

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: 3/6/2018

GAIN Report Number: BR 1803

Brazil

Poultry and Products Semi-annual

2018 Poultry and Poultry Products Semi-Annual Report

Approved By:

Clay Hamilton, Agricultural Minister Counselor

Prepared By:

João F. Silva, Agricultural Specialist;

Nicolas Rubio, Agricultural Attaché

Report Highlights:

Broiler meat production will grow 2.6 percent in 2018 to nearly 13.5 million metric tons. Domestic demand drives growth due to economic recovery, lower inflation and a projected 3 percent increase in the Gross Domestic Product. Exports are to increase, but at a slower pace due to constraints in major import markets, such as China. Feed costs are likely to increase which will reduce producers' profit margins. A volatile exchange rate will remain through the year due to the presidential election.

Commodities:

Poultry, Meat, Broiler

Production:

Broiler meat production is to grow 2.6 percent in 2018 to nearly 13.5 million metric tons mostly driven by higher domestic demand. Feed costs will likely be higher in 2018 thus reducing producers' margins, although stable stocks of corn and soybeans will prevent major hikes in feed prices as in 2016.

Review of 2017: Slight adjustments made to the PS&D for 2017 to include final production and export numbers.

Production Costs:

The cost of broiler meat production in 2017 in the main producing areas of southern Brazil dropped by 9.41 percent due to record soybean and corn crops. Current projections are that the 2017/18 crop season will likely set another record for soybean production, but corn production will be slightly lower than last year. Since corn represents about 70 percent of the cost of broiler meat production, analysts forecast a reduction in profit margins in 2018.

Consumption:

Domestic consumption of broiler meat in 2018 is to increase 3 percent. The revised forecast reflects the good health of the Brazilian economy with lower inflation and an estimated growth of 3 percent in the Gross Domestic Product (GDP). Although, broiler meat prices remain competitive with beef and pork prices, analysts expect more intense competition from beef in 2018.

Trade:

Post revised the forecast for broiler meat exports lower in 2018 but shipments are still expected to expand moderately at around 1.5 percent. Trade expansion in 2018 is mostly due to world demand derived from the negative impact of avian influenza in several countries. However, according to some local traders, the lower credibility of Brazil's meat inspection service, derived from the adverse impact of the "weak flesh" issue during the first half of 2017 and the uncertainty regarding the volatility of the exchange rate are limiting additional export growth in 2018. In addition, Brazilian exporters are facing potential constraints in the European Union (inspection problems to fill the quota for salted broiler) and China (an anti-dumping investigation into imports of Brazilian broilers and a lack of new Brazilian plant approvals).

Asian and Middle-Eastern/North African countries will likely account for the majority of the increase in Brazil's broiler exports in 2018, mostly Egypt, UAE and Kuwait. Exports to the Middle East and North Africa are likely to reach 40 percent of total broiler exports in 2018. Brazilian exporters are also optimistic about two recently opened markets – Mexico and Chile.

Production, Supply and Demand Data Statistics:

Poultry, Meat, Broiler Market Begin Year Brazil	2016		2017		2018	
	Jan 2016		Jan 2017		Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Inventory (Reference)	55	55	56	56	57	57
Slaughter (Reference)	6410	6410	6665	6560	6831	6735
Beginning Stocks	0	0	0	0	0	0
Production	12910	12910	13250	13150	13550	13487
Total Imports	3	3	2	3	2	2
Total Supply	12913	12913	13252	13153	13552	13489
Total Exports	3889	3889	4000	3847	4150	3905
Human Consumption	9024	9024	9252	9306	9402	9584
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	9024	9024	9252	9306	9402	9584
Total Use	12913	12913	13252	13153	13552	13489
Ending Stocks	0	0	0	0	0	0
Total Distribution	12913	12913	13252	13153	13552	13489
(MIL HEAD) ,(1000 MT)						

Notes: Not Official USDA Data; Excludes chicken feet and paws exports to China and Hong Kong.

Commodity	Poultry, Meat, Broiler		
	Time Period	Units:	Metric Tons
Exports for:	Jan - Dec		
	2016		2017
U.S.	0	U.S.	0
Others		Others	
Angola	66,263		68,444
Chile	43,766		44,156
China	483,769		391,037
Cuba	65,102		61,726
Egypt	97,203		162,775
European Union	219,098		185,017
Hong Kong	248,565		250,145
Ghana	14,720		12,257
Iraq	71,862		120,797
Japan	397,062		445,373
Jordan	37,821		42,963
Kuwait	108,503		116,209
Mexico	59,295		94,584
Oman	81,936		79,498
Peru	14,762		16,751
Philippines	37,265		35,531
Qatar	71,212		77,693
Russia	91,111		83,027
Saudi Arabia	746,286		589,575
Singapore	97,366		81,981
South Africa	221,866		344,525
South Korea	91,519		88,947
UAE	301,592		300,114
Yemen	64,181		67,984
Venezuela	56,066		20,708
Total for Others	3,788,191		3,781,817
Others not Listed	337,370		307,224
Grand Total	4,125,561		4,089,041

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

Quantity in Product Weight Equivalent (PWE)

Updated: January 29, 2018