

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Brazil

Post:

Brasilia

Oilseeds and Products Update

Weather Problems Affect Soybean Planting Progress

Approved By:

Robert Hoff

Prepared By:

Nicolas Rubio

Report Highlights:

Post reduced its 2014/15 production forecast to 92 mmt, still a record, based on a lower national yield. Area planted for soybeans in Brazil is still estimated at 31.5 million hectares, but post reduced its initial yield forecast due to weather problem across the country. Post kept its export forecast at 47 mmt for 2014/15 marketing year (MY).

Oilseed, Soybean (Local) Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Feb 2013		Market Year Begin: Feb 2014		Market Year Begin: Feb 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	27,700	27,700	30,100	30,100	31,500	31,500
Area Harvested	27,700	27,700	30,100	30,100	31,500	31,500
Beginning Stocks	1,233	1,233	1,309	1,338	2,279	2,838
Production	82,000	82,000	86,700	86,700	94,000	92,000
MY Imports	240	269	600	600	600	150
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	83,473	83,502	88,609	88,638	96,879	94,988
MY Exports	42,826	42,826	47,030	46,500	47,000	47,000
MY Exp. to EU	5,800	5,800	6,000	600	6,000	6,500
Crush	36,388	36,388	36,300	36,300	37,800	38,000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2,950	2,950	3,000	3,000	3,150	3,150
Total Dom. Cons.	39,338	39,338	39,300	39,300	40,950	41,150
Ending Stocks	1,309	1,338	2,279	2,838	8,929	6,838
Total Distribution	83,473	83,502	88,609	88,638	96,879	94,988

1000 HA, 1000 MT

Soybean Production Forecast Reduced to 92 Million Metric Tons (MMT)

Post reduced its 2014/15 production forecast to 92 mmt, still a record, based on lower forecast national yield. Area planted for soybeans in Brazil is still estimated at 31.5 million hectares, but due to weather problems across the country and current planting delays, post reduced its initial forecast yield. Planting progress improved in the last week of October and through mid-November, reaching a national average of 63 percent, six percent lower than last season. Through November 18, planting progress in Mato Grosso and Parana, for example, reached 93 and 84 percent, respectively. However, despite these complications, the planting window is still large enough to reach the average yield assuming normal weather the rest of the season.

Changes to Seasonal Planting Moratorium ("Vazio Sanitario")

On October 22, Mato Grosso was the first state in Brazil to change its rules for the seasonal planting moratorium ("Vazio Sanitario"). The change pushed back the start date by 45 days and will now begin

May 1, 2015. This could impact the planting intentions of a second soybean crop ("safrinha") for the 2014/15 due to the current planting delays, as farmers may not be able to harvest a "safrinha" by May 1, 2015. The new seasonal planting moratorium does not allow any soybean plant to be in the ground between May 1 and September 30. The purpose of this measure is to reduce the threat of the Asian rust fungus.

On November 11, the state of Goiás also announced that next year, producers will only be able to plant soybeans between October 1 and December 31 in order to avoid a "safrinha" crop in the state. The change will mainly affect farmers who grow their own seed in Goiás. This is another example of the steps taken in Brazil to continue to control diseases that can hurt the future of the soybean industry.

Higher Diesel Prices Affecting Brazilian Farmer's Bottom Line

On November 6, Petrobras, the Brazilian oil monopoly, increased the price of gasoline and diesel by 3 percent and 5 percent, respectively. It is expected that this change will have a negative impact of US\$100 million (exchange rate at R2.60/US\$) in the agricultural sector of Mato Grosso alone, according to the Mato Grosso Institute of Agricultural Economics (IMEA). A study by IMEA showed that in addition to higher production costs for producers, freight costs will be adjusted upward by 2.8 percent, which will affect producer's revenues as they get ready to export the 2014/15 crop.

Export Forecast at 47 mmt for 2014/15 Marketing Year (MY)

Post kept its export forecast at 47 mmt for 2014/15 MY. The forecast was lowered last month due to the ongoing delays in planting and the slow pace of commercialization. Only 25 percent of the new crop in Mato Gross had been commercialized as of November 17, compared to 44 percent by the same month last year. In Paraná, commercialization of the new crop is much lower. The Secretariat of Agriculture in Paraná indicated that only 7 percent of the 2014/15 crop has been commercialized compared to 90 percent by the same month last year.

Domestic Soybean Crush Forecast at 38 MMT

Soybean crush for meal and oil production is forecast at 38 mmt, almost a 5 percent jump from the previous MY. It is expected that 29 mmt of soybeans will be needed for the production of soybean meal, slightly higher than last year, as a result of a small increase of meat production. The marginal growth is partly due to the poor economic scenario Brazil faces in 2015. For soybean oil, it is forecast that 7.5 mmt of soybeans will be used for production as a result of the higher demand of soybean oil to meet the meet the increased biodiesel mandate (B7) in Brazil.