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Report Highlights:

Brazil is the third-largest cattle producer and second-largest beef exporter in the world. Post forecasts decreased slaughter in 2025, due to the forecasted start of the reversion of the cattle cycle. Producers are likely to start retaining cattle in 2025, driving calf prices upwards. Record beef exports are forecasted for 2024 and 2025. In 2025, domestic consumption is forecasted to decrease, as producers will prioritize exports due to strong external demand, devalued local currency, and challenges faced by foreign competitors. The swine industry is forecasted to have increases in production and slaughter both in 2024 and 2025. As a result, Post forecasts pork production, domestic consumption, and exports to increase in 2024 and 2025.

EXECUTIVE SUMMARY

Cattle

- Brazil is the third-largest cattle producer in the world.
- Post forecasts calf crop at 47.8 million head of cattle in 2025, a one percent increase from the 47.5 million head of cattle that Post estimates for 2024.
- Post forecasts a one percent decrease in slaughter in 2025 following increased slaughter in 2024.
- Post forecasts the start of the reversion of the cattle cycle for 2025. Producers are likely to start retaining cattle, which should impact prices upwards, as a consequence of reduced calf availability.
- Brazil stopped vaccinating against Foot-and-Mouth Disease (FMD) as a whole and will start the process to get WOA's recognition as a free from FMD without vaccination in August 2024.
- Post forecasts live cattle exports at 515,000 head of cattle in 2025 due to cattle retention. Live cattle exports are estimated at 525,000 head of cattle in 2024, impacted by Türkiye's decision to impose an import quota on feeder cattle - despite great growth to Iraq in the period of January to July of 2024.

Beef

- Brazil is the second-largest beef producer and the largest exporter in the world, accounting for a fourth of all beef exports globally.
- Production: Post forecasts a one percent decrease in 2025, reaching 11.81 million metric tons, following an eight percent increase in 2024, a year marked by increased slaughter.
- Consumption: Post forecasts a one percent decrease in 2025, reaching 8.2 million metric tons, consistent with the start of the reversion of the cattle cycle.
- Exports: Post forecasts record year for exports in 2024 and then in 2025, reaching 3.6 MMT CWE. This forecast considers the beef production, strong external demand, devalued Real, and foreign competitors facing challenges.

Swine

- Pig Crop: Post forecasts a one percent increase in 2025, due to lower production costs, improved domestic consumption, and positive foreign demand.
- Slaughter: Post forecasts a minor increase in 2025, following a one percent increase in 2024.

Pork

- Production: Post forecasts a one percent increase in 2025, reaching 4.65 million metric tons, as a result of increased slaughter, reduced cost of feed, and investments made to increase production.
- Consumption: Post forecasts a one percent increase in 2025, reaching 3.18 MMT CWE, due to improved availability domestically and cheaper prices, following a four percent increase in 2024.
- Exports: Post forecasts a one percent increase in 2025, based on increased slaughter, good external demand, increased purchases from new markets, export growth to existing consumers, and Brazil's sanitary status versus its competitors who are facing challenges with animal disease – particularly Europe.

1. CATTLE

Figure 1

Cattle Production, Supply, and Distribution

Animal Numbers, Cattle Market Year Begins Brazil	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks (1000 HEAD)	194365	194365	192572	192572	0	186875
Dairy Cows Beg. Stocks (1000 HEAD)	38960	38960	37790	38000	0	37300
Beef Cows Beg. Stocks (1000 HEAD)	55280	55280	55100	54500	0	54000
Production (Calf Crop) (1000 HEAD)	48000	48000	46750	47500	0	47800
Total Imports (1000 HEAD)	0	0	0	0	0	0
Total Supply (1000 HEAD)	242365	242365	239322	240072	0	234675
Total Exports (1000 HEAD)	582	582	525	525	0	515
Cow Slaughter (1000 HEAD)	11540	11540	11000	12100	0	11750
Calf Slaughter (1000 HEAD)	310	310	300	300	0	300
Other Slaughter (1000 HEAD)	32560	32560	34850	35600	0	35450
Total Slaughter (1000 HEAD)	44410	44410	46150	48000	0	47500
Loss and Residual (1000 HEAD)	4801	4801	4747	4672	0	4485
Ending Inventories (1000 HEAD)	192572	192572	187900	186875	0	182175
Total Distribution (1000 HEAD)	242365	242365	239322	240072	0	234675
(1000 HEAD)						

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Source: Not Official USDA Data

1.1. Production

Post forecasts calf crop at 47.8 million head of cattle in 2025, a one percent increase from the 47.5 million head of cattle that Post estimates for 2024. In 2024, Post estimates the beginning cattle herd at 192.57 million, and for 2025, Post forecasts 186.87 million head – an inventory decrease of three percent due to increased slaughter in 2024 and 2025. Since 2023, Brazil is at the bottom of the cattle cycle, which is expected to start a reversion in 2025, with producers stopping to liquidate previously held inventories. Post forecasts are based on the socio-economic performance expected for the country, the cycle of cattle, improved costs of production, expected foreign demand, and on slaughter trends.

Socio-Economic Factors to Weigh on Production

The economic scenario in Brazil affects in different levels production, consumption, and export decisions – therefore Post would like to draw some attention to some of the economic factors that drive Brazilian producers` decision-making, and hence, the entire industry.

Post forecasts sluggish economic performance in 2025, a carryover from 2024. For 2024, the Brazilian Central Bank (BCB) estimates GDP to grow 2.23 percent and 1.89 percent in 2025. The Central Bank Focus survey published on August 16th anticipates inflation at 4.22 percent for 2024 and 3.9 percent in 2025.

The exchange rate from Brazilian Reais to U.S. dollars is forecasted at R\$5.30 for 2024, and R\$5.30 for 2025 to US\$ 1.00. The Real has devalued recently, impacting production and exports, and the exchange rate reached a peak for the year of R\$ 5.74 in the beginning of August. As a comparison, the last BCB Focus Survey of 2023 had forecasted 2024's exchange rate at R\$ 4.90 to every dollar.

The Institute of Geography and Statistics (IBGE) latest data reports that Brazil had 7.5 million unemployed people in the second quarter of 2024, which represents a 6.9 percent unemployment rate. However, there are an additional 3.3 million people that have stopped looking for a job. The total underutilized rate for the first quarter of 2024 is 16.4 percent.

Brazilian Central Bank Assessment

On July 30th, the Brazilian Central Bank Monetary Policy Committee (Copom) noted that regarding positive changes in indicators on economic activity and labor market, and the forecasted GDP growth for 2024 has increased from previous post's semi-annual report, now forecasted at 2.20 percent increase. The Committee noted that the “economic activity and labor market data continue to exhibit more strength than expected by Copom. This movement occurs in a context of an output gap close to neutrality, making the process of inflation convergence to the target more challenging”.

However, the “Copom reinforced its view that the lack of commitment to structural reforms and fiscal discipline, the increase of earmarked credit granting, and the uncertainties about the stabilization of the public debt have the potential to raise the neutral interest rate of the economy, with harmful impacts on the power of monetary policy and, consequently, on the cost of disinflation in terms of activity”. The Committee “concluded that the inflation outlook has become more challenging, with the increase of medium-term inflation projections, even conditioned on a higher interest rate path. There was a unanimous conclusion on the need for an even more cautious monetary policy and a diligent monitoring of the unfolding scenario.”

Brazilian Tax Reform and Implications to the Agricultural Sector

On July 7th 2023, the Brazilian Chamber of Deputies approved a major tax reform in an attempt to simplify the Brazilian federal and state tax codes. The idea is that the federal, state, and local taxes – which often overlap – will be replaced by simplified value added taxes (VAT). The bill was promulgated on December 21, 2023, and the government has to prepare bills to fully implement the reform. The implementation of the tax reform was a concern to parts of the agricultural sector which

currently benefit from certain tax exemptions that were slated to be removed with the establishment of the VAT.

On July 10, 2024, after a year of the initial approval of the tax reform, Congress approved an initial implementation bill. One of the main changes of the reform is that the PIS and Cofins taxes will no longer be charged cumulatively (i.e. on the raw material, then on the store, and then again on the consumer). Without the tax-on-tax scenario Brazil currently experiences, costs should be lowered and the efficiency of the production chain should increase. The changes will be implemented slowly, and the full reform is expected by 2033.

To the animal proteins sector, the implementation that was approved this July was a win. A point of great discussion and heated debate between the Executive and Legislative branches was the inclusion of certain food items under the basic food basket. The basic food basket is granted more tax breaks. Meat was one of the items of interest, with the President of the Republic making public statements in favor of the exemption, while the economic team of the government and the president of the Chamber of Deputies were against the exemption. The bill text originally proposed did not include meats on the exemption list. According to the industry, the inclusion of proteins to the tax exemption will have an impact of 0.5 percent to the overall VAT, which will need to be paid by all consumers. Despite the impact, on July 10th, during the voting session, the rapporteur of the bill was able to negotiate with his peers and add all proteins to the tax exemption list. The decision was celebrated by the animal proteins sector, as all meats, fisheries, and certain dairy products will be exempted.

Production Costs

Calf and Cattle Prices

A key factor that drives cattle production's profitability is the cost of production. The price of calves and fed cattle impacted the sector with lower values than those experienced in the previous year. Average calf prices for the first seven months of the year were 12.7 percent lower in 2024 than in the same period in 2023, and are forecasted to remain low in the remainder of the year. Average fed cattle prices were 16.3 percent lower in the period of January to July of 2024 versus in the same period in 2023. The scenario of oversupply seen in 2023 tends to continue in 2024 and linger on – although with improvement – in 2025, pointing to a slow recovery in prices.

Confinement

Confinement is slowly advancing in Brazil, and more studies are being done on the benefits of confining animals for fattening and subsequent slaughter. Although Brazil still primarily grass-feeds its cattle, industry sources indicate there is a demand to increase feedlots and semi-feedlots to decrease the time of production. Whereas in the past these feeding arrangements were not as widespread in Brazil, as

pastureland is converted for grain production – due to the profitability of having two to three crops per year – these techniques are becoming more common. With less pasture, there is higher concentration of cattle, and hence finishing animals on semi-feedlots becomes more profitable.

The decision to confine animals also relates to the weather. It is typically done at the dry season to supply the quality deficit of pastureland that becomes soggy during the rainy season, generating mud and losses on animal feed, for instance. In Brazil, cattle confinement is mostly done on two turns. On the first turn, cattle are confined at the beginning of the dry season for animals to be sold between June and September. The second turn is done for cattle to be sold closer or right after the return of waters, between October and December.

Normally Brazilian cattle that are receiving supplemental feed, receive such treatment for 80 to 120 days, with the average being 105 days. According to the latest Confinement Census published in June 2024, Brazil is forecasted to have 7.38 million head confined by the end of 2024, a volume that is 2.5 percent higher than that of the previous year. Original forecasts for 2023 showed 7.03 million head, but the final data shows Brazil ended 2023 with 7.20 million head confined. The Confinement Census is produced by Dsm-firmenich.

The five states which are forecasted to confine the most are Mato Grosso with 1.57 million head (accounting for 21 percent of the total confined herd), São Paulo with 1.23 million head (17 percent of the total), Goiás with 1.20 million head (16 percent of the total), followed by Minas Gerais with 840,870 head (11 percent of the total), and finally Mato Grosso do Sul with 811,265 head (11 percent of the total). Together, the top five confining states account for 76 percent of all confined cattle in Brazil. The Mato Grosso Economy Institute (IMEA) informed on May this year that cattle producers in the state have the intention to confine close to 725,000 head in 2024, a 31 percent increase from 2023. This intention is a result of reduced costs of production.

A study developed by Dsm-firmenich together with the Center for Advanced Studies on Applied Economics (CEPEA) of the University of São Paulo in 2023 shows that confined cattle gained 263 pounds in 103 days of confinement. Financially, the return on investment for producers who opted to confine in 2023 was 6.7 percent, which is above the market average. The CEPEA researcher noted that for 2024 confinement operations should increase as a reflex of lower costs of corn and thin cattle.

Post contacts forecast that 2024 will be a recovery year experiencing profits for this sector, as the lower costs of feed - more to follow on this - make this business more attractive to producers. As for 2025, it should be a great year for confinement operations, as grain production is also forecasted up. It is worth mentioning that confined cattle still respond to a small proportion of the total herd.

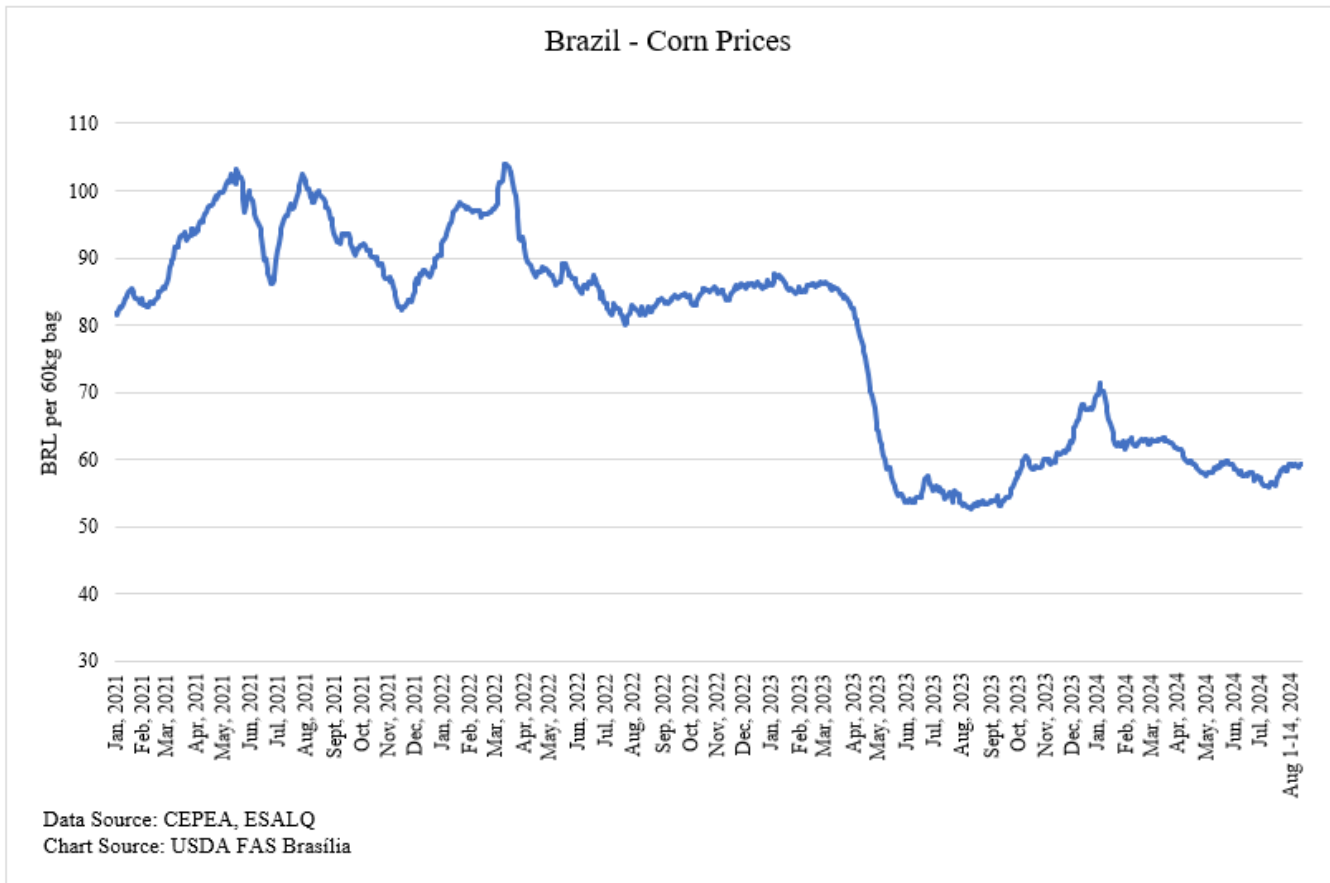
Cost of Feed

The National Union for Animal Feed Industry (Sindirações) forecasts an overall 2.7 percent increase in feed production in Brazil for 2024. Sindirações forecasts a one percent increase for swine feed production, 1.8 percent increase for dairy cattle feed production, and 4.3 percent increase for beef cattle

feed production for 2024. The feed industry is highly dependent on the animal protein sector – not just cattle, but also poultry and swine production.

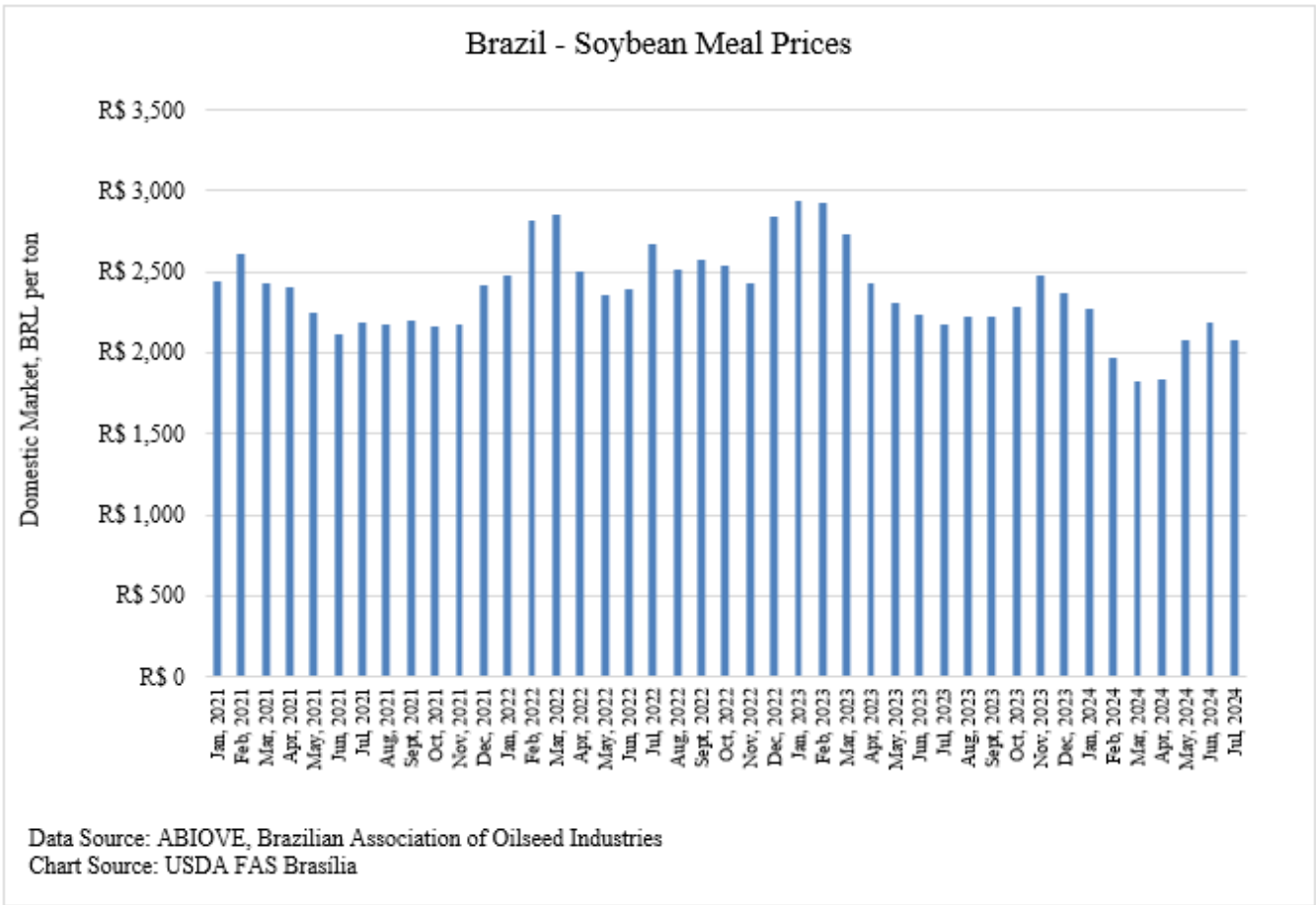
For both beef and dairy cattle, the top macro ingredient used for feed is corn. Soybean meal is also an important product in the feed mix. As a major producer of both corn and soybean meal, Brazil has a competitive advantage when producing cattle for subsequent slaughter, decreasing the cost of feed. The USDA World Agricultural Supply and Demand Estimates (WASDE) published on July 12, 2024 forecasts Brazil’s corn production for MY 2023/24 at 122 MMT. The cut in production is due to the negative impacts of the El Niño weather phenomenon, which caused significant damage to corn crops across Brazil, resulting in substantial losses. However, for MY 2024/25, Post forecasts an increase to 129 MMT, due to expected increases in consumption, especially by the feed and ethanol industries. Brazil is expected to remain as the third-largest corn producer in the world, behind the U.S. and China. Corn prices remain low when compared to historical levels, as seen on the following graph.

Figure 2
Brazil – Corn Prices



As of August 12th, the WASDE forecasts Brazil’s soybean production down to 153 MMT for MY 2023/24, due to the impact of May’s unprecedented floods in the state of Rio Grande do Sul and lower yields in the states of Mato Grosso, Mato Grosso do Sul, Paraná, and São Paulo. For MY 2024/25, the WASDE forecasts soybean meal production in Brazil at 169 MMT due to improved conditions. Brazil remains the world’s largest soybean producer.

Figure 3
Brazil – Soybean Meal Prices



It is worth mentioning that the devalued Real had an impact on feed production, as the industry imports vitamins, amino acids, enzymes, and other additives to be included in the feed mixes. However, despite the impact, the feed industry increased production on every feed category in the first quarter of 2024. Furthermore, Post notes that sources point to idle capacity in the feed industry, meaning they could vamp up production if needed.

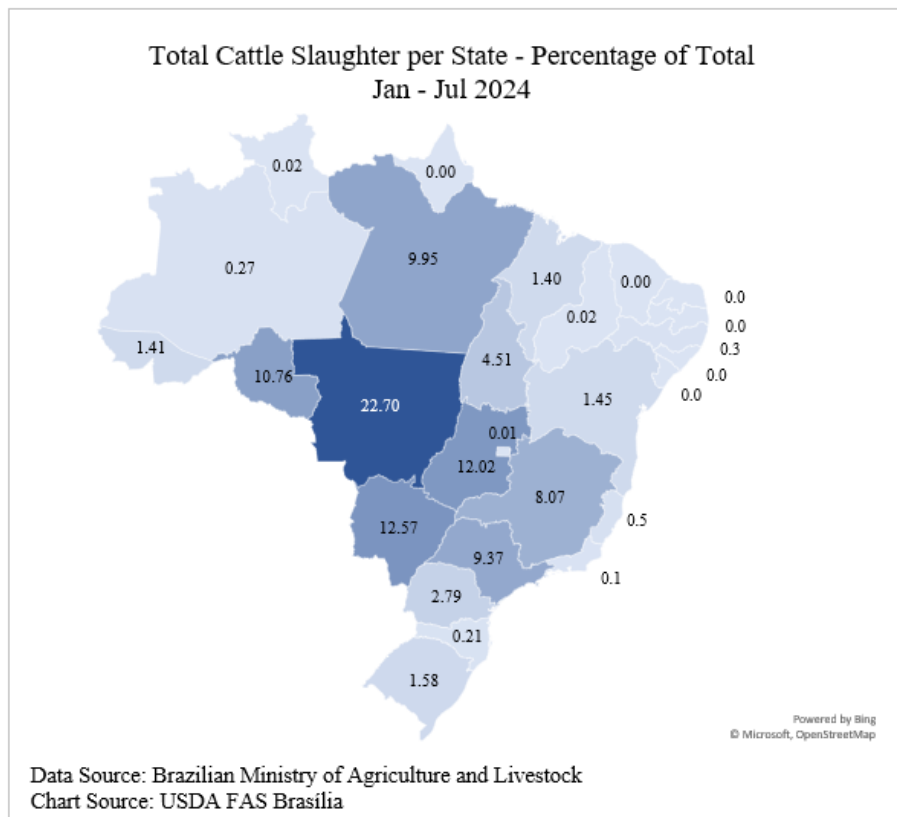
Slaughter

Post forecasts a one percent decrease in 2025, with 47.5 million head slaughtered. Post forecasts decreased slaughter in the coming year is due to the expected start of the reversion of the cattle cycle and producers starting to retain cows – differently from 2024 and 2023. Post estimates eight percent increase in slaughter in 2024 reaching 48.0 million head. This forecast is based on the 2024 first half increased slaughter volumes and lower prices for calf, fed cattle, and feed.

Slaughter in 2024 is estimated to hit record levels. The Brazilian Ministry of Agriculture and Livestock (MAPA) data for federally inspected slaughters show that in the period of January to July 2024, Brazil has increased 32 percent of slaughters when compared to the same period of 2023. From 2021 to 2023, the average slaughter in the first half was of 47 percent of the total. The first half of 2024 equates to about 56.5 percent of all slaughters in 2023. Therefore, the 2024 numbers for the period show an important increase in slaughter. In the first seven months of this year the state of Mato Grosso had the highest volumes of slaughter, followed by Mato Grosso do Sul, and Goiás states. Together, the three states account for close to half of the total slaughter. The map below indicates the percentages of total federally inspected slaughter per state in the period. Please note that all states have slaughtered cattle, but some are not at levels high enough to be included on the map below.

Figure 4

Total Slaughter per State – Percentage of Total



Increased Cow Slaughter

The tendency observed since the second quarter of 2022, with an increased slaughter of cows, has remained true for the first two quarters of 2024. The following two graphs show the percentage of cow and bull slaughter. Figure 6 shows data for the full years of 2021, 2022 and 2023, as well as data from the period of January to July, 2024. Figure 7 focuses on the comparison of the first seven months of the same years, showing that in 2024, cow slaughter reached near 40 percent of the total slaughter. For 2025, Post forecasts that the live cattle cycle should begin a reversion, and cow slaughter as a percent of total should begin decreasing from those percentages seen in 2024 thus far.

Figure 5

Bovine Slaughter by Sex – 2021 to July 2024 – Percentage of total slaughter

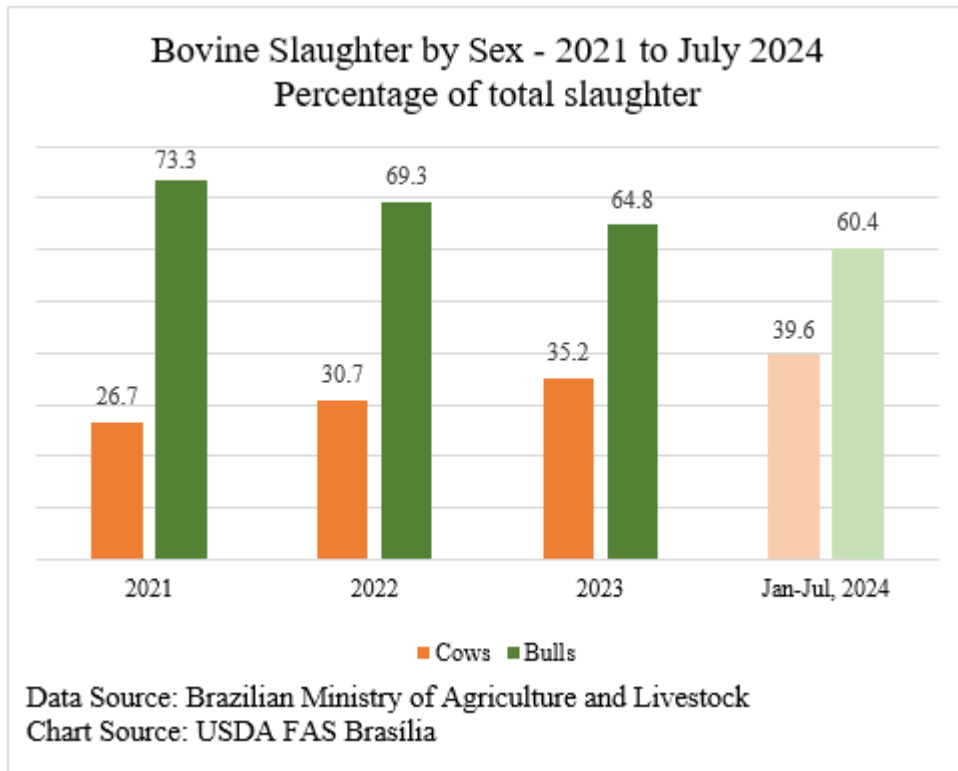
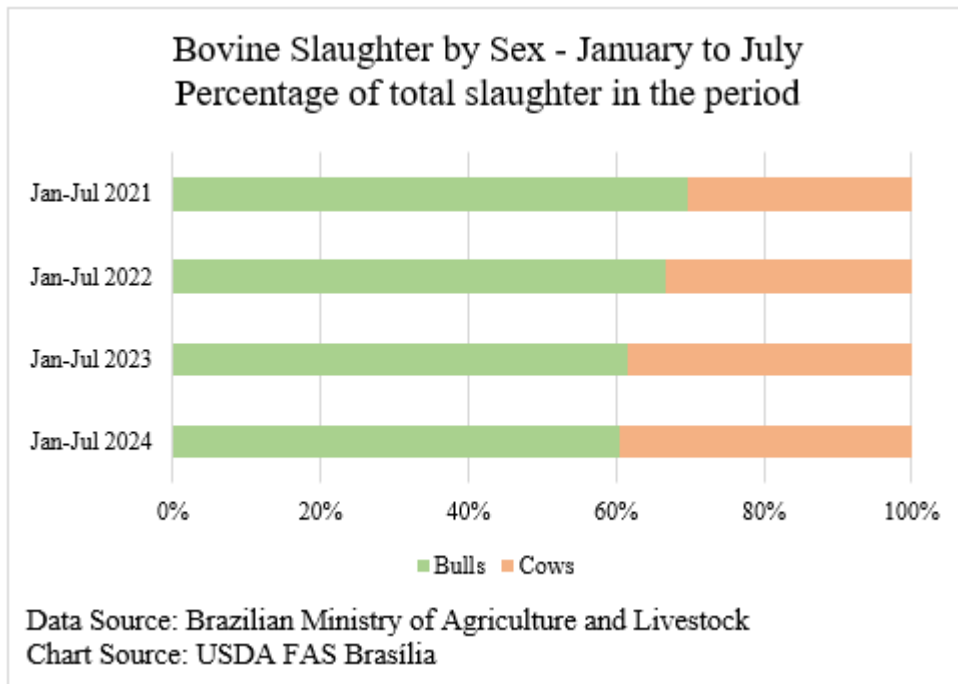


Figure 6

Bovine Slaughter by Sex – January to June – Percentage of total slaughter in the period



As seen on the previous graphs, official Brazilian Ministry of Agriculture and Livestock data shows the percentage of cow slaughter has been increasing in the past years. The significant cow slaughter was a main driver to the market in the first seven months of 2024. For the remainder of the year, Post forecasts a continuation of increased cow slaughter, although at a lower level.

This increased slaughter can also be observed when considering the replacement market prices. In the short-term, increased availability of cows for slaughter leads to diminished overall prices for fed cattle. The cattle liquidation cycle will have future consequences to the industry. With fewer cows, birth rates are expected to decrease – which Post forecasts as one percent decrease in production by the end of 2024. With decreased birth rates, the availability of animals at the replacement market is also expected to decline, and thus possibly leading to price increases. Therefore, as prices start to improve for producers, replacement producers are likely to start retaining their calves, and hence decrease the availability of animals for slaughter in the coming years.

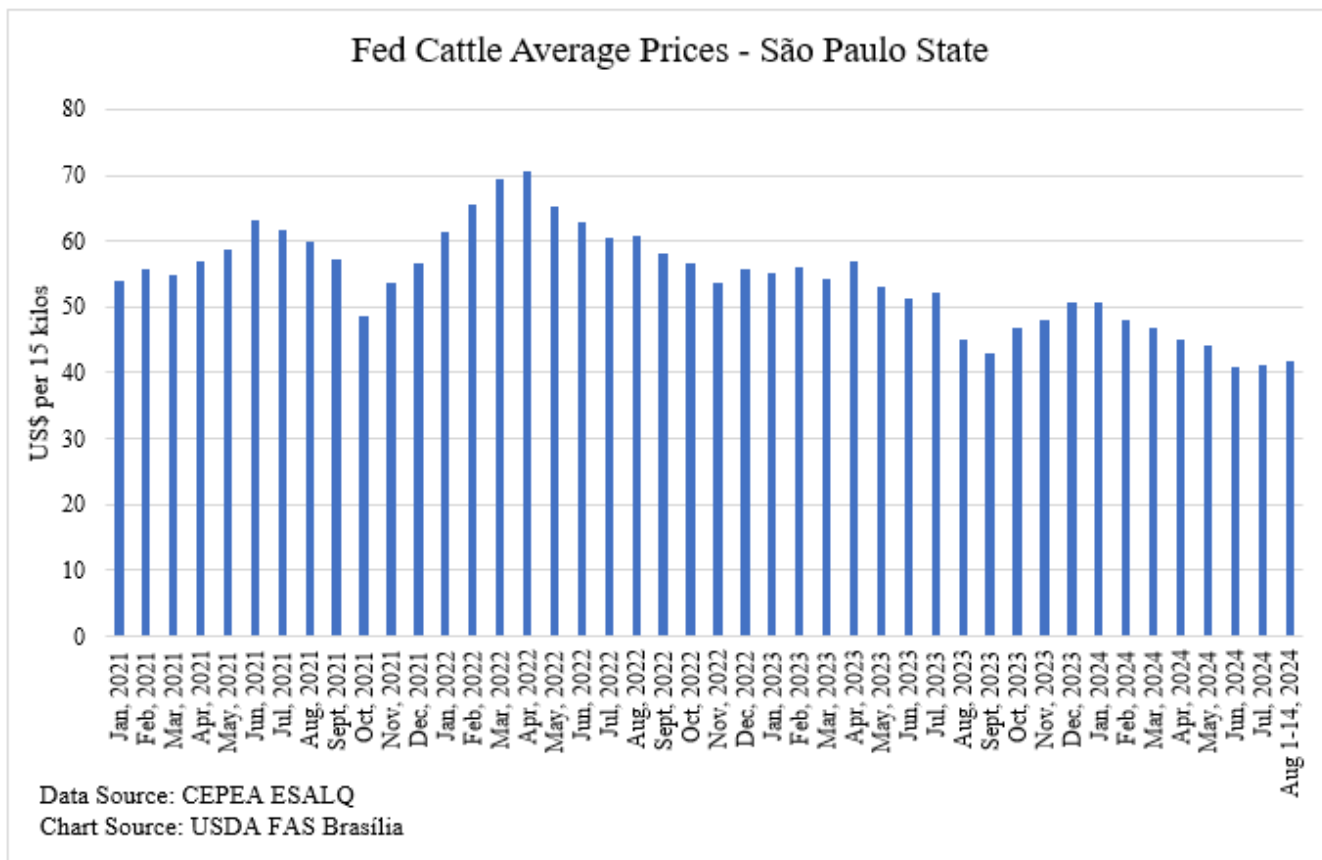
Calf and Cattle Prices

High slaughter rates are leading to a decrease in prices, as seen on the following graph “Fed Cattle Average Prices – São Paulo state, 2021 to August 14, 2024”. Average fed cattle prices in the first seven months of 2024 compared to the same period in the previous year show a 12.7 percent decrease. In the

period of January to July of 2023, fed cattle prices reached a record of close to R\$ 297 per 15 kilos (around US\$ 58.5), while the highest price achieved in the same period in 2024 was US\$ 52. The average was US\$ 45.23, confirming the impact of increased slaughter on cattle prices. Improvements could take place in the second half of the year, when the corn second crop will be harvested.

Figure 7

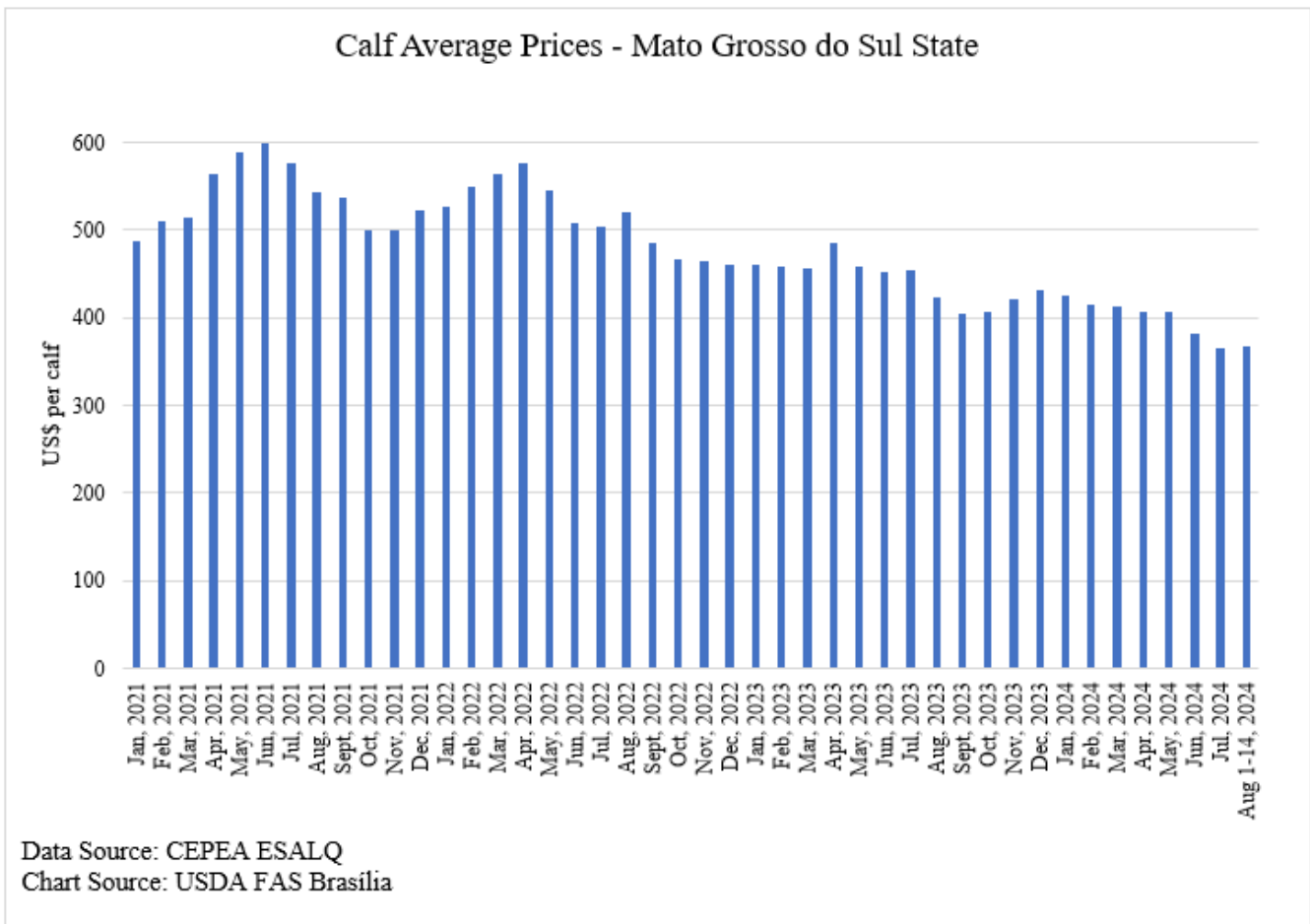
Fed Cattle Average Prices – São Paulo State, 2021 to August 14, 2024



In the first seven months of 2024, because of lower prices, producers continued to increase calf purchases – a movement that started in 2023. Thus far, the average price of a calf was R\$ 2065.21 (US\$ 399.30), close to 13 percent decrease from the same period in the previous year, which can be seen in the graph “Calf Average Prices – Mato Grosso do Sul state, 2021 to August 14, 2024”. For the remainder of 2024, Post estimates calf prices will continue to be lower than previous years` average. For 2025, with the expected start of the reversion of the cattle cycle, Post forecasts calf prices should start to increase, as a natural consequence of diminished calf availability due to increased cow slaughter.

Figure 8

Calf Average Prices – Mato Grosso do Sul State, 2021 to August 14, 2024



Post forecasts decreased calf crop in 2024 and 2025, due to the increased slaughter of cows in 2023 and 2024, resulting in Posts forecast of an increase of calf prices in 2025.

Weather conditions

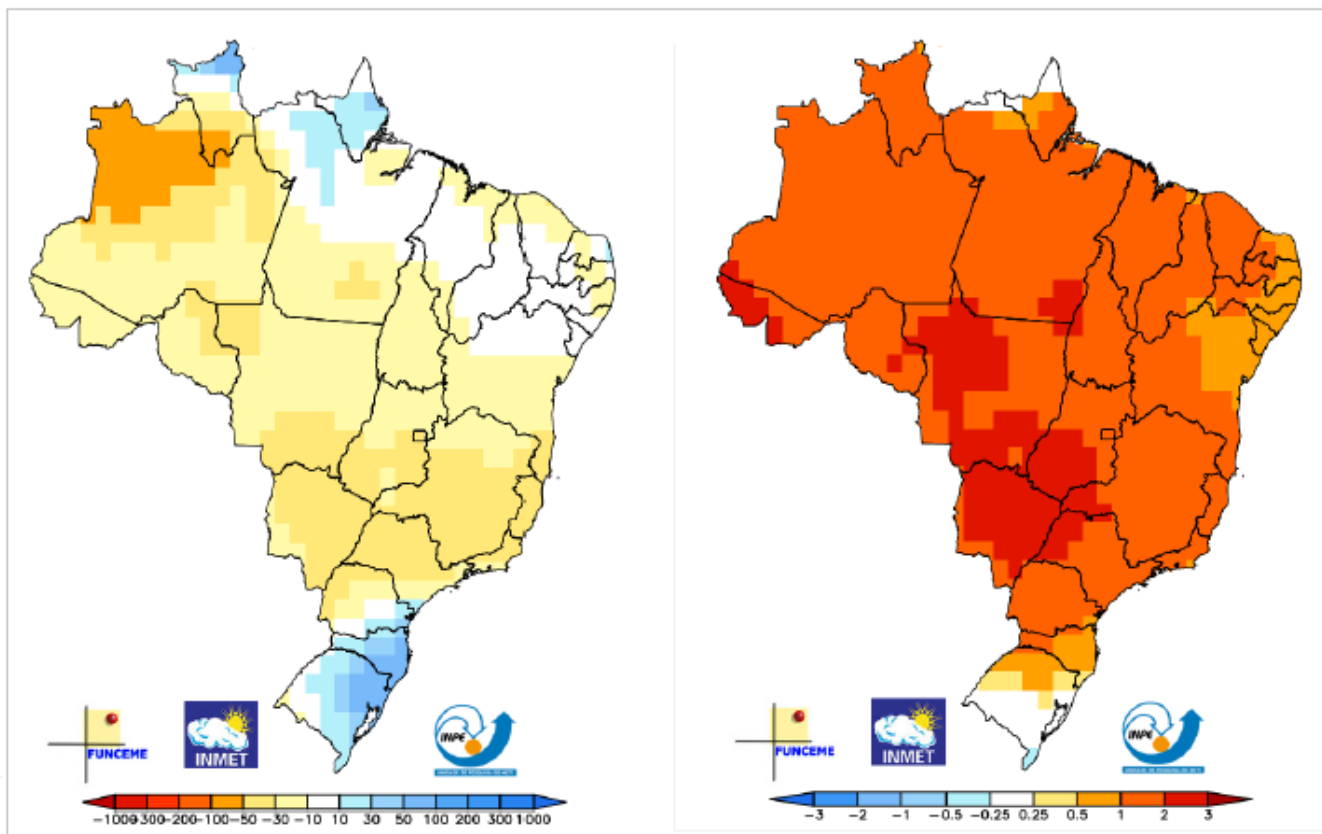
Climate is an important factor in cattle production, especially considering the majority of production is pastureland. Increased or decreased rainfall directly impact pasture availability and quality, and hence, cattle production. The same is true for abrupt temperature changes.

Based on data from the National Meteorology Institute (INMET), weather temperatures in the Center-West region of Brazil, where over 47 percent of total slaughters were concentrated in 2024 – as seen on the previous map “Total Slaughter per State – Percentage of Total,” – will be above average in the months of July, August, and September, 2024, favoring the occurrence of bushfires and forest fires. The dry season, which began in May, has led to below average rainfall in most of the region. INMET forecasts that the low rainfall and higher temperatures in most of the Center-West region in the period

could harm second corn crop that was planted late. Overall, the conditions are favorable to the maturation and harvesting of the second corn crop. The following maps show, to the left, the forecast of rainfall abnormalities in the country, and to the right, temperature abnormalities in the quarter.

Figure 9

Rainfall and Temperature Abnormalities Forecast – July to September, 2024



Source: INMET Monthly Agricultural Weather Bulletin – July 2024

The El Niño weather phenomenon has impacted Brazil until May of 2024. The consequences of the phenomenon in Brazil included excess rainfall in the southern region of Brazil – which led to unprecedented floods in the region, and diminished rainfall in the north and northeast regions of Brazil. This abnormal rainfall had a direct impact in grain production and on pastureland, for instance. Some of the other consequences of the disastrous rainfall in Rio Grande do Sul have been reported by Post via Report [BR2024-0009](#). The APEC Climate Center, a research center based in South Korea, points to 50 percent probability of the beginning of the phenomenon La Niña returning in the period of July to September of 2024, and 58 percent probability of the phenomenon restarting in the period of August to

October of 2024, which normally impacts producers in the South of Brazil, producing droughts that can compromise crops and pasturelands.

Livestock producers continue to monitor weather conditions, as abrupt climate can impact not only the pastureland in which the herds are being pastured, but also feed availability, as some of these weather phenomena have a direct impact on grain production.

Animal Disease

Post forecasts that animal disease will not negatively impact cattle production in 2024 and 2025.

On October 23rd, 2023, the Brazilian Ministry of Agriculture and Livestock opened a public consultation on norms of prevention and monitoring for Bovine Spongiform Encephalopathy (BSE). [Ordinance SDA/MAPA 909/2023](#) was open for comments and the Ministry is currently reviewing all input received. Post will continue monitoring the topic as developments take place on this updated legislation.

In regards to Foot-and-Mouth Disease (FMD), the World Organization for Animal Health (WOAH) recognizes Brazil as a country free from FMD with vaccination, and portions of the country are recognized as free from FMD without vaccination. In 2023, Brazil started a process to prohibit FMD vaccination in different states, with the end goal of making the entire country free from FMD without vaccination by 2026, for recognition by WOAH.

On May 2nd, 2024, the Minister of Agriculture and Livestock, Carlos Fávaro, publicly announced that Brazil has become free of FMD without vaccination. The expected savings from not having to vaccinate the entire herd are estimated at around US\$ 95 million. According to the Ministry, Brazil's request to be recognized as FMD-free without vaccination will be presented to WOAH in August, 2024. In order to present the request for WOAH's recognition, Brazil has to have vaccination suspended and the prohibition of animal movement between states for at least 12 months. If the request is approved in the August meeting, the results will be presented in May 2025 during WOAH's General Assembly.

Should WOAH recognize the entire country of Brazil as free of Foot-and-Mouth Disease without vaccination, that would increase Brazil's export market possibilities, as countries such as Japan only source beef from countries with such sanitary status. Post contacts notes that if Brazil is able to secure market opening to Japan for the entire country, it would open doors in third markets for Brazil, as being authorized to export there is considered a seal of product quality internationally.

Sustainability

The largest cattle slaughterhouses in Brazil have been working on improved traceability and sustainability practices. Both the private sector individual companies and the government have made enormous efforts and financial investments in this issue. While some have reached 100 percent

traceability of the direct supply chain and have established targets of reaching the same level for indirect suppliers in the middle-term, other companies are still working towards those goals.

Industry sources have expressed concern with the new European Union deforestation law and its impacts on the entire global supply chains. Packers and banks have started their own internal programs to push for sustainability. The concern with the new EU legislation refers to the possible implications on trade. Post contacts noted that the large companies are developing protocols to comply with the legislation, but the challenge would be harder for smaller companies, which could wind up being cut from the export market. For 2024 and 2025 sustainability will continue being a key area of focus for the Brazilian animal proteins industries.

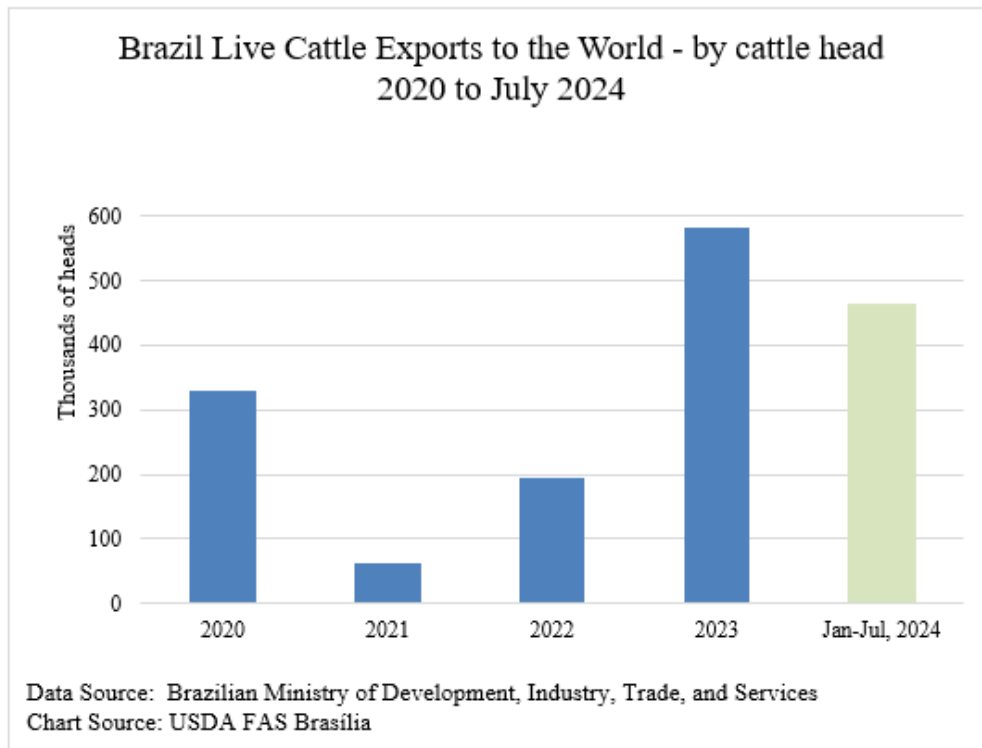
1.2. Live Cattle Trade

Exports

Post forecasts 2025 exports of live cattle at 515,000 head of cattle and estimates 525,000 head of cattle for 2024.

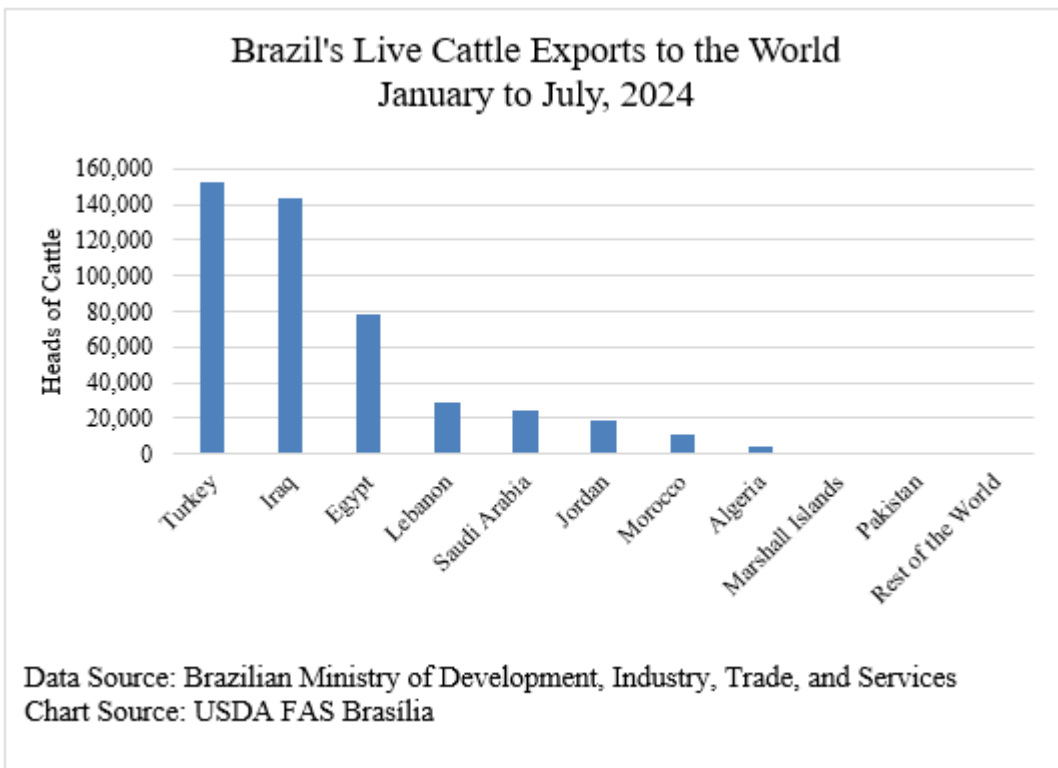
Figure 10

Brazil Live Cattle Exports to the World - by cattle head



In the first seven months of 2024, Brazil’s live cattle exports have been marked by impressive export growth to Iraq, with over 143,800 animal heads exported. As a comparison, Iraq had imported only a little over 9,000 animal heads in the same period in the previous year. Other countries also had significant percentage increases from previous year’s exports were Saudi Arabia, Egypt, and Jordan. Overall, the period of January to July, 2024 was marked by a 69 percent increase in Brazilian live cattle exports.

Figure 11
Brazil Live Cattle Exports to the World – by destination



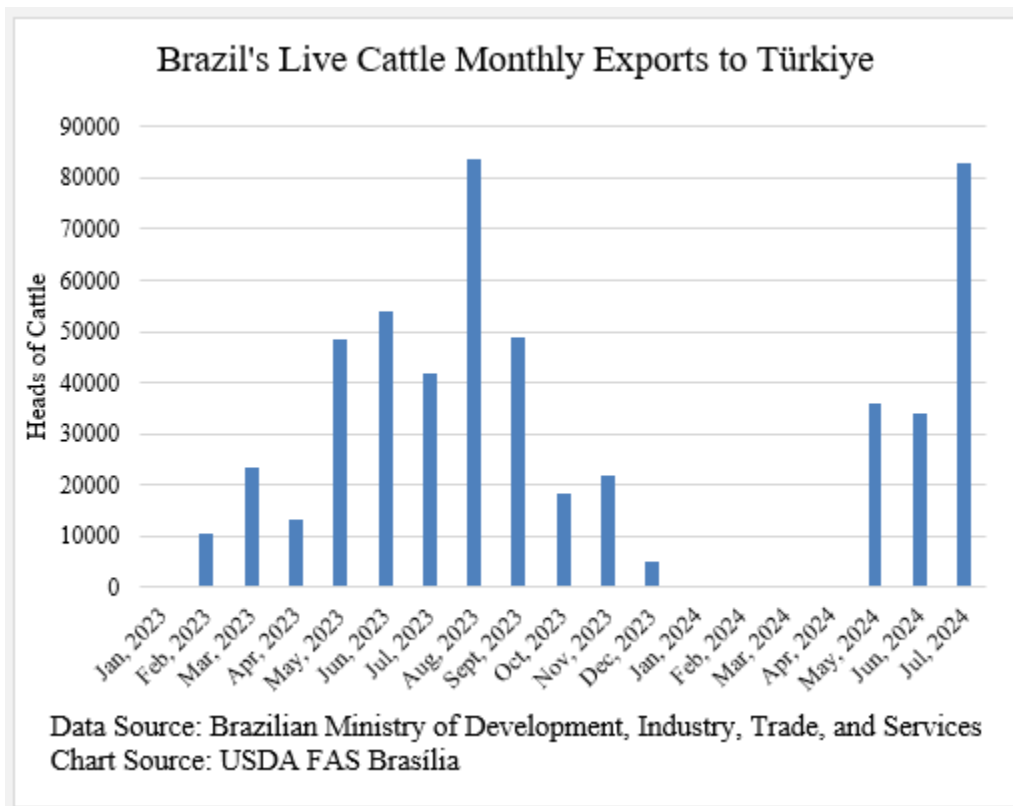
Whereas the 2023 export recovery was explained by a boost in exports especially to Türkiye, in January 2024, the Turkish Government established an import quota for feeder cattle at 600,000 head, which impacted Brazil’s exports to Türkiye by decreasing them by over 20 percent in the period of January to July. Until April, Brazil had not exported a single head of cattle to Turkey.

However, Brazilian media reports that in early March, Brazil sent a delegation from MAPA to Ankara to meet with the Turkish Deputy Minister of Agriculture and Forestry to discuss the partnership between the two countries. In the occasion, both parties decided to negotiate a Memorandum of Understanding, and the Turkish authorities, per media sources, pointed that from the target of 600,000 feeder cattle

imports per year, half of it would be originated from Brazil. If this comes into fruition, it would mean a 18.8 percent decrease in Brazilian exports to Türkiye, when compared to 2023 exports.

The result of the bilateral meetings started to be seen in May, but specially in July, when over 65 percent of Brazilian live cattle exports was destined to Türkiye. It is important to note that the average travel time from Brazil to Turkey by sea is from 18 to 20 days, so between the official bilateral negotiations, contracts being signed, and animals crossing borders it takes some time to see the increase in exports.

Figure 12
Brazil Live Cattle Exports to Türkiye



For 2024, Post forecasts that the trade restrictions imposed by the Turkish Government will take a toll on Brazil’s exports, despite the tremendous success in exports to Iraq in the first half of 2024. For 2025, Post forecasts exports decreased from 2024, as producers start retaining cattle, as explained in section 1.1 of this report.

Imports

For 2024 and 2025, Post forecasts imports will remain minimal, not significant enough to be included on the official Production, Supply, and Distribution table. Brazil's imports of live animals are focused on genetic improvement, as Brazil only imports "cattle, live, purebred breeding", HS Code 010221. In the first half of 2024, Brazil has imported 21 head, which is 16 percent lower than the same period in the prior year. Brazil's only two suppliers of live cattle: Bolivia, with 12 animals supplied, and the United States with nine heads, which is firming up as a strong partner in genetic improvement of the Brazilian herd, both in live cattle, as well as in genetic material for artificial insemination.

2. BEEF

Figure 13

Beef and Veal Meat - Production, Supply, and Distribution

Meat, Beef and Veal Market Year Begins	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Brazil						
Slaughter (Reference) (1000 HEAD)	44410	44410	46150	48000	0	47500
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	10950	10950	11350	11850	0	11750
Total Imports (1000 MT CWE)	55	55	55	55	0	60
Total Supply (1000 MT CWE)	11005	11005	11405	11905	0	11810
Total Exports (1000 MT CWE)	2897	2897	3300	3575	0	3600
Human Dom. Consumption (1000 MT CWE)	8108	8108	8105	8330	0	8210
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	8108	8108	8105	8330	0	8210
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	11005	11005	11405	11905	0	11810
(1000 HEAD) ,(1000 MT CWE)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Not Official USDA Data

2.1. Production

For 2025, Post forecasts beef production at 11.75 MMT CWE. Post estimates beef production at 11.85 million metric tons (MMT) carcass weight equivalent (CWE) for 2024, which represents an eight percent increase from 2023. Brazil is the second-largest beef producer in the world, behind the United States.

These forecasts are consistent with increased cattle slaughter noted in Chapter 1 of this report, the moment of the cattle cycle in 2024 and 2025, average carcass weight, improved economic conditions for consumers positively affecting domestic consumption, diminished competition abroad, and firm external demand, specially from China.

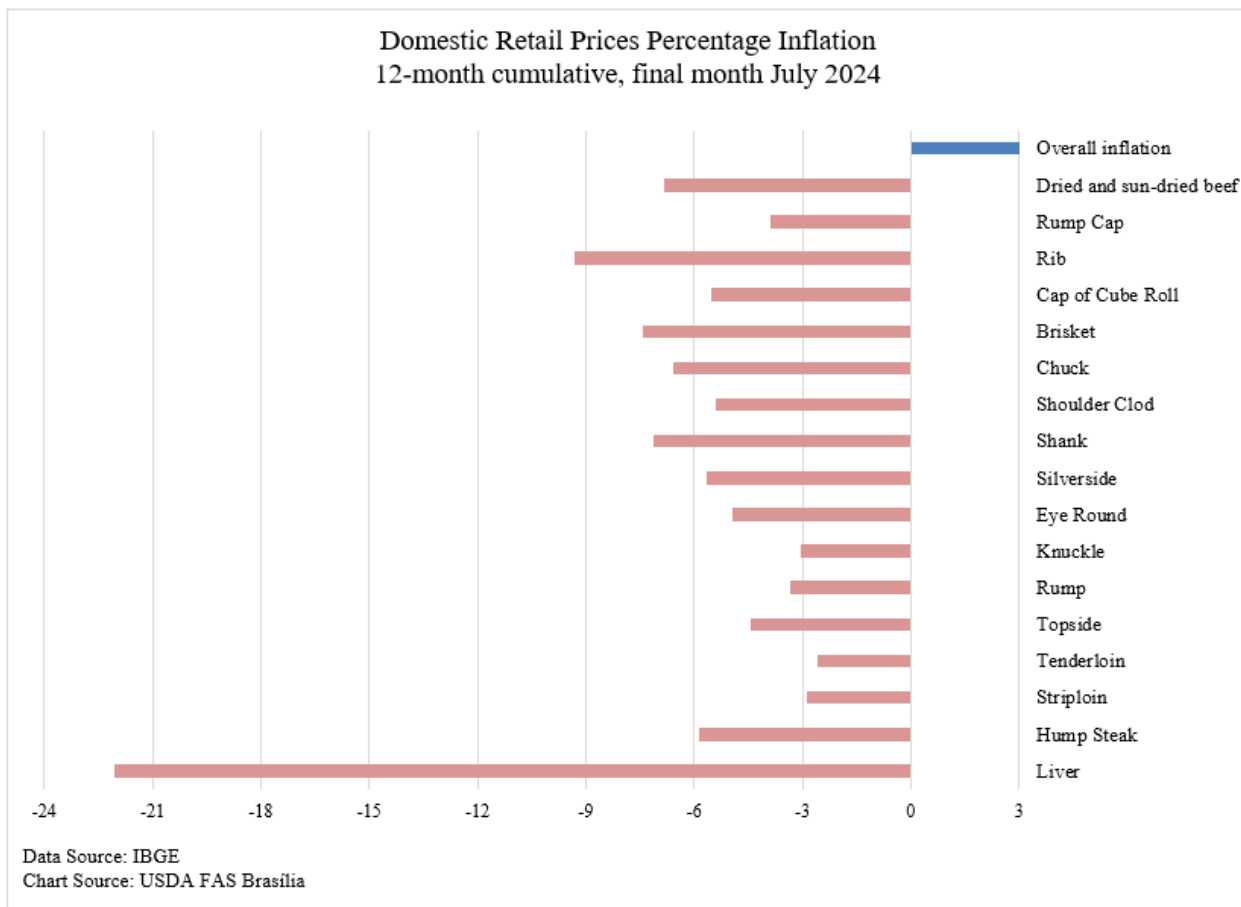
At this point, Brazil's beef production is forecasted to be behind the largest beef producer, the United States, by less than a thousand tons. The increased supply of cattle for slaughter, together with exports, are helping drive production upwards in 2024. For 2025, beef production is forecast to be decreased by one percent from 2024. The decrease is explained by the start of the beginning of the cattle cycle reversion, as previously noted in the section 1.1 of this report.

2.2. Consumption

Post forecasts consumption at 8.21 MMT CWE for 2025. Post projects domestic beef consumption in 2024 at 8.33 MMT CWE, a three percent increase from 2023. This forecast is based on increased availability of beef in the domestic market, because of increased slaughter rates and an improving – albeit slowly - economic scenario. The estimated consumption improvements are mainly due to the cattle cycle moment, but social spending programs that incentivize consumption and the economic scenario mentioned in Chapter 1 of this report also help. The decreased domestic consumption in 2025 is due to reduced beef production and increased exports.

As seen on the following table, inflation on domestic retail prices of beef have decreased in the past 12-month cumulative, per official IBGE data. The expectation for the remainder of the year is to have prices relatively low for beef cuts, favoring consumption. For 2025, prices tend to start recovering as Brazil moves towards an end of this phase of the cattle cycle.

Figure 14
Domestic Retail Prices Percentage Inflation – Meat Cuts



This scenario, along with increased availability and governmental social benefit paying programs, tend to favor domestic consumption, as beef remains as the preferred source of animal protein for Brazilians. It is important, though, to caveat that poultry and pork meat remain more affordable than beef in the Brazilian market. Therefore, if the economic situation of the country deteriorates, beef would normally be on the first list of items to be cut by Brazilian consumers.

2.3. Trade

Exports

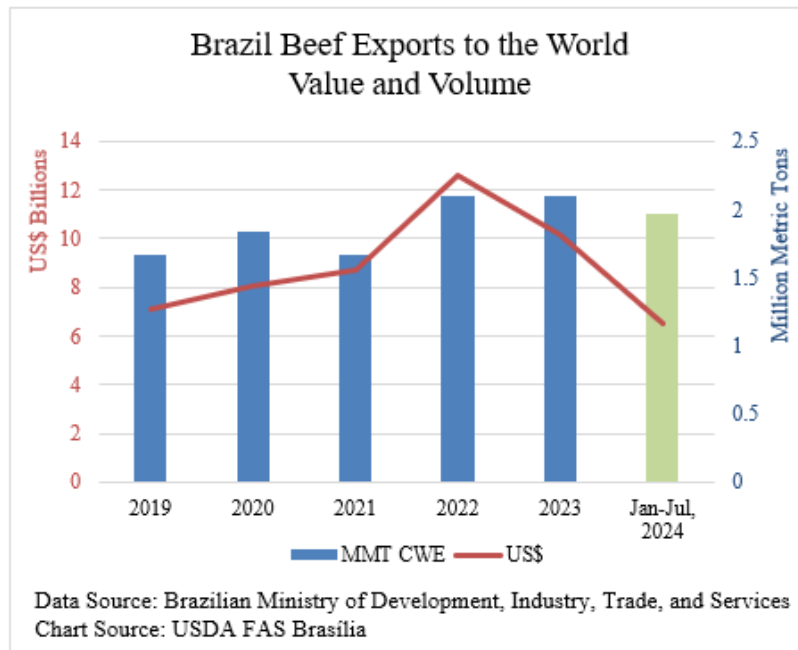
Post forecasts Brazil will remain the world's largest exporter of beef in 2024 and 2025. Per official USDA data, this is a position Brazil has held – with the exception of four years - since 2004, and uninterrupted since 2017.

For 2024, beef exports are estimated at 3.57 MMT CWE, reaching export record. Post estimates exports will account for 30 percent of all production in Brazil. Brazil has been having record monthly exports recently: in April 2024 it established a new record, then in May, and once more in July when it reached almost 333,746 tons CWE exported in the month. For 2025, Post forecasts beef exports will reach 3.60 MMT CWE, a one percent increase from 2024, setting yet again a new record in the series.

A relevant element that is working in favor of the increased Brazilian beef production is that its main competitors, such as the United States, European Union, and Argentina are forecast to scale back production in 2024, per official USDA data – opening market opportunities for Brazil in third countries. These forecasts consider the increased cattle supply, which is boosting beef production, strong external demand for beef, and competitor exporters facing challenges with production. In conversations with industry in July, Post has learned that the devalued Real currency, along with sustained foreign demand, and increased slaughter have been key to help the industry prosper, despite a decrease on prices received domestically.

Figure 15

Brazil Beef Exports to the World – Value and Volume



Per official USDA data, Brazil currently accounts for a quarter of global exports of beef. Brazil is followed in the top five beef exporters in the first half of 2024 by Australia, India, the United States, and Argentina, respectively. Together, the other top four competitors almost 44 percent of global exports.

Largest Trading Partner: China

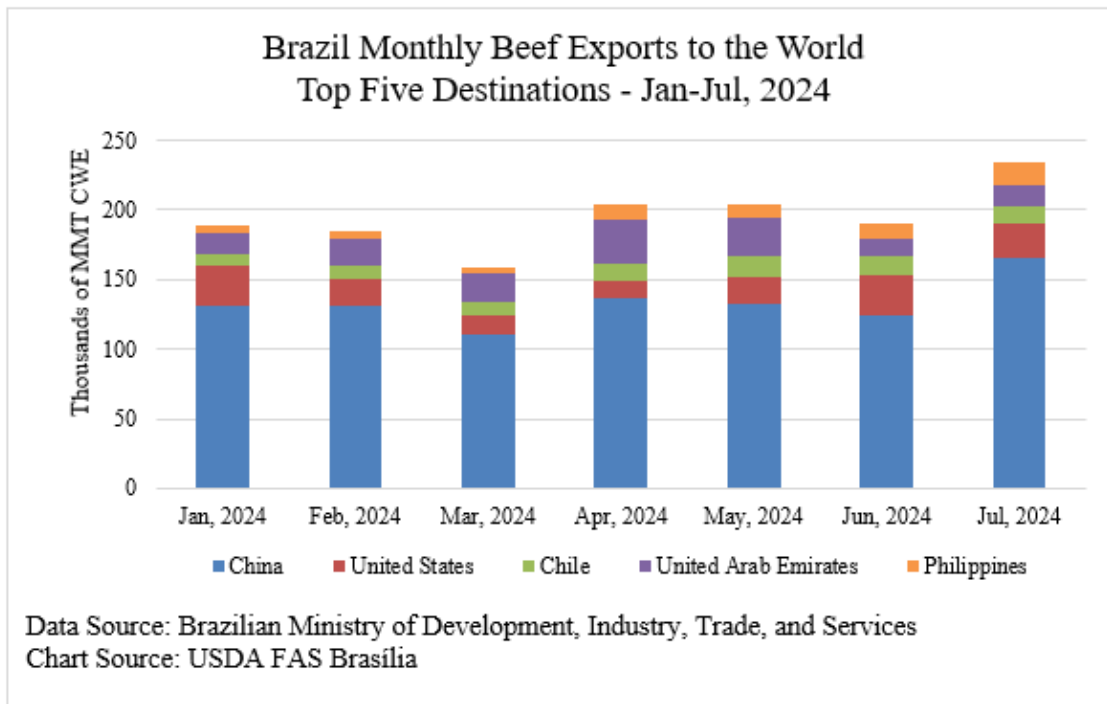
Brazil’s main market since 2009 is China, and the expectation is for China to remain as Brazil’s top destination for beef – and other animal protein – for the foreseeable future. In the period of January to July 2024, China was the destination of over 47 percent of all beef exports, reaching a little over 933,000 MT CWE.

Industry contacts have expressed optimism about long-term sales to China over the next years, as the population grows more familiar with beef. For 2024 and 2025, industry contacts have relayed that the current dynamics of the Chinese market tends to favor Brazilian exports in volume, and not as much in values. In the coming months, Brazilian exports to China should increase due to the preparations of the Chinese New Year, which in 2025 will be celebrated in January 29. Recently, in early July, Brazil and China announced they will test a beef traceability pilot program, aiming at the transparency of the beef supply chain. Whereas in the past Chinese imports were marked by a focus on prices, this program may show a move towards more sustainability-focused imports. Per conversations Post had with industry, this should not be an issue and the slaughterhouses are confident they can meet the demand.

The following graph shows exports in the first seven months of 2024 to the top five destinations for Brazilian beef, by month.

Figure 16

Brazil Monthly Beef Exports to the World – Top Five Destinations Jan-Jun, 2024



Diversifying export markets

Because of its dependence from the Chinese market, Brazilian authorities continuously work to diversify the markets to which Brazil exports. In the period of January to mid-August, 2024, Brazil has opened a total of 89 new markets for all types of agricultural product. From these, 26 were bovine-related: bovine semen, life bovine embryos, bovine embryos *in vitro*, bovine gelatin and collagen, live cattle for reproduction, live cattle for slaughter, bovine blood derivatives for animal feed, and beef extract. On August 13, Brazil was able to open the market of bone-in beef to Egypt. Market diversification, done both via market openings and market consolidation and product diversification in already opened markets, is a key element of Brazil’s animal protein exports strategies.

For 2024, it is expected that the new markets which Brazil opened in 2023 - such as Mexico, the Dominican Republic, and Singapore will bring more diversification to the export markets. The Mexican market, that was opened in March 2023, has already started to pay off, and in the first seven months of 2024, it was destination of over 31,300 MT CWE of Brazilian beef. Same is true for Singapore, a market

Brazil opened in August 2023, and this year so far has already ranked as the 5th largest destination of Brazilian exports. In the seven months of 2024, Brazil exported to 124 countries. The Government of Brazil also works constantly to consolidate its presence in countries which already receive Brazilian beef, but in smaller proportions. Some of the target markets for Brazil to consolidate its presence are Indonesia, South Korea, and Japan – countries that are dominated by exports from Australia and the United States. Post participated in the beginning of August at the largest animal protein salon and fair in Brazil, SIAVS. In a presentation by the Brazilian Beef Exporters Association (ABIEC) during SIAVS, Post has learned that besides these, other priority markets for beef are Türkiye, which currently is only allowed for live cattle exports, and Vietnam.

Industry also continuously monitor competitor`s production and exports to bridge possible gaps. As some of the largest competitors for Brazil continue to face challenges with production domestically, Brazil jumps in as a credible and steady beef supplier. This is the case in some Caribbean countries, where Brazil is replacing US beef, with a cheaper alternative, in large volumes. Post contacts have indicated that they are they are optimistic that they may have opportunities in Asian markets if Australia focuses more on supplying other markets such as the United States.

The overall scenario for Brazil`s competitors, the strong foreign demand, the constant work to increase and diversify customer pool, and to open new markets support Post`s forecasts for improved exports in 2024 and in 2025.

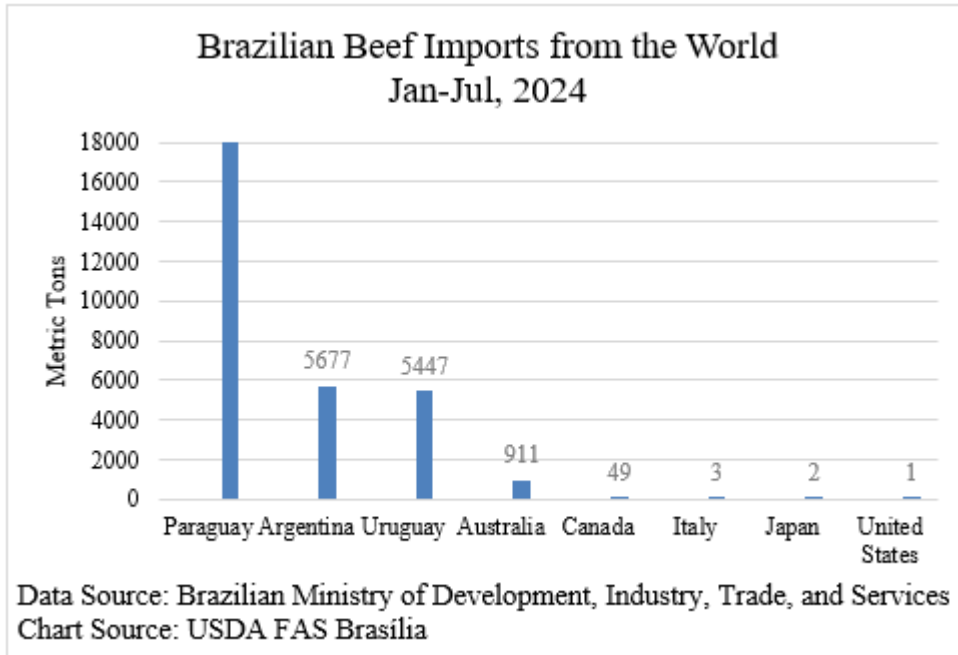
Imports

Post forecasts beef imports for 2025 at 60 metric tons CWE, and estimates 2024 imports at 55 metric tons CWE. These consider the increased availability of beef domestically, at lower prices, as seen earlier in this report. Increased imports in 2025 is forecast due to diminished availability of cattle domestically due to high slaughter in 2023 and 2024.

In the first seven months of 2024, the largest provider of beef to Brazil was Paraguay, accounting for over 64 percent of all imports. From Paraguay, Brazil imports tenderloins and medallions, among other cuts. Paraguay is followed by Argentina and Uruguay, respectively. Together, the three Mercosur partners account for over 97 percent of total beef imports into Brazil. Australia is the fourth largest provider of beef to Brazil, accounting for close to three percent of the total. The following graph shows all countries from which Brazil imported beef in the period.

Figure 17

Brazil Beef Imports from the World – Jan-Jul, 2024



3. SWINE

Figure 18
Animal, Swine Production, Supply, and Distribution

Animal Numbers, Swine Market Year Begins Brazil	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks (1000 HEAD)	34250	34250	33150	33150	0	33680
Sow Beginning Stocks (1000 HEAD)	3025	3025	3175	3175	0	3200
Production (Pig Crop) (1000 HEAD)	45750	45750	48150	48150	0	48600
Total Imports (1000 HEAD)	6	6	2	2	0	2
Total Supply (1000 HEAD)	80006	80006	81302	81302	0	82282
Total Exports (1000 HEAD)	3	3	3	3	0	3
Sow Slaughter (1000 HEAD)	140	140	140	140	0	150
Other Slaughter (1000 HEAD)	45600	45600	46360	46360	0	46450
Total Slaughter (1000 HEAD)	45740	45740	46500	46500	0	46600
Loss and Residual (1000 HEAD)	1113	1113	1119	1119	0	1120
Ending Inventories (1000 HEAD)	33150	33150	33680	33680	0	34559
Total Distribution (1000 HEAD)	80006	80006	81302	81302	0	82282
(1000 HEAD)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: Not Official USDA Data

3.1. Production

Per official USDA data, Brazil is currently the fifth largest swine producer in the world. Post forecasts that in 2025 production will increase one percent to 48.6 million head. This forecast is based on expected stronger domestic demand, reduced feed costs, and devaluation of domestic currency – making Brazil pork cheaper for international markets. For 2024, Post estimates a five percent increase in production, reaching 48.2 million head in 2024, and a one percent production increase in 2025. Sow inventories are forecast to increase by five percent to reach 3.18 million head in 2024. Brazilian producers have experienced negative profit margins in recent years, but 2024 has been an excellent year for the swine industry, with producers seeing improved margins. Industry has increased domestic production in the first seven months driven by lower production costs and improved domestic consumption.

Despite some losses of hogs as a result of the May floods in Rio Grande do Sul, the swine and pork industry was not as heavily impacted as expected, as the areas of highest hog concentration were largely

unaffected. The worst impact to these industries suffered was overall logistics, due to temporary road closures and infrastructure losses.

Socio-Economic Factors to Weigh on Production

Sluggish economic performance is expected for 2024 in Brazil, and carried over to 2025. The Brazilian Central Bank forecasts GDP growth at 2.23 percent in 2024 and 1.89 percent in 2025. BCB reports inflation will increase and reach 4.22 percent in 2024 and 3.91 percent in 2025. The forecasted exchange rate to dollars is R\$ 5.31 in 2024 and R\$ 5.31 in 2025. A major tax reform is in progress and will have impacts to the agricultural sector. For more details, please reference the subsection with this same title under chapter 1.1 of this report.

Production costs

A key factor that impacts swine production in Brazil is the cost of feed. For the swine industry, feed represents 70 to 75 percent of all costs. The National Union for Animal Feed Industry (Sindirações) estimates the feed sector will produce 89.3 million tons in 2024, out of which 21 million tons are for the swine industry. This represents a one percent growth in swine feed production. Based on conversations with industry, Post expects that the feed sector will continue to expand in 2025. However, the animal protein sector closely monitors the corn and soybean crops in Brazil, and the estimated production is enough to cover the animal proteins sector – even considering projected increases in all three-main animal proteins produced in Brazil. For detailed information on feed, please refer to the subsection “Cost of Feed” under the section 1.1 Production Costs, of the Chapter 1 of this report.

The Brazilian Agricultural Research Corporation (EMBRAPA) has an entire unit dedicated to swine and poultry studies. Along with other topics, the Swine and Poultry unit tracks production costs for major producing states. The below table has the overall costs for swine production in July 2024 and demonstrates the difference in prices when compared to the previous 12 months. As shown, the category that had the most increase by June 2024 was electric energy/bed/heating, increasing 12.93 percent.

Figure 19

Swine Production Costs – June, 2024

Swine Production Costs - July, 2024		
Item	Value difference compared to previous 12 months	Percentage of total
Nutrition (feed)	-0.37%	73.07%
Cost of Capital	-8.90%	7.36%
Depreciation	1.71%	3.77%
Labor	1.23%	2.88%
Transportation	0.02%	2.69%
Sanity	0.01%	2.20%
Genetics	0.00%	2.28%
Others	-56.57%	1.66%
Funrural - Rural Worker Pension Fund	0.00%	1.76%
Maintenance/ Insurance	0.00%	1.18%
Eletric Energy/ Bed/ Heating	12.93%	1.16%
TOTAL	-0.14%	100.00%

Data Source: EMBRAPA Swine and Poultry, ICPSuinos

Chart Source: USDA FAS Brasilia

Another significant cost in the swine industry is the live hog itself. As seen on the following graph, the price of live hogs is a large percentage in the proportion of costs to produce swine in Santa Catarina state, which serves as reference state for swine and pork production, as it is the largest producer in Brazil.

Figure 20*Prices for Santa Catarina state – R\$/kilogram*

Prices for Santa Catarina state - R\$/kilogram													
	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Live Hog	2022	5.91	5.27	5.1	5.5	5.1	5.1	5.61	5.72	5.73	5.74	5.93	5.95
	2023	5.71	5.86	6.09	6.07	5.95	5.54	5.51	5.47	5.55	5.63	5.65	5.65
	2024	5.78	5.51	5.58	5.60	5.66	5.67	5.85					
Soybean Meal	2022	2.61	2.85	3.00	2.80	2.61	2.65	2.69	2.66	2.78	2.81	2.80	2.93
	2023	2.84	2.97	2.87	2.67	2.35	2.33	2.20	2.24	2.23	2.18	2.21	2.20
	2024	1.97	1.82	1.83	1.95	2.04	2.10	2.09					
Corn	2022	1.78	1.78	1.78	1.61	1.60	1.59	1.53	1.57	1.58	1.60	1.61	1.60
	2023	1.62	1.62	1.50	1.33	1.10	1.05	0.88	0.88	0.89	0.90	0.92	0.94
	2024	0.98	0.92	0.91	0.92	0.95	0.97	0.96					

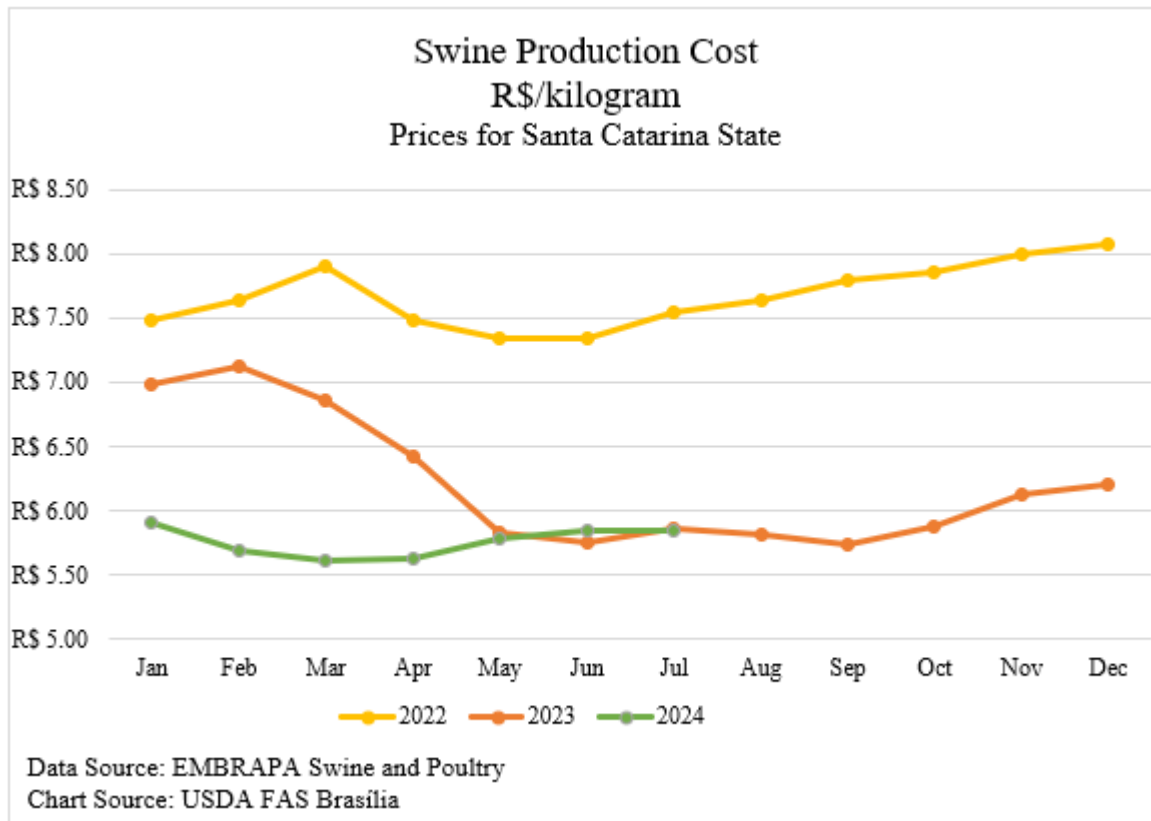
Data Source: EMBRAPA Swine and Poultry and Santa Catarina State Secretariat of Agriculture and Livestock

Chart Source: USDA FAS Brasilia

Please note that as of September 2023, EMBRAPA stopped publishing the table with these prices and directs to the source databases. Data until June 2023 had been extracted from EMBRAPA directly. For July 2023 data onwards, Post consulted the Santa Catarina Secretariat of Agriculture and Livestock database. For corn and soybean meals, the secretariat publishes data by the 60-kilos sac, not by the R\$/kilogram, as was done by EMBRAPA.

Post’s expectation for increased production in both 2024 and 2025 considers the overall production costs, which, due to the decrease in feed costs, has continued to improve profit margins and incentivize further production. The following graph shows the overall production costs for 2024 thus far, showing an improvement from the previous years’ levels. In Santa Catarina, prices of feed have increased an average of 4.22 percent in the period of January to July – differently from the overall production costs shown in Figure 19. The expectation is that with the second corn crop to be harvested in the second semester, prices of feed in the region should decrease.

Figure 21
Overall Swine Production Costs



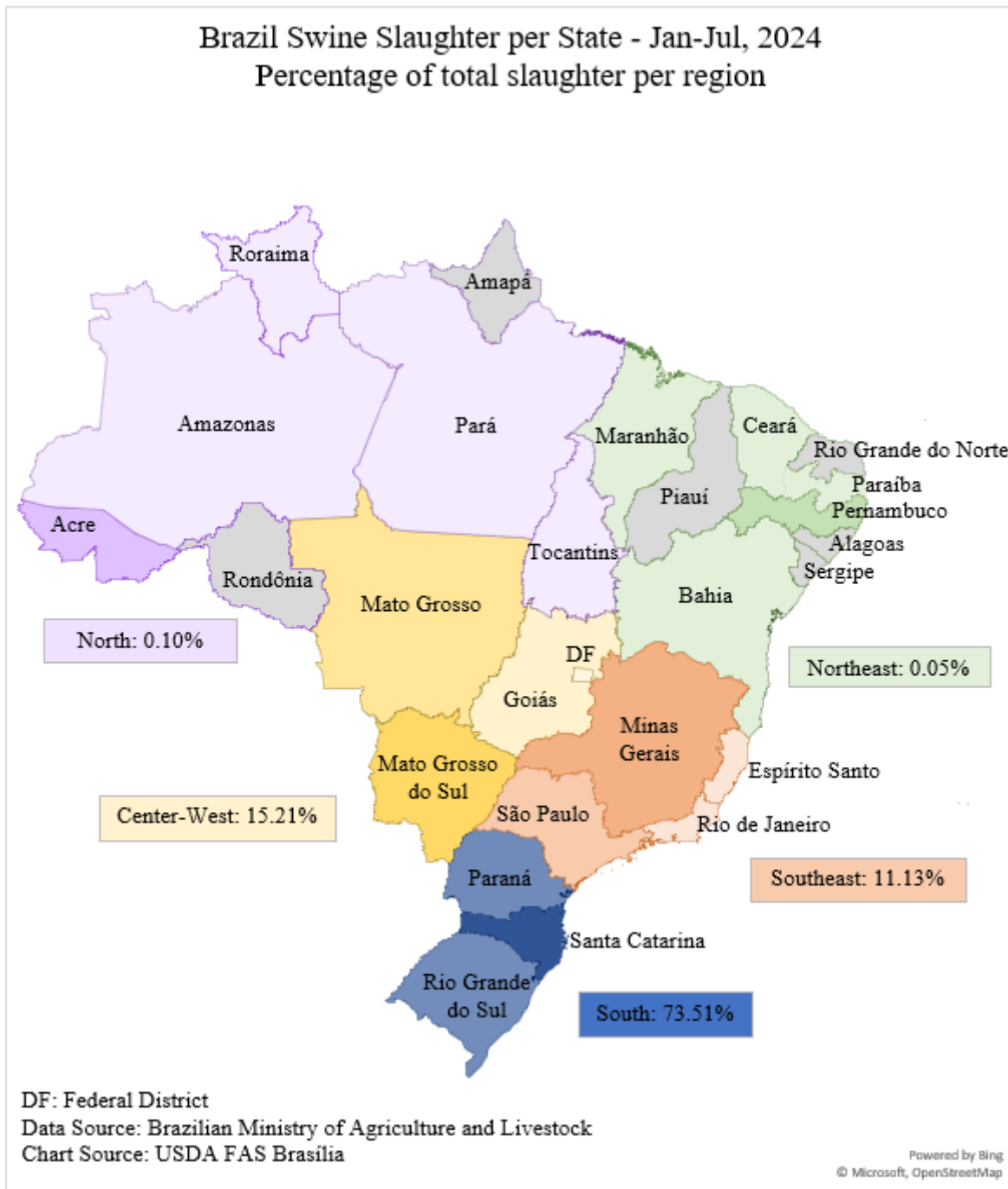
Slaughter

Post estimates over one percent increase in slaughter for 2024, and forecasts slaughter virtually unchanged in 2025. This forecast expects steady positive external demand for pork products globally.

In the first seven months of 2024, over 73 percent of the national production was in the southernmost region of Brazil. According to MAPA, the state of Santa Catarina was responsible for 32.9 percent of slaughter in Brazil in the period, followed by Paraná with 20.6 percent, and Rio Grande do Sul with 20.0 percent of total slaughter. The top five producing states are completed by Minas Gerais and Mato Grosso do Sul, and together they produce over 87 percent of the total swine.

The following map shows the states in Brazil where slaughter occurred in the period of January to July of 2024. The map is divided per region. Within each region, the darker the color of the state, per official data from the MAPA, the higher the slaughter rate. States in gray have not slaughtered swine in the period. For the remainder of 2024 and for 2025, Post does not forecast any significant changes in the distribution of slaughters throughout the country – some states currently marked in gray may register some slaughter, but irrelevant to the overall picture of swine slaughters in Brazil.

Figure 22
Brazil Jan-Jul 2024 Swine Slaughter per Region



Animal Disease

Brazilian swine producers understand that their advantage to their competitors is their high commitment to sanitary issues related to animal disease, such as African Swine Fever (ASF), Classical Swine Fever,

and Porcine Reproductive and Respiratory Syndrome. As such, the Brazilian government and producers continue to invest heavily in training, providing constant updates to employees in the production chain, in order for them to be able to safeguard production at all levels. MAPA enforces heavy monitoring and control of any signs of such diseases through their official veterinarian service that is distributed in all states and in the Federal District.

Per WOAHA's African Swine Fever Situation Report 55, published on August 14, 2024, there are no cases of ASF in Brazil at the moment. In regard to Foot-and-Mouth Disease, Brazil has some states that are considered by WOAHA as free of the disease without vaccination, as previously detailed in the Cattle portion of this report. For the remainder of 2024 and for 2025, Post does not foresee animal disease becoming an issue for the swine industry.

Sustainability

Both the private sector individual companies and the government have made and continue to make enormous efforts and financial investments on sustainability. As noted in Post's previous Semi-Annual report, ABPA has launched a portal focused on disseminating examples of sustainability initiatives promoted by agro-industries and the Brazilian productive sector, accessible at the website www.braziliansustainableprotein.com, in English. The portal includes information, articles, videos and other initiatives involving environmental preservation actions, economic and social development and company governance. Industry has different programs on sustainability, ranging from assisting in the UN's Sustainable Development Goals, to reducing GHG emissions and supporting animal welfare programs.

Weather conditions

Based on data from the National Meteorology Institute (INMET), weather temperatures in the South region of Brazil, where over 73 percent of total slaughter was concentrated in the period of January to July of 2024 – as seen on “Figure 21 - Brazil Jan-Jul 2024 Swine Slaughter per Region,” – will be above average in the months of July, August, and September, 2024. INMET forecasts rain above average in the state of Rio Grande do Sul and irregular rainfall in Santa Catarina and in parts of Paraná states.

3.2. Live Swine Trade

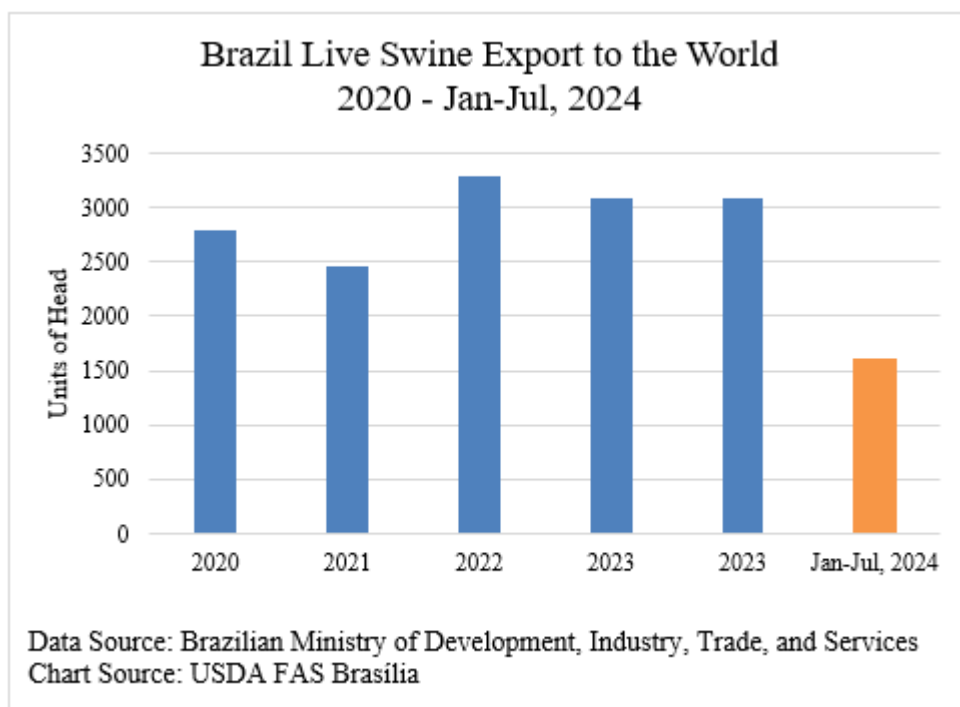
Exports

Post forecasts exports of live swine animals at 3,000 heads for 2025, and estimated exports of live swine animals at the same level in 2024. This forecast is consistent with the current exports of live swine animals, as demonstrated by the following graph. In the first seven months of 2024, Brazil has exported

live swine to four countries – Argentina, Bolivia, Paraguay, and Liberia, in order of size of imports. Together, the Mercosur partners account for almost 82 percent of total exports. Argentina alone accounts for over 74 percent of live swine exports, which represents over a two-fold growth in exports to that country from the same period in 2023. When comparing to the entire year, exports to Argentina have already passed the levels of 2023.

Figure 23

Brazil Live Swine Exports to the World – 2020 to July 2024

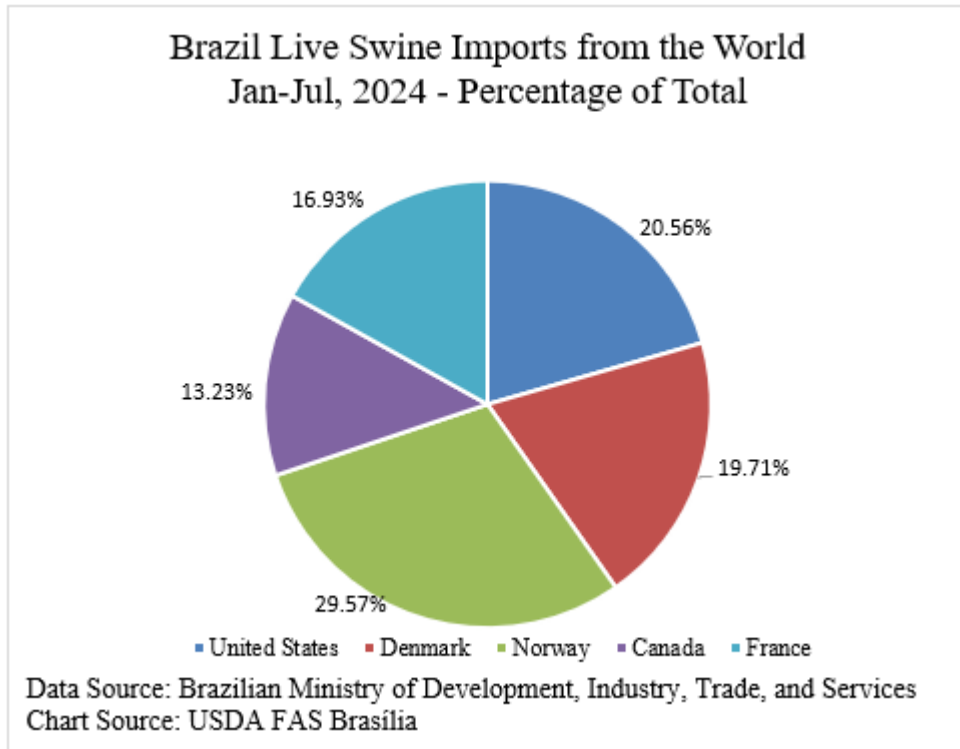


Imports

Post forecasts imports of live swine animals at 2,000 heads in 2025, repeating the 2024 levels. As with cattle, Brazil’s imports of live animals are focused on genetic improvement, as Brazil only imports “swine, live, purebred breeding animals”, HS Code 010310. In the first seven months of 2024, Brazil has imported 1,542 head, a 60 percent decrease from the same period in the previous year. Brazil imported live swine from the United States, Denmark, Norway, and Canada for the genetic improvement of the Brazilian herd in the first quarters of 2024. In 2023, latest data available, Brazil imported: Large White (45.8 percent of the total), Pure Breed Synthetic (22.8 percent of the total), Landrace (20.12 percent of the total), and Duroc (11.3 percent of the total).

The graph below shows imports from the world, and the proportion in the total. The U.S. was responsible for close to 17 percent of total live swine imported by Brazil in the period of January to July, 2024, with 317 head, a 93 percent decrease from the same period in 2023.

Figure 24
Brazil Live Swine Imports to the World – Jan-Jul, 2024



4. PORK

Figure 25
Swine Meat- Production, Supply, and Distribution

Meat, Swine Market Year Begins Brazil	2023		2024		2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference) (1000 HEAD)	45740	0	46500	46500	0	46600
Beginning Stocks (1000 MT CWE)	0	0	0	0	0	0
Production (1000 MT CWE)	4450	0	4560	4600	0	4650
Total Imports (1000 MT CWE)	2	0	2	2	0	2
Total Supply (1000 MT CWE)	4452	0	4562	4602	0	4652
Total Exports (1000 MT CWE)	1414	0	1420	1450	0	1465
Human Dom. Consumption (1000 MT CWE)	3038	0	3142	3152	0	3187
Other Use, Losses (1000 MT CWE)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT CWE)	3038	0	3142	3152	0	3187
Ending Stocks (1000 MT CWE)	0	0	0	0	0	0
Total Distribution (1000 MT CWE)	4452	0	4562	4602	0	4652

(1000 HEAD) ,(1000 MT CWE)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Source: Not Official USDA Data

4.1. Production

Brazil is the world’s fourth-largest pork producer in the world, behind China, the European Union, and the United States, respectively. Post forecasts pork production to increase one percent reaching 4.65 million metric tons carcass weight equivalent (MMT CWE) in 2025, following a three percent increase in 2024, due to adjustments to slaughter. While lower feed costs are expected to incentivize production, sluggish economic conditions are expected to temper production growth compared to recent years. For more on feed, please consult item “Cost of feed” under the Production section, in the first chapter of this report – Cattle. The reduced forecast still represents an increase in pork production.

In the past years, industry has been making significant investments in order to boost production of pork, counting on improved domestic and international markets. Some of the challenges still faced by the sector are taxation issues, logistics (as most of the production in Brazil is still transported via trucks, and some of the corridors used to send product abroad are the same as those for grains, making roads more crowded), strengthening Brazil’s image abroad, and protectionism. Brazil is currently working on a Tax Reform which will impact the agricultural industry. For more economic background on the tax reform,

please refer to the section “Socio-Economic Factors to Weigh on Production” in the first chapter of this report – Cattle.

4.2. Consumption

Post forecasts pork consumption in Brazil will increase one percent in 2025 to 3.18 MMT CWE, following a four percent increase in 2024, due to improved availability of pork domestically and cheaper prices to consumers.

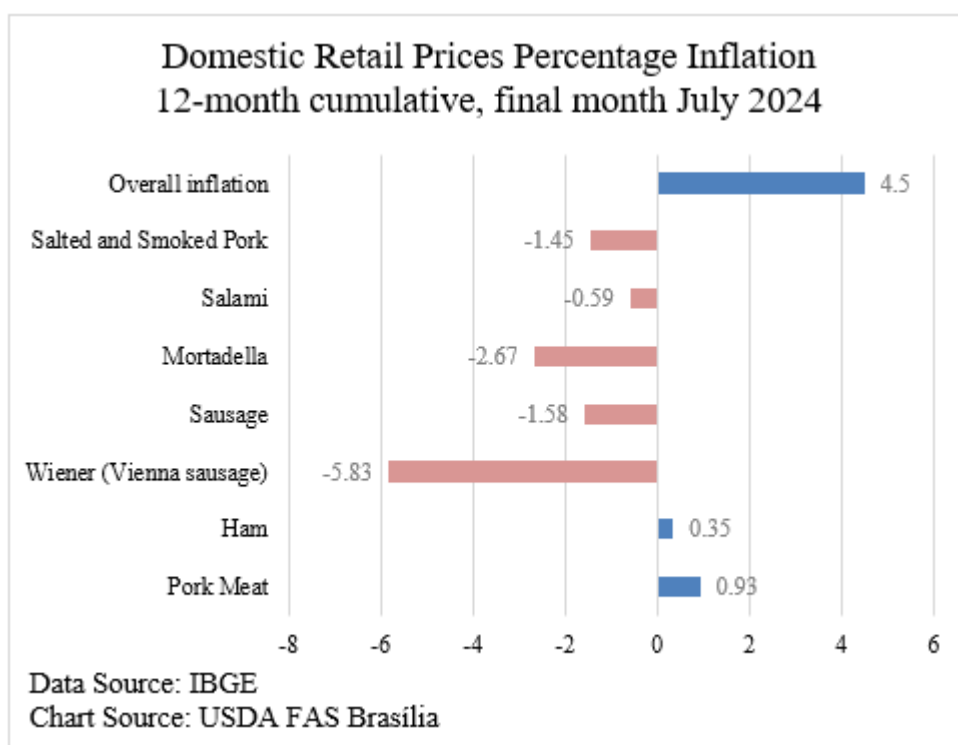
Pork remains as the third option of preference between the animal proteins in Brazil. The overall preference amongst Brazilians is beef, chicken, and then pork. As pork prices at the local market have decreased, there is an additional incentive for the consumption of pork. The increased consumption forecast is not necessarily related to a taste preference, but rather an economic choice. Although some parts of Brazil tend to eat more pork because of cultural preferences and traditions, the pork industry continues to work diligently in market campaigns to incentivize pork consumption throughout Brazil. In some regions, where production is more concentrated, prices are lower, so consumption is greater, such as the case of Minas Gerais and the southernmost states.

A challenge faced by the pork industry is that pork prices are more expensive than chicken prices. Therefore, the prices paid by final consumer is of great importance when deciding which animal protein to purchase. Another factor influencing domestic consumption of pork is seasonality. Brazilian consumers tend to increase consumption of pork during the end of year, for Christmas and New Year`s celebrations. According to industry sources, per capita consumption in Brazil is about 18 kilos per person, which has been stable for some time, and is one of the industry`s challenges. Industry contacts also relay that it is the pork products – such as ham, bacon, and sausages, for instance – that help make ends meet for them, together with exports.

The following graph demonstrates domestic retail prices percentage inflation to the end consumer. The graph shows pork meat and pork products.

Figure 26

Domestic Retail Prices Percentage Inflation – 12-month cumulative, final month July 2024



The availability of pork domestically increased in the first seven months of 2024, is a result of increased production which was facilitated by improved feed prices, a slightly improved domestic economy, and decreased inflation on several pork meat and products.

4.3. Trade

Exports

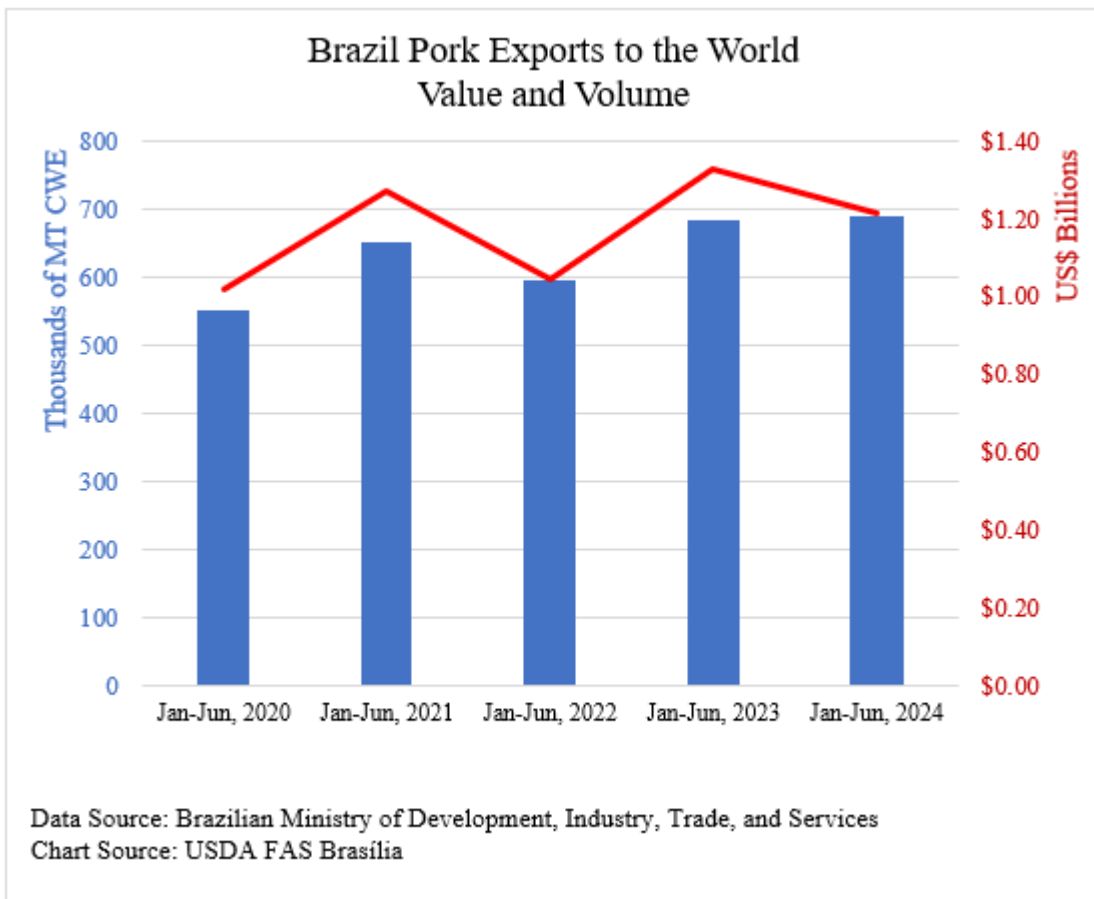
By the end of 2024, Brazil is forecast to be the third-largest pork exporter in the world, a position Brazil will continue to hold in 2025. Post forecasts a one percent increase in exports in 2025, following an estimated three percent increase in 2024. Post’s export forecast is based on increased pork availability, good external demand, increased purchases from new markets, furthering exports to existing consumers, and the sanitary status of Brazil versus its competitors who are facing challenges with ASF – particularly Europe. Post forecasts exports will represent 32 percent of total production.

As mentioned in Chapter 1 of this report, under “Animal Disease”, Brazil is working on the recognition of the entire country being considered free from FMD without vaccination. While the process is

underway, certain parts of Brazil have already been granted recognition as free from FMD without vaccination by WOA. The expectation is that as more countries adopt WOA's current understanding, this will increase exports from different states, since currently a good portion of exports come from Santa Catarina state, which received this recognition in 2007. With the full-country recognition Brazil is seeking, exports could continue to increase significantly.

In the period of January to July, 2024, Brazil exported 842,749 MT CWE to the world, a 4.5 percent increase from the same period in 2023. July was a record export month for Brazil in the historical series. The following graph compares the first halves of the past few years and demonstrates that Brazil has been increasing exports globally in the past few years. The graph also shows that prices paid to Brazilian exporters in the first two quarters of 2024 have been reduced from the previous year. In the first two quarters of 2024, Brazil received USD 173.30 less per ton than in the same period the previous year.

Figure 27
Brazil Pork Exports to the World

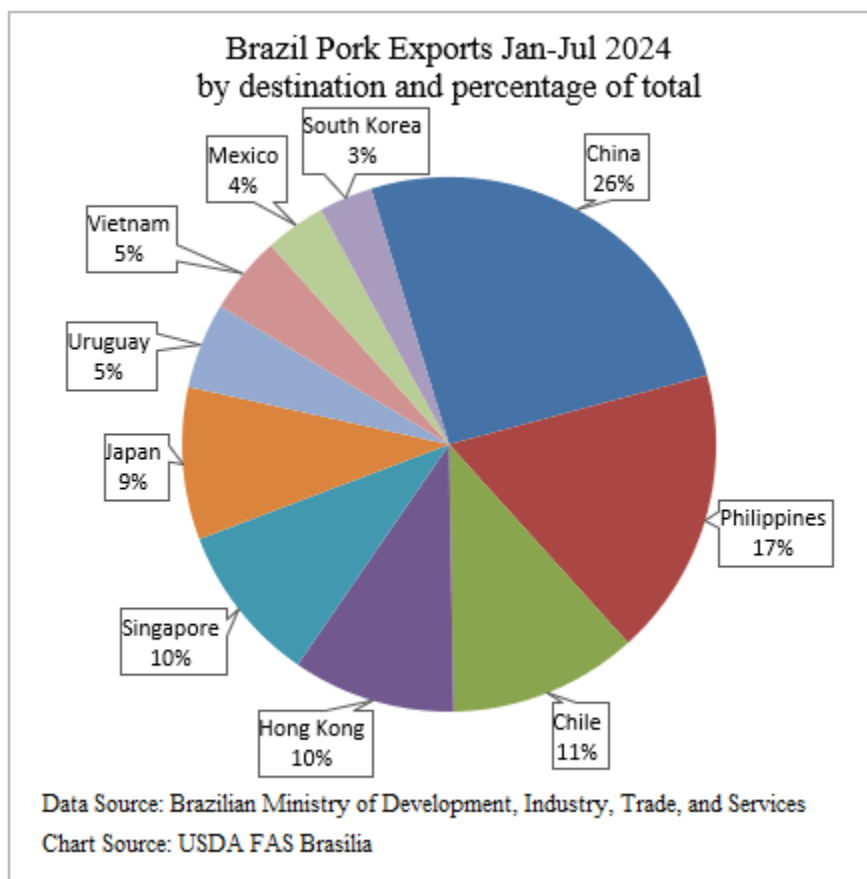


Brazil has been working intensively to secure new markets for pork. As previously mentioned in the beef section of this report, Brazil has secured 89 new overall agricultural markets thus far in 2024. On pork and pork products, Brazil has opened 13 markets this year. The products vary from pork meat, to swine collagen and gelatin, live swine for reproduction, edible offals, swine fat and processed proteins for animal feed, swine pepsin, and swine blood derivatives for animal feed. Despite its high exports to China, Brazil is able to export its products to a breadth of markets globally. In the period of January to July, 2024, Brazilian pork reached homes in 99 different countries.

The below graph shows the top 10 destinations in the period, and the percentage of total exports.

Figure 28

Brazil Pork Exports Top 10 Destinations, Jan-Jul 2024 – Percentage of Total



China

Brazil continues to work to diminish its dependency on the Chinese market, which currently represents almost a fifth of its exports. In the first seven months of 2024, China imported over 44 percent less from

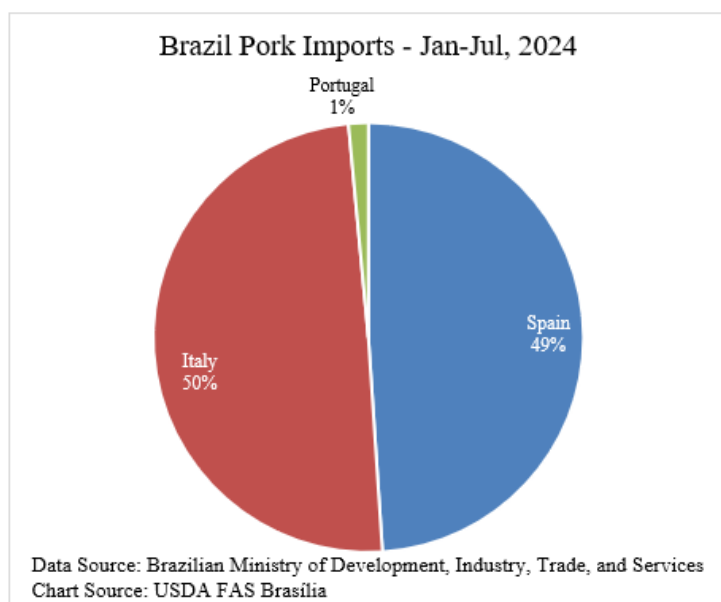
Brazil than the same period in 2023. However, Brazil was able to maintain its overall export levels – even increasing 4.5 percent globally. This performance lessened its dependency on the Chinese market, while at the same time secured Brazil’s record export volumes in the period of January to July, 2024. This result is a consequence of market openings and conscious efforts to diversify markets and products.

USDA official data estimates China will import 1.5 MMT CWE of pork in 2024, lower than 2020 as China imports have declined with China’s recovery from African swine fever. In 2023, Brazil surpassed Spain and became the largest exporter of pork to China, in both volume and value, a position that was held in the first seven months of 2024. As widely reported in the media, some European competitors are facing challenges with animal disease, and their exports may continue to be negatively impacted, favoring Brazil.

Imports

Post forecasts pork imports at 2,000 MT CWE for 2025, stable from 2024. In the first seven months of 2024, Brazil imported close to 1,490 MT CWE. In the period, the Brazilian market was serviced by the following countries: Italy, Portugal, and Spain. Italy accounts for a half of the exports, while Spain accounts for 49 percent of the products imported into Brazil, and Portugal for one percent in the period. From Italy, over 97 percent of the products imported are under HS Code 021019 – Meat of swine, nesoi, salted, in brie, dried or smoked. From Spain, close to 89 percent of the products imported are under the same HS Code, and the remainder is mostly ham.

Figure 29
Brazil Pork Imports 2024



Annex 1



Attachments:

No Attachments