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Brazil

Citrus Semi-annual

Fresh Oranges and Orange Juice

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Report Highlights:
Brazilian orange crop for 2015/16 is forecast at 393 million boxes, down 10 percent from the previous year, due to weather related problems during blossoming and a non-uniform harvest. Total frozen concentrate orange juice (FCOJ) production is projected at 935,000 mt, a 23 percent drop from previous season due to expected lower volume of oranges for crushing and lower industrial yields. FCOJ ending stocks are forecast at a record low of 39,000 mt, 65 Brix, down 280,000 mt relative to previous season due to projected lower product availability.

Commodities

Oranges, Fresh

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2013/14, 2014/15 and 2015/16 (July-June),* which are equivalent to *U.S. MY 2012/13, 2013/14, 2014/15*, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US 12/13**	**US 13/14**	**US 14/15**
Item/ Brazilian Marketing Year	**2013/14**	**2014/15**	**2015/16**
Area Planted	740.0	650.0	630.6
Sao Paulo	540.0	450.0	430.6
Others	200.0	200.0	200.0
Area Harvested	682.6	612.6	596.1
Sao Paulo	490.0	420.0	403.5
Others	192.6	192.6	192.6
Bearing Trees	209.0	218.0	226.1
Sao Paulo	157.0	166.0	174.1
Others	52.0	52.0	52.0
Non-Bearing Trees	29.0	29.0	27.7
Sao Paulo	25.0	25.0	23.7
Others	4.0	4.0	4.0
Total Trees	238.0	247.0	253.9
Total Production	401.0	438.0	393.0
Sao Paulo	290.0	325.0	279.0
Others	111.0	113.0	114.0
Exports	0.5	0.5	0.5
Sao Paulo	0.5	0.5	0.5
Domestic Consumption	132.5	147.5	147.5
Delivered to processors	268.0	290.0	245.0
Sao Paulo (FCOJ + NFC exports)	245.0	270.0	225.0
Others	23.0	20.0	20.0

- *There is a one year lag between the Brazilian (BR) marketing year (MY) and the U.S. marketing year (MY). For example, BR MY 2015/2016 is equivalent to U.S. MY 2014/2015. As such and to ensure data continuity, the current Brazilian MY 2015/16 will be referred to as U.S. MY 2014/15 throughout this report*

General

Total Brazilian orange crop for MY 2014/15 (July/June) is projected at 393 Millon 40.8-kg boxes (MBx), a 10 percent decrease compared to the current crop (MY 2013/14). The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 279 MBx, down 14 percent from revised figure for the previous crop (325 MBx). The projection is based on the Defense Fund for Citriculture (Fundecitrus)'s first citrus crop forecast released on May 19. The forecast takes into account the following varieties: Hamlim, Westin, Rubi, Valecia Americana, Valencia Argentina, Seleta, Pineapple, Pera Rio, Valencia, Folha Murcha and Natal.

Fundecitrus spent approximately R$ 9.5 million to develop the Crop Estimate Research (PES – "Pesquisa de Estimativa de Safra) project which included the purchasing of satellite images to survey the tree inventory in the Sao Paulo commercial area.

According to Fundecitrus, favorable weather conditions prevailed up to the first blossoming in September-October 2014. However, insufficient rainfall and high temperatures during the November 2014-January 2015 period damaged fruit setting from the first blossoming. Regular rainfall prevailed from late January 2015 on, however, the overall irregular weather pattern during the blossoming period led to multiple flowerings which will lead to a non-uniform harvest.

Production for MY 2014/15 from other states is projected at 114 MBx, up 1 MBx from revised figure for MY 2013/14, according to updated information provided by the Brazilian Geography and Statistics Institute (IBGE).

The Sao Paulo State Institute of Agricultural Economics (IEA) released the February 2015 survey for the 2015/16 orange crop in the State of Sao Paulo at 284.4 MBx, including both commercial and non-commercial areas based on data collected in February 2015. 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 state of Sao Paulo orange tree inventory is estimated at 191 million trees (164.5 million bearing trees and 22 million non-bearing trees).

Area, Tree Inventory and Yields

The Brazilian agricultural yield for MY 2014/15 is estimated at 1.74 boxes/tree, a 13 percent decrease from the previous year base on weather issues. The Sao Paulo commercial citrus belt was negatively affected by irregular weather conditions which damaged the first and major blossoming. Total orange area for MY 2014/15 is estimated at 630,600 hectares (ha). This number is based on Fundecitrus' area figures released on May 19. ATO/Sao Paulo estimates for stable area for "other" states are based on uniform production figures provided by IBGE.

Total Brazilian tree inventory for MY 2013/14 is projected at 253.9 million trees, up 6.9 million trees compared to the previous season. According to Fundecitrus, the Sao Paulo commercial area tree inventory is 197.8 million trees (174.1 million bearing trees and 23.7 million non-bearing trees).

ATO/Sao Paulo estimates stable tree population for "Other" states based on uniform production figures provided by IBGE.

Producers' Prices

The Orange Index price series is published by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) for both the fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo. Both series track orange prices from September 1994. Prices for the fresh market are for fruit on the tree.

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	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Jan	7.70	15.59	n/a	5.85	8.45	10.15
Feb	9.77	15.00	n/a	5.98	9.09	10.20
Mar	10.17	15.00	n/a	6.43	9.81	10.24
Apr	8.24	15.00	n/a	6.78	n/a	11.00
May	13.00	n/a	n/a	6.50	n/a	10.83
Jun	14.70	n/a	n/a	6.57	n/a	
Jul	14.88	n/a	7.00	6.79	10.00	
Aug	14.90	n/a	7.00	6.88	9.72	
Sep	15.19	n/a	7.01	7.10	10.14	
Oct	15.23	n/a	6.97	7.47	10.19	
Nov	15.35	n/a	6.53	8.00	10.11	
Dec	15.66	n/a	5.88	8.32	10.21	
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	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Jan	10.89	22.86	8.43	8.94	18.98	15.74
Feb	17.22	25.33	8.41	10.45	21.65	17.47
Mar	19.17	26.32	12.72	13.07	22.06	17.22
Apr	16.50	19.62	12.82	11.66	17.92	16.59
May	14.49	14.78	9.34	7.92	12.59	14.85
Jun	15.13	12.17	6.88	6.67	10.29	
Jul	14.90	11.05	5.99	6.19	9.62	
Aug	14.94	10.15	5.54	7.30	9.98	
Sep	16.83	9.75	5.61	9.28	10.65	
Oct	19.17	10.20	5.65	10.79	11.91	
Nov	19.93	9.92	5.74	12.08	13.18	
Dec	20.15	9.13	6.73	13.60	14.15	
Source: CEPEA/ESALQ						

According to CEPEA, one year fruit delivery contracts have been set at R$ 14/box based on orange juice price set at US$ 2,100/metric ton and/or at US$ 4.50-5.00/box depending on the orange juice processing plant. In the past couple of years, it became a common practice for the orange juice processors not to set multi-year contracts with the orange producers due to the uncertainties related to the size of the crop

Consumption

Total Brazilian orange consumption for MY 2014/15 is forecast at 147.5 MBx, similar to the previous marketing year. These figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing.

Fruit delivered to processors for “not from concentrated (NFC)” orange production for the domestic market is also included in these figures. There are no official statistics on domestic NFC consumption, however the citrus industry estimates between 70,000 and 100,000 mt of orange juice is consumed as NFC, which represents from 3 to 4.5 MBx of oranges for processing.

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 exports.

Trade

Total fresh orange export estimate for MY 2014/15 remains unchanged at 0.5 MBx, similar to the current season. Brazil has limited market access to other countries and most part of exports are directed to Spain and United Kingdom. The majority of exports occur during the harvest of the commercial crop (June-December). The table below shows official fresh orange exports (Nomenclatura Externa do Mercosul - NCM 0805.10.00) by country of destination, for 2014 and BR MY 2013/14 and BR MY 2014/15 (July- April), according to SECEX.

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	Jan-Dec 2014		**Jul 2013-Apr 2014**		**Jul 2014-Apr 2015**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Spain	7,251	3,979	6,403	3,081	6,420	3,518
United Kingdom	4,199	1,995	3,830	1,427	3,857	1,801
Portugal	1,753	591	0	0	1,753	591
Denmark	2,376	913	842	369	1,698	591
France	1,444	778	2,094	1,022	1,444	778
Sweden	1,054	268	1,162	397	1,054	268
Netherlands	513	127	3,733	1,316	513	127
Paraguay	967	72	1,048	80	255	24
Ireland	207	116	176	72	207	116
Malta	154	77	129	66	154	77
Others	194	99	1,840	919	199	116
Total	20,111	9,014	21,256	8,749	17,553	8,007
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						

Production, Supply and Demand Data Statistics

Oranges, Fresh	US 2012/2013		US 2013/2014		US 2014/2015	
Market Begin Year	Jul 2013		Jul 2014		Jul 2015	
Brazil	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	740,000	740,000	715,000	650,000	0	630,600
Area Harvested	682,600	682,600	657,600	612,600	0	596,100
Bearing Trees	209,000	209,000	205,000	218,000	0	226,100
Non-Bearing Trees	29,000	29,000	29,000	29,000	0	27,700
Total No. Of Trees	238,000	238,000	234,000	247,000	0	253,800
Production	16,361	16,361	16,850	17,870	0	16,034
Imports	15	15	15	15	0	15
Total Supply	16,376	16,376	16,865	17,885	0	16,049
Exports	20	20	20	20	0	20
Fresh Dom. Consumption	5,421	5,421	5,462	6,033	0	6,033
For Processing	10,935	10,935	11,383	11,832	0	9,996
Total Distribution	16,376	16,376	16,865	17,885	0	16,049
HECTARES, 1000 TREES, 1000 MT						

Commodities

Orange Juice

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian orange juice production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2013/14, 2014/15 and 2015/16 (July-June)*, which are equivalent to *U.S. MY 2012/13, 2013/14, 2014/15*, 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 5.6 metric tons of NFC 11.6 Brix.

Brazil: FCOJ PS&D (Jul-Jun)			
(Million 40.8 kg boxes, TMT, 65 degrees brix)			
Item/U.S. Marketing Year	**US 12/13**	**US 13/14**	**US 14/15**
Item/ Brazilian Marketing Yaer	**2013/14**	**2014/15**	**2015/16**
Delivered to Processors	268.0	290.0	245.0
Sao Paulo	245.0	270.0	225.0
Others	23.0	20.0	20.0
Beginning Stocks - Total	509.0	334.0	319.0
Total Production	980.0	1,215.0	935.0
Sao Paulo FCOJ	695.0	920.0	620.0
Sao Paulo NFC (FCOJ equiv)	195.0	220.0	240.0
Others	90.0	75.0	75.0
Total Supply	1,489.0	1,549.0	1,254.0
Exports	1,110.0	1,195.0	1,180.0
Sao Paulo FCOJ	875.0	925.0	890.0
Sao Paulo NFC (FCOJ equiv)	195.0	220.0	240.0
Others	40.0	50.0	50.0
Domestic Consumption	45.0	35.0	35.0
Ending Stocks - Total	334.0	319.0	39.0
Total Distribution	1,489.0	1,549.0	1,254.0

General

ATO/Sao Paulo forecasts total Brazilian FCOJ 65 Brix equivalent production for MY 2014/15 at 935,000 metric tons (mt), a 23 percent reduction compared to MY 2013/14, due to lower expected fruit availability for crushing and below average industrial yields (262 boxes of oranges/mt of FCOJ 65 Brix equivalent). The Sao Paulo industry is expected to process 225 MBx of oranges for orange juice production (169 MBx and 56 MBx for FCOJ and NFC production, respectively), resulting in 860,000 mt of juice (620,000 mt and 240,000 metric tons of FCOJ and NFC, respectively). Other producing states should deliver 20 MBx for processing.

Total Brazilian FCOJ 65 Brix equivalent production for MY 2013/14 is estimated at 1.215 million metric ton (mt), a 24 percent increase compared to the previous MY, due to higher volume of fruit for processing and good industrial yields (239 boxes of oranges/mt of FCOJ 65 Brix equivalent). The Sao Paulo industry accounted for 270 MBx for crushing (218 MBx and 52 MBx for FCOJ and NFC production, respectively), whereas other states should contribute 20 MBx.

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

FCOJ domestic consumption for MY 2014/15 is forecast at 35,000 mt, 65 Brix, similar to revised figure for MY 2013/14 and down 10,000 mt from previous projection. Many beverage companies changed their formulas to produce orange juice based beverages like sodas and nectars, reducing the use of FCOJ. In addition, Brazilian consumption of food products, including juice, soda and nectars is expected to slow down due to high inflation rates and economic recession in 2015.

Trade

Total Brazilian FCOJ 65 Brix equivalent exports for MY 2014/15 are forecast at 1.18 mmt, similar to MY 2013/14 (1.195 mmt). The Sao Paulo industry should contribute 890,000 mt, 65 Brix equivalent, slightly down relative to MY 2013/14 (925,000 mt).

The tables below show official orange juice exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination for 2014 and BR MY 2013/14 and BR MY 2014/15 (July- April), according to SECEX. 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

The lower size of the U.S. orange crop for 2014/15, in addition to low industrial yields for orange juice processing in the U.S., has contributed to higher orange juice exports to the U.S. Brazilian orange juice exports to the U.S. have increased by 16 percent during July-2014 through April 2015, compared to the same period one season ago.

Frozen / Unfermented Orange Juice Exports (MT and US$ 1,000 FOB)						
	Jan-Dec 2014		Jul 2013-Apr 2014		Jul 2014-Apr 2015	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	138,027	248,137	136,042	249,240	153,821	271,990
United States	154,599	257,148	117,186	194,439	126,466	211,506
Netherlands	55,128	90,085	30,897	52,614	66,471	106,260
Japan	56,569	102,073	48,359	86,529	42,106	76,489
China	37,069	74,911	31,562	64,549	24,171	47,156
Australia	19,019	35,822	13,088	24,845	15,391	28,684
Puerto Rico	7,974	14,349	4,890	8,902	7,165	12,437
Israel	6,878	12,815	11,555	21,966	5,901	10,436
Chile	6,024	11,884	5,365	10,704	4,932	9,433
Switzerland	15,355	27,163	25,538	47,183	4,612	7,852
Others	34,160	66,066	27,554	53,508	29,297	54,544
Total	530,802	940,451	452,035	814,478	480,334	836,786
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.11.00						

Brazilian Orange Juice Exports, Not Frozen and Brix Under 20 (MT and US$ 1,000 FOB)						
	Jan-Dec 2014		Jul 2013-Apr 2014		Jul 2014-Apr 2015	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	490,687	194,086	433,525	172,442	415,822	161,602
United States	275,658	92,942	170,291	58,352	286,391	97,073
Netherlands	271,396	103,324	238,186	91,593	223,876	85,412
Switzerland	4,500	1,675	5,520	2,079	1,000	375
Chile	196	161	116	100	180	148
Japan	42	34	25	28	41	32
United Kingdom	8	8	8	8	14	13
France	8	9	0	0	8	9
Germany	5	5	5	5	5	5
Senegal	2	2	0	0	2	2
Others	1	0	4	3	0	0
Total	1,042,503	392,246	847,679	324,610	927,340	344,672
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)						
	Jan-Dec 2014		Jul 2013-Apr 2014		Jul 2014-Apr 2015	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Netherlands	187,619	330,776	165,460	278,390	164,853	290,528
Belgium	132,435	241,339	106,515	203,476	115,990	210,205

United States	13,536	24,365	27,324	51,232	24,851	44,731
Switzerland	7,810	13,477	3,998	6,797	6,893	11,919
United Kingdom	11,914	20,948	28,761	48,894	5,966	10,592
Ireland	650	895	232	306	601	833
Paraguay	96	44	0	0	332	144
Italy	333	654	131	199	254	486
Turkey	297	502	327	553	243	413
Iran	0	0	0	0	51	85
Others	241	390	389	681	117	246
Total	354,929	633,390	333,138	590,527	320,150	570,183
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						

Stocks

Ending stocks for MY 2014/15 are forecast at a record low of 39,000 mt, 65 Brix, down 280,000 mt from MY 2013/14), due to likely drop in orange juice production during the upcoming season. 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 U.S., Europe and Japan.

According to the February 2015 release of the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories were approximately 1 mmt (66^{o} Brix) in December 31st, 2014. CitrusBr projects global orange juice inventories as of June 30, 2015 at 447,276 mt. CitrusBR global inventories include orange juice in storage tanks at processing plants and port terminals in Brazil; and stocks abroad (vessels and port facilities worldwide).

Production, Supply and Demand Data Statistics

The tables include “Not From Concentrate (NFC)” production for exports converted to “Frozen Concentrated Orange Juice (FCOJ)” 65 Brix equivalent.

Orange Juice	**2012/2013**		**2013/2014**		**2014/2015**	
Market Begin Year	**Jul 2013**		**Jul 2014**		**Jul 2015**	
Brazil	**USDA Official**	**New post**	**USDA Official**	**New post**	**USDA Official**	**New post**
Deliv. To Processors	10,934,400	10,934,400	11,383,200	11,832,000	10,771,200	9,996
Beginning Stocks	509,000	509,000	334,000	334,000	284,000	319,000
Production	980,000	980,000	1,120,000	1,215,000	1,010,000	935,000
Imports	0	0	0	0	0	0
Total Supply	1,489,000	1,489,000	1,454,000	1,549,000	1,294,000	1,254,000
Exports	1,110,000	1,110,000	1,125,000	1,195,000	1,140,000	1,180,000
Domestic Consumption	45,000	45,000	45,000	35,000	47,000	35,000
Ending Stocks	334,000	334,000	284,000	319,000	107,000	39,000
Total Distribution	1,489,000	1,489,000	1,454,000	1,549,000	1,294,000	1,254,000
MT						

Exchange Rate

The table below shows the exchange rate for the local currency, the Real, vis-à-vis the U.S. dollar since 2009. The steady devalution of the Real as of September 2014 is likely to affect producing costs for the 2015/16 crop due to the increase of input costs such as fertilizers and chemicals for disease and pest control.

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
January	2.32	1.87	1.67	1.74	1.99	2.43	2.66
February	2.38	1.81	1.66	1.71	1.98	2.33	2.88
March	2.25	1.78	1.62	1.82	2.01	2.26	3.21
April	2.18	1.77	1.57	1.89	2.00	2.24	2.98
May	1.97	1.81	1.57	2.02	2.13	2.24	3.18
June	1.95	1.80	1.57	2.02	2.22	2.20	3.08
July	1.87	1.75	1.56	2.05	2.29	2.27	
August	1.88	1.75	1.59	2.04	2.37	2.24	
September	1.78	1.69	1.85	2.03	2.23	2.45	
October	1.74	1.70	1.69	2.03	2.20	2.44	
November	1.75	1.71	1.81	2.10	2.32	2.56	
December	1.74	1.66	1.88	2.04	2.34	2.66	
Source : Brazilian Central Bank (BACEN) 1/ June 2015 refers to June 11.							