

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Brazil**

### **Grain and Feed Update**

#### **Tight Corn Supplies Expected to Last into 2017**

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**Report Highlights:**

2015/2016 wheat production is estimated at 5.5 million metric tons (mmt) and is in good condition due to favorable weather in the south of Brazil. 2015/2016 corn production is estimated at 67 mmt, a 21 percent drop from the previous record year. The decrease is due to an early start to the dry season having a big impact on yields for the second “safrinha” crop. 2015/2016 milled rice production is forecast at 7.2 mmt, a 15 percent decrease from the previous year as producers in the south are switching to more profitable crops.

**Post:**

Brasilia

## Wheat

Wheat Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct 2014		Oct 2015		Oct 2016	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2730	2730	2450	2480	2100	2200
Beginning Stocks	1887	1887	870	870	1310	1110
Production	6000	6000	5540	5540	6000	6000
MY Imports	5374	5374	6200	6000	5800	6000
TY Imports	5869	5869	5925	5925	5800	6000
TY Imp. from U.S.	1296	1296	422	500	0	0
Total Supply	13261	13261	12610	12410	13110	13110
MY Exports	1691	1691	1100	1100	1500	1000
TY Exports	1688	1688	1063	1063	1500	1000
Feed and Residual	300	300	500	500	300	300
FSI Consumption	10400	10400	9700	9700	9800	9800
Total Consumption	10700	10700	10200	10200	10100	10100
Ending Stocks	870	870	1310	1110	1510	2010
Total Distribution	13261	13261	12610	12410	13110	13110
(1000 HA) ,(1000 MT)						

**Wheat Supplies:** 2015/2016 production is estimated at 5.5 million metric tons (mmt). 2016/2017 production is forecast at 6 mmt, in line with yearly trends. The wheat that will be harvested between October and December is reportedly in good condition due to favorable weather in the south of Brazil. Producers are showing a greater interest in commercializing their crop early; fearing the expectation of a large global crop could drive down prices the longer they wait.

**Wheat Trade:** 2015/2016 imports are forecast at 6 mmt, up slightly from the previous year. 2016/2017 imports are forecast to be similar to the previous year at 6 mmt. 2015/2016 exports are estimated at 1.1 mmt, a 35 percent decrease due to good climate conditions and expected higher quality than the previous year. 2016/2017 exports are forecast down slightly to 1 mmt based on the assumption of normal weather and good quality.

**Wheat Consumption:** 2015/2016 consumption is estimated down at 10.2 mmt, a 5 percent decrease from the previous year. Some milling quality wheat has been sold for use as feed while pork and poultry producers scramble to find feed on the domestic market due to tight domestic corn supplies. 2016/2017 consumption is forecast at 10.1 mmt.

## Corn

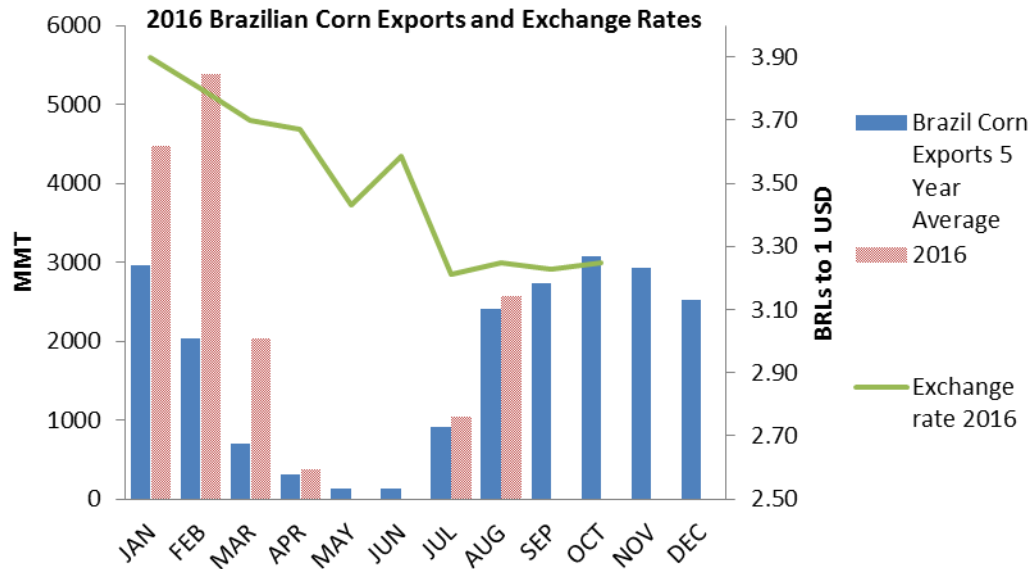
Corn Market Begin Year Brazil	2014/2015		2015/2016		2016/2017	
	Mar 2015		Mar 2016		Mar 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	15750	15750	16000	16000	16300	15800
Beginning Stocks	13972	13972	7842	7842	5342	2842
Production	85000	85000	67000	67000	82500	83000
MY Imports	331	331	2500	2000	600	600
TY Imports	534	534	1700	1500	1100	1100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	99303	99303	77342	76842	88442	86442
MY Exports	34461	34461	16000	18000	24500	23000
TY Exports	21909	21909	33500	35000	20000	19500
Feed and Residual	48000	48000	47500	47500	49000	49000
FSI Consumption	9000	9000	8500	8500	9000	9000
Total Consumption	57000	57000	56000	56000	58000	58000
Ending Stocks	7842	7842	5342	2842	5942	5442
Total Distribution	99303	99303	77342	76842	88442	86442

(1000 HA) ,(1000 MT)

**Corn Supplies:** 2015/2016 production is estimated at 67 mmt, a 21 percent drop from the previous record year. The decrease is due to an early start to the dry season having a big impact on yields for the second “safrinha” crop. 2016/2017 production is forecast at 83 mmt due to increased profitability. Because of the tight supplies, high domestic prices are driving an increase in first crop corn, which is expected to be about 38 percent of the total crop. The area is expected to be taken from soybean as corn becomes the more profitable crop.

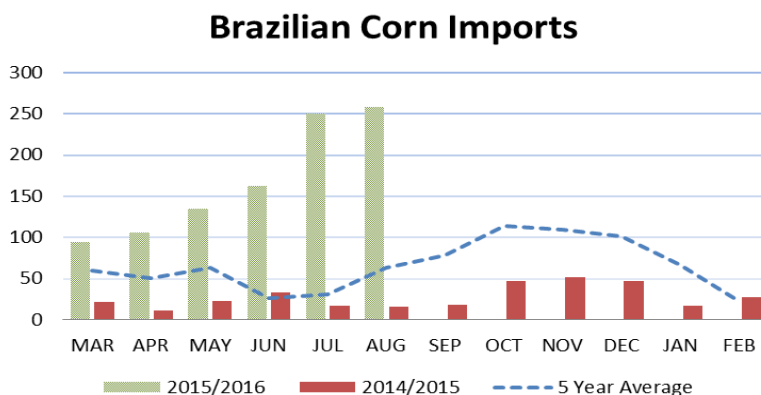
**Corn Trade:** 2015/2016 corn exports are estimated at 18 mmt, down nearly 50 percent from last year’s record exports. Any additional corn that will be exported was commercialized prior to the second

“safrinha” harvest and it’s unlikely that there will be any new sales realized until next year. With the exchange rate stable around R\$3.20 to US\$1 since July, sellers don’t have the same incentive to export as they did in January and February when the Brazilian currency was much weaker. 2016/2017 exports are expected to rebound to 23 mmt, assuming normal weather and no delay in the planting of the second crop.



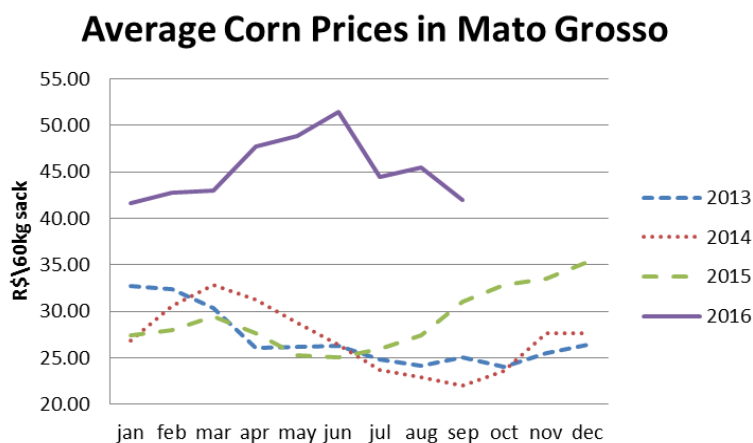
Source: GTIS

2015/2016 imports are estimated at 2 mmt, an 83 percent increase from the previous year due to tight domestic supplies. So far this marketing year, Brazil has imported 1.04 mt, with about half from Argentina and half from Paraguay. On Sept 28, the Brazilian Foreign Trade Board (CAMEX) extended for 90 days the zero percent exemption of Common External Tariff for corn imports outside of Mercosul up to one million metric tons. The previous exemption would expire on November 19. The move is meant to encourage imports of U.S. corn to provide relief to Brazilian pork and poultry produce being squeezed by high domestic corn prices. The regulatory body CTNBio approved three U.S. biotech events (Syngenta 3272, MON 87460, and MON 87427) on October 6, paving the way to allow U.S. corn imports for feed use only. The United States could potentially export 1 -1.5 mmt to Brazil.



**Corn Consumption:** 2015/16 consumption is forecast at 56 mmt, a two percent decrease from the previous year due to high domestic prices and reductions in the pork and poultry sectors. Some contacts have heard of farmers using bread quality wheat as feed, but otherwise Brazil doesn't have many substitutes for corn that can be switched over quickly.

A recent media report stated that corn ethanol is expected to expand in the state of Mato Grosso, but with high domestic prices unlikely to decrease until the next second "safrinha" crop is harvested and falling gasoline prices, corn ethanol may not be profitable in the near term.



## Rice

Rice, Milled	2014/2015	2015/2016	2016/2017

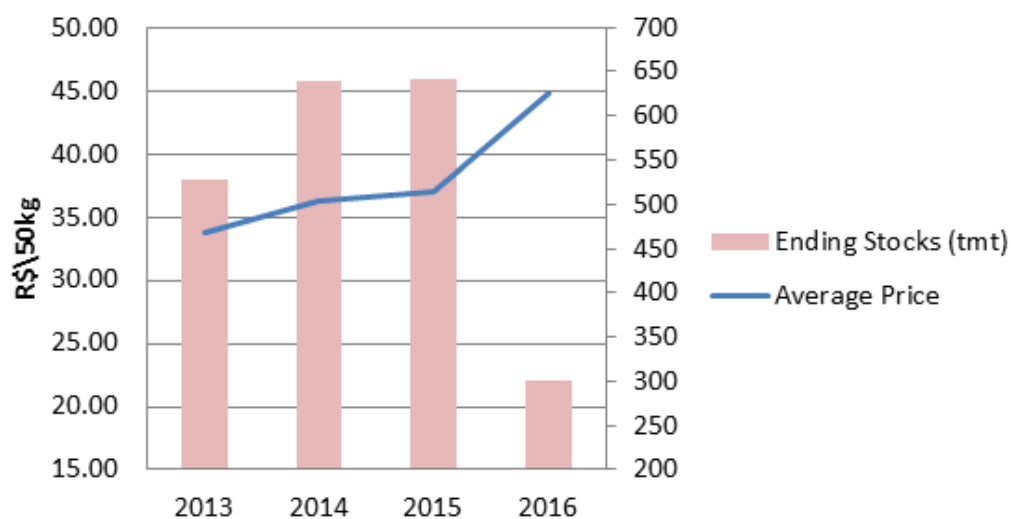
Market Begin Year Brazil	Apr 2015		Apr 2016		Apr 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2295	2295	2000	2000	2300	2300
Beginning Stocks	639	639	641	641	251	301
Milled Production	8465	8465	7210	7210	8500	8500
Rough Production	12449	12449	10603	10603	12500	12500
Milling Rate (.9999)	6800	6800	6800	6800	6800	6800
MY Imports	393	393	800	850	600	600
TY Imports	363	363	750	750	600	600
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	9497	9497	8651	8701	9351	9401
MY Exports	931	931	600	600	800	800
TY Exports	895	895	700	700	800	800
Consumption and Residual	7925	7925	7800	7800	7950	7950
Ending Stocks	641	641	251	301	601	651
Total Distribution	9497	9497	8651	8701	9351	9401

(1000 HA) ,(1000 MT)

**Rice Production:** 2015/2016 milled production is forecast at 7.2 mmt a 15 percent decrease from the previous year as producers in the south are switching to more profitable crops. Due to the high price of domestic corn, some farmers are planting first crop corn instead of rice. But domestic rice prices are also rising as Brazil faces a shortage of stocks. These higher prices are expected to spur 2016/2017 production to 8.5 mmt.

2015/2016 stocks are estimated at just 301,000 mt. This is only about ten days of national consumption in a country where people eat rice nearly every day. The price of rice and beans, a staple meal in Brazil, increased 12.9 percent in the last 12 months. Because of the low stocks, any unexpected interruptions in supply could see prices increase even further.

## Rice Price and Ending Stocks



**Rice Trade:** 2015/2016 imports are estimated at 850,000 mt, up 54 percent from last year, to meet offset reduced production and meet demand. 2015/2016 exports are estimated at 600,000 mt, down 35

percent from the previous year on higher prices and a need to meet consumption demands with domestic rice.

**Rice Consumption:** 2015/2016 consumption remains steady with a slight decrease to 7.8 mmt. Due to the higher prices for rice and beans, a small amount of consumers may reduce their portions of rice.

Related Report References:

[2016 Brazil Grain and Feed Update – BR1609](#)

[2016 Brazil Grain and Feed Annual – BR1602](#)