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Brazil

Citrus Semi-annual

Citrus Semi-annual

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Report Highlights:

The Brazilian orange crop for 2016/17 is forecast at 351.7 million boxes, down 14 percent from the previous crop, due to weather-related problems during blossoming and fruit setting. Total frozen concentrate orange juice (FCOJ) production is forecast at 885,000 mt, down 11 percent from the previous year due to expected lower volume of oranges for crushing. FCOJ ending stocks are forecast at 123,000 mt, 65 Brix, down 38,000 mt relative to the previous season, due to projected lower product availability.

FRESH ORANGES

Production

PS&D Tables

The following tables provide revised data for São Paulo state and the total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2014/15, 2015/16 and 2016/17 (July-June)*, which are equivalent to *U.S. MY 2013/14, 2014/15, and 2015/16*, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun, (1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	US 13/14	US 14/15	US 15/16
Item/ Brazilian Marketing Yaer	2014/15	2015/16	2016/17
Area Planted	650.0	630.6	603.9
Sao Paulo	450.0	430.6	403.9
Others	200.0	200.0	200.0
Area Harvested	612.6	596.1	579.3
Sao Paulo	420.0	403.5	386.7
Others	192.6	192.6	192.6
Bearing Trees	218.0	226.1	227.5
Sao Paulo	166.0	174.1	175.5
Others	52.0	52.0	52.0
Non-Bearing Trees	29.0	27.7	20.5
Sao Paulo	25.0	23.7	16.5
Others	4.0	4.0	4.0
Total Trees	247.0	253.9	248.0
Total Production	438.0	409.7	351.7
Sao Paulo	325.0	300.7	245.7
Others	113.0	109.0	106.0
Exports	0.5	0.7	0.6
Imports	0.4	0.4	0.4
Domestic Consumption	147.9	127.4	121.5
Delivered to processors	290.0	282.0	230.0
Sao Paulo (FCOJ + NFC exports)	270.0	262.0	210.0
Others	20.0	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 2016/2017 is equivalent to U.S. MY 2015/2016. As such and to ensure data continuity, the current Brazilian MY 2016/17 will be referred to as U.S. MY 2015/16 throughout this report*

General

The total Brazilian orange crop for MY 2015/16 (July/June) is forecast at 351.7 Million 40.8-kg boxes (MBx), a 14 percent drop relative to the previous crop. The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 245.7 MBx, down 18 percent from the revised figure for the previous crop (300.7 MBx). The projection is based on the Defense Fund for Citriculture (Fundecitrus)'s first citrus crop forecast released on May 10. The forecast takes into account the following varieties: Hamlim, Westin, Rubi, Valecia Americana, Valencia Argentina, Seleta, Pineapple, Pera Rio, Valencia, Folha Murcha and Natal.

According to Fundecitrus, in spite of the good and steady blossoming from late August through October, the higher than normal temperatures during September and October significantly damaged fruit setting, thus reducing production potential.

Production for MY 2015/16 from other states is projected at 106 MBx, down 3 MBx from the revised figure for MY 2014/15, according to updated information provided by the Brazilian Geography and Statistics Institute (IBGE).

In February 2016, the Sao Paulo State Institute of Agricultural Economics (IEA) released its final survey for the 2015/16 orange crop (equivalent to MY 2014/15), forecasting 299.1 MBx, including both commercial and non-commercial areas. This figure is based on data collected in February 2016. 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 (158.59 million bearing trees and 18.39 million non-bearing trees).

Area, Tree Inventory and Yields

The Brazilian agricultural yield for MY 2015/16 is estimated at 1.55 boxes/tree, a 15 percent decrease from the previous year, based on weather related problems. The Sao Paulo commercial citrus belt was negatively affected by usually hot temperatures during fruit setting. Total orange area for MY 2015/16 is estimated at 603,900 hectares (ha). This number is based on Fundecitrus' area figures released on May 10.

Total Brazilian tree inventory for MY 2015/16 is projected at 248 million trees, down 5.9 million trees compared to the previous season. According to Fundecitrus, the Sao Paulo commercial area tree inventory is 192 million trees (175.5 million bearing trees and 16.5 million non-bearing trees). ATO/Sao Paulo estimates stable tree population for "other" states based on uniform production figures provided by IBGE.

Producer Prices

The Orange Index price series is published by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ), Center for Advanced Studies on Applied Economics (CEPEA) 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. According to CEPEA, fruit delivery contracts for the upcoming crop have been set at US\$ 4-5/box of oranges.

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	2011	2012	2013	2014	2015	2016
Jan	15.59	--	5.85	8.45	10.15	13.84
Feb	15.00	--	5.98	9.09	10.20	13.82
Mar	15.00	--	6.43	9.81	10.24	14.01
Apr	15.00	--	6.78	--	11.00	14.72
May	--	--	6.50	--	10.83	17.23
Jun	--	--	6.57	--	9.81	--
Jul	--	7.00	6.79	10.00	9.83	--
Aug	--	7.00	6.88	9.72	11.32	--
Sep	--	7.01	7.10	10.14	12.17	--
Oct	--	6.97	7.47	10.19	13.07	--
Nov	--	6.53	8.00	10.11	13.89	--
Dec	--	5.88	8.32	10.21	14.06	--

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	2011	2012	2013	2014	2015	2016
Jan	22.86	8.43	8.94	18.98	15.74	18.39
Feb	25.33	8.41	10.45	21.65	17.47	20.14
Mar	26.32	12.72	13.07	22.06	17.22	22.17
Apr	19.62	12.82	11.66	17.92	16.59	20.63
May	14.78	9.34	7.92	12.59	14.85	21.22
Jun	12.17	6.88	6.67	10.29	12.78	--
Jul	11.05	5.99	6.19	9.62	11.53	--
Aug	10.15	5.54	7.30	9.98	11.71	--
Sep	9.75	5.61	9.28	10.65	13.18	--
Oct	10.20	5.65	10.79	11.91	14.65	--
Nov	9.92	5.74	12.08	13.18	16.38	--
Dec	9.13	6.73	13.60	14.15	17.49	--

Source: CEPEA/ESALQ

Consumption

Total Brazilian orange consumption for MY 2015/16 is forecast at 121.5 MBx, down 5.9 MBx relative to the previous marketing year due to expected lower fruit availability. 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. 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

The total fresh orange export forecast for MY 2015/16 is 0.6 MBx, similar to the current season. Brazil has limited market access to other countries and the majority of exports are shipped to European countries. 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 BR MY 2013/14, 2014/15 and 2015/16 (July- May), according to SECEX.

Brazilian Fresh Orange Exports (MT and US\$ 1,000 FOB)						
	Jul 2013 - Jun 2014		Jul 2014 - Jun 2015		Jul 2015 - May 2016	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Spain	3,542	7,234	3,884	7,175	2,299	4,737
United Kingdom	1,621	4,172	1,879	4,004	1,926	6,755
France	1,022	2,094	789	1,468	1,848	4,358
Portugal	0	0	591	1,753	1,402	3,771
Uruguay	4	1	0	0	751	1,736
Paraguay	80	1,048	24	255	434	3,879
Denmark	691	1,521	909	2,359	426	984
Sweden	397	1,162	268	1,054	307	1,391
Netherlands	1,316	3,733	127	513	206	611
Argentina	0	0	36	6	91	11
Others	1,058	2,145	302	583	213	387
Total	9,731	23,108	8,809	19,170	9,903	28,619
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						

Production, Supply and Demand Data Statistics

Oranges, Fresh	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	650000	650000	630600	630600	623500	603900
Area Harvested	612600	612600	596100	596100	588600	579300
Bearing Trees	218000	218000	226100	226100	223000	227500
Non-Bearing Trees	29000	29000	27700	27700	28000	20500

Total No. Of Trees	247000	247000	253800	253800	251000	248000
Production	17870	17870	16320	16716	16728	14349
Imports	15	17	15	16	15	16
Total Supply	17885	17887	16335	16732	16743	14365
Exports	20	20	20	28	20	24
Fresh Dom. Consumption	6033	6035	5339	5199	5543	4957
For Processing	11832	11832	10976	11505	11180	9384
Total Distribution	17885	17887	16335	16732	16743	14365
(HECTARES) ,(1000 TREES) ,(1000 MT)						

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) 2014/15, 2015/16 and 2016/17 (July-June)*, which are equivalent to *U.S. MY 2013/14, 2014/15, and 2015/16*, 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 13/14	US 14/15	US 15/16
Item/ Brazilian Marketing Yaer	2014/15	2015/16	2016/17
Delivered to Processors	290.0	282.0	230.0
Sao Paulo (FCOJ + NFC exports)	270.0	262.0	210.0
Others	20.0	20.0	20.0
Beginning Stocks	334.0	329.0	161.0
Total Production	1,230.0	997.0	885.0
Sao Paulo FCOJ	935.0	697.0	580.0
Sao Paulo NFC (FCOJ equiv)	210.0	215.0	220.0
Others	85.0	85.0	85.0
Total Supply	1,564.0	1,326.0	1,046.0
Exports	1,200.0	1,130.0	885.0
Sao Paulo FCOJ	940.0	850.0	600.0
Sao Paulo NFC (FCOJ equiv)	210.0	215.0	220.0
Others FCOJ	50.0	65.0	65.0
Domestic Consumption	35.0	35.0	38.0

Ending Stocks	329.0	161.0	123.0
Total Distribution	1,564.0	1,326.0	1,046.0

General

ATO/Sao Paulo forecasts total Brazilian FCOJ, 65 Brix, equivalent production for MY 2015/16 at 885,000 metric tons (mt), down 112,000 mt compared to MY 2014/15, due to lower expected fruit availability for crushing. The Sao Paulo industry is expected to process 210 MBx of oranges for orange juice production (154 MBx and 56 MBx for FCOJ and NFC production, respectively), resulting in 800,000 mt of juice (580,000 mt and 220,000 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 2014/15 is estimated at 997,000 mt, a 19 percent decrease vis-a-vis the previous season, due to lower volume of fruit for processing and significantly low industrial yields in the Sao Paulo citrus commercial area (298.4 boxes of oranges/mt of FCOJ 65 Brix equivalent). The Sao Paulo industry accounted for 262 MBx for crushing (208 MBx and 54 MBx for FCOJ and NFC production, respectively), whereas other states contributed 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 2015/16 is forecast at 38,000 mt, 65 Brix, up 3,000 mt from MY 2014/15, according to information provided by the industry.

Trade

Total Brazilian FCOJ 65 Brix equivalent exports for MY 2015/16 are forecast at 885,000 mt, down 245,000 mt from MY 2014/15 (1.130 mmt), due to expected lower product availability. The Sao Paulo industry should contribute 820,000 mt, 65 Brix equivalent.

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 BR MY 2013/14, 2014/15 and 2015/16 (July- May), 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

Frozen / Unfermented Orange Juice Exports (MT and US\$ 1,000 FOB)						
	Jul 2013 - Jun 2014		Jul 2014 - Jun 2015		Jul 2015 - May 2016	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	145,609	266,483	190,480	332,459	140,360	224,083
United States	151,038	252,041	148,312	245,439	103,359	147,343
Netherlands	34,399	58,924	79,310	125,491	72,620	106,835

Japan	50,917	91,106	65,698	116,599	46,468	72,803
China	39,906	81,255	32,822	62,871	27,021	47,106
Australia	14,537	27,663	19,737	36,113	11,093	18,343
Israel	11,914	22,611	6,852	11,925	7,499	11,518
Chile	6,210	12,414	6,168	11,607	6,464	11,014
Puerto Rico	7,916	14,349	9,189	15,777	6,092	9,645
Saudi Arabia	2,003	3,967	3,620	6,449	4,585	7,540
Others	61,744	116,678	36,822	67,170	38,343	62,562
Total	526,193	947,491	599,011	1,031,900	463,904	718,791
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)						
	Jul 2013 - Jun 2014		Jul 2014 - Jun 2015		Jul 2015 - May 2016	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	528,579	209,368	524,758	200,981	565,634	196,241
United States	192,213	66,025	327,580	110,253	327,075	107,237
Netherlands	305,267	118,452	299,777	113,196	269,713	92,764
Switzerland	6,020	2,269	1,000	375	1,000	338
Chile	131	114	200	165	328	289
France	0	0	8	9	14	14
Uruguay	0	0	0	0	1	1
Paraguay	4	3	0	0	1	1
Benin	0	0	0	0	0	0
Bolivia	0	0	0	0	0	0
Others	39	41	62	53	0	0
Total	1,032,252	396,272	1,153,385	425,032	1,163,767	396,885
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						

Brazilian Orange Juice Exports, Others (MT and US\$ 1,000 FOB)						
	Jul 2013 - Jun 2014		Jul 2014 - Jun 2015		Jul 2015 - May 2016	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	202,154	345,027	198,177	346,345	183,113	287,776
Belgium	111,700	213,066	130,112	234,915	159,202	240,751
United Kingdom	30,729	52,485	5,966	10,592	14,019	22,072
United States	27,324	51,232	36,147	63,935	7,639	11,472
Switzerland	3,998	6,797	6,893	11,919	5,633	9,930
Spain	0	0	0	0	1,592	2,343
Malta	0	0	0	0	726	1,062
Ireland	258	340	601	833	364	421
Italy	261	451	331	627	232	396
Paraguay	0	0	332	144	600	242

Others	746	1,284	438	844	561	783
Total	377,170	670,682	378,997	670,154	373,679	577,248
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						

Stocks

Ending stocks for MY 2015/16 are forecast at 123,000 mt, 65 Brix, 38,000 mt from MY 2014/15, 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 May 2016 release of the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories were approximately 510,393 mt (66° Brix) in June 30th, 2015 (335,775 mt in Brazil and 174,618 mt abroad). CitrusBr projects global orange juice inventories as of June 30, 2016 at 332,856 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	2013/2014		2014/2015		2015/2016	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	11832000	11832000	10975200	11505000	11179200	9384000
Beginning Stocks	334000	334000	304000	329000	178000	161000
Production	1205000	1230000	974000	997000	1092000	885000
Imports	0	0	0	0	0	0
Total Supply	1539000	1564000	1278000	1326000	1270000	1046000
Exports	1200000	1200000	1065000	1130000	1040000	885000
Domestic Consumption	35000	35000	35000	35000	35000	38000
Ending Stocks	304000	329000	178000	161000	195000	123000
Total Distribution	1539000	1564000	1278000	1326000	1270000	1046000
(MT)						

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)							
Month	2010	2011	2012	2013	2014	2015	2016
January	1.87	1.67	1.74	1.99	2.43	2.66	4.04
February	1.81	1.66	1.71	1.98	2.33	2.88	3.98
March	1.78	1.62	1.82	2.01	2.26	3.21	3.56
April	1.77	1.57	1.89	2.00	2.24	2.98	3.45
May	1.81	1.57	2.02	2.13	2.24	3.18	3.60
June 1/	1.80	1.57	2.02	2.22	2.20	3.10	3.48
July	1.75	1.56	2.05	2.29	2.27	3.39	
August	1.75	1.59	2.04	2.37	2.24	3.65	
September	1.69	1.85	2.03	2.23	2.45	3.98	
October	1.70	1.69	2.03	2.20	2.44	3.86	
November	1.71	1.81	2.10	2.32	2.56	3.85	
December	1.66	1.88	2.04	2.34	2.66	3.90	

Source : Brazilian Central Bank (BACEN) 1/ April 2016 refers to June 14.