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Brazil

Grain and Feed

Grain Update - August 2008

2008

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Report Highlights:

Brazil's monthly inflation rate is down in August as food costs moderate. Food and beverage inflation decreased from 1.56 % to 0.13%. There are no ps&d changes to report.

Includes PSD Changes: No
Includes Trade Matrix: No
Quarterly Report
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Food Prices

Brazil's overall monthly inflation rate is down in August as food costs moderate. Food and beverage inflation decreased from 1.56 % to 0.13%. Among the major decliners were: beef (7.48% to 1.15%), rice and dried beans (9.42% to -0.18%) and horticulture and legumes (-1.42% to -3.61%).

This month press coverage of food inflation has tapered off. The overall inflation rate for 2008 is estimated at 6.5 percent and the benchmark interest rate is 13 percent.

Production

Despite high international commodity prices, Brazil's grain acreage is not expected to expand significantly during 2008/2009 because of higher production costs. There are no ps&d changes to report this month. Adjustments to planted acreage and acreage switches are likely to occur when planting starts in late September/October.

Trade

Wheat

During Jan-July 2008, Brazil's wheat import sources have changed substantially with more coming from the United States, Canada and Paraguay and less from Argentina. Of special note are US imports which surged during that period from 8,855 mt in 2007 to 520,000 mt in 2008. This is the largest amount of U.S. wheat imported by Brazil since 2002.

Brazil wheat imports 10011090	Jan-July 2008 Metric Tons	Jan-July 2007 Metric Tons
Argentina	2,621,033	4,210,891
United States	520,000	8,855
Canada	222,000	85,179
Paraguay	348,197	60,786
Total	3,801,393	4,513,049

Rice

Sources note that the rice industry is investing to expand production and exports. An example of increased investment is a project in Camaqua in Rio Grande do Sul that is investing R\$45 million (US\$1=\$R1.64) to build 30 silos to store 3.5 million tons by the end of the project in 2010.