

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 2/11/2014

GAIN Report Number: BR 0928

Brazil

Poultry and Products Semi-annual

Semi Annual Poultry Report 2014

Approved By:

Robert Hoff, Agricultural Counselor

Prepared By:

João F. Silva, Agricultural Specialist

Report Highlights:

Post forecasts broiler production to rebound by 3 percent in 2014 to 12.7 million metric tons after a small decline in production last year. Higher broiler production reflects current industry optimism. Exports are expected to increase, mostly due to depreciation of the Brazilian currency and increased domestic consumption, driven by higher demand from the food service industry in view of increased tourism related to the World Cup soccer matches in June-July.

Executive Summary:

Post forecasts broiler production to rebound by 3 percent in 2014. This increase will likely be driven by higher exports stimulated by the depreciation of the Brazilian currency and higher domestic demand, mostly from the food service industry in view of the World Cup Soccer matches during the months of June and July. Producer margins are expected to recover for the second consecutive year. The outlook for turkey production and exports is for moderate growth next year.

Commodities:

Poultry, Meat, Broiler

Production:

Broiler production is forecast to grow by 3 percent in 2014, as compared to Post's revised downward production level in 2013. FAS Brasilia believes that the production estimate at 12.7 million metric tons in 2014 reflects the current expectations of producers to continue with a strategy to adjust supply and demand for boilers, and maintain their profit margins. Producers are likely to benefit from reduced production costs in 2014 assuming estimated record soybean and corn crops combined with higher exports. However, there are some constraints that could affect this year's broiler production: the uncertainty with the economic outlook and rising inflation which could slow down the growth path of domestic consumption, the continued high level of indebtedness of Brazilian consumers, higher competition from beef and pork, and the on-going major dry spell in the Center-South that could affect the current soybean and corn crops, and provoke power shortages in some producing regions of the country, as well as higher energy costs.

Post revised 2013 broiler production to 12.3 million metric tons, a drop of nearly three percent from our last forecast, reflecting the problems faced by Brazilian producers with high feed costs during the first quarter of the year and their decision to adjust supply and demand combined with a decline in domestic demand and exports.

Production Costs

The cost of broiler production in 2013 dropped by 5.5 percent compared to the previous year, according to the Brazilian Agricultural Research Service of the Ministry of Agriculture, Livestock and Food Supply. Higher availability of soybean meal and corn at lower prices contributed to improved profit margins for broiler producers.

Consumption:

Post revised 2014 domestic consumption of broiler meat upward by three percent, reflecting processors optimism with higher demand from the food service industry in view of the World Soccer Championship games in June-July. However, higher broiler prices and the aforementioned economic uncertainties combined with competition from beef and pork could reduce such optimism.

Trade:

Post forecasts 2014 broiler exports to increase by 3 percent, two percent lower from Post's last forecast. The growth in exports is likely to be driven by depreciation of the Brazilian currency and higher sales of whole broilers, and chicken parts to China and Hong Kong, in respectively. Trade sources also expect greater broiler exports to the European Union, Egypt, Nigeria and Iraq. Brazilian exporters are trying to open markets in Myanmar, Pakistan and Nigeria. Market promotions are concentrated in major world fairs such as Gulfood (Dubai) and Sial (Paris). In addition, specific trade missions are concentrated in strategic markets, such as Japan. Higher tariffs in India and South Africa are a major constraint for exports to these countries.

Note: The S&D table excludes chicken feet and paws exports to China and Hong Kong, as per USDA pawns methodology.

Commodities:

Poultry, Meat, Turkey

Production:

Post revised downward the increase in turkey production in 2014, mostly driven by a slowdown in the growth path of domestic demand. This is expected to occur due to higher turkey prices and competition from alternative broiler products that meet the preference of consumers during major holidays, such as Christmas.

Exports

Turkey exports are estimated to rebound in 2014, although at a lower rate than Post's forecast made last year. The increase in exports should be caused by the depreciation of the Brazilian currency. Exports are expected to increase to the European Union, Angola and Chile, among other markets in the Middle East.

Poultry, Meat, Broiler 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
Inventory (Reference)	53	0	54	53	55	55
Slaughter (Reference)	6,325	0	6,490	6,400	6,252	6,525
Beginning Stocks	0	0	0	0	0	0
Production	12,645	0	12,770	12,308	13,020	12,678
Total Imports	2	0	1	1	1	1
Total Supply	12,647	0	12,771	12,309	13,021	12,679
Total Exports	3,508	0	3,580	3,482	3,625	3,586
Human Consumption	9,139	0	9,191	8,827	9,396	9,093
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	9,139	0	9,191	8,827	9,396	9,093
Total Use	12,647	0	12,771	12,309	13,021	12,679
Ending Stocks	0	0	0	0	0	0
Total Distribution	12,647	0	12,771	12,309	13,021	12,679

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

Poultry, Meat, Turkey 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
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	47	0	48	47	49	48
Beginning Stocks	0	0	0	0	0	0
Production	510	0	520	501	535	514
Total Imports	0	0	0	0	0	0
Total Supply	510	0	520	501	535	514
Total Exports	170	0	175	161	180	170
Human Consumption	340	0	345	340	355	344
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	340	0	345	340	355	344
Total Use	510	0	520	501	535	514
Ending Stocks	0	0	0	0	0	0
Total Distribution	510	0	520	501	535	514

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

Country	Brazil		
Commodity	Poultry, Meat, Broiler		
Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2012		2013
U.S.	0	U.S.	0
Others		Others	
Angola	93,930		85,222
China	227,445		190,322
Cuba	38,625		36,676
Egypt	119,326		87,385
European Union	280,905		245,486
Hong Kong	306,780		335,668
Ghana	34,863		33,313
Iran	28,485		12,746
Iraq	105,716		75,694
Japan	382,566		389,697
Jordan	41,013		58,985
Kuwait	116,436		113,624
Oman	55,055		61,998
Phillippines	28,040		19,677
Qatar	55,149		60,280
Russian Federation	65,529		47,292
Saudi Arabia	628,627		688,884
Singapore	77,972		79,192
South Africa	186,637		168,899
South Korea	65,296		53,285
UAE	239,198		244,963
Yemen	67,809		85,292
Venezuela	99,373		162,563
Total for Others	3,344,775		3,337,143
Others not Listed	395,948		376,156
Grand Total	3,740,723		3,713,299

Note: Includes HTS Codes: 0207.11; 0207.12; 0207.13; 0207.14; and 1602.32

Quantity in Product Weight Equivalent (PWE)

Updated: Feb 3, 2014

Export Trade Matrix

Country	Brazil
Commodity	Poultry, Meat, Turkey

Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2012		2013
U.S.	0	U.S.	0
Others		Others	
Angola	14,496		15,041
Argentina	1,359		1,001
Benin	18,630		15,654
Chile	2,832		4,069
Congo	4,599		4,772
Congo, D.R.	728		1,209
Gabon	941		951
Guinea, E.	2,935		2,444
European Union	82,426		76,156
Hong Kong	1,530		573
Peru	2,149		4,124
Russian Federation	7,929		5,878
Saudi Arabia	1,283		1,693
South Africa	20,760		19,289
Switzerland	2,702		2,718
Total for Others	165,299		155,572
Others not Listed	4,719		5,386
Grand Total	170,018		160,958

Note: It includes HTS Codes: 02072400; 02072500; 02072600; 02072700; 16023100. Quantity in Product Weight Equivalent (PWE)
Updated: Feb 3, 2014