

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Brazil

Post: Brasilia

Oilseeds and Products Update

Planting Pace Improved but Behind Five-Year Average

Approved By:

Clay Hamilton

Prepared By:

Nicolas Rubio

Report Highlights:

Post maintained its 2015/16 production forecast to 98.5 million metric tons (mmt), a record. Area planted for soybeans in Brazil is estimated at 33 million hectares. Post kept its export forecast at 55 mmt for the 2015/16 marketing year (MY).

Oilseed, Soybean (Local)	2013/2014		2014/2015		2015/2016	
Market Begin Year	Feb 2014		Feb 2015		Feb 2016	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	30100	30100	32100	32100	33300	33000
Area Harvested	30100	30100	32100	32100	33300	33000
Beginning Stocks	1269	1269	1527	1527	972	2492
Production	86700	86700	96200	96200	100000	98500
MY Imports	579	579	295	265	300	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	88548	88548	98022	97992	101272	101192
MY Exports	45747	45747	54000	52850	56650	55000
MY Exp. to EU	6000	6000	6000	6000	6000	6500
Crush	38274	38274	40000	39550	40000	40000
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3000	3000	3050	3100	3100	3150
Total Dom. Cons.	41274	41274	43050	42650	43100	43150
Ending Stocks	1527	1527	972	2492	1522	3042
Total Distribution	88548	88548	98022	97992	101272	101192
(1000 HA) ,(1000 MT)						

Soybean Production Forecast Maintained to 98.5 Million Metric Tons (MMT)

Post maintained its 2015/16 production forecast to 98.5 mmt due to a larger planted area compared to last year and yields based on trend. Post forecasts area planted in Brazil at 33 million hectares. The planting season, which started on September 15 in most states, continues to face delays due to weather problems and lower than expected precipitation. As of November 13, various sources estimates planting progress in Brazil at over 60 percent, just below compared to last year, but much lower than the five-year average of 70 percent.

Weather concerns are keeping farmers uneasy. For example, despite good rains in late October and early November, the states of Goias and Bahia are way behind their 5-year average. In Bahia and other states in the north and northeast, concerns remain high about dryness. Planting in Bahia was 8% complete November 13, well behind from the five-year average of 27% at this stage. Other states like Mato Grosso, Paraná, and Mato Grosso do Sul, have caught up the pace compared to last year, but still behind the 5-year average.

In general, the concern in Brazil is the forecast by Brazilian meteorologist that El Niño will have a major impact in precipitation this year, especially in the north and northeast. If this is the case, it can have an impact on the expected yields in eastern Goias as well as the region known as MATOPIBA (Maranhao, Tocantins, Piaui, and western Bahia).

New Strikes Creating Headaches for Producers

As previously reported, the political and economic crisis in Brazil is increasing strikes by various sectors of the economy. For the second time this year, independent truck drivers in Brazil started a national strike on November 9th. The truck drivers blocked many of the major highways in the country

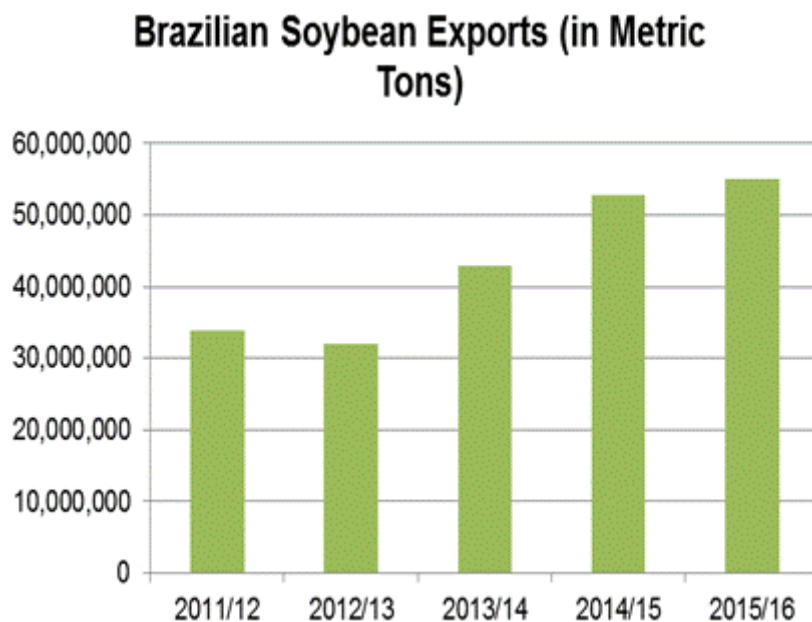
and their main demand is the impeachment of President Rousseff. They were also seeking lower diesel fuel prices and minimum freight rates. These drivers feel that the Brazilian Government has not followed through on promises made at the end of the previous strike in March. The closing of roads affected food distribution mostly in southern Brazil. The poultry and pork industries have been the mostly affected. In São Paulo, fruits and vegetables were also affected in their way to CEASA (the largest wholesale market in Latin America). Post is not expecting a major impact on the export forecast for Brazil in marketing year (MY) 2015/16, but will continue to monitor the situation.

Post is also monitoring threats of a new strike by the National Association of Federal Agricultural Inspectors. This would be the second strike by this group this year. Currently, Post will continue to monitor the situation.

Export Forecast at 55 mmt for 2015/16 Marketing Year

Post kept its export forecast at 55 mmt for 2015/16 MY. The forecast was increased last month due to the fast pace of forward contracts of the crop currently being planted in Brazil. The fast commercialization of the new crop is directly linked to the sharp devaluation of the Brazilian Real, which is making Brazilian soybeans more competitive.

China will remain the main destination for Brazilian soybeans. It is expected that demand for soybeans in China will remain strong despite the economic slowdown. Chinese soybeans imports are supported by a growing domestic demand and a large domestic crushing capacity. The current lower global soybean prices and the weaker Brazilian Real are making Brazil more competitive and are encouraging Chinese importers to buy more. Since MY 2012/13, over 70 percent of Brazilian soybean exports are destined to the Chinese market.



Source: Global Trade Atlas
Marketing Year: 2011/12 refers to February 2012 to January 2013