays 5% or 6% real interest, to a higher risk asset, Mr. Haddad said.

The executive says he is already seeing a return to rationality, especially in growing and in late-stage businesses. “In the ‘A’ and ‘B’ [early] rounds, investors are also more careful. They want to know whether the company has passed the test or not.”

With R$2.5 billion invested in 15 companies, Kinea is completing the raising of its fifth fund, which totaled R$2.4 billion last year. “It was a period in which the sector suffered a lot, but we were a exception,” said Cristiano Lauretti, the company’s private-equity manager, referring to the fact that venture-capital portfolios led the investments in 2021, something unthinkable in his more than 20 years of professional career.

The operation so far was anchored by local investors, who profited from previous funds (average of 20% per year) and were encouraged to participate, despite the interest rate hike and elections in the second half. “In the past, they didn’t understand this class and when they started to understand the importance of having a certain share in variable income and within it, a certain amount in illiquid assets, they started to see the relevance of this in the different cycles that Brazil has experienced whether in recession or in good phases.”

With the new money, he says that the plan is to have eight to 10 more investments, with contributions between R$200 million and R$300 million, by minority shares. Health, education, agribusiness and technology are among the preferred industries, Mr. Lauretti said.

The venture-capital wave in Brazil was fueled by giant competitors such as Softbank, but private equity also advances at an accelerated pace, said Gabriel Felzenszwalb, a partner at Vinci Partners, an asset management company that carried out three deals in the last 12 months.

The executive considers that the cooling down seen abroad with the venture-capital thesis will also materialize here, but he sees a good moment for venture capital ahead. With Brazil well positioned to take advantage of a new commodities cycle, this impulse reaches other sectors of the economy. “With the geopolitical difficulties, global investors may eventually take a bit out of Asia and look more at Latin America and Africa; it's an old move."

Source: *Valor international*
https://valorinternational.globo.com/

April 13, 2022

BRAZILIAN COMPANIES RAISED RECORD R$105BN IN Q1

Brazilian companies raised R$105.2 billion in the local capital market in the first quarter of 2022, the association of securities firms Anbima said. This is an all-time-high amount for a first quarter since records began.

Fixed-income issues stood out amid double-digit interest rates. Companies raised R$93.5 billion through bonds and other instruments between January and March. The volume was 32.2% higher than in the same period in 2021. On the other hand, the equity segment saw a strong contraction. Stock issues totaled R$11.7 billion from January to March, down 63.6% year over year.

"The high interest rates and the migration of funds to fixed income hinders variable income," Anbima's vice president José Eduardo Laloni said. Bonds stood out among instruments with R$55.9 billion raised in the quarter, up 80.6% year over year.

Rising interest rates over the past year "reflected in the capital markets as a whole," Mr. Laloni said. While Brazil's benchmark interest rate Selic reached double-digit levels, fixed-income fundraising prevailed in the first quarter of 2022, he said. "It was a record volume for the first three months of the year." Mr. Laloni also pointed out that the interest of issuers and investors is gaining steam because the secondary market for bonds is on the rise. "We have a very active secondary market now, with many intermediaries participating in the primary issue and then selling in the secondary market."

The financial volume in the secondary bond market totaled R$62.7 billion in the first quarter of 2022. It was the second-highest quarterly volume in the last two years – up 58.7% year over year.

The executive also pointed out as a highlight in 2022 the issues of commercial notes. "These bonds started to be issued in 2021, with a volume of R$2.7 billion last year. In the first quarter of this year alone, we already have almost R$10 billion of funding," he said. Anbima also sees fundraising in the foreign market with lower demand compared to recent years. "The foreign market was also weak [in the first quarter] because first quarters are typically the window of external funding," he said.

Brazilian companies raised $3.8 billion between January and March 2022. In the same period last year, the figure reached $7.6 billion.

***Source**: Valor International*
https://valorinternational.globo.com/

April 18, 2022

BRAZIL- U.S. TRADE GROWS TO NEW RECORD

After the record of Brazil-United States bilateral trade in 2021, the expectation of the American Chamber of Commerce (Amcham Brasil) was for lower growth in 2022, but the surprisingly positive data from the first quarter affirmed the view that, despite the uncertainties, new records can be achieved this year.

Between January and March 2022, the two-way trade reached $19 billion, up 40.2% year over year and the highest value for a first quarter since the records began, in 1989.

“We expected the bilateral trade to continue to grow in 2022, but at a relatively lower level, because the uncertainties are considerable, due to global inflation, the pandemic, the potential slowdown in China and geopolitical and climatic events that affect the world economy. But the first-quarter results were strong,” said Abrão Árabe Neto, executive vice-president of Amcham Brasil.

The most positive aspect, according to him, is that there was growth both in exports from Brazil to the U.S. and in Brazilian imports from the North American country. “On both counts, we saw, for the first quarter, the best values ever.”

Brazilian exports to the U.S. grew 35.9% year over year in the first three months of 2022, to $7.6 billion. The Brazilian purchases from the U.S. totaled $11.4 billion, up 43.2%.

On the export side, the growth was widespread, seen in nine of the 10 main products. In absolute terms, the biggest contribution was from crude oil as sales, which represent more than 10% of total exports to the U.S., grew by almost 167% in the period. The gain was partly due to higher prices (48.5%), but mainly by the increase in volumes (79.5%), Mr. Árabe Neto said. Semifinished products of iron and steel still dominate with a share of almost 14%, but saw a smaller growth in the first quarter, of 4.4%.

Another highlight is the export of beef, which still accounts for only 3% of Brazilian sales to the U.S., but saw growth of 725.5% in the first quarter. As a result, Brazil was the main supplier of the product to the U.S., ahead of Canada, Mexico and Australia, Amcham said.

“There was an interruption in 2017, when sanitary issues arose and the U.S. market closed. In 2020, it was reopened, and it had already been growing at the end of last year,” Mr. Árabe Neto said. “Our production capacity in this industry is very high, and so is our competitiveness. We are very well positioned, and we start to see this good news shaping in the bilateral trade.”

As for the imports of U.S. products in Brazil, the growth was also widespread, with gains in eight of the 10 main items. Some broader factors that contributed to last year’s record persist, such as the purchase of natural gas to feed thermoelectric plants, which grew 263.9% in the first quarter of 2022, totaling $2.1 billion. In this case, growth has more to do with the increase in prices (232.5%) than with the higher volume imported (9.4%).

Even though Brazil’s national grid operator ONS has already signaled that electricity bills will be cheaper this year, suggesting that it will not be necessary to turn thermoelectric plants on as much as last year, Amcham’s view is that the demand for natural gas from the U.S. will remain heated in the first half of the year. “We may see a slowdown in the second half. But if there is a reduction in volume, values could potentially remain high,” Mr. Árabe Neto said.

The Brazilian demand for other energy products from the U.S. – such as fuel oils, crude oil and coal – remained high at the beginning of 2022. And Mr. Árabe Neto also highlighted the growth of more than 90% in purchases of fertilizers as a result of difficulties to buy agricultural inputs from Russia because of the war in Ukraine.

Amcham rejected the notion that the conflict in Eastern Europe can be a commercial opportunity for the Brazil-U.S. relationship because the net consequences for the global economy and world trade are negative, Mr. Árabe Neto said. But he acknowledged that the energy (oil, gas, coal), steel and agricultural inputs industries could see more trade, either by the price factor or by the higher volume.

Source*: Valor International*

https://valorinternational.globo.com/

April 20, 2022

MARKET FOR 5G SOLUTIONS IN BRAZIL TO REACH BRL 101 BILLION

The demand for 5G solutions for the most diverse areas of the economy has the potential to generate BRL 101 billion ($ 21.6 billion dollars) over the next decade for companies and startups in Brazil, a study released on Tuesday (April 19) by the Ministry of Economy reads.

The study also estimates that the potential benefit of 5G deployment for the Brazilian economy could reach BRL 590 billion ($ 126.2 billion dollars) over the next decade. The calculation takes into account productivity increases and cost reductions from the so-called Industry 4.0.

5G is the fifth generation of mobile and internet networks, whose speed is hundreds of times higher than the current fourth generation. With its implementation, countless possibilities are expected to be opened in areas such as artificial intelligence, data processing, augmented reality, and logistics, among others.

“The new technology will serve as a lever for several sectors,” Secretary of Productivity and Competitiveness of the Ministry of Economy Daniella Marques said.

The report on the projection for the software market and applications was produced by Deloitte consulting company, in cooperation with the United Nations Development Program (UNDP).

“We are behind developed countries, but we realize we have good chances to make a fast progress with 5G, especially in software and application development,” managing partner and head of the Technology, Media and Telecommunications Area at Deloitte Brasil Maria Ogawa noted.

Recommendations

The report suggests 96 recommendations for public policies on eight fronts, so that the potential for generating wealth is achieved, and points out the challenges along the way.

The report recommends, for example, the creation of special economic zones focused on 5G technology, tax exemptions for the purchase of equipment for emulating 5G networks and the offer of tax benefits for multinational companies to implement strategic operations in the country, transmitting technology.

The low availability of resources to foster the national ecosystem around 5G, the lack of qualified labor (programmers and developers) and the insufficiency of environments that emulate 5G and allow the testing of solutions are among the main problems pointed out in the report.

“We are talking about a capital-intensive industry, and obviously all this investment is not cheap,” said Alberto Boaventura, senior strategy manager at Deloitte Brasil and one of the report´s co-writers. “It´s necessary to keep breaking down these barriers to financial and tax support,” he added.

Source: NewsNow

https://www.newsnow.co.uk/h/Business+&+Finance/Economy/International/Brazil

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April 26, 2022

AUCTION OF SÃO PAULO BELTWAY EXPECTED TO DRAW INTEREST

The São Paulo state government is expected to auction on Wednesday the northern stretch of Rodoanel Metropolitano. With the new concession, the expectation is to finally conclude the construction of the beltway of Greater São Paulo, which began in 1998.

The contract provides for R$3 billion in investments over 31 years. Of this amount, R$1.7 billion will be used to complete the work – about 25% of the northern stretch, which is 44 km long and passes through São Paulo, Guarulhos and Arujá, has yet to be built. The beltway is expected to be fully delivered in two years.

The project will be a public-private partnership (PPP), a model in which the government contributes part of the funds. In total, the state of São Paulo is prepared to inject around R$2 billion (excluding monetary corrections): in addition to an initial contribution for the work, of up to R$876.7 million, the project includes annual payments to the concessionaire of up to R$41.65 million.

However, the amount disbursed by the government may fall, depending on the level of competition. The winner will be the one offering the biggest discount on the public contribution. According to the public notice, the interested parties must propose a discount on the value of the annual payments. If this reaches 100%, the discount on the initial contribution becomes valid.

The perception in the market is that there will be interest in the project, despite the challenging scenario. Traditional operators such as CCR, Ecorodovias and Pátria are seen as candidates.

Ecorodovias has not cited Rodoanel on its list of priorities. However, the group is considered a possible interested party because it won the first auction of the stretch, held in 2018. At the time, the bid notice only provided for the operation of the road, since the work would be completed by the state government. In the end, however, the contract was not signed and the model was changed.

CCR already operates the Rodoanel Oeste (west stretch) concession and, therefore, reportedly has synergies with the northern stretch. Another company in this situation is Bertin group's SP Mar, which operates the south and east stretches of the beltway. Although the concessionaire is under protection from creditors, analysts do not rule out an attempt to dispute the asset through a consortium.

Ecorodovias and Pátria declined to comment. SP Mar says it has not made a decision and is awaiting a response from shareholders and investors. CCR did not reply to a request for comment.

"The expectation is for competition. Although it is not common in São Paulo, the PPP model for highways is well seen among companies, due to the state's history of being a good payer and other successful experiences with projects in this model," said Rafael Vanzella, a partner at law firm Machado Meyer.

For Eduardo Ramires, a partner at Manesco Advogados, a limited dispute is expected. He points out that, besides the project's challenges, such as expropriations and environmental issues, there is an unfavorable situation aggravated by the war in Ukraine that puts pressure on the construction costs and generates uncertainty regarding the highway's traffic. In addition, he highlights the risk for the new concessionaire of taking over a work largely built by third parties. “The operator assumes responsibility for the work already done. This succession always raises concern,” he said.

In relation to this point, the São Paulo state government has highlighted the hiring of an independent report prepared by Instituto de Pesquisas Tecnológicas (IPT) on the state of the works. In addition, in a period of six months after the signing of the contract, an independent firm will be able to point out possible divergences in relation to the structure, which will be taken to a technical commission.

The São Paulo state government has been trying to get the Rodoanel Norte highway off the drawing board for at least 10 years, during which time more than R$7 billion have already been spent. In addition, the project was targeted by the anti-corruption task force Car-Wash Operation and marked by investigations for suspected embezzlement.

In 2012, when the first tender for the Rodoanel Norte was held, the project was divided into six lots, which were won by construction companies such as Mendes Júnior, OAS, Acciona and Construcap. In view of the delays, the six contracts were terminated – three of them at the end of 2018, and the others in May 2019.

Besides the inclusion of the work in the contract, another point of attention in the project is the inclusion of the “free flow” collection system (no toll plazas and payment calculated by kilometers driven), still innovative in the country, said André Bogossian, a lawyer with Stocche Forbes.

“There are doubts about how the payment and default will be, because there is no culture of automatic payment in the country,” he said. He highlights that, to mitigate this uncertainty, the São Paulo state government included risk sharing mechanisms in the call for bids.

***Source**: Valor International*
https://valorinternational.globo.com/

April 26, 2022

AGRICULTURE, CONSTRUCTION BOOST INVESTMENTS

The head of the Brazilian Association of Machinery and Equipment Industry (Abimaq), João Marchesan, said Monday that the modernization of agricultural machines in Brazil depends on the conditions of the next Harvest Plan 2022/23, under formulation by the government, and requested R$32 billion for Moderfrota — a program for the upgrading of the tractors fleet and other agricultural equipment. That amount is much higher than the R$7.5 billion available for the line in this season 2021/22.

During the opening in Ribeirão Preto (São Paulo state) of the 27th edition of Agrishow (international fair of agricultural technology), Mr. Marchesan said that half of the machines currently used by Brazilian farmers is already over 15 years old and must be renewed.

He told Agriculture Minister Marcos Montes, present at the event, that farmers need a Crop Plan with interests compatible with the country's economic situation. He also highlighted the need for predictability and security in the use of funds. The subsidized lines of this Crop Plan 2021/22 have been suspended since February due to the exhaustion of the National Treasury budget.

Mr. Montes will meet Tuesday with Economy Minister Paulo Guedes and Chief of Staff Ciro Nogueira to discuss the budget for rural credit subsidy. The intention is both to unlock the current Crop Plan — which depends on the vote of bill number 1/2022, scheduled for this week — and to outline scenarios for 2022/23, even more difficult due to the federal government's budget squeeze.

Besides Moderfrota, Abimaq suggested the allocation of R$11 billion for the purchase of machines by family farmers through Pronaf — a government program intended to strengthen them. In the 2021/22 harvest, R$9.9 billion have already been injected in the Mais Alimentos financing line program. In all, small producers had R$17.6 billion for investments in general.

For the lines of innovation and modernization in farms, such as Inovagro and Moderagro, the proposal is for R$8.15 billion. In the current season, the combined amount for the two programs was below R$4.5 billion.

Mr. Marchesan also emphasized the need for investments in storage and irrigation. The suggestion for Proirriga (program for irrigated plantations) is R$5 billion, compared to an availability of R$1.35 billion for this harvest. For the PCA (program to finance warehouses), the request is for R$15 billion, three times more than the current R$4.12 billion.

"The positive indication of a new record harvest shows that Brazil is responding well to the demand for food. But this puts pressure on the storage deficit, close to 100 million tonnes, bordering the logistical chaos," he added.

The country has about 740 companies that manufacture agricultural machines and implements, and more or less 30% of the production is exported. The turnover of this segment is close to R$100 billion. "To grow, we must invest. There is no other way," Mr. Marchesan said. Between subsided and free resources, the 2021/22 Crop Plan totaled R$73.45 billion in funds for investments in farms.

Still at the opening of Agrishow, the CEO of Caixa Econômica Federal, Pedro Guimarães, once again challenged Banco do Brasil, the leader in the rural credit market in the country, by saying that his bank will take the lead in this ranking by the end of 2024. “Here we heard several criticisms in relation to Caixa. Great, I’m here to learn. Today, we are only very bad. The day that Caixa is more or less we will be the biggest agribusiness bank,” he said.

According to the event’s organization, Agrishow may total R$6 billion in deals, even with the lack of definition about the Crop Plan.

Source*: Valor International*
https://valorinternational.globo.com/