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Brazil

Grain and Feed

Update for March Lockup

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Report Highlights:

Post adjusted stock levels for wheat, rice, and corn for the 1998/99 through 2000/2001 marketing years, based on revisions to official Brazilian Government stock estimates (includes both private and government stocks). The 2000 wheat production forecast was revised upwards to 1.595 million tons, while the import forecast was also raised to 8.4 million tons. Corn beginning and ending stocks for 2000/2001 were raised to 677,000 tons and 2.639 million tons, respectively, due to the Government's "discovery" of additional corn stocks. Post raised the 2000/2001 corn export forecast to 600,000 tons due to Brazil's entrance into the export market.

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

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Executive Summary

Post adjusted stock levels for wheat, rice, and corn for the 1998/99 through 2000/2001 marketing years, based on revisions to official Brazilian Government stock estimates (includes both private and government stocks).

Commodity Outlook, Wheat

Wheat stocks were lowered for the 1998 through 2000 marketing years. Beginning stocks were lowered less than one percent to 769,000 tons in 1998, reduced 89,000 tons to 846,000 tons 1999, and were lowered 3 percent to 932,000 tons in 2000. Likewise, the 2000 ending stocks forecast was lowered 73,000 tons to 677,000 tons.

Post revised the 2000 production forecast upwards to 1.595 million tons, while raising the import forecast from 8.1 million tons to 8.4 million tons.

Consumption statistics were revised to bring Post numbers in agreement with the official Brazilian figures. Total consumption for 1998 was revised downwards to 9.18 million tons, while 1999 and 2000 consumption figures were revised upwards to 10.05 million tons and 10.25 million tons, respectively.

Wheat PS&D Table

PSD Table						
Country	Brazil					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		10/1998		10/1999		10/2000
Area Harvested	1425	1425	1185	1252	1350	1444
Beginning Stocks	550	769	775	846	950	932
Production	2190	2188	2500	2403	1800	1595
TOTAL Mkt. Yr. Imports	7300	7071	7200	7733	7700	8400
Jul-Jun Imports	7325	7240	7200	7227	7700	8100
Jul-Jun Import U.S.	16	11	0	150	0	600
TOTAL SUPPLY	10040	10028	10475	10982	10450	10927
TOTAL Mkt. Yr. Exports	7	0	0	0	0	0
Jul-Jun Exports	7	0	0	0	0	0
Feed Dom. Consumption	200	400	200	200	200	500
TOTAL Dom. Consumption	9258	9182	9525	10050	9650	10250
Ending Stocks	775	846	950	932	800	677
TOTAL DISTRIBUTION	10040	10028	10475	10982	10450	10927

Commodity Outlook, Corn

Post made significant revisions to the corn stock numbers, in concordance with the latest Government statistics.

Beginning stocks for 1998/99 were raised one percent to 3.122 million tons, while beginning stocks for 1999/2000 were nearly doubled from 737,000 tons to 1.416 million tons. Beginning stocks for 2000 were raised from 156,000 tons to 677,000 tons while ending stocks were raised to 2.639 million tons. The Brazilian government reported that stocks are considerably higher than previous estimates, as the government has "discovered" large stocks in Mato Grosso. Stocks were underreported and underestimated for several reasons. First, much of the frost-damaged corn in the safrinha (second crop) was considered a total loss, but farmers were able to salvage some of the low quality damaged corn (reportedly, some of this poor quality corn was exported to Europe). Furthermore, corn consumption was lower than expected due to substitution of frost-damaged wheat and large quantities of imported sorghum. CONAB, the federal agricultural supply agency, currently has a team visiting USDA in the United States to discuss and learn about evaluation and management of stocks.

Production for 1998/1999 was corrected upwards to 32.393 million tons from 31.225 million tons, while the 2000/2001 forecast was reduced one percent to 38.498 million tons. The 2000/2001 corn forecast may drop further due to dry conditions in Mato Grosso. However, improved weather conditions should bolster production in Parana, which may offset the drop in production in Mato Grosso. Brazilian corn production will be significantly higher than last year, and corn prices already have already fallen close to the minimum guaranteed prices. In the south and southeast regions, for instance, the price of a 60 kilo bag of corn fell from an average price of R\$14.10 in the second semester of 2000 to only R\$7.70, only slightly higher than the minimum guaranteed price of R\$7.28.

Based on the latest government statistics, Post revised the corn consumption figures for 1998 through 2000. The 1998/99 corn consumption number was revised upwards to 35.002 million tons while the 1999/2000 figure was revised downwards to 34.48 million tons. Corn consumption is forecast to increase to 36.236 million tons in 2000/2001.

Due to strong corn supplies, Post lowered the import forecast for 2000/2001 to 300,000 tons. Post revised the corn export forecast up to 600,000 tons for 2000/2001, due to Brazil's entrance into the corn export market. High stocks and low prices will boost Brazil's corn exports. Importers in Europe and Asia have recently expressed interest in increasing purchases of non-GMO corn from Brazil. Some analysts opine that Brazilian corn exports may reach 1 million tons in 2001 and could maintain that level next year.

Corn PS&D Table

PSD Table						
Country	Brazil					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1999		04/2000		04/2001
Area Harvested	12250	12100	12500	12490	13000	13570
Beginning Stocks	1100	3122	1000	1416	1300	677
Production	32350	32393	33000	31641	34500	38498
TOTAL Mkt. Yr. Imports	1130	906	1100	2100	500	300
Oct-Sep Imports	945	1500	1700	2000	750	150
Oct-Sep Import U.S.	121	16	0	79	0	50
TOTAL SUPPLY	34580	36421	35100	35157	36300	39475
TOTAL Mkt. Yr. Exports	8	3	50	0	0	600
Oct-Sep Exports	8	2	50	0	0	0
Feed Dom. Consumption	28200	29121	28600	29300	29700	32000
TOTAL Dom. Consumption	33572	35002	33750	34480	34400	36236
Ending Stocks	1000	1416	1300	677	1900	2639
TOTAL DISTRIBUTION	34580	36421	35100	35157	36300	39475

Commodity Outlook, Rice

Post adjusted the rice PS&D, mostly due to revised Brazilian Government stocks figures.

Post increased the 1998/99 beginning stocks figure from 270,000 tons to 494,000 tons, and raised the 1999/00 beginning stocks number 35 percent to 1.285 million tons. Due to large rice supplies in the Mercosul region, the 2000/01 beginning stocks figure was raised to 1.641 million tons with ending stocks at 1.353 million tons. Milled production for 1999/00 was revised downwards one percent to 7.768 million tons while 2000/01 production was raised to 7.336 million tons.

The import forecast for 2000/01 was lowered to 490,000 tons due to the large supplies, while the export forecast was raised to 156,000 tons. Due to the nature of Mercosul, regional trade continues despite the surplus in each country. Exports are destined for Mercosul countries, as well as to Venezuela from new rice growing regions in the northern state of Roraima.

Consumption figures were adjusted based on the latest government figures. Consumption remains flat at 7.96 million tons, slightly lower than Post's previous reports.

Rice PS&D Table

PSD Table						
Country	Brazil					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		04/1999		04/2000		04/2001
Area Harvested	3845	3700	3706	3650	3550	3550
Beginning Stocks	430	494	1061	1285	1244	1641
Milled Production	7876	7876	7843	7768	7400	7336
Rough Production	11582	11582	11534	11424	10882	10788
MILLING RATE (.9999)	6800	6800	6800	6800	6800	6800
TOTAL Imports	975	890	650	602	725	490
Jan-Dec Imports	778	978	700	700	700	500
Jan-Dec Import U.S.	2	151	0	0	0	0
TOTAL SUPPLY	9281	9260	9554	9655	9369	9467
TOTAL Exports	40	20	50	58	50	156
Jan-Dec Exports	40	50	50	50	50	0
TOTAL Dom. Consumption	8180	7955	8260	7956	8350	7958
Ending Stocks	1061	1285	1244	1641	969	1353
TOTAL DISTRIBUTION	9281	9260	9554	9655	9369	9467