



Foreign Agricultural Service

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## **Brazil**

### **Grain and Feed**

#### **Update for November Lockup**

## **2001**

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#### **Report Highlights:**

**Post reduced the 2001/02 wheat production forecast to 2.95 million tons due to damaging rains. The 2000/01 and 2001/02 corn production forecasts were raised to 41 million tons and 37 million tons, respectively. Post raised the 2000/01 corn export forecast to 4 million tons.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
Brasilia [BR1], BR

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## **Executive Summary**

Post revised the forecast for 2001/02 wheat area harvested upwards to 1.587 million hectares, based on the latest government crop statistics. Due to recent heavy rains in Rio Grande do Sul and Western Parana and damaging sleet and high moisture in Rio Grande do Sul, post revised the 2001/02 wheat production forecast downwards to 2.95 million tons. The ending stocks forecast for 2001/02 was lowered 50,000 tons to 140,000 tons as millers continue to purchase hand-to-mouth.

In concordance with the latest Government statistics, post revised the 1999/00 corn area harvested upwards and 2000/01 area downwards. Due to a strong corn crop, post increased the 2000/2001 corn production forecast to 41 million tons. The 2000/01 corn export forecast was raised to 4 million tons. Post raised the 2001/02 forecast for corn area harvested and production to 12.47 million hectares and 37 million tons, respectively. Although the major summer corn crop is forecast to fall significantly, next year's safrinha (smaller second crop) is likely to increase substantially due to the expected rise in corn prices. The domestic consumption forecast for 2001/02 was raised to 37.5 million tons, representing a 3.5 percent increase over the previous year's consumption.

Post raised the 2001/02 rice production to 10.8 million tons, based on a yield increase of 2-percent as farmers increase expenditures on inputs and technology.

## Wheat

Post revised the forecast for 2001/02 wheat area harvested upwards to 1.587 million hectares, based on the latest government crop statistics.

Due to recent heavy rains in Rio Grande do Sul and Western Parana and damaging sleet and high moisture in Rio Grande do Sul, post revised the 2001/02 wheat production forecast downwards to 2.95 million tons. The ending stocks forecast for 2001/02 was lowered 50,000 tons to 140,000 tons as millers continue to purchase hand-to-mouth.

On August 21, the Brazilian Government released Normative Instruction No. 7 in the Diario Oficial (Federal Register) which established new Technical Rules on Wheat Identification and Quality. (See Report # BR1619 entitled, "New Brazilian Technical Rules on Wheat Identification and Quality"). The new rule was to go into effect as of January 1, 2002. Imported wheat with more than 2 percent dockage and foreign material will be classified as substandard and banned from entry. However, due to extensive protest by Argentina, the Brazilian government relaxed the rule, and will allow imports of substandard wheat under a loophole based on "exceptional circumstances." A joint commission will be formed to study the harmonization of Mercosul wheat classification standards.

## Wheat PS&D

PSD Table						
Country	Brazil					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Harvested	1252	1252	1468	1468	1600	1587
Beginning Stocks	775	846	1250	932	610	90
Production	2403	2403	1660	1658	3200	2950
TOTAL Mkt. Yr. Imports	7555	7733	7200	7700	6500	7200
Jul-Jun Imports	7196	7227	7300	7700	6500	7200
Jul-Jun Import U.S.	79	150	0	100	0	200
TOTAL SUPPLY	10733	10982	10110	10290	10310	10240
TOTAL Mkt. Yr. Exports	4	0	0	0	0	0
Jul-Jun Exports	4	0	0	0	0	0
Feed Dom. Consumption	200	200	200	500	200	200
TOTAL Dom. Consumption	9479	10050	9500	10200	9600	10100
Ending Stocks	1250	932	610	90	710	140
TOTAL DISTRIBUTION	10733	10982	10110	10290	10310	10240

## Corn

Post revised the 1999/00 area harvested upwards and 2000/01 area downwards, in concordance with the latest Government statistics. Due to a strong corn crop, post increased the 2000/2001 corn production forecast to 41 million tons. The 2000/01 corn export forecast was raised to 4 million tons. More than 3 million tons were already exported between January and August 2001, with some export forecasts estimated as high as 5 million tons for the calendar year.

Post raised the 2001/02 forecast for area harvested and production to 12.47 million hectares and 37 million tons, respectively. Although the major summer corn crop is forecast to fall significantly, next year's safrinha (smaller second crop) is likely to increase substantially due to the expected rise in corn prices. The domestic consumption forecast for 2001/02 was raised to 37.5 million tons, representing a 3.5 percent increase over the previous year's consumption.

### Corn PS&D

PSD Table						
Country	Brazil					
Commodity	Corn					
					(1000 HA)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		04/2000		04/2001		04/2002
Area Harvested	12490	12758	14000	13144	12800	12468
Beginning Stocks	1000	1416	600	677	2850	1841
Production	31641	31641	41000	41000	36000	37000
TOTAL Mkt. Yr. Imports	1500	2100	300	400	500	800
Oct-Sep Imports	1789	2000	650	400	500	800
Oct-Sep Import U.S.	43	79	20	50	0	0
TOTAL SUPPLY	34141	35157	41900	42077	39350	39641
TOTAL Mkt. Yr. Exports	497	0	4000	4000	1000	700
Oct-Sep Exports	50	0	4000	4000	1300	700
Feed Dom. Consumption	27853	29300	31050	32000	33000	33500
TOTAL Dom. Consumption	33044	34480	35050	36236	37000	37500
Ending Stocks	600	677	2850	1841	1350	1441
TOTAL DISTRIBUTION	34141	35157	41900	42077	39350	39641

## Rice

Post raised the 2001/02 rice production to 10.8 million tons, based on a yield increase of 2-percent as farmers increase expenditures on inputs and technology.

Rising domestic rice prices and declining government stocks extinguished the possible sale of 90,000 tons of Brazilian government stocks of paddy rice to Iran. The domestic price of paddy rice rose more than 25 percent in September, thereby improving the profitability of selling rice domestically. Furthermore, government stocks are currently sufficient to cover only two months of domestic demand. Given the international uncertainty following the terrorism attacks, the government has decided not to go ahead with its export program.

### Rice PS&D

PSD Table						
Country	Brazil					
Commodity	Rice, Milled (1000 HA)(1000 MT)					
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		04/2000		04/2001		04/2002
Area Harvested	3678	3678	3250	3250	3300	3300
Beginning Stocks	1205	1285	1616	1641	1173	1079
Milled Production	7768	7768	7050	7062	7200	7344
Rough Production	11424	11424	10368	10385	10588	10800
MILLING RATE (.9999)	6800	6800	6800	6800	6800	6800
TOTAL Imports	621	602	490	490	525	500
Jan-Dec Imports	612	700	500	500	500	500
Jan-Dec Import U.S.	2	2	0	2	0	0
TOTAL SUPPLY	9594	9655	9156	9193	8898	8923
TOTAL Exports	22	58	25	156	25	100
Jan-Dec Exports	26	50	25	150	25	100
TOTAL Dom. Consumption	7956	7956	7958	7958	8000	7960
Ending Stocks	1616	1641	1173	1079	873	819
TOTAL DISTRIBUTION	9594	9655	9156	9193	8898	8879