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Report Highlights:

The Brazilian orange crop for Marketing Year (MY) 2019/20 is forecast at 382.8 million 40.8-kg boxes (MBx) or 15.6 million metric tons (MMT), a decrease of 19 percent relative to the previous season. The decline is due to the alternate bearing phenomenon in the Sao Paulo citrus belt and weather related issues. Total Brazilian FCOJ 65 Brix equivalent exports for MY 2019/20 are forecast at 965,000 metric tons (MT), a drop of 177,000 mt relative to MY 2018/19 due to expected lower availability of oranges for crushing in the upcoming season. Cumulative orange juice exports to the United States (July 2019 – May 2020) decreased 16 percent compared to the same period in the previous season due to the recovery of the orange crop in Florida and the high U.S. stock/use ratio.

FRESH ORANGES

Production

PS&D Tables

The following table provides revised data for Sao Paulo and total Brazilian fresh orange production, supply, and distribution (PS&D) for Brazilian (BR) marketing years (MY, July-June) 2018/19, 2019/20, and 2020/21, which are equivalent to U.S. MY 2017/18, 2018/19, and 2019/2020, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun, 1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US 17/18**	**US 18/19**	**US 19/20**
Item/Brazilian Marketing Year	**2018/19**	**2019/20**	**2020/21**
Area Planted	601.5	595.8	595.7
Sao Paulo	401.5	395.8	395.7
Others	200.0	200.0	200.0
Area Harvested	571.0	562.6	557.0
Sao Paulo	378.4	370.0	364.4
Others	192.6	192.6	192.6
Bearing Trees	227.3	226.0	226.3
Sao Paulo	175.3	174.0	174.3
Others	52.0	52.0	52.0
Non-Bearing Trees	23.1	25.3	27.5
Sao Paulo	19.1	21.3	23.5
Others	4.0	4.0	4.0
Total Trees	250.4	251.3	253.7
Total Production	391.0	472.0	382.8
Sao Paulo	286.0	375.0	287.8
Others	105.0	97.0	95.0
Exports	0.5	0.1	0.1
Imports	0.6	0.5	0.5
Domestic Consumption	122.1	123.4	121.2
Delivered to processors	269.0	349.0	262.0
Sao Paulo (FCOJ + NFC exports)	245.0	325.0	238.0
Others	24.0	24.0	24.0
FCOJ is Frozen Concentrated Orange Juice. NFC is Not From Concentrate.			

* Note: There is a one-year lag between the BR MY and the U.S. MY. For example, BR MY 2020/2021 is equivalent to U.S. MY 2019/2020. As such and to ensure data continuity, the current Brazilian MY 2020/21 will be referred to as U.S. MY 2019/20 throughout this report.

General

ATO/Sao Paulo forecasts the total Brazilian orange crop for MY 2019/20 (July/June) at 382.8 million 40.8-kg boxes (MBx) or 15.6 million metric tons (MMT), a 19 percent drop compared to the previous MY. The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 287.8 MBx (11.74 MMT), a significant drop of 23 percent vis-a-vis the MY 2018/19 output (375 MBx of oranges or 15.3 MMT). This projection is based on the Defense Fund for Citriculture's (Fundecitrus) first citrus crop forecast, released last May. The forecast takes into account the following varieties: Hamlim, Westin, Rubi, Valecia Americana, Valencia Argentina, Seleta, Pineapple, Pera Rio, Valencia, "Folha Murcha" Valencia, and Natal.

According to Fundecitrus, the 287.8 MBx forecasts is 12.5 percent below the average crop size for the last 10 years, therefore it is considered a small crop. The drop was a result of a sharp reduction in the number of fruits per tree relative to the previous season. The large outcome from last year's crop, helped increase the consumption of nutrient reserves in trees, which became limited and caused the phenomenon of alternate bearing. Weather related issues also had a negative impact in the upcoming crop. According to Fundecitrus, the high temperatures in September and October 2019 affected fruit setting. In addition, March and April 2020 below-average rainfall patterns also affected fruit development. Note that 85 percent of the harvest will be originated from the first and second blossoming, followed by approximately 12 percent from the third blossoming.

The harvest season started in early May in the Sao Paulo citrus belt and should become fully operational in June when all processing plants start operations. The Brazilian Agricultural Confederation (CNA), which represents agricultural producers in Brazil at the federal level, has warned the Brazilian government about potential labor and transport obstacles from the COVID-19 pandemic.

Production for MY 2019/20 from other states is projected at 95 Mbx (3.87 MMT), down 2 MBx from the previous crop at 97 MBx (3.95 MMT), according to information provided by the Brazilian Geography and Statistics Institute (IBGE).

In February 2020, the Sao Paulo State Institute of Agricultural Economics (IEA) released its first survey for the 2020/21 orange crop (equivalent to MY 2019/20), forecasting 336.7 MBx (13.8 MMT), virtually unchanged from the previous year (335.4 MBx or 13.7 MMT). Figures include production from both commercial and non-commercial areas and are based on data collected in February 2019. Note that IEA takes into account the entire state of Sao Paulo and all varieties of oranges, while ATO/Sao Paulo estimates follow the citrus industry's methodology, which takes into account the four major citrus varieties for juice processing and includes the commercial area of the state of Sao Paulo plus the western part of Minas Gerais. IEA reports that the orange tree inventory in the state of Sao Paulo is estimated at 182.9 million trees (164.1 million bearing trees and 18.8 million non-bearing trees).

Area, Tree Inventory, and Yields

The Brazilian agricultural yield for the MY 2019/20 crop is estimated at 1.69 boxes/tree, down 19 percent compared to the current crop (2.09 boxes/tree), mainly due to the alternate bearing phenomenon in the Sao Paulo citrus belt and some weather-related issues. The expected yield in the aforementioned region is estimated at 790 boxes per hectare and 1.65 boxes/tree as compared to the 1,045 boxes per hectare and 2.16 boxes/tree in the previous crop.

Total Brazilian tree inventory for MY 2019/20 is projected stable at 253.7 million trees, as well as area planted to oranges, which is projected at 595,700 hectares (ha). Sao Paulo is the only state that compiles data on trees planted and tree inventory. ATO/Sao Paulo estimates stable area and tree population for other states based on uniform production figures provided by the Brazilian Institute of Geography and Statistics (IBGE).

Producer Prices

The orange index price series is published by the University of Sao Paulo's Luiz de Queiroz College of Agriculture (ESALQ) for both the domestic fresh market and product delivered to orange juice processing plants in the state of Sao Paulo. Prices for the fresh market are for fruit on the tree.

According to CEPEA, fruit delivery contract prices in late May 2020 ranged from R$23 to R$25/box. For higher delivery volumes and for 2-year delivery contracts, price was negotiated at R$ 26/box. Depending on the contract, it may include a premium depending on the price of orange juice.

Orange Prices Paid by Sao Paulo Industry - Spot Market (Pera, Natal, Valencia Varieties, Average Prices in Reais - R$, 40.8 kg box, Fruits Delivered to the Processing Plant).						
Month	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Jan	10.15	13.84	25.84	17.66	21.77	20.96
Feb	10.20	13.82	21.98	16.70	21.19	21.20
Mar	10.24	14.01	21.39	16.24	21.58	20.48
Apr	11.00	14.72	17.60	16.33	20.61	20.80
May	10.83	17.23	16.52	17.27	18.21	20.92
Jun	9.81	18.79	16.11	19.28	19.13	--
Jul	9.83	19.64	18.55	20.55	19.78	--
Aug	11.32	19.99	19.30	22.00	20.01	--
Sep	12.17	20.28	19.13	22.48	19.67	--
Oct	13.07	22.10	19.15	22.29	20.05	--
Nov	13.89	25.35	18.96	22.51	20.27	--
Dec	14.06	25.90	18.64	22.15	20.64	--
Source: CEPEA/ESALQ						

Orange Prices Received by Producers in the Domestic Fresh Market (Pera Variety, Average Prices in Reais - R$, 40.8 kg box, Fruits on the Tree).						
Month	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Jan	15.74	18.39	37.53	20.00	30.42	30.53
Feb	17.47	20.14	43.91	22.51	40.66	33.06
Mar	17.22	22.17	41.86	29.02	42.23	35.35
Apr	16.59	20.63	30.41	29.83	31.80	32.47
May	14.85	21.22	21.15	26.33	21.17	26.09
Jun	12.78	20.36	17.14	25.66	18.24	
Jul	11.53	19.53	16.15	26.80	18.06	
Aug	11.71	21.60	16.40	29.08	18.26	
Sep	13.18	26.88	17.34	31.39	19.51	
Oct	14.65	32.14	19.27	32.83	22.99	
Nov	16.38	34.66	19.97	30.24	28.04	
Dec	17.49	32.77	19.94	27.16	28.22	
Source: CEPEA/ESALQ						

Exchange Rate

The table below shows the official exchange rate as released by the Brazilian Central Bank from 2014 to 2020.

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
January	2.43	2.66	4.04	3.13	3.16	3.65	4.25
February	2.33	2.88	3.98	3.10	3.24	3.74	4.50
March	2.26	3.21	3.56	3.17	3.32	3.90	5.20
April	2.24	2.98	3.45	3.20	3.48	3.94	5.43
May	2.24	3.18	3.60	3.26	3.74	3.94	5.43
June	2.20	3.10	3.21	3.30	3.86	3.83	4.89
July	2.27	3.39	3.24	3.13	3.75	3.76	
August	2.24	3.65	3.24	3.15	4.14	4.14	
September	2.45	3.98	3.25	3.17	4.00	4.16	
October	2.44	3.86	3.18	3.27	3.72	4.00	
November	2.56	3.85	3.40	3.26	3.86	4.22	
December	2.66	3.90	3.47	3.31	3.87	4.03	
Source: Brazilian Central Bank (BACEN) - Last day of month. 1/June 2020 refers to June 10							

Consumption

ATO/Sao Paulo projects total Brazilian orange consumption for MY 2019/20 at 121MBx (4.9 MMT), relatively stable compared to the current season (123.4 MB or 5 MMT). These figures include actual domestic consumption plus losses from natural drop, harvesting, transportation, and packing. Fruit delivered to processors for "not from concentrate" (NFC) orange juice production for the domestic market is also included in these figures.

Domestic consumption estimates are calculated as the difference between production estimates and the volume of oranges delivered to processors for FCOJ and NFC produced for export.

Trade

Total fresh orange exports for MY 2019/20 are forecast at 0.1 MBx (4,100 MT), unchanged from the previous season, according to updated information from the Brazilian Secretariat of Foreign Trade (SECEX). Brazil has limited market access to other countries and the majority of exports are shipped to European countries. Most exports occur during the harvest of the commercial crop, between June and December. However, virtually no exports were shipped to these destinations during the current season.

The table below shows fresh orange exports (HTS 0805.10.00) by destination, according to the Trade Data Monitor (TDM), based on data from SECEX for 2018/19 and 2019/20 (July-May).

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)				
	Jul 2018 - May 2019		**Jul 2019 - May 2020**	
Country	**Quantity**	**Value**	**Quantity**	**Value**
Ukraine	899	463	1,762	862
Netherlands	652	283	383	192
Paraguay	28	4	202	30
United Arab Emirates	-	-	51	21
Marshall Islands	24	24	44	36
Argentina	21	17	40	44
Liberia	21	19	38	28
Panama	24	21	37	30
Hong Kong	14	12	36	27
Malta	168	100	19	14
Others	17,990	9,153	114	101
Total	19,841	10,095	2,726	1,383
Source: Trade Date Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX), NCM 0805.10.00				

Production, Supply, and Distribution Statistics

Oranges, Fresh	2017/2018		2018/2019		2019/2020	
Market Year Begins	Jul 2018		Jul 2019		Jul 2020	
Brazil	USDA	New Post	USDA	New Post	USDA	New Post
Area Planted (HECTARES)	601,500	601,500	595,800	595,800	595,800	595,800
Area Harvested (HECTARES)	571,000	571,000	553,500	553,500	553,500	553,500
Bearing Trees (1000 TREES)	227,300	227,300	226,000	226,000	226,000	226,000
Non-Bearing Trees (1000	23,100	23,100	25,300	25,300	25,300	25,300
Total No. Of Trees (1000	250,400	250,400	251,300	251,300	251,300	251,300
Production (1000 MT)	15,953	15,953	19,380	19,258	15,100	15,617
Imports (1000 MT)	25	24	20	20	20	20
Total Supply (1000 MT)	15,978	15,977	19,400	19,278	15,120	15,637
Exports (1000 MT)	20	20	4	4	20	4
Fresh Dom.	4,983	4,982	5,157	5,035	4,735	4,943
For Processing (1000 MT)	10,975	10,975	14,239	14,239	10,365	10,690
Total Distribution (1000 MT)	15,978	15,977	19,400	19,278	15,120	15,637
(HECTARES), (1000 TREES), (1000 MT)						

ORANGE JUICE

Production

PS&D Tables

The following table provides revised data for Sao Paulo and total Brazilian orange juice production, supply, and distribution (PS&D) for Brazilian (BR) marketing years (MY, July-June) 2018/19, 2019/20, and 2020/21, which are equivalent to U.S. MY 2017/18, 2018/19, and 2019/2020, respectively.

The tables include NFC production for exports converted to Frozen Concentrated Orange Juice (FCOJ), 65 Brix equivalent, using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.4 to 5.6 metric tons of NFC 11.6 Brix.

Brazil: FCOJ PS&D (Jul-Jun, Million 40.8 kg boxes, MMT, 65 degrees brix)			
Item/U.S. Marketing Year	**US 17/18**	**US 18/19**	**US 19/20**
Item/ Brazilian Marketing Year	**2018/19**	**2019/20**	**2020/21**
Delivered to Processors	269	349	262
Sao Paulo (FCOJ + NFC exports)	245	325	238
Others	24	24	24
Beginning Stocks	185	160	290
Total Production	1,004	1,312	1,022
Sao Paulo FCOJ	650	958	650
Sao Paulo NFC (FCOJ equiv)	274	274	292
Others	80	80	80
Total Supply	1,189	1,472	1,312
Exports	989	1142	965
Sao Paulo FCOJ	671	858	630
Sao Paulo NFC (FCOJ equiv)	270	245	280
Others FCOJ	48	39	55
Domestic Consumption	40	40	42
Ending Stocks	160	290	305
Total Distribution	1,189	1,472	1,312

- Note: There is a one-year lag between the BR MY and the U.S. MY. For example, BR MY 2020/2021 is equivalent to U.S. MY 2019/2020. As such and to ensure data continuity, the current Brazilian MY 2020/21 will be referred to as U.S. MY 2019/20 throughout this report.

General

ATO/Sao Paulo projects total Brazilian FCOJ, 65 Brix equivalent, production for MY 2019/20 at 1.022 million metric tons (MMT), a drop of 290,000 MT relative to orange juice production for MY 2018/19. The decline is due to expected lower supply availability of fruit for processing. The Sao Paulo industry is expected to process 238 MBx of oranges for orange juice production (163 MBx for FCOJ and 75 MBx for NFC production), accounting for 942,000 MT of juice (650,000 MT and 292,000 metric tons of FCOJ and NFC, respectively). Other producing states should deliver 24 MBx, accounting for 80,000 MT of juice.

The total Brazilian FCOJ 65 Brix equivalent production estimate for MY 2018/19 has been revised slightly downward to 1.312 MMT, a decrease of 15,000 MT compared to the previous estimate. The drop is mostly related to the downward revision in the number of boxes of oranges to produce one metric ton of FCOJ, 65 Brix (266 boxes as opposed to 262 boxes in the previous estimate).

Orange juice figures include NFC production for exports converted to FCOJ 65 Brix equivalent. There is no official estimate for NFC supply and demand in Brazil.

Consumption

Post forecasts domestic FCOJ consumption for MY 2019/20 unchanged at 42,000 MT, 65 Brix. The Brazilian Association of Citrus Exporters (CitrusBR) estimates domestic FCOJ consumption at 35,000 MT, 66 Brix.

Trade

ATO/Sao Paulo forecasts total Brazilian FCOJ 65 Brix equivalent exports for MY 2019/20 at 965,000 MT, a decrease of 177,000 MT relative to MY 2018/19 (1.142 MMT) due to lower expected availability of oranges for crushing in the upcoming season. The Sao Paulo industry should contribute 965,000 MT, 65 Brix equivalent.

ATO/Sao Paulo estimates total exports for MY 2018/19 at 1.142 MMT, an increase of 15 percent compared to the previous season, due to the higher volume of fruit for processing. FCOJ-equivalent exports to the United States were 159,633 MT, 66 Brix, during July 2019 - May 2020, down 29,365 MT relative to the same period in 2018/2019 (188,998 MT).

The recovery of the citrus crop in Florida and the high U.S. stock/use ratio explains lower shipments from Brazil. Exports to EU countries, which represent roughly 70 percent of total Brazilian shipments, remain steadily solid at 677,443 MT, FCOJ 66 Brix equivalent during July 2019 – May 2020, up 15 percent compared to the same period the previous year (591,091 MT, FCOJ 66 Brix equivalent).

The tables below show fresh orange juice exports (HTS 2009.11.00, 2009.12.00, and 2009.19.00) by country of destination, according to the Trade Data Monitor (TDM), based on data from the Brazilian Secretariat of Foreign Trade (SECEX) for 2018/19 and 2019/20 (July-May).

The "others" category includes both FCOJ and NFC exports. Post considers the average monthly price by country of destination for the "others" category as a criterion to distinguish between FCOJ and NFC exports.

Frozen / Unfermented Orange Juice Exports (MT and US$ 1,000 FOB)				
	Jul 2018 - May 2019		**Jul 2019 - May 2020**	
Country	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	90,290	171,259	158,506	263,995
Netherlands	51,255	99,093	59,384	82,927
Japan	36,585	71,728	53,206	93,922
China	30,188	60,328	42,623	58,645
United States	20,940	40,702	13,467	21,191
Australia	11,162	22,588	11,330	20,193
Austria	180	361	10,548	16,912
Israel	10,393	19,535	6,678	7,947
South Korea	-	-	6,381	10,483
Chile	5,438	11,346	5,134	8,242
Others	36,174	73,478	36,895	60,857
Total	292,605	570,418	404,152	645,314
Source: Trade Date Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX), NCM 2009.11.00				

Brazilian Orange Juice Exports, Not Frozen and Brix Under 20 (MT and US$ 1,000 FOB)				
	Jul 2018 - May 2019		Jul 2019 - May 2020	
Country	Quantity	Value	Quantity	Value
Belgium	475,578	162,932	462,167	170,128
United States	560,623	181,319	378,804	123,931
Netherlands	353,985	113,251	342,556	111,952
Austria	-	-	44,728	16,745
Spain	-	-	3,710	1,150
Chile	975	966	816	849
Australia	2	1	538	202
China	-	-	337	284
Philippines	35	44	69	80
Paraguay	17	19	69	62
Other	587	525	245	225
Total	1,391,802	459,056	1,234,039	425,607
Source: Trade Date Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX), NCM 2009.12.00				

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)				
	Jul 2018 - May 2019		Jul 2019 - May 2020	
Country	Quantity	Value	Quantity	Value
Netherlands	156,371	269,278	198,570	288,375
Belgium	122,412	246,878	114,673	207,517
United States	67,826	109,538	72,188	103,836
United Kingdom	3,877	7,261	17,939	26,057
Ireland	468	657	442	519
Turkey	27	53	358	510
Russia	-	1	270	474
Kuwait	224	522	248	529
Paraguay	362	331	239	148
Japan	9,843	18,455	215	391
Others	3,244	5,894	1,005	1,640
Total	364,654	658,869	406,147	629,997
Source: Trade Date Monitor (TDM) based on the Brazilian Secretariat of Foreign Trade (SECEX), NCM 2009.19.00				

Stocks

Ending stocks for MY 2019/20 are forecast at 305,000 MT, 65 Brix, up 15,000 MT compared to revised stocks for MY 2018/19 (290,000 MT). Stock figures include only stocks in the storage tanks of orange juice facilities (processing plants, port terminals, etc.) in Brazil. They do not include stocks owned by Brazilian companies abroad, e.g., in transit and port terminals in the United States, Europe, and Japan.

According to the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories are estimated at 420,782 MT (66 Brix) on June 30, 2020, an increase of 167,601 MT relative to stocks on June 30, 2019 (253,181 MT, 66 Brix). CitrusBR global inventories include orange juice in storage tanks at processing plants and port terminals in Brazil, as well as stocks abroad (vessels and port facilities worldwide).

Production, Supply, and Distribution Statistics

This table includes NFC production for exports converted to FCOJ 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.4 - 5.6 metric tons of NFC 11.6 Brix.

Orange Juice	**2017/2018**		**2018/2019**		**2019/2020**	
Market Year Begins	**Jul 2018**		**Jul 2019**		**Jul 2020**	
Brazil	**USDA**	**New Post**	**USDA**	**New Post**	**USDA**	**New Post**
Deliv. To	10,975,200	10,975,200	14,239,200	14,239,200	10,363,200	10,689,600
Beginning Stocks (MT)	185,000	185,000	160,000	160,000	167,000	290,000
Production (MT)	1,004,000	1,004,000	1,327,000	1,312,000	992,000	1,022,000
Imports (MT)	0	0	0	0	0	0
Total Supply (MT)	1,189,000	1,189,000	1,487,000	1,472,000	1,159,000	1,312,000
Exports (MT)	989,000	989,000	1,280,000	1,142,000	935,000	965,000
Domestic	40,000	40,000	40,000	40,000	42,000	42,000
Ending Stocks (MT)	160,000	160,000	167,000	290,000	182,000	305,000
Total Distribution (MT)	1,189,000	1,189,000	1,487,000	1,472,000	1,159,000	1,312,000
(MT)						

Attachments:

No Attachments