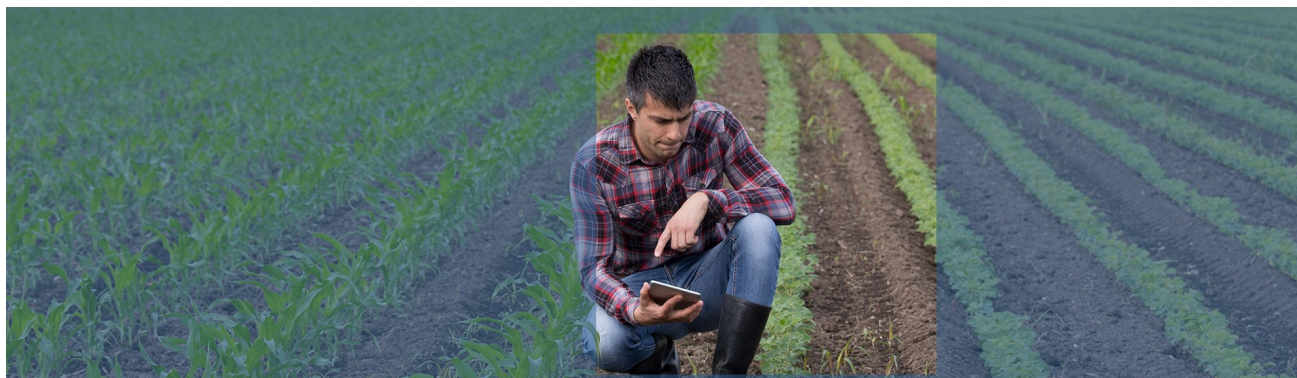


Active is: Conducting proprietary research

# No big changes for corn and soybean planting in Brazil

28/03/2019 

## Summary

Access to credit, currency depreciation and changes in the government generally have not had a significant impact on corn and soybean farming in Brazil. Going forward, at least half of sources in each instance expect spending on nitrogen, phosphate, potash and farm equipment to remain flat compared to last year.

Grassroots<sup>®</sup> Research interviews with farmers in Brazil revealed that access to credit has not affected purchasing input in fertilizers, seeds and crop protection chemicals for nearly all nor farm equipment for three-fourths. Currency depreciation has not affected purchasing input in crop protection chemicals for nearly all sources, seeds and farm equipment for most, nor fertilizers for slightly more than three-fourths. Changes in the Brazilian government have not affected purchasing input in fertilizers, crop protection chemicals and seeds for nearly all nor farm equipment for most.

When asked about the impact of tariffs, slightly less than one-fourth of sources said the recent increase in soybean prices due to China's tariffs on US soybeans has not affected purchases of fertilizers, crop protection chemicals and farm equipment.

As to spending for nitrogen, slightly more than half of sources expect it to remain flat compared to last year, while slightly less than one-fourth expect it to increase, and one-fifth expect it to decrease. For phosphate, three-fifths expect spending to remain flat, while one-fourth expect it to decrease, and a few expect it to increase. For potash, half of sources expect spending to remain flat, while slightly more than one-fourth expect it to increase, and slightly less than one-fourth expect it to decrease. For farm equipment, slightly less than three-fourths expect spending to remain flat, while a few expect it to increase, and a few expect it to decrease.

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### Summary

All US recessions since 1970 have been predicated by a yield-curve inversion – but despite slowing growth, we don't expect a recession in the next 12 months. Plus, years of ultra-low rates could make this inversion less significant than others. Investors can still find opportunities to earn income and potential return.

### Key takeaways

- Although inverted yield curves have been fairly reliable predictors of US recessions, since 1980, the average lead time from inversion to recession has been lengthy (13 months)
- Equity markets can do quite well in the post-yield-curve-inversion, pre-recession period: the S&P 500 Index returned 10% on average after four of the last five inversions
- For nearly a decade, yields have been ultra-low and the yield curve has been relatively flat; this may make inversion less meaningful this time around
- The “hunt for income” is becoming critical; risk assets may offer attractive income and return potential, and help investors guard against inflation

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