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Required Report - public distribution

Date: 8/14/2014

GAIN Report Number: BR 0940

Brazil

Poultry and Products Annual

Annual Poultry Report

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Report Highlights:

Post forecasts broiler production to increase by 5 percent in 2015 to 13.3 million metric tons as a result of lower feed costs and higher exports due to the depreciation of the Brazilian currency and new opportunities in the Russian market. The slow growth path in domestic demand is due to the high level of indebtedness of Brazilian consumers, higher inflation rates, and greater competition from other meats, mostly beef.

Executive Summary:

Post forecasts broiler production to increase by 5 percent in 2015. This increase will likely be driven by higher exports stimulated by the depreciation of the Brazilian currency, lower feed costs due to forecast record soybean and corn crops estimated for 2014/15 crop year, and higher world demand for the Brazilian product, especially from the Russian Federation. Post sources also identify the high level of consumer debt in Brazil as a constraint to increased domestic demand. The outlook for turkey production and exports is for moderate growth next year.

Commodities:

Poultry, Meat, Broiler

Production:

Broiler production is forecast to grow by 5 percent in 2015. FAS Brasilia believes that a production level at nearly 13.3 million metric tons in 2015 reflects the current expectations of producers to continue with a strategy to adjust supply and demand for boilers and to respond to higher world demand for the Brazilian product, especially from the Russia Federation. Producers are likely to benefit from reduced production costs due to higher soybean and corn crops in the 2014-2015 season. The only constraint affecting next year's forecast is the slowdown in the growth path of domestic consumption due to the high level of indebtedness of Brazilian consumers, higher inflation, and higher competition from beef and pork.

Post maintained 2014 broiler production and exports estimates from our semiannual reporting. Post believes that current production estimates for 2014 are in line with the additional demand from the Russian market until the end of the year.

Production Costs

The cost of broiler production in 2015 is estimated to drop by 5 percent from last year's level, while producer prices will likely recover around 6 percent during the same period. If this materializes, these prices will contribute to improved profit margins next year. These reference prices are for Parana state, the largest broiler producer in Brazil with a market share of nearly 28 percent of total broiler slaughter.

Consumption:

Domestic consumption of broiler meat in 2015 is projected to increase by over 2 percent reflecting a continuing increase in the broiler price (RTC) due to higher expected inflation rates, the high indebtedness of Brazilian consumers, and competition from beef and pork.

Trade:

Post forecasts broiler exports in 2015 to increase by 11 percent. The growth in exports is likely to be driven by a continued devaluation of the Brazilian currency combined with an additional market opportunity for higher sales to the Russian Federation. According to our trade sources, 38 Brazilian slaughter plants are currently eligible to export broilers to the Russian market. This would allow Brazilian poultry processors to increase their supplies up to 30,000 metric tons per month early in 2015. Brazilian trade sources also forecast higher sales of chicken parts to China in view of a higher number of plants (29) approved for that market. Other promising markets for 2015 are Japan, Egypt, Nigeria, and Mexico.

Note: The PS&D table excludes chicken feet and paws exports to China and Hong Kong, as per USDA pawns methodology.

Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Brazil	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	53	0	55	55		58
Slaughter (Reference)	6,400	0	6,525	6,525		6,725
Beginning Stocks	0	0	0	0		0
Production	12,308	0	12,678	12,678		13,312
Total Imports	3	0	3	3		3
Total Supply	12,311	0	12,681	12,681		13,315
Total Exports	3,482	0	3,600	3,600		4,024
Human Consumption	8,829	0	9,081	9,081		9,291
Other Use, Losses	0	0	0	0		0
Total Dom. Consumption	8,829	0	9,081	9,081		9,291
Total Use	12,311	0	12,681	12,681		13,315
Ending Stocks	0	0	0	0		0
Total Distribution	12,311	0	12,681	12,681		13,315

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

Export Trade Matrix

Country	Brazil		
Commodity	Poultry, Meat, Broiler		
Time Period	Jan-Jun	Units:	Metric Tons
Exports for:	2013		2014
U.S.	0	U.S.	0
Others		Others	
Angola	35,166		40,729
China	92,252		106,229
Cuba	16,640		14,151
Egypt	37,672		46,114
European Union	119,030		114,725
Hong Kong	155,775		156,194
Ghana	18,178		8,907
Iran	3,524		5,218
Iraq	50,118		28,266
Japan	198,176		194,218
Jordan	25,949		23,413
Kuwait	61,749		50,644
Oman	32,562		32,110
Phillippines	9,197		16,173
Qatar	32,707		31,094
Russian Federation	20,240		23,024
Saudi Arabia	343,047		318,889
Singapore	35,140		37,467
South Africa	89,842		74,593
South Korea	23,160		29,760
UAE	123,714		124,405
Yemen	38,760		37,603
Venezuela	66,138		116,861
Total for Others	1,628,736		1,630,787
Others not Listed	177,230		187,111
Grand Total	1,805,966		1,817,898

Note: Includes HTS Codes: 0207.11; 0207.12; 0207.13; 0207.14; and 1602.32

Quantity in Product Weight Equivalent (PWE)

Updated: August 4, 2014.

Commodities:

Poultry, Meat, Turkey

Production:

Turkey production is forecast to increase by 5 percent in 2015, mostly driven by a rebound in exports. Lower feed costs due to forecast record soybean and corn crops during the 2014-2015 season are likely to improve producers' margins. A slowdown in the growth path of domestic demand remains as the main constraint affecting production growth.

Exports

Turkey exports are projected to increase by 11 percent in 2015, mostly caused by the depreciation of the Brazilian currency. Exports are expected to increase to the European Union, Angola, Peru, the Russian Federation, and Chile, and likely Mexico.

Production, Supply and Demand Data Statistics:

Poultry, Meat, Turkey Brazil	2013		2014		2015	
	Market Year Begin: Jan 2013		Market Year Begin: Jan 2014		Market Year Begin: Jan 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	0		0	0		0
Slaughter (Reference)	48		49	47		48
Beginning Stocks	0	0	0	0		0
Production	520		535	470		495
Total Imports	0		0	0		0
Total Supply	520	0	535	470		495
Total Exports	175		180	120		140
Human Consumption	345		355	0		355
Other Use, Losses	0		0			0
Total Dom. Consumption	345	0	355	0		355
Total Use	520	0	535	120		495
Ending Stocks	0		0	0		0
Total Distribution	520	0	535	120		495

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

Country	Brazil		
Commodity	Poultry, Meat, Turkey		
Time Period	Jan-Jun	Units:	Metric Tons
Exports for:	2013		2014
U.S.	0	U.S.	0
Others		Others	
Angola	5,639		6,075
Argentina	46		13
Benin	8,327		6,071
Chile	1,356		1,328
Congo	2,306		2,239
Congo, D.R.	648		389
Gabon	385		275
Guinea, E.	1,317		1,906
European Union	36,617		27,600
Hong Kong	288		192
Peru	1,336		2,605
Russian Federation	2,310		1,305
Saudi Arabia	1,109		823
South Africa	9,845		8,339
Switzerland	1,225		1,169
Total for Others	72,754		60,329
Others not Listed	2,470		1,709
Grand Total	75,224		62,038

Note: It includes HTS Codes: 02072400; 02072500; 02072600; 02072700; 16023100. Quantity in Product Weight Equivalent (PWE)
Updated: Feb 3, 2014