

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 10/1/2014

GAIN Report Number: BR14005

Brazil

Sugar Semi-annual

Approved By:

Michael Fay, Director

Prepared By:

Sergio Barros, Agricultural Specialist

Report Highlights:

The Brazilian MY 2014/15 sugarcane crop is estimated at 619 mmt, down 5 mmt from MY 2013/14, mainly due to weather related problems in the center-southern producing region. Approximately 45 percent of the crop should be diverted to sugar, down 0.5 percentage point compared to the previous season due to better ethanol prices. Total exports for MY 2014/15 are forecast at 24 mmt, raw value, down almost 5 percent compared to the previous estimate.

Post: ATO Sao Paulo

Production

The Agricultural Trade Office (ATO/Sao Paulo) estimates marketing year (MY) 2014/15 Brazilian sugarcane production at 619 million metric tons (mmt), down 5 percent from the previous season (650 mmt). The Center-South (CS) region is expected to produce 565 mmt of sugarcane, a 2 percent decrease compared to the previous estimate, due to lower agricultural yields in the states of Sao Paulo and Minas Gerais as a result of irregular weather conditions (drought). According to post contacts, approximately 5 to 10 million metric tons of sugarcane are likely to be left in the field, especially in the states of Goias and Mato Grosso. North-Northeastern (NNE) production for MY 2014/15 remains at 54 mmt, similar to MY 2013/14.

Industrial yield for MY 2014/15 is estimated at 134.1 kg of TRS (total reducing sugars)/mt, up 3.3 kg compared to the previous figure, as a consequence of the dry weather in the states of Sao Paulo and Minas Gerais. TRS content diverted for sugar and ethanol production for MY 2014/15 is estimated at 45 and 55 percent, respectively, as a consequence of better profitability for ethanol production.

ATO/Sao Paulo estimates the MY 2014/15 sugar production at 35.80 mmt, raw value, down 1 mmt compared to previous estimate. The CS states should account for 32.6 mmt, raw value, whereas the NNE output is preliminarily forecast at 3.2 mmt of sugar, raw value, similar to MY 2013/14. No changes have been made to the MY 2014/15 ethanol production figure which is estimated at 25.5 billion liters (12.8 billion liters of anhydrous ethanol and 12.7 billion liters of hydrated ethanol).

Crystal Sugar and Ethanol Indexes released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) track crystal sugar, anhydrous and hydrated prices received by producers in the domestic spot market.

Crystal Sugar Prices - Domestic Market (Real, 50kg/bag, including tax).					
Period	2010	2011	2012	2013	2014
January	70.83	76.29	62.04	48.80	50.29
February	72.49	75.17	59.10	47.97	50.38
March	69.58	70.55	57.34	45.04	51.86
April	63.66	66.24	56.44	44.21	51.70
May	43.76	59.73	54.58	44.55	51.49
June	40.40	52.25	55.12	44.23	49.54
July	40.90	64.33	56.96	44.48	47.07
August	46.42	68.49	56.08	43.55	45.54
September	56.91	65.21	49.85	45.44	44.71
October	71.68	62.73	50.57	50.78	
November	75.24	63.91	50.20	51.94	
December	72.66	63.57	49.12	51.06	

Source: USP/ESALQ/CEPEA.

Consumption

Brazilian sugar consumption for MY 2014/15 remains at 11.5 mmt, raw value, up 240,000 mt from MY 2013/14 (11.26 mmt), reflecting the Brazilian population growth and a continued expansion in the food processing sector.

Exports

ATO/Sao Paulo forecasts sugar exports for MY 2014/15 at 24 mmt, raw value, down 1.25 mmt from previous estimated due to lower expected sugar production, therefore lower expected exportable supply. Raw sugar should account for 18.95 mmt, raw value, whereas the remainder represents exports of refined sugar.

The following tables show Brazilian sugar exports by destination for MY 2013/14 and MY 2014/15 (May-August), as reported by the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Sugar Exports (NCMs 1701.11, 1701.13 & 1701.14, MT, Tel US\$ 000 FOB)						
	MY 2013/14 1/		MY 2013/14 2/		MY 2014/15 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
China	3,701,166	1,486,532	1,752,480	716,370	828,011	328,641
Bangladesh	1,965,952	788,743	773,166	322,295	458,990	183,076
Algeria	1,597,221	652,596	486,586	211,706	538,341	215,886
Russia	1,342,011	535,698	292,424	124,752	357,355	137,891
Malaysia	1,224,433	504,098	398,208	168,766	315,398	120,917
Egypt	1,259,025	492,676	382,697	153,944	366,861	146,750
Indonesia	1,127,631	455,407	292,673	125,051	0	0
Nigeria	1,135,185	450,115	430,393	181,077	379,351	149,377
Canada	894,007	368,211	431,561	183,369	367,806	145,649
UAE	790,457	320,410	123,148	56,412	651,796	259,830
Others	6,015,436	2,464,033	2,398,067	1,010,057	2,317,538	929,277
Total	21,052,524	8,518,518	7,761,404	3,253,799	6,581,447	2,617,295
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note : Numbers may not add due to rounding 1/May - April - 2/May - Aug.						

Brazilian Sugar Exports (NCM 1701.99.00, MT, Tel quel, US\$ 000 FOB)

Country	MY 2013/14 1/		MY 2013/14 2/		MY 2014/15 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
UAE	938,377	341,691	311,465	111,860	274,615	103,010
Yemen	454,312	205,756	199,546	92,973	129,378	58,275
Saudi Arabia	497,107	195,101	161,785	68,030	108,972	41,456
Angola	315,307	152,280	145,852	73,833	126,629	57,684
South Africa	298,087	138,506	108,655	51,978	53,451	23,723
Mauritania	279,680	135,397	135,230	66,519	31,641	14,294
Nigeria	341,404	130,472	125,829	50,753	110,031	40,851
Ghana	211,056	101,016	111,700	53,266	27,152	11,975
Togo	128,402	60,145	52,572	25,283	16,875	7,689
Iraq	114,358	55,980	41,938	19,973	0	0
Others	1,606,491	783,504	540,521	274,043	655,484	304,616
Total	5,184,580	2,299,848	1,935,094	888,511	1,534,229	663,573
Source : Brazilian Foreign Trade Secretariat (SECEX)						
Note : Numbers may not add due to rounding 1/May - April - 2/May - Aug.						

Stocks

Total sugar ending stocks during MY 2014/15 are projected at 155,000 mt, up 250,000 mt from previous estimate figure for MY 2014/15.

Policy

In September 2014, President Dilma Roussef signed the Provisional Measure that increases the maximum ethanol blend to gasoline from 25 to 27.50 percent. The law sets a broader ethanol blend range to gasoline, but does not authorize the effective increase of the 25 percent blend to a higher value.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)							
Month	2008	2009	2010	2011	2012	2013	2014
January	1.76	2.32	1.87	1.67	1.74	1.99	2.43
February	1.68	2.38	1.81	1.66	1.71	1.98	2.33
March	1.75	2.25	1.78	1.62	1.82	2.01	2.26
April	1.69	2.18	1.77	1.57	1.89	2.00	2.24
May	1.63	1.97	1.81	1.57	2.02	2.13	2.24
June	1.64	1.95	1.80	1.57	2.02	2.22	2.20
July	1.57	1.87	1.75	1.56	2.05	2.29	2.27
August	1.63	1.88	1.75	1.59	2.04	2.37	2.24
September	1.92	1.78	1.69	1.85	2.03	2.23	2.45
October	2.12	1.74	1.70	1.69	2.03	2.20	--
November	2.33	1.75	1.71	1.81	2.10	2.32	--
December	2.34	1.74	1.66	1.88	2.04	2.34	--

Source : Gazeta Mercantil and BACEN (as of October 2006)

PS&D Statistics

Sugar Cane for Centrifugal Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	9,750	9,750	9,800	9,800	9,900	9,900
Area Harvested	8,700	8,700	9,140	9,140	9,250	9,250
Production	591,100	591,100	650,000	650,000	629,000	619,000
Total Supply	591,100	591,100	650,000	650,000	629,000	619,000
Utilization for Sugar	295,550	295,550	295,750	295,750	292,485	282,400
Utilization for Alcohol	295,550	295,550	354,250	354,250	336,515	336,600
Total Utilization	591,100	591,100	650,000	650,000	629,000	619,000

1000 HA, 1000 MT

Sugar, Centrifugal Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: May 2012		Market Year Begin: May 2013		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	-285	-285	-535	-535	-195	-195
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	38,600	38,600	37,800	37,800	36,800	35,800
Total Sugar Production	38,600	38,600	37,800	37,800	36,800	35,800
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	0	0	0	0	0	0
Total Imports	0	0	0	0	0	0
Total Supply	38,315	38,315	37,265	37,265	36,605	35,605
Raw Exports	21,750	21,750	21,050	21,050	20,200	18,950
Refined Exp.(Raw Val)	5,900	5,900	5,150	5,150	5,050	5,050
Total Exports	27,650	27,650	26,200	26,200	25,250	24,000
Human Dom. Consumption	11,200	11,200	11,260	11,260	11,355	11,500
Other Disappearance	0	0	0	0	0	0
Total Use	11,200	11,200	11,260	11,260	11,355	11,500
Ending Stocks	-535	-535	-195	-195	0	105
Total Distribution	38,315	38,315	37,265	37,265	36,605	35,605

1000 MT