

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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: 4/2/2019

GAIN Report Number: BR 1906

Brazil

Oilseeds and Products Annual

Current Soybean Harvest Yields Disappoint, But Swift Recovery Forecast for 2019/20

Approved By:

Oliver Flake, Agricultural Counselor

Prepared By:

Evgenia Ustinova, Agricultural Attache

Report Highlights:

Post forecasts that Brazil will maintain its position as an oilseed production powerhouse in the 2019/20 marketing year. Soybean planted area is forecast to rise only modestly, but with yields recovering from the current drought, production should top records once again with 124 million metric tons (mmt) in the hopper. Cottonseed and peanut planted areas and production volumes are also forecast to continue expanding. Post forecasts soybean exports to recover to 75 mmt next season, but fall short of the banner 2017/18 season. Post estimates that adverse weather will significantly undercut soybean yields, with harvest expected under 114 mmt, well below the initial expectations. In addition to lower yields, Brazilian producers are also expected to face rising costs of doing business.

PRODUCTION

Oilseed Production to Top Records in 2019/20

Soybeans are by far the most dominant oilseed produced in Brazil. Brazilian government statistics show that as of the 2017/18 marketing year (MY), soybeans account for more than 95 percent of all oilseeds produced in the country. Cottonseed production is a distant second with about three percent of Brazil's total oilseed production, while peanuts account for less than one percent of production¹. Globally, Brazil accounts for more than one third of soybean production, for about seven to ten percent of cottonseed production, and for under two percent of peanut production. Going forward, regardless of weather or profitability factors, Brazil is expected to maintain its position as an oilseed production powerhouse in the 2018/19 and 2019/20 MYs.

Despite Modest Planted Area Gains, Soybean Production to Rebound

Post forecasts 2019/20 soybean planted area to increase to 36.5 million hectares, an expansion of just one percent compared to the 2018/19 season. Although in the last five years planted area averaged four percent annual growth, Post expects that Brazilian producers will hedge their bets next season given the uncertainty surrounding soybean demand from China, which is by far the world's largest consumer of soybeans, as well as the largest importer of Brazilian soybeans. In addition, most of the available arable land has already been tapped in key producing states, and further sizeable area increases would require large upfront investments to convert degraded pasture land. Producers have been slowly converting this fallow land, but it is a process that requires several years of investment before it produces adequate yields.

Despite the modest forecast for planted area expansion, the 2019/20 soybean production is forecast at 124 million metric tons (mmt), an increase of nine percent compared to the current 2018/19 production projection of 113.6 mmt. Post forecasts next season's yield at 3.4 metric tons per hectare (mt/ha), which would approximate average productivity recorded in the two previous seasons. The forecasted yield is an increase of eight percent on the current harvest yield estimate of 3.16 mt/ha, which has been negatively affected by adverse weather.

Notably, Post anticipates that soybeans will continue to account for more than half of all the cultivated area, as well as for more than half of the total volume of all grains and oilseeds grown in Brazil. This is in large part due to Brazil's unique climate that allows producers to harvest two (and sometimes more) crops per year in several agricultural powerhouse states such as Parana and Mato Grosso. Post contacts note that because soybeans have the highest liquidity of the agricultural exported commodities, farmers tend to plant soybeans as first season crop, while alternating second season, or *safrinha* crop between corn, wheat, cotton, and other crops depending on several factors, such as regional climate, local farming tradition, and price and demand expectations.

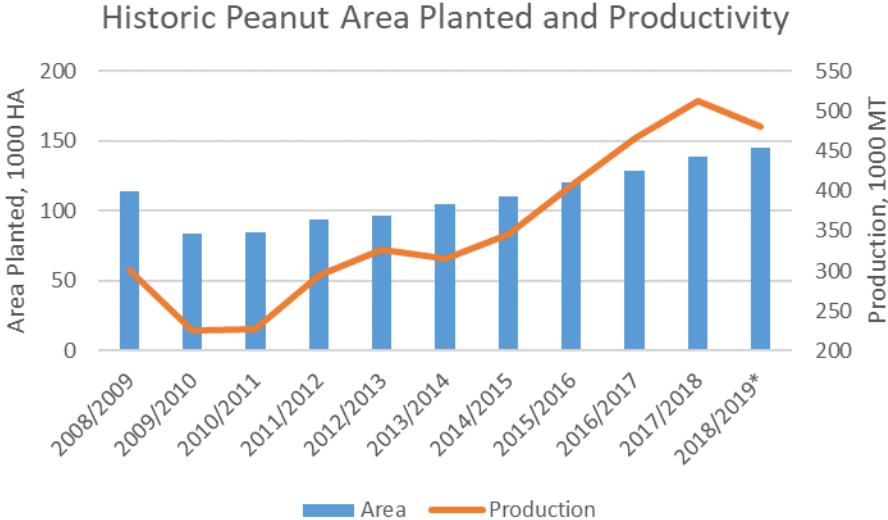
Peanut Production to Resume Growth on Increased Planted Area

¹ The statistics are based the Ministry of Agriculture, Brazilian Food Supply Company (Conab) data, which track soybean, cottonseed, peanut and sunflower production, but do not include palm kernel production.

Post forecasts peanut planted area at 155 thousand hectares in 2019/20, about a seven percent expansion on the current MY, which is in line with average area expansion recorded in the last five years. Post forecasts 2019/20 yield to increase to 3.68 mt/ha, close to yields recorded for 2016/17 and 2017/18 harvests, and recovering from a significant drop in yield projected for the current MY. Post forecasts total peanut production at 570 thousand tons in 2019/20.

It should be noted that despite year-to-year volatility, yields have seen significant positive momentum over the last decade – improving to 3.69 mt/ha last season from 2.64 mt/ha in the 2008/09 season. Cumulative yield increase is 40 percent during this timeframe. The gains in productivity are derived from technology, as well as crop rotation with sugarcane and soybeans done every three to four years, a technique advanced by Brazilian researchers to improve soil conditions for all crops. Graph one shows that peanut planted area expanded just over 20 percent in the last decade, from 115 thousand hectares in 2007/08 to 139 thousand hectares in 2017/18. Area expansion combined with notably higher yields lead to total peanut production increase of 70 percent, from 300 thousand tons to over 510 thousand tons, in the same timeframe.

Graph 1



Source: USDA

Peanuts are grown across six states in Brazil during both a first and second harvest. However, the vast majority of the crop is produced in the state of Sao Paulo during first harvest. Excluding the current 2018/19 MY (beginning on January 2019), over the last five seasons, Sao Paulo producers sowed about 89 percent of total area planted, with their harvest accounting for an average of 91 percent of the total volume of peanuts produced in Brazil. It should be noted as well that the importance of the Sao Paulo state in Brazil’s peanut production has been steadily on the rise. For comparison, in 2008/09 MY, Sao Paulo producers sowed 71 percent of total peanut area planted, and produced about 78 percent of the total peanut harvest. Post forecasts that peanut production will continue to be concentrated in Sao Paulo state in the foreseeable future.

Conversely, area planted and production has declined across all other peanut growing states. Post forecasts that planted area and production will see only marginal, if any, increases in the other states. The southern state of Rio Grande do Sul is the second largest producer, with the southern state of Parana and Minas Gerais in southeast region of the country also contributing meaningful volumes. Outside of Sao Paulo, however, producers often grow peanuts as a subsistence crop, rather than for commercial purposes.

Cottonseed Production to Make Moderate Gains on Account of Slower Cotton Exports

Post forecasts cotton planted area to increase five percent to 1.65 million hectares in 2019/20, as compared to the current marketing year MY. Over the past two MYs, Brazilian producers increased planted area by more than two thirds – from 940 thousand ha in 2016/17 to an estimated 1.57 million hectares in 2018/19. The estimated cotton area planted for 2018/19 is the largest in almost two decades; the last time Brazilian producers had planted more cotton was in 1991/92, when farmers across the country sowed almost two million hectares. Notably, the substantial area expansion seen over the last several years has been driven almost exclusively by high international prices and strong export demand for Brazilian cotton. Cottonseed production has been the beneficiary of this trend.

The forecast for moderate area expansion is based on Post conversations with traders and producer associations, which indicate that Brazilian cotton farmers are likely close to a point of maximizing economies of scale with existing equipment and arable land that is easily available. In addition, Post contacts note that producers are watching closely export demand and futures price signals, which indicate that global cotton consumption is set for only a modest expansion in the coming year.

Post forecast for 2019/20 cottonseed production is 4.15 mmt, a seven percent increase from the 2018/19 estimate. The yield is forecast to rise by two percent to 2.5 mt/ha as compared to the previous season. Although producers do not tend to skimp to seeds and other inputs, Post assumes a conservative yield forecast based on the fact that new areas being added to cotton production tend to have lower-than-average yields for the first several years. For example, despite average to favorable weather patterns so far for the current cotton crop, cottonseed yield is actually projected to decline four percent on last MY, taking into account the new cotton area that was planted in Q1 2019.

Production Factors

Profitability: Soybeans are forecast to remain among the most liquid crops for Brazilian producers. However, revenues are forecast to come under pressure from the creeping cost of production. The Mato Grosso Institute of Agricultural Economics (IMEA) forecasts an eight percent increase in annual cost of production for the 2019/20 season in Mato Grosso state, where farmers are responsible for about a quarter of all the soybeans grown in Brazil. According to the IMEA forecast, the driving factor will be an increase in fertilizer costs associated particularly with Genetically Engineered (GE) seed varieties.

Table 1

Estimated Production Costs for Soybeans in Mato Grosso		
	2018/19	2019/20
		% Change

Variable Cost of Production	2,871.45	3,107.61	8%
<i>Variable Costs of Production (on Farm)</i>			
Fertilizers	742.04	912.03	19%
herbicides, fungicides, insecticides	738.5	759.8	3%
Seeds	328.96	330.61	0%
machinery operation	119.88	114.78	-4%
Labor	105.57	110.95	5%
Other variable expenses	41.35	45.1	8%
<i>Variable Costs of Production (ex Farm)</i>			
Ag Insurance	13.63	16.85	19%
Transport, Storage	109.86	107.94	-2%
Classification, Processing	94.68	70.02	-35%
Taxes and Tariffs	160.77	154.34	-4%
Maintenance of machineries and installations	114.52	111.72	-3%
Admin Costs	115.44	156.74	26%
Interest Rates	186.25	216.73	14%
Fixed Costs of Production	297.29	343.88	14%
Depreciation	181.14	189.33	4%
Other fixed costs	116.15	154.55	25%
Total Operating costs	3,168.74	3,451.49	8%
<i>*all costs cited in Brazilian Reals per ha</i>			

Source: IMEA

According to the IMEA forecasts, producers in Mato Grosso should expect higher cotton production costs in 2019/20, though at a more moderate three percent year-on-year increase. (See GAIN BR 1905 for more details).

Financing: Financing for 2019/20 season is not expected to present any major problems in key producing states. For example, Post contacts in the major soybean producing state of Parana indicate that producers expect that despite disappointing soybean yields for the current harvest, the majority of farmers are likely looking at a bumper second harvest of corn, and should have ample revenue to continue business as usual next year. Likewise, according to Post conversations with commodity analysts in Sao Paulo, market analysts are not expecting financing to be a problem for the coming season in any of the key soybean and cotton producing states.

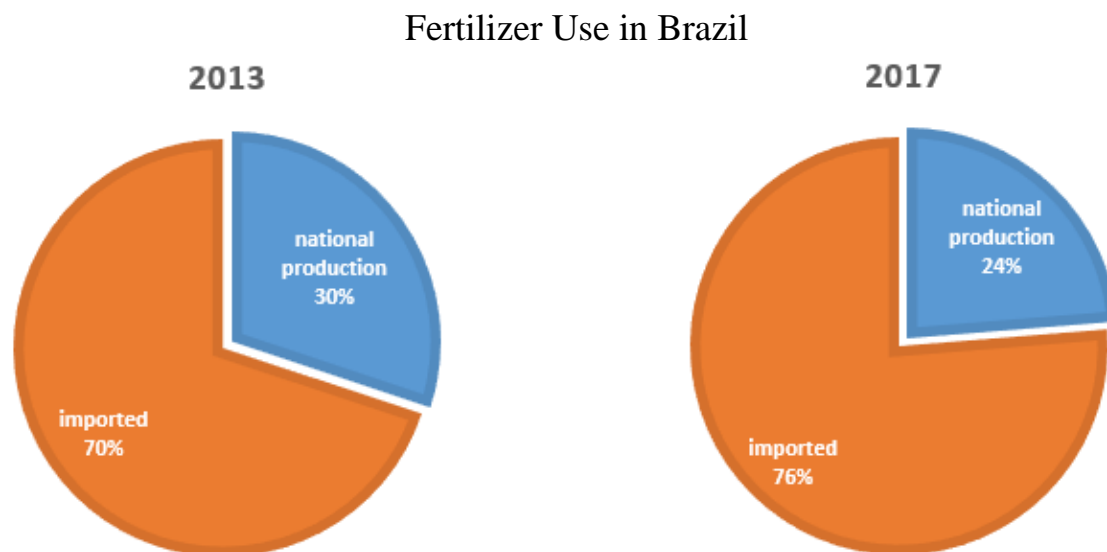
Typically, producers in Brazil secure financing with forward sales of anywhere between 30 and 60 percent of their forecast soybean harvest, leaving ample room for a downward revision in yields, while still covering their costs. The same is true for cotton, with farmers concluding forward contracts for up to 70 percent of their anticipated next season's harvest. Arrangements are also sometimes made with input providers, where companies provide financing to producers in exchange for a negotiated volume of soybeans or its monetary equivalent.

Technology: Brazil is one of the global leaders in planting of GE crops. Soybeans have the second highest adoption rate of 92.3 percent, just a notch below 94 percent for cotton. As of 2018, Brazil's National Technical Commission of Biosafety (CTNBio) had approved a total of 90 GE events for cultivation, of which 17 are for soybeans, and another 17 for cotton.

Fertilizer Usage: Post forecasts that Brazil's fertilizer demand for 2019/20 will grow by about four percent in 2019/2020, inline with trends in recent years. The latest available data from the National Fertilizer Association (ANDA) shows that for the first ten months of 2018, the total fertilizer volume supplied to the Brazilian market increased by 3.9 percent. Post conversations with contacts reveal that farmers are continuing to increase spending on fertilizers as it becomes more difficult to expand planted area.

Post expects that Brazil will remain heavily dependent on fertilizer imports. Brazil's fertilizer imports reached about 75 percent of total domestic use in 2017/18. According to ANDA, fertilizer imports were up 4.5 percent year-on-year in 2018, in line with the historic five year average. National fertilizer production for the first 10 months of 2018 was down 2.9 percent year-on-year from the previous year, which nevertheless was a better performance than the five-year average annual decline of four percent.

Graph 2



Source: ANDA

Drought Cuts Yield for 2018/19 Soybeans and Peanuts, Cottonseed Production Spared

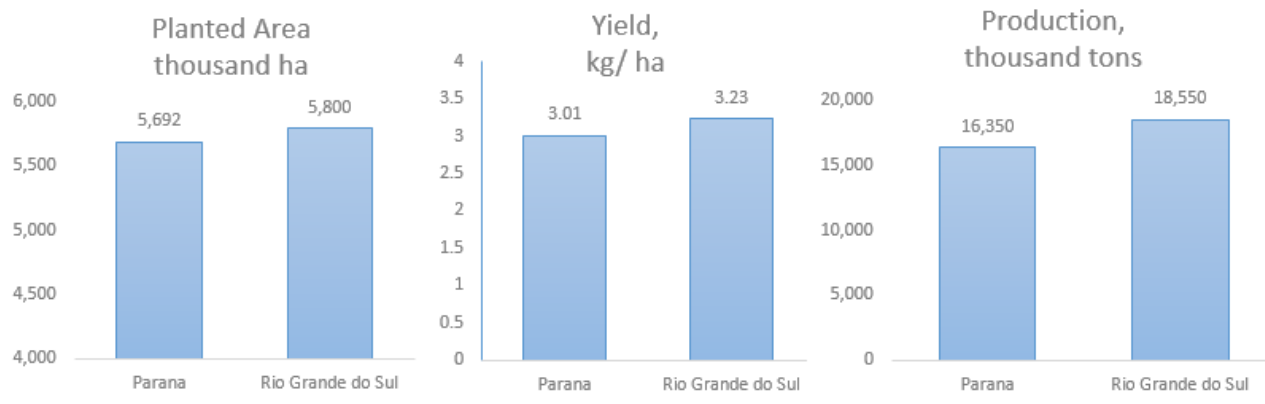
Current Soybean Crop Estimated at 113.6 Million Metric Tons

Post lowered its estimate for Brazil’s 2018/19 soybean production to 113.6 mmt. Despite the projected record planted area of 36 million hectares, the yield is estimated to decrease to 3.16 mt/ha, down from a record 3.4 mt/ha set in the previous season.

Although producers increased sown area across nearly every state, initial projections of a bumper harvest did not materialize. Drought-like conditions set in in November across the second largest soybean producing state of Parana, where yields are projected to drop almost 15 percent as a result of poor weather. In fact, due to the drastic yield reduction in Parana, in 2018/19, the southern-most state of Rio Grande do Sul is expected to emerge as the second largest producer of soybeans for the first time in more than two decades. Graph three shows that despite having smaller planted area, Rio Grande do Sul production is expected to top 18 mmt on account of being largely spared adverse weather system that affected Parana.

Graph 3

Soybean Crop in Parana and Rio Grande Do Sul, 2018/19



Source: FAS Brasilia Estimates

Scarce rains and hotter-than-normal temperatures also affected the rest of the country. Parana’s neighboring state of Mato Grosso do Sul is expected to see a more than 11 percent reduction in yield rate with a seven percent resulting decrease in production. Bahia is an interesting case with a slightly smaller area planted, due to preference of some producers for first season cotton this season. On the account of smaller area and lower yields, the harvest is estimated to be down close to 20 percent. Brazil’s largest soybean producing state of Mato Grosso is also projected to see a reduction in yields for 2018/19, though due to expansion in planted area and improved weather conditions as of late, the total loss is projected at just around one percent.

Table 2

Region/ State	2018/19 Soybean Harvest		
	Area	Yield	Production
Center West	16,053	3.24	51,985
MT	9,650	3.31	31,945
MS	2,850	3.12	8,900
GO	3,480	3.13	10,900
Other (DF)	73	3.28	240
South	11,895	3.12	37,150
PR	5,430	3.01	16,350
RS	5,800	3.20	18,550
Other (SC)	665	3.38	2,250
North East	3,342	3.08	10,306
BA	1,580	3.23	5,100
MA	1,000	2.90	2,900
PI	760	3.03	2,300
Other (AL)	2	2.50	6
South East	2,680	3.10	8,300
MG	1,580	3.23	5,100
SP	1,100	2.91	3,200
North	2,050	2.88	5,900
TO	1,050	2.86	3,000
Other (RR, RO, AC, AM, AP, PA)	1,000	2.90	2,900
BRAZIL	36,020	3.155	113,641

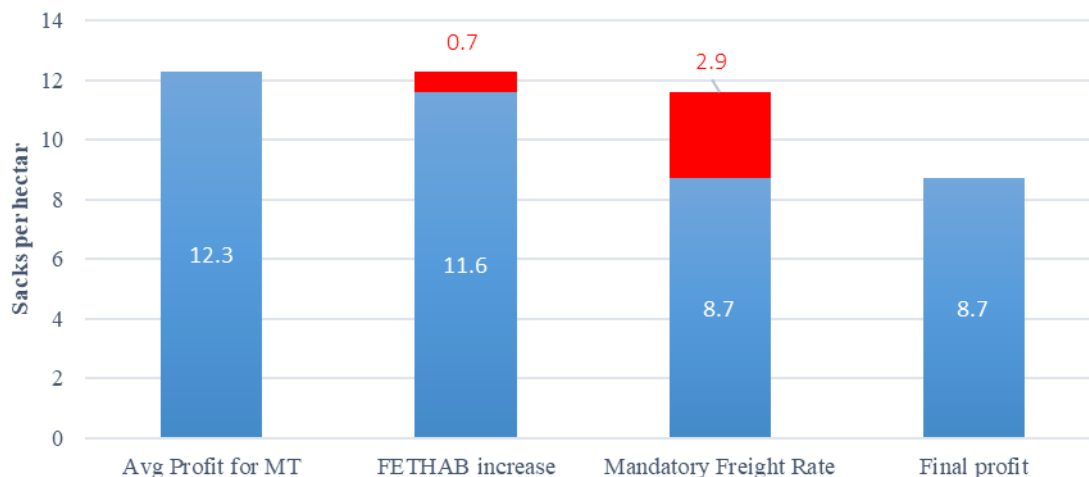
Source: FAS Brasilia Estimates

Profitability: According to Post conversations, soybean producers are not as much concerned about disappointing yields as they are about the tighter margins. In 2018/19, producers expect to face higher input costs and rising taxes, while farm gate prices are likely to come under pressure from uncertainty surrounding freight rates and lower soybean export premiums (see policy section for more details on freight rates).

Graph four shows the 2018/19 estimate by AgroConsult consultancy of an additional costs for Mato Grosso producers stemming from higher taxes and mandatory freight rates set by the government. While farmers were expecting gains of about 12.3 sacks per hectare in the current season, the increase in the FETHAB sales tax and government mandated price floors for commercial freight rates cut final profitability to 8.7 sacks per hectare. (See policy section for expanded coverage on taxes and freight rates).

Graph 4

Soybean Profitability for Brazilian Farmers in 2018/19 MY

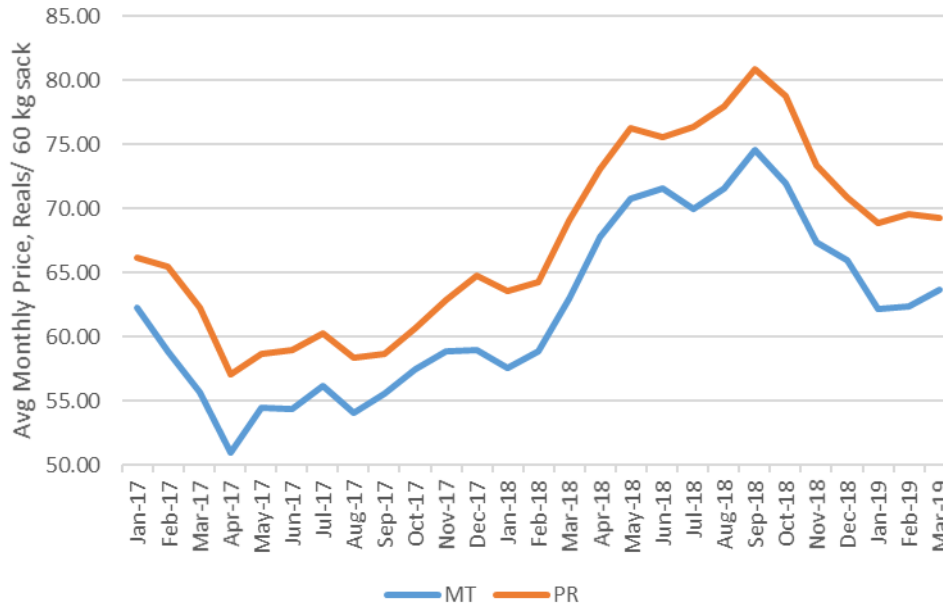


Source: AgroConsult

Domestic commodity prices are also under pressure from the pending trade talks between the United States and China. In April 2018, China imposed a 25 percent duty on U.S. soybeans, spurring its buyers to source a greater volume of soybeans from Brazil. This underpinned the price premiums commanded by Brazilian soybeans in the second half of 2018. (See GAIN BR1816 for expanded coverage). However, the FOB soybean prices at Paranagua port dropped sharply in February and March 2019, triggering corresponding adjustment in farm gate prices for producers in Mato Grosso and Parana. Graph five shows that farm gate prices for the two states are down sharply from last season's peaks, currently hovering around R\$ 63 per sack in Mato Grosso and R\$ 69 per sack in Parana.

Graph 5

Farmgate Soybean Prices in Mato Grosso and Parana States



Source: Agrolink

Drought Cuts into 2018/19 Peanut Yield

Post projects peanut planted area to increase in 2018/19 to 145 thousand hectares, or more than four percent on last season, thanks in large part to additional land being used to plant peanuts instead of sugar cane and soybeans in Sao Paulo state. Despite an increase in area planted, production is expected to decrease due to drought that affected plant development in Sao Paulo state during the November 2018 - January 2019 timeframe. According to press reports, in the most severely affected municipalities of the state, producers indicate that the yields hover around 120-140 bags per hectare, whereas in areas with adequate rainfall producers expect to harvest 250 bags per hectare. For 2018/19, Post projects the yield to decrease to 3.3 mt/ha from almost 3.7 mt/ha in the previous season. As a result, total production in 2018/19 MY is projected at 480 thousand tons.

Record Cottonseed Production on 2018/19 on the Back of Strong Cotton Export Demand

Soaring domestic prices and strong export prospects have spurred planted area increases across all cotton producing states in Brazil. Post raised the 2018/19 MY planted area estimate to 1.57 million hectares, an increase of 34 percent on the previous season. Post's 2018/19 MY cottonseed production estimate is close to 3.9 mmt, an increase of almost 30 percent on the 2017/18 season production, and a new record for Brazil. Cotton planting and harvest occurs mostly during the second crop season in Brazil, and as such current MY yields have been unaffected by adverse weather that plagued first season soybean and peanut crop production.

In Post conversations with trade contacts in Sao Palo and producers in Mato Grosso, numerous interlocutors indicated that in the current season many farmers made planted area adjustments on the upper maximum of their planned range. In addition, a slew of smaller producers, some of whom have not farmed cotton in years, decided to plant cotton – driven by very high expected margins. Based on those two factors, Post has revised up the planted area estimate for 2018/19 by ten percent from the previous cotton update published in November 2018. (See GAIN BR 1821 for expanded coverage).

DOMESTIC CONSUMPTION & PROCESSED PRODUCTS

Soybean Crush Industry to Grow in Line with Domestic Demand

Post forecasts 44 mmt of soybeans destined for processing in the 2019/20 MY, an increase of two percent on the 2018/19 estimate. The forecast increase is inline with the historic five-year annual average expansion rate, as well as with domestic demand trends for the livestock and chicken sectors and Brazil's local biodiesel market. Export demand for soybean processed products is not forecast to be a major factor in the crush expansion rate.

Post forecasts 2019/20 soybean meal production at 34.1 mmt. Domestic soymeal consumption is forecast to increase four percent next season to 19 mmt. Post anticipates domestic meal demand growth based on conversations with soybean and livestock producers in the South of the country, where a large portion of domestic meat production is concentrated. Post gathered that the agricultural industry expects steady growth of domestic meat production and therefore healthy gains in demand for protein meal.

For next MY, Post forecasts soy oil production at 8.6 mmt, with more than 7.5 mmt of the product consumed domestically. The three percent forecast increase in consumption is based on the expectation that Brazil will adopt a greater biodiesel blending mandate, which is currently set at B10. According to data from the National Agency of Petroleum, Natural Gas and Biofuels (ANP), soybeans accounted for about 70 percent (or 3.6 million mt of soybean oil) of all biodiesel production in 2018, followed by animal fats (17 percent), and cotton seed oil (2 percent).

Total biodiesel production in 2018 was 5.4 billion liters, though ANP data shows that the domestic industry already has the capacity to produce the 7.3 billion liters per year required to meet the B15 mandate. In fact, Post Sao Paulo estimates that Brazil's biodiesel industry has the capacity to produce 8.4 billion per year. (See GAIN BR 18017). In mid-March 2019, the National Committee of Energy Policies released test results indicating that a B15 blending mandate would be successfully adopted across Brazil if implemented. Congress is expected to take up debate shortly and make a final decision on increasing the blending mandate sometime in the second half of 2019. The blending increase, if adopted, would be phased in over several years.

Lower Supplies to Constrain Soybean Processing in 2018/19

Post projects a one percent decline in soybean processing to 43.1 mmt in 2018/19, down slightly from 43.4 mmt in the previous marketing year. Contraction is projected based on lower available commodity supplies. Nevertheless, domestic meal and oil consumption are not expected to be affected, but rather exports of both products are projected to decrease somewhat.

For 2018/19, Post projects domestic soymeal consumption to increase three percent to 18.3 mmt, up from 17.8 mmt in the previous MY. The projection is based on the fact that Post expects the beef, pork, and poultry sectors to grow three, four, and two percent respectively in 2019.

Post projects domestic soy oil consumption to increase by two percent to over 7.3 mmt in the current MY. The increase is based on the expectation that the government will adopt a higher biodiesel blending mandate, incentivizing domestic purchases.

Domestic Peanut Consumption to Follow Production Trends

In the last five years, domestic peanut consumption rose by an average of three percent annually to 261 thousand metric tons in 2017/18, up from 208 thousand tons in 2013/14 season. Although consumption is expected to dip during the current MY on the account of constrained supplies, Post forecasts that domestic use will rebound in 2019/20 to 269 thousand metric tons. Peanut processing accounts for two thirds of all domestic peanut consumption.

In 2019/20, Post forecasts 180 thousand metric tons of peanuts destined for processing. Post forecasts peanut oil production at 60 thousand metric tons, with the majority, or 50 thousand metric tons of peanut oil exported. Domestic peanut oil consumption is expected to hover around ten thousand metric tons in 2019/20. It should be noted that despite low domestic peanut oil consumption in recent years, it has been making small gains from the all-time low of five years ago, when it hit just four thousand metric tons of annual consumption.

Post anticipates that a dip in peanut production in 2018/19 will lead to domestic price increases, which will in turn dampen domestic demand. As a result, Post estimates that domestic consumption will decrease by two percent on last season, to 255 metric thousand tons. For 2018/19, Post estimates 172 thousand metric tons of peanuts destined for processing, down from 175 thousand metric tons last year on account of lower supplies. Peanut oil production is estimated at 57 thousand metric tons for the current MY.

Peanut meal production depends entirely on oil production, and is not driven by demand factors. All of Brazil's peanut meal production is consumed domestically. In 2019/20, Post forecasts peanut meal production to reach 75 thousand metric tons, all of it destined for animal feed. For 2018/19, Post estimates peanut meal production at 71 thousand metric tons.

Cottonseed Crush to Keep Pace with Production

The majority of Brazil's cottonseed production is destined for crush, with raw cottonseed exports and stocks accounting for less than five percent of total supply of cottonseed on the market. As such, cottonseed crush has increased at an almost equal pace with cottonseed production in the last five years.

For the 2019/20 MY, Post forecasts Brazil's crush industry to process 3.8 mmt of cottonseed into oil and meal. Post forecasts cottonseed oil production at 605 thousand metric tons, with 370 thousand metric tons in industrial use for biodiesel, 215 thousand destined for food use, with negligible exports. Cottonseed oil cake is a by product of oil production. For the 2019/20 MY, Post forecasts cottonseed oil cake production at 1.8 mmt, all of which is destined for animal feed.

For the 2018/19 MY, Post estimates 3.57 mmt of cottonseed will be processed into oil and meal. Post estimates cottonseed oil production at 568 thousand metric tons, with 340 thousand metric tons for industrial use, and 200 thousand metric tons destined for food use. In 2018/19 MY Post estimates cottonseed oil cake production at just over 1.7 mmt, all of which is destined for animal feed.

TRADE

Soybeans

2019/20 Outlook: Soybean Exports to Rebound, but Remain Below Record

Soybean exports in 2019/20 are forecast at 75 mmt, almost nine percent higher than in the current MY. However, exports will remain below the 84.15 mmt that Brazil shipped in 2017/18. The previous MY was an extraordinary one for Brazilian soybean producers, who saw Chinese demand grow by more than 20 percent to hit close to 70 mmt (of the total 84 mmt sold), up from 54 mmt in soybean purchases made during 2016/17 MY. China's imports from Brazil were driven by artificially inflated demand in the wake of U.S.-China trade tensions and the subsequent 25 percent punitive tariffs that Beijing imposed on purchases of U.S. soybeans. (See GAIN BR1903 for expanded coverage).

The export forecast for 2019/20 is based primarily on anticipation of a return to typical soybean sourcing patterns by China, which is Brazil's largest soybean customer. Excluding the previous season, China imported about 75 percent of Brazilian soybeans in recent years. For comparison, in 2017/18, China purchased 85 percent of the total volume of soybeans that Brazil exported.

If current trade tensions with the United States are resolved, the local market expects that demand from China will also subside from the peak reached last year, and perhaps even fall below the 75 percent of total volume sourced seen in recent years. Post contacts indicate that the Brazilian industry is watching closely the exact terms of the potential U.S.-China trade deal, including if stipulated volumes of certain commodities are purchased. In addition, it should be noted that the majority of Post contacts expect China's overall soybean demand expansion rate to remain subdued in the next several years. In other words, instead of five percent annual increase in Chinese soybean demand, expansion may be closer to three percent.

2018/19 Exports to Level off Dramatically

Post revised export estimates for the current 2018/19 MY to 69 mmt, down almost 20 percent on the previous season. The export projection is based on lower supplies, due to a poor harvest and almost non-existent carryover stocks from the previous season. Overall, Post projects total soybean supplies to decline by more than 15 mmt this MY. Post's export estimate also takes into account the local market expectation that demand from China will subside in 2018/19 due to resumption of soybean imports from the United States.

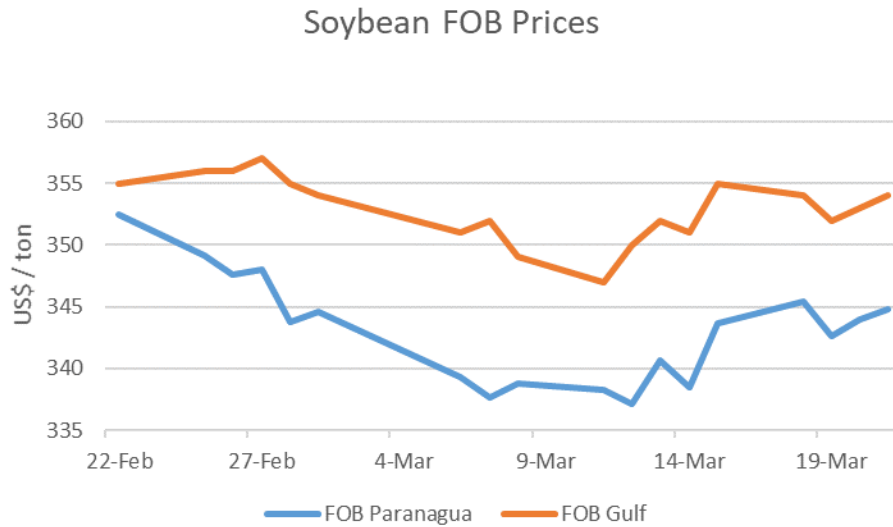
Post contacts report that as of the last two months, demand for May-July soybean contracts – traditionally the strongest export months for the Brazilian soybeans - has been anemic. According to

interlocutors, the lack of sales is driven by the reluctance of the Chinese and other buyers to make any moves ahead of the expected final resolution to the ongoing U.S.-China trade talks. According to Post conversations, Brazilian producers would, in fact, be keen to sell right now, with the Real losing some ground to the U.S. dollar in recent weeks. (See policy section for more details). However, traders in Brazil simply cannot find interested buyers to conclude any contracts right now.

In this context, it is interesting that Brazilian soybean exports were particularly strong in the first month of the current MY. Exports topped 6.1 mmt in February 2019, a record for the month, and more than double of sales recorded in 2018. Overall, 82 percent, or 5 mmt of Brazilian soybeans were destined for China in February, well above the five-year average of 74 percent for that month, and more inline with last season's 85 percent average of total export volumes purchased by China from Brazil.

Record February soybean exports were made possible by two factors. First, Brazilian producers began to harvest in December 2018, several weeks ahead of the usual schedule, pushing out ample supplies to market. Second, Chinese buyers were looking to benefit from significantly lower prices for Brazilian product. Although China continues to impose a 25 percent duty on commercial purchases of U.S. soybeans, the easing of trade tensions between Beijing and Washington, as well as purchase of more than 10 mmt of U.S. soybeans by Chinese state traders (who are not subject to the punitive tariffs applicable to commercial purchases) have exerted significant pressure on the Brazilian soybean prices. By late February, U.S. soybeans FOB Gulf prices were up over \$355/ ton, whereas FOB Paranagua prices dropped to around \$344/ ton.

Graph 6



Data Source: CEPEA for FOB Paranagua; International Grains Council for FOB Gulf

Soybean Imports to Remain Low in 2018/19 and 2019/20

Post forecasts that soybean imports will decline in 2019/20 to 200 thousand metric tons, down from 300 thousand metric tons estimated to be purchased by Brazil in 2018/19. In the last five years, soybean imports have steadily decreased from close to 580 thousand metric tons in 2013/14, to 185 thousand metric tons in 2017/18. In terms of total supply to the market, imports make up less than one percent of total volume of soybeans in Brazil; in 2013/14 imports made up 0.62 percent of total soybean supply, and in 2017/18 imported soybeans made up 0.14 percent of the total volume.

Most of the soybeans that Brazil purchases comes from neighboring Paraguay. Given that imports from Mercosul members enter Brazil duty free, depending on the soybean FOB prices and exchange rates dynamics at any given time, the margins sometimes make sense for Brazilian crushers or traders to source beans from Paraguay. This also allows crushers to avoid the Circulation of Goods and Services Tax (ICMS) incurred by cross-state trade. Overall, however, import volumes will remain below one percent of supply given Brazil's soybean production prowess.

Soybean Meal and Oil Trade

Post forecasts 2019/20 soymeal exports to increase by about two percent to 16.3 mmt, from 16 mmt projected in exports for the current MY. Post forecasts soy oil exports to remain flat for 2020/19 MY at 1.25 mmt.

Soy product exports are highly correlated with the exchange rate. The Post forecast is based on the assumption that the Real will remain relatively strong the next two years, given the market expectation that the Bolsonaro administration will manage to push through structural reforms. In addition, the export expansion rate for processed products is unlikely to exceed a few percentage points each year, as Brazil's domestic crush industry is held back by the so-called Kandir Law. The law waives export duties on raw commodity exports, such as soybeans, but maintains the tax for processed products including soy oil and soybean meal. (See policy section for expanded coverage).

Post projects meal exports in 2018/19 to decrease to 16 mmt, down six percent from 17 mmt recorded in the previous MY. Soybean oil exports are projected to decrease to 1.25 mmt in 2018/19 MY, from 1.4 mmt in 2017/18. Post estimates are based on the anticipated reduction in overall crush volume coupled with a moderate increase in domestic demand for both soymeal and soy oil. As a result of this dynamic, Post expects domestic processed product prices to increase, which in turn would make exports of the same products less attractive.

Peanuts

Peanut Exports to Continue to Outpace Domestic Demand

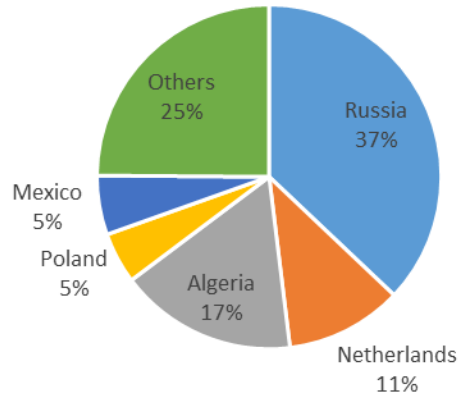
In the last five seasons, Brazil's peanut exports grew exponentially, rising to 253 thousand tons in the last MY, up almost three times on 93 thousand tons in 2013/14. Going forward, Post anticipates that exports will continue to outpace domestic demand.

Post forecasts peanut exports to top 290 thousand tons in 2019/20, up from an estimated 250 thousand tons 2018/19. The 17 percent increase on the current MY is inline with the historic five year annual average export expansion rate. Post's forecast export expansion is based on plenty of available supply, as producers in Sao Paulo state rebound from poor yields experienced in the current season on the account of drought.

Post expects that majority of Brazil's peanut exports will continue to be of the shelled variety (HS 120242). Graph seven shows that Brazil's shelled peanut sales are concentrated among five markets, with Russia being the largest destination with purchases of more than one third of total volume. In the last five years, Russia has significantly increased purchases of shelled peanuts from Brazil, from just under 17 percent in 2013, to 37 percent in 2017/18. Post expects that Russia will remain the largest destination for Brazil's shelled peanut exports in 2018/19 and in 2019/20.

Graph 7

Brazil 2017/18 Shelled Peanut Exports by Destination



Source: Foreign Trade Secretariat (SECEX)

For 2018/19, Post estimates exports at 250 thousand tons, a small decrease on last season's export shipments of 253 thousand tons. Stagnant exports are forecast based on lack of available supply due to poor crop yields in the current season.

When it comes to trade in peanut processed products, Brazil does not export or import peanut meal. Conversely, the majority of Brazil's peanut oil production is exported; nevertheless volumes are relatively low. Post forecasts peanut oil exports to reach 50 thousand metric tons in 2019/20. For 2018/19, Post estimates peanut oil exports at 48 thousand metric tons, up just slightly on 47 thousand metric tons last season.

Cottonseed

Cottonseed Use to Remain Concentrated in Domestic Market

More than 95 percent of cottonseed production in Brazil is consumed domestically. Post expects that domestic consumption will account for virtually all cottonseed use in the coming seasons. Post estimates that cottonseed exports will reach 30 thousand metric tons in 2018/19 and 40 thousand metric tons in 2019/20.

In 2017/18, Brazil exported 20 thousand metric tons of cottonseed, about five times less than the 98 thousand metric tons that it maintained for stocks. As such, in the past MY, Brazilian exports made up less than one percent of its total cottonseed supply. In the last five years, the export-to-stock ratio has sometimes been reversed – for example in 2014/15 and 2015/16, Brazil exported 92 and 99 thousand metric tons of cottonseed and maintained 45 and 23 thousand metric tons of cottonseed stock respectively.

Data shows that Brazil's trade in cottonseed products is negligible. For 2019/20, Post forecasts about 6 thousand metric tons in cottonseed oil exports, the same volume as is estimated for 2018/19. Brazil does not import or export cottonseed meal.

POLICY

Political/Economic Scenario in Brazil

In recent years, Brazil's politics have exerted significant influence on the domestic market and economy. A series of corruption scandals reaching the highest echelons of power, resulted in imprisonment of former President Luiz Inacio Lula da Silva, and impeachment of his successor Dilma Rouseff. With investor confidence hitting low point after low point, the Brazilian stock market tumbled, while the economy plunged into its deepest recession in Brazil's modern history.

Although the difficult economic and political environment dampened domestic commodity demand, Brazilian farmers realized significant gains with depreciation of the the Brazilian Real (Real). Since soybeans are priced in U.S. dollars in the international market, the weaker exchange rate increased domestic soybean prices (more Reals per U.S. dollars). The weaker Real also made Brazilian soybean exports more competitive on the world market. Soybean export receipts were up 29 and 33 percent in 2017 and in 2018 respectively as a result of higher domestic prices. Although commensurate with an increase in volume, the revenue increase is less impressive.

Going forward, the political developments in Brazil will continue to play an outsized importance for the commodity producers. In November 2018, the domestic stock market and the Real surged on the presidential vote that saw far-right candidate Jair Bolsonaro claim victory. Investors were particularly optimistic that the new government's economic team – headed by the University of Chicago trained economist Paulo Guedes – would push through sorely needed social security, or *providencia* reform. In Post's recent conversations with traders and producers alike, interlocutors noted that they are keenly watching whether the Bolsonaro administration will be successful in this reform effort.

The success of the *providencia* overhaul is expected to have a pronounced effect on the exchange rate, with the Real gaining strength in the event that serious structural changes are ratified into law. At this point markets are optimistic, however most analysts note that there is still a substantial chance that Minister Guedes will ultimately fail. The latest salvo in the reform saga came on March 22, with the arrest of former president Michel Temer in a graft probe. Former Mines and Energy Minister Wellington Moreira Franco was also arrested; the two politicians are members of the MDP party – one of the largest in Brazil's highly fractured Congress. Markets sank on the news of arrests, on the presumption that the probe is likely to divert attention, and potentially support, from the *providencia* reform push. The Real lost almost two percent that afternoon.

Federal-Level Spending in Question

Aside from broad macroeconomic and political developments, farmers are keenly watching the federal government's policy approach to the agricultural sector. The new Minister of Agriculture, Livestock, and Food Supply (MAPA) Tereza Cristina is well liked by the sector. In fact, she was nominated by President Bolsonaro based on the recommendation from a number of influential farm groups, including the Brazilian Confederation of Agriculture and Livestock (CNA) – Brazil's equivalent of the Farm Bureau – and the influential Agricultural Parliamentary Front (FPA), which includes about 300 deputies across 15 different parties represented in the Brazilian Congress.

Among Tereza Cristina's stated domestic priorities are the expansion of rural credit and crop insurance programs offered under MAPA's "Plano Safra." In February, MAPA announced plans to expand subsidized loans and offer R\$ 1 billion in resources for rural insurance - compared to R\$ 440 million offered under the current plan. How successful the Ministry will be in pushing through those priorities remains to be seen, as budgetary expenses require the blessing of the Ministry of Economy, which has been focused on cutting back – rather than expanding – government expenditures.

In late March, the Brazilian press reported that the Economy Ministry ordered state lender Banco do Brasil to reduce subsidized farm credit lines, giving more room to private sector banks. The state-controlled lender has historically been the leader in this segment, with an average share of 58-60 percent of loans in the last six crop seasons. This runs counter to Minister Tereza Cristina's previous statements that expanding rural credit would help lower the private sector banking spread and interest rates, which currently run around 15 percent annual interest for the large producers. The final Plano Safra for 2019 is expected to be unveiled sometime this Spring.

But Taxes Are Set to Rise

Regardless of how the Plano Safra pans out, producers are bracing for higher taxes potentially at both the federal and the state level in 2019/20.

In February 2019, Brazil's Supreme Court (STF) gave Congress one year to either scrap or make changes to the so-called Kandir Law, originally instituted in 1996. In 2016, a group of state governments had petitioned the STF to mediate between them and the federal government in a dispute over lost tax revenues, resulting from the Kandir injunction.

The controversial legislation exempts commodities destined for export from the state level Tax on the Circulation of Goods and Services (ICMS). Each state has jurisdiction over the amount of the ICMS tax it charges, which generally varies between nine and 13 percent. The tax is collected before products are allowed to cross state lines, and as such is a major source of revenue for the states. State governments have argued that they stand to collect substantially more, if it were not for faulty implementation of the Kandir injunction. The legislation calls for the federal government to compensate states for lost ICMS revenue, but the implementation mechanism for the reimbursement was never spelled out. According to the treasurer of Mato Grosso, the state failed to collect R\$ 37 billion of ICMS taxes over the past two decades due to the Kandir Law, while the federal government compensated the state only R\$ 5 billion in the same time frame, amounting to a net loss of more than R\$ 30 billion.

Across Brazil, producer organizations are generally opposed to the elimination of the law. In conversations with Post, contacts argue that re-institution of the export tax would push up Brazilian commodity prices in the international market, in turn forcing traders to offer lower farm gate prices to producers. It remains to be seen how the matter will be resolved, particularly in the current fiscal environment where a number of states are facing an increasingly difficult situation.

In January 2019, the governors of Mato Grosso, Goias, Rio Grande do Norte, and Roraima declared their states to be in a "fiscal calamity." Under Brazilian law, states can declare a fiscal calamity, which allows them to postpone payments to vendors, reschedule their federal government debt, and issue contracts without following standard bidding procedures. In return, states must agree to implement

austerity measures, which typically include raising revenues via privatization, sales of state assets, and tax hikes.

The Mato Grosso austerity program includes a proposal to increase taxes on sales of soybeans, cotton, corn, timber, live cattle, and boned meat and offal. The taxes are levied on both inter-state and export sales, and are collected via contributions to the State Fund for Transport and Housing (Fethab). Fethab contributions are indexed to other fees charged by the state, including the ICMS, and eliminate the requirement to pay the former. The Mato Grosso government forecasts that the increase in Fethab taxes would bring in an additional R \$1.46 billion in annual revenues, of which R \$250 million would be derived from cotton sales.

Freight Rates to Continue to Add Cost for Producers

The issue of minimum freight rates, set by the government in August 2018 remains unresolved and thus continues to weight on farm gate commodity prices. Producer associations and grain traders have protested the measure, which raises the cost of grain transport across the country. (See GAIN BR1810 for expanded coverage). Although Post contacts have indicated that few, if any, shipping contracts are actually concluded at the official rates, the significant legal uncertainty surrounding future freight costs almost certainly weighs on current and future soybean prices. At this point, issue is likely to remain pending at least through first half of 2019, and it is difficult to predict how this policy will evolve.

Soybeans

Oilseed, Soybean (Local)	2017/2018		2018/2019		2019/2020	
Market Begin Year	Feb 2018		Feb 2019		Feb 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	35150	35150	36200	36000	0	36500
Area Harvested	35150	35150	36100	36000	0	36500
Beginning Stocks	9761	9761	1152	1206	0	1006
Production	120800	120800	116500	113600	0	124000
MY Imports	185	190	250	300	0	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	130746	130751	117902	115106	0	125206
MY Exports	84199	84150	69500	69000	0	75000
MY Exp. to EU	5100	5100	3400	3400	0	0
Crush	43425	43425	42700	43100	0	44000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1970	1970	2352	2000	0	2500
Total Dom. Cons.	45395	45395	45052	45100	0	46500
Ending Stocks	1152	1206	3350	1006	0	3706
Total Distribution	130746	130751	117902	115106	0	125206
CY Imports	187	187	250	250	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	83609	83609	70600	70600	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	3.4367	3.4367	3.2271	3.1556	0	3.3973
(1000 MT) ,(PERCENT)						

Meal, Soybean (Local)	2017/2018		2018/2019		2019/2020	
Market Begin Year	Feb 2017		Feb 2018		Feb 2019	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	43425	43425	42700	43100	0	44000
Extr. Rate, 999.9999	0.7749	0.7749	0.7752	0.7749	0	0.775
Beginning Stocks	4430	4430	3300	3293	0	2418
Production	33650	33650	33100	33400	0	34100
MY Imports	20	13	25	25	0	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	38100	38093	36425	36718	0	36548
MY Exports	17000	17000	15100	16000	0	16300
MY Exp. to EU	8000	8000	7500	7500	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	17800	17800	18190	18300	0	19000
Total Dom. Cons.	17800	17800	18190	18300	0	19000
Ending Stocks	3300	3293	3135	2418	0	1248
Total Distribution	38100	38093	36425	36718	0	36548
CY Imports	20	20	25	25	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	16863	16863	15275	15275	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	17800	17800	18190	18300	0	19000
(1000 MT) ,(PERCENT)						

Oil, Soybean (Local)	2017/2018		2018/2019		2019/2020	
Market Begin Year	Feb 2017		Feb 2018		Feb 2019	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	43425	43425	42700	43100	0	44000
Extr. Rate, 999.9999	0.1917	0.1957	0.1919	0.1949	0	0.1955
Beginning Stocks	442	442	402	408	0	263
Production	8325	8500	8195	8400	0	8600
MY Imports	35	41	50	70	0	70
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	8802	8983	8647	8878	0	8933
MY Exports	1410	1410	1250	1250	0	1250
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	3290	3500	3365	3640	0	3800
Food Use Dom. Cons.	3700	3665	3726	3725	0	3725
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	6990	7165	7091	7365	0	7525
Ending Stocks	402	408	306	263	0	158
Total Distribution	8802	8983	8647	8878	0	8933
CY Imports	35	35	50	50	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	1415	1415	1275	1275	0	0
CY Exp. to U.S.	0	0	0	0	0	0

(1000 MT) ,(PERCENT)

Cottonseed

Oilseed, Cottonseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (Cotton)	1200	1200	1560	1570	0	1650
Area Harvested (Cotton)	1175	1175	1560	1570	0	1650
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	29	29	98	98	0	105
Production	3019	3019	3847	3872	0	4150
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3048	3048	3945	3970	0	4255
MY Exports	20	20	30	30	0	40
MY Exp. to EU	0	0	0	0	0	0
Crush	2750	2750	3550	3570	0	3800
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	180	180	265	265	0	265
Total Dom. Cons.	2930	2930	3815	3835	0	4065
Ending Stocks	98	98	100	105	0	150
Total Distribution	3048	3048	3945	3970	0	4255
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	20	20	30	30	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	2.5694	2.5694	2.466	2.4662	0	2.5152
(1000 HA), (1000 MT) ,(RATIO) , (MT/HA)						

Oil, Cottonseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2750	2750	3550	3570	0	3800
Extr. Rate, 999.9999	0.16	0.16	0.1592	0.1591	0	0.1592
Beginning Stocks	9	9	18	18	0	40
Production	440	440	565	568	0	605
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	449	449	583	586	0	645
MY Exports	6	6	6	6	0	6
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	240	240	337	340	0	370
Food Use Dom. Cons.	185	185	200	200	0	215
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	425	425	537	540	0	585
Ending Stocks	18	18	40	40	0	54
Total Distribution	449	449	583	586	0	645
CY Imports	6	6	6	6	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
(1000 MT) ,(PERCENT)						

Meal, Cottonseed	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	2750	2750	3550	3570	0	3800
Extr. Rate, 999.9999	0.4764	0.4764	0.4789	0.479	0	0.4737
Beginning Stocks	6	6	6	6	0	6
Production	1310	1310	1700	1710	0	1800
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1316	1316	1706	1716	0	1806
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1310	1310	1700	1710	0	1800
Total Dom. Cons.	1310	1310	1700	1710	0	1800
Ending Stocks	6	6	6	6	0	6
Total Distribution	1316	1316	1706	1716	0	1806
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	1061.49	1061.493	1377.51	1385.613	0	1458.54
(1000 MT) ,(PERCENT)						

Peanuts

Oilseed, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	140	140	150	145	0	155
Area Harvested	139	139	150	145	0	155
Beginning Stocks	68	68	68	68	0	40
Production	513	513	525	480	0	570
MY Imports	1	1	1	1	0	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	582	582	594	549	0	610
MY Exports	253	253	254	250	0	290
MY Exp. to EU	50		50		0	
Crush	175	175	175	172	0	180
Food Use Dom. Cons.	84	84	85	85	0	87
Feed Waste Dom. Cons.	2	2	2	2	0	2
Total Dom. Cons.	261	261	262	259	0	269
Ending Stocks	68	68	78	40	0	51
Total Distribution	582	582	594	549	0	620
CY Imports	1	1	1	1	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	253	253	254	254	0	0
CY Exp. to U.S.	0	0	0	0	0	0
Yield	3.6906	3.6906	3.5	3.31	0	3.6774
(1000 HA), (1000 MT), (MT/HA)						

Oil, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2020	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	175	175	175	172	0	180
Extr. Rate, 999.9999	0.3314	0.3314	0.3314	0.3314	0	0.3333
Beginning Stocks	8	8	10	10	0	10
Production	58	58	58	57	0	60
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	66	66	68	67	0	70
MY Exports	47	47	48	48	0	50
MY Exp. to EU	25	25	25	25	0	25
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	9	9	10	9	0	10
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	9	9	10	9	0	10
Ending Stocks	10	10	10	10	0	10
Total Distribution	66	66	68	67	0	70
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	47	47	48	48	0	0
CY Exp. to U.S.	0	0	0	0	0	0

(1000 MT) ,(PERCENT)

Meal, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jan 2018		Jan 2019		Jan 2019	
Brazil	USDA Official	New Post	USDA Official	New Post	Old Post	New Post
Crush	175	175	175	172	0	180
Extr. Rate, 999.9999	0.4114	0.4114	0.4114	0.4128	0	0.4167
Beginning Stocks	0	0	0	0	0	0
Production	72	72	72	71	0	75
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	72	72	72	71	0	75
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	72	72	72	71	0	75
Total Dom. Cons.	72	72	72	71	0	75
Ending Stocks	0	0	0	0	0	0
Total Distribution	72	72	72	71	0	75
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	80.928	80.928	80.928	79.804	0	84.3
(1000 MT), (PERCENT)						