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## **Brazil**

### **Livestock and Products Semi-annual**

#### **Semi Annual Livestock**

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**Report Highlights:**

Post forecasts 2014 beef production to increase to 9.9 million metric tons, up 2.5 percent. Higher beef production reflects current industry optimism with an estimated record in beef exports mostly due to the depreciation of the Brazilian currency, which makes Brazilian beef highly competitive in the world market. Pork production and exports are also forecast to rebound in 2014 by nearly two percent after a decline in production and exports last year. Driving forces behind higher pork production are lower feed costs due to record soybean and corn crops and higher exports due to the weaker Brazilian real and the reopening of new export markets. In general, high indebtedness of Brazilian consumers is the main constraint for the smaller growth path for domestic demand for animal protein, although packers view the World Cup Soccer matches in June-July as a way to increase sales to the domestic food industry.

**Commodities:**

Animal Numbers, Cattle

**Production:**

Post maintains its previous 2014 forecasts of a nearly 2.5 percent increase in cattle inventories and 1.5 percent increase in the calf crop. The expansion of the Brazilian cattle herd is supported by higher investments in productivity, mostly in pasture improvements and higher use of quality genetics. In addition, current high cattle prices can allow producers to purchase more feed and other ingredients during the dry season to maintain cattle weights. Post also holds firm on its estimated increase of 4 percent in feedlots. However, a prolonged dry spell in the first quarter of 2014 could reduce the availability of cattle for slaughter throughout the year.

**Trade:**

Post forecasts an increase of 10 percent in 2014 cattle exports due to a sustained increase in shipments to Lebanon, Venezuela, and other minor markets, such as Jordan, Turkey and the Congo. The increase in cattle exports is supported by the devaluation of the Brazilian currency.

## Production, Supply and Demand Data Statistics:

| Animal Numbers, Cattle Brazil | 2012                        |          | 2013                        |          | 2014                        |          |
|-------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
|                               | Market Year Begin: Jan 2012 |          | Market Year Begin: Jan 2013 |          | Market Year Begin: Jan 2014 |          |
|                               | USDA Official               | New Post | USDA Official               | New Post | USDA Official               | New Post |
| <b>Total Cattle Beg. Stks</b> | 197,550                     | 197,550  | 203,273                     | 203,273  | 208,628                     | 207,959  |
| <b>Dairy Cows Beg. Stocks</b> | 37,676                      | 37,676   | 38,259                      | 38,259   | 38,854                      | 38,854   |
| <b>Beef Cows Beg. Stocks</b>  | 52,669                      | 52,263   | 52,986                      | 52,986   | 53,809                      | 53,809   |
| <b>Production (Calf Crop)</b> | 49,690                      | 49,690   | 50,185                      | 50,185   | 51,300                      | 50,938   |
| <b>Total Imports</b>          | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| <b>Total Supply</b>           | 247,240                     | 247,240  | 253,458                     | 253,458  | 259,928                     | 258,897  |
| <b>Total Exports</b>          | 512                         | 512      | 550                         | 689      | 550                         | 758      |
| <b>Cow Slaughter</b>          | 11,170                      | 11,170   | 11,490                      | 11,490   | 11,622                      | 11,840   |
| <b>Calf Slaughter</b>         | 300                         | 300      | 300                         | 300      | 300                         | 300      |
| <b>Other Slaughter</b>        | 28,735                      | 28,735   | 29,270                      | 29,800   | 30,220                      | 30,115   |
| <b>Total Slaughter</b>        | 40,205                      | 40,205   | 41,060                      | 41,590   | 42,142                      | 42,255   |
| <b>Loss</b>                   | 3,250                       | 3,250    | 3,220                       | 3,220    | 3,200                       | 3,200    |
| <b>Ending Inventories</b>     | 203,273                     | 203,273  | 208,628                     | 207,959  | 214,036                     | 212,684  |
| <b>Total Distribution</b>     | 247,240                     | 247,240  | 253,458                     | 253,458  | 259,928                     | 258,897  |
|                               |                             |          |                             |          |                             |          |
| 1000 HEAD, PERCENT            |                             |          |                             |          |                             |          |

**Commodities:**

Meat, Beef and Veal

**Production:**

Post revised 2014 beef production upward by 2.5 percent due mostly to higher international demand and a small increase in domestic demand. The 17 percent depreciation of the Brazilian “real” over the past 12 months is likely to maintain Brazilian beef at competitive prices and improve margins for packers.

**Domestic Consumption:**

Post projects domestic beef consumption to increase only by a half percent in 2014. The factors affecting domestic consumption of beef are: higher beef prices, as compared to other meats (pork and broiler), and higher inflation combined with higher indebtedness of Brazilian consumers. However, some trade sources also believe that domestic beef consumption could benefit from an increase in animal protein consumption due to World Soccer Cup tourism.

**Trade:**

Post revised upwards 2014 beef exports to increase due mostly to the depreciation of the Brazilian “real” which makes the Brazilian product highly competitive in the world market. Brazilian exporters are optimistic about continued shipments to major markets such as the Russian Federation, Hong Kong, the European Union, Egypt and Iran, as well as the recovery in other import markets (e.g., China and Saudi Arabia) that had banned Brazilian beef last year due to the atypical BSE case in Parana.

## Production, Supply and Demand Data Statistics:

| Meat, Beef and Veal Brazil    | 2012                        |          | 2013                        |          | 2014                        |          |
|-------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
|                               | Market Year Begin: Jan 2012 |          | Market Year Begin: Jan 2013 |          | Market Year Begin: Jan 2014 |          |
|                               | USDA Official               | New Post | USDA Official               | New Post | USDA Official               | New Post |
| <b>Slaughter (Reference)</b>  | 40,205                      | 40,205   | 41,060                      | 41,590   | 42,142                      | 42,255   |
| <b>Beginning Stocks</b>       | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| <b>Production</b>             | 9,307                       | 9,307    | 9,600                       | 9,675    | 9,900                       | 9,920    |
| <b>Total Imports</b>          | 62                          | 62       | 60                          | 59       | 40                          | 35       |
| <b>Total Supply</b>           | 9,369                       | 9,369    | 9,660                       | 9,734    | 9,940                       | 9,955    |
| <b>Total Exports</b>          | 1,524                       | 1,524    | 1,800                       | 1,849    | 1,940                       | 2,030    |
| <b>Human Dom. Consumption</b> | 7,845                       | 7,845    | 7,860                       | 7,885    | 8,000                       | 7,925    |
| <b>Other Use, Losses</b>      | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| <b>Total Dom. Consumption</b> | 7,845                       | 7,845    | 7,860                       | 7,885    | 8,000                       | 7,925    |
| <b>Ending Stocks</b>          | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| <b>Total Distribution</b>     | 9,369                       | 9,369    | 9,660                       | 9,734    | 9,940                       | 9,955    |
|                               |                             |          |                             |          |                             |          |

1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG

# Export Trade Matrix

## Country

Brazil

## Commodity

Meat, Beef and Veal

| Time Period        | Jan-Dec   | Units: | Metric Tons |
|--------------------|-----------|--------|-------------|
|                    | 2012      |        | <b>2013</b> |
| U.S.               | 17,978    | U.S.   | 22,742      |
| Others             |           | Others |             |
| Angola             | 15,695    |        | 19,997      |
| Algeria            | 11,463    |        | 20,961      |
| Canada             | 2,299     |        | 2,401       |
| China              | 16,913    |        | 188         |
| Chile              | 67,841    |        | 76,248      |
| Egypt              | 135,854   |        | 136,594     |
| European Union     | 108,611   |        | 119,640     |
| Hong Kong          | 99,764    |        | 217,367     |
| Iran               | 67,768    |        | 58,963      |
| Iraq               | 5,604     |        | 306         |
| Israel             | 14,657    |        | 17,138      |
| Lebanon            | 12,884    |        | 15,220      |
| Libya              | 18,834    |        | 15,609      |
| Japan              | 1,514     |        | 0           |
| Jordan             | 13,398    |        | 17,550      |
| Phillippines       | 4,804     |        | 13,911      |
| Russian Federation | 253,924   |        | 303,615     |
| Saudi Arabia       | 34,577    |        | 50          |
| Singapore          | 5,905     |        | 9,685       |
| Ukraine            | 2,750     |        | 2,327       |
| UAE                | 10,772    |        | 15,103      |
| Venezuela          | 87,199    |        | 156,952     |
| Total for Others   | 993,030   |        | 1,219,825   |
| Others not Listed  | 46,365    |        | 48,467      |
| Grand Total        | 1,057,373 |        | 1,291,034   |

HTS:0201,0202,021020,160250

Quantity in Product Weight Equivalent (PWE)

Updated: Feb 15, 2014

# Commodity

## Meat, Beef and Veal

|              |         |        |             |
|--------------|---------|--------|-------------|
| Time Period  | Jan-Jun | Units: | Metric Tons |
| Imports for: | 2012    |        | <b>2013</b> |
| U.S.         | 0       | U.S.   | 0           |
| Others       |         | Others |             |

|           |        |  |        |
|-----------|--------|--|--------|
| Argentina | 7,027  |  | 6,194  |
| Australia | 2,364  |  | 3,082  |
| Paraguay  | 22,004 |  | 21,512 |
| Uruguay   | 12,793 |  | 11,492 |
|           |        |  |        |
|           |        |  |        |
|           |        |  |        |
|           |        |  |        |
|           |        |  |        |
|           |        |  |        |

|                   |        |  |        |
|-------------------|--------|--|--------|
| Total for Others  | 44,188 |  | 42,280 |
| Others not Listed | 101    |  | 0      |
| Grand Total       | 44,289 |  | 42,280 |

HTS: 0201,0202,021020,160250  
 Quantity in Product Weight Equivalent (PWE)  
 Updated: Feb 15, 2014

**Commodities:**

## Animal Numbers, Swine

### **Production:**

Post revised 2014 hog production to increase by 1.5 percent as a function of higher pork exports and a small increase in domestic demand. Hog producers will likely benefit from record soybean and corn crops estimated for the 2013-14 crop year, but will continue with their strategy of adjusting supply and demand to ensure profit margins.

### **Commodities:**

Meat, Swine

### **Production:**

Pork production is forecast to grow by 1.5 percent in 2014, which contrasts with Post's revised downward 2013 production level. The 2014 production estimate of 3.3 million metric tons reflects the current expectations of producers to continue with the strategy (similar to poultry producers) to adjust supply and demand for pork to ensure profitability. Producers also expect to benefit from reduced production costs in 2014 based on estimated record soybean and corn crops combined with higher exports. However, similar to the poultry industry, there are some constraints that could hamper this year's increase in pork production, of which the most important are: the uncertainty of the economic outlook and rising inflation which could slow down the growth path of domestic consumption; the continued level of indebtedness of Brazilian consumers; greater competition with poultry and to a lesser degree with beef; and the ongoing drought in the Center-South that could affect the current soybean and corn crops, and lead to shortages in some producing regions of the country, as well as higher energy costs.

Post revised 2013 pork production down by 1.5 percent to reflect the multiple problems faced by hog producers. They were forced to adjust to supply and demand because of the high costs of production during 2012 and throughout the first quarter of 2013. Another key factor was the drop in 2013 pork exports due to Ukraine's ban on Brazilian pork shipments.

### **Consumption:**



Post forecasts 2014 pork consumption to increase by nearly 2 percent because of higher demand from the food service industry mostly due to increased tourism related to the World Soccer Cup matches in June-July. In addition, pork prices in the domestic market are expected to remain competitive with beef prices.

**Trade:**

After a significant drop of nearly 12 percent in 2013 pork exports, Post forecasts 2014 pork shipments to increase by two percent. Pork exporters are optimistic that the depreciation of the Brazilian currency will make their product more competitive in the world market. In addition, they also expect to increase sales to Ukraine after the reopening of that market. Japan is also a promising market, but there are some constraints regarding increased sales there due to logistics problems, mostly involving maritime distance and costs.

Post revised 2013 pork exports to bring them in line with final export data. The significant drop in pork exports is mostly attributed to the decline in pork shipments to Ukraine (-51 percent) due to the ban early in 2013.

## Production, Supply and Demand Data Statistics:

| Animal Numbers, Swine Brazil | 2012                        |          | 2013                        |          | 2014                        |          |
|------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
|                              | Market Year Begin: Jan 2012 |          | Market Year Begin: Jan 2013 |          | Market Year Begin: Jan 2014 |          |
|                              | USDA Official               | New Post | USDA Official               | New Post | USDA Official               | New Post |
| Total Beginning Stocks       | 38,336                      | 38,336   | 38,578                      | 38,577   | 38,648                      | 38,844   |
| Sow Beginning Stocks         | 2,920                       | 2,920    | 2,920                       | 2,910    | 2,910                       | 2,910    |
| Production (Pig Crop)        | 37,700                      | 37,700   | 38,100                      | 37,900   | 38,795                      | 38,470   |
| Total Imports                | 1                           | 1        | 1                           | 1        | 1                           | 1        |
| Total Supply                 | 76,037                      | 76,037   | 76,679                      | 76,478   | 77,444                      | 77,315   |
| Total Exports                | 2                           | 2        | 4                           | 4        | 4                           | 4        |
| Sow Slaughter                | 150                         | 150      | 150                         | 150      | 150                         | 150      |
| Other Slaughter              | 36,107                      | 36,108   | 36,677                      | 36,280   | 37,349                      | 36,550   |
| Total Slaughter              | 36,257                      | 36,258   | 36,827                      | 36,430   | 37,499                      | 36,700   |
| Loss                         | 1,200                       | 1,200    | 1,200                       | 1,200    | 1,200                       | 1,200    |
| Ending Inventories           | 38,578                      | 38,577   | 38,648                      | 38,844   | 38,741                      | 39,411   |
| Total Distribution           | 76,037                      | 76,037   | 76,679                      | 76,478   | 77,444                      | 77,315   |
| 1000 HEAD, PERCENT           |                             |          |                             |          |                             |          |

| Meat, Swine Brazil                          | 2012                        |          | 2013                        |          | 2014                        |          |
|---|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
|   | Market Year Begin: Jan 2012 |          | Market Year Begin: Jan 2013 |          | Market Year Begin: Jan 2014 |          |
|   | USDA Official               | New Post | USDA Official               | New Post | USDA Official               | New Post |
| Slaughter (Reference)                       | 36,257                      | 36,258   | 36,827                      | 36,430   | 37,499                      | 36,700   |
| Beginning Stocks                            | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| Production                                  | 3,330                       | 3,330    | 3,370                       | 3,280    | 3,435                       | 3,330    |
| Total Imports                               | 1                           | 1        | 1                           | 1        | 1                           | 1        |
| Total Supply                                | 3,331                       | 3,331    | 3,371                       | 3,281    | 3,436                       | 3,331    |
| Total Exports                               | 661                         | 661      | 600                         | 585      | 620                         | 597      |
| Human Dom. Consumption                      | 2,670                       | 2,670    | 2,771                       | 2,696    | 2,816                       | 2,734    |
| Other Use, Losses                           | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| Total Dom. Consumption                      | 2,670                       | 2,670    | 2,771                       | 2,696    | 2,816                       | 2,734    |
| Ending Stocks                               | 0                           | 0        | 0                           | 0        | 0                           | 0        |
| Total Distribution                          | 3,331                       | 3,331    | 3,371                       | 3,281    | 3,436                       | 3,331    |
| 1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG |                             |          |                             |          |                             |          |

## Export Trade Matrix Country

Brazil

**Commodity**

Meat, Swine

Time Period

Jan-Dec

Units:

Metric Tons

Exports for:

2012

**2013**

U.S.

0

U.S.

24

Others

Others

|                    |         |  |         |
|--------------------|---------|--|---------|
| Albania            | 2,344   |  | 3,700   |
| Angola             | 34,497  |  | 38,660  |
| Argentina          | 21,473  |  | 11,868  |
| Armenia            | 5,158   |  | 5,590   |
| Azerbaijan         | 1,685   |  | 403     |
| Chile              | 2,979   |  | 4,147   |
| European Union     | 79      |  | 194     |
| Georgia            | 9,510   |  | 10,787  |
| Kazakhstan         | 373     |  | 133     |
| Hong Kong          | 84,548  |  | 83,677  |
| Japan              | 775     |  | 426     |
| Moldova            | 3,856   |  | 7,223   |
| Russian Federation | 126,477 |  | 134,462 |
| Singapore          | 27,814  |  | 28,709  |
| UAE                | 5,503   |  | 5,772   |
| Ukraine            | 137,472 |  | 67,837  |
| Uruguay            | 19,360  |  | 21,581  |
| Venezuela          | 6,554   |  | 9,822   |
| Total for Others   | 490,457 |  | 434,991 |
| Others not Listed  | 18,050  |  | 14,865  |
| Grand Total        | 508,507 |  | 449,856 |

HTS: 020311,020312,020319,020321,020322,020329,  
and 021011,021012,021019,160241,160242,160249

Quantity in Product Weight Equivalent (PWE)

Updated: Feb 15, 2014