DORIC SHIPBROKERS S.A.

BRAZIL – BAROMETER

Monthly Update

March 2025

FOCAL POINTS :

Macro Environment

In the fourth quarter of 2024, Brazil's GDP grew by 0.2 percent compared to the previous quarter, marking a slowdown from the 0.9 percent growth observed in the third quarter. On an annual basis, the GDP expanded by 3.6 percent in Q4, slightly down from the 4 percent growth recorded in Q3.

FX and money markets

In February 2025, the Brazilian real experienced fluctuations against the U.S. dollar and the average exchange rate for the month was 5.7638 BRL/USD. The BRL's strengthening trend was particularly evident in early February 2025. On February 3, the real closed at 5.8159 BRL/USD, marking its 11th consecutive day of gains, the longest streak in 20 years.

Exports

In February 2025, Brazil's soybean exports experienced significant growth, reaching approximately 6.4 million tonnes, a substantial increase from the 1.1 million tonnes exported in January. February's figures represent an 18.06 decline compared to the month prior and a 9.93 percent decrease year-on-year.

Imports

Wheat imports dropped to 582.2 thousand tonnes in February, marking an 18.8 percent decline month-over-month, and a 9.99 percent increase year-over-year. February's import volumes were the highest for the period in the past five years, underscoring Brazil's dependence on foreign wheat supplies.

Doric Research Department
Michalis Voutsinas
Konstantinos Dimitriadis

CONTENT PAGES :

• In the fourth quarter of 2024, Brazil's GDP grew by 0.2 percent compared to the previous quarter, marking a slowdown from the 0.9 percent growth observed in the third quarter. On an annual basis, the GDP expanded by 3.6 percent in Q4, slightly down from the 4 percent growth recorded in Q3.

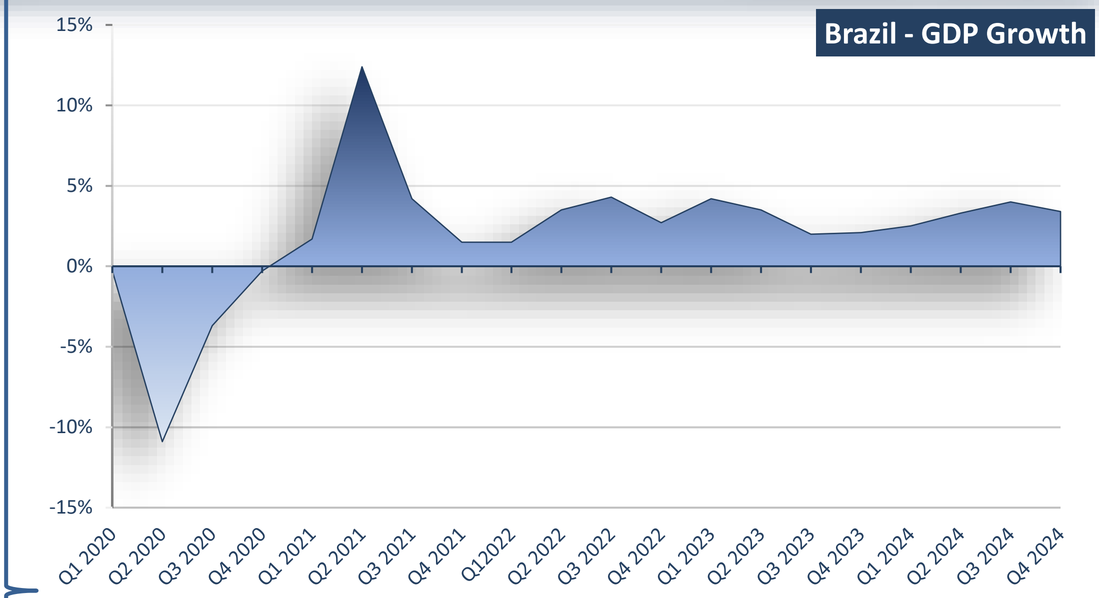
• In January, economists polled by Reuters pointed to annual growth of 3.4% for 2024, more than double the 1.6% rate seen at the start of last year.

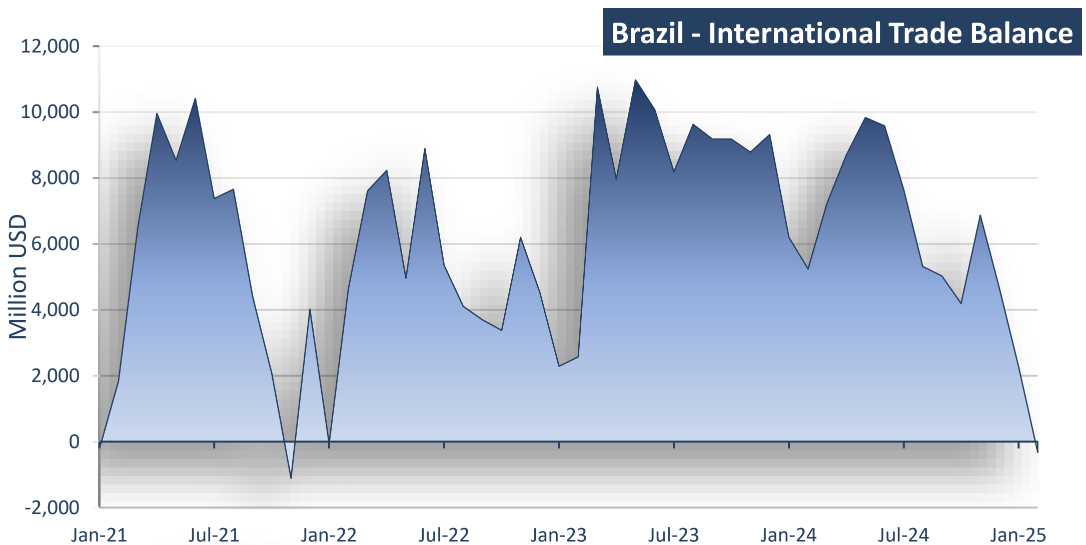
• Meanwhile, Brazil's government cut its forecast to 2.3% for 2025 last month amid rising inflation projections and tightening monetary policy by the central bank.

•In February 2025, Brazil's trade balance shifted significantly, recording a deficit of $323.7 million. This marked a departure from the $5.13 billion surplus achieved in the same month the previous year.

• This downturn is largely attributed to declining commodity prices and a notable increase in imports, particularly in capital goods and oil platforms.

• For the first two months of 2025, trade surplus stood at $1.9 billion, compared to $11.43 billion for the same period last year.





• In February 2025, Brazil's annual inflation rate rose to 5.06%, up from 4.56% in January, marking the highest level since September 2023.

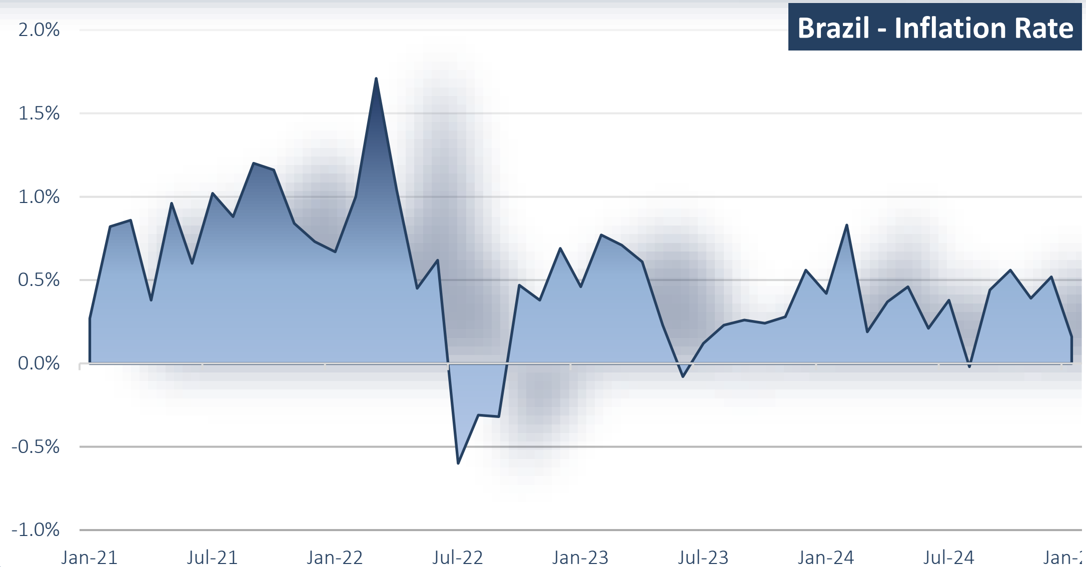
• In response, the government announced the elimination of import tariffs on nine essential food items, including meat, coffee, sugar, and corn, aiming to reduce consumer prices without harming local producers.

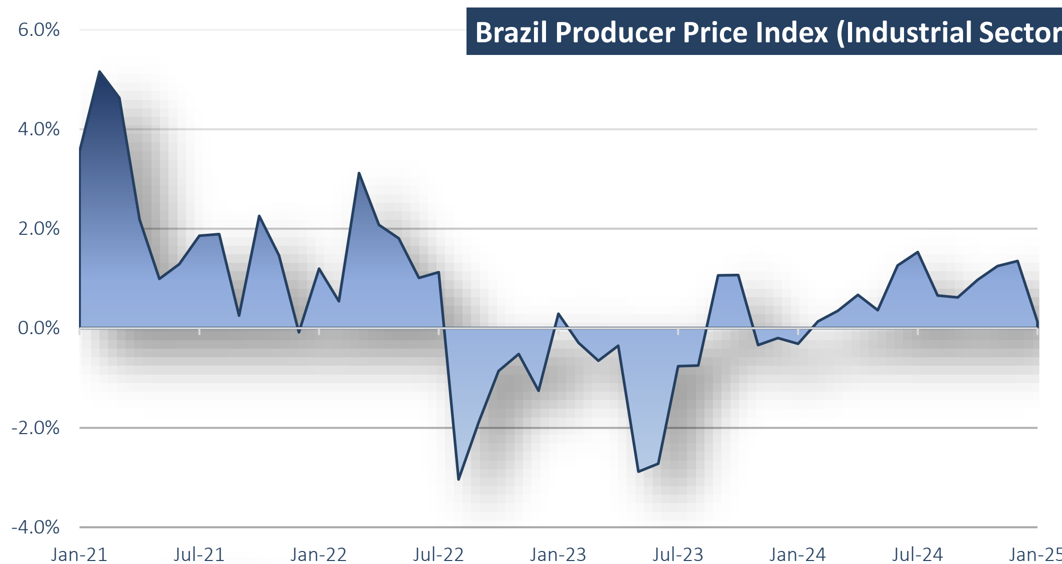
• Despite these efforts, the finance minister expects inflation to remain above the central bank's target of 4.5 percent until at least June 2025.

• The Producer Price Index (PPI) for the industrial sector recorded lackluster performance during January of 2025, dropping to 0.13 percent.

• Of the 24 monitored sectors, 14 reported gains, with significant increases in manufacture of coke, petroleum products and biofuels and a slowdown in the extractive industries.

• The Consumer Price Index (CPI) reflected an annual inflation rate of 4.2 percent in January, a slight decrease from the previous month's 4.8 percent. This divergence between the PPI and CPI suggests that while production costs are increasing, these higher costs have not yet fully translated into consumer prices.





FX AND MONEY MARKETS MARCH 2025

• n February 2025, Brazil's Central Bank maintained its benchmark interest rate, the Selic, at 13.25% per annum, unchanged from January 2025.

• This decision came after a series of rate hikes aimed at curbing rising inflation. In January 2025, the Central Bank increased the Selic rate by 100 basis points to 13.25%, citing concerns over external uncertainties, robust economic activity, and inflation exceeding target levels.

• Further tightening was anticipated, with projections indicating the Selic rate could reach approximately 15% by mid-2025, according to BBVA Research.

• In February 2025, the Brazilian real experienced fluctuations against the U.S. dollar and the average exchange rate for the month was 5.7638 BRL/USD.

• This performance marked a notable improvement from the previous year. On February 28, 2024, the exchange rate stood at 6.1010 BRL/USD, indicating a year-over-year appreciation of about 5.5% by February 2025.

• The BRL's strengthening trend was particularly evident in early February 2025. On February 3, the real closed at 5.8159 BRL/USD, marking its 11th consecutive day of gains, the longest streak in 20 years.

• Total iron ore exports for February 2025 came to 25.4 million tonnes, marking a slowdown from the record-breaking figure recorded at the start of the year.

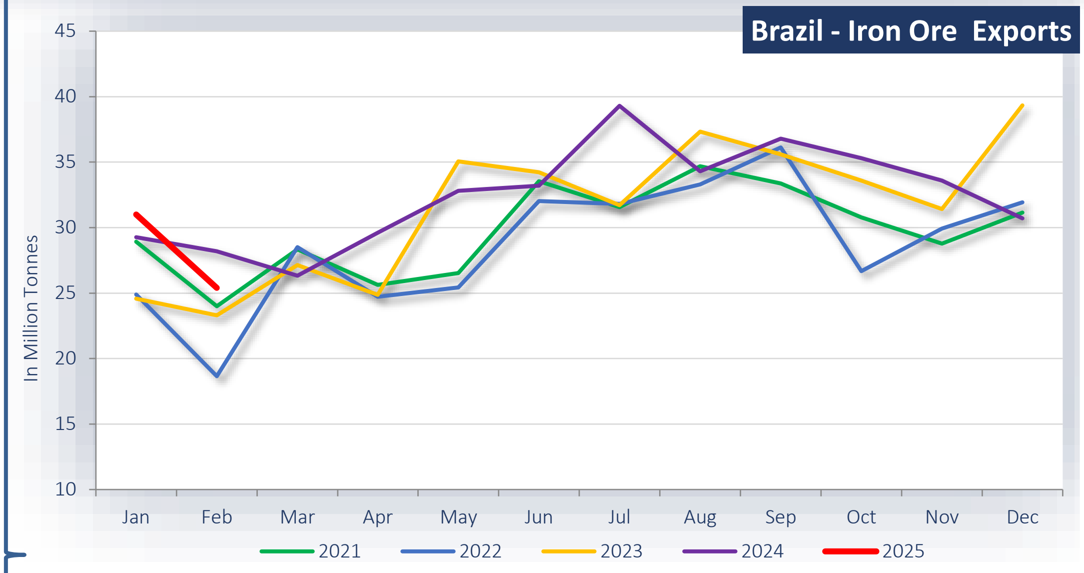
• February's figures represent an 18.06 decline compared to the month prior and a 9.93 percent decrease year-on-year.

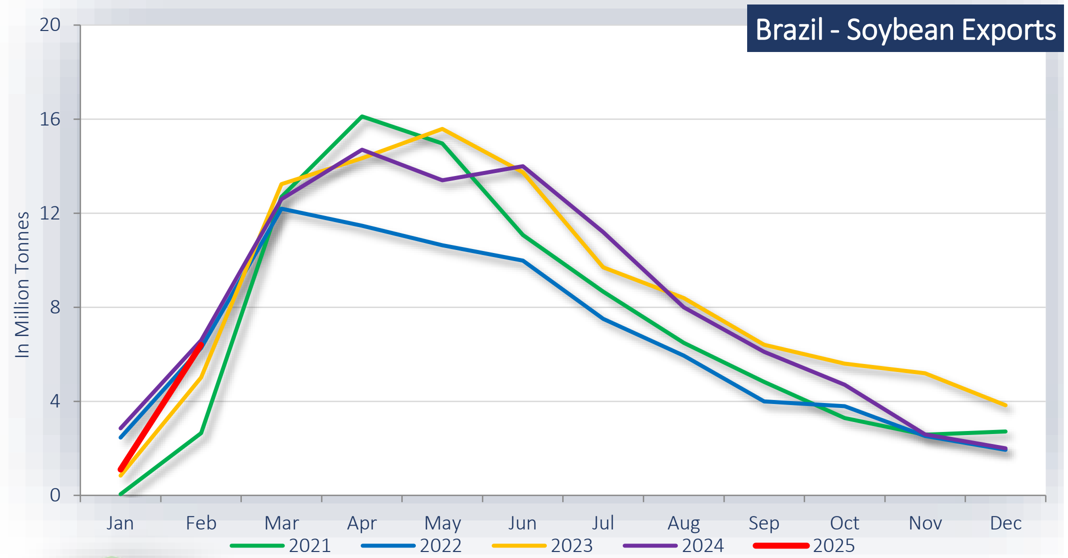
• This reduction was partly due to a fire at the Port of Tubarão on February 10, which disrupted operations. Global factors such as supply disruptions and weaker Chinese demand have led to a 7% year-on-year decline in global iron ore shipments during the first seven weeks of 2025, underscoring the volatility in Brazil's iron ore export sector.

• In February 2025, Brazil's soybean exports experienced significant growth, reaching approximately 6.4 million tonnes, a substantial increase from the 1.1 million tonnes exported in January.

• While last month's exports marked a significant 481.82 percent increase from January, they were still 3.03 percent lower compared to February 2024.

• February's surge is attributed to the acceleration of the soybean harvest, following delays in January due to unfavorable weather conditions.





• Brazil's corn exports experienced further decline in February, amounting to 1.4 million tonnes. This represents a steep 60.15 percent decline compared to the month prior and a 16.40 percent drop year-on-year.

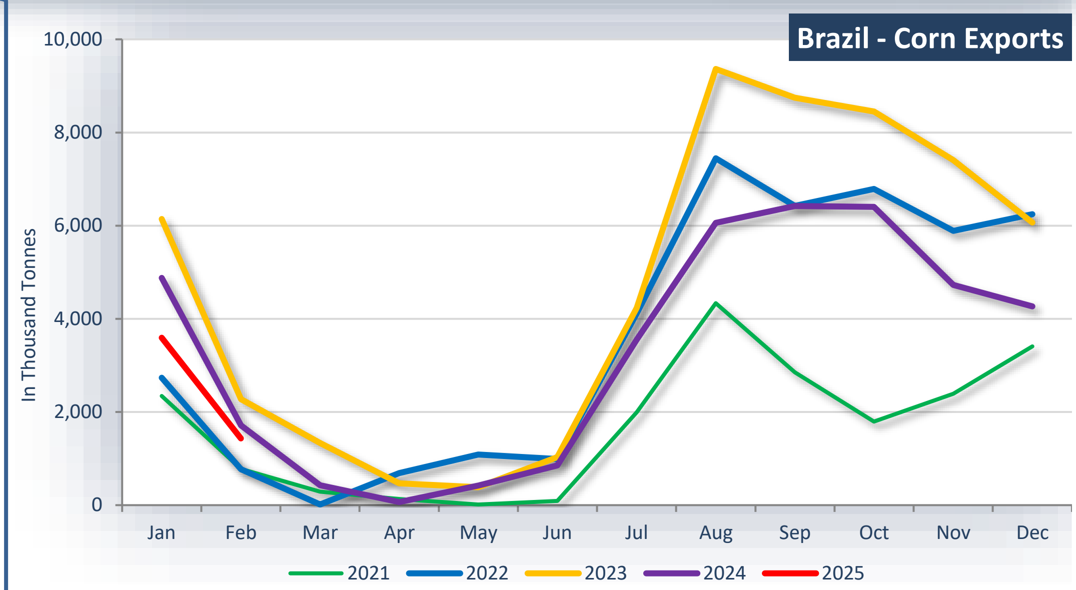
• For the first two months of 2025, corn exports totaled 5 million tonnes, representing a 23.72 percent decrease in volume over the same period in 2024.

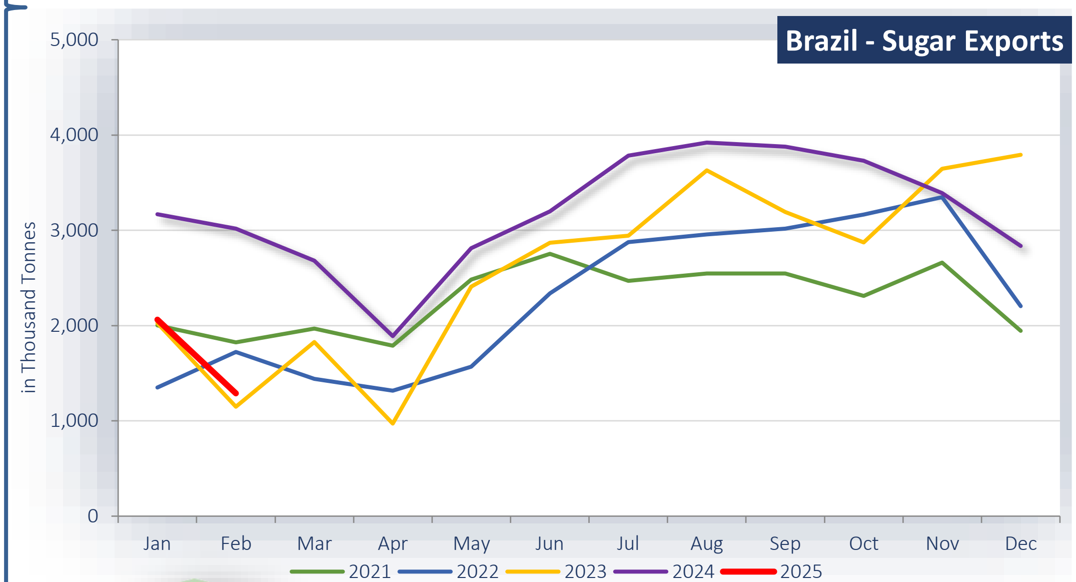
• Despite the current downturn, the Brazilian Association of Grain Exporters (ANEC) projects that corn exports will reach 42 million tons for the entire year of 2025, up from 39.79 million tons in 2024.

• Brazil's sugar exports saw a further decline, in February, reaching 1.29 million tonnes, which is 37.52 percent less than the previous month.

• Comparing the exports with February of last year there is a significant 57.28 percent decrease year-on –year, while the cumulative exports for 2025 so far are 3.35 million tones, marking a 45.83 percent drop when compared to the first two months of 2024

• The decline in Brazil's sugar exports has contributed to a surge in global sugar prices, as concerns over reduced production in major sugar-producing countries, including Brazil and India, have tightened global supplies.



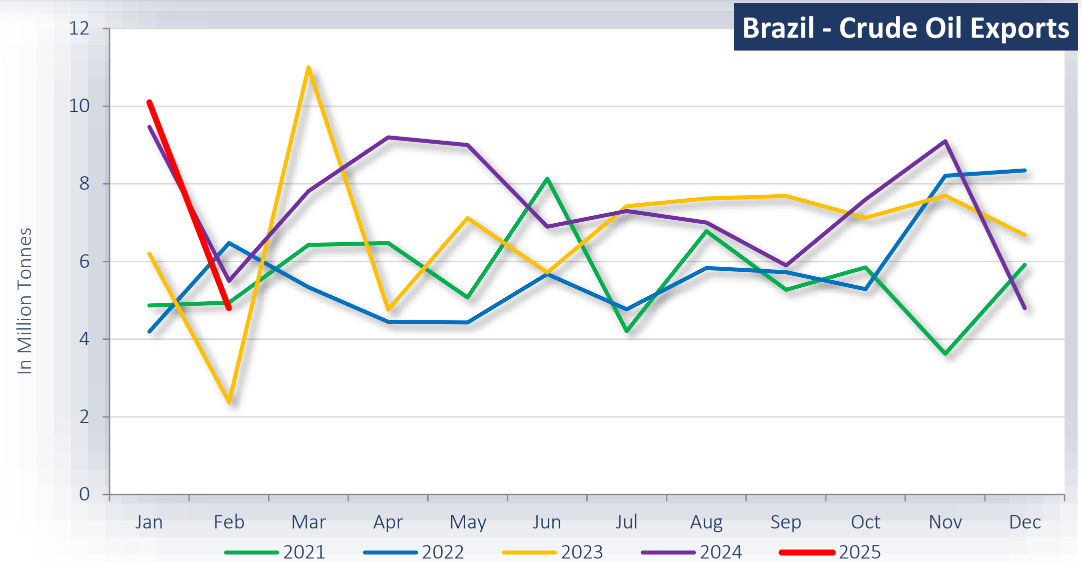


DORIC SHIPBROKERS S.A.

• Brazil's crude oil exports recorded a steep decline in February, totaling 4.8 million tonnes. This represents a 52.48 percent drop compared to a month prior and a 13.0 percent decline year-on-year.

• For the first two months of 2025, crude oil exports amounted to 14.9 million tonnes, representing a marginal 0.45 percent decrease compared to the same period in 2024.

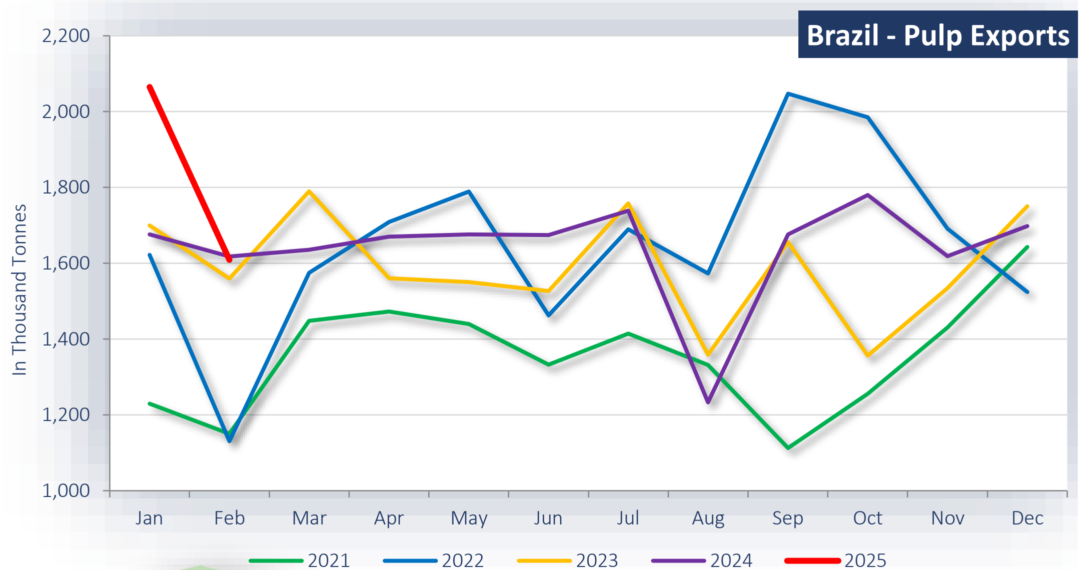
• While Brazil joined OPEC+ in February 2025, after receiving invitations for two years, its membership is not binding regarding current production cuts.



• In February 2025, wood pulp exports dropped by 22.08 percent compared to last month, totaling 1.6 million tonnes. This represents a marginal decline of 0.54 percent year-on-year.

• February's imports volume marked a five-year high for the period, underscoring Brazil's dependence on foreign wheat supplies.

• With potential US tariffs on Brazilian imports taking effect as early as April 1, the Brazilian Forest Service (SFB) noted that pulp is the primary Brazilian export to the US. The US also remains a key market for Brazilian timber, which totaled $3.7 billion in exports in 2024..



• In February 2025, Brazil's chemical fertilizer imports totalled 2.33 million tonnes, extending last month's decline by 22.68 percent from January. Year-on-year imports increased by 21.0 percent.

• ertilizer imports for the first two months of 2025, amounted to 5.34 million tonnes, which marked a 13.90 percent increase over the previous year

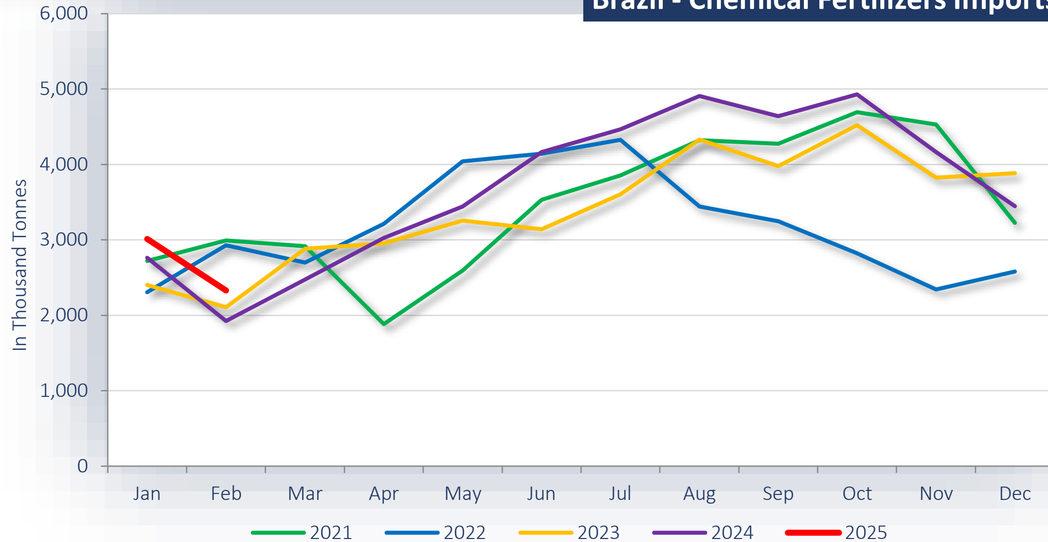
• Between November 2024 and January 2025, producers acquired 18% of the fertilizers projected for the 2025/26 crop season, notably higher than the 8% purchased during the same period in the previous cycle. January alone saw acquisitions representing 7% of the expected volume, up from 5% the prior year.

• Wheat imports dropped to 582.2 thousand tonnes in February, marking an 18.8 percent decline month-over-month, and a 9.99 percent increase year-over-year

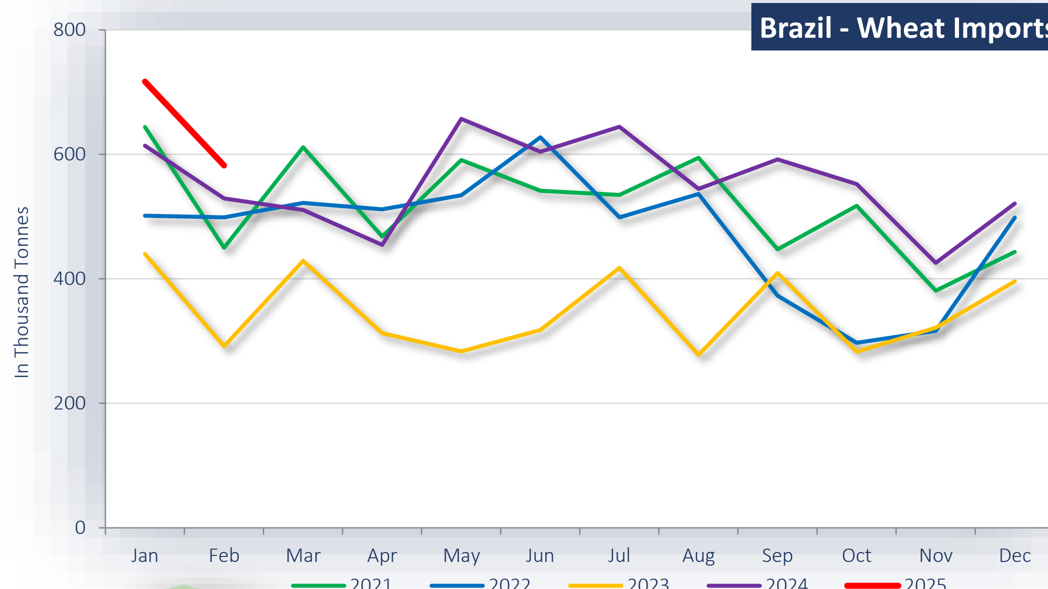
• February's import volumes were the highest for the period in the past five years, underscoring Brazil's dependence on foreign wheat supplies.

• This surge in imports aligns with a reduction in domestic wheat production. The National Supply Company (Conab) projects the 2024/2025 wheat harvest at 7.89 million tonnes, a 2.6% decrease from the previous year, accompanied by an 11.9% reduction in cultivated area.

Brazil - Chemical Fertilizers Imports



Brazil - Wheat Imports



- Port congestion at Santos averaged 40 vessels in February 2025, marking a significant 84 percent increase from January's average of 22 vessels.

- Similarly, the average deadweight of congested vessels saw a 106 percent increase as well. The upwards trend in congestion could mark an upcoming increase in exports as the agricultural season approaches.

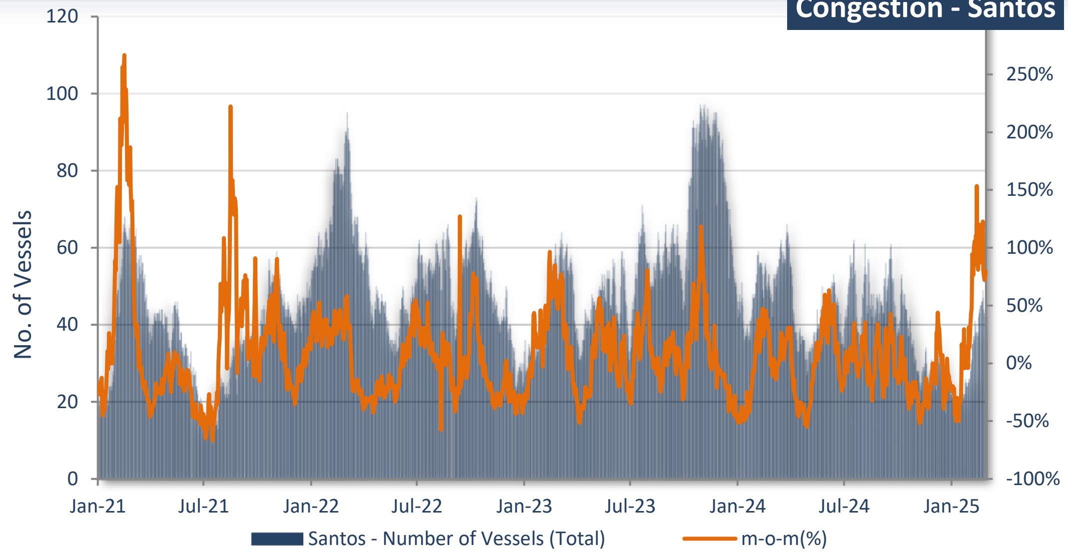
- When comparing to February 2024, when the reported congestion averaged 52 vessels, this represents a significant 30 percent year-on-year decline.

- During February, the combined congestion at the Ports of Tubarão and Vitória averaged 18 vessels, which represents a 27 percent month-over-month increase

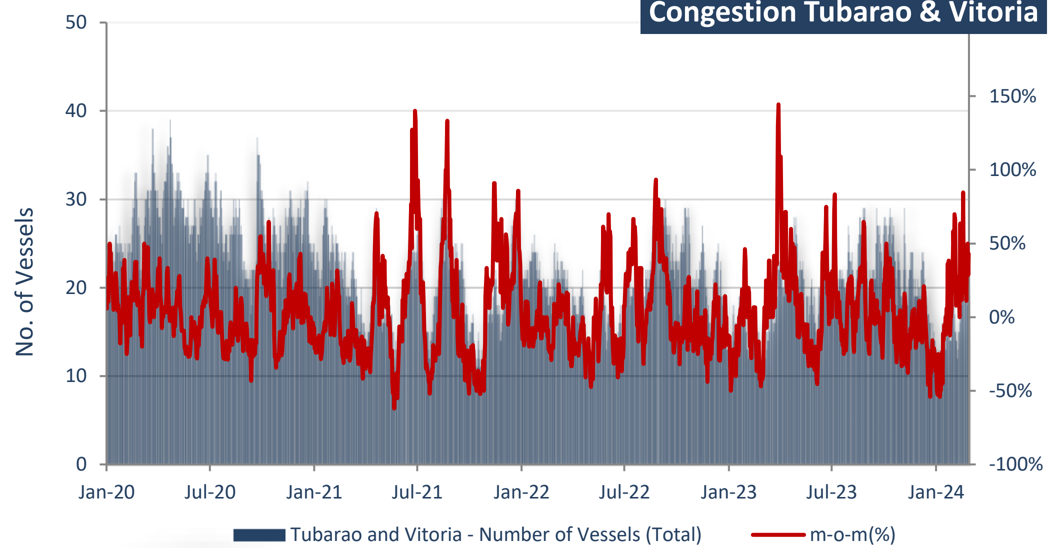
- The increase was even more evident at 49 percent when comparing the average deadweight of vessels to the month prior

- Comparing on a year-on-year basis, congestion at these ports was 27 percent higher, up from 14 vessels in February 2024.

Congestion - Santos



Congestion Tubarao & Vitoria



• In February 2025, the Capesize Baltic C3 (Tubarão/Qingdao) Index closed at 19.875 USD per metric tonne, with the monthly average settling at 17.61 USD per metric tonne.

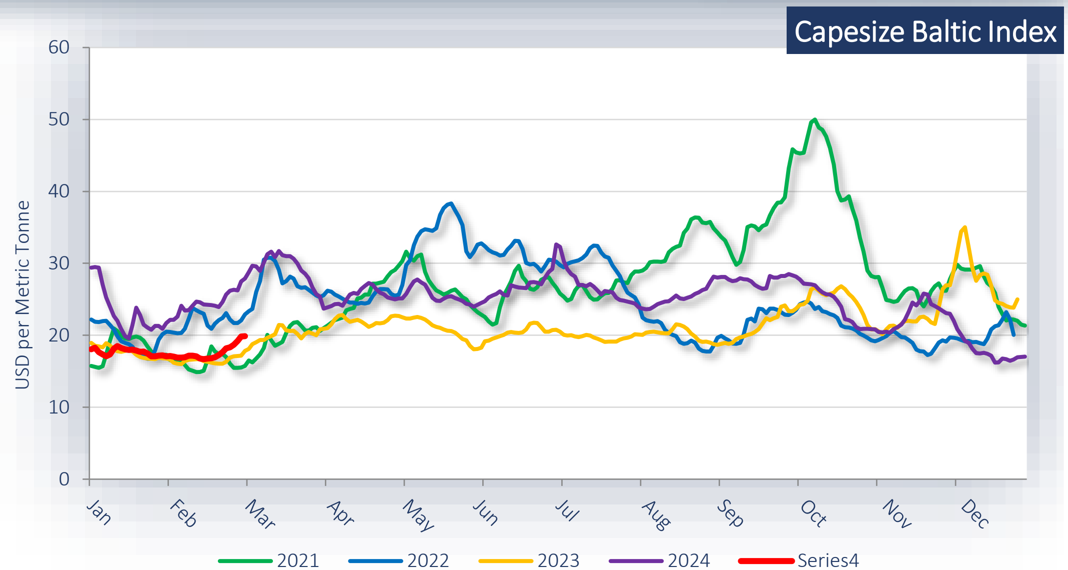
• Despite the uptick recorded towards the end of the month, February's average marked a marginal 0.21 percent month-on-month decrease from January's average of 17.64 USD per metric tonne.

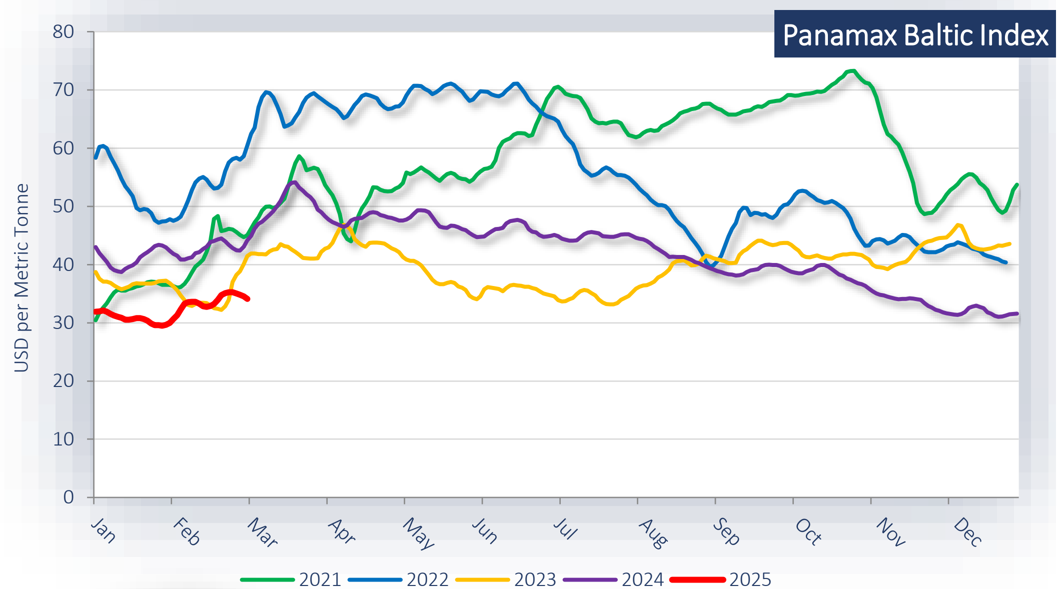
• On a year-on-year basis, the index recorded a substantial decline of 28.42 percent, when compared to the 24.59 USD per metric tonne average recorded in January 2024.

• Concurrently, the Panamax Baltic P8 (Santos/Qingdao) Index closed February at 34.12 USD per metric tonne, with a monthly average of 33.77 USD per metric tonne.

• This reflected a 9.95 percent month-on-month growth from January's average of 30.71 USD per metric tonne, reaffirming the upward trend recorded during the same period the past five years.

• Notably, February's P8 Index closing was the lowest in the past five years, once again underscoring the weakness in the Panamax sector and the unfavourable market dynamics.





Disclaimer - Doric Research Group ©