

Required Report: Required - Public Distribution

Date: August 15, 2022

Report Number: BR2022-0046

Report Name: Oilseeds and Products Update

Country: Brazil

Post: Brasilia

Report Category: Oilseeds and Products

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Report Highlights:

For 2022/23, Post forecasts soybean planted area at 42.5 million hectares (ha), and production at 144 million metric tons (MMT), based on a yield of 3.39 mt per ha. The estimate was raised, as Brazil has managed to secure sufficient fertilizer supplies. Post revised up the 2021/22 planted area estimate by 200,000 ha to 40.9 million ha, and the production estimate by 1.8 MMT, to 126.6 MMT. Despite problematic weather conditions, the soybean crop performed slightly better than expected. Soybean exports in the 2022/23 are forecast at 92 MMT, a significant increase on this season's estimated shipments of 77 MMT, on greater supplies. Post forecasts a record 49.15 MMT of soybeans destined for processing in the 2022/23 MY, an increase of about two percent on the 2021/22 estimate of 48.25 MMT. There is strong demand for Brazilian soybean products, especially oil.

SOYBEAN PRODUCTION

2022/23 Planted Area Forecast Maintained, with Fertilizer Supply Secured

Post maintained its 2022/23 forecast for soybean planted area at 42.5 million hectares (ha). Next season's forecast planted area represents an annual increase of 1.6 million ha, above the five-year seasonal growth rate of 1.2 million ha. Forecast planted area expansion is based on several factors, including the expectation of robust global demand for soybeans, sowing of degraded pasture, a favorable exchange rate, high commodity prices, and ongoing improvements in infrastructure and logistics. (For expanded discussion see [2022 Annual Oilseeds and Products GAIN](#)).

Expansion in planted area is also anticipated because initial concerns about fertilizer supply have been abetted, for the time being. Brazil imports about 85 percent of its fertilizer needs from Russia and Belarus. When Russia invaded Ukraine earlier this year, there was uncertainty whether Brazil would be able to import enough fertilizer for the 2022/23 season. At the onset of the crisis, importers decided to front-load their purchases. In the first five months of 2022, Brazil imported 16.5 percent more fertilizers compared to the same period in 2021, according to the maritime agency Cargonave. From January through May, Brazil imported 16.6 million tons of fertilizer compared to 14.2 million tons in 2021. This increase in imports occurred despite sanctions imposed against Russia and Belarus. Since some financial institutions were sanctioned, Brazil continued importing fertilizers from Russia by routing payments through non-sanctioned financial institutions. As fertilizers continue to arrive at port, Brazil will likely have adequate supplies for the 2022/23 soybean crops.

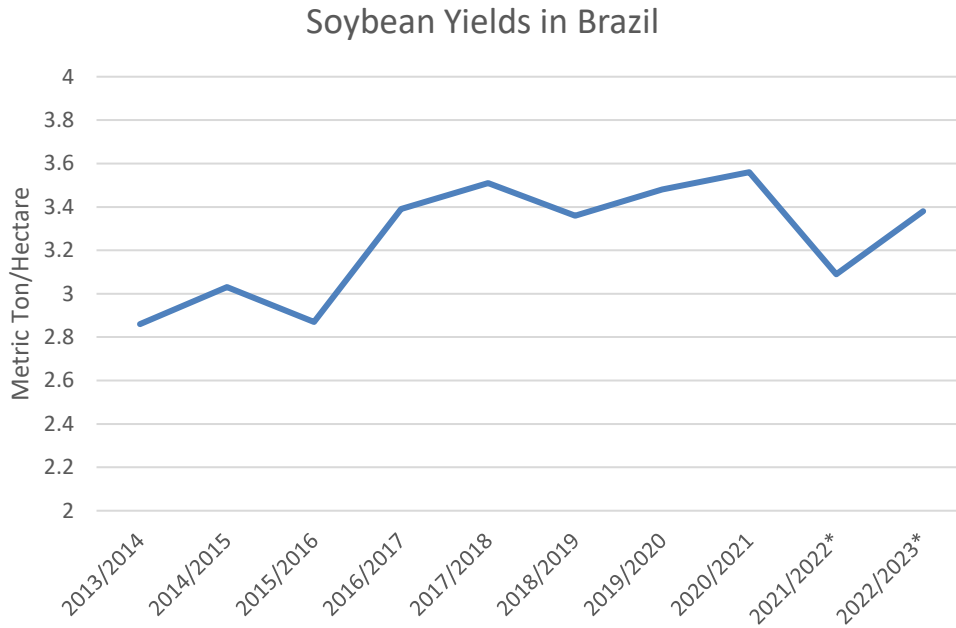
Soybeans are grown in 19 of Brazil's 26 states, as well as in the capital Federal District. Increased expansion of planted area is likely in the frontier regions in the North and Northeast, while the well-developed Center West should expand in line with average growth. In the southern producing states of Parana and Rio Grande do Sul, most of the productive area is already utilized in crop production, and therefore, the expansion will be minimal in this region.

The large Center West state of Mato Grosso is by far the biggest producer accounting for just under a third of the country's soybean planted area and production volume. The Mato Grosso Institute of Applied Economy (IMEA) forecasts planted area at 11.81 million ha next season, up just over three percent on the current marketing year (MY) estimated area of 10.47 million ha. The largest expansion in percentage terms will be in the North and Northeast regions of Brazil. Post anticipates that crop growth in this part of Brazil will continue to accelerate on the back of newly built and expanded roads and ports.

Post revised up the forecast for 2022/23 soybean production to 144 million metric tons (MMT), based on a yield of 3.39 MT per ha. The yield is forecast to increase almost 10 percent since the previous year when poor weather led to a drought and caused significant losses. Overall, over the last decade Brazil's soybean yields have increased significantly, by more than one third, as Brazilian farmers invested heavily in the adoption of cutting-edge technology and inputs, such as Genetically Engineered (GE) seeds and the use of chemicals and fertilizers. This investment in technology has alleviated some of the variability brought by climatic conditions around the country. Prior to the 2021/22 season, yields hovered just under 3.5 MT per ha. Post believes that the key reasons for steady yields are adoption and investment in inputs, such as Genetically Engineered (GE) seeds and the use of chemicals and fertilizers.

At the same time, gains in yields in just the past couple of years have increased less than the 10-year average as technology gains have slowed.

Figure 1:



Source: USDA PSD, 2021/22* and 2022/23* indicate Post estimate and forecast. Chart: OAA Brasilia

Production Estimate Revised Up for 2021/22

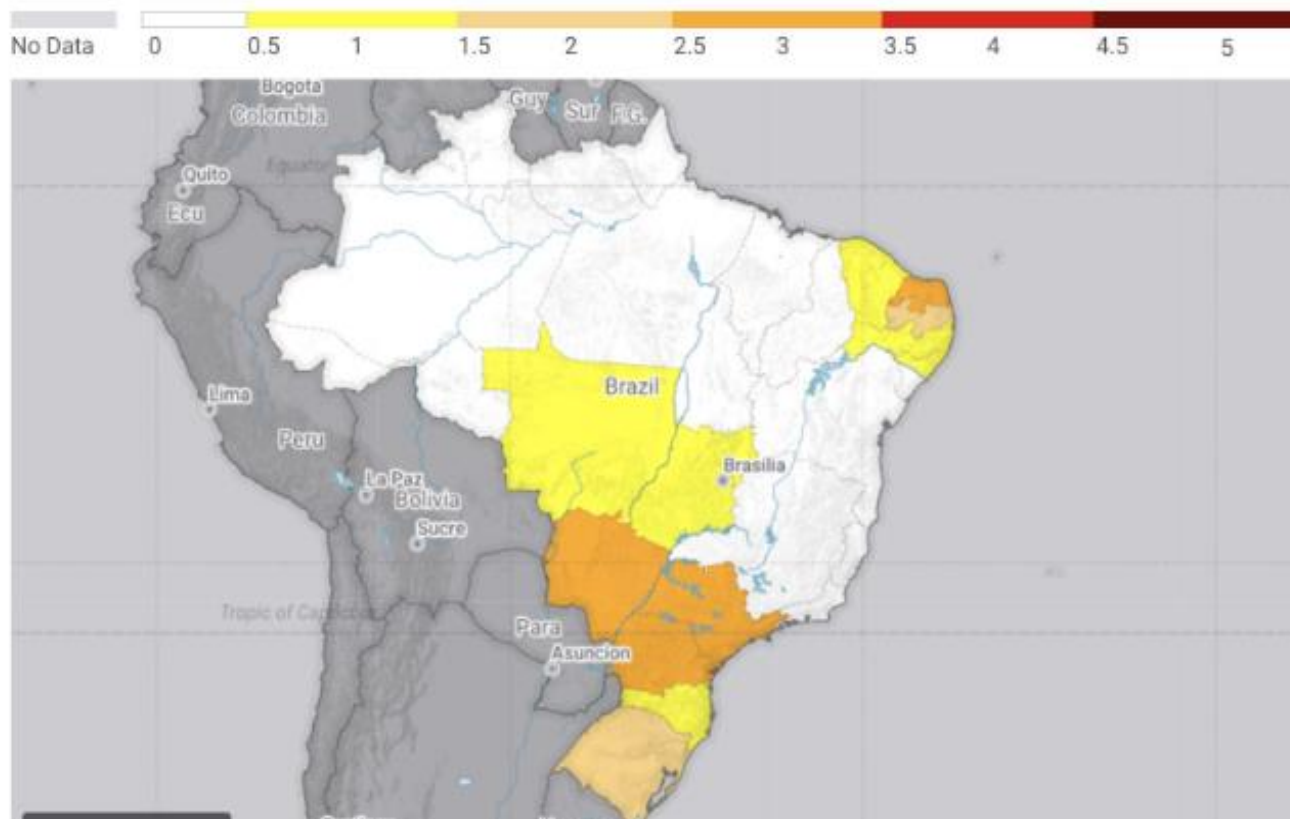
Nationwide, the 2021/22 harvest was completed in June, with the last beans picked in the Northeast and the South of the country. Post revised up 2021/22 planted area by 200,000 ha to 40.9 million ha. Post revised up the production estimate by 1.8 MMT, to 126.6 MMT, due to better-than-expected performance despite poor weather.

Across the country, the 2021/22 planting got off to a positive start with good weather during sowing. Initial forecasts had anticipated a record crop of 140 MMT. Due to problematic weather conditions later in the season, primarily the severe drought in the southern region of Brazil, the soybean crop was negatively affected with significant loss of productivity.

However, recent data shows that the reduction was slightly less severe than expected, and as such, the production estimate was revised upward, from 124.8 MMT to 126.6 MMT. Much of the estimated increase in production came from the powerhouse Center West region of Brazil, which includes Mato Grosso, Mato Grosso do Sul and Goais. In Mato Grosso, the largest soybean growing state, area has been expanding with the conversion of pastures for agriculture, mainly in the north and northwest regions of the state. With this area expansion, the production of soybeans in Mato Grosso is expected to rise to 40.5 million tons.

In the South and Northeast regions, estimates were also revised up. During the 2021/22 growing season, Rio Grande do Sul suffered a severe drought, with soybean yields at just half of what farmers reaped in 2020/21. In Rio Grande do Sul, crops harvested at the end of the season had better yields than anticipated, taking production to 11.1 million tons. However, the state still recorded a 50 percent drop. Crops in Maranhão and Pará also improved towards the end of the season. Analysts believe that, if it hadn't been for the drought, Brazil's soybean crop potential would have been more than 140 million tons in 2021/22.

Figure 2: Drought Index for Brazil



Source: Gro Intelligence. The Gro Drought Index measures drought severity on a scale from "0", or no drought to "5", or exceptional drought.

SOYBEAN TRADE

2022/23 Soybean Export Forecast Revised Upward

Soybean exports in the 2022/23 (February 2023 to January 2024) marketing year (MY) have been revised upward to a forecast of 92 MMT. The forecast is based on available supplies, a favorable exchange rate, and continued robust global demand. Although the Brazilian Real gained some strength in the beginning of 2022 on the back of stronger than expected economic performance, Brazil's Central

Bank projects the domestic currency to trade at around or above Real \$5 to the U.S. dollar into 2024. In addition, Post, along with many Brazilian market analysts, believes that global demand for soybeans will continue to grow as countries recover from the coronavirus pandemic.

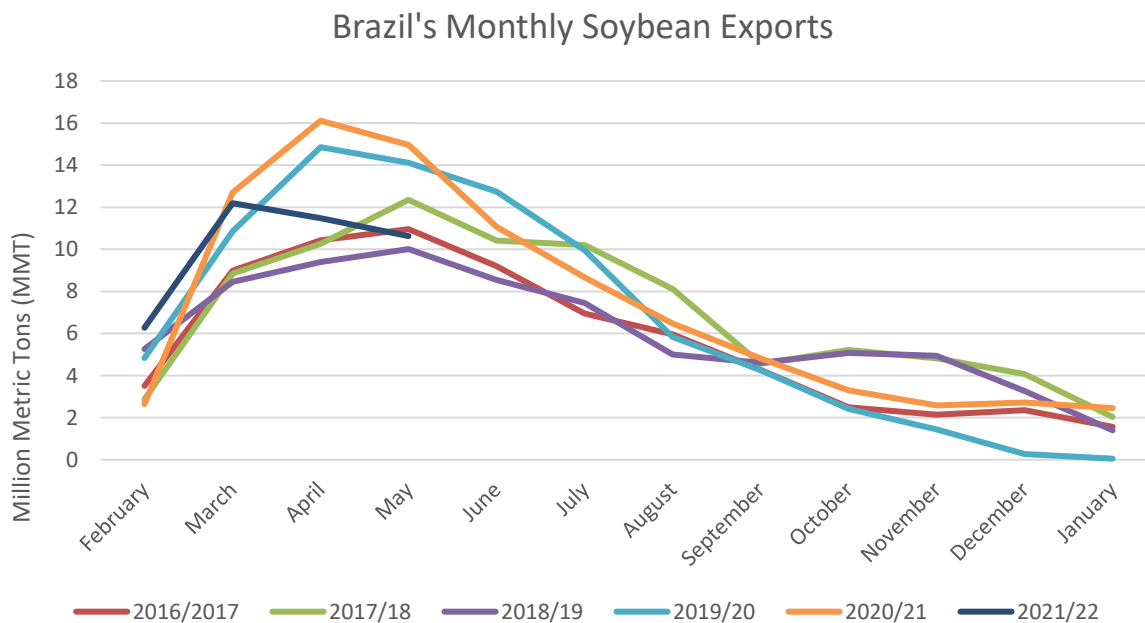
2021/22 Soybean Exports Slower than Previous Year

Post maintained the 2021/22 (February 2022 to January 2023) MY exports at 77 MMT, below the previous record set in the 2020/21 MY when Brazil exported over 88 MMT of soybeans. As is the case with the forecast for the next season, the trade estimate for the current MY is based on expectations of available supplies and an extremely favorable exchange rate. The rise in price quotes, along with the aforementioned losses in the Brazilian soybean crop, reduced soybean exports by over 10 million tons compared to the previous season.

After a strong start to the export season, the pace began to slow in February 2022. In the first five months of 2022, Brazilian soybean exports dropped eight percent compared to the same period in 2021. Each of the last three months saw lower soybean export volumes compared to the previous year. Post anticipates that in the second half of the season exports will continue to level off, following along the monthly export trajectory set in the 2020/21 season.

Exports for 2021/22 are also lower with crushing on the rise. The industry association Abiove has indicated strength in soybean processing, in the face of good margins for the production of soybean meal and oil. On the demand side, very attractive crushing margins and rising international prices for soybean oil and soybean meal are favoring exports of oil and meal.

Figure 3



Data: SECEX, Chart Source: OAA Brasilia

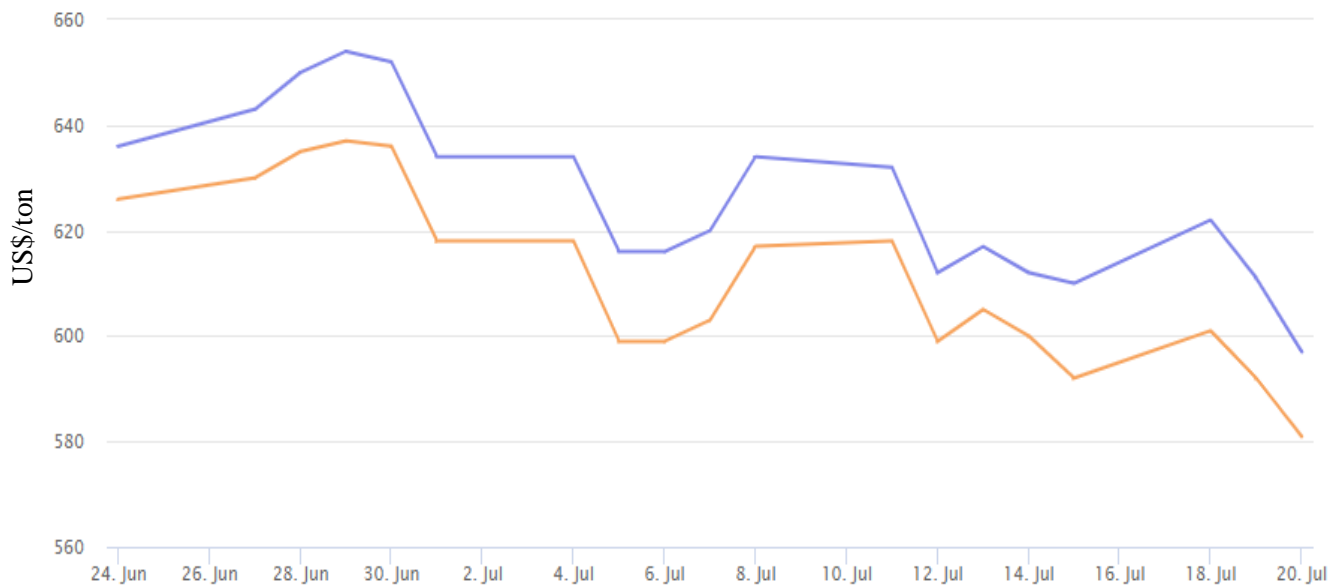
China has long been the main buyer of Brazilian soybeans; however, Chinese demand has not been as strong in 2022 as previously expected. In the face of Brazil's crop reduction, China has been postponing its purchases to the second half of 2022, with the expectation that abundant production in the United States will put pressure on prices.

USDA projects that China's soybean demand could rebound with increasing demand for animal feed. China continues to rebuild its swine herd that was decimated in 2019 by a severe outbreak of African Swine Fever (ASF), in order to ensure domestic protein supply. With the resumption of swine farming in China, the sector's margins have been improving considerably, reflecting a rise in meat prices. According to Post contacts, Pork prices in China increased by about 60 percent from early May. However, greater demand, in addition to guaranteeing better margins, also encourages Chinese pig farmers to return to the normal pig slaughter cycle, holding the animals for longer, and demanding greater volumes of feed.

According to Foreign Trade Department (SECEX), May exports to China were 6.47 MMT, 61 percent of Brazil's monthly export volume. Overall, China represents 66.8 percent of Brazil's 2022 soybean exports, while Spain is the second-largest importer with 4.9 percent.

Figure 4:

Soybean Prices: United States and Brazil

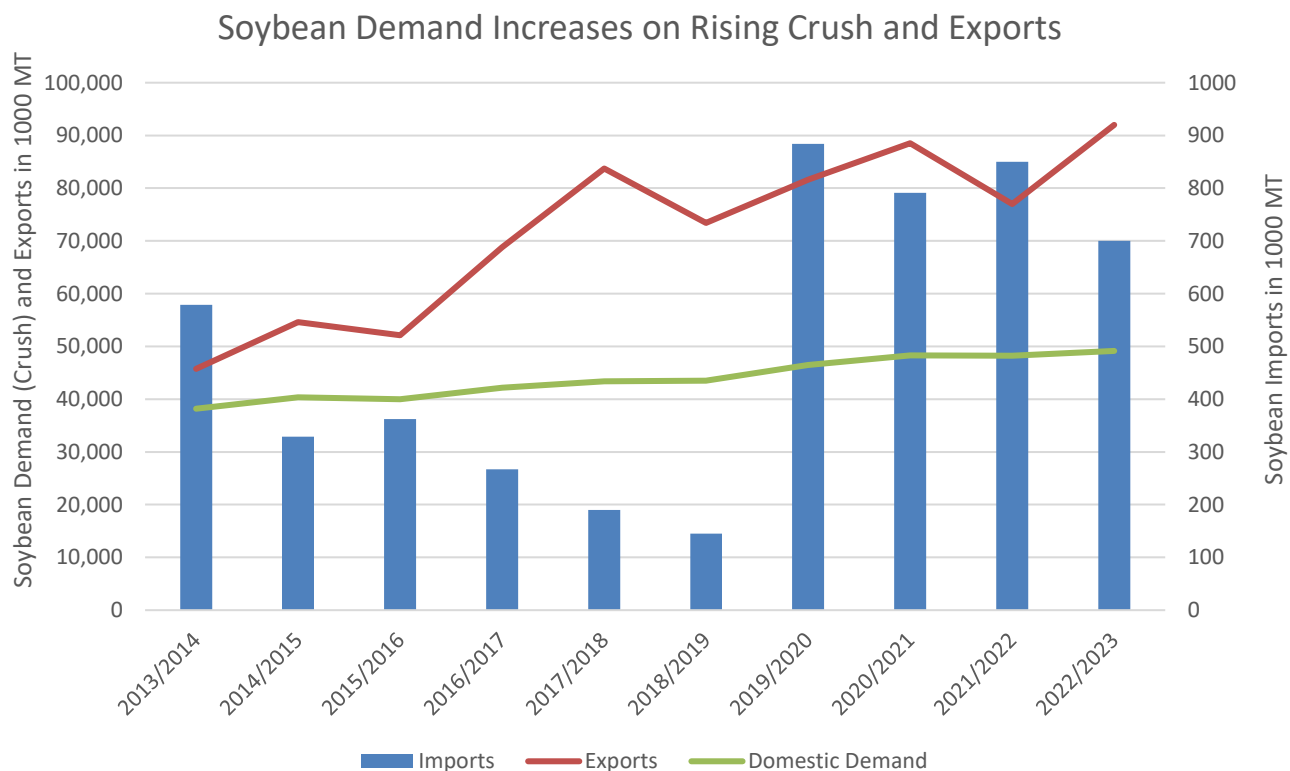


U.S. Prices (Gulf): blue line
 Brazil Prices (Paranagua): orange line
 Source: International Grains Council

Imports Remain Above Historical Trend Levels

In 2021/22, Post projects that Brazil's soybean imports will comprise less than half a percent of its total soybean production: 850,000 MT of 126.6 MMT. Although extremely small in comparative terms, Brazil's current soybean imports are well above the historical norm of around 150,000-350,000 MT per season. The current rise in imports is driven by the steady expansion of the domestic crush volumes, as well as long-term trend of growth in exports, resulting in scarcity of beans on the domestic market.

Figure 5:



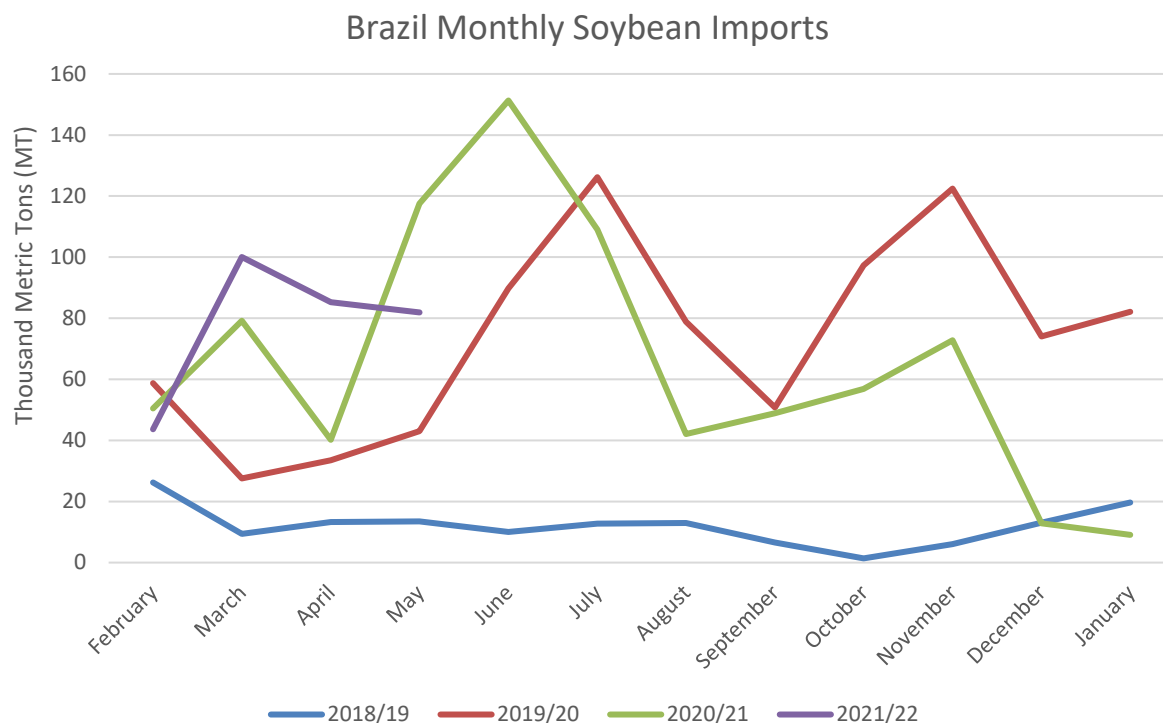
Data: USDA PSD, 2021/22 and 2022/23 are Post estimate and forecast. Chart Source: OAA Brasilia

In the 2019/20 season, soybean imports jumped more than 500 percent to nearly 900,000 MT, when compared to the previous season, and by almost 250 percent, when compared to the average volume imported in the last five seasons. As Post anticipates a continued increase in both soybean crush and exports, Brazil's imports are also expected to remain at levels above the historical average.

For the 2022/23 season, Post forecasts soybean imports at 700,000 MT. The forecast considers higher production for the following season, which should alleviate some of the built-up scarcity on the domestic market. Although the forecast represents a decline on the current season estimate of 850,000 MT in imports, it still is about twice the average volume of the past three years. The current season estimate is based on the tightness of supplies, due to the droughts in the south of the country.

Meanwhile, the Brazilian crush industry has been operating on very tight stocks, and as a result of this scarcity, imports have remained high in historical terms.

Figure 6:



Data: SECEX, Chart Source: OAA Brasilia

Soybean imports will continue to come in mostly from Paraguay. Due to logistical and regulatory challenges, the Brazilian soybean industry will continue to source soybean products mostly from their neighboring countries.

DOMESTIC CONSUMPTION & PROCESSED PRODUCTS

Soybean Crush Forecast Up to Record for 2022/23

Soybean crushing in Brazil is expected to increase by nearly two percent in 2022/23 and reach record levels. Post estimates that the 2022/23 crushed volume will reach 49.15 million tons. The forecast expansion is above the five-year average growth rate. The expansion is forecast based on the available soybean supply and rising demand for both soy oil and soymeal domestically, as well as soy oil and meal export demand which will be supported by the continued relative weakness of the Brazilian real. One major determining factor is the war between Russia and Ukraine, which has dramatically reduced the availability of sunflower oil on the international market, therefore favoring the prices of other vegetable oils, including soybean. There have also been lower exports of rival palm oil, due to protectionism measures.

Post maintains the forecast for 2022/23 soybean meal production at 37.9 MMT, up from the estimated 37.55 MMT in 2021/22. Domestic soymeal consumption is forecast to increase to 20 MMT in the next season, up from 19.6 MMT in 2021/22. Post anticipates domestic meal demand will grow in line with a recent increase in beef and pork annual production of between two and three percent. Post forecasts soybean meal exports to increase to 18.2 MMT in 2022/23, up from 18 MMT in 2021/22, based on available supply and demand for the Brazilian product, and supported by the favorable exchange rate.

For 2022/23, Post forecasts soy oil production at 9.9 MMT, up from 9.77 MMT in the current season. In the same timeframe, domestic oil consumption is expected to rise to 8.05 MMT, up from 7.92 MMT. The increase will be driven by industrial oil consumption, which is projected to rise to 4.15 MMT.

Post anticipates that expansion in industrial consumption will be supported by a slowly but steadily recovering economy, which will fuel an increase in commercial truck activity. In Brazil, commercial vehicles run on biodiesel, which is manufactured using soy oil. When the Brazilian government mandates a higher biodiesel blend mandate, there is a steady increase in industrial oil consumption.

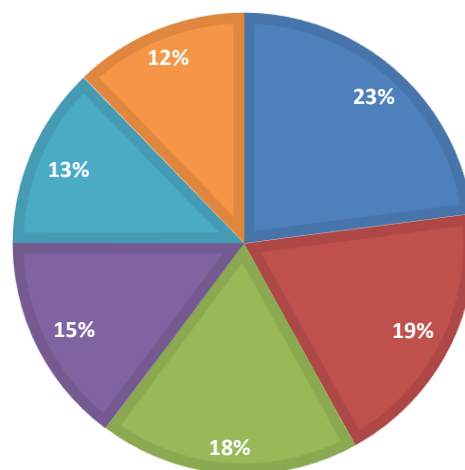
Soybean Crush Revised Up in 2021/22, Driven by Oil and Meal Demand

Post also revised up the estimate for the 2021/22 soybean crush to 48.25 MMT, based on more favorable conditions and increased demand for soybean products from the international market. For example, the government of Argentina announced at the beginning of 2022 the increase in the tax for exports of soy products, which has been favoring Brazilian exports of soybean meal and oil during the 2021/22 season.

Figure 7:

TOP IMPORTERS OF BRAZILIAN SOYBEAN MEAL (IN METRIC TONS)

■ Thailand ■ Netherlands ■ Indonesia ■ South Korea ■ France ■ Vietnam



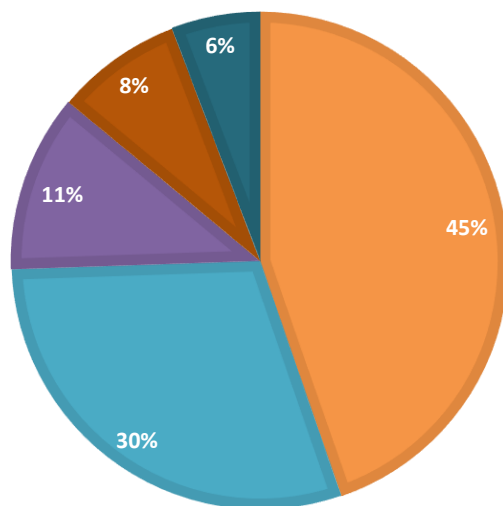
Regarding soybean meal, one of Brazil's main competitors, Argentina, has recently reduced deliveries, due to ongoing economic turmoil in the country. Meanwhile, global demand continues to grow, especially in Europe. This year, in just five months, Brazil has shipped 8.2 million tons, a growth of almost 30 percent compared to the same period last year. The European Union is the main customer and Southeast Asia is on the rise, led by Thailand, Philippines, Indonesia, and South Korea. There has also been growth in the Middle East, as they aim to increase protein production. Overall value from soybean meal exports through June totals US\$ 4 billion.

In the case of soy oil, there had been a drop in exports from 2018 to 2020, from 1.41 to 1.10 million tons. However, exports began to rise in 2021. This year, from January to May 2022, there were almost one million tons of soybean oil exported (0.95 million tons), a growth of 58 percent compared to the same period in 2021. China and India are the primary markets for soy oil, followed by Europe and Southeast Asia.

Figure 8:

TOP IMPORTERS OF BRAZILIAN SOY OIL (IN METRIC TONS)

India China Bangladesh Venezuela Iran



Brazil's biodiesel producers are also anticipating increased soy oil supply, as they hope to increase output in the face of a potential diesel supply shortage. In September 2021, the Brazilian government decided to reduce the mandatory mix of biodiesel in diesel because of the high price of soy oil. However, Brazil imports around 30 percent of the diesel it consumes, and high oil prices combined with the depreciation of the real against the U.S. dollar has contributed to double-digit inflation. There are now reports that Brazil is looking to boost blending again to offset high fossil fuel prices. Blending in Brazil is currently at 10 percent but could go to 15 percent. According to Abiove, the sector could currently supply a 12 percent blend, but would need to crush another 3 million metric tons of soybeans to achieve a blend rate of 15 percent.

Using more biodiesel would actually increase fuel prices, as biodiesel is more expensive than the petroleum-based fuel. Diesel prices are already at record levels due to tighter global supply amid sanctions on Russia following its invasion of Ukraine. The higher blend, which would likely only be in place for a limited time, would help maintain supplies. An increase in the blend could reduce diesel imports by five vessels per month out of the typical 20 to 30 ships, according to estimates from the consultancy firm, StoneX. At present, Brazil's Energy Ministry has yet to make a public decision. Brazil's oil regulator, ANP, said in a statement that it is monitoring the situation and proposing necessary measures to guarantee the diesel supply, without mention which measures was proposed. Brazil's main oil union, known as FUP, warned that diesel prices may reach 10 reais per liter (\$7.77 per gallon) during the second half of the year from the current level of about 7 reais, according to a statement published on June 3. The union had also warned that the increase in demand during the agricultural harvest added to the scarcity of supply. Farmers typically use more diesel during the third and fourth quarters of the year.

Production, Supply, and Distribution (PSD)

Oilseed, Soybean (Local) Market Year Begins	2020/2021		2021/2022		2022/2023	
	Feb 2021		Feb 2022		Feb 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Brazil						
Area Planted (1000 HA)	39200	39000	41000	40900	42000	42500
Area Harvested (1000 HA)	39200	39000	41000	40900	42000	42500
Beginning Stocks (1000 MT)	1961	1961	2250	2721	2355	1921
Production (1000 MT)	139500	138000	126000	126600	149000	144000
MY Imports (1000 MT)	791	860	550	850	750	700
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	142252	140821	128800	130171	152105	146621
MY Exports (1000 MT)	88512	88900	74250	77000	95000	92000
MY Exp. to EU (1000 MT)	3500	3500	3500	3500	3500	3500
Crush (1000 MT)	48285	46500	48950	48250	49750	49150
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3205	2700	3245	3000	3350	3000
Total Dom. Cons. (1000 MT)	51490	49200	52195	51250	53100	52150
Ending Stocks (1000 MT)	2250	2721	2355	1921	4005	2471
Total Distribution (1000 MT)	142252	140821	128800	130171	152105	146621
CY Imports (1000 MT)	859	700	450	1000	450	900
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	86100	82980	77270	77000	96300	86500
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	3.5587	3.5385	3.0732	3.0954	3.5476	3.3882
(1000 HA) ,(1000 MT) ,(MT/HA)						

Meal, Soybean (Local) Market Year Begins	2020/2021		2021/2022		2022/2023	
	Feb 2020		Feb 2021		Feb 2022	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	48285	46500	48950	48250	49750	49150
Extr. Rate, 999.9999 (PERCENT)	0.775	0.7742	0.7751	0.7782	0.775	0.7711
Beginning Stocks (1000 MT)	3864	3864	4446	3779	4452	3744
Production (1000 MT)	37421	36000	37941	37550	38556	37900
MY Imports (1000 MT)	19	15	15	15	17	15
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	41304	39879	42402	41344	43025	41659
MY Exports (1000 MT)	17608	16800	18250	18000	18200	18200
MY Exp. to EU (1000 MT)	7500	9000	7800	9000	8000	9200
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	19250	19300	19700	19600	20250	20000
Total Dom. Cons. (1000 MT)	19250	19300	19700	19600	20250	20000
Ending Stocks (1000 MT)	4446	3779	4452	3744	4575	3459
Total Distribution (1000 MT)	41304	39879	42402	41344	43025	41659
(1000 MT) ,(PERCENT)						

Oil, Soybean (Local) Market Year Begins	2020/2021		2021/2022		2022/2023	
	Feb 2020		Feb 2021		Feb 2022	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	48285	46500	48950	48250	49750	49150
Extr. Rate, 999.9999 (PERCENT)	0.1926	0.2	0.1925	0.2025	0.1923	0.2014
Beginning Stocks (1000 MT)	604	604	457	334	455	314
Production (1000 MT)	9300	9300	9423	9770	9567	9900
MY Imports (1000 MT)	67	160	100	100	100	100
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	9971	10064	9980	10204	10122	10314
MY Exports (1000 MT)	1794	1770	2000	1970	2000	1990
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	3920	4100	3675	4120	3750	4150
Food Use Dom. Cons. (1000 MT)	3800	3860	3850	3800	3900	3900
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	7720	7960	7525	7920	7650	8050
Ending Stocks (1000 MT)	457	334	455	314	472	274
Total Distribution (1000 MT)	9971	10064	9980	10204	10122	10314
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments

Attachments:

No Attachments