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Brazil

Livestock and Products Semi-annual

Semi Annual Livestock

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Report Highlights:

Post has revised upwards the 2013 production forecasts for beef and pork by 2.5 percent. 2013. This change is driven by higher exports of both meats. Greater availability of cattle for slaughter, stable domestic cattle prices and a weaker Brazilian real have combined to make Brazilian cattle prices more competitive in the world market. Government incentives for the swine sector have contributed to minimize the impact of higher feed costs to swine producers and increasing production needed to meet export demand. In general, consumption of animal protein in Brazil is facing a new constraint that combines higher retail prices of meats due to higher costs of production and high indebtedness of Brazilian consumers.

Commodities:

Animal Numbers, Cattle

Production:

Post maintains its forecast for an increase of nearly three percent in cattle inventories in 2013. Excellent pasture conditions and higher cattle exports will lead to increased cattle supplies during the first semester of 2013. Artificial insemination of beef cattle has increased in the past two years and now accounts for 60 percent of total semen sales in the country with the rest attributed to the dairy sector. This is mostly due to government financial support for cattle herd rebuilding, genetic improvements, improvements in pasture management, and sustained cattle prices. The foregoing factors contribute to higher productivity of the cattle industry despite a shift of pasture area for soybean and corn production during the current crop season (2012/2013).

Trade:

Post forecasts an increase of 23 percent in cattle exports during 2013 due mostly to higher exports to Venezuela given competitive cattle prices in Brazil. According to government officials, Brazil is also negotiating a health certificate with Turkey for cattle exports.

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle Brazil	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	190,925	190,925	197,550	197,550	203,715	203,305
Dairy Cows Beg. Stocks	37,365	37,367	37,675	37,676	38,250	38,259
Beef Cows Beg. Stocks	52,265	52,263	52,675	52,669	52,985	52,986
Production (Calf Crop)	49,445	49,445	49,690	49,690	50,185	50,185
Total Imports	5	5	0	0	0	0
Total Supply	240,375	240,375	247,240	247,240	253,900	253,490
Total Exports	405	405	490	480	590	590
Cow Slaughter	10,750	10,750	10,750	11,170	10,780	11,490
Calf Slaughter	300	300	300	300	300	300
Other Slaughter	28,050	28,050	28,735	28,735	29,220	29,220
Total Slaughter	39,100	39,100	39,785	40,205	40,300	41,010
Loss	3,320	3,320	3,250	3,250	3,220	3,220
Ending Inventories	197,550	197,550	203,715	203,305	209,790	208,670
Total Distribution	240,375	240,375	247,240	247,240	253,900	253,490
1000 HEAD, PERCENT						

Commodities:

Meat, Beef and Veal

Production:

Post revised upwards the production forecast for beef by 2.5 percent in 2013 due mostly to higher beef exports and a small increase in domestic demand. The devaluation of the Brazilian currency in conjunction with higher cattle supplies is likely to maintain Brazilian beef at competitive prices in world markets in 2013. Also, the profit margins for beef processors are forecast to improve in 2013 due to stable cattle prices and a devaluation of the Brazilian currency of over 16 percent over the past 12 months.

Trade:

Post forecasts an increase of beef exports of 8 percent in 2013 due to the devaluation of the Brazilian currency, stable cattle prices and greater supplies of animals for slaughter. Brazilian beef exporters are optimistic about recoveries in their exports to the Russian Federation, despite the slow process of re-listing of Brazilian plants. Beef exporters are also optimistic about prospects to other markets such as Egypt, Chile, Hong Kong and Venezuela. Beef exporters also expect to increase exports to the European Union because more Brazilian cattle farms are enrolled in its traceability program due to the flexibility provided by the European Union Normative Instruction # 6. In addition, beef exporters expect to increase their share of the Hilton quota in the European Union and continue to recover processed beef exports to the United States.

According to government and trade sources, the atypical “non-classic” BSE case in the state of Parana (9th largest beef producer state in Brazil) announced late last year will not affect beef exports in 2013. Currently, Brazilian animal health officers are negotiating with several countries to lift their restrictions on Brazilian beef. These countries include Saudi Arabia, Japan, South Africa, South Korea, China and Taiwan, which represent less than 5 percent market share of Brazil’s beef exports.

Note: Differences between export data reported by Brazilian trade sources and those used by Post are due to the use of different conversion factors. Brazilian sources use a 2.5 percent factor for conversion of processed beef into Carcass Weight Equivalent (CWE), while post uses 1.79. The same applies for boneless beef, as Post uses 1.40 as the conversion factor, while Brazilian trade sources use 1.36. In addition, and as per FAS reporting instructions, variety meats (beef offals), HTS 0206 are not included for reporting purposes in our PSD and Trade Matrix tables.

Production, Supply and Demand Data Statistics:

Meat, Beef and Veal Brazil	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	39,100	39,100	39,785	40,205	40,300	41,010
Beginning Stocks	0	0	0	0	0	0
Production	9,030	9,030	9,210	9,307	9,375	9,540
Total Imports	40	40	60	62	60	60
Total Supply	9,070	9,070	9,270	9,369	9,435	9,600
Total Exports	1,340	1,340	1,394	1,524	1,450	1,645
Human Dom. Consumption	7,730	7,730	7,876	7,845	7,985	7,955
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	7,730	7,730	7,876	7,845	7,985	7,955
Ending Stocks	0	0	0	0	0	0
Total Distribution	9,070	9,070	9,270	9,369	9,435	9,600
1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG						

Export Trade Matrix

Country: Brazil

Commodity: Meat, Beef

Time Period

Jan-Dec	Units:	Metric Tons
2011		2012
12,313	U.S.	17,978

U.S.

Others

Others

Angola	11,552		15,695
Algeria	7,361		11,463
Canada	1,767		2,299
Chile	35,480		67,841
Egypt	101,086		135,854
European Union	101,966		107,980
Hong Kong	73,956		99,764
Iran	130,649		67,768
Iraq	4,431		5,604
Israel	16,075		14,657
Lebanon	16,012		12,884
Libya	5,362		18,834
Japan	2,912		1,514
Jordan	4,059		5,708
Phillippines	9,046		4,804
Puerto Rico	84		1,508
Russian Federation	228,897		253,924
Saudi Arabia	29,031		34,577
Singapore	5,777		5,905
Ukraine	3,704		2,750
UEA	8,790		10,772
Venezuela	70,901		87,199
Total for Others	868,898		969,304
Others not Listed	45,875		70,091
Grand Total	927,086		1,057,373

HTS:0201,0202,021020,160250

Quantity in Product Weight Equivalent (PWE)

Updated February 15, 2013

Brazil
 Commodity
 Meat, Beef and Veal

Time Period	Jan-Dec	Units:	Metric Tons
Imports for:	2011		2012
U.S.	0	U.S.	0
Others		Others	
Argentina	7,192		7,027
Paraguay	7,213		22,004
Uruguay	12,399		12,793
Australia	1,410		2,364
Total for Others	28,214		44,188
Others not Listed	24		101
Grand Total	28,238		44,289

HTS: 0201,0202,021020,160250
 Quantity in Product Weight Equivalent (PWE)
 Updated February 15, 20113

Commodities:

Meat, Swine

Production:

Post's forecast for an increase in hog production reflects current producer optimism based on higher international demand for pork, improved hog prices and stable feed costs due to record Brazilian soybean and corn crops. In addition, government programs are in place for subsidized corn sales.

Commodities:

Meat, Pork

Production:

Post has revised upwards the 2013 pork production forecast by 2.5 percent. The new forecast reflects a continued increase in pork exports and a small increase in domestic demand.

Trade:

Post also has revised upwards 2013 pork exports by 6.5 percent. The change reflects current optimism of Brazilian exporters with the devaluation of the Brazilian currency (16 percent over the past 12 months) and firm demand from major importers, mostly Hong Kong, Ukraine, Angola and Singapore. Brazilian pork exporters are also strategically focused on new markets such as China and Japan. After one year following approved market access to the United States for fresh/frozen pork from the state of Santa Catarina, Brazilian pork exporters have yet to ship any fresh/frozen pork to the United States. In addition, from the 6 plants which the Ministry of Agriculture, Livestock and Food Supply (MAPA) initially approved to export to the United States, MAPA now has ruled that only 3 of them are equivalent to the U.S. sanitary standards and thus are eligible to ship to the U.S.

Production, Supply and Demand Data Statistics:

Animal Numbers, Swine Brazil	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	36,652	36,652	38,336	38,336	39,276	38,578
Sow Beginning Stocks	2,925	2,925	2,920	2,920	2,915	2,920
Production (Pig Crop)	37,750	37,750	37,700	37,700	37,900	38,100
Total Imports	2	2	1	1	1	1
Total Supply	74,404	74,404	76,037	76,037	77,177	76,679
Total Exports	6	6	1	1	1	1
Sow Slaughter	95	95	150	150	150	150
Other Slaughter	34,767	34,767	35,410	36,108	36,660	36,680
Total Slaughter	34,862	34,862	35,560	36,258	36,810	36,830
Loss	1,200	1,200	1,200	1,200	1,200	1,200
Ending Inventories	38,336	38,336	39,276	38,578	39,166	38,648
Total Distribution	74,404	74,404	76,037	76,037	77,177	76,679
1000 HEAD, PERCENT						

Meat, Swine Brazil	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	34,862	34,862	35,560	36,258	36,810	36,830
Beginning Stocks	0	0	0	0	0	0
Production	3,227	3,227	3,260	3,330	3,330	3,414
Total Imports	1	1	1	1	1	1
Total Supply	3,228	3,228	3,261	3,331	3,331	3,415
Total Exports	584	584	605	661	645	704
Human Dom. Consumption	2,644	2,644	2,656	2,670	2,686	2,711
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2,644	2,644	2,656	2,670	2,686	2,711
Ending Stocks	0	0	0	0	0	0
Total Distribution	3,228	3,228	3,261	3,331	3,331	3,415
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:

2011

2012

U.S.

0

U.S.

0

Others

Others

Albania	9,091		2,344
Angola	28,703		34,497
Argentina	39,254		21,473
Armenia	5,570		5,158
Azerbaijan	3,081		1,685
China	25		3,019
Chile	3,222		2,979
Ecuador	3,585		2,717
European Union	0		0
Georgia	5,914		9,510
Kazakhstan	616		373
Haiti	3,282		4,177
Hong Kong	93,139		84,548
Moldova	3,217		3,856
Paraguay	1,091		1,488
Russian Federation	124,182		126,477
Singapore	23,547		27,814
South Africa	149		7
UAE	4,981		5,503
Ukraine	61,413		137,472
Uruguay	15,156		19,360
Venezuela	11,780		6,554

Total for Others

440,998

501,011

Others not Listed

8,122

7,496

Grand Total

449,120

508,507

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

Quantity in Product Weight Equivalent (PWE)

Updated February 22, 2013