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Report Name: Brazilian Agricultural Production and Trade Long-Term Projections

Country: Brazil

Post: Brasilia

Report Category: Agricultural Situation

Prepared By: Oliver Flake

Approved By: Oliver Flake

Report Highlights:

The Brazilian Ministry of Agriculture's Supply Management Company (CONAB) released long-term projections for production, supply, and demand for agricultural and livestock products. An analysis of those projections and comparison with long-term projections released by USDA shows similar expectations for robust growth in corn and soybean exports through 2028/29. CONAB projects soybean and corn area and production to continue to expand at impressive rates, though less than the growth seen over the past decade.
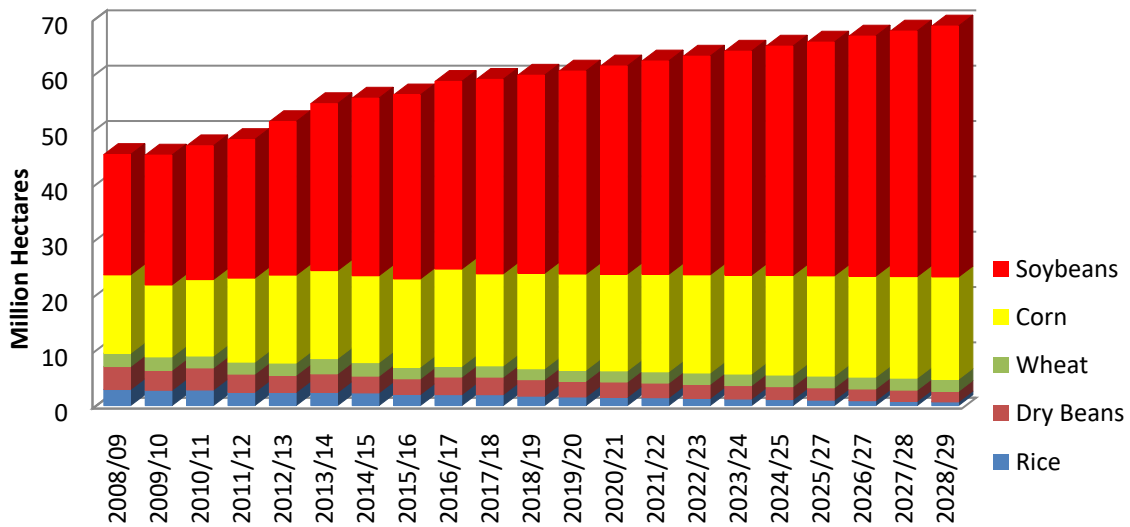
Background

The Brazilian Ministry of Agriculture's (MAPA) Supply Management Company (CONAB) annually publishes its long-term projections for production, supply, and demand for agricultural and livestock products. The 10th edition was published in late 2019 and contains projections to crop year 2028/29. Below is a summary of those projections along with a comparison (for exports) with long-term projections released by USDA in February 2020. Special focus is given to long-term projections for corn and soybeans since they are the dominate crops in terms of area and production in Brazil. In this report, Post purposefully did not update 2019/20 and 2020/21 export and production figures based on the latest MAPA and USDA estimates as doing so would then skew the later years. For this reason, the direction and rates of increase in the projections should be the focus of attention rather than the precise figures for each year. The 15 commodities covered in the MAPA projections include: cotton, peanuts, rice, rye, oats, canola, barley, dry beans, corn, soybeans, sorghum, wheat, triticale, sunflower, and castor seed.

Summary of Findings

Grain and Oilseed Planted Area and Production:

Planted area for the five principle grain and oilseed crops (corn, soybeans, rice, wheat, and dry beans) is expected by CONAB to grow 54 percent to 68.6 million hectares by 2028, compared to 45.4 million hectares in 2008/09. Area growth by 2028/29 is expected to increase at a slightly lower rate than the historical (1975-2017) annual growth rate for these five crops (2.93 percent vs. 3.09 percent). CONAB notes that this is principally due to gains in productivity that limit the need for area expansion. For the 20-year period covered, the combined planted area for rice, dry beans, and wheat is expected to be cut in half with a decrease of 77 percent for rice, 54 percent for dry beans, and 9 percent for wheat. Meanwhile, corn area is projected to expand by 30 percent and soybean area by 109 percent.

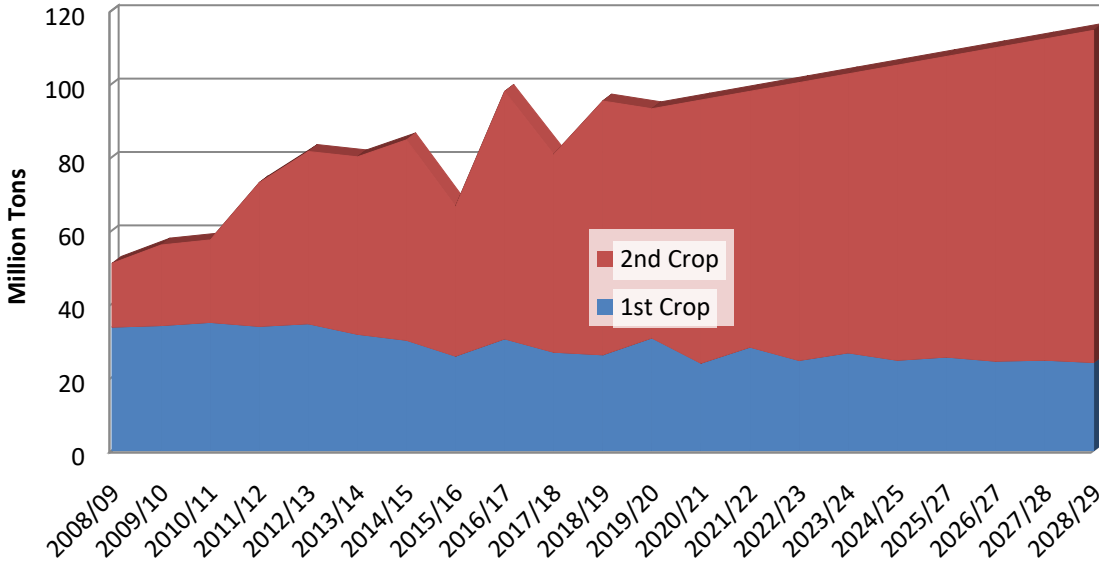# Principal Grain/Oilseed Crop Planted Area

Data Source: MAPA

Total planted area for the 15 crops encompassing the categories of grains, oilseeds and cotton (see 15 crops listed in overview section of this report) is forecast to reach 72.5 million hectares by 2028/29, which is approximately 9 million hectares (22 million acres) more than the forecast for the current season. This expanded area equates to roughly the total cropland currently planted in the state of Iowa. However, the rate of growth over the next decade (15.3 percent) is forecast to be less than area increases over the past 10 years (30.1 percent).

Production of the 15 principal cotton, grain, and oilseed crops is projected by CONAB to increase from 241 million tons to 300 million tons over the next 10 years. Therefore, while area is expected to increase 15.3 percent, production is projected to grow by 26.8 percent. The projected increase in production is less than the 58-percent growth over the last 10 years. The largest production increase (on a percentage basis) in expected to occur in the Center-West region, followed by the North (Amazon) region.
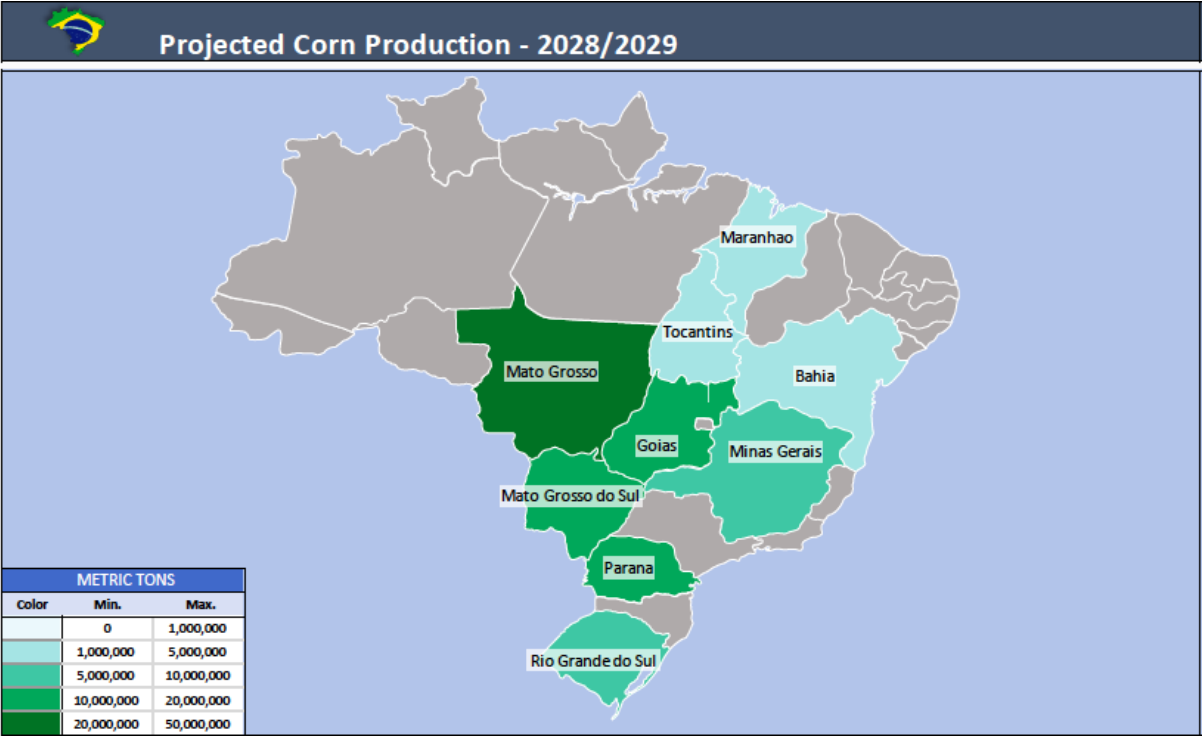
Corn Outlook:

Total corn production is projected to reach 114.5 million tons by 2028/29, while the proportion of first crop production is expected to continue its long-term decline. First-crop corn area a decade ago was roughly 66 percent of Brazil's total harvest, but it is expected to fall to just 21 percent of total production by 2028/29. Production growth over the next 10 years is expected to be the greatest in the Center-West state of Mato Grosso and the Northeastern state of Bahia (see graphics below). The largest producing state is Mato Grosso with 31 percent of production, but that proportion is projected to rise to 35 percent by 2028/29.
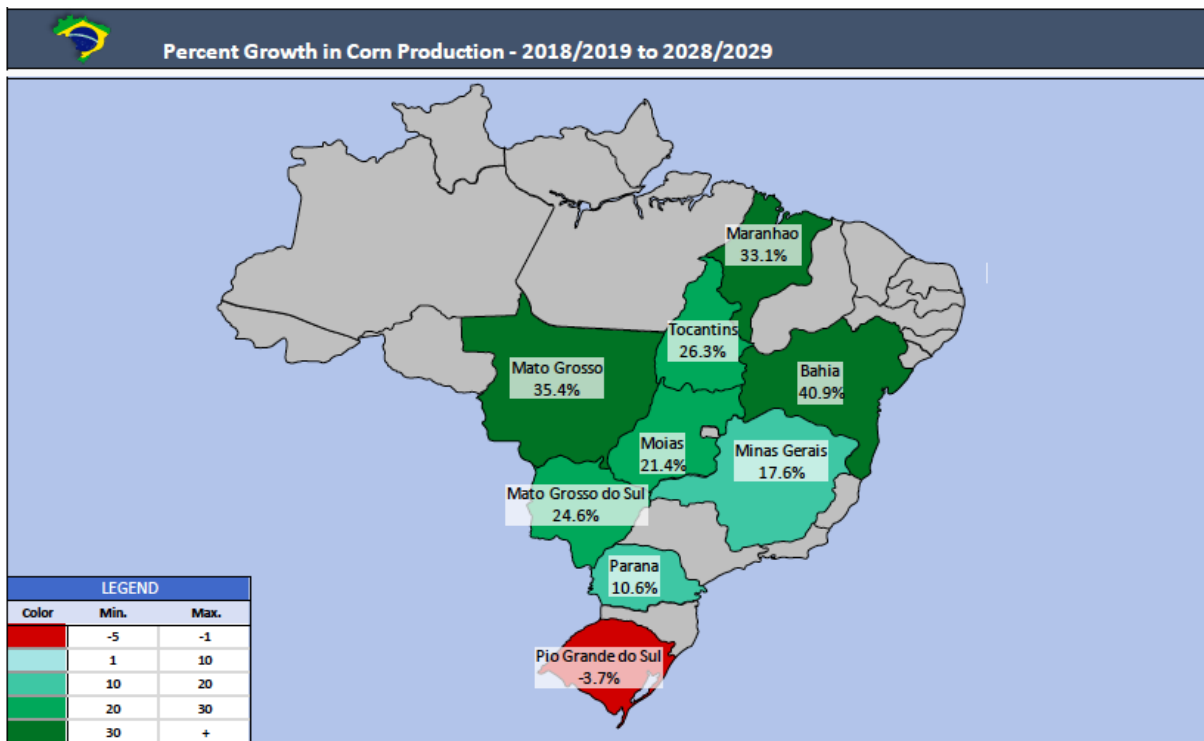
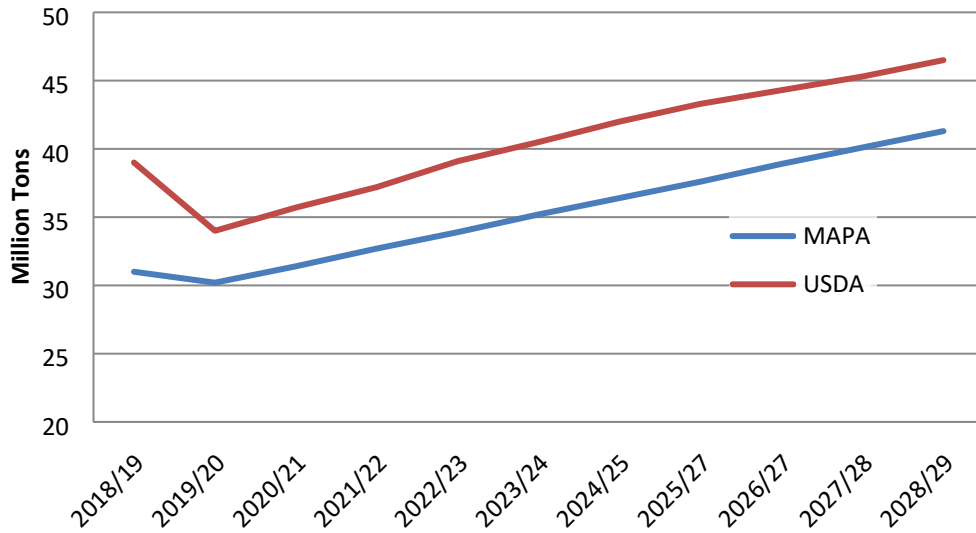# Corn Production

Data Source: MAPA/CONAB

Source: FAS/Brasilia Graphic based on CONAB Forecasts

Percent Growth in Corn Production - 2018/2019 to 2028/2029

Maranhao 33.1%

Tocantins 26.3%

Mato Grosso 35.4%

Bahia 40.9%

Moias 21.4%

Minas Gerais 17.6%

Mato Grosso do Sul 24.6%

Parana 10.6%

Pio Grande do Sul -3.7%

LEGEND		
Color	Min.	Max.
	-5	-1
	1	10
	10	20
	20	30
	30	+

Source: FAS/Brasilia Graphic based on CONAB Forecasts

The export projection to 2028/29 by CONAB is for a 33-percent increase over the decade, while the USDA forecast is for growth of 19 percent. Differences in the actual level of exports should be ignored as they primarily relate to the different release dates of the MAPA and USDA reports. CONAB projects an increase of 33 percent compared to the increase of 236 percent seen over the past decade. The annualized rate of growth over the next decade is forecast at 3.3 percent, compared to 15.4 percent over the past decade.
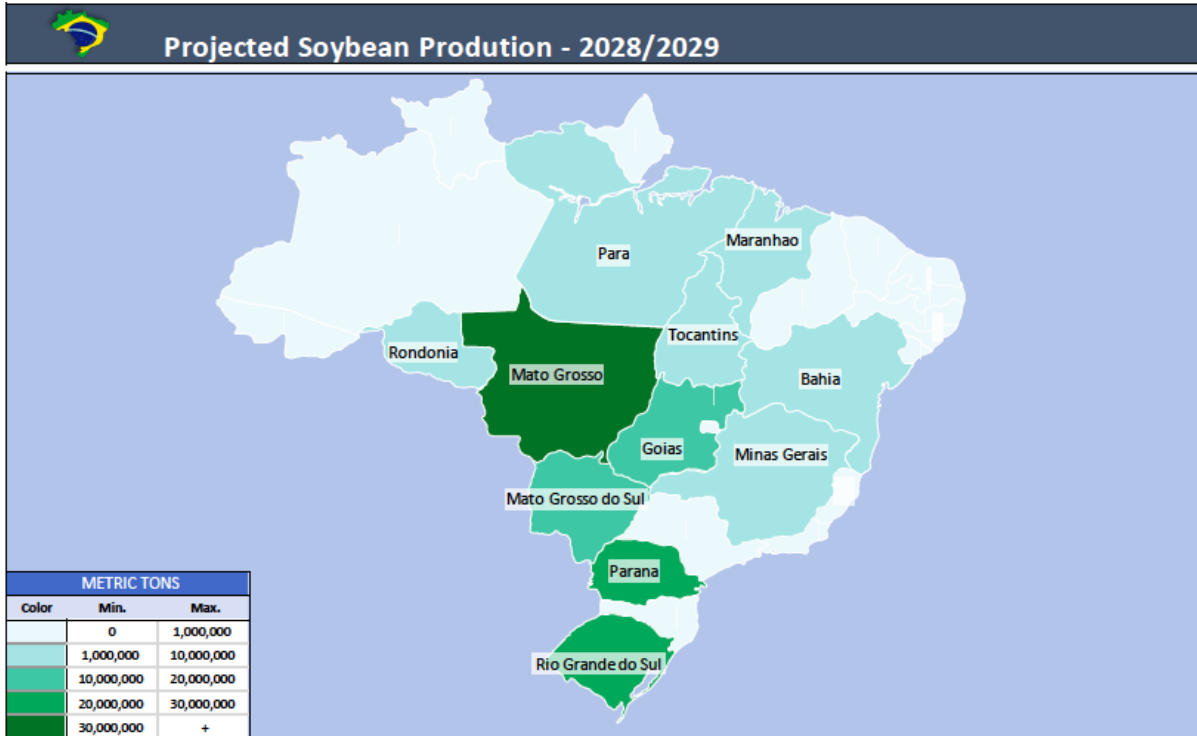
Corn Export Projections

Data Sources: MAPA/CONAB Agricultural Projections and USDA Baseline Projections
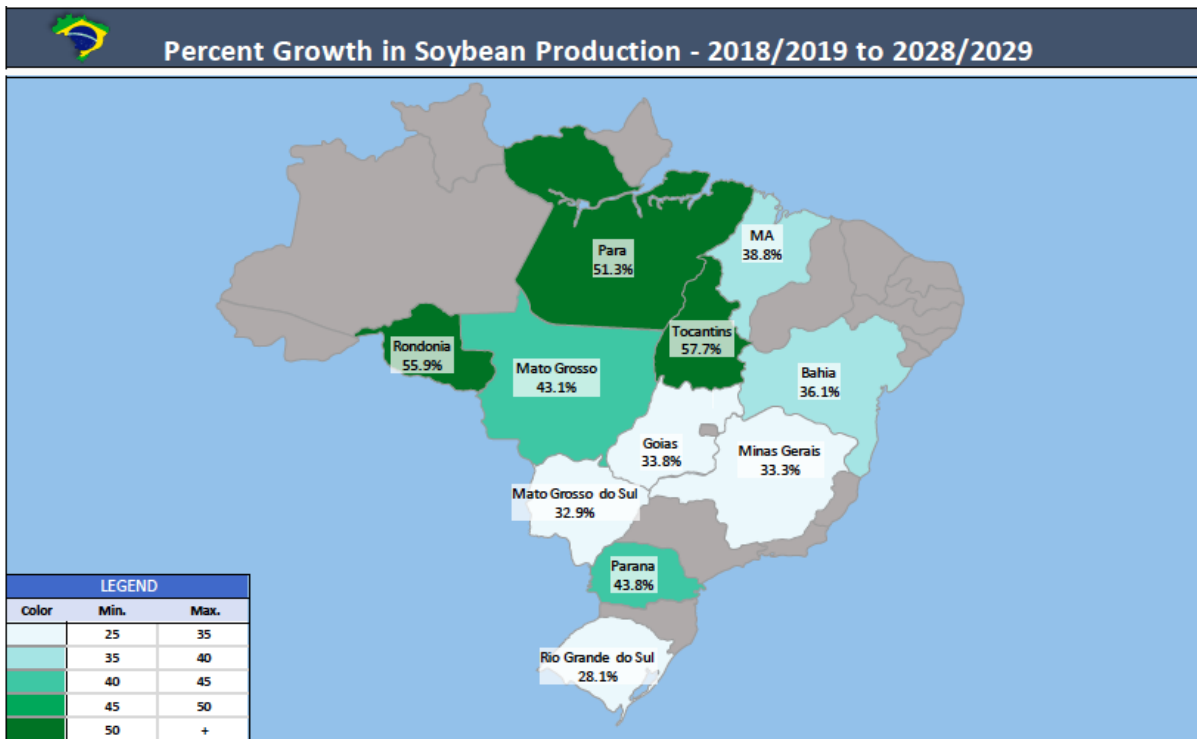
Soybean Outlook:

CONAB forecasts soybean production to grow to 152 million tons by 2028/29, which is an increase of 33 percent from 2018/19 production, compared to 67-percent growth seen over the past 10 years. The consumption of soybeans domestically is expected to increase at a faster rate than corn: 22.6 percent compared to 19.7 percent for corn. Planted area is forecast by CONAB to grow 26.6 percent over the next decade. Soybean area is expected to grow more than any other crop through the forecast period.

Expansion of soybean area is expected principally due to conversion of degraded pastureland into soybean area, though clearing of new land for production will also contribute to greater planted area. Much of the area growth is expected in the Matopiba region (Maranhao, Tocantins, Piaui, and Bahia (see graphics below). However, pasture conversion is expected to be strong in Mato Grosso, too.
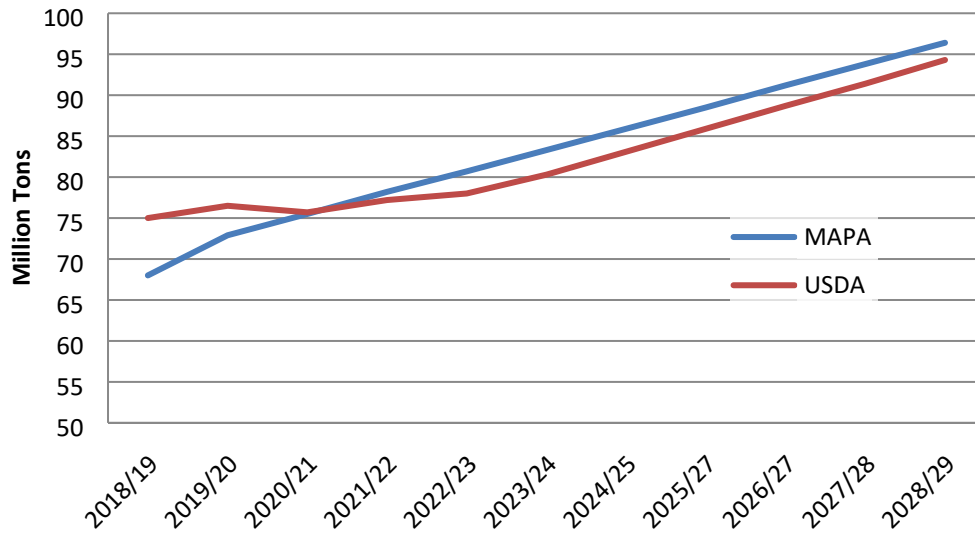
Projected Soybean Prodution - 2028/2029

METRIC TONS		
Color	Min.	Max.
	0	1,000,000
	1,000,000	10,000,000
	10,000,000	20,000,000
	20,000,000	30,000,000
	30,000,000	+

FAS/Brasilia Graphic based on CONAB Forecasts

Percent Growth in Soybean Production - 2018/2019 to 2028/2029

LEGEND		
Color	Min.	Max.
	25	35
	35	40
	40	45
	45	50
	50	+

FAS/Brasilia Graphic based on CONAB Forecasts

CONAB projects soybean exports to grow by 28.4 million tons by 2028/29 to 96.4 million tons, while USDA forecasts similar exports at 94.3 million tons. CONAB projections for exports are more aggressive than USDA, with CONAB projecting a 42-percent increase by 2028/29, compared to 26 percent by USDA.

Soybean Export Projections

Data Sources: MAPA Agricultural Projections and USDA Baseline Projections

Attachments:

No Attachments.