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## **Report Name:** Oilseeds and Products Annual

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### **Report Highlights:**

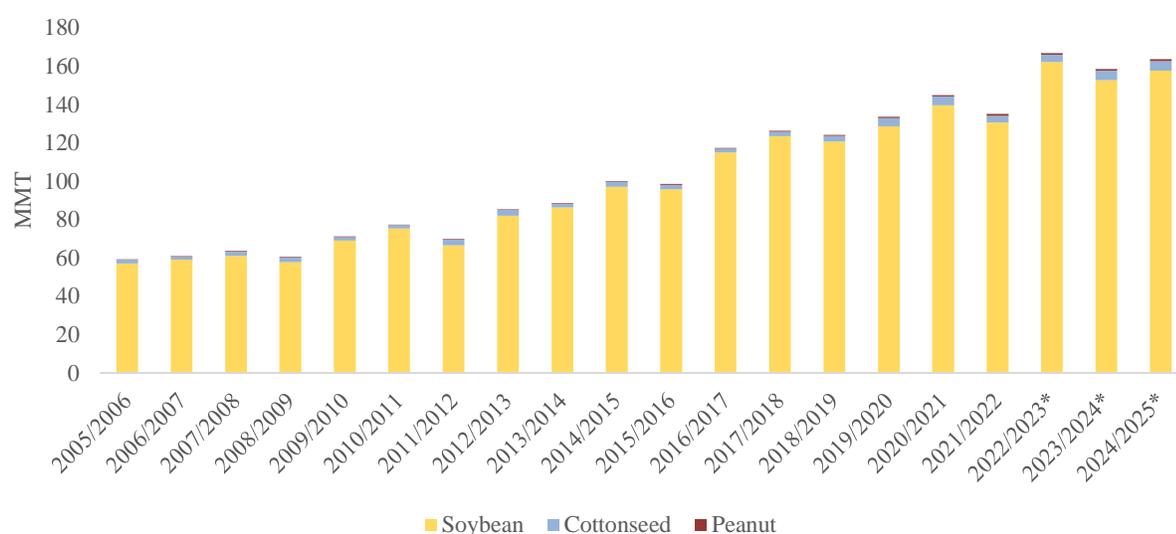
Post forecasts that Marketing Year (MY) 2024/25 planted area will expand at a slower growth rate, reaching 45.6 million hectares (ha). Post forecasts MY 2024/25 production at 157.5 million metric tons (MMT), 4.9 MMT more than the revised estimate in MY 2023/24. Due to poor weather in the end of 2023, Post estimates Brazil's yields to reduce by seven percent compared to MY 2022/23. Exports are forecasted at 99 MMT in MY 2024/25 mostly due to a solid international demand. Post forecasts crush at 55 MMT in 2024/25 considering a higher biofuels blend mandate. Peanuts area and production are also forecasted to grow due to higher margins. Cottonseed area and production should reach record levels as cotton has been offering a higher rentability than corn.

## OILSEED SECTOR IN BRAZIL

Brazil is a key global oilseed producer, accounting for almost a quarter of total global supply. For the Marketing Year (MY) 2024/25, Post forecasts Brazil will produce 163.6.46 MMT of soybeans, cottonseed, and peanuts. Soybeans are by far the most dominant oilseed, representing nearly 96 percent of all oilseeds produced in Brazil in the current MY. Cottonseed production is a distant second with 3.1 percent of Brazil's total oilseeds volume, followed by peanuts, with just 0.6 percent. Local production of palm kernel and sunflower represents less than 0.15 percent of Brazil's total oilseed output.

**Figure 1**

*Evolution of Soybeans, Peanuts, and Cottonseed Production in Brazil (2004/05 – 2023/24)*



*Source: USDA's Foreign Agricultural Service (FAS). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for the latest two MY of the series, marked with (\*), considers Post's estimates.*

Globally, Brazil is the leading producer and exporter of soybeans, accounting for nearly 40 percent of the world's soybean production and 60 percent of global exports – followed by the United States in both attributes. Brazil contributes about twelve percent of world cottonseed production, though virtually all production is consumed domestically. When it comes to peanuts, Brazil accounts for less than two percent of global production. However, it is the world's fifth-largest exporter of peanuts and main peanut oil exporter. Brazil's contribution to global production and trade of sunflower seed and palm kernel is negligible, well below one percent. Going forward, Brazil is expected to maintain its position as the oilseed production powerhouse in 2024/25 based on its dominance in the global soybean sector.

Across all oilseed crops, key factors driving oilseeds planted area in the next seasons will be availability of arable land, costs of inputs and commodity prices. Brazilian growers are expected to continue relying

on innovative technology (seeds and crop protection) to maintain elevated yields, though the use of technology-intensive inputs in the coming MY will depend on the final rentability of the current season's output.

At an international perspective, a favorable BR\$ - US\$ exchange rate should continue to benefit Brazil's commodities exports. Domestically, internal demand for oilseeds is expected to grow in line with both increased appetite for soybeans oil to produce biofuels, as well as solid meal demand for animal feed.

## SOYBEANS SECTION

### AREA, PRODUCTION AND YIELDS

*MY 2024/25 - Brazil is forecasted to continue to increase soybeans area, though at a slower growth rate next MY due to tighter profit margins*

Post forecasts soybeans area to expand less than one percent in MY 2024/25, from a revised MY 2023/24 area estimate of 45.2 million hectares (ha) to 45.6 million ha next MY. Post expects this modest, below historical average growth rate to be a direct result of 2023/24 agricultural performance. With high production costs, low prices, and thin margins, most Brazilian soybeans farmers would have little incentive or available capital to sustain area expansion at the same rate as the previous seasons, as mentioned by various local stakeholders.

As producers should have less available capital in 2024, the pace of area conversion (where it is possible), machinery acquisition, and increase of variable costs (e.g. fertilizers, seeds, labor, etc) should also slow down. Amidst declining prices and persistently high production costs and interest rates, Brazilian farmers should opt for cutting back variable costs, which could lead to lower national yields by the end of next MY. Naturally, some farmers will have had regular, or even better-than-anticipated yields during MY 2023/24, allowing them to invest in area expansion. However, based on available data and interaction with key local stakeholders, Post does not expect that to be the reality of most soybean producers across Brazil.

With these three reasons (low prices, relatively high production costs and low rentability) potentially leading to less investments in technology, Post forecasts higher yields in MY 2024/25 compared to the current season, but lower than MY 2022/23's – when high prices and the absence country-wide weather-related crop losses enabled record yields.

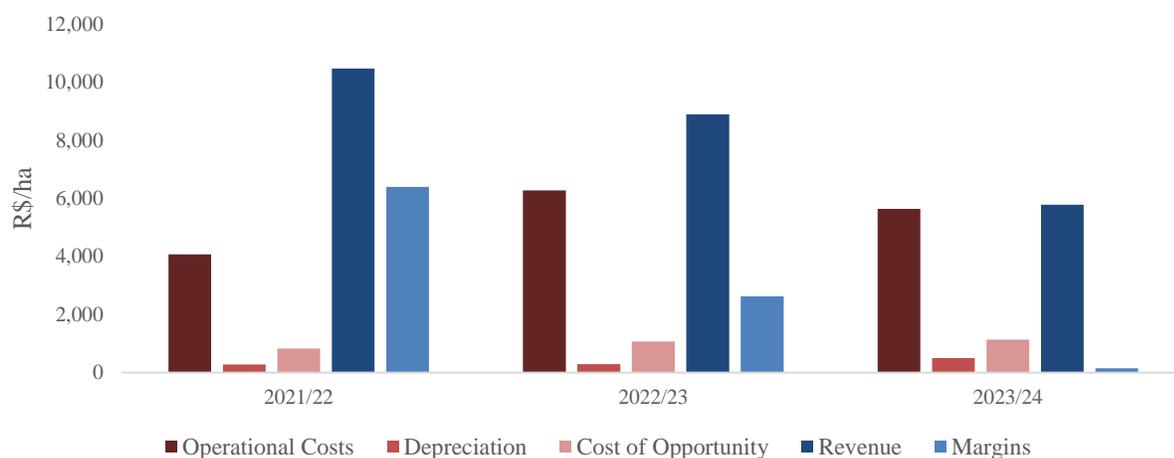
Post forecasts MY 2024/25 production at 157.5 million metric tons (MMT), resulting in an average national yield of 3,450 kilograms (kg) per ha (nearly 57.5 60kg sacs/ha). If confirmed, this would be two percent higher than MY 2023/24's revised yield (3,376 kg/ha, or 56.3 sacs/ha), but five percent lower than MY 2022/23's yield (at 3,632kg/ha, or 60.5 sacs).

To understand how these market trends could influence MY 2024/25 soybeans season, it is important to analyze each individually. From a price perspective, average Chicago (CBOT) prices in February 2024 (1,169.52 US\$ cent/bushel) reduced by five percent compared to January 2024 (1,230.50 US\$ cent/bushel), and 23 percent compared to January 2023 (1,527.61 US\$ cent/bushel). Domestic spot prices shrank similarly and reached its lowest point (R\$105,10/60 kg bag) since July 2020. Should prices continue a downward trend producers will have little incentive to increase area and investment in technology intensive inputs as it has done over the past couple of years.

Looking at the costs, growing soybeans in Mato Grosso during the 2023/24 season was almost as expensive as during 2022/23 and 40 percent more expensive than in 2021/22 – two seasons in which prices were significantly higher than today –, according to IMEA. As Figure 2 below shows, one hectare of soybeans costed nearly R\$ 4,124 (around US\$ 812) in direct operational variable costs.

**Figure 2**

*Cost of production, revenues and margins for soybeans producers in Mato Grosso*



*Source: IMEA. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Operational Costs include costs with seeds, fertilizers, agricultural defensives, mechanized operations, labor, maintenance, taxes and finance related costs, post-production costs (e.g. storage), rent, and other variable costs. For revenues, Post considered yields provided by IMEA and multiplied by an average of prices received by producer in February 2024, 2023 and 2022. Margins refers to total revenues minus operational costs.*

Assuming average statewide yields at 3,585 kg/ha (59.8 sacs/ha), as estimated by IMEA for technology intensive GE soybeans, at an average February 2024 price received by the producer of nearly R\$ 97/60kg bag (almost US\$20), according to IMEA data, the MY 2023/24 revenues barely cover the costs. Also, margins are significantly tighter than in previous years: nearly US\$30/ha in MY 2023/24; US\$502/ha in MY 2022/23 and US\$1,242/ha in MY 2021/22. If other economic costs are considered, as depreciation and costs of opportunity, total costs exceed revenues in 2023/24, edging farmers into

financial hard times. While many other elements shape the producers' actual rentability, this high-level estimate evidences the scale of the reduction in soybeans' rentability this MY.

Similarly, basic interest rates (known as SELIC, in Portuguese) remain high – currently at 11.25 percent, as a lag from high inflation during 2021 and 2022 –, making access to credit more expensive. Brazilian agriculture is heavily dependent on credit, and the financial aftermath of 2023/24 season will be key to determine the cost of borrowing money to cover the MY 2024/25 expenses. Several Post contacts have reported the growing possibility of more farmers declaring bankruptcies throughout 2024 than in the recent past. If confirmed, access to credit (from both private and public funds) could become even more expensive and restricted, reducing the producers' acceptance of risks, and leading to lower investments for next season in both area expansion and technology/inputs.

As covered in the next section, Brazil still has over 40 percent of soybeans areas to be harvested, as of March 10<sup>th</sup>. The yields from late sowed areas, which are still to be reaped, will be crucial to determine the producers' financial conditions to invest in MY 2024/25. Post forecasts that area expansion will be lower than historical average – at nearly four percent yearly increase over the last decade. Consequently, the pace of pastureland conversion into agricultural fields should slow down in the short term. Area increase should be viable in regions with available land to expand (as the Center West and MATOPIBA) and where producers did not experience severe crop failures and/or high costs due to various replanting operations.

Post forecasts MY 2024/25 yields at 3,450kg/ha (57.5 sacs/ha) – higher than the current season's estimate at 3,376kg/ha (56.3 sacs/ha). This assumption is based on the expectation of regular weather across the main soybeans producing states. As 2023/24's yields has been impacted by poor weather conditions, Post assumes that the lack of significant climatic disruptions could lead to higher yields. For this same reason, next season's yields should be lower than MY 2022/23's – currently estimated at a record 3,620kg/ha (60.3 sacs/ha) – when higher prices, lower production costs and ideal weather allowed Brazil to harvest record volumes.

*MY 2023/24 - El Niño's effects slow Brazil's productive potential, though the country should register its second largest harvest ever*

Post revises down its MY 2023/24 production estimate to 152.6 MMT, four percent below the previous estimate, at 158.5 MMT, elaborated in December. Lower yields outlooks have driven this downward estimate. This results from the poor weather conditions across major producing regions, as the Center West. Area estimates remain unchanged at 45.2 million ha.

As detailed in the [Oilseeds and Products Update](#) elaborated by Post in December 2023, Brazil suffered from significant heat waves and drought/water stress between October and December 2023 due to El Niño phenomenon's effects across South America. For instance, low soil moisture levels, and below average rainfalls during most of October and November have negatively impacted yield outlooks in

agricultural powerhouse states such as Mato Grosso, Mato Grosso do Sul, and Goiás. In the same period, in Rio Grande do Sul, heavy rains had delayed sowing pace, forcing farmers to plant outside the traditionally ideal weather window for soybeans vegetative growth.

As Table 1 below shows, water stress levels and high temperatures had inflicted major producing regions during critical plant development stages. Despite soybeans' natural resilience, in some areas across Mato Grosso, Post contacts have indicated that weather conditions have already led to irreversible yield losses as sowing in the state started two weeks earlier than usual. In other regions, particularly in late sowed areas, Post contacts believe that the resumption of regular rainfall levels since January 2024 could help improve yields and avoid further crop losses.

**Table 1***Weather Conditions in Brazil's Key Soybeans Producing States During 2023/24 Season*

State and Macro Region	Share of Production	Sep	Oct	Nov	Dec	Jan	Feb
West Tocantins	1.71		S/PE	PE/VD	VD/F	VD/F/PF/M	PF/M/H
East Tocantins	1.43		S/PE	PE/VD	VD/F	VD/F/PF/M	PF/M/H
South Maranhão	1.85		S	PE/VD	VD/F	VD/F/PF	PF/M/H
Southeast Piauí	2.48			S/PE/VD	VD/F	VD/F/PF	F/PF/M
Far West Bahia	5.01			S/PE/VD	VD/F	VD/F/PF	F/PF/M
North Mato Grosso	19.20	S/PE	S/PE/VD	VD/F/PF	F/PF	PF/M/H	M/H
Northeast Mato Grosso	6.21		S/PE	S/PE/VD	VD/F/PF	F/PF/M	PF/M/H
Southwest Mato Grosso	0.86	S/PE	S/PE/VD	VD/F	F	F/PF/M	PF/M/H
Southeast Mato Grosso	4.65	S/PE	S/PE/VD	VD/F	F	PF/M/H	M/H
Center South Mato Grosso do Sul	2.17		S/PE	S/PE/VD	VD/F/PF	F/PF/M	PF/M/H
East Mato Grosso do Sul	1.25		S/PE	S/PE/VD	VD/F/PF	F/PF/M	PF/M/H
Southwest Mato Grosso do Sul	3.53	S/PE	S/PE/VD	VD/F	VD/F/PF	F/PF/M	PF/M/H
Northwest Goiás	0.68		S/PE	PE/VD	VD/F	F/PF/M	PF/M/H
North Goiás	0.60		S/PE	PE/VD	VD/F	F/PF/M	PF/M/H
Center Goiás	0.65		S/PE	PE/VD	VD/F	F/PF/M	PF/M/H
East Goiás	1.94		S/PE	PE/VD	VD/F	F/PF/M	PF/M/H
South Goiás	8.74		S/PE/VD	VD/F	F/PF	PF/M/H	M/H
Northwest Rio Grande do Sul	3.33		S	PE/VD	PE/VD	VD/F	F/PF/M
Center West Rio Grande do Sul	0.78		S	PE/VD	PE/VD	VD/F	F/PF/M
Southeast Rio Grande do Sul	1.18		S	PE/VD	PE/VD	VD/F	F/PF/M
Southwest Rio Grande do Sul	0.92		S	PE/VD	PE/VD	VD/F	F/PF/M

Source: [CONAB](#). Table translated and adapted by: Post Brasilia (Office of Agricultural Affairs – OAA).

Note: (1) (S)=sowing; (PE)=plant emergence; (VD)=vegetative development; (F)=flowering; (PF)=pod

*filling(M)=maturation (H)=harvesting; (2) Green means “Favorable/no weather restriction”, amber means “Low weather restriction: lack of rains or high temperatures” and blue means “Low weather restriction: excess of rains”.*

Many consultancy companies, banks and forecasting agencies were estimating a national crop of over 160 MMT before the effects of El Niño. Brazil’s National Supply Company (CONAB) initially forecasted Brazil’s MY 2023/24 soybeans output at 162 MMT, which is 15.1 MMT above their current estimate at 146.9 MMT. Local contacts have even reported that 2023/24 yields could be worse than 2015/16’s (when an El Niño also had a significant effect on crops), as this year had strong heat waves, insufficient, irregular and sparse rainfalls, and the sowing window started earlier.

In Mato Grosso, soybeans sowing was authorized by the Ministry of Agriculture, Livestock and Food Supply (MAPA) to start on September 1<sup>st</sup> last year, compared to September 15<sup>th</sup>, in MY 2022/23. This anticipation was a request from Mato Grosso cotton producers, as cotton competes with corn for second crop areas (known as “*safrinha*”, in Portuguese) after soybeans.

In this scenario, Post contacts mentioned that a lack of appropriate rainfalls forced farmers to plant on drier soils. During the peak of heat waves and persistent drought, many areas had seeds suffering from excessively hot soils. Even the ones that managed to germinate had growth cycle shorting due to the heat and water stress, leading to lower productive potential, smaller and lighter grains, and replanting. Mato Grosso’s Institute of Agricultural Economics (IMEA) estimates that nearly six percent of the area had to be resowed. Some soybean areas were abandoned and later switched to either corn or cotton to enjoy a better weather window.

According to IMEA, nearly 90 percent of the estimated 12.13 million ha for soybeans has already been harvested, with MY 2023/24 production estimated at 38.44MMT – 15 percent below MY 2022/23, due to a sharp drop in yields, from 3,738 kg/ha (62.3 sacs/ha) last year to 3,169 kg/ha (52.8 sacs/ha) in the current season.

Post conducted a crop tour between January 29<sup>th</sup> and February 2<sup>nd</sup> across different soybeans producing regions in Mato Grosso, alongside the BR-163 highway. The objective was to capture firsthand impressions about the productive potential of different farms across the municipalities of Campo Verde, Nova Mutum, Nova Ubitatã, Sorriso, Sinop, and others. Due to extreme weather in the end of last year, Post noticed that rainfall levels varied even within the same property (i.e. some fields had proper rain levels, while nearby fields did not). That led to different growing and productive outlook in visited farms. Near Nova Mutum, some fields had yields as low as 720kg/ha (12 sacs/ha) and others a few kilometers apart had 3,900kg/ha (65 sacs/ha), evidencing the discrepant realities even in close by regions. In Nova Ubitatã, producers visited by Post mentioned that, although harvested yields were ten percent below last season, their soybeans fields performed better-than-initially-expected amidst an El Niño year.

As of March 8<sup>th</sup>, ten percent of area is still to be harvested in Mato Grosso. IMEA expected that late sowed areas could possibly have better yields. As plants were not exposed to the peak of heat waves and water deficits last year, they should not have had their growth cycle significantly altered.

Local stakeholders point that Mato Grosso already has a consolidated crop loss due to the poor weather conditions and resowing. However, precipitation levels from January onwards returning to a somewhat regular volume could help replanted areas to recover part of its productive potential. That could be possible due to the resilient climatic adaptability of the Genetically Engineered (GE) varieties currently commercialized.

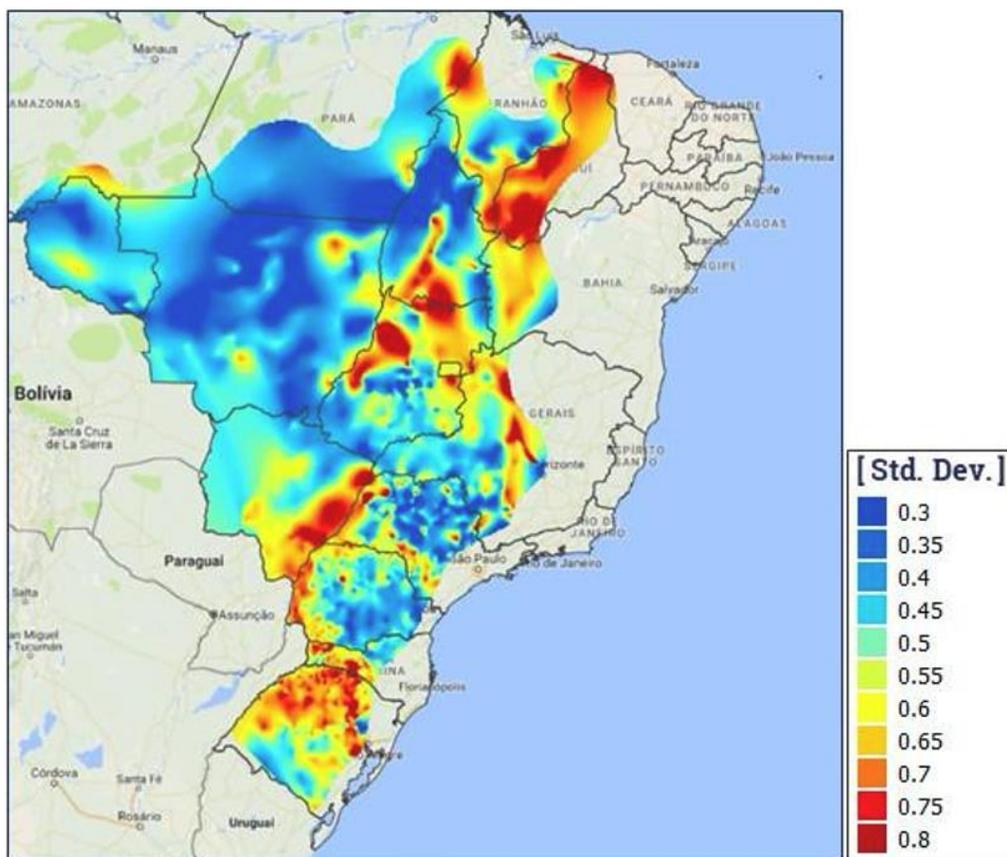
In Paraná, excessive rains in October and November 2023 affected early plant development stages by damaging the soil and offering limited proper sunlight. From December until mid-January, Post contacts reported that hot and dry weather, as in other regions across Brazil, worsened the scenario as cycle shortened and pods/grains developed below expectations in some regions. Most recently, rains have returned, benefiting late sowed fields, but hindering the pace of harvesting – currently at 64 percent according to Paraná’s Rural Economy Department (DERAL). It estimates the state’s area at 5.8 million ha, with 2023/24 production at 18.4 MMT – 19 percent below last season, due to lower yields (3,158kg/ha or 52.6 sacs/ha).

As of March 5<sup>th</sup>, 64 percent of Paraná’s soybeans area has already been harvested. For remaining area (nearly two million ha), 66 percent is rated as “Good”, while the remaining 29 percent and 5 percent are rated as "Average” or “Poor”, respectively. Around 36 percent of the soybean plants are still in pod filling stages, and 64 percent is maturing. Post contacts indicated that yield outlooks in the state are below the 3,500kg – 3,600kg (58.3 – 60 sacs/ha) initially expected for the MY 2023/24. In the medium term, volatile yields can become increasingly challenging for Paraná’s soybeans output as the state has virtually reached its total area potential at 5.8 – 6 million ha.

In Rio Grande do Sul, according to the Association of Technical and Rural Extension Enterprises of Rio Grande do Sul (EMATER/RS), local producers should reap a record 22.2 MMT across 6.7 million ha. If confirmed, average yields of 3,329kg/ha (55.5 sacs/ha) would be 71 percent higher than last year’s, when the state again suffered a significant crop loss due to adverse weather conditions, including decreased rainfall.

**Figure 3**

*Standard deviation in soybean yields compared to a historical 20 years average*



*Source: CONAB and IBGE. Chart elaborated by: StoneX.*

As Figure 3 above shows, the state has registered one of the highest standard deviation indexes compared to the average yields of the last 20 years. This evidences a higher risk of crop losses, mostly due to adverse weather. For 2023/24, an additional 10 MMT produced in Rio Grande do Sul could potentially help Brazil offset crop losses elsewhere (mostly in Center-West). Still, stakeholders contacted by Post indicate that El Niño effects has already hindered the state's full productive potential. Excessive rains in September and October delayed the pace of sowing, leaving plants more vulnerable to phytosanitary adversities (mainly rust) and less exposed to an ideal photoperiod. More favorable meteorological conditions between December and January allowed proper plant development. The state should be the last region in Brazil to harvest significant volumes of soybeans as 68 percent of the areas is still in pod filling stage, and only eight percent is maturing, as of March 07<sup>th</sup>, according to EMATER/RS.

Goiás and Mato Grosso do Sul experienced similar weather conditions as their neighbor Mato Grosso, as El Niño effects were widespread across the Center-West. According to CONAB (Table 2), 63 percent of the 4.6 million ha area in Goiás has been harvested, as of March 10<sup>th</sup>, and the state should produce 15.9

MMT in MY 2023/24 – ten percent less than last year due to lower yields. Post contacts indicated that in the north of Goiás, near the municipality of Alto Araguaia, soybeans fields struggled with heat and dry weather, and some producers abandoned parts of their areas and switched to other crops. Nonetheless, late sowed areas could help offset statewide losses. Producers in Mato Grosso do Sul, in the other hand, harvested around 78 percent of its estimated four million ha. For MY 2023/24, crop production is estimated by CONAB at 12.7 MMT, which would also consolidate a ten percent reduction compared to MY 2022/23.

Post also visited farms in Tocantins (located in the north of Brazil) near the municipalities of Gurupi and Peixe, between January 24<sup>th</sup> – 26<sup>th</sup>. As part of the MATOPIBA region (composed by Maranhão, Tocantins, Piauí, and Bahia, the region is considered the main Brazilian agricultural frontier), Post experienced how the state has been increasing area through the conversion of degraded pasturelands into agricultural fields. As the properties visited were located in the south of the state, closer to the border with Goiás, local producers voiced similar issues regarding the challenging effects of El Niño.

The discrepancy in productive outlooks across nearby properties was also experienced in Tocantins. Post observed weather damaged fields, with suboptimal plant population, high rates of replanting and yield outlooks as low as 2,640 kg/ha – 2,700 kg/ha (44 – 45 sacs/ha). For instance, a local producer showed his 700 hectares property where he switched over 90 percent of it to corn after resowing soybeans several times. However, other farms evidenced excellent productive potential, pods per plant ratio, big and healthy grains, with yields as high as six tons per ha in irrigated fields and up to 4,200 kg/ha in rainfed areas. As producers continue to convert pastureland, Post expects yields in newly converted areas to be lower than fully productive farms, which helps to explain the divergence between extremely productive and poor areas. According to CONAB, around 55 percent of Tocantins soybeans areas have been harvested, with 2023/24 area estimated at 1.47 million ha, and production at 4.6 MMT.

Post contacts indicate that nationwide replanting percentages ranged between six and eight percent of Brazil's total area estimate. Amidst high production costs, tight margins and decreasing prices, producers were forced to halt replanting after some attempts, and consequently move to another crop. For this reason and for the effects detailed above and in the previous [Oilseeds and Products Update](#), Post does not consider a higher production number at this stage.

Alternatively, Post believes that Brazil's soybeans crop should not be reduced significantly further as most of the grains harvested so far was the hardest hit by the heat and drought, consequently portraying lower yields. As Table 2 shows below, a little more than half of Brazil's areas has been harvested so far, with an average of 72 percent of MATOPIBA fields to be reaped, over a third in Goiás and São Paulo, more than half in Minas Gerais, and the entire Rio Grande do Sul's crop.

As explained above, late sowed areas should have better yields than those planted earlier. Although, the former would still be below its full productive potential due to being outside the ideal window of growing, it should not have suffered as badly the adverse effects of El Niño's phenomenon peak as the latter.

**Table 2***Evolution of Soybeans Harvesting in Brazil During MY 2023/24*

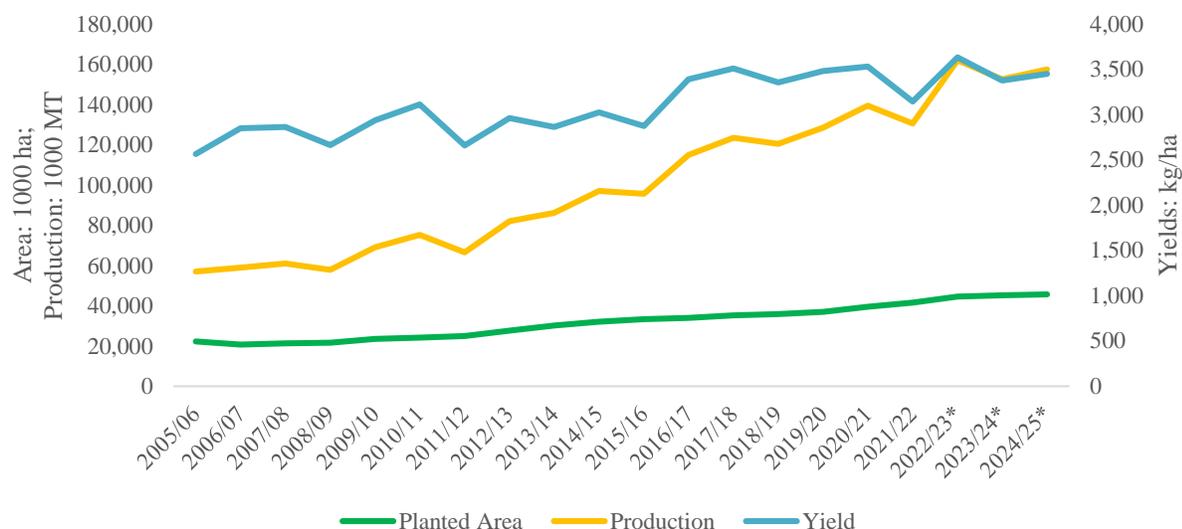
State	Harvesting progress (in percentage)			Variation (in percentual points)	
	Week ending on			Weekly progress	Yearly comparison
	Mar 11th, 2023	Mar 4th, 2024	Mar 10th, 2024		
<b>Tocantins</b>	80.0	35.0	55.0	20.0	-25.0
<b>Maranhão</b>	41.0	16.0	37.0	21.0	-4.0
<b>Piauí</b>	23.0	4.0	6.0	2.0	-17.0
<b>Bahia</b>	21.0	7.7	15.0	7.3	-6.0
<b>Mato Grosso</b>	94.7	82.4	89.3	6.8	-5.4
<b>Mato Grosso do Sul</b>	58.0	65.0	78.0	13.0	20.0
<b>Goiás</b>	72.0	52.0	63.0	11.0	-9.0
<b>Minas Gerais</b>	54.9	39.0	45.0	6.0	-9.9
<b>São Paulo</b>	40.0	45.0	65.0	20.0	25.0
<b>Paraná</b>	33.0	52.0	64.0	12.0	31.0
<b>Santa Catarina</b>	4.0	7.0	12.0	5.0	8.0
<b>Rio Grande do Sul</b>	0.0	0.0	0.0	0.0	0.0
<b>Total</b> <i>(considering these 12 states)</i>	53.4	47.3	55.8	8.5	2.4

Source: [CONAB](#). Table translated and adapted by: Post Brasilia (Office of Agricultural Affairs – OAA).

Post also revised up its MY 2022/23 production estimate to 162 MMT, considering both the latest USDA’s World Agricultural Supply and Demand Estimates (WASDE) as well as new data evidencing record export (103.9 MMT) and crushing (54.2 MMT) levels. Area was revised up slightly from 44 million ha to 44.6 million due to newly consolidated area estimates from different subnational institutions.

**Figure 4**

*Evolution of Soybeans Planted Area, Production and Yield in Brazil (2004/05 – 2024/25)*



*Source: FAS. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for the latest three MY of the series, marked with (\*), considers Post’s estimates and forecasts.*

*Brazil’s area expansion over the last decades has also fostered a geographical reallocation of soybean production*

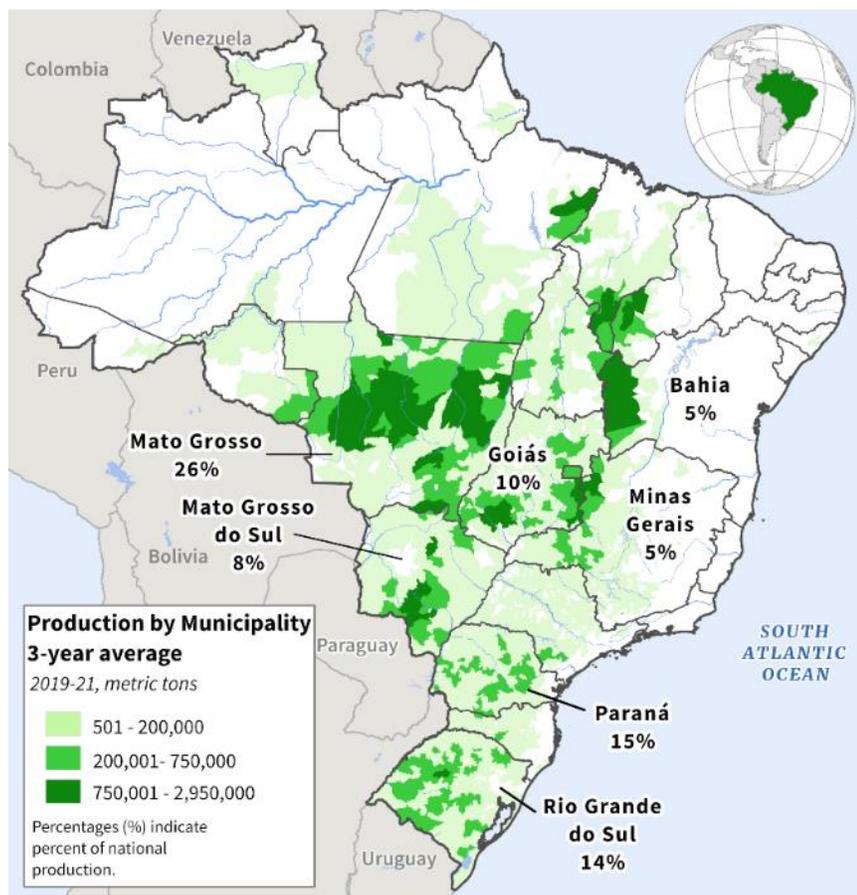
According to FAS’s estimates and Post’s latest numbers, Brazil’s cumulative soybean planted area grew by over 40 percent (increase of 13.1 million ha), over the last ten seasons, and 22 percent since five seasons ago (increase of 8.3 million ha). Due to decades of strong investments in research and development and genetic engineering led by the Brazilian Agricultural Research Corporation (EMBRAPA) and private companies/research institutions, Brazil has been able to boost its soybean production significantly through major yield gains. Soybeans have enjoyed an increased climate resilience, enabling the crop to thrive even amidst difficult conditions. Currently, nearly 99 percent of soybean seeds used in Brazil are genetically engineered, which has helped Brazilian farmers to sustain high levels of productivity even during challenging seasons as 2023/24.

There has also been a geographical reallocation of soybean planted area over the last two decades. In 2000/21, nearly 43 percent was located in Southern states (mostly Paraná and Rio Grande do Sul). Twenty years later, this share was reduced to less than 30 percent, according to CONAB data. In turn, MATOPIBA’s share of planted area grew from seven percent to 13 percent. Similarly, Center West further increased its relevance from 41 percent to 46 percent.

In mid-1970's, nearly 90 percent all soybeans' fields were located in the South of Brazil. With the creation of EMBRAPA earlier in that decade as well as solid investments in both genetically enhancements and adaptation of this crop to Center West's climate, the crucial role of states as Mato Grosso, Mato Grosso do Sul and Goiás became more evident. In early 1980's, they planted nearly 14 percent of all Brazil's area; in 1990's, nearly 30 percent. Now, almost half of soybeans fields are located in Brazil's agricultural powerhouse region of the Center West.

**Figure 5**

*Brazil's Soybeans Production Areas*



*Source: Brazilian Institute of Geography and Statistics (IBGE). Chart elaborated by: USDA FAS's International Production Assessment Division (IPAD).*

Area incorporation to benefit from pastureland conversion in the longer term

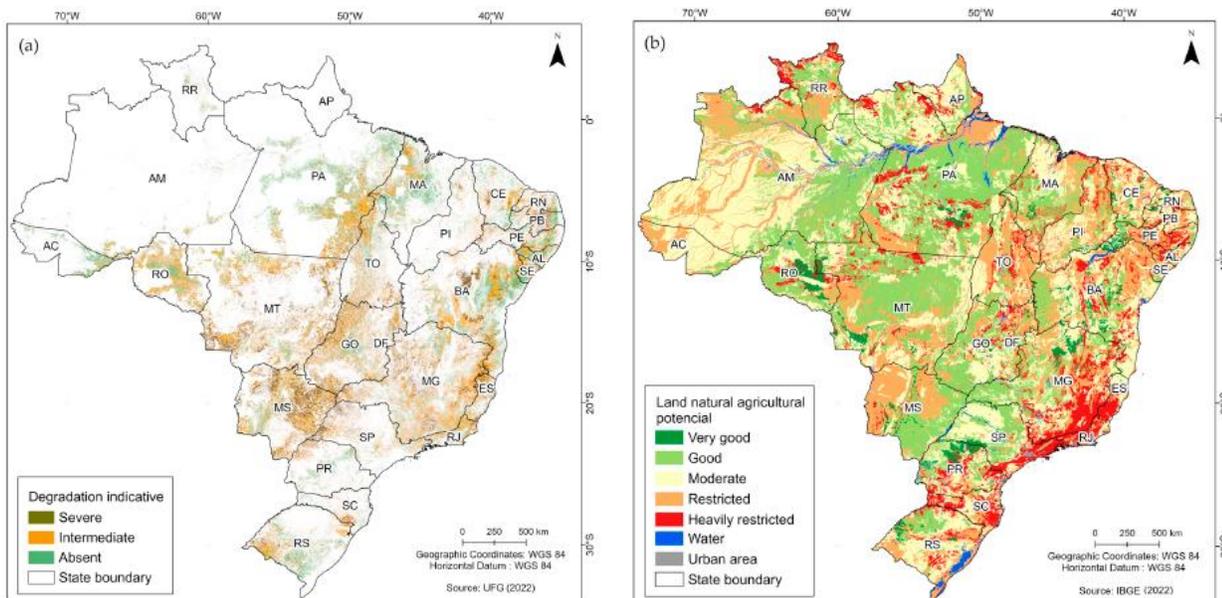
Brazil still has the possibility to increase its agricultural area by converting degraded areas. Post contacts have informed various figures regarding Brazil's actual area of degraded pasturelands, with a significant range between one another, indicating a gap between different methodologies and definitions used to

calculate them. The Government of Brazil (GoB) announced last year an interministerial program aimed at recovering 40 million ha over the next ten to fifteen years.

Similarly, an academic study recently published by researchers and scholars from EMBRAPA and the State University of Campinas (UNICAMP) concluded that nearly 28 million ha of planted pastures, with severe and intermediate degradation, are located in areas with “very good” and “good” agricultural potential (i.e. considering the proximity of warehouses and major highways). The states with greater potential are Mato Grosso (5.1 million ha), Goiás (4.7 million ha), Mato Grosso do Sul (4.3 million ha), Minas Gerais (4.0 million ha), and Pará (2.1 million ha)<sup>1</sup>. These estimates are aligned with the tradition of extensive livestock grazing in these states since decades ago.

**Figure 6 (left) and Figure 7 (right)**

*Pasture Quality and Land Natural Agricultural Potential, respectively*



Source: Figure 6 (left): Federal University of Goiás (UFG); Figure 7 (right): IBGE. Both maps elaborated by Bolfe, É.L.; Victoria, D.d.C.; Sano, E.E.; Bayma, G.; Massruhá, S.M.F.S.; de Oliveira, A.F – [available online](#).

Depending on how prices behave in the medium term, Post contacts affirmed Brazilian producers might have a renewed incentive to continue expanding areas over pasturelands, as soybeans usually offer better liquidity and rentability than extensive livestock. However, farmers will be more wary of climatic instability when making the decision on whether to expand its areas, by how much, and where. As the newly converted areas should not offer average yields up until the first three seasons, producers might be more inclined to resume area expansion when margins are high again. Also, when it comes to

<sup>1</sup> Bolfe, É.L.; Victoria, D.d.C.; Sano, E.E.; Bayma, G.; Massruhá, S.M.F.S.; de Oliveira, A.F. Potential for Agricultural Expansion in Degraded Pasture Lands in Brazil Based on Geospatial Databases. *Land* 2024, 13, 200. <https://doi.org/10.3390/land13020200>

pastureland conversion, Brazil might invest more in Center West areas than in MATOPIBA's, given its different levels of agricultural and infrastructure maturity, which may lead to regional discrepancies in area expansion in the near future.

During recent crop tours, Post contacts revealed that land conversion in Tocantins has been ramping up, but local challenges hinder further expansion. In the state, Brazil's Forest Code mandates that up to 35 percent of the area (as well as riverbends, legal environmental protection lands, etc) should be preserved, leaving up to 65 percent available for economic activities. Post contacts mentioned that Tocantins might have nearly 4 million ha of pastures, out of which 1.5 million ha could be converted into arable land for soybeans at an average cost of R\$ 4,000 – R\$ 5,000/ha (around US\$ 800 – US\$ 1,000/ha). Without any intermediate crop (as rice), conversion could take place between six to twelve months, though margins will be negative at first as yields would be low. In Mato Grosso, Post contacts acknowledged that the state has over 16 million ha of land with acceptable aptness levels for pastureland conversion, with nearly 11 million ha evaluated as “very favorable” and “favorable” for conversion (mostly located in the north and northeast of the state, closer to the border with Pará and Tocantins).

However, it is still unclear what the official definition of degraded pasturelands will be used to drive land conversion, or how Brazil will allocate the extra production reaped from area expansion. Post contacts indicated that recovering degraded pasturelands could only be viable to the extent that Brazil could increase domestic consumption of oil for higher blends of biofuels and additional consumption of meal. In a study dedicated to forecasting Brazil's agricultural growth over the next decade, CONAB estimates that, by 2032/33, Brazil's soybean area should reach nearly 56 million ha and production 186.7 MMT.

## **COMMERCIALIZATION AND PRICES**

### *Lower prices are keeping soybean producers reluctant to sell*

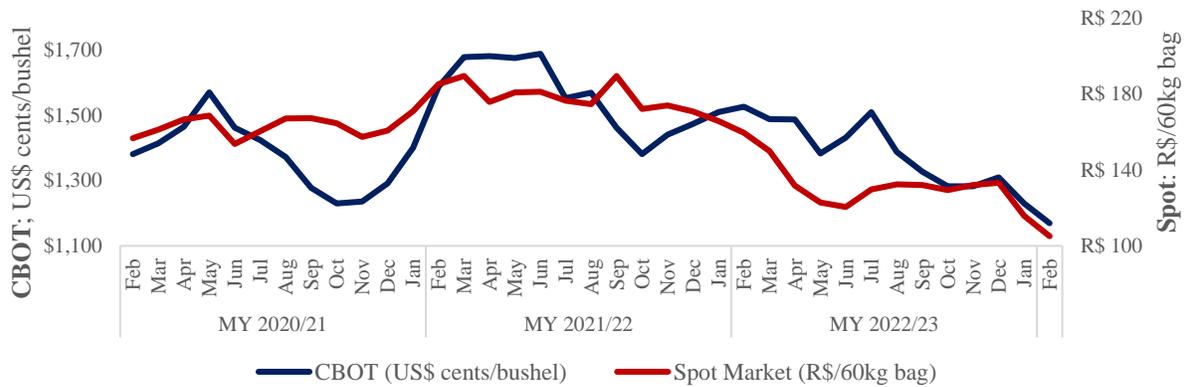
MY 2023/24 started with an average February CBOT price at US\$1,169.52 cents/bushel and nationwide average spot prices at R\$105.1/60kg bag, 23 percent and 34 percent less than February 2023, respectively. CBOT prices are also significantly below the average of the previous three MY, which considers prices fluctuation resulting from higher supply.

International soybeans prices have been falling since December despite growing skepticism amidst Brazil's productive potential. Such low baseline in the beginning of the MY indicate that prices could reduce further as harvesting advances across Brazil and later in Argentina, resulting in lower – or event negative – margins, compared to previous seasons. As mentioned above, this will impact the producers' decisions regarding how much to invest in the next season, prompting them to consider less costly inputs. As Figure 8 below shows, over the last three MYs, prices were in higher level when Brazilian producers formed their costs.

This context has slowed commercialization of available soybeans, as producers wait for better prices. In Mato Grosso, IMEA reports that, in February 2024, nearly 46 percent of the 2023/24 harvest has been commercialized, down from 52 percent in the same period last season and 61 percent in February 2022, during 2021/22 season.

**Figure 8**

*Evolution of CBOT Prices Compared to Domestic (Spot) Prices (MY 2020/21 – 2023/24)*

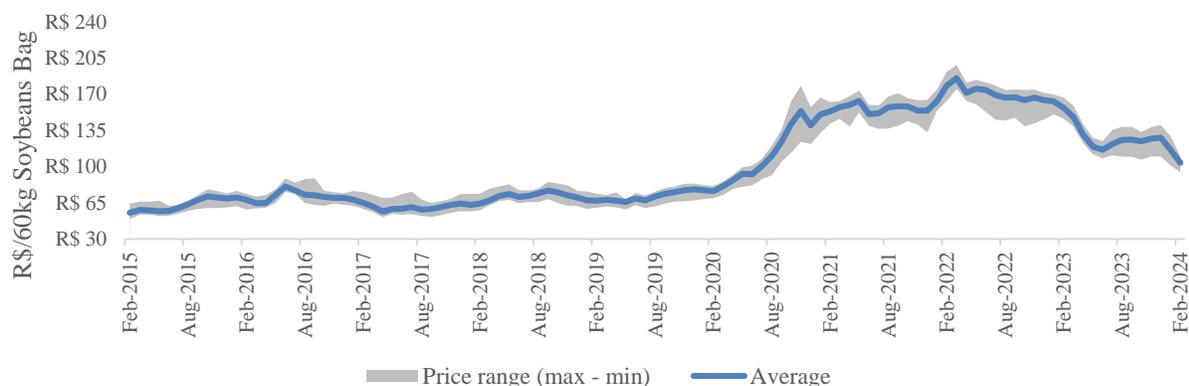


*Source: Safras & Mercados. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

Post contacts reported that producers were expecting prices to go up after several reductions in crop estimates from various public and private forecasting agencies. International prices are not reacting as expected, in part resulting from a substantial supply estimated from Argentina. The neighbor country could offer an additional 31 MMT of soybeans in comparison with last year when Argentina suffered a major crop loss due to poor weather. Additionally, high global beginning stocks might indicate a less aggressive international demand in the short term.

**Figure 9**

*Evolution of Prices Paid to Soybeans Producers in Brazil, compared to 5 years average (2015 – 2024)*



*Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Range and monthly average refer to prices seen across 16 states: Bahia, Distrito Federal, Goiás, Maranhão, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pará, Piauí, Paraná, Rondônia, Roraima, Sio Grande do Sul, Santa Catarina, São Paulo and Tocantins.*

## **DOMESTIC CONSUMPTION**

*Brazil is set to increase crushing in the back of higher demand for biofuels mandate*

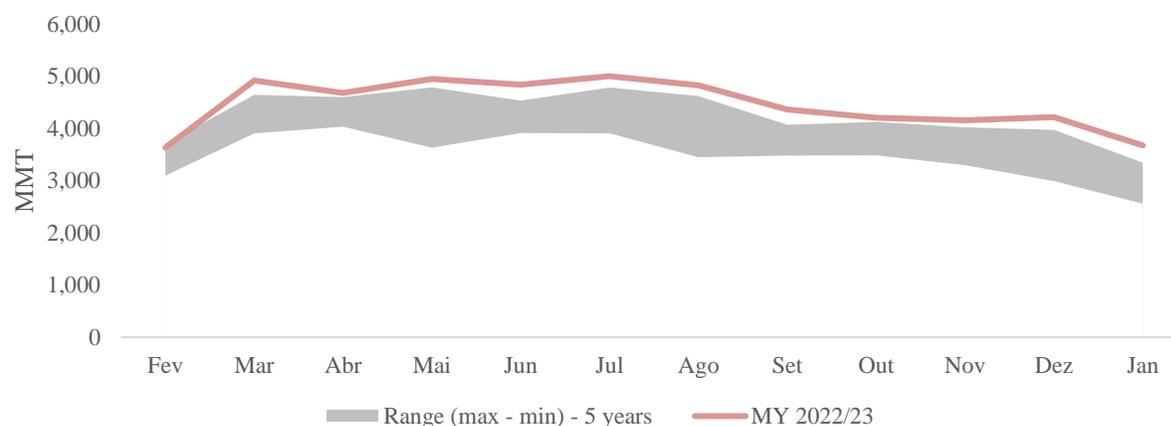
Post forecasts MY 2024/25 crush levels at 55 MMT in the back of increasing the mandate for biofuels blend, which reaches B14 in March 2024 and B15 in 2025. Previously, the blend mandate was set at 12 percent (B12). This represents a one percent increase compared to the revised down MY 2023/24 estimate at 54.5 MMT.

Assuming regular weather throughout MY 2024/25 across South America, Argentina should maintain its high soybean producing and crushing capacities. This may reduce the incentives for Brazilian crushers to export processed products – particularly soy oil –, which should be redirected to supply domestic consumption.

According to the Brazilian Association of Vegetable Oil Industries (ABOIVE), Brazil registered a record crush volume in MY 2022/23, six percent higher compared to MY 2021/22 – at then 51.2 MMT – and nearly 16 percent more than five MY before, at 46.6 MMT. Over the last decade, local crushers nearly doubled oilseeds processing. This indicated not only higher available grains resulting from successive record harvests, but also, and most importantly, Brazil’s increasing installed crushing capacity. Local stakeholders report that the country already has sufficient capacity to produce enough biodiesel to meet a B20 blend mandate.

**Figure 10**

*Evolution of Soybeans Monthly Crushing in Brazil, in the current MY and the previous five MYs*



*Source: Brazilian Association of Vegetable Oil Industries (ABOIVE). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

*Domestic crushing industry has expanded its installed capacity of the last decades*

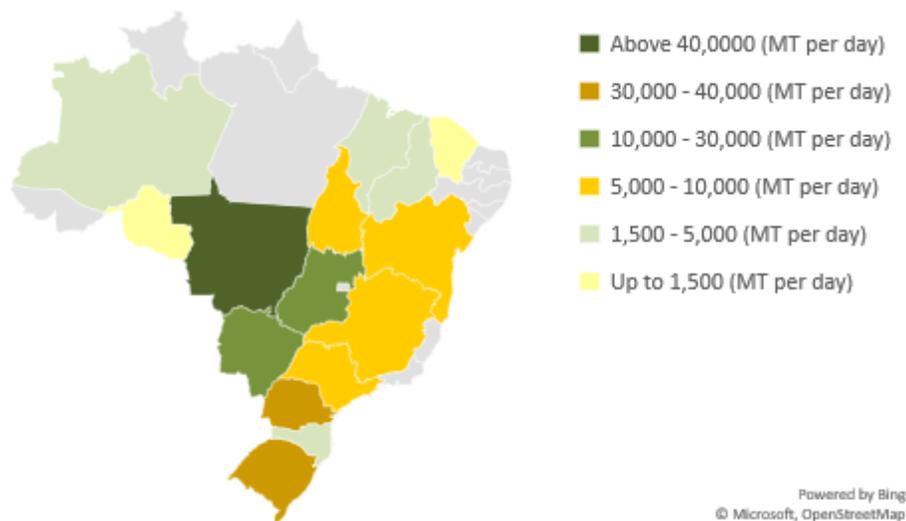
With 56 crushing companies operating 107 active facilities in 2023 and with three others under construction, Brazil’s installed capacity has increased by over 20 percent in the last decade, according to ABOIVE. From being able to process 162 thousand tons per day in 2014 to nearly 194 thousand tons per day in 2023, Brazil is now able to crush nearly 64 MMT a year (assuming 330 days crushing cycle). Considering idle capacity, this number exceeds 69 MMT.

Post contacts acknowledged that this productive cap might be only hypothetical, as it may not be economically viable to operate at the fullest capacity, due to additional costs and lower margins. They also mentioned that 2023 enabled good margins, with other oilseed crushers (as cottonseed) switching to soybeans to benefit from more favorable conditions.

Over three quarters of all crushing capacity is installed in the five largest soybeans producing states: Mato Grosso (24 percent), Paraná (17 percent), Rio Grande do Sul (15 percent), Goiás (14 percent), and Mato Grosso do Sul (seven percent). Nearly 73 percent of all oilseeds crushing takes place in small and medium-sized facilities capable of processing only up to three thousand tons per day. Only three percent of crushing happens in facilities whose capacity exceeds six thousand tons per day.

## Figure 11

*Display of Brazil's installed capacity for soybeans crushing by MT per day in 2023*



*Source: Brazilian Association of Vegetable Oil Industries (ABOIVE). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: only active facilities were considered.*

ABIOVE's data measures Brazil's rapidly increasing domestic crushing capacity between 2022 and 2023, when eight new and existing facilities either entered or resumed operations. Since last year, the domestic industries boosted its active processing capacity by 10 percent, being able to crush an additional 18 thousand MT per day. With more available soybeans each season, the Brazilian crushing industry has been increasing its investments to meet a solid demand for oilseeds products, particularly from domestic markets. Remarkable increase in crushing installed capacity happened in Mato Grosso (from 38.4 thousand MT/day to 44.5 thousand MT/day – 16 percent more), Goiás (from 24.2 thousand MT/day to 27.6 thousand MT/day – 14 percent more) and Paraná (from 31.5 thousand MT/day to 34.6 thousand MT/day – 10 percent more).

**Figure 12**

*Evolution of Brazil's Installed Crushing Capacity (1997 – 2023)*



*Source: Brazilian Association of Vegetable Oil Industries (ABOIVE). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: considering both active and inactive facilities (idle capacity).*

While Brazil's National Energy Policy Council (CNPE, in Portuguese) increased the biofuel blending mandate in December 2023, other public policies that would foster domestic crushing are still in discussions. The National Congress is currently debating a bill that could increase the biofuel mandate to B20 by 2030, and B25 from 2031 onwards. Ultimately, it would support the domestic crushing industry by stimulating an additional mandatory demand for soy oil. As previously mentioned, a stronger domestic demand for soy oil could make the recovery of pasturelands into agricultural area increasingly more viable, assuming that Brazil would sustain high levels of soybeans exports.

## Soybeans oil production

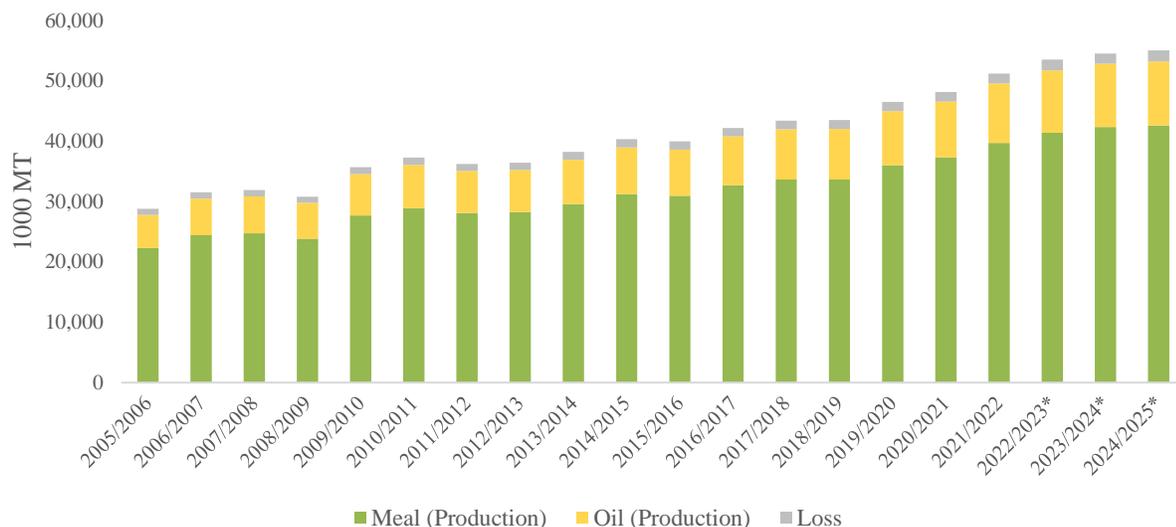
Post forecasts oil production at 10.6 MMT for MY 2024/25 with an increased industrial consumption at 5.9 MMT due to the higher biofuels mandate and a steady human consumption forecasted at 3.75 MMT. Post also revises down MY 2023/24 production estimate from 11MMT to 10.5 MMT in the back of reduced availability of soybeans. Industrial consumption is maintained at 5.5 MMT, while human consumption is slightly adjusted up to 3.7 MMT for the current marketing year. For MY 2022/23, Post adjusts soybeans oil production estimate slightly to 10.4 MMT, considering consolidated exported figures.

## Soybeans meal production

For soybeans meal, Post forecasts MY 2024/25 production at 42.6 MMT and feed consumption at 21 MMT. This results from potentially lower prices, as expected lower export levels, compared to MY 2022/23's, should pressure prices down. Post also slightly revises up MY 2023/24 production to 42.3 MMT, assuming trendline extraction rates. In this season, meal prices might be lower due to higher production and lower export estimates, resulting in an estimated domestic consumption for animal feed at 21 MMT. For 2022/23, Post's revises up meal production to 42 MMT, also assuming trendline extraction rate, and maintains feed consumption at 20.2 MMT.

### **Figure 13**

*Evolution of Soybeans Crushing, and Soy Meal and Oil Production in Brazil (2004/03 – 2023/24)*



*Source: USDA Foreign Agriculture Service (FAS). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: (a) data for the latest two MY, marked with (\*), considers Post's estimates and forecasts; (b) is considered loss the quantity crushed minus the produced quantity of soy meal and oil.*

## TRADE

### MY 2024/25: next MY's export levels should remain high, though below record MY 2022/23 volumes

Post forecasts MY 2024/25 exports of soybeans at 99 MMT. The main reasons include sustained international demand from Asia, higher harvested volumes, a favorable exchange rate and higher competitiveness compared to other competitors, as the United States.

Assuming normal weather conditions from September/October 2024 to April 2025 – when most soybeans areas are planted and harvested – Brazil should register a better reaped volume than in MY 2023/24, allowing higher volumes to be exported. Regarding international demand, although China (Brazil's main soybean buyer) is expected to start MY 2024/25 with a record high beginning stock, its domestic crushing industry – largely supplied by imports – should continue to demand foreign soybeans. As Brazilian farmers are able to grow this commodity at a lower price due to lower costs of production, compared to the United States, Brazil is expected to continue supplying China with massive volumes of soybeans.

A more competitive Brazilian reais (R\$) to U.S. dollars (US\$) exchange rate should also continue to favor Brazil's commodities exports, including oilseeds. Since the outbreak of the Covid-19 pandemic, in March 2020, exchange rates have been fluctuating around R\$5 to US\$1 and show no indication of significant valorization in the short term.

In turn, this leads to an increased cost-driven competitiveness compared to other soybeans suppliers. According to International Grains Council's (IGC) data, as of March 11<sup>th</sup>, one ton of soybeans exported by Brazil from Paranaguá was priced at US\$421, while in the United States (Gulf) it costed US\$457. Though the seasonality of the market and harvesting times help explain part of this difference, costs of production are traditionally lower in Brazil than in the United States, as a study conducted by the U.S. Department of Agriculture concludes (see [Soybean Production, Marketing Costs, and Export Competitiveness in Brazil and the United States](#), from December 2023).

Similarly, gains in improved transport infrastructure acquired by Brazilian producers over time should foster the country's competitiveness in international soybean markets. As concluded by the "[Soybean Transportation Guide: Brazil](#)", elaborated by the USDA's Agricultural Marketing Service (AMS), Brazil's transportation cost advantage over U.S Gulf routes increased in 2022. That year, the cost per MT to ship soybeans from Sorriso (Mato Grosso) to Shanghai, China, via barge to Barcarena (North Arc port located in Pará), was \$9.13 less than from Davenport, IA, via U.S. Gulf. Similarly, soybeans shipped by rail from Rio Verde (Goiás) to Shanghai, China, via Santos (South Arc port), cost about \$33-35 per metric ton less than U.S. shipments via Pacific Northwest (PNW) routes.

Post forecasts soybeans imports at 250 thousand MT for MY 2024/25, maintaining Brazil's relatively low levels of international purchases. For the current MY, Post revises up its import estimate to 520 thousand MT considering reduced availability of soybeans due to lower harvested yields. Mercosur countries (particularly Paraguay) should continue to be the main suppliers of soybeans.

**Figure 14**

*Main export routes for Brazil's soybeans*



*Source: IBGE (Produção Agrícola Municipal) and World Wildlife Fund. Chart elaborated by: USDA AMS and USDA FAS.*

**MY 2023/24: Reduced soybeans supply should affect Brazil's exports in the current MY**

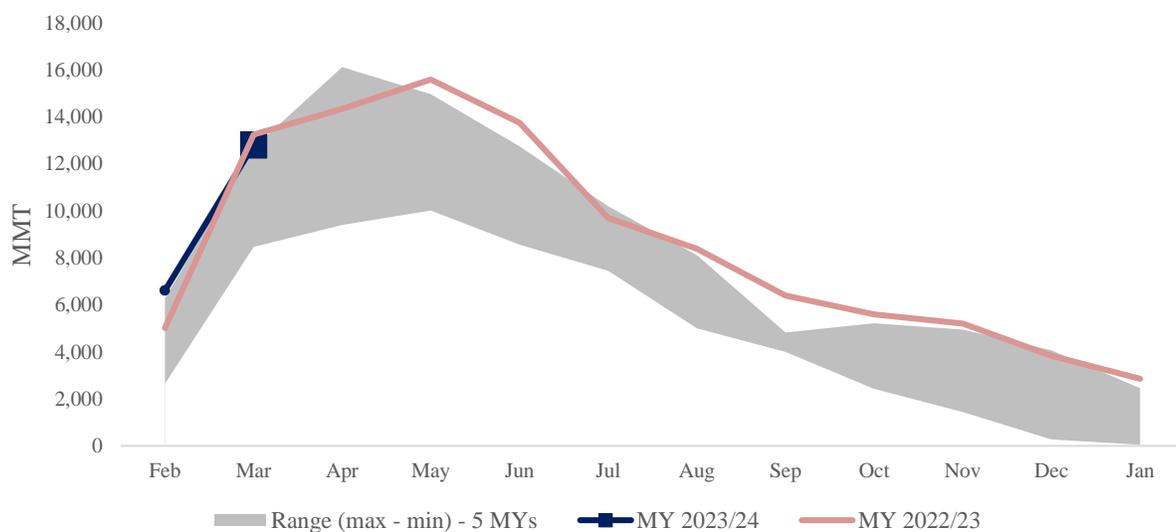
Post revises down MY 2023/24 export estimates to 95 MMT, five percent less than previously estimated in December 2023, at 100MMT, and nine percent below MY 2022/23 volumes of 103.9MMT. The reason for this expected reduction is due to lower estimated production due to poor weather late last year and increased domestic demand driven by higher biofuels mandate, as explained in previous sections. According to the U.S. Department of Agriculture's (USDA) World Agricultural Supply and Demand Estimates (WASDE), while China's domestic consumption should increase three percent in MY 2023/24, largely driven by higher crush volumes, their record high beginning stocks are expected to lead a plateaued growth in imports of less than half percent.

Post contacts have reported that Brazil’s exports to China should not be structurally affected by a potential slowdown of the Chinese economy – as volumes should remain at a high level, though growing at slower yearly rates. They also indicated that Brazil should export less soybean mostly due to a rearrangement of global supply and demand, and not necessarily due to crop losses. Last year, with Argentina’s crop failure, many countries increased imports to crush soybeans domestically, which should not be the case during MY 2023/24. Domestically, other Post contacts expressed concern that lower exports could lead to higher R\$/US\$ exchange rate, pressuring costs, and eventually allowing cost-push inflation.

In February 2024, Brazil exported 6.6 MMT of soybeans and 1.6MMT of meal, according to Brazil’s Secretariat of International Trade (SECEX). Although it represents the highest volume of soybeans ever exported in February, it may refer to old crop grains exports. It is noteworthy that Brazil had also exported high February volumes without necessarily implying in record high MY trade performance. For instance, in February 2022, exporters shipped 6.3 MMT of soybeans, while total MY 2021/22 exports were 77.1 MMT – 13 percent less than MY 2020/21. As of March 6<sup>th</sup>, the Brazilian Association of Grains Exporters (ANEC) estimates a March lineup for both soybeans and meal of additional 12.8 MMT and 2.1 MMT, respectively.

**Figure 15**

*Evolution of Soybeans Exports from Brazil, in the current MY and the previous five MYs*



*Source: Brazil’s Secretariat of International Trade (SECEX). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Value for March 2024 (square) reflects ANEC’s lined up export shipments estimates (as of March, 6<sup>th</sup>).*

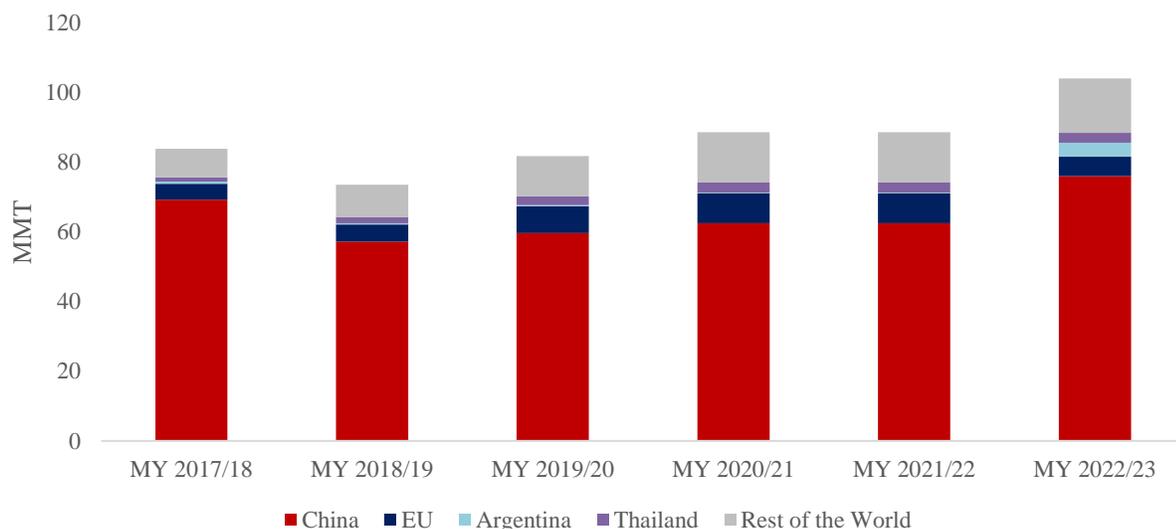
Despite record high volumes exported in February, waiting times have reduced compared to the same period last year, according to Agrinvest Commodities, a local agricultural consultancy company. Up until March 13<sup>th</sup>, 2024, waiting lines in the port of Paranaguá plunged from 32 days in 2023 to 11 days this year. In the port of Santos, from 11 to 9 days. According to the company’s data, this reflects a slower export pace due to expensive freight costs. Also, it is worthy noting that Center West region had a record MY 2022/23 soybeans output, which pressured Brazil’s ports capacity in the first quarter of 2023.

**MY 2022/23: January 2024 export levels wrap up Brazil’s most successful MY in international soybean sales**

With consolidated data available for MY 2022/23 (Feb 2023 – Jan 2024), Post revises up its exports estimates from 102 MMT to 103.9 MMT. This is the highest volume ever exported by Brazil in any MY, 34 percent more than in MY 2021/22, at 77.1 MMT, and 28 above the average of the past five MYs (at 80.9 MMT). China remained by large the main buyer of Brazilian soybeans by importing 75.9 MMT, followed by the European Union (EU) (5.6 MMT), Thailand (2.8 MMT), Türkiye (1.9 MMT), and Vietnam (1.9 MMT).

**Figure 16**

*Evolution of Brazil’s Soybean Exports by Main Importers (MY 2017/18 – MY 2022/23)*

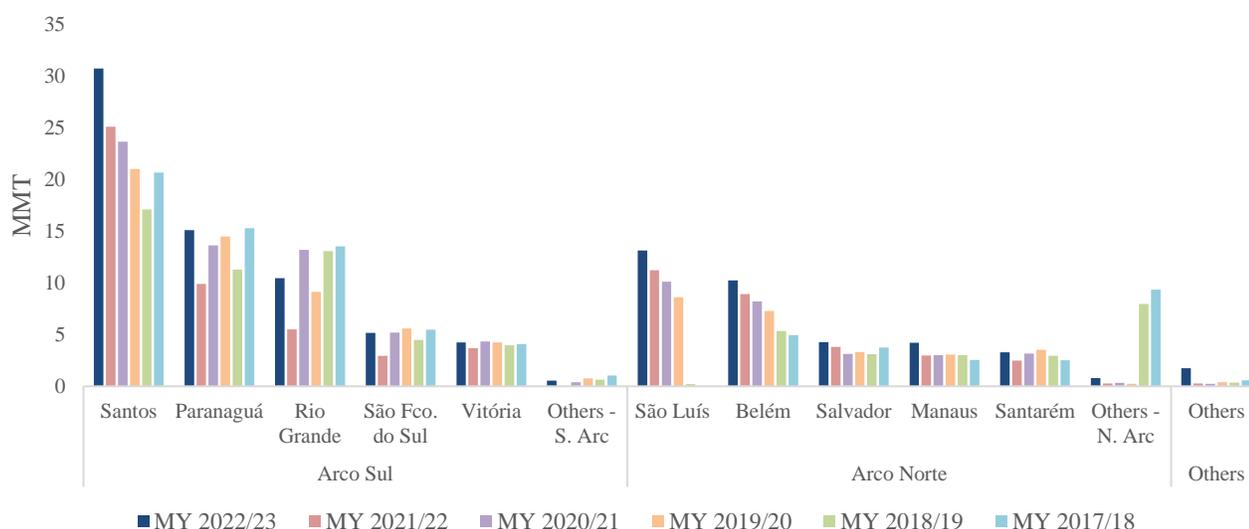


*Source: Brazil’s Secretariat of International Trade (SECEX). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

Ports in the South Arc (“Arco Sul” in Portuguese, including the ports of Santos, Paranaguá, Rio Grande, and others) have traditionally dominated the main export origin, handling over 66.2 MMT of soybeans during MY 2022/23. While exports from North Arc (“Arco Norte”, encompassing the ports of São Luis, Belém, Manaus, and others) have been growing increasingly relevant, infrastructure bottlenecks still hamper the capacity of Northern and Northeastern ports to meet its full potential. In the same period, North Arc ports shipped 35.9 MMT of soybeans.

**Figure 17**

*Evolution of Soybeans Exports from Brazil by Port of Origin, in the Current MY and the Previous Five MYs*



Source: Brazil’s Secretariat of International Trade (SECEX). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

By-products export estimates and forecasts

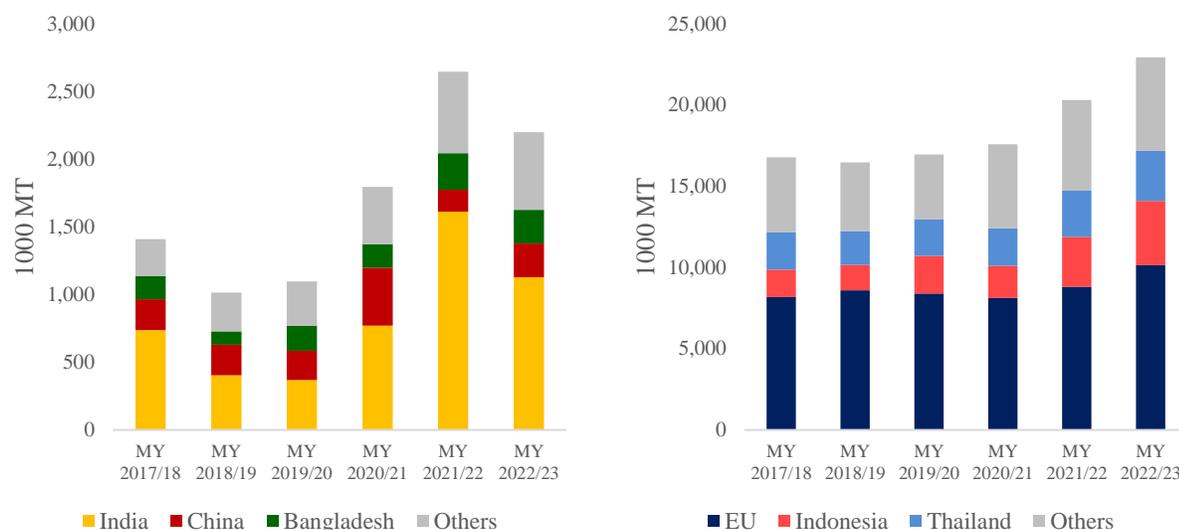
For soy oil, Post forecasts MY 2024/25 exports at 1 MMT. As internal demand for biofuels will increase over time and Argentina will continue to lead exports of soybeans by-products, local contacts indicated that there should be limited appetite for shipping Brazilian soy oil abroad. Post also reduced its MY 2023/24 export estimate to 1.35 MMT. In addition to the reasons mentioned above, India’s imports (the main buyer of Brazil’s oil) are estimated to reduce by 17 percent this MY, from 3.97 MMT to 3.3 MMT in the back of record high beginning stocks and lower human oil consumption. Alternatively, if Argentina’s MY 2023/24 soybeans crop breaks again, international petroleum and palm oil prices increase, then Brazil’s soy oil exports could be somewhat higher than estimated. Post also consolidated MY 2022/23’s exports at 2.2 MMT, in light of official data. For soybean oil imports, Post forecasts 40

thousand MT next MY – ten thousand MT more than the revised MY 2023/24 estimate, at 30 thousand MT.

Regarding soymeal, Post forecasts exports at 21.3 MMT in MY 2024/25 – 200 thousand MT less than the revised MY 2023/24 estimate at 21.5 MMT, but 1.7 MMT below MY 2022/23’s record export performance (23 MMT). Meal imports are virtually null, with MY 2022/23 official numbers indicating 9 thousand MT entering Brazil. Post expects meal imports to be lower in both the current MY as well as the next.

**Figure 18**

*Evolution of Brazil’s Soybean Oil (left) and Meal (right) Exports by Main Importers (MY 2017/18 – MY 2022/23)*



*Source: Brazil’s Secretariat of International Trade (SECEX). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

*Structural storage capacity bottlenecks should continue to influence Brazil’s export performance in the long run*

Differently than the United States, Brazil has a significant storage bottleneck. Official data from CONAB indicate that the country could store up to 201 MMT of grains in 2023, while total 2022/23 harvest output exceeded 315 MMT. As Figure 19 below shows, this gap has been growing wider as the pace of investments in new storage facilities is overshadowed by Brazil’s increasing grains production. While the latter more than doubled in the last 15 years, from estimated 149.3 MMT to 319.8 MMT in 2023, the former expanded by less than 50 percent in the same period. On-farm storage percentage rates have remained relatively unchanged between 2010 and 2024, at an average of 15 percent. This

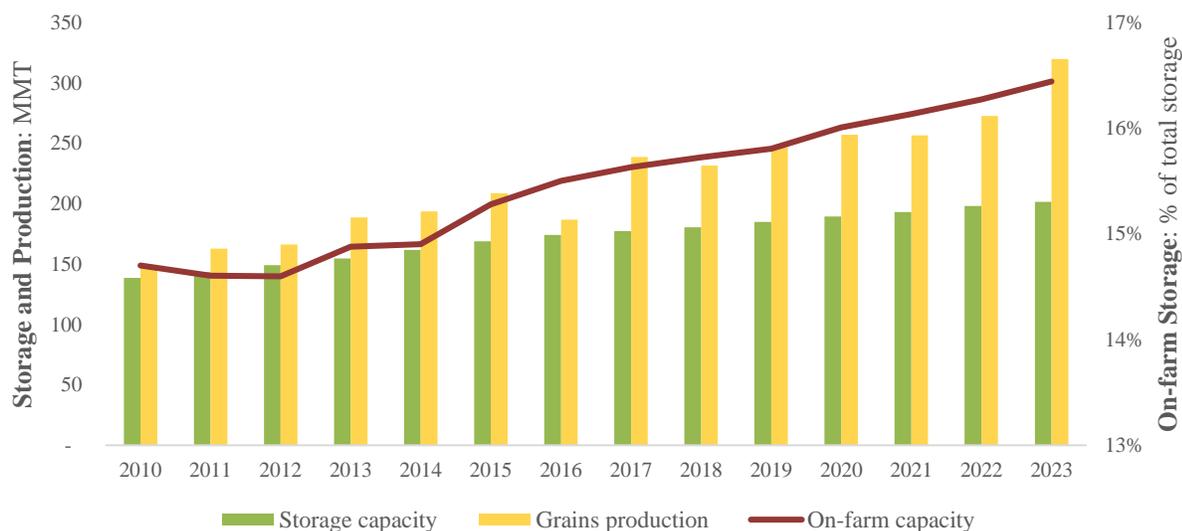
evidences that producers tend to heavily rely on off-farm storage capacity, mostly from traders and cooperatives, to absorb their output.

Currently, the center west region (mainly Mato Grosso) accounts for over 38 percent of Brazil’s total storage capacity, followed by the south (34.8 percent), southeast (15 percent), MATOPIBA (8.2 percent), and the rest of north and northeast (three percent).

A study conducted by the Confederation of Agriculture and Livestock of Brazil (CNA) with over a thousand producers across Brazil concluded that 72 percent of farmers were willing to invest in storage capacity if interest rates were more attractive. Intelligence gathered by Post do not indicate that Brazilian soybean growers will expand their storage capacity in the short to medium term, as margins are expected to be lower in the current MY, interest rates high and access to credit might become somewhat more restrictive. Also, producers tend to see the expansion of storage capacity mostly as a cost rather than an investment. However, Post will continue to monitor this scenario as increased storage capacity in Brazil could escalate competition with U.S. soybean farmers in the third quarter, when U.S. exports peak.

**Figure 19**

*Evolution of Brazil’s Grain Storage Capacity Compared to Grains Production (2010-2023)*



Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Storage data [available online](#).

## STOCKS

Post forecasts MY 2024/25 (i.e. the carrying stock levels by January 31<sup>st</sup>, 2025) soybeans ending stocks at 2.22 MMT, 50 thousand tons more than revised MY 2023/24’s estimate at 2.17 MMT. Soy oil ending

stocks should continue at low levels, forecasted at 412 thousand tons by the end of MY 2024/25. For soy meal, Post forecasts ending stocks at 2.7 MMT for MY 2024/25. However, ending stocks could increase or prices could reduce further if feed demand does not absorb increased meal production generated by higher crushing and exports remain steady.

## **DOMESTIC POLICIES**

Post will continue to monitor and report on the policies below, given their potential to influence, directly or indirectly, Brazil's production of soybeans and its by-products in the medium term.

*Rural credit and finance:* Every year since 2003, the GoB implements a rural credit and financing public policy called Crop Plan (*Plano Safra*, in Portuguese). It is intended to offer cheaper credit lines mostly for agricultural production and commercialization, but also for investments – helping producers of all sizes, family farmers, to produce with financial safety. For 2023/24, GoB offered an all-time record amount of R\$435 billion (US\$ 87 billion) – 28 percent more than the previous year –, of which R\$ 71.6 billion (US\$14.3 billion) were allocated to family farming and the remaining R\$364 billion (US\$ 73 billion) to medium and large-scale producers. Yearly interest rates ranged from 12.5 to 7 percent. Between July 2023 (first month of the current 2023/24 Crop Plan) and February 2024, nearly R\$293.1 billion have already been used – 17 percent more than in the same period of 2022/23.

*Agroindustry:* In January 2024, the GoB unveiled its national neo-industrialization policy, called “New Industry Program”, divided in six strategic missions, which includes (i) sustainable agroindustry supply chains and (ii) bioeconomy. The Program will enable R\$300 billion (around US\$60 billion) in financing between 2024 and 2026, when the current administration's mandate comes to an end. Amongst the targets of these two missions, the Government will aim to: (a) increase the agroindustry's share in Brazil's agribusiness Gross Domestic Product (GDP) from 23 percent to 50 percent; and (b) elevate the share of biofuels in the country's transportation energy matrix from 21.4 percent to 50 percent.

*Fertilizers:* On November 29th, the National Fertilizer and Plant Nutrition Council (Confert, in Portuguese), linked to the Ministry of Development, Industry and Foreign Trade (MDIC, in Portuguese), published its new National Fertilizer Plan (PNF, in Portuguese). With over 27 short, medium and long-term targets, the PNF objective is to enable the national fertilizer's industry to supply between 45 percent to 50 percent of domestic demand by 2050. Currently, nearly 87 percent of all fertilizers used by producers are imported. While the Plan mostly focused on longer term initiatives (e.g. expending installed capacity, fostering Research & Development (R&D), etc), easing the access to cheaper fertilizers can have a massive impact on Brazil's agricultural competitiveness and the country's constantly growing grains harvest, including soybeans.

*Technical standard for soybeans:* Brazilian public and private stakeholders, including soybeans producers, crushers and traders, remain discussing a new soybeans technical and identity standard (TIS). The current TIS has been in force since 2007. Post contacts report that the level of allowed moisture,

which stalled discussions held between October and November last year, is still the main pending point. MAPA considered reducing soybeans moisture levels from 14 to 13 percent. While grain processors advocate that this reduction could reduce logistical and storage costs while increasing soybeans shelf life, producers have been reluctant as they estimate that each percentage point less in moisture imply in over 1.15 percent weight loss, which could cut revenues by over three billion reais. Post will continue to monitor these discussions.

**Table 3***Soybean Production, Supply and Distribution*

<b>Oilseed, Soybean (Local)</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Feb 2023</b>		<b>Feb 2024</b>		<b>Feb 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Area Planted (1000 HA)	44,600	44,600	45,900	45,200	45,650
Area Harvested (1000 HA)	44,600	44,600	45,900	45,200	45,650
Beginning Stocks (1000 MT)	1,783	1,783	2,196	2,196	2,166
Production (1000 MT)	162,000	162,000	155,000	152,600	157,500
MY Imports (1000 MT)	298	298	450	520	250
Total Supply (1000 MT)	164,081	164,081	157,646	155,316	159,916
MY Exports (1000 MT)	103,885	103,885	99,000	95,000	99,000
Crush (1000 MT)	54,200	54,200	52,500	54,500	55,000
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3,800	3,800	3,750	3,650	3,700
Total Dom. Cons. (1000 MT)	58,000	58,000	56,750	58,150	58,700
Ending Stocks (1000 MT)	2,196	2,196	2,396	2,166	2,216
Total Distribution (1000 MT)	164,081	164,081	157,646	155,316	159,916
Yield (MT/HA)	3.632	3.632	3.377	3.376	3.450

**Table 4***Soybean Oil Production, Supply and Distribution*

<b>Oil, Soybean (Local)</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Feb 2023</b>		<b>Feb 2024</b>		<b>Feb 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Crush (1000 MT)	54,200	54,200	52,500	54,500	55,000
Extr. Rate, 999.9999 (PERCENT)	0.1925	0.1925	0.1925	0.1927	0.1927
Beginning Stocks (1000 MT)	361	361	442	442	442
Production (1000 MT)	10,434	10,434	10,106	10,500	10,600
MY Imports (1000 MT)	21	21	25	30	40
Total Supply (1000 MT)	10,816	10,816	10,573	10,972	11,062
MY Exports (1000 MT)	2,199	2,199	1,700	1,350	1,000
Industrial Dom. Cons. (1000 MT)	4,200	4,200	4,500	5,500	5,900
Food Use Dom. Cons. (1000 MT)	3,975	3,975	4,025	3,700	3,750
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0
Total Dom. Cons. (1000 MT)	8,525	8,525	8,525	9,200	9,650
Ending Stocks (1000 MT)	442	442	348	442	412
Total Distribution (1000 MT)	10,816	10,816	10,106	10,972	11,062

**Table 5***Soybean Meal Production, Supply and Distribution*

<b>Meal, Soybean (Local)</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Feb 2023</b>		<b>Feb 2024</b>		<b>Feb 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Crush (1000 MT)	54,200	54,200	53,000	54,500	55,000
Extr. Rate, 999.9999 (PERCENT)	0.7750	0.7750	0.7750	0.7761	0.7745
Beginning Stocks (1000 MT)	3,776	3,776	2,574	2,574	2,379
Production (1000 MT)	42,005	42,005	40,688	42,300	42,600
MY Imports (1000 MT)	9	9	10	5	1
Total Supply (1000 MT)	45,790	45,790	43,272	44,879	44,980
MY Exports (1000 MT)	23,016	23,016	19,800	21,500	21,300
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	20,200	20,200	20,700	21,000	21,000
Total Dom. Cons. (1000 MT)	20,200	20,200	20,700	21,000	21,000
Ending Stocks (1000 MT)	2,574	2,574	2,722	2,379	2,680
Total Distribution (1000 MT)	45,790	45,790	43,272	44,879	44,980

## PEANUTS SECTION

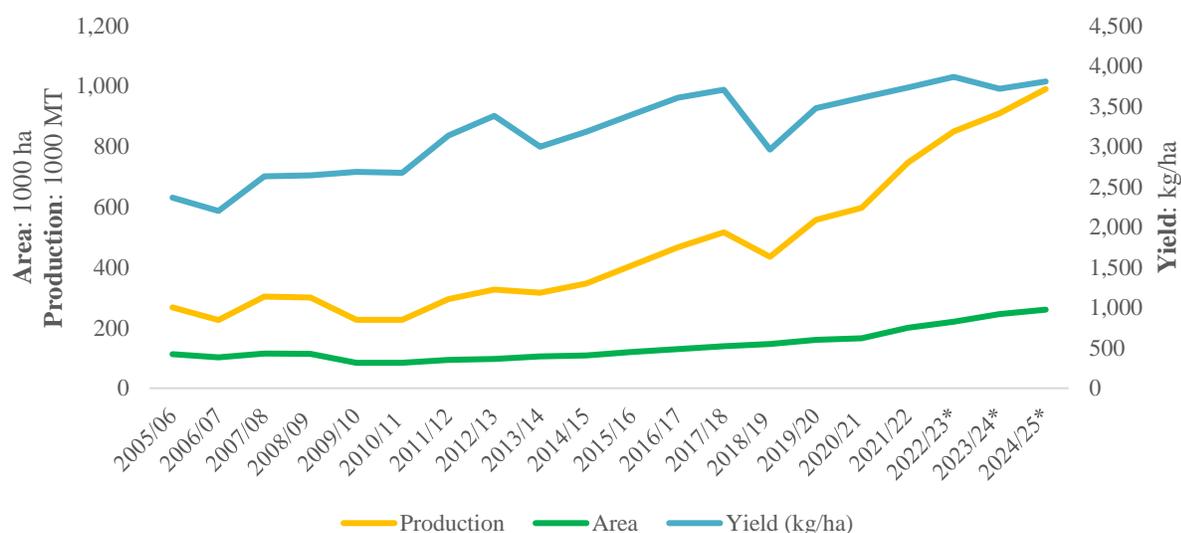
### AREA, PRODUCTION AND YIELDS

*Peanuts area to continue expanding, particularly in São Paulo, though at a more conservative rates*

Post forecasts 260 thousand ha in peanut planted area in Brazil for the Marketing Year (MY) 2024/25, a six percent increase compared to the newly revised area estimate for MY 2023/24 at 245 thousand ha. This expansion reflects a growing trend in peanuts area in Brazil, which more than doubled in the last decade, according to CONAB data.

#### Figure 20

*Evolution of Peanuts Planted Area, Production and Yield in Brazil (2005/06 – 2024/25)*



*Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for the MY marked with (\*) considers Post’s estimates and forecasts.*

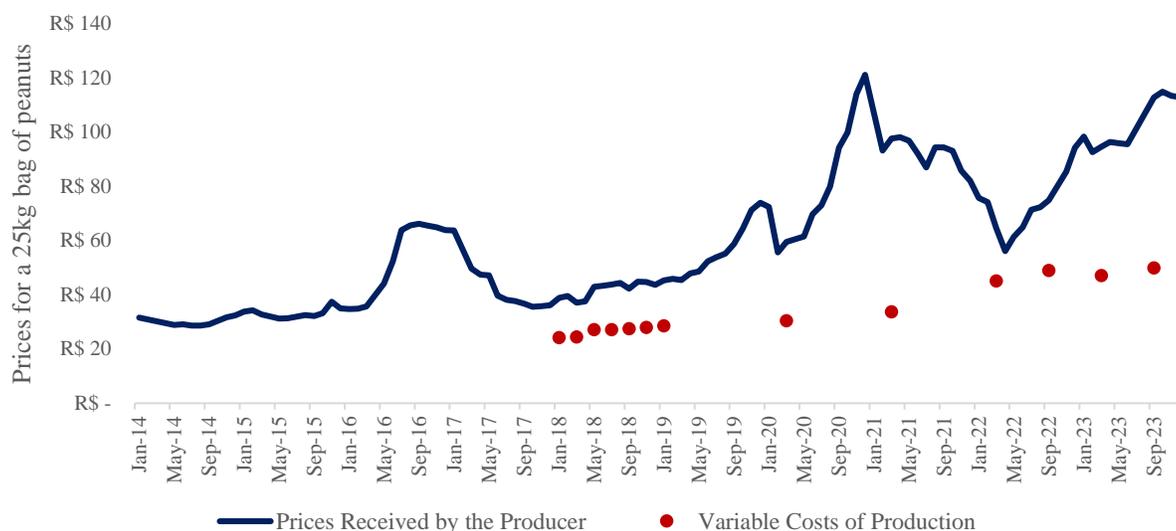
Post forecasts Brazil’s MY 2024/25 peanuts production at a record 990 thousand MT, based on higher yields and increased planted area. This represents a nine percent increase compared to last season’s estimate of 910 thousand MT. Alongside increased investments made by peanuts producers – particularly in the state of São Paulo – to modernize and mechanize its production cycle, high domestic prices and relatively stable production costs will continue to drive area expansion.

According to CONAB data, prices received by peanut producers increased by 20 percent between December 2023 and December 2022, and 38 percent compared to the same month in 2021. In the same period, variable production costs have plateaued, enabling higher margins for producers. In the municipality of Tupã, one of the largest peanut producers in São Paulo, while costs to produce one 25kg bag increased over the last decade (R\$73.6 in 2023, compared to R\$25.9 in 2014), they have slightly

reduced, since 2022 (R\$ 76.8). Similarly, costs with fertilizers and agricultural defensives reduced by 5 percent last year after peaking in 2022.

### Figure 21

*Evolution of Prices Received by Peanuts Producers for 25kg Bags Compared to Variable Costs of Production (2014 – 2023)*



*Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: CONAB’s values for variable costs of production are neither monthly nor regular.*

Post forecasts that area will continue to expand in the near future, though at a more conservative rate than experienced in the previous years. That is mostly because the installed peanut processing capacity would also need to increase to meet high production volumes resulting from increased area and yields. However, such expansion may not happen as fast in the short term, particularly during a period of modest economic growth and high interest rates.

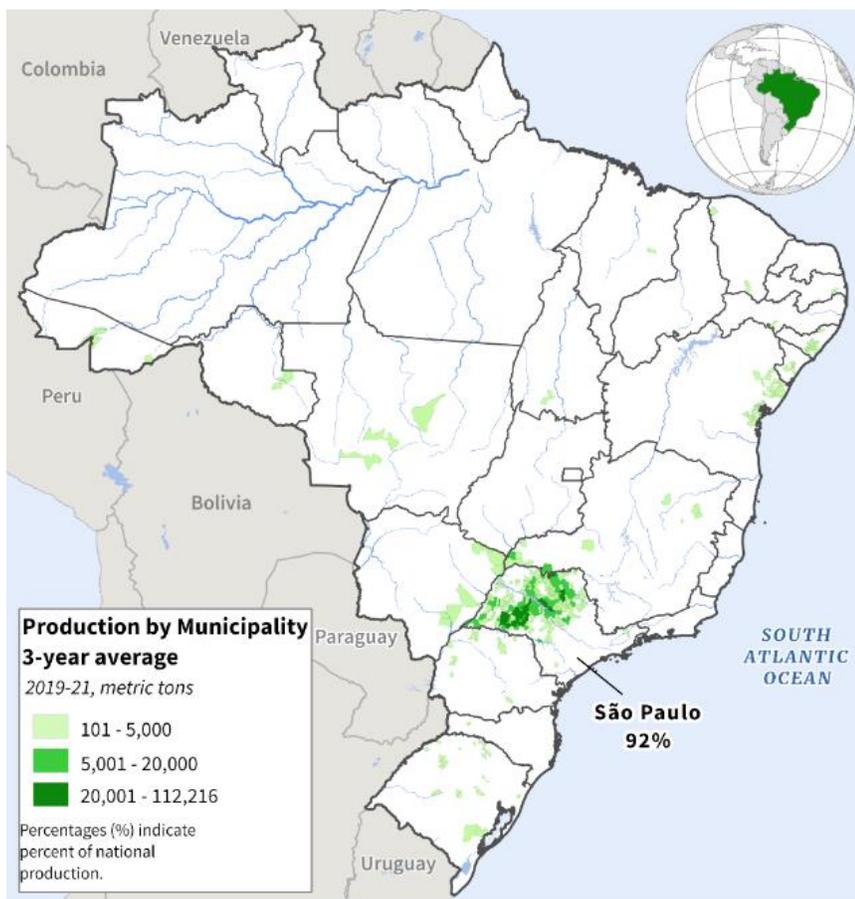
In Brazil, peanuts are grown both as first and second crops, though over 97 percent of planted area and outputs takes place during the first harvest (from October to March/April). Similarly, it is grown across nine states in Brazil (São Paulo, Minas Gerais, Bahia, Paraná, Mato Grosso, Mato Grosso do Sul, Rio Grande do Sul, Paraíba, and Ceará) during both crop calendars. However, more than 90 percent of the crop is produced in the state of Sao Paolo during the first harvest due to available area and better weather conditions.

Producers in São Paulo alternate peanut planting during the sugarcane offseason, given its characteristics that facilitate soil recovery by fixing nitrogen. The state has a more stable climate than other sugarcane growing states in the Northeast of the country. Also, São Paulo peanut producers benefit from being

close to critical infrastructure – as processing, confectionery, and vegetable oil industries, as well as to ports –, which reduces costs and increases competitiveness.

## Figure 22

### *Peanuts Production Areas in Brazil*

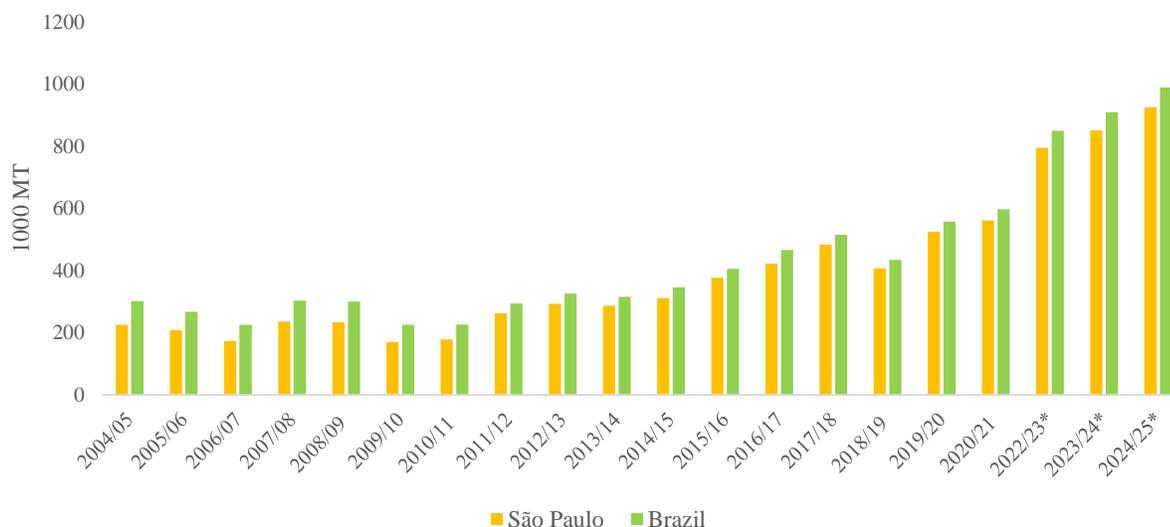


*Source: IBGE. Chart elaborated by: USDA Foreign Agriculture Service's (FAS) International Production Assessment Division (IPAD).*

Data from CONAB evidences a significant boost in peanut planted area, yields and production in São Paulo. In 2014/15, the state planted only 95 thousand ha and produced 311 thousand MT. Over the following decade, producers in São Paulo expanded area by a yearly average of nine percent, resulting in production growing by nearly 11 percent each year. For 2023/24, CONAB estimates an area of 213 thousand ha and an output of 772 thousand MT. These results are largely attributed to significant gains the mechanization of the harvesting process, which has reduced manual labor and increased overall operating income.

**Figure 23**

*Evolution of Peanuts Production in Brazil and São Paulo (2005/06 – 2024/25)*

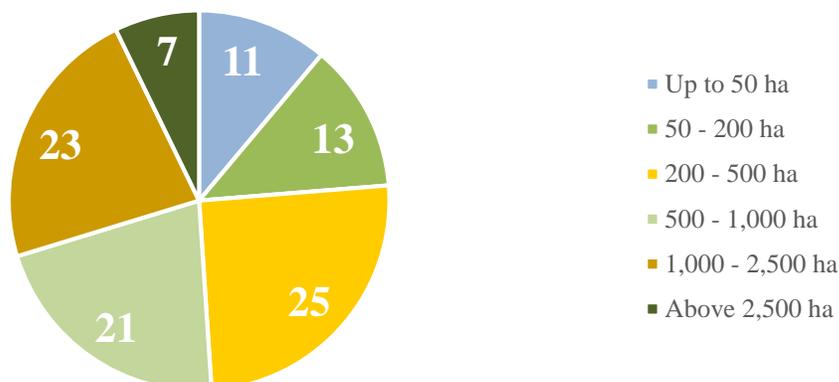


*Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: (1) Data for the MY marked with (\*) considers Post’s estimates and forecasts; (2) Post assumed a trendline share of São Paulo production for these three marked MYs.*

A study elaborated by the Agricultural Department of the Federation of Industry of the State of São Paulo (FIESP/DEAGRO), with data from the Brazilian Institute of Geography and Statistics (IBGE), have identified that the peanut production in São Paulo takes place in a wide-ranging size of farms, as shown below in the Figure 24. Properties of up to one thousand ha are responsible for over 70 percent of São Paulo’s peanut output, while nearly seven percent takes place in larger farms (i.e. over 2,500 ha).

**Figure 24**

*Distribution of average peanut production by rural properties' sizes (percentage)*



*Source: FIESP based on IBGE data. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

In Mato Grosso, although production is currently low, peanut cultivation is an alternative to corn, sesame, and chickpeas for second-season crops, and even for a third crop, provided it is on irrigated land. Post contacts have also suggested a significant potential for peanut cultivation in the state, given the size of available land for farming.

For MY 2023/24, Post estimates a lower national yield (at 3,714kg/ha) compared to both MY 2021/22 and MY 2024/25. That is largely due to heat waves and intense dryness that impacted most of the country, including São Paulo, between October and December 2023 (see Soybeans Section for more details). However, weather conditions, particularly temperature and precipitation levels, from February onwards should be critical to determine whether yield levels will be better than anticipated during the ongoing harvesting period.

Even with Post's revised production estimate for MY 2023/24, at 910 thousand MT, Brazil ranks only as 11<sup>th</sup> largest world peanut producer, behind China (18,600 thousand MT), India (6,400 thousand MT), Nigeria (4,300 thousand MT) and the United States (2,672 thousand MT).

## **DOMESTIC CONSUMPTION**

### *International demand for peanuts oil driving domestic crushing*

Post forecasts crush at 400 thousand MT for MY 2024/25, representing an eight percent increase compared to the revised MY 2023/24 estimate at 370 thousand MT. This comes in the back of higher available supplies due to a forecasted record harvest, as well as solid international demand for peanut

oil, particularly from China and the European Union. As most peanut output goes to crushing, Post forecasts a slightly higher availability for human consumption, at 125 thousand MT – five thousand tons higher than MY 2023/24.

Almost the entirety of Brazil's peanut meal production is consumed domestically (around 99.4 percent). With recent production losses in soybeans and other grains used for animal feed (see Soybeans Section for more details), Post anticipates that there could be an incentive for higher peanut meal demand in the medium term as a non-soybean meal alternative. For this reason, Post forecasts peanut meal at 175 thousand MT, a nine percent increase compared to MY 2023/24's 160 thousand MT estimate.

Post forecasts peanut oil human grade domestic consumption at 5 thousand MT, maintaining low demand levels. Most bulk peanut oil goes to international markets, and Brazil vegetable oil processors still do not refine much peanut oil. This ultimately reduces the availability of this product in local markets and increases oil prices when compared to alternatives to soybean oil, like olive oil, sunflower oil or even cottonseed oil.

## **TRADE**

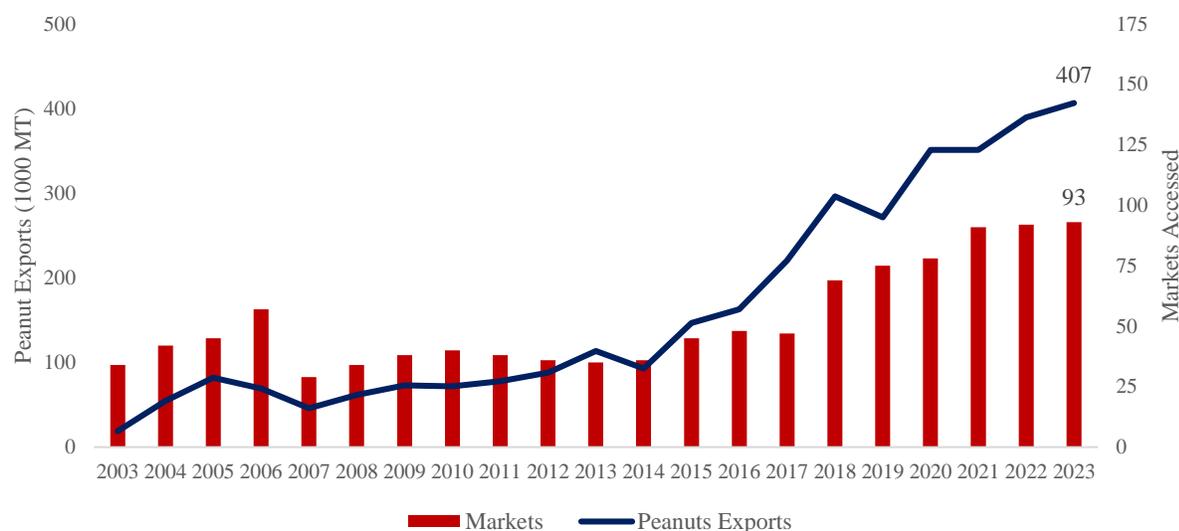
### *Brazil successfully expanded its international footprint in peanuts exports*

Post forecasts Brazil's peanut exports at 480 thousand MT for MY 2024/25. This represents a 12 percent increase compared to MY 2023/24's export levels estimated by Post at 430 thousand MT. The drivers behind this growth are due to an increased on-trend international peanuts demand, higher available supplies in Brazil as well as a forecasted weak local currency (Brazilian real, R\$) in relation to U.S. dollars.

In-shelled peanuts exports will continue to lead Brazil exports of this commodity, significantly ahead of peanut oil export levels. According to Brazil's Secretariat of International Trade's (SECEX) official data, in 2023, Brazil exported 407 thousand MT peanuts (mostly shelled) to over 90 countries at a revenue of over US\$ 305 million. This is significantly higher than a decade ago, when Brazil's exports reached only 122 thousand MT to 35 markets at a revenue of US\$ 85 million.

**Figure 25**

*Evolution of Brazil's Peanuts Exports and Access to Foreign Markets (2003 – 2023)*



*Source: Brazil's Secretariat of International Trade (SECEX). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

Gains in scale, efficiency and competitiveness allowed Brazilian peanut growers – mostly from São Paulo – to expand its international footprint and consolidate Brazil as the world's fifth-largest peanut exports. Different cross-industry initiatives have helped the country to consolidate high phytosanitary standards, particularly regarding aflatoxin. This carcinogenic toxin is created by a fungi (*Aspergillus Flavus*) present in some soils and that thrive under high moisture levels.

For this reason, the domestic peanut industry is supported by the Food Technology Institute (ITAL-APTA) which offers quality control with laboratory analysis accredited by the Pro-Peanut Program. It carries the seal of the Brazilian Association of the Chocolate, Peanut and Candy Industry (ABICAB), providing food safety certifications based on regulations established by the National Health Surveillance Agency (ANVISA) and the Ministry of Agriculture, Livestock and Supply (MAPA).

Last year, the main destinations of Brazilian peanuts were Russia (28 percent), Algeria (22 percent), the EU (19 percent), South Africa (6 percent) and Ukraine (4 percent). The Russian invasion of Ukraine has had an impact in Brazil's international performance. For example, in 2021, both countries imported nearly half of all peanuts exported by Brazil, though in 2023 this number plunged to nearly 32 percent. The sharpest reduction was from Russia, which imported 138 thousand MT in 2021, and 115 thousand MT in 2023. Despite this reduction, higher import volumes from other countries have offset this setback and maintained Brazil's peanut export levels in a growing trend.

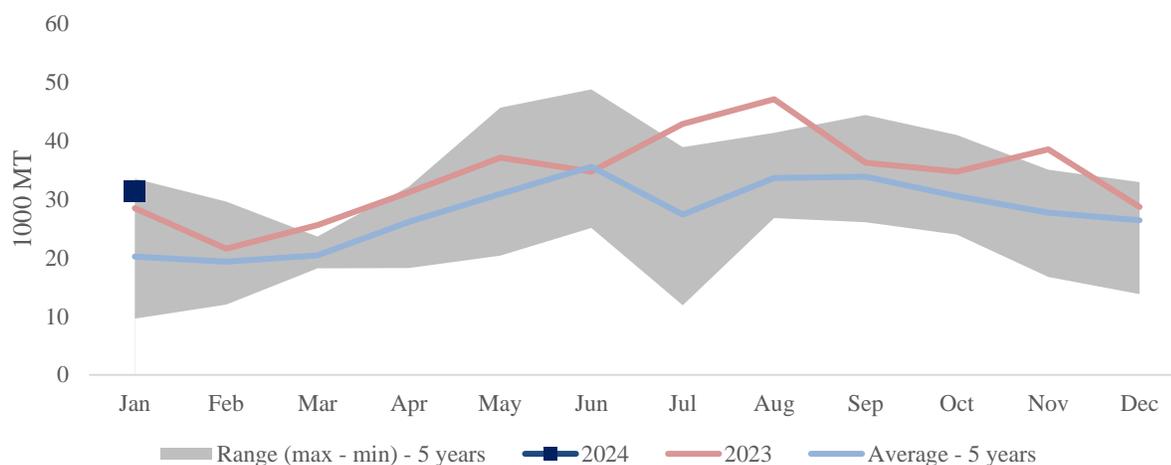
As peanuts are a relatively high-value product, non-perishable commodity, they have a strong export potential, particularly amidst the ongoing devaluation of the Brazilian real. The main challenge,

however, remains in increasing Brazil’s market share with the main peanut exporters, which may intensify competition with the United States for international markets for this commodity.

In January 2024, Brazil exported 31.4 thousand MT of peanuts – mostly to Russia and the EU –, which represents a 10 percent increase compared to the same period last year (28.5 thousand MT), and a significant boost of 47 percent compared to the average of the previous five years (21.4 thousand MT) for the first month of the year.

**Figure 26**

*Evolution of Peanuts Exports from Brazil, in the current MY and the previous five MYs*



*Source: Brazil’s Secretariat of International Trade (SECEX). Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

For peanut oil, Post forecasts exports at 150 thousand MT for MY 2024/25 – a 11 percent increase compared to the revised estimate at 135 thousand MT for MY 2023/24. This should maintain Brazil as the world’s largest peanut oil exporter. Alongside record crushing volumes, such increase should come in the back of on-trend projected demand from China and the EU, which are the two largest buyers of Brazil’s peanut oil. In 2023, for instance, Brazil exported 96.3 thousand MT of this commodity, of which 78 percent went to China and 21 percent to the EU.

As mentioned previously in the report, virtually all peanut meal is consumed domestically. Also, Post does not forecast any significant import level for peanut and its processed products for MY 2024/25.

**Table 6***Peanut Production, Supply and Distribution*

<b>Oilseed, Peanut</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Jan 2023</b>		<b>Jan 2024</b>		<b>Jan 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Area Planted (1000 HA)	220	220	235	245	260
Area Harvested (1000 HA)	220	220	235	245	260
Beginning Stocks (1000 MT)	28	28	35	52	43
Production (1000 MT)	890	850	890	910	990
MY Imports (1000 MT)	1	2	5	2	2
Total Supply (1000 MT)	919	880	930	964	1,035
MY Exports (1000 MT)	407	407	425	430	480
Crush (1000 MT)	300	305	400	370	400
Food Use Dom. Cons. (1000 MT)	76	115	76	120	125
Feed Waste Dom. Cons. (1000 MT)	101	1	1	1	1
Total Dom. Cons. (1000 MT)	477	421	477	491	526
Ending Stocks (1000 MT)	35	52	28	43	29
Total Distribution (1000 MT)	919	880	930	964	1,035
Yield (MT/HA)	4.045	3.864	3.787	3.7143	3.807

**Table 7***Peanut Oil Production, Supply and Distribution*

<b>Oil, Peanut</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Jan 2023</b>		<b>Jan 2024</b>		<b>Jan 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Crush (1000 MT)	300	305	400	370	400
Extr. Rate, 999.9999	0.3567	0.3508	0.3600	0.3649	0.3750
Beginning Stocks (1000 MT)	0	0	6	6	5
Production (1000 MT)	107	107	144	135	150
MY Imports (1000 MT)	0	0	0	0	0
Total Supply (1000 MT)	107	107	150	141	155
MY Exports (1000 MT)	96	96	140	130	145
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	5	5	5	6	5
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0
Total Dom. Cons. (1000 MT)	5	5	5	6	5
Ending Stocks (1000 MT)	6	6	5	5	5
Total Distribution (1000 MT)	107	107	150	141	155

**Table 8***Peanut Meal Production, Supply and Distribution*

<b>Meal, Peanut</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Jan 2023</b>		<b>Jan 2024</b>		<b>Jan 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Crush (1000 MT)	300	305	400	370	400
Extr. Rate, 999.9999	0.4167	0.4262	0.4150	0.4324	0.4375
Beginning Stocks (1000 MT)	0	0	0	0	0
Production (1000 MT)	125	130	166	160	175
MY Imports (1000 MT)	0	0	0	0	0
Total Supply (1000 MT)	125	130	166	160	175
MY Exports (1000 MT)	0	1	1	1	1
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	125	129	165	159	174
Total Dom. Cons. (1000 MT)	125	129	165	159	174
Ending Stocks (1000 MT)	0	0	0	0	0
Total Distribution (1000 MT)	125	130	166	160	175
SME (1000 MT)	141	146	185	180	197

## COTTONSEED SECTION

### AREA, PRODUCTION AND YIELDS

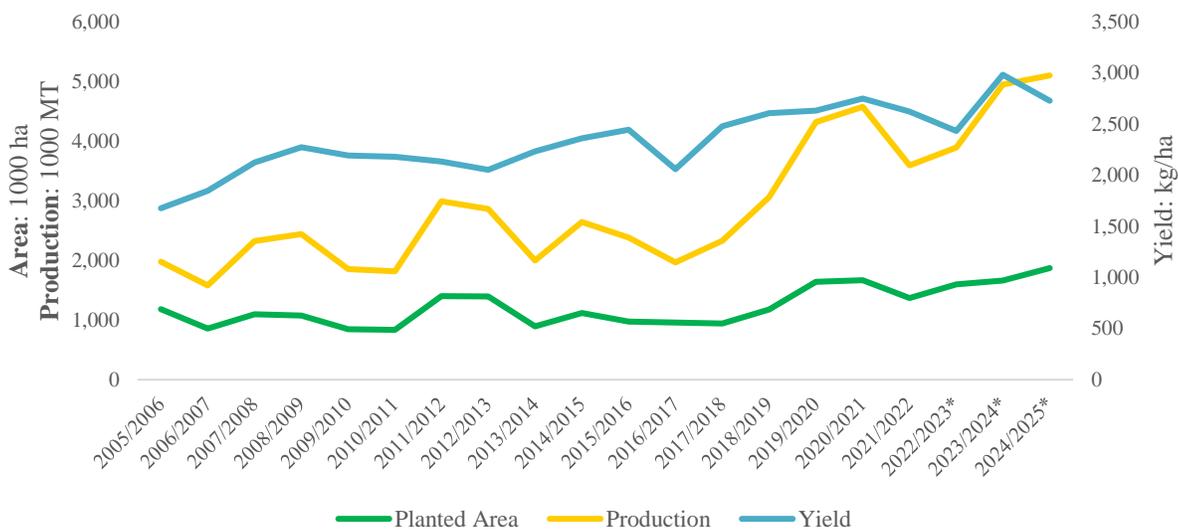
Better rentability compared to corn should favor cotton area expansion in MY 2024/25

Post forecasts cottonseed MY 2024/25 production at 5.1 MMT due to a significant growth in cotton area across Brazil, forecasted at 1.87 million ha. This reflects a 13 percent increase in area compared to the revised MY 2023/2024 estimate at 1.66 million ha, as well as a three percent growth in cottonseed output in relation to last MY’s estimate of 4.95 MMT.

Area expansion is mostly explained by two factors. First, deteriorating corn prices and erratic weather facilitated cotton area expansion in Mato Grosso, where cotton competes for area with second crop corn (known as *safrinha*). IMEA estimates a 13.6 percent area increase compared to MY 2023/24. Secondly, as mentioned previously in the report, heat waves and droughts that affected the Center West region during November and December 2023. These events adversely affected soybeans fields by shortening soybeans vegetative cycle in many regions of the state. With potentially lower yields affecting early sowed soybeans, Post contacts indicated some producers had abandoned some fields and planted cotton instead of *safrinha* corn, in expectations of better profitability.

**Figure 27**

*Evolution of Cottonseed Planted Area, Production and Yield in Brazil (2005/06– 2024/25)*



Source: FAS. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Data for the latest three MY of the series, marked with (\*), considers Post’s estimates and forecasts.

Despite growing areas driving a potentially record cottonseed output, MY 2024/25 yields might be lower than in the previous season due to expected suboptimal weather conditions. Last year, ideal

weather conditions throughout the season allowed cotton bolls to develop at their full potential. For this reason, Post revises up MY 2023/24 cottonseed production by 350 thousand MT, to 4.95 MMT in the back of record high yields at 2,982 kg/ha. However, Post contacts do not expect similarly ideal weather during an El Niño year, which would reduce yields compared to last MY’s record productivity. Post will continue to monitor weather conditions across Mato Grosso and Bahia – Brazil’s largest cotton producing states – and could possibly revise yield estimates up in the coming months if weather proves to be better-than-anticipated.

It is important to highlight that cottonseed production is intrinsically linked to cotton production, with growers mainly focused on proceeds generated by cotton lint, rather than cottonseed. In the last decade, Brazil’s cotton sector saw remarkable growth, particularly, in the last six seasons. Post believes that cotton production expansion was driven by the availability of ample arable land in key growing states, equipment capacity, and rising global cotton consumption, which spurred global cotton prices in the last few years. As an export driven sector, with nearly 70 percent of lint being exported, international prices should shape global demand, and dictate the growth pace of Brazil’s area expansion in the foreseeable future.

**Figure 28**

*Evolution of International Cotton (Lint) Prices at New York’s ICE Futures (2019 - 2023)*



*Source: Safras & Mercados. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).*

While the current cotton price levels are not as attractive as during 2021 and 2022, the commodity has devaluated significantly less than corn throughout 2023. At the New York’s ICE Futures, cotton was priced at an average of US\$ 80.08 cents/lb in December 2023 – four percent less than in December 2022. In the same period, CBOT corn prices fell 28 percent, from 650.27 US\$ cents/bushel to US\$468.82 cents/bushel.

With prices falling more sharply, Brazilian producers had little incentive to expand corn area. Post contacts mentioned that many farmers who have the installed capacity to plant both corn/soybeans and cotton (as harvesting machineries are different, for instance) opted for cotton instead, despite its higher production costs. It is important to note that the cost of cotton production remains higher than that of other crops, such as corn and soy, due to its greater demand for inputs such as fertilizers.

#### *Cottonseed Oil and Meal Uses in Brazil*

As mentioned above, cotton lint is the principal product and economic driver for planting cotton in Brazil. However, byproducts of cotton processing also have value and are not discarded. Once extracted from the cotton lint, cottonseeds can be crushed similar to other oilseeds. The byproducts, cottonseed oil and meal, have various uses. Cottonseed oil is the higher value product. It is used as a cooking oil, in food processing, and as a biofuel. Cottonseed meal, meanwhile, is principally used as in animal feed where it adds bulk, fiber, and nutrients.

**Table 9***Cottonseed Production, Supply and Distribution*

<b>Oilseed, Cottonseed</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Jan 2023</b>		<b>Jan 2024</b>		<b>Jan 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Area Planted (1000 HA)	1,600	1,660	1,660	1,660	1,870
Area Harvested (1000 HA)	1,600	1,660	1,660	1,660	1,870
Beginning Stocks (1000 MT)	92	92	173	98	103
Production (1000 MT)	3,891	3,890	4,834	4,950	5,100
MY Imports (1000 MT)	0	0	0	0	0
Total Supply (1000 MT)	3,983	3,982	5,007	5,048	5,203
MY Exports (1000 MT)	10	10	25	20	25
Crush (1000 MT)	3,600	3,660	4,500	4,655	4,790
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	200	215	310	270	280
Total Dom. Cons. (1000 MT)	3,800	3,875	4,810	4,925	5,070
Ending Stocks (1000 MT)	173	97	172	103	108
Total Distribution (1000 MT)	3,983	3,982	5,007	5,048	5,203
Yield (MT/HA)	2.432	2.343	2.912	2.982	2.727

**Table 10***Cottonseed Oil Production, Supply and Distribution*

<b>Oil, Cottonseed</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Jan 2023</b>		<b>Jan 2024</b>		<b>Jan 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Crush (1000 MT)	3,600	3,660	4,500	4,655	4,790
Extr. Rate, 999.9999 (PERCENT)	0.160	0.160	0.160	0.160	0.160
Beginning Stocks (1000 MT)	36	36	21	20	70
Production (1000 MT)	576	585	720	745	765
MY Imports (1000 MT)	0	0	1	1	1
Total Supply (1000 MT)	612	621	742	766	836
MY Exports (1000 MT)	11	11	6	6	8
Industrial Dom. Cons. (1000 MT)	365	375	485	475	515
Food Use Dom. Cons. (1000 MT)	215	215	215	215	245
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0
Total Dom. Cons. (1000 MT)	580	590	700	690	760
Ending Stocks (1000 MT)	21	20	36	70	68
Total Distribution (1000 MT)	612	621	742	766	836

**Table 11***Cottonseed Meal Production, Supply and Distribution*

<b>Meal, Cottonseed</b>	<b>2022/2023</b>		<b>2023/2024</b>		<b>2024/2025</b>
<b>Market Begin Year</b>	<b>Jan 2023</b>		<b>Jan 2024</b>		<b>Jan 2025</b>
<b>Brazil</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>New Post</b>
Crush (1000 MT)	3,600	3,660	4,500	4,655	4,790
Extr. Rate, 999.9999 (PERCENT)	0.476	0.475	0.476	0.476	0.476
Beginning Stocks (1000 MT)	9	9	14	9	8
Production (1000 MT)	1,715	1,740	2,144	2,215	2,280
MY Imports (1000 MT)	0	0	0	0	0
Total Supply (1000 MT)	1,724	1,749	2,158	2,224	2,288
MY Exports (1000 MT)	0	0	0	1	1
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	1,710	1,740	2,143	2,215	2,280
Total Dom. Cons. (1000 MT)	1,710	1,740	2,143	2,215	2,280
Ending Stocks (1000 MT)	14	9	15	8	7
Total Distribution (1000 MT)	1,724	1,749	2,158	2,224	2,288
SME	1,386	1,410	1,736	1,795	1,847

**Attachments:**

No Attachments