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Report Highlights:

With the expected end of the El Niño weather phenomenon, which severely impacted corn productivity this 2023/24 harvest, Post forecasts a year-on-year increase in corn production for MY 2024/25 (March 2025 – February 2026) at 127 MMT. Corn exports for MY 2024/25 are expected to drop to 46 MMT, based on increased domestic consumption, especially by the corn ethanol industry in Brazil. Rice planted area is forecast to increase in MY 2024/25 to 1.6 million hectares (ha), based on an anticipated recovery in profitability of the sector, though lower yields may bring production slightly lower, to 10.8 MMT. Wheat production was forecast at 9.6 MMT for MY 2024/25, 2 percent lower than the initial projection, due to the lack of incentives for producers to invest in wheat crops this coming season, in addition to the possible effects of late planting in Rio Grande do Sul.

CORN

Production, Supply, and Distribution

Table 1
Production, Supply, and Distribution of Corn

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Mar 2023		Mar 2024		Mar 2025	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	22400	22400	21500	21500	22300	22000
Beginning Stocks (1000 MT)	3971	3971	10041	8541	3841	4941
Production (1000 MT)	137000	135500	122000	122000	127000	127000
MY Imports (1000 MT)	1333	1333	1300	1400	1500	1500
TY Imports (1000 MT)	1684	1684	1500	1500	1400	1400
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	142304	140804	133341	131941	132341	133441
MY Exports (1000 MT)	54263	54263	50000	45000	49000	46000
TY Exports (1000 MT)	53285	53285	51000	47000	51000	47000
Feed and Residual (1000 MT)	61500	62000	63000	65000	64000	65500
FSI Consumption (1000 MT)	16500	16000	16500	17000	16500	18500
Total Consumption (1000 MT)	78000	78000	79500	82000	80500	84000
Ending Stocks (1000 MT)	10041	8541	3841	4941	2841	3441
Total Distribution (1000 MT)	142304	140804	133341	131941	132341	133441
Yield (MT/HA)	6.1161	6.0491	5.6744	5.6744	5.6951	5.7727

(1000 HA), (1000 MT), (MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Corn begins in October. TY 2023/2024 = October 2023 - September 2024
 Source: Post Brasilia

Corn Production

Brazil's 2023/24 corn harvest is nearing completion, but it has been adversely affected by the El Niño weather phenomenon in the country's main producing regions. This has led to lower yields than originally anticipated at the beginning of the harvest.

The southernmost state of Rio Grande do Sul, a major agricultural producer, experienced heavy rainfall and flooding in late April and throughout May 2024, resulting in significant impacts on both urban areas and agricultural fields (see [Unprecedented floods in Rio Grande do Sul threaten Brazil's agricultural output | BR2024-0009](#)). Nearly 90 percent of the state's municipalities were affected, leading to over R\$ 6.3 billion in losses (US\$ 1.22 billion).

The state government's initial assessment of the flood's impacts revealed that 48,674 grain producers were affected, including 36,302 corn producers, and that various crops suffered substantial losses. The floods damaged stored grain, affected summer crops like corn and rice, and disrupted the initial sowing of winter crops such as wheat.

Table 2

Rio Grande do Sul: Affected area and losses in grain production

GRAIN TYPE	LOSSES IN THE AFFECTED AREA (t)	AFFECTED PRODUCERS	AFFECTED AREA (ha)
Corn for silage	721,336	7,963	32,681
Corn	354,189	28,339	113,700
TOTAL Corn	1,075,525	36,302	146,381
Rice*	160,664	1,581	89,931

Data Source: Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS),

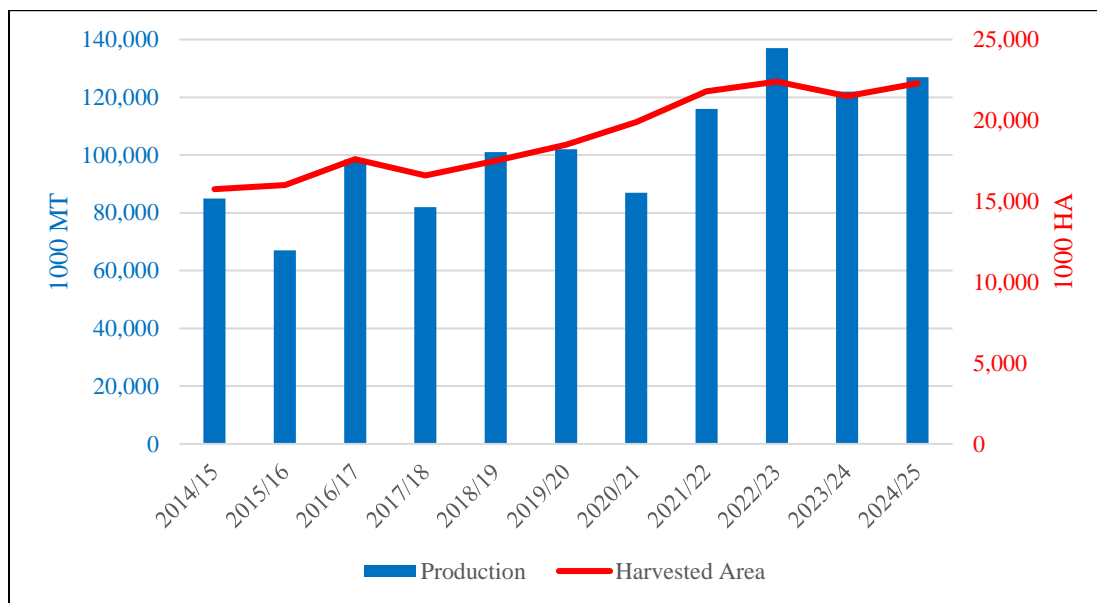
**Instituto Rio Grandense do Arroz (IRGA); Table Post Brasilia*

Corn Area to Remain Stable While MY 2024/25 Production Benefits From Better Yields

Post maintained its forecast for corn planted area for MY 2024/25 (March 2025 – February 2026) at 22 million hectares (ha), 2.3 percent higher than the estimated harvested area for MY 2023/24 (March 2024 – February 2025), set at 21.5 million hectares (ha). The combination of elevated corn production, low trade rhythm, weakened international demand, and high storage deficit in Brazil has led producers to remain cautious about planting corn in the coming season.

Post forecast corn production for MY 2024/25 (March 2025 – February 2026) at 127 MMT, a 4 percent increase from the estimate for MY 2023/24 (March 2024 – February 2025). With the expected end of the El Niño weather phenomenon, which severely impacted corn productivity this 2023/24 harvest, yields are expected to improve in the coming season, resulting in higher production despite the smaller proportionate area increase.

Figure 1
Evolution of Corn Harvested Area and Production in Brazil



Data source: Foreign Agricultural Service, Official USDA Estimates, with *2024/25 as estimate; Graph Post Brasilia

Weather Forecast: On the Lookout for La Niña

The ENSO (El Niño – Southern Oscillation) forecast analysis conducted by the International Research Institute for Climate and Society (IRI) indicates that neutral weather conditions are expected during July, August, September, and October 2024, with probabilities ranging from 50 to 64 percent. However, from September through November 2024, there is a 50 percent probability of a transition to the La Niña phenomenon.

According to Brazil's National Institute of Meteorology (INMET), above-average rainfall is forecasted for parts of the North Region. The areas expected to be affected include the north of Roraima, northwest of Pará and Amazonas, and the eastern part of Acre and Amapá. In other areas, rainfall volumes may be close to or below the historical average, potentially leading to reduced soil moisture levels in the coming months.

The Northeast, Centre-West, and Southeast of Brazil are forecast to receive below-average rains in most of the states, reducing the storage of water in the soil. The exception is for some areas in the southeastern states of São Paulo and Mato Grosso do Sul, which may see higher incidences of rainfall due to the advancement of some cold fronts.

In the South Region of Brazil, which is still recovering from the impact of severe floods in Rio Grande do Sul in May, lower rainfall is forecasted, except for certain areas in Santa Catarina, as well as the northeastern and southern parts of Rio Grande do Sul.

Previous incidences of La Niña have brought longer periods of dry weather, which not only prevented farmers from planting at the ideal time but compromised the water supply of reservoirs to irrigate crops.

Harvest Outlook

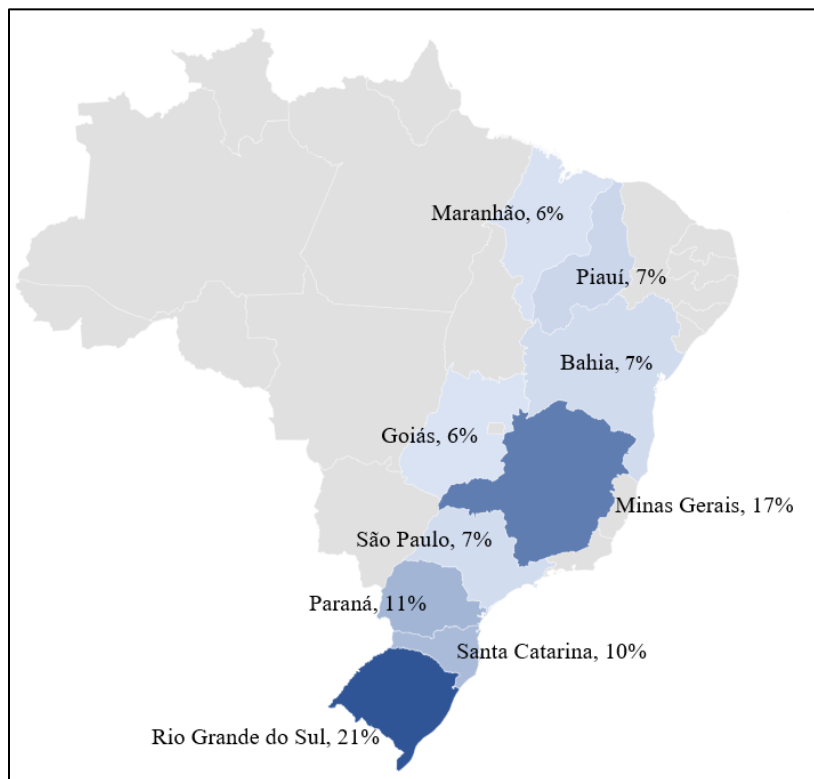
The harvest of first-season corn has been mostly completed across the country, with nearly 75 percent of second-season corn already harvested by mid-July. There has been a decrease in the planted area for corn compared to the 2022/23 season. Optimal weather has been favoring the sowing of third-season corn, with most crops in the vegetative development and reproductive phases.

First-Season Corn

By mid-July, harvest of the first-season corn had reached 95 percent. Rain has interfered with the harvesting activities in Rio Grande do Sul, but reaping is almost finalized. Some states, like Maranhão and Piauí, are experiencing harvesting at a slower pace compared to the previous season, while Bahia is progressing faster.

Figure 2

First-season Corn: Main Producing States, 2023/24



Data source: National Supply Agency (CONAB); Graph Post Brasilia

- **Rio Grande do Sul:** With most of the 2023/24 harvest concluded, the state is experiencing a decrease in corn yield due to heavy rainfall in recent months. The Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS) had initially estimated a corn area of 812,795 hectares and a production of 5.2 MMT, resulting in a yield of 6.40 MT/ha. However, due to the losses caused by floods in the state, the new projection indicates that production will be 4.8 MMT, and state productivity will decrease to 5.97 MT/ha. EMATER/RS also estimates that 113,700 hectares of planted area were lost.
- **Minas Gerais:** The state's production for the 2023/24 season has decreased due to adverse weather conditions during the planting cycle. Brazil's National Supply Company (CONAB) estimates yield at 5.70 MT/ha, marking a 13.5 percent reduction compared to the previous cycle. Production is expected to reach 3.9 MMT, a 24 percent decrease from the 2022/23 harvest.
- **Paraná:** Lower yields and a reduction in planted area have resulted in a decrease in the production of first-season corn in Paraná during the 2023/24 harvest. CONAB estimates the production at 2.53 MMT, a 34 percent decrease compared to the previous season. However, according to Paraná's Department of Rural Economy (DERAL/PR), the outlook for the 2024/25 corn harvest looks promising. This is due to a reduction in production costs resulting from a drop in the price of fertilizers, pesticides, and seeds, which should encourage producers to continue investing in planting corn.
- **Santa Catarina:** According to data from the Agricultural Research and Rural Extension Company (EPAGRI/SC), the state finalized harvesting and saw a 21.8 percent reduction in corn production this 2023/24 harvest compared to last year, reaching 2.26 MMT. The decrease is due to lower yields and an 8.7 percent reduction in planted area compared to the 2022/23 season. EPAGRI/SC estimates this year's corn yield at approximately 7 tons per hectare.
- **Piauí:** Even though the sowing for the 2023/24 harvest started later in the year compared to the previous season, the corn crop grew well and maintained a similar yield to 2022/23. However, according to CONAB, there was a 20 percent decrease in the planted area in the state, resulting in a total of 378.6 thousand hectares of corn for the 2023/24 harvest. This decrease in planted area led to a drop in production from 2.12 MMT to 1.71 MMT this season.
- **Bahia:** Pests and long periods of dryness strongly impacted corn crops during this 2023/24 season, leading to a sharp decline in yield and production. Additionally, many farmers planted their crops outside of the ideal sowing window, causing them to mature too late in the season. Consequently, it is anticipated that the state will produce approximately 1.6 MMT of first season corn this crop year, significantly lower than the 2.8 MMT produced in 2022/23.
- **São Paulo:** According to CONAB, the state is expected to produce around 1.6 MMT of first-season corn during the 2023/24 harvest, which has already been completed. This shows a 20 percent decrease compared to the previous year, attributed to lower yields caused by unfavorable weather conditions throughout the crop's development phase.

- **Maranhão:** The state has seen some of its corn crop area being replaced by other more profitable grains, such as soybean. However, the 2023/24 harvest, which is likely to be concluded in August, should not decrease significantly. CONAB estimates that first season corn production in Maranhão will be of approximately 1.5 MMT, 7 percent lower than in the previous season.
- **Goiás:** With harvest concluded, the state is estimated to have achieved the highest average yield for first season corn this 2023/24 season, at 9.50 MT/ha. However, a decrease in planted area has led to lower production, resulting in 1.4 MMT of corn produced in the state.

Second-Season Corn

The harvest of second-season corn, also known as *safrinha*, reached approximately 75 percent by mid-July, which is a significantly faster pace compared to the 39 percent recorded during the same period in the previous year. This rapid progress can be attributed to the early planting of many crops in various regions. While some states like Mato Grosso do Sul, São Paulo, and Paraná experienced irregular rainfalls and droughts, others such as Mato Grosso, Tocantins, Goiás, and Pará had optimal weather conditions during the development stages of the corn, leading to a good yield.

Figure 3

Second-season Corn: Main Producing States, 2023/24



Data source: National Supply Agency (CONAB); Graph Post Brasilia

- **Mato Grosso:** By mid-July, the 2023/24 second season corn harvest had reached 90 percent in the state, a record fast pace, considering the five-year average harvest is of 73.4 percent. Last season, reaping reached 68.2 percent during the same period, according to data from the Mato Grosso Institute of Agricultural Economics (IMEA). Second season corn area is estimated at 6.94 million hectares, a 7.31 percent drop in relation the previous season. Production of the 2023/24 second season corn harvest is estimated at 47.3 MMT, almost 10 percent higher than the previous harvest, according to IMEA. This increase is due to better yields. The storage of the harvested grains is a significant concern. As the state experiences its dry season, the corn is temporarily stored outdoors. However, it is essential that the grains are sold before the rainy season begins, which is expected to start in early September.
- **Paraná:** DERAL/PR predicts that the second season corn harvest in the state for 2023/24 will be 12.9 MMT, which is a 9 percent decrease compared to the previous year. Crop conditions in the northern and northeastern parts of the state have led to lower yields and significant losses, mainly due to the lack of rainfall causing increased crop stress. DERAL/PR estimates the harvested area for the second corn season at 2.4 million hectares. Corn yields in northern Paraná have fallen below expectations due to prolonged periods of drought and high temperatures during the development phase, especially for the earlier planted corn. In other regions of the state, producers are harvesting corn for silage due to the loss of productive potential. By mid-July, approximately 66 percent of the *safrinha* crop had been harvested in the state, and this fast pace was possible due to the dry weather over the past few weeks. If these weather conditions persist, farmers will be able to plant their 2024/25 corn crops in August.
- **Goiás:** According to CONAB, the state has seen a 14 percent reduction in planted area of second season corn this 2023/24 harvest in comparison to the previous season. As a result, production should reach 9.3 MMT, 16 percent lower than the registered in 2022/23. Crops were affected by periods of drought throughout the season, which hindered the development of the plants. Harvest had reached 50 percent by mid-July.
- **Mato Grosso do Sul:** According to the Agriculture and Livestock Federation of Mato Grosso do Sul (FAMASUL) the state has seen poor to average corn development in almost half of its crop, with variable yield results throughout the regions. This was a result of water restrictions and high temperatures. By mid-July, approximately 60 percent of the *safrinha* crop had been harvested in the state. FAMASUL estimates that the state's 2023/24 harvested area is of 2.21 million hectares, down 5.8 percent from the previous season.

Third-Season Corn

In 2019, Brazil also established a third-season corn crop, planted only in some states of the country's North and Northeast. Due to the region's climate, this crop cycle resembles that of the United States, with planting occurring around May and harvesting in October. This corn cycle accounts for approximately 2 percent of corn production and presents lower yield rates, averaging 3.6 MT/ha, while first-season corn is estimated to average 6.0 MT/ha. Many analysts credit the lower productivity of third-season corn to the lesser use of technology in the region as farmers traditionally destine their harvest for livestock feed.

The 2023/24 third-season corn has been planted in all of the producing regions. Should weather conditions remain optimal during the crops' development cycle, there are high expectations of increased production in relation to the 2022/23 harvest.

Figure 4

Third-season Corn: Producing States, 2023/24



Data source: National Supply Agency (CONAB); Graph Post Brasilia

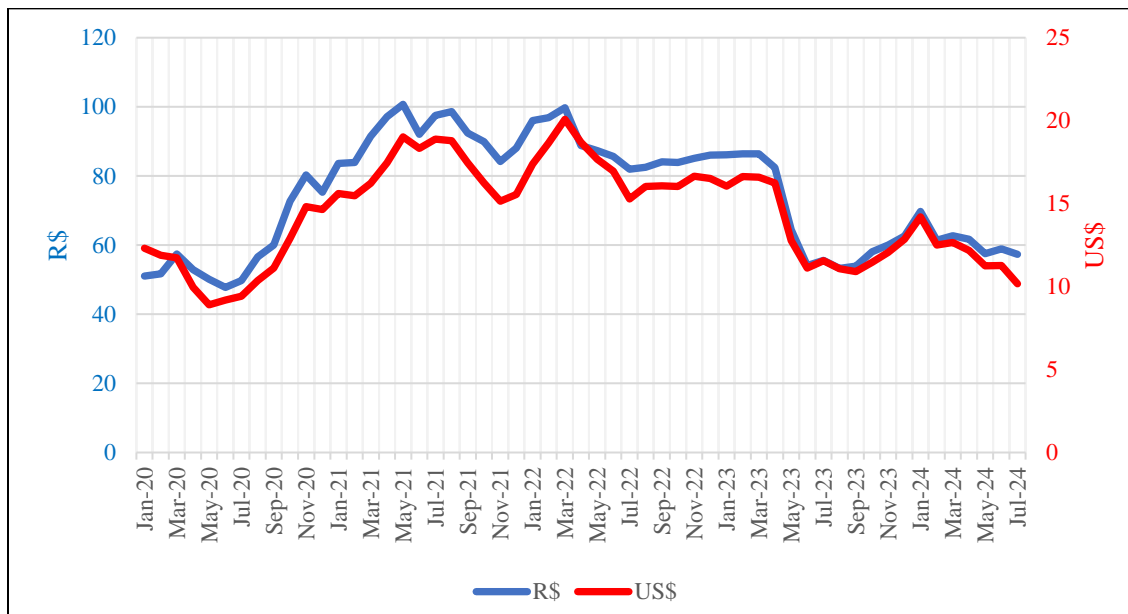
- **Bahia:** The 2023/24 third-season corn crop is currently in development, flowering, and a small part in grain filling. The state is expected to produce 1.1 MMT of corn this season, a 20 percent increase in relation to the previous harvest of third-season corn, as a result of better yields and higher planted area.
- **Sergipe:** Sowing has been finalized in the state, which is expected to maintain the same planted area for third season corn in 2023/24 as in the previous season, according to CONAB. Sergipe should produce around 930 thousand tons of corn this 2023/24 harvest, should the current optimal weather conditions prevail.
- **Alagoas:** Also undergoing favorable weather patterns, the state of Alagoas is expected to see a 13.4 percent increase in its third season corn production, by estimates made by CONAB, totaling almost 165 thousand tons. Most of the crops are in the development of the vegetative stage.

Corn Prices Continue to Fall

According to the University of Sao Paulo's Center for Advanced Studies in Applied Economics (CEPEA), corn prices have been decreasing since the beginning of 2024. The average price for a 60-kilo bag of corn in the first week of January 2024 was R\$ 70.32 (US\$ 14.34). By the week of July 8, 2024, the average price had reached 56.27 (US\$ 10.35), a 20 percent drop. For the month of June, corn prices closed at an average of R\$ 57.86 (US\$ 10.73), showing a 2 percent decline from the previous month, as indicated by the CEPEA index. The drop is attributed to the increase in corn supply due to the advancement of the second season's harvest. Furthermore, the rise in international corn supply from countries like Argentina and the United States has contributed to the decline in corn prices in Brazil's spot market despite the strengthening of the US dollar against the Brazilian real. In addition, Argentina's recently signed trade deal with China to export corn has heightened competition and put negative pressure on Brazilian corn prices and exports.

Figure 5

Corn Prices in Brazil's ESALQ/BM&FBOVESPA (60/kg bag)



Data Source: University of Sao Paulo Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia

The Mato Grosso Institute of Agricultural Economics (IMEA) has estimated a 0.4 percent increase in the production cost of corn in June 2024 for the 2024/25 harvest compared to the previous month. The cost of corn cultivation (see Table 3, a-f) is currently set at R\$ 3,228.67/ha, with the Effective Operating Cost (EOC) estimated at R\$ 4,589.36, representing a 0.7 percent decrease over the same month of 2023.

As a result, the break-even point required to cover the EOC for the 2024/25 harvest has remained stable compared to 2023/24. However, in order to cover the Total Operating Costs (the sum of all costs minus 'Opportunity Costs'), the producer needs to harvest at least 142.44 bags per hectare for the 2024/25 harvest. This volume is higher than the expected average yield of 110.85 bags per hectare, which may lead to increased caution by producers when deciding to plant corn during the 2024/25 season.

Table 3*Production Cost of Corn in Mato Grosso (R\$/ha)*

Harvest	2021/22	2022/23	2023/24	2023/24	2024/25	2024/25
Year	2021	2022	2023	2023	2024	2024
Month	Consolidated	Consolidated	Consolidated	June	January	June
a) Seeds	554.43	670.53	750.78	693.11	895.42	832.84
b) Fertilizers	1,168.51	1,816.57	1,518.66	1,639.44	1,324.15	1,224.93
c) DEFENSIVES (Fungicide, Herbicide, Insecticide, etc.)	469.15	585.83	733.24	773.37	841.39	780.10
d) MECHANIZED OPERATIONS (Planting, Fertilizing, Applications with Machines, Harvesting..)	109.63	161.99	150.33	154.91	177.45	167.87
e) Third Party Services	1.73	3.00	2.78	2.94	22.01	22.01
f) Labor	76.91	83.05	128.65	128.06	206.25	200.91
g) Maintenance	106.47	109.97	167.27	166.08	234.33	234.33
h) Taxes and Fees	108.19	118.33	120.88	119.16	140.66	140.84
i) Financing and Insurances	214.02	276.71	292.23	303.53	307.40	293.66
j) POST- PRODUCTION (Classification and Processing, Storage, Production Transport)	278.6	288.55	285.47	293.31	388.82	381.50
k) Other Costs (Technical Assistance, Utilities Fuel, General Expenses)	84.29	97.43	113.21	116.66	110.93	109.32
l) Lease	210.01	208.66	216.50	231.71	222.59	201.05
Effective Operating Cost - EOC (a + ... + l)	3381.94	4,420.62	4,480.01	4,622.28	4,871.42	4,589.36
DEPRECIATION (of Equipment, Utilities, and Improvements)	198.41	202.72	324.44	322.36	426.56	426.56
Family Labor	60.97	61.64	69.95	70.06	110.45	110.45
OPPORTUNITY COST (Working Capital, Improvements, etc.)	754.53	925.79	994.73	1,053.74	1,032.33	936.84
TOTAL	4,395.84	5,610.78	5,869.12	6,068.44	6,440.75	6,063.21

Data Source: Mato Grosso Institute of Agricultural Economics (IMEA), costs in R\$/ha, with June 2024/25 as estimates; Chart Post Brasilia

On July 16, 2024, the Ministry of Agriculture and Livestock updated the minimum prices for corn for the 2024/2025 harvest. These values will serve as a reference for operations related to the Minimum Price Guarantee Policy (PGPM). The policy aims to ensure a minimum income for rural producers. The minimum prices are established before the start of the next harvest to help farmers decide which crops to plant. They also demonstrate the government's commitment to purchasing or subsidizing agricultural products if their market prices fall below the minimum prices.

Table 4
Corn Minimum Guaranteed Prices (R\$/60kg bag)

Location	Quantity	2023/2024	2024/2025	Variation	Validity
Rio Grande do Sul and Santa Catarina	60 kg	R\$ 52.38	R\$ 52.38	0%	Jan 2025 to Dec 2025
Southeast and Paraná		R\$ 47.79	R\$ 45.83	-4.10%	
Centre-West and North (except Tocantins & Pará)		R\$ 39,21	R\$ 35.91	-8.40%	
Maranhão, Pará, Piauí, Tocantins, and west of Bahia		R\$ 39.21	R\$ 40.55	3.40%	
Northeast (except Maranhão, Piauí, and west of Bahia)		R\$ 50.30	R\$ 55.07	9.50%	Jun 2025 to May 2026

Data Source: National Supply Company (CONAB); Table Post Brasilia

New Legislations Keeping Industry on High Alert

A recent proposal is being discussed at the Brazilian Foreign Trade Chamber (CAMEX) to increase the tariff on the fungicide Picoxystrobin from zero percent to 14 percent. If this proposal is approved, it could significantly raise the cost of agricultural production in Brazil. This increase may also lead to higher food costs for consumers and impact the income of farmers.

Picoxystrobin is widely used in Brazilian agriculture to manage fungal diseases in major crops such as soybeans, corn, rice, wheat, and cotton. In corn cultivation, Picoxystrobin is crucial for controlling *cercosporiosis*, a fungus that can cause production losses of over 80 percent in the Center-South region of Brazil.

Many agricultural entities are concerned that this proposed increase could set a precedent for raising tariffs on other essential inputs for the agricultural sector. CAMEX's Tariff Change Committee (CAT) is expected to make a decision on this issue by August.

Tax Reform

On July 10, 2024, the Brazilian Chamber of Deputies approved a bill for Brazil's tax reform, with the aim of simplifying the tax system and eliminating disproportionate burdens. The proposed reform involves merging previous federal, state, and municipal taxes into two categories: the Tax on Goods and Services (IBS), which will be charged by states and municipalities, and the Contribution on Goods and Services (CBS), to be collected by the federal government.

The bill also outlines a zero-tariff regime for food and personal hygiene items that form the basic food basket, including essential goods like rice, beans, coffee, flour, grits, and milk.

Additionally, the bill proposes the creation of a basic basket with a reduced tax, providing a 60 percent discount on the value of taxes for food items such as beef, pork, poultry meat, fish, honey, and various types of cheese. The reduced tax rate will be adjusted from 11.6 to 4.8 percent. Meanwhile, all other food items not included in these baskets will be subjected to an added tax, currently projected at 26.5 percent.

The agricultural sector welcomed simplifying the tax burden and exempting basic food products from tariffs. However, it is still being determined whether these steps will indeed reduce the tax burden on corn production chains.

According to various industry experts, some services that were not directly taxed, such as real estate, financial services, and other agricultural inputs, may end up being taxed at a higher rate, which will affect the final price of products at the end of the production process, further burdening corn producers.

The bill sets a transition period from 2027 to 2033, during which current consumption taxes will gradually be replaced. The next step is for the text to be approved by the Brazilian Senate, with the vote expected to take place in the second half of this year.

Harvest Plan 2024/25

Brazil announced on July 3, 2024, that it is releasing R\$ 400.59 billion in resources available for loans for medium and large farmers as part of its 2024/25 Harvest Plan (Plano Safra 2024/25). This represents a 10 percent increase compared to the previous harvest. In addition, R\$ 108 billion will be available in the form of Agribusiness Letters of Credit, totaling R\$ 508.59 billion to promote the development of Brazilian agriculture. The government also announced a separate plan to disburse R\$ 76 billion to small family farmers. This represents a 6 percent increase compared to 2023/24 and is almost 43 percent higher than the amount invested in 2022/23.

A significant portion of the plan will be directed towards the RenovAgro program, with incentives for the renovation of degraded pastures, implementation of crop-livestock-forest integrated production systems, and the use of best practices for the conservation of natural resources.

There are 13 programs in the plan focusing on investments in innovation, modernization of production agriculture, and sustainable agriculture with emphasis on reduced carbon emissions. Additionally, improving food production by small family farmers is an integral part of the plan with special emphasis on organic food production.

The National Program to Strengthen Family Farming (PRONAF) will offer 10 lines of credit totaling R\$ 76 billion for family farmers at a subsidized interest rate of 2 and 3 percent to produce organic products. According to the government, PRONAF will focus on putting more food on Brazilian tables, with one goal being to increase rice production by 200,000 tons. The 2024/25 Harvest Plan runs from July 1, 2024, to June 30, 2025.

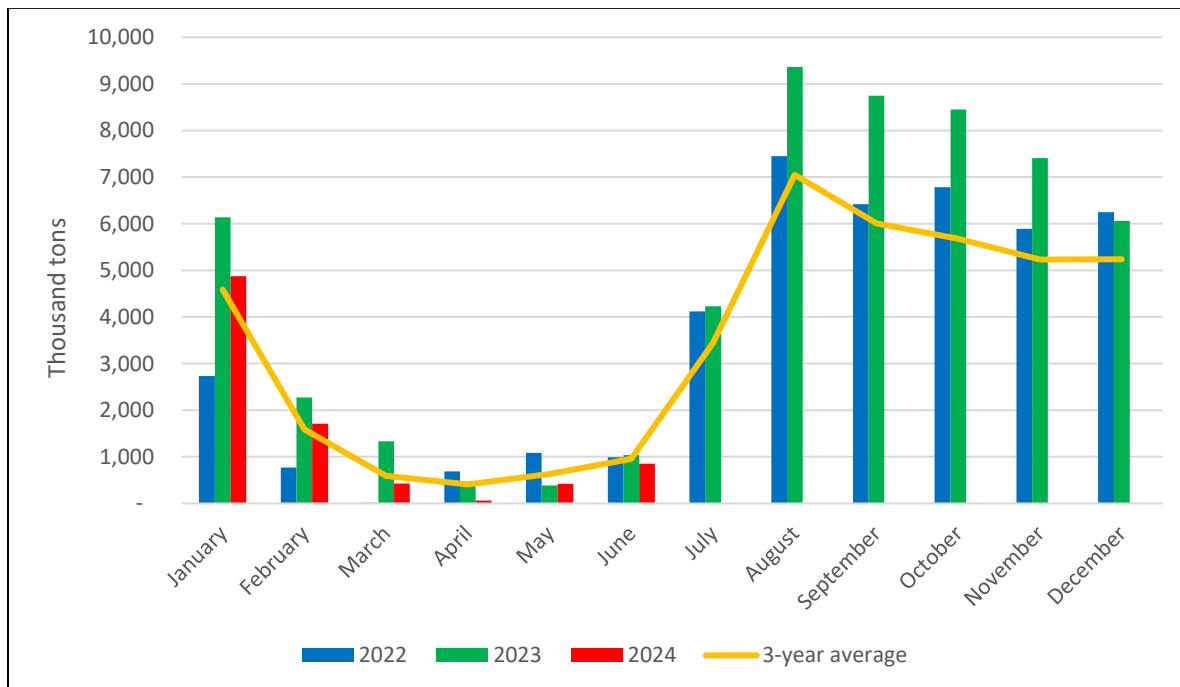
Corn Trade

Exports Struggling to Pick Up Momentum

Post decreased its forecast for corn export for MY 2024/25 (March 2025 – February 2026) from its original 51 MMT to 46 MMT, considering the expectation of higher domestic consumption, especially by the corn ethanol industry in Brazil. Post maintained its estimate for corn export for MY 2023/2024 (March 2024 – February 2025) at 45 MMT. Given the expected lower second-season corn production, the availability of corn for export in the second half of the year is likely to drop.

Figure 6

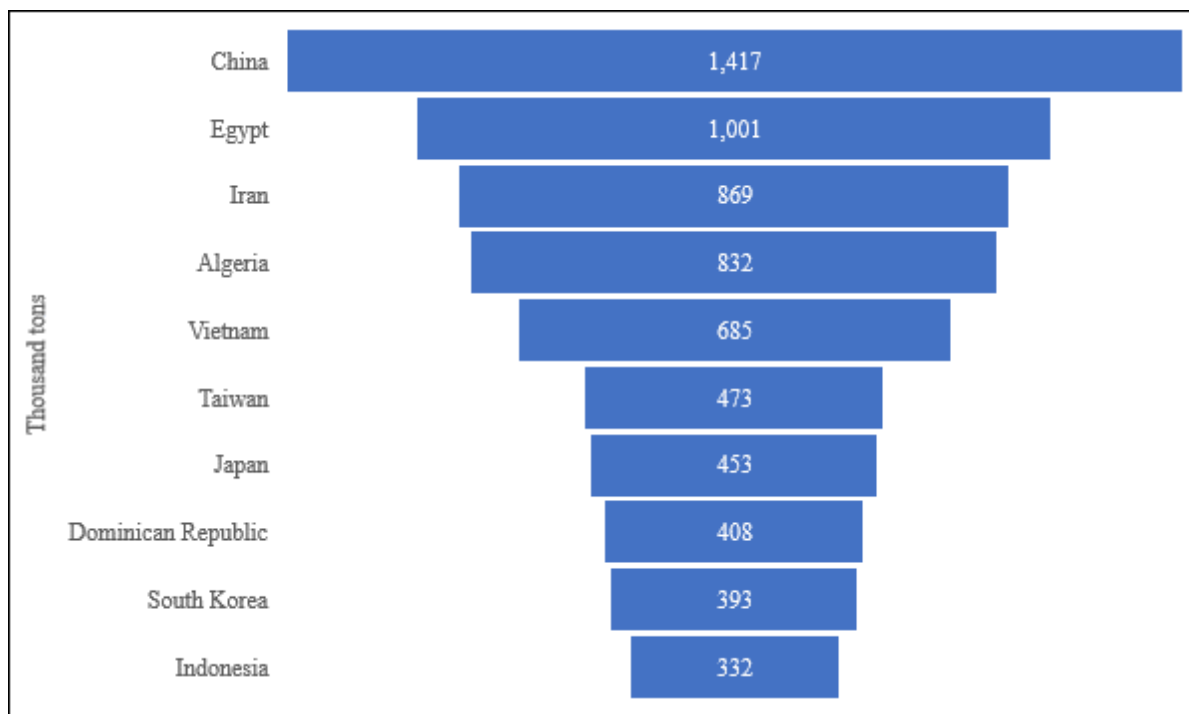
Brazilian Corn Exports by Month (2022 – 2024)



Data Source: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia

According to data from SECEX, corn exports have decreased every month in 2024 compared to the previous year, except for May, which saw a 9.5 percent increase from 2023. In June 2024, corn exports totaled 851 thousand metric tons, marking an 18 percent decrease from the same period in the previous year. From January to June 2024, Brazilian corn exports reached 8.3 MMT, which represents a 28 percent decrease from 2023.

Figure 7
Top Destinations of Brazilian Corn Exports (January – June 2024)



Data Source: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia

Brazil became the world’s top corn exporter in 2023, surpassing the United States, after gaining access to the Chinese market at the end of 2022. Brazil's corn exports to China in 2023 reached 16.1 million metric tons. However, the situation changed in April of this year, with Chinese demand for corn dropping significantly. Post contacts attribute the decline to Brazil's less competitive prices compared to other markets like Argentina and the United States, reduced availability of corn due to lower production this year, and China's decision to decrease overall corn imports.

Table 5*Brazilian Corn Exports to China (in kg)*

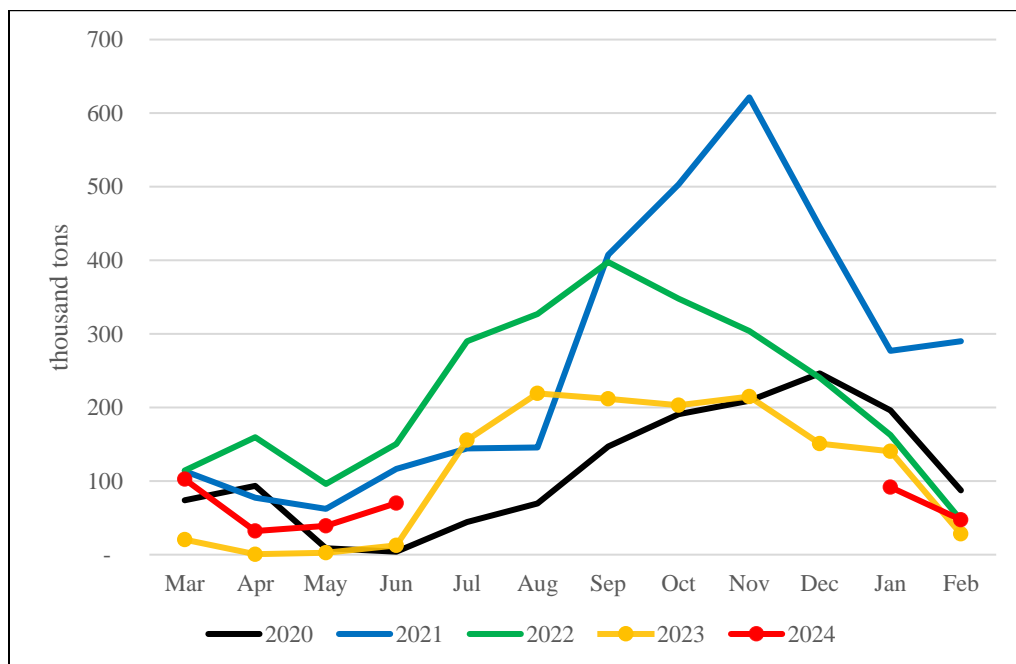
	2024	2023
January	1,207,946,831	982,490,014
February	136,192,484	70,037,755
March	73,217,627	32
April	40	-
May	15	115,500,024
June	25	178,425,522
July		902,111,092
August		2,376,151,687
September		3,292,316,393
October		3,462,411,611
November		2,733,420,015
December		2,010,024,327

Data Source: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Table Post Brasilia

Imports Continue to Bring in Small Numbers

Post maintained its forecast of corn imports for MY 2024/25 (March 2025 – February 2026) at 1.5 MMT and maintained its estimate for corn imports for MY 2023/2024 (March 2024 – February 2025) at 1.4 MMT. Brazilian imports of corn are significantly small in comparison to exports, production, and consumption. The country typically imports corn to meet domestic demands. The ongoing devaluation of the Brazilian real against the dollar has resulted in a depreciation of 9.5 percent since the beginning of 2024, leading to less external purchases.

Figure 8
Monthly Imports of Corn



Data Source: Ministry of Development, Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia

From January to June 2024, Paraguay was the biggest exporter of corn to Brazil, accounting for 91 percent of all the corn sent to the country. In the first six months of the year, the neighboring country exported 347.9 thousand tons of corn to Brazil, followed by Argentina, who sent 33.7 thousand tons in the same period.

Corn Consumption

Post increased its forecast of total corn consumption for MY 2024/25 (March 2025 – February 2026) to 84 MMT, a 3 percent rise from its initial estimate. Post also increased its estimate for MY 2023/2024 (March 2024 – February 2025) for total corn consumption from 80 MMT, to 82 MMT. The increase is mainly based on the expected growth to the corn ethanol-based industry in the country.

Corn-based ethanol is gaining market share in Brazil. According to the National Confederation of Industries (CNI), its production increased from 520 million liters in 2017/18 to 4.5 billion liters in 2022/23. The National Corn Ethanol Union (UNEM) estimates that corn-based ethanol will make up 19 percent of the ethanol consumed in Brazil in 2023/24. It is also projected that Brazil will produce around 4 million tons of Dried Distillers Grains (DDG) from corn ethanol in the 2024/25 harvest. In the 2023/24 season, 3.04 million tons of DDG, used for animal feed, were produced.

The National Union of the Animal Feed Industry (SINDIRAÇÕES) updated the consumption figures for the sector and 52 million tons of corn in 2023 and is expected to consume 55 million in 2024, an increase of 5.54 percent. The Brazilian Animal Protein Association (ABPA) also estimates that corn consumption by the poultry and swine sectors is expected to continue growing and should reach 44 million tons in 2024.

RICE

Production, Supply, and Distribution

Table 6
Production, Supply, and Distribution of Rice

Rice, Milled Market Year Begins Brazil	2022/2023		2023/2024		2024/2025	
	Apr 2023		Apr 2024		Apr 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1480	1480	1500	1550	1600	1600
Beginning Stocks (1000 MT)	901	901	617	617	667	717
Milled Production (1000 MT)	6822	6822	7000	7100	7500	7400
Rough Production (1000 MT)	10032	10032	10294	10441	11029	10882
Milling Rate (.9999) (1000 MT)	6800	6800	6800	6800	6800	6800
MY Imports (1000 MT)	1040	1040	1300	1300	950	1100
TY Imports (1000 MT)	982	982	1300	1300	1050	1000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8763	8763	8917	9017	9117	9217
MY Exports (1000 MT)	1146	1146	1100	1100	1300	1100
TY Exports (1000 MT)	1208	1208	1100	1100	1300	1100
Consumption and Residual (1000 MT)	7000	7000	7150	7200	6950	7300
Ending Stocks (1000 MT)	617	617	667	717	867	817
Total Distribution (1000 MT)	8763	8763	8917	9017	9117	9217
Yield (Rough) (MT/HA)	6.7784	6.7784	6.8627	6.7361	6.8931	6.8013
MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Rice begins in January. TY 2024/25 = January 2025 - December 2025 Source: Post Brasilia						

Rice Production

Following the completion of the 2023/24 harvest, Brazil is expected to produce more rice than in the previous season despite the floods in Rio Grande do Sul. The state, which accounts for about 70 percent of the country's rice production, was severely hit by heavy rains in May 2024 when most of the crop was already harvested. Although this had less of an impact on production than initially anticipated, the affected areas will require significant management, investment, and attention to infrastructure, logistics, and soil recovery due to the rains. These factors, aligned with strong price oscillations resulting from government policies affecting the sector, are likely to hinder the growth prospects for the 2024/25 rice crop in Brazil.

Floods in Rio Grande do Sul Change the Agricultural Scenario for Rice Growers in 2024/25

The southernmost state of Rio Grande do Sul is responsible for 70 percent of the rice produced in Brazil. It experienced heavy rainfall and flooding in late April and throughout May 2024, resulting in significant impacts on both urban areas and agricultural fields (see [Unprecedented floods in Rio Grande do Sul threaten Brazil's agricultural output | BR2024-0009](#)). Nearly 90 percent of the state's municipalities were affected, leading to over R\$ 6.3 billion in losses (US\$ 1.22 billion).

The state government's initial assessment of the flood's impacts revealed that 48,674 grain producers were affected, including 1,581 rice producers, and that various crops suffered substantial losses. The floods damaged stored grain, affected summer crops like corn and rice, and disrupted the initial sowing of winter crops such as wheat.

Table 7

Rio Grande do Sul: Affected area and losses in grain production

Grain Type	Losses in the Affected Area (T)	Affected Producers	Affected Area (Ha)
Corn for silage	721,336	7,963	32,681
Corn	354,189	28,339	113,700
TOTAL Corn	1,075,525	36,302	146,381
Rice*	160,664	1,581	89,931

Data Source: Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS),

**Instituto Rio Grandense do Arroz (IRGA); Table Post Brasilia*

Weather Forecast: On the Lookout for La Niña

The ENSO (El Niño – Southern Oscillation) forecast analysis conducted by the International Research Institute for Climate and Society (IRI) indicates that neutral weather conditions are expected during July, August, September, and October 2024, with probabilities ranging from 50 to 64 percent. However, from September through November 2024, there is a 50 percent probability of a transition to the La Niña phenomenon.

According to Brazil's National Institute of Meteorology (INMET), above-average rainfall is forecasted for parts of the North Region. The areas expected to be affected include the north of Roraima, northwest of Pará and Amazonas, and the eastern part of Acre and Amapá. In other areas, rainfall volumes may be close to or below the historical average, potentially leading to reduced soil moisture levels in the coming months.

The Northeast, Centre-West, and Southeast of Brazil are forecast to receive below-average rains in most of the states, reducing the storage of water in the soil. The exception is for some areas in the southeastern states of São Paulo and Mato Grosso do Sul, which may see higher incidences of rainfall due to the advancement of some cold fronts.

In the South Region of Brazil, where 80 percent of rice is grown in Brazil, lower rainfall is forecasted, except for certain areas in Santa Catarina, as well as the northeastern and southern parts of Rio Grande do Sul. Post contacts in the South have expressed concerns about this forecast, as previous incidences of La Niña have brought longer periods of dry weather, which not only prevented rice farmers from planting at the ideal time but compromised the water supply of reservoirs to irrigate crops.

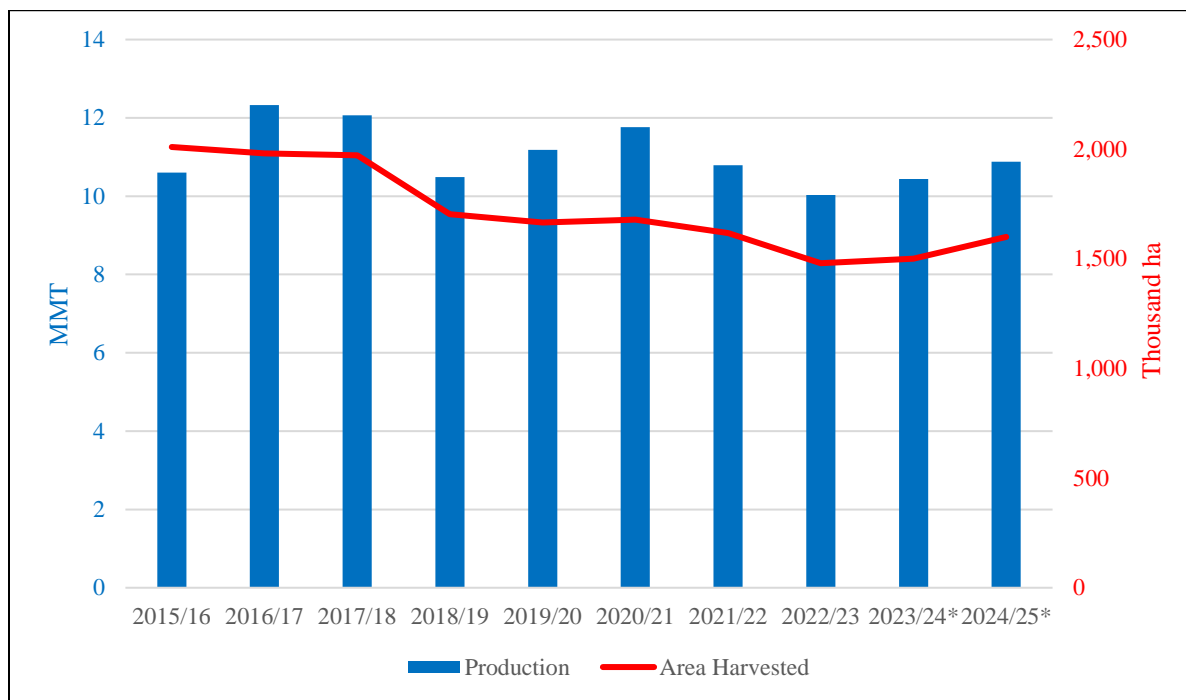
[2023/24 Rice Production and Area Showed Increase, While 2024/25 Brings Uncertainties](#)

Post maintained its forecast for rice planted area for MY 2024/25 (April 2025 – March 2026) at 1.6 million hectares (ha), based on an anticipated recovery in profitability projected for the rice sector in Brazil. Post set its rice planted area estimate for MY 2023/24 (April 2024 – March 2025) at 1.55 million hectares (ha). This represents a 4.7 percent increase over the previous season. Due to recent increases in rice prices, the planted area increased in the 2023/24 harvest. This was a change from previous years when many rice farmers were alternating rice crops with planting corn and soybeans, which were previously more profitable. On the other hand, the forecasted growth for MY 2024/25 is dependent on the good recovery of the state of Rio Grande do Sul and incentives for producers to overcome the hurdles brought about by the floods.

Post slightly decreased its forecast for milled rice production from the initial 7.5 million metric tons (MMT) of milled rice equivalent (MRE) to 7.4 MMT of milled rice equivalent (MRE), equivalent to 10.8 MMT of paddy rice. This reduction is based on the projection of lower yields following the aftermath of the rains in the soil of Rio Grande do Sul, along with the possible effects of the La Niña to rice crops.

Post adjusted its MY 2023/24 estimate for milled rice production to 7.1 million metric tons (MMT) of milled rice equivalent (MRE), an equivalent of 10.4 MMT of paddy rice. This represents a 4.1 percent drop over the previous estimate and is credited to lower harvested area and yield, especially in the south region, which suffered from the effects of the El Niño weather phenomenon this season.

Figure 9
Rice: Evolution of Production and Harvested Area



Data Source: Foreign Agricultural Service, Official USDA Estimates, with 2023/24 and 2024/25 as estimates; Graph Post Brasilia

Harvest Outlook

The 2023/24 rice crop harvest has concluded in Brazil in the end of June. Despite the climatic challenges faced in some regions, production was higher than in the previous harvest. Farmers are now focusing on the 2024/25 season, which should start sowing in most regions of the country in September.

Figure 10

Main Irrigated Rice Producing States (2023/24)

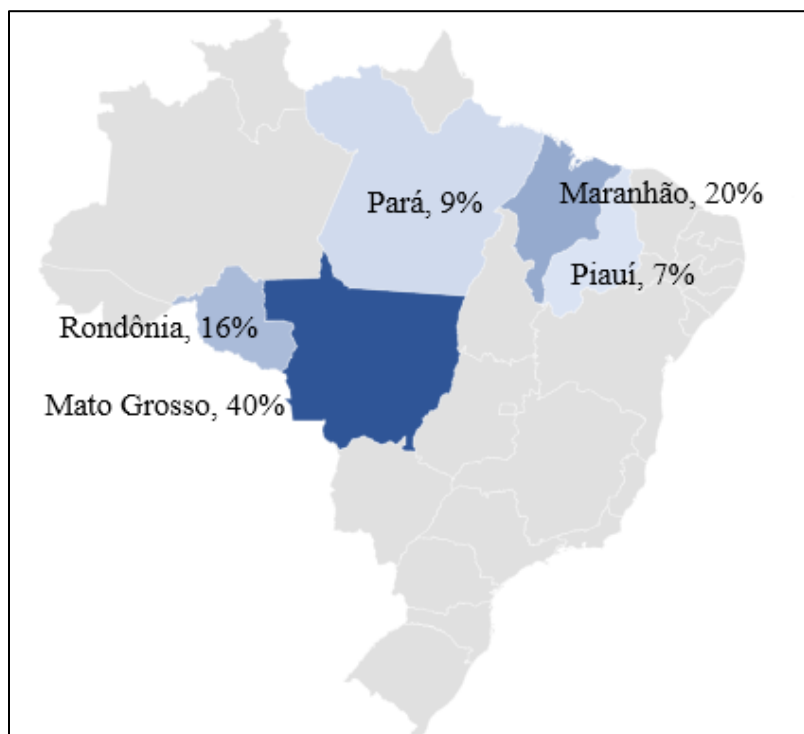


Data Source: National Supply Company (CONAB); Graph Post Brasilia

- **Rio Grande do Sul:** The 2023/24 rice harvest was concluded in the state, with the Rio Grande do Sul Rice Institute (IRGA) estimating production at 7.16 MMT. The total planted area was estimated at 900,203 thousand tons of irrigated rice, with an average yield of 8.41 kg/ha. With the floods recorded in the state, approximately 47 thousand hectares were lost, which corresponds to roughly 5 percent of the sown area, mainly concentrated in the central region of the state. The increase in the price of rice, along with concerns over the soil recovery post-May rains, caused worry among producers about the planting of the 2024/45 harvest. Brazil's National Supply Company (CONAB) estimates almost 195 thousand hectares of areas affected by the floods.
- **Santa Catarina:** The 2023/24 rice harvest in Santa Catarina concluded with a 1 percent reduction in the planted area, according to data from the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC). The crops were affected by excessive rainfall, low luminosity, difficulties in carrying out phytosanitary treatments, and excessive heat during the flowering phase, leading to lower yields. As a result, Santa Catarina's rice production for the 2023/24 season was 7.6 percent lower compared to the previous season.
- **Tocantins:** According to CONAB, the 2023/2024 rice harvest concluded in the state with an estimated production of 619,000 tons, an increase of around 19 percent compared to the previous season. The increase in the planted area can be attributed to investments in inputs and machinery as well as the good price paid for rice in the state, which motivated producers.

Figure 11

Main Upland Rice Producing States (2023/24)



Data Source: National Supply Company (CONAB); Graph Post Brasilia

- **Mato Grosso:** After many years of declining planted area of upland rice, the state is experiencing an estimated increase of 28 percent in area this 2023/24 harvest, according to data from CONAB. With the harvest completed, production is expected to reach almost 338 thousand tons, approximately 22 percent higher than in the previous season. This upward trend in planted area is expected to continue into the 2024/25 harvest, as rice becomes a profitable choice for second and even third harvests in the state.
- **Maranhão:** The upland rice harvest for 2023/24 has been finished in the state, with an expected production of 171.7 thousand tons, as indicated by CONAB. The state achieved a yield of 2.06 kg/ha, almost 11 percent higher than the previous year, but experienced a 9 percent decrease in harvested area compared to the 2022/23 harvest.
- **Rondônia:** The state is estimated to produce nearly 139,000 tons of upland rice, marking a 13 percent increase from the previous harvest. This growth is attributed to improved yields and expansion of harvested areas.
- **Pará:** According to CONAB, the state should end the 2023/24 harvest with 78.1 thousand tons of upland rice planted on 30.7 thousand hectares.

- **Piauí:** In the 2023/24 season, the state is expected to produce 61 thousand tons of upland rice, which is a 22.5 percent drop from the previous cycle. Rice cultivation in Piauí has been facing challenges due to the decreasing availability of water to maintain the crops. As a result, it is anticipated that the planted area and yield will further decrease in the 2024/25 season.

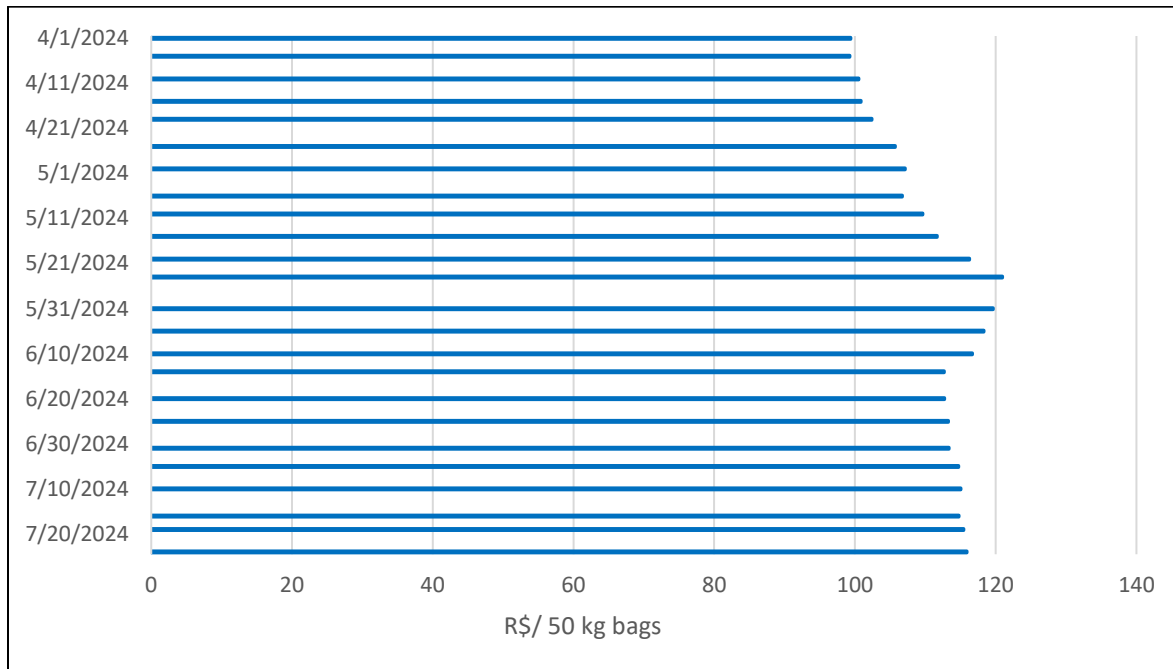
Rice Prices Fluctuate in the Aftermath of the Rio Grande do Sul Floods

Even though most of the crop in Rio Grande do Sul was harvested before the floods, a survey by CONAB conducted in May 2024 indicated significant increases in rice prices in several regions of the country. In the aftermath of the floods, prices in Rio Grande do Sul increased by 14.24 percent, while Santa Catarina saw a 9.44 percent rise. Other states, such as Tocantins (13%), São Paulo (12%), and Mato Grosso (5%), also registered price increases.

On April 1, 2024, paddy rice in Rio Grande do Sul was quoted at R\$ 99.4 (US\$ 19.63) per 50-kg bag. By May 27, post-floods, it had reached R\$ 121.69 (US\$ 23.53), a 22 percent increase in almost two months.

Figure 12

Rice Prices in Rio Grande do Sul



Data Source: University of Sao Paulo Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia

After a sudden increase in rice prices, the federal government took steps to address the issue by announcing an emergency measure to buy up to 1 million tons of imported rice through a public bid, despite objection from the local industry. However, the auction was later annulled due to suspicions of irregularities and conflicts of interest between private operators who won the initial bid (although they lacked previous experience in this type of negotiation) and public agents working in key positions within the Ministry of Agriculture. The government subsequently stated that it no longer believes emergency rice imports are necessary to guarantee Brazil's internal demand.

Still, the federal government issued a decree on May 21 temporarily removing rice import tariffs on three types of rice for all countries (See [Brazil Temporarily Removes Rice Import Tariffs | BR2024-0011](#)). With the intent of facilitating trade from countries outside of the Mercosur bloc, which already enjoy a zero-tariff regime. The decree (GECEX Resolution N° 593) will be in effect until December 31, 2024.

Table 8

List of Exemptions for Rice Imports

Code	Description	Tariff
100610.92	Rice in the husk, paddy or rough	10.8% to 0%
100620.20	Rice, Husked or brown rice	10.8% to 0%
100630.21	Rice, Semi-milled or wholly milled rice, whether polished or glazed	9% to 0%

Data Source: Chamber of Foreign Commerce (CAMEX); Table Post Brasilia

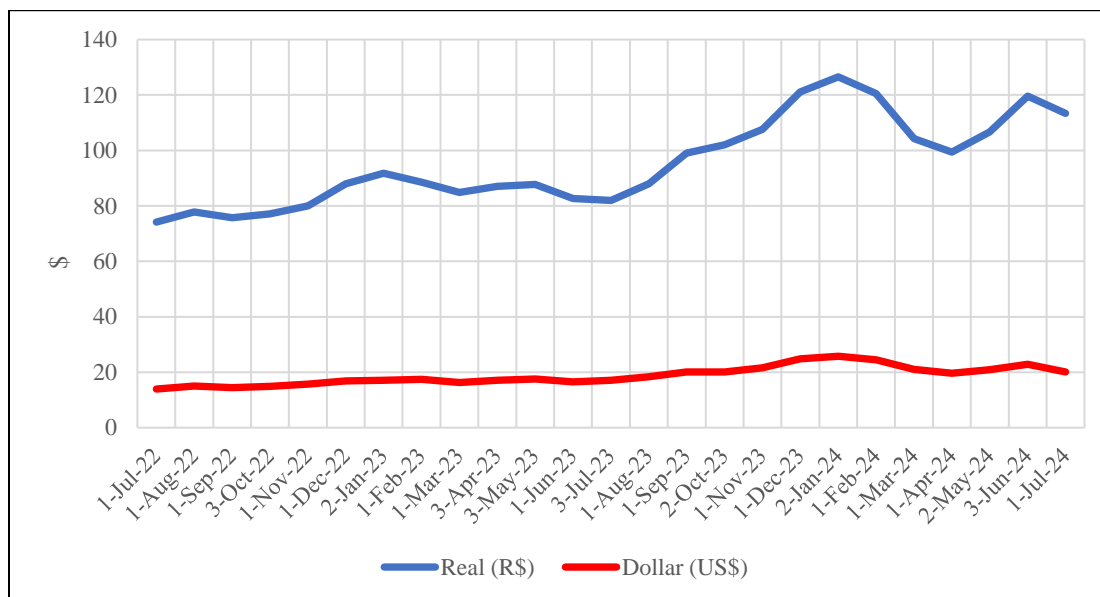
While the United States is not a typical exporter of rice to Brazil, tariff reductions can stimulate American rice exporters to focus on the country. This was similar to what happened in 2020 when Brazil set up a temporary tariff rate quota (TRQ) of up to 400 thousand MT with zero in-quota tariffs on rice for all countries. As a result, the United States became the leading exporter after traditional Mercosur countries.

The implementation of these new measures, along with heightened speculation, has led to increased unease among producers and buyers. As a result, many have chosen to limit their operations due to the uncertainty in the market. Processing units are also exercising caution and are only offering rice when there is an immediate need to replenish stocks in anticipation of improved prices.

With the passing days and assessment of damages and the impact to agriculture in the state, rice prices began to settle. According to the University of Sao Paulo's Center for Advanced Studies in Applied Economics (CEPEA), the paddy rice indicator in Rio Grande do Sul, which serves as the national reference, ended June quoted at R\$113.3 (US\$ 20.28) per 50-kg bag, representing a drop of 5.3 percent in one month. The drop is credited to the recovery, albeit slow, of the logistics infrastructure in the state. Rio Grande do Sul continues to have more than 60 total or partial roadblocks, according to the state's Department of Highways (DAER-RS). In addition, the announcement of the 2024/25 Harvest Plan (see below) has brought a bit more ease to the market, as the Brazilian government announced the proposal to increase subsidies for rice production, especially through rural credit and for family farming.

Figure 13

Prices of Rice in Rio Grande do Sul



Data Source: University of Sao Paulo Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia

There is significant concern about the 2024/25 harvest prices due to uncertainties regarding delayed planting and future production because of the conditions of the soil in Rio Grande do Sul. Planting for the next season is scheduled to commence in September 2024.

On July 16, 2024, the Ministry of Agriculture and Livestock updated the minimum prices for rice for the 2024/2025 harvest. These values will serve as a reference for operations related to the Minimum Price Guarantee Policy (PGPM). The policy aims to ensure a minimum income for rural producers. The minimum prices are established before the start of the next harvest to help farmers decide which crops to plant. They also demonstrate the government's commitment to purchasing or subsidizing agricultural products if their market prices fall below the minimum prices.

Table 9*Rice Minimum Guaranteed Prices*

Rice	Location	Type	Quantity	2023/24	2024/25	Variation	Validity
Long fine paddy rice	South (except Paraná)	1-58/10	50 kg	R\$ 60.61	R\$ 63.64	5%	Feb 2025 to Jan 2026
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	R\$ 72.73	R\$ 80.00	10%	
Long paddy rice	South (except Paraná)	2-55/13	50 kg	R\$ 20.55	R\$ 21.58	5%	Feb 2025 to Jan 2026
	Centre-West, Northeast, North, Southeast, and Paraná		60 kg	R\$ 26.90	R\$ 29.59	10%	

Data Source: National Supply Company (CONAB); Table Post Brasilia

New Legislations Keeping Industry on High Alert

A recent proposal is being discussed at the Brazilian Foreign Trade Chamber (CAMEX) to increase the tariff on the fungicide Picoxystrobin from 0 percent to 14 percent. If this proposal is approved, it could significantly raise the cost of agricultural production in Brazil. This increase may also lead to higher food costs for consumers and impact the income of farmers.

Picoxystrobin is widely used in Brazilian agriculture to manage fungal diseases in major crops such as soybeans, corn, rice, wheat, and cotton. In corn cultivation, Picoxystrobin is crucial for controlling *cercosporiosis*, a fungus that can cause production losses of over 80 percent in the Center-South region of Brazil.

Many agricultural entities are concerned that this proposed increase could set a precedent for raising tariffs on other essential inputs for the agricultural sector. CAMEX's Tariff Change Committee (CAT) is expected to make a decision on this issue by August.

Tax Reform

On July 10, 2024, the Brazilian Chamber of Deputies approved a bill for Brazil's tax reform, with the aim of simplifying the tax system and eliminating disproportionate burdens. The proposed reform involves merging previous federal, state, and municipal taxes into two categories: the Tax on Goods and Services (IBS), which will be charged by states and municipalities, and the Contribution on Goods and Services (CBS), to be collected by the federal government.

The bill also outlines a zero-tariff regime for food and personal hygiene items that form the basic food basket, including essential goods like rice, beans, coffee, flour, grits, and milk.

Additionally, the bill proposes the creation of a basic basket with a reduced tax, providing a 60 percent discount on the value of taxes for food items such as beef, pork, poultry meat, fish, honey, and various types of cheese. The reduced tax rate will be adjusted from 11.6 to 4.8 percent. Meanwhile, all other food items not included in these baskets will be subjected to an added tax, currently projected at 26.5 percent.

The agricultural sector welcomed simplifying the tax burden and exempting basic food products from tariffs. However, it is still being determined whether these steps will indeed reduce the tax burden on rice production chains.

According to various industry experts, some services that were not directly taxed, such as real estate, financial services, and other agricultural inputs, may end up being taxed at a higher rate, which will affect the final price of products at the end of the production process, further burdening rice producers.

The bill sets a transition period from 2027 to 2033, during which current consumption taxes will gradually be replaced. The next step is for the text to be approved by the Brazilian Senate, with the vote expected to take place in the second half of this year.

Harvest Plan 2024/25

Brazil announced on July 3, 2024, that it is releasing R\$ 400.59 billion in resources available for loans for medium and large farmers as part of its 2024/25 Harvest Plan (Plano Safra 2024/25). This represents a 10 percent increase compared to the previous harvest. In addition, R\$ 108 billion will be available in the form of Agribusiness Letters of Credit, totaling R\$ 508.59 billion to promote the development of Brazilian agriculture. The government also announced a separate plan to disburse R\$ 76 billion to small family farmers. This represents a 6 percent increase compared to 2023/24 and is almost 43 percent higher than the amount invested in 2022/23.

A significant portion of the plan will be directed towards the RenovAgro program, with incentives for the renovation of degraded pastures, implementation of crop-livestock-forest integrated production systems, and the use of best practices for the conservation of natural resources.

There are 13 programs in the plan focusing on investments in innovation, modernization of production agriculture, and sustainable agriculture with emphasis on reduced carbon emissions. Additionally, improving food production by small family farmers is an integral part of the plan with special emphasis on organic food production.

The National Program to Strengthen Family Farming (PRONAF) will offer 10 lines of credit totaling R\$ 76 billion for family farmers at a subsidized interest rate of 2 and 3 percent to produce organic products. According to the government, PRONAF will focus on putting more food on Brazilian tables, with one goal being to increase rice production by 200,000 tons. The 2024/25 Harvest Plan runs from July 1, 2024, to June 30, 2025.

Rice Trade

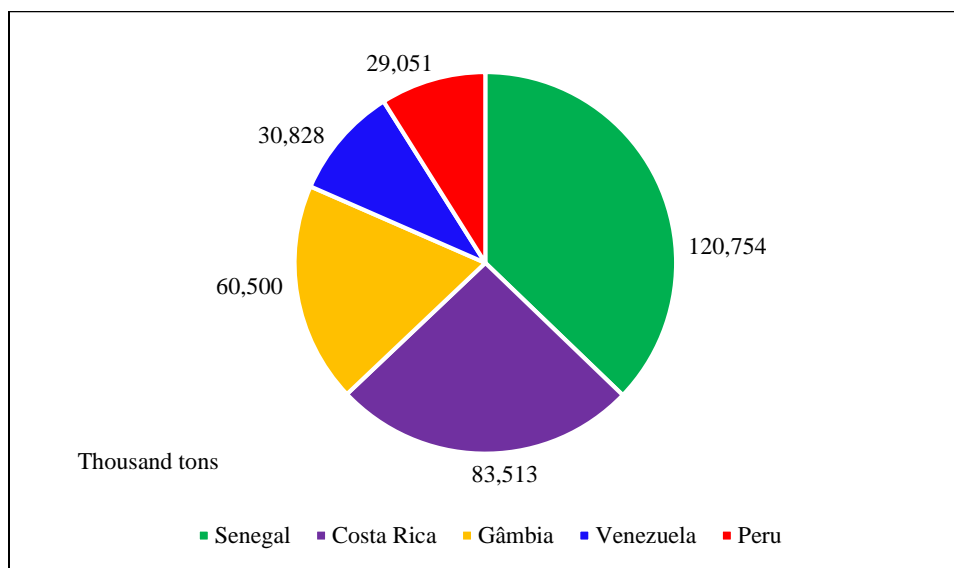
Post decreased its forecast for rice exports for MY 2024/25 (April 2025 – March 2026) to 1.1 MMT from its original 1.2 MMT based on the estimated decrease in production for the upcoming harvest. Post also lowered its estimate for exports for MY 2023/24 (April 2024 – March 2025) to 1.1 MMT from the previous 1.3 MMT. The decrease is based on market apprehension over price fluctuations and lower domestic production, aligned with greater supply available on the international market, mainly following good harvests from the United States and Argentina.

Brazilian exports of paddy rice reached 413.7 thousand tons from January to June 2024, according to data from the Brazilian Secretariat of Foreign Trade (SECEX). This is 40 percent lower than the total exported by Brazil during the same period last year. The main destinations were Senegal, accounting for 29 percent of all exports, followed by Costa Rica (20%), Gambia (15%), Venezuela (7.5%), and Peru (7%).

In June 2024, Brazil exported almost 51.3 thousand tons of paddy rice, 41 percent less than in May. The main destinations were Costa Rica, the Dominican Republic, Peru, Belgium, and Trinidad and Tobago.

Figure 14

Main Destinations of Brazilian Rice (January – June 2024)



Data Source: Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia

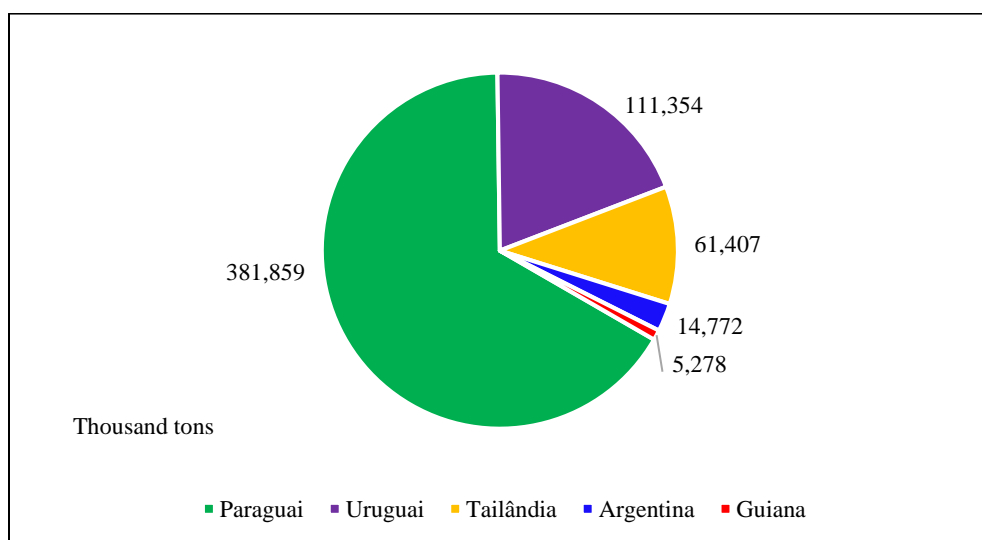
Post increased its forecast for rice imports for MY 2024/25 (April 2025 – March 2026) to 1.1 MMT from its original 900,000 MT, as well as the estimate for MY 2023/24 (April 2024 – March 2025) to 1.3 MMT, up from the previous forecast of 1.1 MMT. The raises are based on the expected zero tariffs applied by the Brazilian government to countries outside the Mercosur bloc, which may favor foreign traders.

From January to June 2024, Brazil imported 586 thousand tons of paddy rice, 10 percent higher than the exports registered in the same period of 2023. Most of the rice came from the neighboring country Paraguay, which sent almost 382 thousand tons (65%), followed by Uruguay (19%), Thailand (10%), Argentina (2.5%), and Guyana (1%).

In June 2024, Brazil imported 77.5 thousand tons of paddy rice, almost 10 percent less than the total imported during the same month in 2023. Most of the imported rice in June 2024 came from neighboring countries within the Mercosur bloc, taking advantage of the zero-import tariff. The main sources of imported rice to Brazil in June 2024 were Paraguay (61%), Uruguay (34%), Argentina (5%), and Italy (0.5%).

Figure 15

Main Origin of Rice Imports (January – June 2024)



Data Source: Ministry of Development, Industry, Commerce and Services (MDIC); Graph Post Brasilia

Rice Consumption

Post increased its forecast for rice consumption for MY 2024/25 (April 2025 – March 2026) to 7.3 MMT, a 4 percent growth in relation to the initial estimate. Post also increased its estimate for rice consumption for MY 2023/24 (April 2024 – March 2025) from 7.0 MMT to 7.2 MMT.

According to data from the Brazilian Institute of Geography and Statistics (IBGE), in May 2024, rice cost the end consumer 4.2 percent more than in the previous month. However, this increase was offset by a 5.7 percent drop in rice processing by the industry during May. Over the past 12 months, the cost of rice for the end consumer increased 30 percent.

Despite this cost increase, consumption is expected to increase based on the continued incentives the federal government has put in place to stimulate rice consumption. As a staple food in Brazil's food plan, rice prices are strongly associated with public policies.

Data from the Brazilian Supermarket Association (ABRAS) shows that in May 2024, consumption in Brazilian households grew by 6.52 percent compared to April and by 2 percent compared to May 2023. From January to May 2024, consumption increased by 2 percent. This increase was mainly driven by the high demand for rice, which consumers stockpiled in response to the floods in Rio Grande do Sul.

While rice is a staple food in Brazil, present in almost 95 percent of households, it also has a negative income elasticity of demand, making it easy for consumers to swap it for other 'prime' goods when the economy recovers. For this reason, rice consumption in Brazil tends to remain relatively stagnant.

WHEAT

Production, Supply, and Distribution

Table 10
Production, Supply, and Distribution of Wheat

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	3086	3090	3470	3350	3500	3250
Beginning Stocks (1000 MT)	1102	1102	1797	1697	1072	897
Production (1000 MT)	10554	10554	8100	8300	9500	9600
MY Imports (1000 MT)	4678	4678	6000	5600	5500	5500
TY Imports (1000 MT)	4985	4985	5921	5921	5600	5600
TY Imp. From U.S. (1000 MT)	334	334	0	0	0	0
Total Supply (1000 MT)	16334	16334	15897	15597	16072	15997
MY Exports (1000 MT)	2687	2687	2825	2500	3000	2700
TY Exports (1000 MT)	2689	2689	2812	2812	3000	2500
Feed and Residual (1000 MT)	450	550	600	700	500	750
FSI Consumption (1000 MT)	11400	11400	11400	11500	11400	11600
Total Consumption (1000 MT)	11850	11950	12000	12200	11900	12350
Ending Stocks (1000 MT)	1797	1697	1072	897	1172	947
Total Distribution (1000 MT)	16334	16334	15897	15597	16072	15997
Yield (MT/HA)	3.42	3.4155	2.3343	2.4776	2.7143	2.9538
MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Wheat begins in July. TY 2024/2025 = July 2024 – June 2025 Source: Post Brasilia						

Wheat Production

Sowing for the 2024/25 wheat harvest is reaching the final stages throughout Brazil, with concerns over erratic weather conditions that have slowed down the planting rhythm compared to previous years. The planted area is expected to be reduced in relation to 2023/24, influenced by high production costs and low profitability.

The southernmost state of Rio Grande do Sul, a major agricultural producer, experienced heavy rainfall and flooding in late April and throughout May 2024, resulting in significant impacts on both urban areas and agricultural fields (see [Unprecedented floods in Rio Grande do Sul threaten Brazil's agricultural output | BR2024-0009](#)). Nearly 90 percent of the state's municipalities were affected, leading to over R\$ 6.3 billion in losses (US\$ 1.22 billion).

The state government's initial assessment of the flood's impacts revealed that 48,674 grain producers were affected, including 36,302 corn producers, and that various crops suffered substantial losses. The floods damaged stored grain, affected summer crops like corn and rice, and disrupted the initial sowing of winter crops such as wheat. The prolonged effects of the excess rains to the soils are not yet clear and may further impact production in the region.

Table 11

Rio Grande do Sul: Affected area and losses in grain production

GRAIN TYPE	LOSSES IN THE AFFECTED AREA (t)	AFFECTED PRODUCERS	AFFECTED AREA (ha)
Corn for silage	721,336	7,963	32,681
Corn	354,189	28,339	113,700
TOTAL Corn	1,075,525	36,302	146,381
Rice*	160,664	1,581	89,931

*Data Source: Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), *Instituto Rio Grandense do Arroz (IRGA); Table Post Brasilia*

Weather Forecast: On the Lookout for La Niña

The ENSO (El Niño – Southern Oscillation) forecast analysis conducted by the International Research Institute for Climate and Society (IRI) indicates that neutral weather conditions are expected during July, August, September, and October 2024, with probabilities ranging from 50 to 64 percent. However, from September through November 2024, there is a 50 percent probability of a transition to the La Niña phenomenon.

According to Brazil's National Institute of Meteorology (INMET), above-average rainfall is forecasted for parts of the north region. The areas expected to be affected include the north of Roraima, northwest of Pará and Amazonas, and the eastern part of Acre and Amapá. In other areas, rainfall volumes may be close to or below the historical average, potentially leading to reduced soil moisture levels in the coming months.

The Northeast, Centre-West, and Southeast of Brazil are forecast to receive below-average rains in most of the states, reducing the storage of water in the soil. The exception is for some areas in the southeastern states of São Paulo and Mato Grosso do Sul, which may see higher incidences of rainfall due to the advancement of some cold fronts.

In the South Region of Brazil, which is still recovering from the impact of severe floods in Rio Grande do Sul in May, lower rainfall is forecasted, except for certain areas in Santa Catarina, as well as the northeastern and southern parts of Rio Grande do Sul.

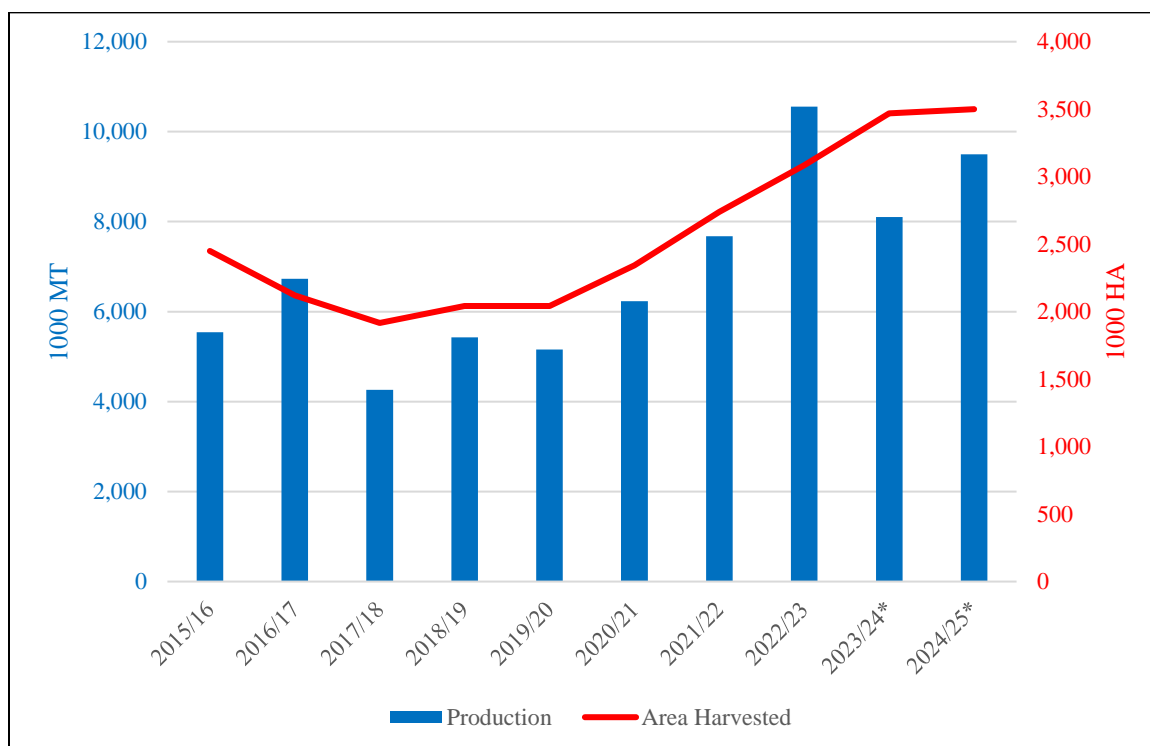
Previous incidences of La Niña have brought longer periods of dry weather, which not only prevented farmers from planting at the ideal time but compromised the water supply of reservoirs to irrigate crops.

2024/25 Planted Area, Production, and Yield in Need of a Boost After a Disappointing Season

Post reduced its forecasts for wheat planted area for MY 2024/25 (October 2024 – September 2025) to 3.2 million hectares, 9.7 percent lower than the previous estimate. Post also forecasts a 2 percent reduction in production for MY 2024/25, set at 9.6 MMT. The decline is due to the lack of incentives for producers to invest in wheat crops this coming season, in addition to the possible effects of late planting in Rio Grande do Sul, in the aftermath of the continued rains in the region.

Post slightly increased its estimate its wheat production for MY 2023/24 to 8.3 MMT, from the previous estimate of 8.2 MMT due to a higher-than-anticipated output from Paraná. Post maintained its estimate for wheat planted area for MY 2023/24 (October 2023 – September 2024) at 3.3 million hectares. Wheat remains the preferred winter crop in Brazil (June to September). However, growing production costs can affect producers’ decisions to plant, switching to other winter harvests such as oats and barley.

Figure 16
Evolution of Wheat Harvested Area and Production in Brazil



Data Source: Source: Foreign Agricultural Service, Official USDA Estimates, with 2024/25 as Post estimate; Graph Post Brasilia

It should be noted that these projections are strongly subject to favorable weather conditions, which remain unpredictable in the south of Brazil, where more than 85 percent of the country's wheat is grown. The expected reduction in planted area may be offset by the possible improvement in crop efficiency, but the climate continues to be a decisive factor.

Harvest Outlook

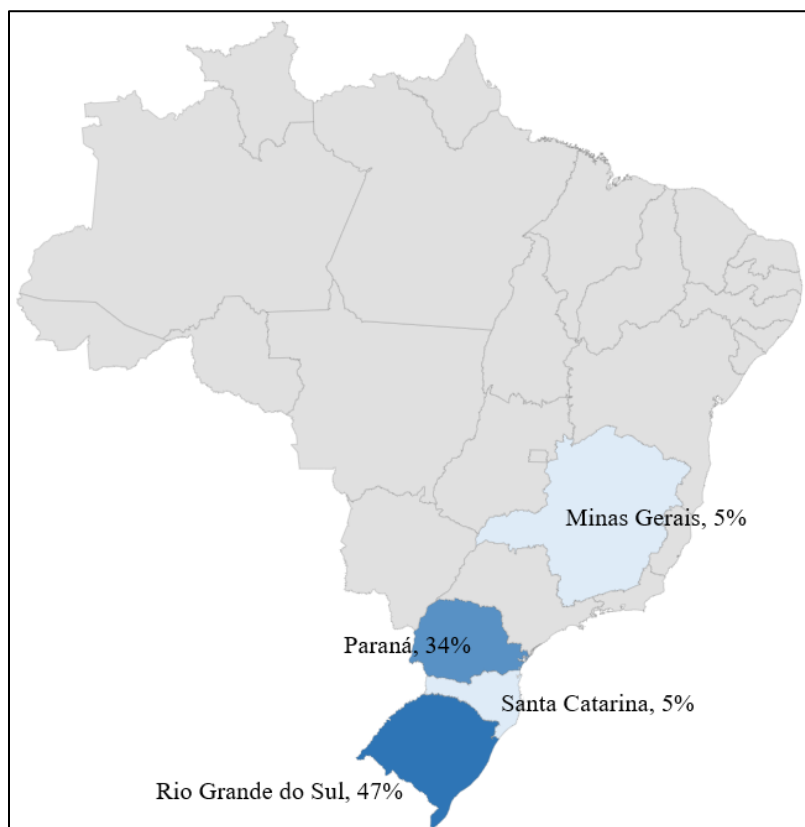
Sowing progress has been slower in the south region of the country, the main area of wheat production, than in previous years. Although planting activities in Paraná are practically complete, sowing in Rio Grande do Sul is delayed due to damage caused by floods in May. In Santa Catarina, rain and cold temperatures have also limited the progress of sowing.

According to Brazil's National Supply Company (CONAB), the Center-West is the only region of the country expected to increase planted area. The amount of wheat grown in the central area of Brazil has been growing exponentially, with more investments in new seed varieties that are resistant to heat and have presented good yield results (See [Brazil's 'Tropical Wheat' - Paving the way to self-sufficiency | BR2024-0017](#)).

In some regions of the state, there is an expectation of reduction of planted area, with producers opting for fallow areas or switching to other crops, such as oats. Post contacts have expressed concerns over high production costs, which have been discouraging sowing. According to EMATER/RS, many producers also intend to give up sowing winter crops due to the delays caused by frequent rainfall, which would compromise the harvest and subsequent sowing of the next rotation crop.

Figure 17

Main Wheat Producing States, 2024



Data Source: National Supply Company (CONAB); Graph Post Brasilia

- **Rio Grande do Sul:** According to the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), the estimated 2024/25 wheat harvest in Rio Grande do Sul will be 4 MMT, 55 percent above the previous harvest. The harvested area should reach 1.3 million hectares, a reduction of 13 percent compared to the 2023 area. The expected productivity is 3.10 MT/ha, a 77 percent increase compared to the previous harvest, which suffered from the effects of the El Niño. The high frequency of rain has negatively impacted wheat sowing in the state. In addition to causing waterlogging of the soil and making it difficult for machines to enter the fields, there are concerns over the development of the crops, with the increased risk of incidence of wheat streak mosaic virus, a disease that spreads more easily in moist soil conditions.
- **Paraná:** For the 2024/25 harvest, the Department of Rural Economy (DERAL/PR) estimates that the planted area will reach 1.16 million hectares. The forecast for planted area is lower than the previous season, based on an apparent lack of interest from producers to invest in wheat crops this season due to lower profitability. However, yields are expected to be higher than in the previous season, reaching 3.30 MT/ha. As a result, Paraná's is expected to produce 3.61 MMT of wheat, slightly lower than the 3.64 MMT registered in the previous season. Still, farmers are concerned about the extremely dry weather conditions in some parts of the state, which may affect the development of the earliest planted crops.

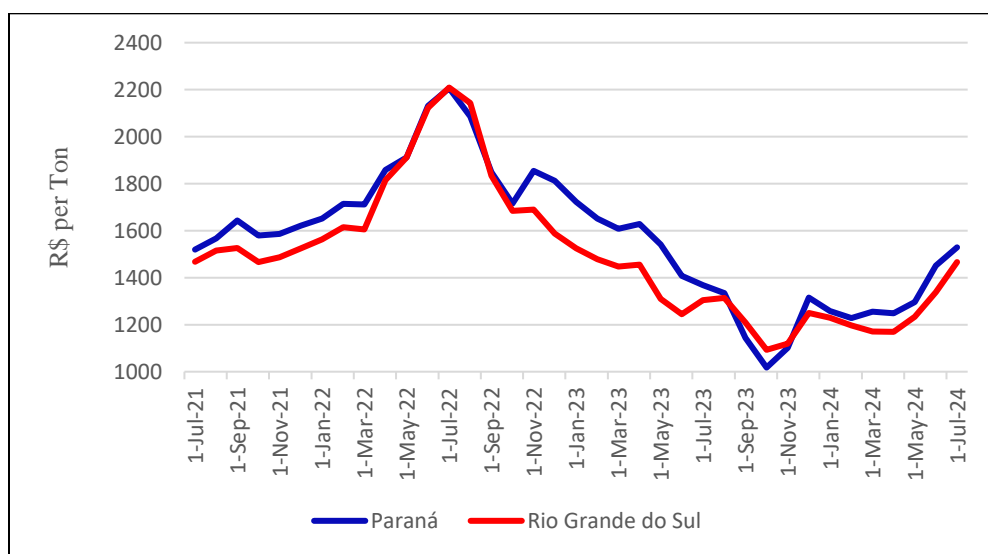
- Santa Catarina:** The state is expected to see a 10 percent reduction in planted area due to the price of wheat and the disappointing productivity in the last harvest. According to the Agricultural Research and Rural Extension Company of Santa Catarina (EPAGRI/SC), the state's average yield in the 2024/25 harvest should increase by 56 percent, reaching 3.49 MT/ha, increasing wheat production by almost 40 percent, significantly recovering losses from the last harvest. Approximately 50 percent of the area intended for planting had already been sown, with 99 percent of it considered to be in good condition.
- Minas Gerais:** According to data from CONAB, the state should produce 425 thousand tons of upland wheat in the 2024/25 harvest, a 9 percent drop over the previous season. Wheat is planted early in the state – starting in March, a month of high temperatures and humidity – which has contributed toward the incidence of wheat blasts. On the other hand, irrigated areas show good development and continue with practically constant production.

Wheat Prices Are Down, Production Costs Are Up

Wheat prices continue to rise in the Brazilian market, supported by low domestic stocks, especially of high-quality wheat. Low stocks of higher-quality wheat increase demand and, consequently, prices. In addition, import parity, which is the comparison between domestic prices and international prices adjusted for exchange rates, has risen, contributing to the appreciation of wheat in the Brazilian market.

In June, the monthly average of wheat prices in Paraná was R\$ 1,516.78 (US\$ 281.24) per ton, a 9 percent increase over the average of May 2024 and 7 percent above that in June 2023. In Rio Grande do Sul, the average was R\$ 1,422.08/ton (US\$ 263.61), 11 percent higher than the previous month and 10 percent above the amount registered in June 2023.

Figure 18
Average Wheat Prices in Paraná and Rio Grande do Sul



Data Source: Center for Advanced Studies in Applied Economics (CEPEA); Graph Post Brasilia

On June 5, 2024, the Ministry of Agriculture and Livestock updated the minimum prices for wheat for the 2024/2025 harvest. These values will serve as a reference for operations related to the Minimum Price Guarantee Policy (PGPM). The policy aims to ensure a minimum income for rural producers. The minimum prices are established before the start of the next harvest to help farmers decide which crops to plant. They also demonstrate the government's commitment to purchasing or subsidizing agricultural products if their market prices fall below the minimum prices.

The minimum prices for wheat grains were adjusted in the three producing regions of the country: South (-10.55%), Southeast (-11.55%) and Central-West/Bahia (-15.75%), for the three types of wheat based on their pH factor and types. The values range between R\$ 33.49 and R\$ 84.63 per 60 kg bag. Wheat seeds were also adjusted downwards by 10.55 percent, falling from R\$3.60/kg to R\$3.22/kg. The new minimum prices will apply from July of this year until June 2025.

New Legislations Keeping Industry on High Alert

A recent proposal is being discussed at the Brazilian Foreign Trade Chamber (CAMEX) to increase the tariff on the fungicide Picoxystrobin from 0 percent to 14 percent. If this proposal is approved, it could significantly raise the cost of agricultural production in Brazil. This increase may also lead to higher food costs for consumers and impact the income of farmers.

Picoxystrobin is widely used in Brazilian agriculture to manage fungal diseases in major crops such as soybeans, corn, rice, wheat, and cotton. In corn cultivation, Picoxystrobin is crucial for controlling *cercosporiosis*, a fungus that can cause production losses of over 80 percent in the Center-South region of Brazil.

Many agricultural entities are concerned that this proposed increase could set a precedent for raising tariffs on other essential inputs for the agricultural sector. CAMEX's Tariff Change Committee (CAT) is expected to make a decision on this issue by August.

Tax Reform

On July 10, 2024, the Brazilian Chamber of Deputies approved a bill for Brazil's tax reform, with the aim of simplifying the tax system and eliminating disproportionate burdens. The proposed reform involves merging previous federal, state, and municipal taxes into two categories: the Tax on Goods and Services (IBS), which will be charged by states and municipalities, and the Contribution on Goods and Services (CBS), to be collected by the federal government.

The bill also outlines a zero-tariff regime for food and personal hygiene items that form the basic food basket, including essential goods like rice, beans, coffee, flour, grits, and milk.

Additionally, the bill proposes the creation of a basic basket with a reduced tax, providing a 60 percent discount on the value of taxes for food items such as beef, pork, poultry meat, fish, honey, and various types of cheese. The reduced tax rate will be adjusted from 11.6 to 4.8 percent. Meanwhile, all other food items not included in these baskets will be subjected to an added tax, currently projected at 26.5 percent.

The agricultural sector welcomed simplifying the tax burden and exempting basic food products from tariffs. However, it is still being determined whether these steps will indeed reduce the tax burden on wheat production chains.

According to various industry experts, some services that were not directly taxed, such as real estate, financial services, and other agricultural inputs, may end up being taxed at a higher rate, which will affect the final price of products at the end of the production process, further burdening wheat producers.

The bill sets a transition period from 2027 to 2033, during which current consumption taxes will gradually be replaced. The next step is for the text to be approved by the Brazilian Senate, with the vote expected to take place in the second half of this year.

Harvest Plan 2024/25

Brazil announced on July 3, 2024, that it is releasing R\$ 400.59 billion in resources available for loans for medium and large farmers as part of its 2024/25 Harvest Plan (Plano Safra 2024/25). This represents a 10 percent increase compared to the previous harvest. In addition, R\$ 108 billion will be available in the form of Agribusiness Letters of Credit, totaling R\$ 508.59 billion to promote the development of Brazilian agriculture. The government also announced a separate plan to disburse R\$ 76 billion to small family farmers. This represents a 6 percent increase compared to 2023/24 and is almost 43 percent higher than the amount invested in 2022/23.

A significant portion of the plan will be directed towards the RenovAgro program, with incentives for the renovation of degraded pastures, implementation of crop-livestock-forest integrated production systems, and the use of best practices for the conservation of natural resources.

There are 13 programs in the plan focusing on investments in innovation, modernization of production agriculture, and sustainable agriculture with emphasis on reduced carbon emissions. Additionally, improving food production by small family farmers is an integral part of the plan with special emphasis on organic food production.

The National Program to Strengthen Family Farming (PRONAF) will offer 10 lines of credit totaling R\$ 76 billion for family farmers at a subsidized interest rate of 2 and 3 percent to produce organic products. According to the government, PRONAF will focus on putting more food on Brazilian tables, with one goal being to increase rice production by 200,000 tons. The 2024/25 Harvest Plan runs from July 1, 2024, to June 30, 2025.

Wheat Trade

Post increased its forecast for wheat export for MY 2024/25 (October 2024 – September 2025), 2.7 MMT from the previous 2.1 MMT, on a wheat grain equivalent basis (WGE). Note that USDA uses WGE for trade numbers, which, in addition to wheat grain, include flour and wheat product volumes

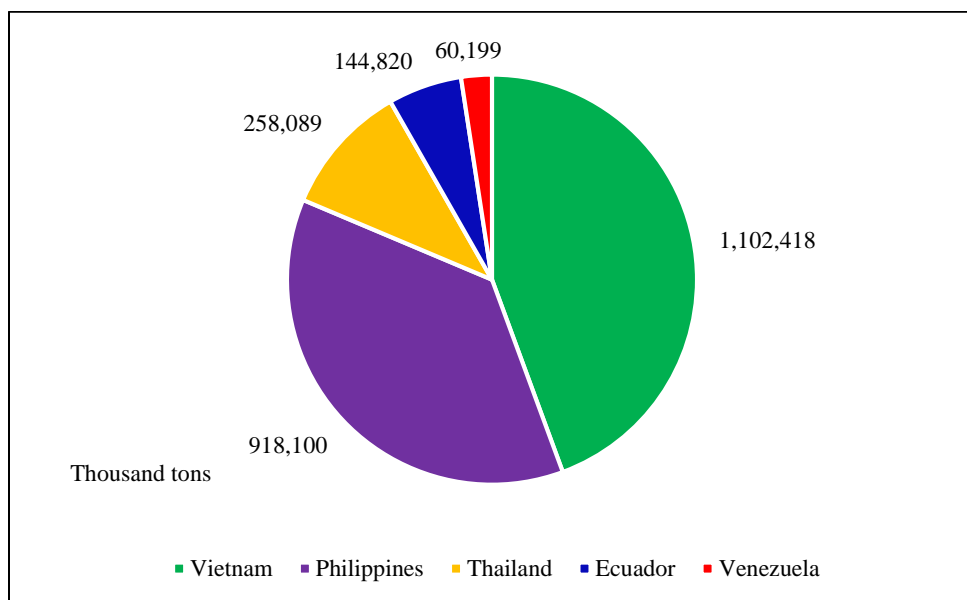
adjusted on a wheat grain equivalent basis. Post also increased its estimate for wheat export for MY 2023/24 (October 2023 – September 2024) to 2.5 MMT on a wheat grain equivalent basis (WGE), a 13.6 percent rise.

Brazilian wheat exports hit a record 2.48 MMT from January to June 2024, a 21 percent increase over the same period of 2023, when exports totaled 2.05 MMT, according to data from the Foreign Trade Secretariat (SECEX) of the Brazilian Ministry of Industry, Foreign Trade and Services (MDIC).

Vietnam was the leading importer of Brazilian wheat in the first half of 2024, buying 44 percent of all exports, followed by the Philippines (37%), Thailand (10%), Ecuador (6%), and Venezuela (2.5%).

Figure 19

Main Destinations of Brazilian Wheat Exports (January – June 2024)



Data Source: Ministry of Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia

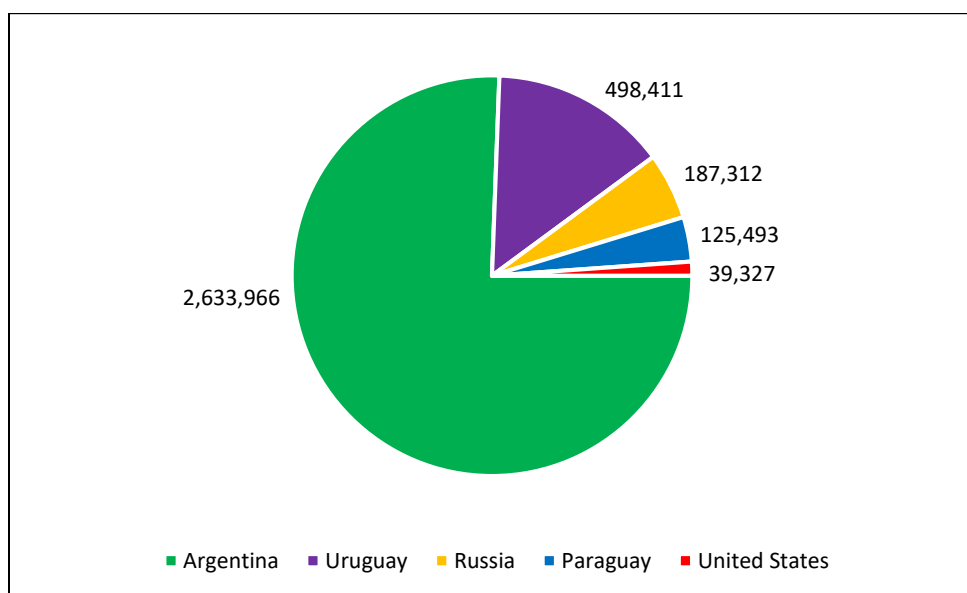
Post increased its forecast for wheat import for MY 2024/25 (October 2024 – September 2025) to 5.6 MMT from the previous 5.5 MMT, on a wheat grain equivalent basis (WGE) based on the adjustment of lower production for the season. Despite its strong domestic production, Brazil traditionally needs to import wheat to supply its internal demand.

According to SECEX data, from January to June 2024, Brazil imported 3.52 million tons of wheat, a considerable increase compared to the 2.1 million tons imported in the same period last year. This volume is the highest recorded since 2012. As such, post increased its estimate for wheat imports for MY 2023/24 (October 2023 – September 2024) from 5.5 MMT to 5.6 MMT on a wheat grain equivalent (WGE).

Russia, which had not exported wheat to Brazil since December 2023, resumed sales by shipping 187 thousand tons in June 2024, becoming the third source of wheat to Brazil in the first six months of the year.

Figure 20

Main Sources of Wheat Imports to Brazil (January – June 2024)



Data Source: Ministry of Industry, Foreign Trade and Services (MDIC); Graph Post Brasilia

Wheat Consumption

Post maintained its forecast of total wheat consumption for MY 2024/25 (October 2024 – September 2025) at 12.3 MMT, and at 12.2 MMT for MY 2023/24 (October 2023 – September 2024).

According to the Brazilian Supermarket Association (ABRAS), overall consumption in Brazilian households increased by 6.52 percent in May 2024 compared to April, and by 2 percent compared to May 2023. However, ABRAS highlights that despite higher increases in other products in the basic food basket, the consumption of wheat flour only rose by 0.93 percent.

As there has been a notable reduction in the amount of high-quality wheat planted in Brazil, wheat is one of the primary commodities that typically require imports to meet internal consumer demands. Therefore, a decrease in production, whether in quantity or quality, is unlikely to significantly impact customer trends, as supply deficits are compensated with increased imports.

Attachments:

No Attachments