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Brazil

Grain and Feed Annual

Reduced Corn Area Constrains Production

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Report Highlights:

17/18 corn production is forecast lower at 89 million metric tons (MMT), based on reduced area for first- and second-crop corn and an expected return to average yields. 18/19 corn production is forecast at 90 MMT, based on expected growth of second-crop corn area. 17/18 milled rice production is estimated at 7.7 MMT, due to a small decrease in planted area and a slight decrease in yields. 18/19 milled rice production is forecast at 8.2 MMT on an expected return to higher yields. 18/19 wheat production is forecast at 6 MMT on a return to more normal yields. 17/18 imports are forecast at 7 MMT, on a slower-than-expected pace of trade.

Corn

Corn	2016/2017		2017/2018		2018/2019	
Market Begin Year	Mar 2017		Mar 2018		Mar 2018	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	17600	17600	17600	16400	0	16500
Beginning Stocks	6769	6769	14019	14019	0	8419
Production	98500	98500	94500	89000	0	90000
MY Imports	950	854	400	400	0	500
TY Imports	2439	2439	800	600	0	500
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	106219	106123	108919	103419	0	98919
MY Exports	31700	31604	35000	33000	0	30000
TY Exports	19794	19794	31000	33000	0	30000
Feed and Residual	51000	51000	53000	52000	0	53000
FSI Consumption	9500	9500	9500	10000	0	10500
Total Consumption	60500	60500	62500	62000	0	63500
Ending Stocks	14019	14019	11419	8419	0	5419
Total Distribution	106219	106123	108919	103419	0	98919
Yield	5.5966	5.5966	5.3693	5.4268	0	5.4545

(1000 HA) ,(1000 MT) ,(MT/HA)

Corn Supplies: Market year (MY) 2017/2018 corn production is forecast lower at 89 million metric tons (MMT), down roughly 10 percent from 2016/2017, mainly due to reduced area for first- and second-crop corn and an expected return to average yields. According to data from Brazil's National Food Supply Company (CONAB), second-crop "safrinha" corn now accounts for approximately 70 percent of Brazil's total production. Overall, corn area is estimated to have decreased to 16.4 million hectares (mHA) due to large decreases in first-crop corn area and modest decreases in second-crop corn area.

While total corn area in Brazil has expanded by nearly 50 percent in the last 15 years, first-crop corn area has been shrinking over the last decade, as relatively higher soy prices pushed more farmers in the Center-West region to plant corn only as a second crop after the soy harvest. In addition to that persistent trend, low prices after last year's record corn harvest and abundant global supplies further reduced MY 2017/2018 first-crop corn in Brazil. CONAB reported an 8.9 percent reduction in first-crop corn area nationwide compared to MY 2016/2017, the smallest area for first-crop corn in 40 years. According to CONAB, first-crop corn area in some of the largest producing states of shrank by large percentages, including 9.5 percent in Rio Grande do Sul, 11.5 percent in Minas Gerais, 19.9 percent in Santa Catarina, and 34.4 percent in Parana. At this time, roughly half of first-crop corn has been harvested.

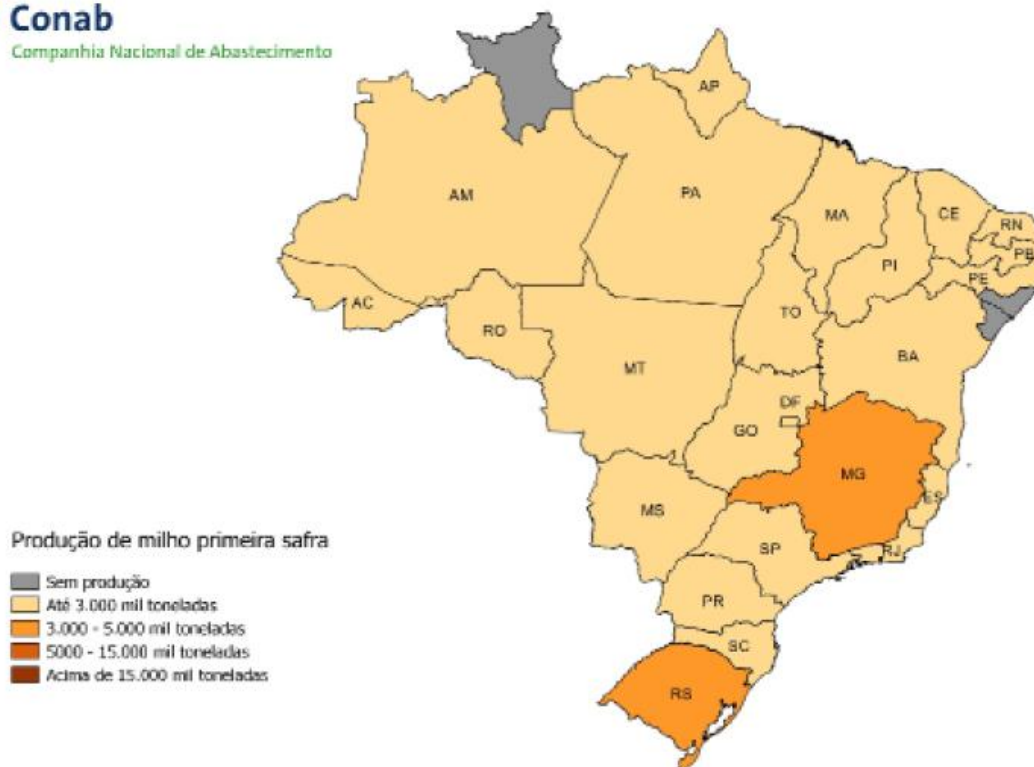
Area for MY 2017/2018 second-crop corn, which is typically sown in February after the bulk of soybean harvest, is also estimated to have decreased slightly. Delays in soybean planting in Mato Grosso due to dry weather led to some delays in early soybean harvest, narrowing the ideal window for planting second-crop corn (generally by the third week in February) to avoid the onset of the dry season.

However, many farmers in the Center-West see no downside to planting second-crop corn, even outside the ideal window, because government support programs will guarantee a minimum price and they can simply reduce inputs to reduce the cost of production. Soybeans are the profit-maker for many Center-West farms, but second-crop corn is still an attractive way to maintain soil cover and make some extra money to pay farm bills. At this time, virtually all second-crop corn has been planted. The harvest will begin in June.

Some larger producers in Mato Grosso this year switched to planting cotton instead of second-crop corn, to take advantage of high cotton prices. However, since cotton requires different equipment and additional inputs, only very large producers with the means to do so could afford the switch.

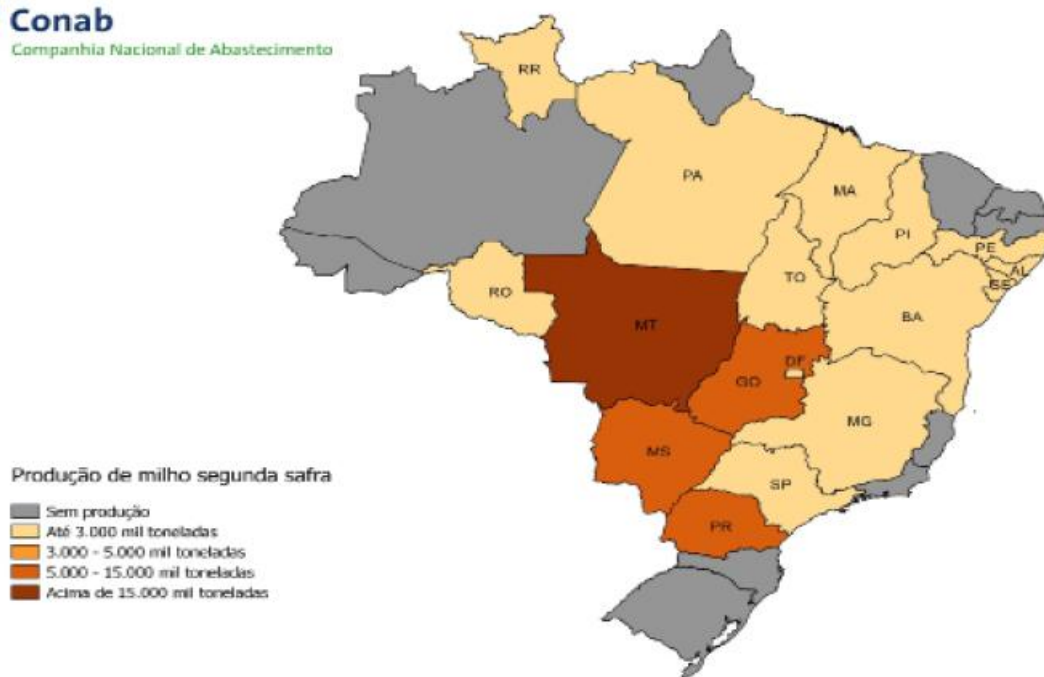
MY 2018/2019 area is forecast to expand slightly to 16.5 mHA, due largely to expected growth of second-crop corn area, offset by the continued shrinking of first-crop corn area. Total corn area is expected to expand as soybean area continues to grow in the Center-West, since corn is the easiest second crop to plant on these hectares and, as noted above, most farmers see no downside to planting a safrinha corn crop. As a result, production for MY 2018/2019 is forecast up slightly at 90 MMT, based on average yields.

First-Crop Corn Area



Source: CONAB

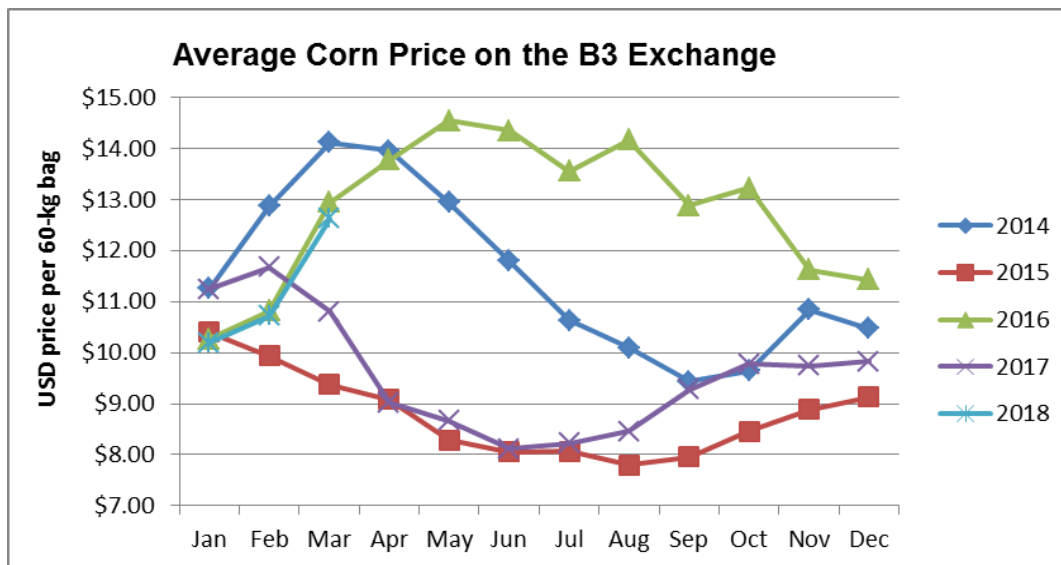
Second-Crop Corn Area



Source: CONAB

Monthly Average Corn Prices on the Brasil Bolsa Balcão (B3) Exchange					
<i>Prices in USD per 60-kg bag (discounted for CDI/CETIP taxes)</i>					
CY	2014	2015	2016	2017	2018
Jan	\$11.26	\$10.40	\$10.27	\$11.25	\$10.19
Feb	\$12.87	\$9.94	\$10.82	\$11.67	\$10.72
Mar	\$14.12	\$9.37	\$12.94	\$10.80	\$12.62
Apr	\$13.96	\$9.08	\$13.77	\$9.02	
May	\$12.94	\$8.28	\$14.55	\$8.66	
Jun	\$11.80	\$8.05	\$14.35	\$8.12	
Jul	\$10.63	\$8.07	\$13.56	\$8.23	
Aug	\$10.10	\$7.80	\$14.17	\$8.46	
Sep	\$9.44	\$7.95	\$12.88	\$9.28	
Oct	\$9.64	\$8.46	\$13.23	\$9.78	
Nov	\$10.84	\$8.89	\$11.62	\$9.74	
Dec	\$10.47	\$9.13	\$11.43	\$9.83	

Source: CEPEA



Source: CEPEA

Corn Trade: MY 2017/2018 exports are forecast slightly lower at 33 MMT, to reflect the lower forecast in production balanced by the effort to bring down the high level of stocks. Brazil's largest export market is Iran, which received about 16.5 percent of Brazil's corn exports in calendar year 2017. Other larger markets for Brazilian corn include Egypt, Japan, Spain, Vietnam, and other markets in Asia.

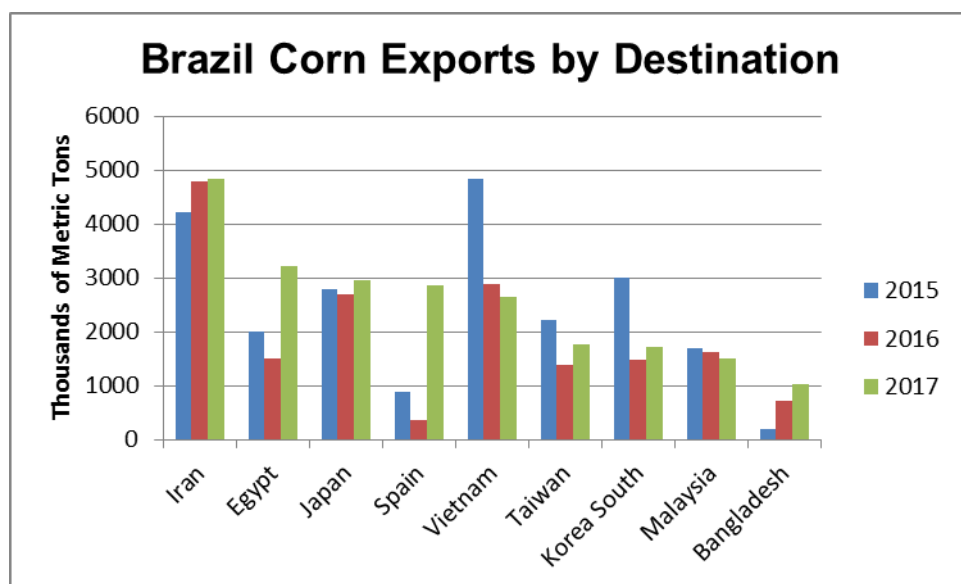
MY 2018/2019 corn exports are forecast at 30 MMT to reflect increased domestic consumption and lower expected ending stocks at the end of this MY. Corn must also compete with higher-value soybeans for Brazil's limited transportation infrastructure.

Brazil remains a negligible corn importer, with small amounts coming from MERCOSUL-partner countries Paraguay and Argentina to supply livestock operations (mostly poultry and swine) in southern Brazil. MY 2017/2018 corn imports are forecast at 400,000 metric tons (MT), while MY 2018/2019 imports are forecast at 500,000 MT. There is currently some pressure coming from livestock producers for the Government of Brazil to open a tariff-rate quota (TRQ) for corn to temporarily eliminate the non-MERCOSUL corn tariff to facilitate imports from other countries like the United States. This would lower feed costs for livestock producers in the south of Brazil, especially with Argentina's smaller expected corn crop this year. However, to date, the Government of Brazil has taken no such action.

Brazil Import Statistics

Commodity: 1005, Corn (Maize)				
Annual Series: 2015 - 2017				
Country	Unit	Quantity		
		2015	2016	2017
World	T	369,990	2,902,560	1,324,670
Paraguay	T	367,316	1,465,053	774,665
Argentina	T	2,038	1,436,245	548,441
United States	T	499	532	843
Bolivia	T	127	711	699
Spain	T	9	0	22
Mexico	T	0	18	0
Lebanon	T	1	0	0

Source: SECEX – Foreign Trade Secretariat



Source: SECEX – Foreign Trade Secretariat

Brazil Export Statistics				
Commodity: 1005, Corn (Maize)				
Annual Series: 2015 - 2017				
Country	Unit	Quantity		
		2015	2016	2017
World	T	28,923,951	21,873,310	29,265,912
Iran	T	4,207,984	4,790,853	4,832,978
Egypt	T	2,008,864	1,500,669	3,226,017
Japan	T	2,776,861	2,694,266	2,945,944
Spain	T	880,518	365,585	2,868,389
Vietnam	T	4,841,356	2,877,048	2,637,305
Taiwan	T	2,212,402	1,381,126	1,760,043

Korea South	T	3,004,043	1,482,763	1,716,965
Malaysia	T	1,682,300	1,609,354	1,494,622
Bangladesh	T	190,187	723,519	1,016,715
Netherlands	T	390,106	586,943	801,673
Dominican Republic	T	543,284	408,146	694,241
Saudi Arabia	T	744,795	667,113	680,764
Portugal	T	50	86,538	643,886
Mexico	T	315,199	0	562,833
Algeria	T	962,656	507,014	493,866
Morocco	T	672,347	164,257	484,981
Ireland	T	0	0	329,080
Israel	T	66,000	0	320,661
Italy	T	0	36,309	235,049
Venezuela	T	89,340	6,264	179,454
Jordan	T	129,638	50,030	163,565
Guatemala	T	95,074	12,562	131,678
Indonesia	T	1,154,841	777,504	111,026
Cuba	T	57,853	111,500	110,700
Nicaragua	T	58,846	4,500	86,940
United Arab Emirates	T	298,808	166,809	81,401
El Salvador	T	63,208	0	78,049
Puerto Rico (U.S.)	T	56,131	25,658	63,923
Lebanon	T	671	284	62,287
Costa Rica	T	171,476	21,512	61,415
United States	T	156,202	117,111	61,060
United Kingdom	T	2	3	59,006
Tunisia	T	124,935	130	58,392
Oman	T	11,476	66,973	57,762
Philippines	T	67,108	41,050	33,110
Kuwait	T	85,838	37,758	31,596
Angola	T	37,120	108	17,886
China	T	146,917	172,481	17,190
Peru	T	33,410	5,008	11,098
Paraguay	T	6,632	8,767	8,744
Trinidad & Tobago	T	145	225	6,524
Bolivia	T	2,032	2,198	4,487
India	T	5,258	3,372	3,938
South Africa	T	321,683	317,678	2,450
Argentina	T	934	1,207	2,335
Turkey	T	5,942	2,208	2,329
Colombia	T	1,642	2,075	2,272
Virgin Islands (British)	T	0	0	2,242
Thailand	T	0	5,000	2,006

Pakistan	T	2,494	697	1,426
Ecuador	T	34,543	1,524	824
Russia	T	702	780	525
Mauritania	T	0	0	454
Nigeria	T	125	227	405
Guyana	T	1,572	1,415	378
Nepal	T	75	0	329
Niger	T	0	0	250
Togo	T	593	205	104
Suriname	T	0	1	85
Chile	T	785	417	78
Ethiopia	T	150	0	75
Cape Verde	T	28	0	30
Sudan	T	231	0	28
New Zealand	T	0	0	20
Belgium	T	322	90	18
Uruguay	T	96	290	6
Equatorial Guinea	T	2	3	2
Mozambique	T	25	0	2
Bulgaria	T	484	78	0
Greece	T	26	25	0
Honduras	T	38,946	287	0
Hong Kong	T	684	0	0
Cote d Ivoire	T	0	26	0
Djibouti	T	0	50	0
Cameroon	T	26	0	0
Congo	T	52	0	0
Congo Dem. Rep.	T	27	0	0
Belize	T	0	31	0
Benin	T	594	102	0
Austria	T	61,357	0	0
Panama	T	92,963	25	0
Myanmar	T	3,506	562	0
Montenegro	T	26	0	0
Kenya	T	260	0	0
Senegal	T	75	25,000	0
Singapore	T	1,065	0	0

Source: SECEX – Foreign Trade Secretariat

Corn Consumption: MY 2017/2018 consumption is forecast at 62 MMT, up 1.5 MMT over MY 2016/2017 to account for increasing domestic demands for poultry and pork feedstock, as well as higher industrial consumption by the small—but growing—corn ethanol industry.

Most of Brazil's first-crop corn is consumed domestically by the country's large poultry and livestock industries, while the bulk of second-crop corn has traditionally been for export. However, large corn stocks from MY 2016/2017, low prices in the Center-West region, and expected expansion of corn production in the coming years have opened the door for non-traditional types of consumption in Brazil.

Last August, FS Bioenergia, a joint venture of Iowa-based Summit Agricultural Group and Brazil-based Fiagril, began commercial operations at Brazil's first corn-only ethanol plant in Lucas de Rio Verde, Mato Grosso (most ethanol plants in Brazil process only sugarcane or a mixture of corn and sugarcane). The FS Bioenergia plant, which was running at full capacity within 3 months of opening, is already undergoing construction to double its current capacity. When the expansion is completed later this year, the plant is expected to have the capacity to consume 1.26 MMT of corn per year in order to produce 530 million liters (140 million gallons) of ethanol, in addition to 400,000 MT of distiller's dried grains with solubles (DDGS), and 15,000 MT of corn oil, as well as generate enough power to supply a town of 55,000 people. Most of the plant's ethanol is reportedly consumed in the state of Mato Grosso, but according to the National Corn Ethanol Union (UNEM), corn ethanol is being shipped from Mato Grosso to 10 Brazilian states. There have been no corn ethanol exports from Brazil to date.

FS Bioenergia also recently announced plans to invest US\$ 300 million in a second corn-only ethanol plant in Sorriso, Mato Grosso, about 60 kilometers north of its first plant. Once constructed, the facility is expected to have a production capacity of 680 million liters of ethanol per year (180 million gallons per year), processing 1.8 MMT of corn and producing co-products of 500,000 MT of DDGS and 20,000 MT of corn oil. Additional corn-only ethanol plants are reportedly in the development stages by Cerradinho Bioenergia S.A. (a sugar ethanol producer) in state of Goiás and by the Paraguay-based Indústria Paraguaya Alcoholes S.A. (also known as Inpasa) in Sinop, Mato Grosso, 85 kilometers north of Sorriso.

While corn ethanol production still accounts for only a tiny fraction of Brazil's overall ethanol production, the abundant supply of corn and growing domestic demand for ethanol, especially in the center of the country where gasoline prices are higher, likely mean that Brazil's corn ethanol production will continue to expand.

MY 2018/2019 corn consumption is forecast slightly higher at 63.5 MMT, as the Brazilian poultry and swine sectors will require increased feedstocks for expanded production due to a small expected uptick in poultry and swine exports and domestic consumption as the Brazilian economy recovers. Growing industrial use for ethanol will also push overall corn consumption higher.

Rice

Rice, Milled Market Begin Year Brazil	2016/2017		2017/2018		2018/2019	
	Apr 2017		Apr 2018		Apr 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1981	1981	2000	1950	0	1950
Beginning Stocks	308	308	641	491	0	225
Milled Production	8383	8383	7820	7684	0	8160
Rough Production	12328	12328	11500	11300	0	12000
Milling Rate (.9999)	6800	6800	6800	6800	0	6800
MY Imports	700	600	700	700	0	725
TY Imports	800	700	600	600	0	650
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9391	9291	9161	8875	0	9110
MY Exports	650	800	600	650	0	600
TY Exports	594	600	650	600	0	600
Consumption and Residual	8100	8000	8025	8000	0	8100
Ending Stocks	641	491	536	225	0	410
Total Distribution	9391	9291	9161	8875	0	9110
Yield (Rough)	6.2231	6.2231	5.75	5.7949	0	6.1538

(1000 HA) ,(1000 MT) ,(MT/HA)

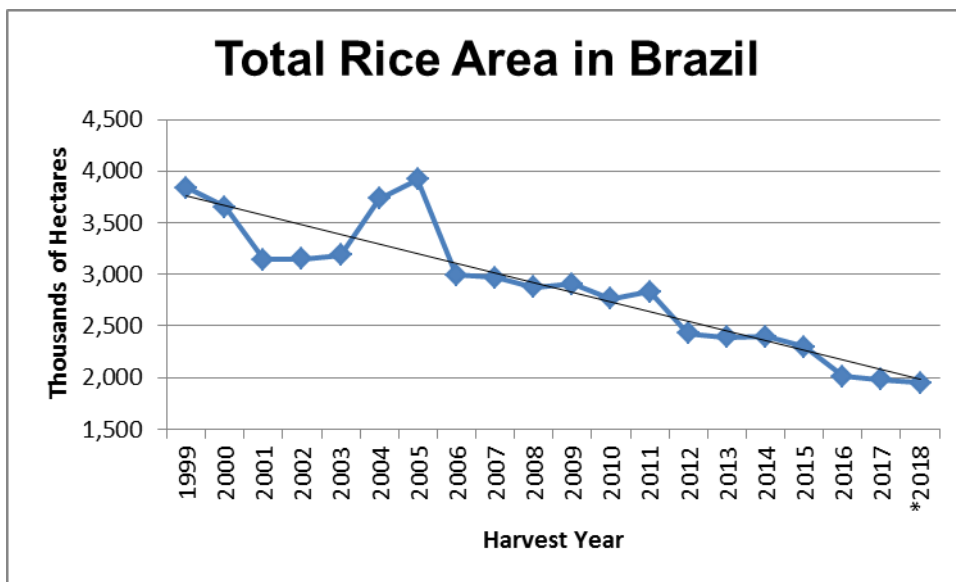
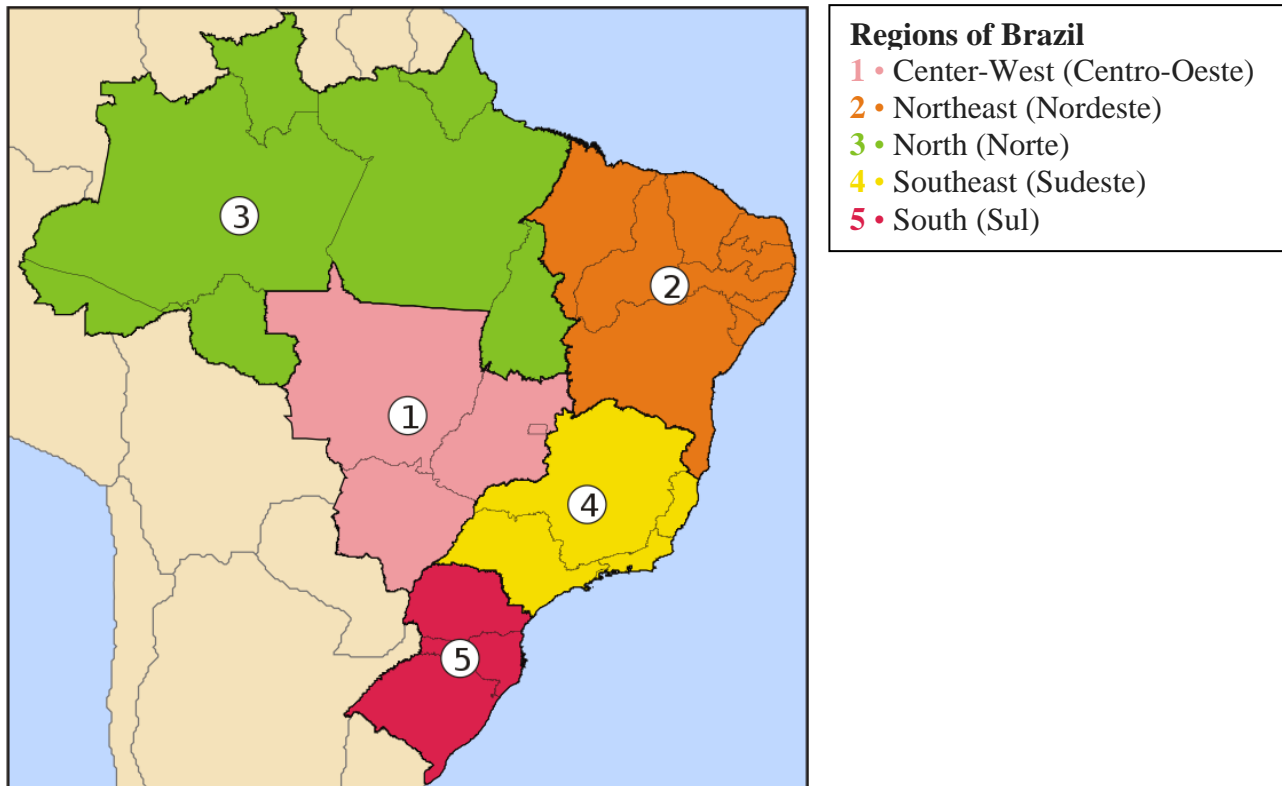
Rice Supplies: MY 2017/2018 milled rice production is estimated at 7.68 MMT, down about 8 percent from MY 2016/2017, due to a small decrease in planted area and a slight decrease in yields. Total rice area for MY 2017/2018 is estimated at 1.95 mHA, down about 31,000 hectares from the previous year, part of a long-term trend of shrinking area for rice production in Brazil. Total rice area in Brazil has declined for 8 of the last 10 years, with rainfed area seeing the largest declines, as rice is replaced with more profitable crops like corn or soy. In Rio Grande do Sul, the Brazilian state responsible for nearly 70 percent of total rice production, it is common to rotate rice with soy in 1- or 2-year intervals. (Unlike the Center-West region, most farmers in southern Brazil only plant one crop per year.) Farmers say this rotation has helped improve yields by increasing organic matter in the soil.

According to CONAB, irrigated rice accounts for more than 90 percent of Brazil's production and occupies about three-fourths of total rice area, with an estimated 1.44 mHA harvested in 2016/2017, compared with only 500,000 hectares of rainfed rice area. Most rainfed rice area is concentrated in Brazil's North and Northeastern regions. However, the largest producer of rainfed rice is the Center-West state of Mato Grosso, where yield levels are approximately twice as high as many rice-producing states in the North and Northeastern regions.

Irrigated rice production is concentrated in the south of Brazil, with the states of Rio Grande do Sul and Santa Catarina having about 1.22 mHA in rice production (more than half of Brazil's total rice area), according to CONAB. Virtually all of this area is irrigated rice, and even though the southern half of Rio Grande do Sul suffered from a La Nina-induced drought in recent months, farmers reported that rice yields were not all that affected. However, farmers noted that their irrigation reservoirs were lower at the end of this season than they had been in past years. Some farmers closer to the coast also reported issues with salinization of fresh water sources.

MY 2018/2019 milled rice production is forecast at 8.16 MMT on slightly higher expected yields when compared with MY 2017/2018. Total rice area for MY 2018/2019 is forecast at a static level of 1.95

mHA. While the long-term shrinking of rice area may persist in some regions, in the south, where the large bulk of Brazil's rice is produced, analysts report that many hectares used for rice cannot support other crops. While rice-soy rotation is likely to continue, analysts think that overall rice area will not shrink much more.

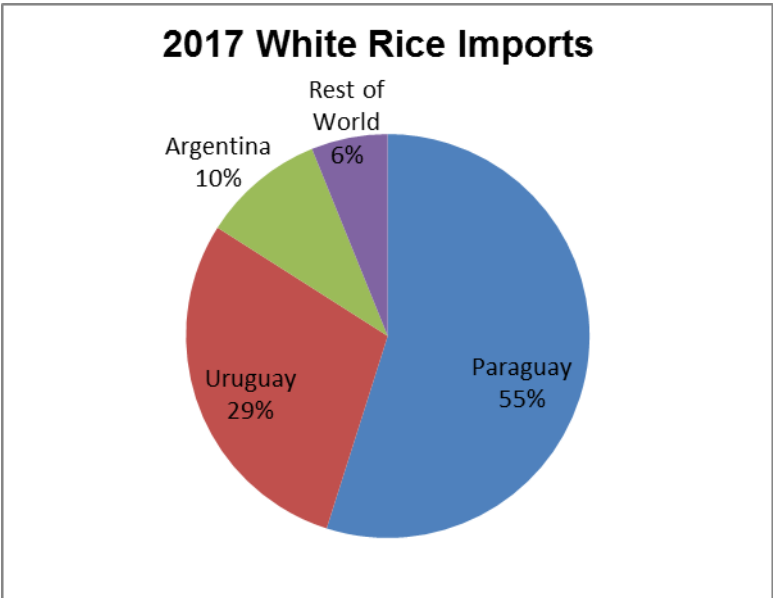


Source: USDA/FAS PSD Online

Rice Trade: MY 2016/2017 imports are estimated slightly lower at 600,000 MT on near-final trade data. The vast majority of Brazil’s rice imports come in duty-free from its MERCOSUL neighbors: Paraguay, Uruguay, and Argentina. Nearly 60 percent of MY 2016/2017 imports came from Paraguay alone. MY 2017/2018 imports are forecast to increase slightly to 700,000 MT, to compensate for the expected decline in production. MY 2018/2019 imports are forecast at a stagnant level of 725,000 MT, taking into account the higher level of forecasted production.

MY 2016/2017 exports are estimated slightly higher at 800,000 MT on near-final data. Most of Brazil’s rice exports are bound for other countries in the Western Hemisphere or Africa. This MY, the largest volumes of white rice exports have gone to South American neighbors Peru and Venezuela, while the African nations of Senegal, Gambia, and Sierra Leone have imported the largest quantities of broken rice. Brazil also sent shipments of rough/paddy rice to Venezuela in January and February 2018, the first such shipments of this kind to Venezuela in nearly year and the largest exports of paddy rice to any destination in nearly 2 years. This may be in response to economic and political strife in Venezuela.

MY 2017/2018 exports are forecast lower at 650,000 MT in response to smaller estimated domestic production, while MY 2018/2019 exports are forecast at 600,000 MT in line with slightly higher expected domestic supplies.

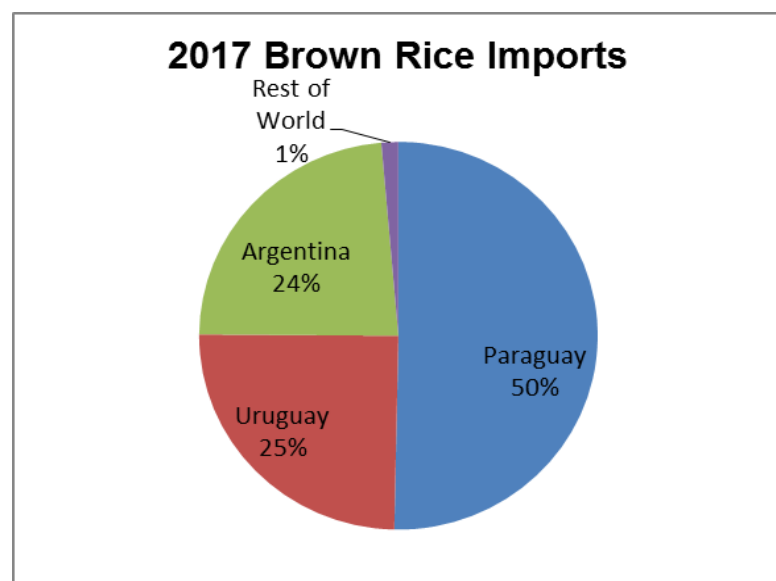


Source: SECEX – Foreign Trade Secretariat

White Rice Imports

Brazil Import Statistics

Commodity: 100630, Rice, Semi-Milled Or Wholly Milled, Whether Or Not Polished Or Glazed				
Annual Series: 2015 - 2017				
Country	Unit	Quantity		
		2015	2016	2017
World	T	213,699	466,356	492,203
Paraguay	T	146,933	231,180	270,244
Uruguay	T	20,871	164,880	143,283
Argentina	T	23,041	51,284	48,488
Suriname	T	0	0	13,164
Guyana	T	15,050	12,385	11,209
Italy	T	2,956	3,102	4,160
Vietnam	T	744	1,502	553
Thailand	T	437	392	540
Chile	T	2,861	1,398	224
India	T	42	78	164
Pakistan	T	30	90	91
United States	T	675	23	46
Spain	T	6	21	21
Portugal	T	9	8	10
France	T	39	5	4
Lebanon	T	0	0	1
Taiwan	T	0	7	0
Japan	T	4	0	0



Source: SECEX – Foreign Trade Secretariat

Brown Rice Imports

Brazil Import Statistics

Commodity: 100620, Rice, Husked (Brown)				
Annual Series: 2015 - 2017				
Partner Country	Unit	Quantity		
		2015	2016	2017
World	T	113,543	204,832	256,350
Paraguay	T	77,383	86,781	129,022
Uruguay	T	10,177	50,062	63,516
Argentina	T	21,479	64,339	60,289
Guyana	T	4,360	3,080	2,580
Italy	T	76	553	922
United States	T	42	18	18
Pakistan	T	0	0	3
Thailand	T	22	0	1
France	T	5	0	0

Source: SECEX – Foreign Trade Secretariat

White Rice Exports

Brazil Export Statistics

Commodity: 100630, Rice, Semi-Milled Or Wholly Milled, Whether Or Not Polished Or Glazed

Annual Series: 2015 - 2017

Country	Unit	Quantity		
		2015	2016	2017
World	T	443,948	208,652	240,330
Peru	T	66,063	57,652	77,448
Cuba	T	170,291	30,450	29,000
Venezuela	T	0	15,748	26,811
United States	T	17,654	19,097	17,048
Bolivia	T	30,882	19,159	15,574
Puerto Rico (U.S.)	T	8,236	1,000	9,934
Senegal	T	0	0	9,714
Cape Verde	T	11,002	7,225	8,934
Saudi Arabia	T	9,903	6,264	8,111
Trinidad & Tobago	T	7,843	5,829	7,355
Chile	T	6,939	2,782	5,551
Gambia	T	0	0	4,703
Panama	T	3,613	8,286	3,463
Angola	T	9,086	13,245	3,319
Honduras	T	2,600	1,000	1,900
Netherlands Antilles	T	1,060	1,498	1,447
Canada	T	1,641	880	1,149
Barbados	T	1,000	1,097	1,026
Togo	T	0	0	750
Namibia	T	950	750	675

South Africa	T	10,775	2,379	505
Spain	T	193	375	500
Guatemala	T	150	525	475
Antigua & Barbuda	T	431	417	472
Bahamas	T	701	391	450
Nicaragua	T	925	350	375
Israel	T	350	23	351
Paraguay	T	392	352	321
Portugal	T	167	174	319
Sierra Leone	T	0	0	263
Argentina	T	977	577	234
Equatorial Guinea	T	494	435	225
Lebanon	T	516	272	191
Lithuania	T	167	143	167
Iraq	T	42,000	150	150
United Arab Emirates	T	412	225	134
Sao Tome & Principe	T	0	0	131
Belgium	T	1,267	1,332	125
Netherlands	T	306	1,467	106
Mauritania	T	0	50	100
Algeria	T	225	425	100
St. Vincent & the Grenadines	T	1,101	651	100
Aruba	T	139	88	90
Dominica	T	0	51	76
Turkey	T	0	50	75
United Kingdom	T	215	58	59
Germany	T	0	96	56
Canary Islands	T	0	50	50
Dominican Republic	T	0	0	49
Palestine	T	0	0	47
Grenada	T	0	74	40
Sint Maarten	T	0	0	25
Uruguay	T	11	9	23
Italy	T	368	34	13
Slovenia	T	0	0	13
Cameroon	T	0	2	9
Guyana	T	0	0	1
Switzerland	T	201	700	0
Japan	T	0	0	0
Jordan	T	701	125	0
France	T	8	0	0
Curacao	T	0	115	0
Cyprus	T	50	0	0

Costa Rica	T	2,771	2,800	0
Cote d Ivoire	T	0	150	0
Benin	T	9,530	1,000	0
St. Kitts & Nevis	T	0	25	0
Nigeria	T	11,072	0	0
New Zealand	T	50	46	0
Mexico	T	50	125	0
Mozambique	T	18	1	0
Mali	T	7,009	0	0
Libya	T	1,446	356	0
Vietnam	T	0	24	0

Source: SECEX – Foreign Trade Secretariat

Broken Rice Exports

Brazil Export Statistics
Commodity: 100640, Rice, Broken
Annual Series: 2015 - 2017

Country	Unit	Quantity		
		2015	2016	2017
World	T	290,508	290,433	279,415
Senegal	T	106,467	140,651	103,614
Sierra Leone	T	74,528	19,669	78,572
Gambia	T	42,510	56,417	60,587
Switzerland	T	40,909	39,055	30,162
Bolivia	T	1,995	1,762	3,251
Guinea-Bissau	T	375	0	2,122
Belgium	T	1,219	2,947	750
South Africa	T	325	48	200
Aruba	T	89	38	87
Netherlands Antilles	T	128	115	65
Slovenia	T	0	0	4
Singapore	T	0	250	0
Nicaragua	T	375	0	0
Lebanon	T	250	0	0
Mali	T	9,730	0	0
Netherlands	T	10,458	5,383	0
Cape Verde	T	50	0	0
Chile	T	950	2,020	0
Curacao	T	0	5	0
United States	T	152	22,024	0
Uruguay	T	0	48	0

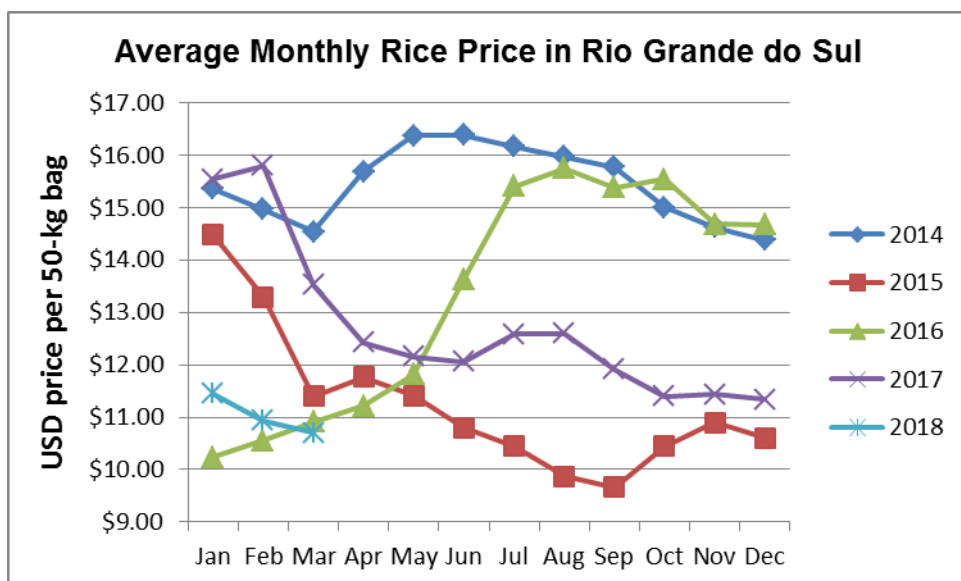
Source: SECEX – Foreign Trade Secretariat

Rice Consumption: Rice is a staple food in Brazil, with most Brazilians consuming it one to two times daily. MY 2017/2018 consumption is forecast static at 8 MMT in response to smaller domestic production. MY 2018/2019 consumption is forecast slightly higher at 8.1 MMT on expected population growth.

Domestic Support for Rice: In late December 2017, the Brazilian Ministry of Agriculture (MAPA) authorized the use of the two domestic support programs to support slumping prices for rice for the first time since 2011. In total, MAPA authorized up to R\$ 100 million (US\$ 30 million) to support approximately 1-

1.3 MMT of rice. Under the Premium for Product Outflow (PEP) and Equalization Premium Paid to the Producer (PEPRO) programs, the Brazil government guarantees a minimum price to producers by paying the difference between the prevailing market price and the government-

established minimum guaranteed price, either to the commercial buyer (under PEP) or directly to the producer (under PEPRO). To date, MAPA has held four rounds of auctions for rice under these programs. MAPA has not announced figures for the most recent auction on March 27, but in the first three actions, MAPA spent more than R\$ 22 million (US\$ 6.64 million) to support 309,200 MT of rice (211,600 MT under PEP and 97,600 MT under PEPRO) in Rio Grande do Sul and Santa Catarina. The fourth auction was authorized to support up to 90,000 MT under PEP and 17,000 MT under PEPRO.



Source: CEPEA

Average Monthly Rice Price in Rio Grande do Sul					
Prices in USD per 50-kg bag (discounted for CDI/CETIP taxes)					
CY	2014	2015	2016	2017	2018
Jan	\$15.36	\$14.48	\$10.24	\$15.54	\$11.45
Feb	\$14.97	\$13.29	\$10.56	\$15.80	\$10.93
Mar	\$14.54	\$11.40	\$10.91	\$13.52	\$10.70
Apr	\$15.69	\$11.77	\$11.21	\$12.43	
May	\$16.37	\$11.41	\$11.81	\$12.16	
Jun	\$16.38	\$10.80	\$13.62	\$12.06	
Jul	\$16.17	\$10.45	\$15.41	\$12.58	
Aug	\$15.97	\$9.87	\$15.75	\$12.59	
Sep	\$15.77	\$9.66	\$15.38	\$11.91	
Oct	\$15.00	\$10.45	\$15.54	\$11.40	
Nov	\$14.62	\$10.90	\$14.69	\$11.44	
Dec	\$14.38	\$10.60	\$14.67	\$11.34	

Source: CEPEA

Wheat

Wheat Market Begin Year Brazil	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2120	2120	1916	1916	0	2000
Beginning Stocks	996	996	2256	2256	0	1095
Production	6730	6730	4264	4264	0	6000

MY Imports	7349	7349	7800	7000	0	7000
TY Imports	7788	7788	7800	7000	0	7000
TY Imp. from U.S.	1321	1269	0	200	0	0
Total Supply	15075	15075	14320	13520	0	14095
MY Exports	619	619	600	425	0	600
TY Exports	608	608	600	425	0	600
Feed and Residual	800	800	500	500	0	800
FSI Consumption	11400	11400	11600	11500	0	11750
Total Consumption	12200	12200	12100	12000	0	12550
Ending Stocks	2256	2256	1620	1095	0	945
Total Distribution	15075	15075	14320	13520	0	14095
Yield	3.1745	3.1745	2.2255	2.2255	0	3
(1000 HA) ,(1000 MT) ,(MT/HA)						

Wheat Supplies: MY 2017/2018 wheat production is estimated at 4.264 MMT, down by more than a third from the previous year as a result of adverse weather during critical development stages of the crop, resulting in lower yields and some abandoned hectares. The state of Parana, which produces approximately half of Brazil's wheat each year, was hit in July 2017 with drought conditions and frosts in some wheat-producing areas. The state then faced another period of dry conditions in September, followed by heavy rains in the southern portion of the state during the beginning of the harvest in October. The excessive moisture during this period damaged to the quality of Parana's crop, and CONAB estimates Parana's MY 2017/2018 average yield at 2,308 kilograms per hectare, a decrease of more than 26 percent, or 832 kilograms per hectare, from the MY 2016/2017 level. Reduced yields caused Parana's production to fall almost 35 percent from the 2016/2017 harvest.

The state of Rio Grande do Sul, which accounts for about one-third of the total wheat harvest as Brazil's second-largest producer, was also affected by adverse weather conditions, including drought and frosts in July 2017. Like Parana, Rio Grande do Sul suffered a large drop in yields. CONAB estimates an average yield of 1,826 kilograms per hectare for MY 2017/2018, down 43 percent or 1,388 kilograms per hectare, from the MY 2016/2017 level. These extremely low yields caused Rio Grande do Sul's production to fall to barely half that of MY 2016/2017. Moreover, wet conditions in the western part of the state during the early harvest in October also affected the quality of the crop, with CONAB reporting that less than 30 percent of the state's production met the high quality levels necessary for the baking industry, while 45 percent was of such low quality that it is destined for animal feed.

MY 2018/2019 production is forecast at 6 MMT on a return to more normal yields. Brazil's southern region, which accounts for about 85 percent of Brazil's total wheat production, will begin planting the MY 2018/2019 wheat crop in April and May 2018, with the harvest starting in August and September. Like other crops in this region, wheat area has been squeezed in recent years by expanding soybean hectares, as farmers try to increase revenue with a relatively more profitable crop. MY 2018/2019 wheat area harvested is forecast at 2 mHA, up slightly over MY 2017/2018, assuming a return to normal weather conditions and no abandoned hectares after planting.

Wheat Trade: MY 2017/2018 imports are forecast at 7 MMT, down 12.5 percent from post's previous forecast based on a slower-than-expected pace of trade. MY 2017/2018 exports are also lowered to 425,000 MT on the slower pace of trade.

Imported wheat makes up roughly half of Brazil's domestic consumption, with most imports being duty-free purchases from MERCOSUL-partner Argentina. In December 2017, the Brazilian Ministry of Agriculture (MAPA) published a new set of regulations to allow the importation of Russian wheat for the first time, part of a political calculus to secure market access for Brazilian pork in Russia. Unmilled Russian wheat had been banned for phytosanitary reasons, but the new regulation allows imports into Brazil's Northeast region for mills located close to ports, in an effort to limit the spread of any potential disease risk. Brazil has not imported any shipments of Russian wheat to date, and trade contacts do not believe that the quality of Russian wheat would justify the comparatively higher transportation costs.

However, some Brazilian wheat millers are interested in importing higher-quality wheat from non-MERCOSUL countries and have urged the Brazilian government to implement a TRQ (at least seasonally) to allow for duty-free imports wheat from outside of MERCOSUL. The Government of Brazil has taken no such action to date. Moreover, Brazil has never resolved the issue of its long-overdue 1996 concession at the World Trade Organization to open a TRQ for 750,000 MT of duty-free wheat. The measure has been considered three times in recent months at meetings of Brazil's Foreign Trade Board (CAMEX), but there is political pressure to avoid opening the TRQ for fear of upsetting Argentina, which supplied 84 percent of Brazil's wheat imports last year.

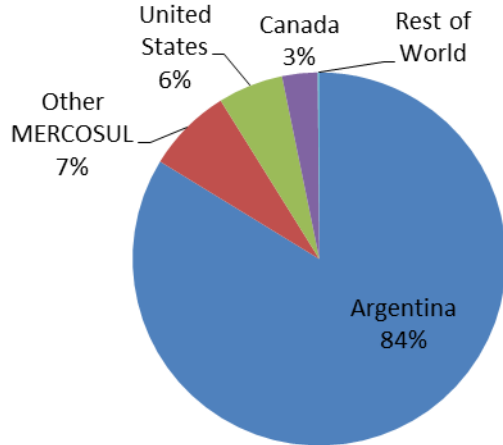
MY 2018/2019 imports are forecast at a stagnant 7 MMT, to compliment an expected return to normal yield and production levels. MY 2018/2019 exports are forecast at 600,000 MT, as the country is forecast to have larger supplies at that time. Brazil is a negligible exporter of wheat, with small quantities of unmilled wheat exported to Asian counties like Vietnam and small volumes of wheat flour and pasta exported to Venezuela.

Wheat Consumption: Brazil generally imports higher-quality wheat so that millers can blend it with domestic supplies to achieve the desired flour quality for bakeries to make small crusty French-style baguettes (pão francês). This type of bread is a Brazilian breakfast staple, usually consumed with butter, cheese, cold cuts, and coffee.

MY 2017/2018 consumption is forecast slightly lower at 12 MMT, on the low level of domestic production and the slower pace of trade. Wheat industry sources believe that the slower pace of trade means that millers are choosing to draw down wheat stocks.

MY 2018/2019 consumption is forecast slightly higher at 12.55 MMT, based on expected population growth and a small per-capita increase in consumption as the Brazilian economy continues to recover from recession.

2017 Brazilian Wheat Imports



Unmilled Wheat Imports

Brazil Import Statistics				
Commodity: 1001, Wheat And Meslin				
Annual Series: 2015 - 2017				
Country	Unit	Quantity		
		2015	2016	2017
World	T	5,170,437	6,866,324	6,022,221
Argentina	T	3,819,536	3,950,036	5,043,368
Paraguay	T	566,734	956,126	416,958
United States	T	451,784	1,226,208	340,088
Canada	T	0	155,122	185,320
Uruguay	T	317,913	577,415	28,001
France	T	0	0	8,453
Lebanon	T	44	15	32
China	T	1	0	0
Poland	T	0	1,401	0
Switzerland	T	14,425	0	0

Source: SECEX – Foreign Trade Secretariat

Wheat Flour Imports

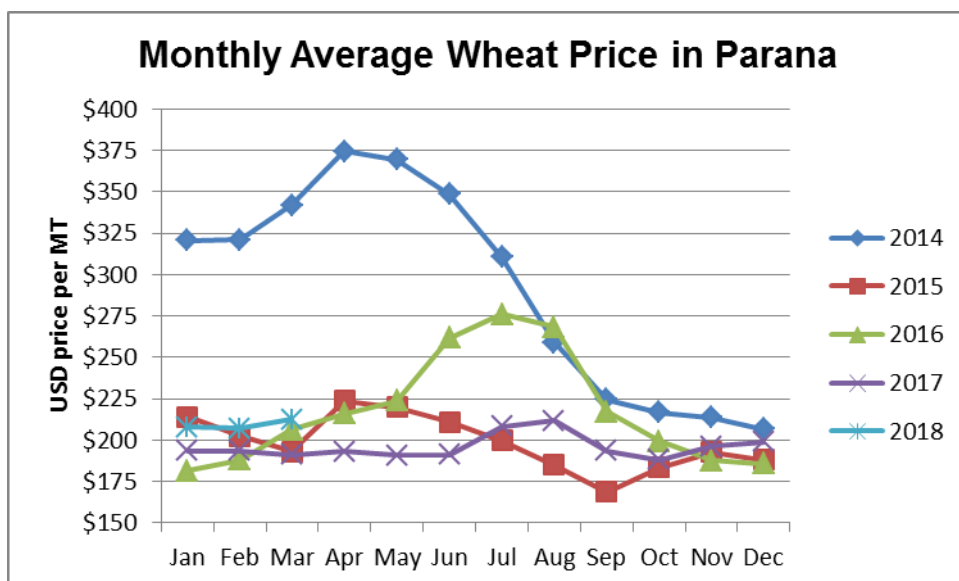
Brazil Import Statistics				
Commodity: 1101, Wheat Or Meslin Flour				
Annual Series: 2015 - 2017				
Country	Unit	Quantity		
		2015	2016	2017
World	T	305,909	366,846	408,271
Argentina	T	273,595	321,947	367,222
Paraguay	T	15,980	26,207	28,591
Uruguay	T	12,744	13,707	6,103
Italy	T	1,765	1,199	1,947
Belgium	T	576	1,974	1,627
France	T	336	530	841
Canada	T	37	111	812
United States	T	178	347	463
Greece	T	23	41	211
China	T	199	306	194
Portugal	T	26	64	129
Netherlands	T	20	72	95
United Kingdom	T	29	38	33
Israel	T	3	2	2
Germany	T	1	1	1
Suriname	T	194	0	0
Turkey	T	96	241	0
Lebanon	T	19	0	0
Peru	T	88	59	0

Source: SECEX – Foreign Trade Secretariat

Unmilled Wheat Exports

Brazil Export Statistics				
Commodity: 1101, Wheat Or Meslin Flour				
Annual Series: 2015 - 2017				
Partner Country	Unit	Quantity		
		2015	2016	2017
World	T	283	3,161	21,443
Venezuela	T	0	2,871	21,183
Bolivia	T	253	253	235
United States	T	17	22	17
Paraguay	T	12	1	4
Angola	T	1	2	2
Equatorial Guinea	T	0	1	1
Netherlands	T	0	2	0
South Africa	T	0	4	0
Belize	T	0	2	0
Mozambique	T	0	3	0

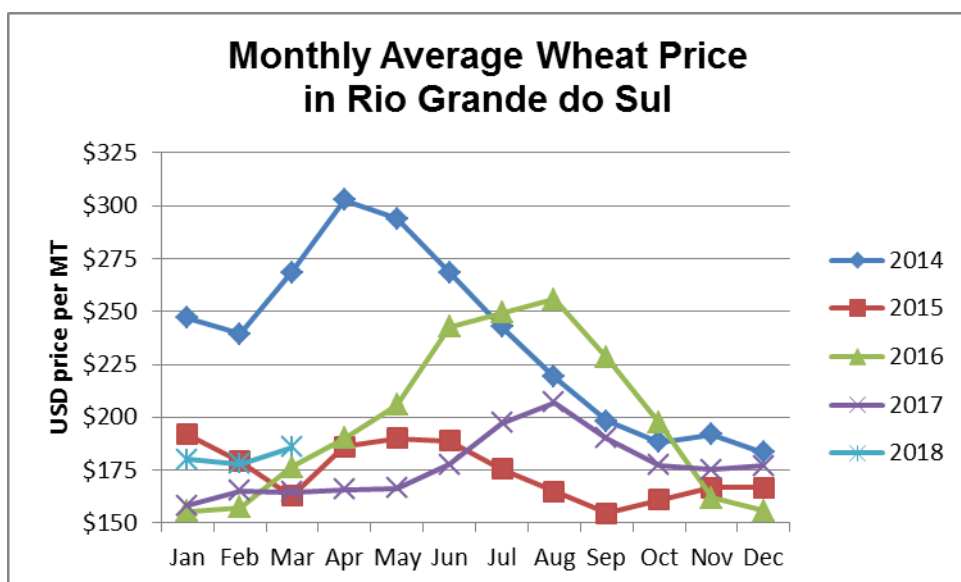
Source: SECEX – Foreign Trade Secretariat



Source: CEPEA

Monthly Average Wheat Price in Parana					
Prices in USD per metric ton (discounted for NPR tax)					
CY	2014	2015	2016	2017	2018
Jan	\$320.79	\$214.08	\$181.30	\$193.31	\$207.64
Feb	\$321.04	\$202.20	\$188.21	\$193.61	\$207.06
Mar	\$342.00	\$193.24	\$206.09	\$191.03	\$212.56
Apr	\$374.55	\$223.57	\$216.14	\$193.24	
May	\$369.58	\$219.68	\$223.83	\$190.69	
Jun	\$348.53	\$210.98	\$261.70	\$191.02	
Jul	\$310.47	\$199.71	\$275.96	\$208.04	
Aug	\$259.08	\$185.07	\$268.44	\$211.60	
Sep	\$224.57	\$168.84	\$217.19	\$193.52	
Oct	\$216.79	\$183.33	\$199.26	\$188.08	
Nov	\$213.78	\$192.61	\$187.59	\$196.35	
Dec	\$206.48	\$188.00	\$185.62	\$198.87	

Source: CEPEA



Source: CEPEA

Monthly Average Wheat Price in Rio Grande do Sul					
<i>Prices in USD per metric ton (discounted for NPR tax)</i>					
	2014	2015	2016	2017	2018
Jan	\$247.00	\$191.75	\$155.55	\$158.30	\$179.98
Feb	\$239.52	\$179.19	\$157.20	\$165.30	\$177.88
Mar	\$268.52	\$162.86	\$176.45	\$164.53	\$185.73
Apr	\$302.61	\$186.00	\$189.90	\$165.67	
May	\$293.88	\$189.92	\$205.65	\$166.39	
Jun	\$268.55	\$188.66	\$242.83	\$177.65	
Jul	\$242.67	\$175.53	\$249.36	\$197.16	
Aug	\$219.14	\$164.76	\$255.71	\$207.09	
Sep	\$198.19	\$154.64	\$228.19	\$189.88	
Oct	\$188.10	\$160.82	\$197.18	\$177.27	
Nov	\$191.86	\$166.70	\$161.94	\$175.05	
Dec	\$183.29	\$166.58	\$155.76	\$177.09	

Source: CEPEA

Related Report References:

[2017 Brazil Grain and Feed Annual – BR 1707](#)

[January 2018 Brazil Grain and Feed Update – BR 1801](#)

[February 2018 Oilseeds and Products Update](#)

[2017 Biofuels Annual – BR 17006](#)

[2018 Poultry and Poultry Products Semi-Annual Report – BR 1803](#)

[2018 Semi-Annual Livestock Report – BR 1804](#)