

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Brazil**

**Post:**

Brasilia

## **Oilseeds and Products Update**

### **Soybean Production and Area Planted Forecast at a Record**

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**Report Highlights:**

Post forecasts Brazil's 2014/15 soybean production at a record of 93 million metric tons (MT), based on increased hectares planted to soybeans. Post forecasts exports at 47 million MT despite the slow pace of commercialization of the new crop.

<b>Oilseed, Soybean (Local)</b>	<b>2012/2013</b>		<b>2013/2014</b>		<b>2014/2015</b>	
<b>Market Begin Year</b>	<b>Feb 2013</b>		<b>Feb 2014</b>		<b>Feb 2015</b>	
<b>Brazil</b>	<b>USDA Official</b>	<b>New post</b>	<b>USDA Official</b>	<b>New post</b>	<b>USDA Official</b>	<b>New post</b>
<b>Area Planted</b>	27,700	27,700	30,100	30,100	31,500	31,600
<b>Area Harvested</b>	27,700	27,700	30,100	30,100	31,500	31,600
<b>Beginning Stocks</b>	1,233	1,183	1,309	1,288	3,214	2,588
<b>Production</b>	82,000	82,000	86,700	86,700	95,500	93,000
<b>MY Imports</b>	240	269	575	600	550	150
<b>MY Imp. from U.S.</b>	0	0	0	0	0	0
<b>MY Imp. from EU</b>	0	0	0	0	0	0
<b>Total Supply</b>	83,473	83,452	88,584	88,588	99,264	95,738
<b>MY Exports</b>	42,826	42,826	45,800	46,500	47,125	47,000
<b>MY Exp. to EU</b>	5,800	4,900	6,000	6,000	6,000	6,500
<b>Crush</b>	36,388	36,338	36,570	36,300	37,800	38,000
<b>Food Use Dom. Cons.</b>	0	0	0	0	0	0
<b>Feed Waste Dom. Cons.</b>	2,950	3,000	3,000	3,200	3,150	3,150
<b>Total Dom. Cons.</b>	39,338	39,338	39,570	39,500	40,950	41,150
<b>Ending Stocks</b>	1,309	1,288	3,214	2,588	11,189	7,588
<b>Total Distribution</b>	83,473	83,452	88,584	88,588	99,264	95,738

1000 HA, 1000 MT

### **2014/15 Soybean Production Forecast at 93 Million Metric Tons**

Post forecasts soybean production for the 2014/15 Marketing Year (MY) at 93 million metric tons (MT) as a result of an adjustment to the planted area forecast. Farmers in Brazil are forecast to plant a record total area of 31.6 million hectares (including second crop soybeans), a 5 percent increase compared to the last growing season. Post also forecasts yields at 2.94 MT per hectare, a two percent increase compared to 2013/14 as a result of ongoing adoption of improved seed varieties.

The 2014/15 soybean season has gone through several ups and downs in terms of adverse climate conditions. Throughout October, the lower than expected precipitation created planting delays and some farmers had to re-plant soybean areas in the Center-West. In the last week of December and through the first two weeks of January, lower than expected precipitation mainly in the Center-West and Northeast region has now brought new concerns on the potential impact on yields. For instance, the state of Goiás, which accounts for 10% of this year's planted area, has been impacted by the dry weather

and extreme heat through most of January. On January 23, the Agricultural and Livestock Confederation of Goiás estimated that the soybean production in the state will be down 1.4 million MT from the original forecast.

In the two most important soybean states of Brazil, the harvest season officially began in January and good progress has taken place. In Mato Grosso, as of January 26, harvest reached 7.7 percent of the planted area, compared to 5.8 percent last year. In Paraná, 4 percent of the area has been harvested, also slightly higher compared to last year.

### **Changes to the Seasonal Soybean Planting Moratorium**

The seasonal planting moratorium (Vazio Sanitario) is a period where no live soybean plants are allowed in the fields. For soybeans, it is a mitigation method to reduce the possibility of early incidence of rust and other pests. The period ranges from 60 to 120 days, depending on the state, and it is highly enforced by state and federal inspectors.

On December 30, 2014, the state of Mato Grosso changed its rules for the Vazio Sanitario. For 2015, it will start on June 1 until September 30 as opposed to the previous start date of June 15. The state of Goiás also announced that producers will only be able to plant soybeans between October 1 and December 31 in order to avoid a second soybean crop. This was implemented to avoid a second crop in the state and reduce the changes of plant diseases and pests. The Vazio Sanitario in Goiás also starts on June 1 until September 30. The states of Rondônia, Bahia, São Paulo, Paraná, and Mato Grosso do Sul will keep the Vazio Sanitario between June 15 until September 15.

Despite these changes, post does not think they will have a major impact on farmer's planting intentions of a second crop for 2014/15 in Mato Grosso; however, it could have an impact on seed production.

### **Soybean Moratorium Policy Extended Until May 2016**

The Government of Brazil announced on November 25, 2014, the extension of the Soybean Moratorium Policy. Originally created in 2006 under market pressure from the European food industry, this policy was created voluntarily by both private and public institutions. The policy creates a moratorium on purchasing soybeans from areas illegally cleared in the Amazon rainforest. This moratorium was due to end on December 31, 2014 and it is now extended until at least May 2016. According to experts, the program has been effective as estimates show that soybean plantings were responsible for less than one percent of clearance in 2014.

### **Record Chinese Soybeans Imports and Weaker Real Expected to Support Brazilian Exports**

Post forecasts soybean exports at a record 47 million MT. The weakening of the Brazilian Real, about 18 percent in the last six months, is expected to support exports in 2015. In addition, with a forecast record harvest, Brazil will have ample exportable supplies to meet the needs of the international market. China's import demand, expected to hit a new record, continues to be one of the main factors supporting Brazil's exports.

The slow pace of commercialization of the new crop continues to be a relevant story. By the end of January last year, much of the early maturing soybeans were sold at a premium due to the gap between the U.S. and Brazilian soybean harvest. However, due to the current relatively low prices as a result of high global supplies, farmers have slowed down their selling with the expectation of better domestic prices in February and into March. In Mato Grosso for example, commercialization of the new crop reached 46 percent as of January 16, compared to 55 percent the previous year. In Paraná, 10 percent of the 2014/15 crop was commercialized as of the end of December, about 13 percent lower compared to last year.

Transportation in Brazil from the fields to the ports is expected to improve as a result of new systems implemented to manage deliveries at the Southern ports of Santos and Paranaguá. In addition, the infrastructure investments in the north and northeast of Brazil continue to provide new options to farmers in the Center-West to facilitate deliveries of the 2014/15 soybean crop. According to sources from the Government of Brazil, soybean exports increased significantly in the Northern ports of São Francisco do Sul (SC), Vitória (ES), Salvador (BA), Manaus (AM), Barcarena (PA), Imbituba (SC), and Ilheus (BA).

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