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Report Highlights:

Post revises down MY 2023/24 soybean production to 158.5 MMT due to poor weather outlooks resulting from El Niño, particularly in the Centre West states, which may affect final yields currently projected at 3.507 kg/ha. Post increases MY 2022/23 production estimate by three MMT, reaching 158 MMT, in the back of record high yields across most producing states. MY 2022/23 soybeans exports and crush are estimated at 102 MMT and 53.3 MMT, respectively, as a consequence of largely available supplies from 2022/23 harvest. Soybean meal and oil production are forecasted to increase during MY 2023/24 to meet increased domestic demand while exports are set to a challenging year with the prospects of Argentina's resuming regular export levels of by-products.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

AREA, PRODUCTION, YIELD

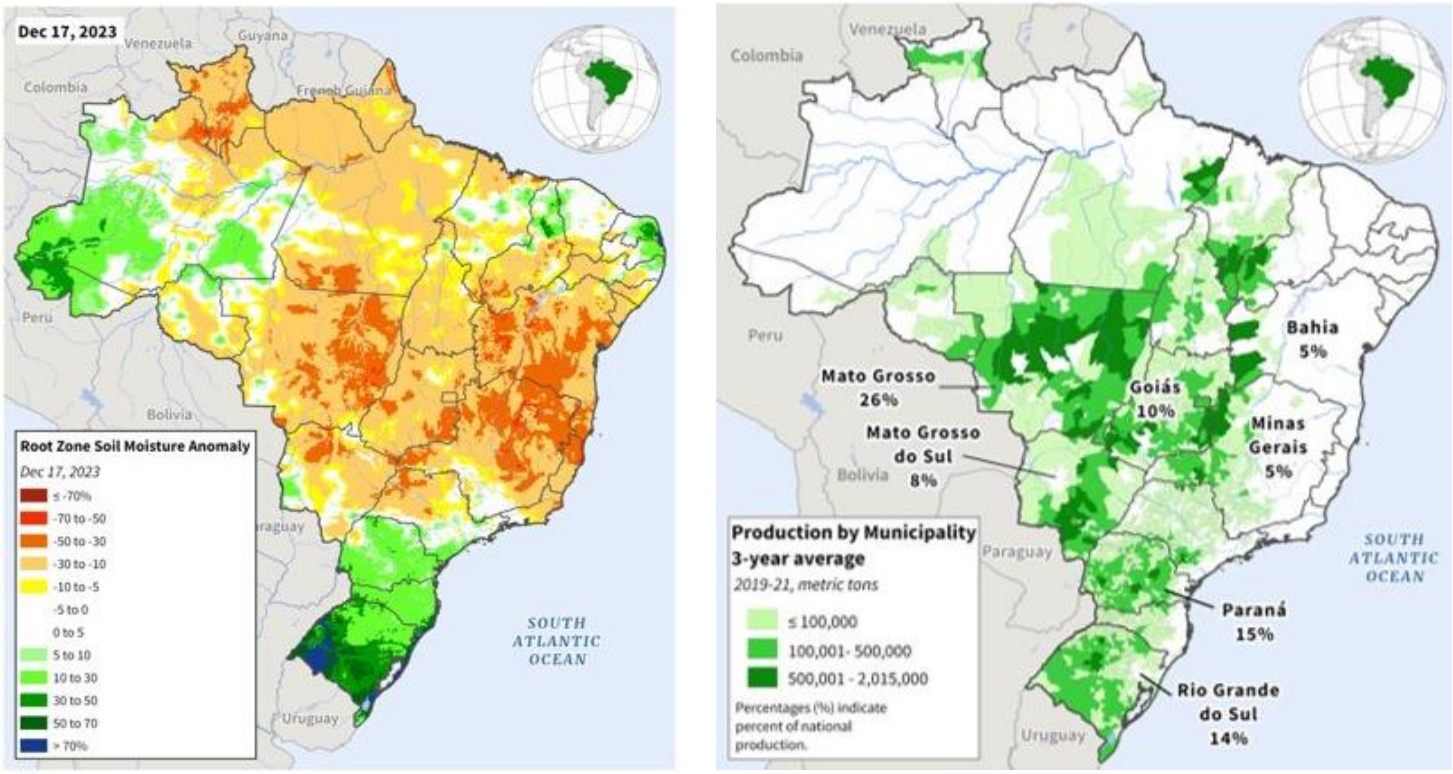
Hot and dry weather across most of Centre West states lead to lower yields in 2023/24

Post revises down its MY 2023/24 soybean production forecast to 158.5 MMT, a two percent decrease from October's forecasted 162 MMT. This 3.5 MMT reduction reflects worse than expected weather inflicting major producing states due to the El Niño phenomenon across South America. Nonetheless, MY 2023/24 could surpass the previous season's record production of over 158 MMT.

In the Center West region – composed by the four states of Mato Grosso (MT), Mato Grosso do Sul (MS), Goiás (GO) and Distrito Federal (DF) and responsible for nearly half of last season's soybeans output. Hot and dry weather conditions, low soil moisture levels, as well as below average rainfalls during most of October and November have negatively impacted yield outlooks. In the South region, particularly in Rio Grande do Sul (RS), one of the four largest soybean producing states, heavy rains over the last two months have delayed sowing pace, risking the most recently seeds planted to miss the ideal weather window for proper plant growth.

Figure 1

Brazil's Soil Moisture Root Zone Anomaly (Dec 17th, 2023) and Soybeans Production Areas



Source: SMAP L4 Soil Moisture Data and IBGE. Chart elaborated by: USDA Foreign Agriculture Service's (FAS) International Production Assessment Division (IPAD).

The high temperatures registered throughout October and November have reduced soil moisture levels, delaying sowing progress in several states, and affecting early plant development stages. In mid-November, an intense heat wave hit a vast part of the country and drove temperatures up to over 40 degrees Celsius (over 104 degrees Fahrenheit) in certain areas throughout Mato Grosso, Mato Grosso do Sul, Minas Gerais and Piauí, contributing to high evapotranspiration levels and low soil moisture.

According to International Research Institute for Climate and Society's (IRI) forecasts, El Niño weather conditions will persist throughout the summer in Brazil (December/2023 to March/2024). If confirmed, these patterns will increase rainfalls in the South and Southeast regions while stressing water deficits in the North and Northeast.

While this situation has been impacting several producing states in different ways, main market analysts are forecasting negative outlooks. In Mato Grosso, reports of soybeans shortened growth cycle have already been registered, potentially leading to reduced yields. Mato Grosso's Institute of Agricultural Economics (IMEA) estimates that over 5 percent of the 12.1 million hectares dedicated to growing soybeans have undergone re-sowing due to poor weather, adding costs to producers and leaving plants to grow outside of the ideal window in most cases. Considering such substandard weather conditions, some farmers switched their plans to plant cotton instead which, alongside corn, compete for area in the state for the second harvest (known in Portuguese as *safrinha*) after soybeans. According to IMEA, the average yield is forecasted at 3,472 kg/ha for 2023/24 season, a seven percent decrease compared to 2022/23. Brazil's National Supply Company (CONAB) has cut its yield forecast for Mato Grosso by 6 percent, from 3,773 kg/ha to 3,535 kg/ha.

In Rio Grande do Sul, the situation is the opposite. Heavy rains in October and November stalled the sowing pace and physically damaged some fields in which crops had recently emerged. CONAB evaluates the recent weather conditions as unfavorable, given that excessively moist soils may lead to seed rot, loss of nutrients, fungi-related phytosanitary diseases and inconsistencies in plant growth. The agency forecasts Rio Grande do Sul's yield at 3,280 kg/ha. Although below the state's full productive potential, if confirmed, this yield will represent a 65 percent increase from 2022/23 and 129 percent increase from 2021/22, when the state suffered from adverse weather conditions and severe droughts.

Paraná has a somewhat more positive outlook for 2023/24. Despite intense rainfalls in certain regions over the past months, most of 5.8 million hectares planted show a satisfactory development. It is still necessary to closely follow the most impacted areas to analyze whether the rains have physically damaged the plants and if it could reduce yields.

In Goiás, sparse and irregular rains coupled with high temperatures, have impacted planted fields and compromised yields. CONAB revised down its 2023/24 yield forecast for the state by three percent in the last report released by the agency, on December 7th, from 3,811 kg/ha to 3,704 kg/ha.

Finally, in the MATOPIBA region – composed of four states from the North and Northeast regions of Brazil (Maranhão, Tocantins, Piauí, and Bahia) – CONAB estimates an average six percent reduction in

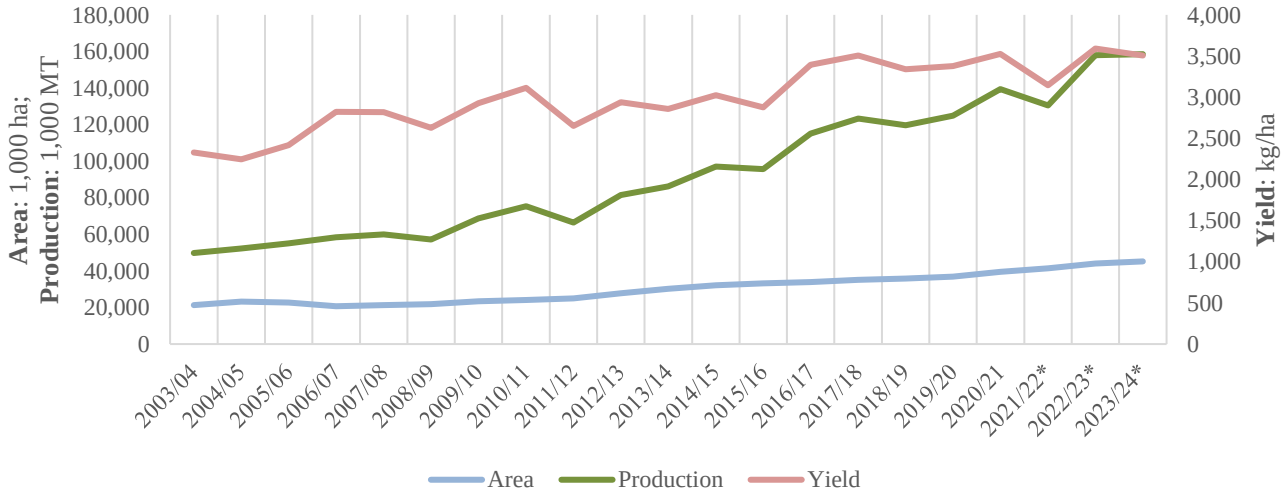
yields mostly resulting from the hot and dry conditions inflicting some areas since October. MATOPIBA is considered as Brazil's main agricultural frontier due to its potential to expanded available arable land by recovering degraded pastures.

It is noteworthy to highlight that December is traditionally a critical month for soybeans in Brazil as the plants sowed in September and October reach their final growth stages. As such, market analysts and forecasting agencies will likely update their projections, upwards or otherwise, based on the weather patterns observed across the country.

Post contacts have reported that similar weather circumstances have inflicted soybeans fields in previous years, though final average yield and production have not been proportionally affected. 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, soybeans have become a climate-resilient crop able to thrive even amidst difficult conditions, as intense heat or drought. Currently, nearly 99 percent of soybeans seeds using Brazil are Genetically Engineered (GE), which may help producers to withstand such challenging weather patterns with lower than currently projected yield losses.

Figure 2

Evolution of Soybeans Planted Area, Production and Yield in Brazil (2003/04 – 2023/24)



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

For MY 2022/23, Post revises up its production estimates by 3 MMT, reaching 158 MMT. This revision reflects a record high average national yield of 3,591 kg/ha resulting from good weather through last season (except in Rio Grande do Sul), intensive use of technology, and GE seeds. Excluding Amapá

(North region) and Rio Grande do Sul (South region), all other 19 producing states registered record soybean outputs, while 10 states also registered their highest yield ever.

Despite challenging season ahead, Brazil is set to expand soybean area to record levels

Post revises down its forecasted area for MY 2023/24 to 45.2 million hectares (ha), a 200 thousand ha reduction from the previous report, but a three percent increase compared to the 44 million ha estimated for MY 2022/23. Still, if maintained, this will represent the largest area allocated to growing soybeans on record. However, as previously explained, poor weather across key states may limit Brazil's capacity to produce at its full potential. As such, Post forecasts MY 2023/24 yields at 3,507 kg/ha – slightly below last MY's, but five percent above the historical average of the past five seasons.

According to CONAB data, area expansion will largely be driven by Mato Grosso (Center West region), Mato Grosso do Sul (Center West region), Tocantins (North region) and Rio Grande do Sul (South region). Combined, these four states are forecasted to grow three percent from 23.7 million ha to 24.4 million ha. MATOPIBA region is expected to expand its area even further by six percent between MY 2022/23 to MY 2023/24, though in more modest grounds: from 5.4 million ha to 5.7 million ha.

Slower sowing pace may risk the seeds planted outside ideal development window

Until December 15th, soybean sowing reached 94.6 percent of estimated area in Brazil (Table 1). While fieldwork has gained traction over the past weeks due to slightly more favorable weather conditions in some states, this value is 2 percentage points behind the same period in 2022 and 2.4 behind the average of the five seasons. Sowing in Mato Grosso, Mato Grosso do Sul, Goiás, and Paraná is completed. In most states of the MATOPIBA region, however, sowing pace is significantly behind last year's or in the past five years due to intense heat in the North/Northeast. This scenario may leave plants to grow outside the ideal weather window, possibly impacting final MY 2023/24 yields. In Bahia, the Bahia's Association of Producers and Irrigators (AIBA) indicated that around 12 to 15 percent of estimated area for soybeans had to be resowed.

Table 1

Soybeans Sowing Progress in Brazil until December, 15th

States	Percentage of estimated area			
	Five year average	2022	2023	
		Same period last year	8-Dec	15-Dec
Paraná	100	100	100	100
Mato Grosso	100	100	100	100
Mato Grosso do Sul	100	100	100	100
Goiás	99.8	99	94	100
São Paulo	99.6	98	95	99

Bahia	98.8	99	95	99
Santa Catarina	97.4	90	90	99
Minas Gerais	100	100	85	93
Rio Grande do Sul	91.4	86	78	85
Tocantins	96.3	99	75	85
Piauí	85	98	62	71
Maranhão	85.5	82	60	70
Other States	69.5	90	67	78
Brazil (*)	97	96.6	90.9	94.6

Source: SAFRAS & Mercado. Note: (x) Last 5 years average. (*) Weighted average.

According to CONAB, as of December 11th, the sowed area is distributed in the following soybeans growth stages: plant emergence – seven percent; trifoliate development – 49.5 percent; blooming – 20 percent; and pod and seed development – 23.5 percent. No fields had reached maturity stage by then. Harvesting is expected to start in mid-January in some regions.

CRUSH

Post revises down its crush forecast for MY 2023/24 by 700 thousand MT to 55.5 MMT in the back of lower production forecast. As Argentina resumes its usual soybean producing and crushing capacities for upcoming harvest, Brazil's exports of soybean oil and meal may reduce and be redirected to supply domestic consumption. Still, it represents a four percent increase compared to Post's new MY 2022/23 crush estimate of 53.3 MMT. This increase reflects the growing installed capacity of the national crushing industry, as well as the increasing demand for Brazil's oilseeds products, particularly oil for biodiesel blending.

Post forecasts soybean oil production at 11 MMT for MY 2023/24, a six percent growth compared to the previous MY's estimate of 10.4 MMT. This increase is largely driven by a higher industrial domestic consumption (forecasted at 5.5 MMT) resulting from an increased biofuels mandate for 2024. It also evidences the investments made by the domestic crushing industry to expand its capacity and consolidate Brazil as the third largest global soy oil producer. China and the United States still lead the world's soy oil production. Post also revises down its domestic food consumption is to 3.6 MMT due to the increased demand for biofuels blending.

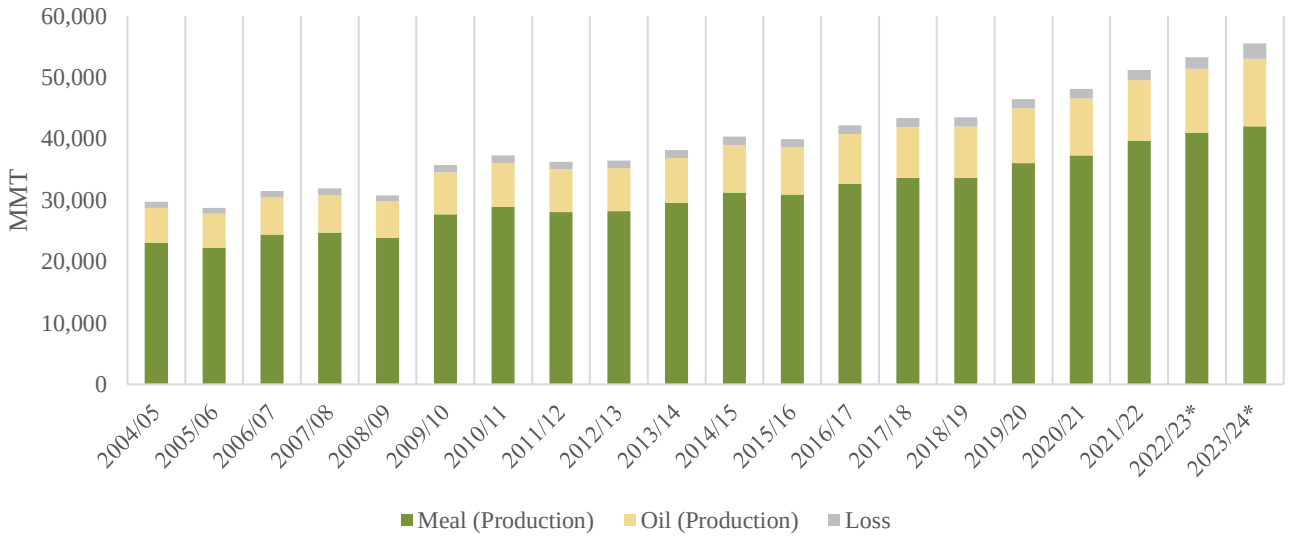
On December 19th, Brazil's National Energy Policy Council (CNPE, in Portuguese) voted to increase the biofuel blending rate currently set at B12. The biofuel blending rate will increase to B14 in March 2024, reaching B15 in 2025, one year before the previous mandate schedule. Market reports indicate that each percentage point in the mandate generate a demand for additional 650 million liters of soy oil, largely to be supplied by domestic production. However, there is also a legislative bill currently in discussion in the National Congress that would increase the biofuel mandate to B20 by no later than

three years after the law entering into force. While the text is still in early stages, it demonstrates a greater appetite among policymakers in the current administration to drive energy transition. Ultimately, it would support domestic crushing industry by stimulating an additional mandatory demand for soy oil.

For soy meal, Post forecasts production at 42 MMT for MY 2023/24, an increase of 1 MMT from compared to MY 2022/23 estimate. This change reflects two parallel trends. First, as Argentina gains back its status as the world's largest soy meal exporter, competition in foreign markets will become more challenging, even though global imports are forecasted to increase in MY 2023/24. Secondly, domestic demand for animal feed may increase, currently forecasted at 20.9 MMT for MY 2023/24, redirecting available meal from exports to domestic consumption. This latter point is particularly relevant as Brazil's corn output is forecasted to drop next year.

Figure 3

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.

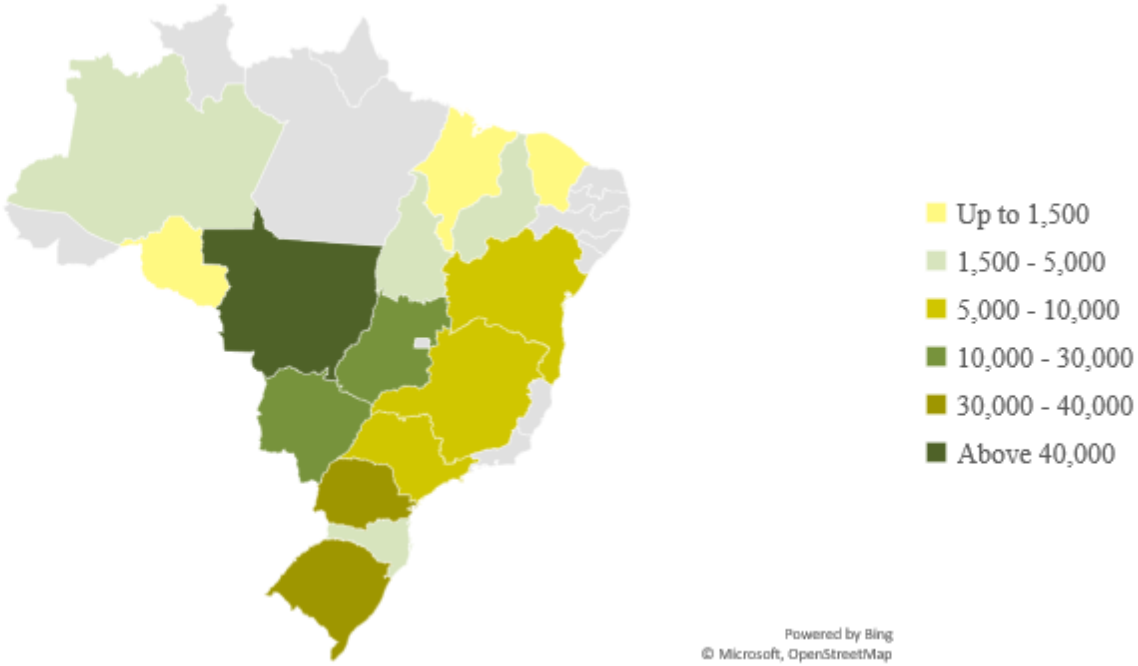
Brazilian soybean crushing industries investing to meet increasing demand

With 53 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 the Brazilian Association of Vegetable Oil Industries (ABOIVE). From crushing 161.8 thousand tons per day in 2014 to nearly 194 thousand tons per day in 2023, Brazil is now able to crush over 64 MMT a year (considering a 330 days crushing cycle). Around 70 percent of all crushing capacity is installed in the four largest soybeans producing states: Mato Grosso (23 percent), Paraná (18 percent), Rio Grande

do Sul (16 percent), and Goiás (14 percent). Almost three-quarters of all soybeans 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 4

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



Source: ABIOVE. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: Unit of measure = tons per day.

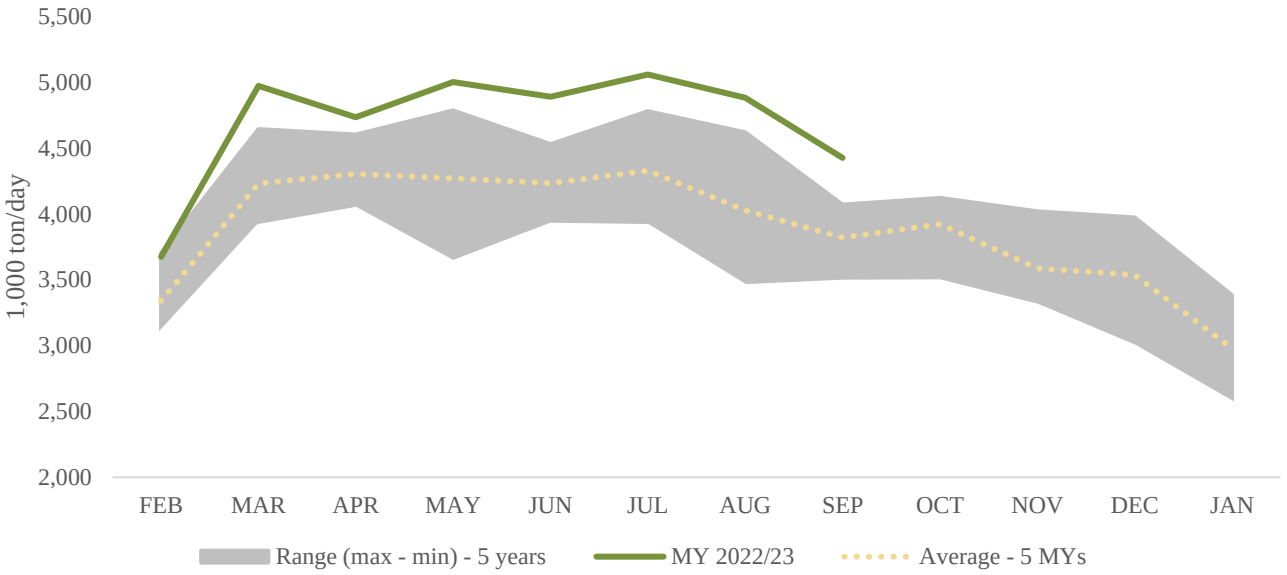
ABIOVE's data measures Brazil's rapidly domestic crushing capacity between 2022 and 2023, when 12 additional facilities entered operation. Since last year, the domestic industries boosted its processing capacity by 10 percent, being able to crush 18 thousand additional MT per day. With more available soybeans each season, the Brazilian crushing industry has been increasing its investments to meet a growing domestic and international demand for oilseeds products.

Post maintains its crush estimate for MY 2022/23 at 53.3 MMT, driven by a relatively solid demand from international markets and a record harvest registered this year. No change has been made to previous soy meal and oil production estimates for MY 2022/23, currently at 41 MMT and 10.4 MMT respectively.

As Figure 5 shows, Brazil has crushed 37.6 MMT of soybeans between February 2023 (beginning of MY 2022/23) and September 2023 (latest available data). That represents a five percent increase compared to the same period in MY 2021/22, and a 16 percent increase compared to the last five marketing years.

Figure 5

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



Source: ABIOVE. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

TRADE

Brazil set to maintain high export levels next year despite challenging outlooks for production in 2023/24

Post revises down its soybean exports forecast to 100 MMT for MY 2023/24 in the back of a reduced domestic harvest and growing domestic demand for oilseeds products. Despite this scenario, a relatively weak national currency (Brazilian Real, R$) – projected to be traded at a R$ 5 to US$ 1 exchange rate for most of the next year – will likely maintain Brazil's soybeans exports competitive throughout 2024, helping traders to reach a somewhat similar export performance as MY 2022/23.

Regarding oilseed products, Post revises down its soy oil export forecast to 1.8 MMT due to a projected increase in domestic consumption to meet B14 biofuels mandate by March 2024. Internationally, a stagnant demand below the average import levels of the previous five marketing years and a forecasted 17 percent reduction in India's global soy oil imports, Brazil's main buyer of this product, may limit available opportunities for Brazilian soy oil exporters.

For meal, Post revises down its MY 2023/24 exports forecasts from 21.5 MMT to 21 MMT, largely due to reduced available soybeans and increased demand for animal feed resulting from lower projected corn output. Also, the resumption of Argentina's massive soy meal exports, the world's largest supplier, expected to increase by 11 percent in the next MY, may pressure available export opportunities.

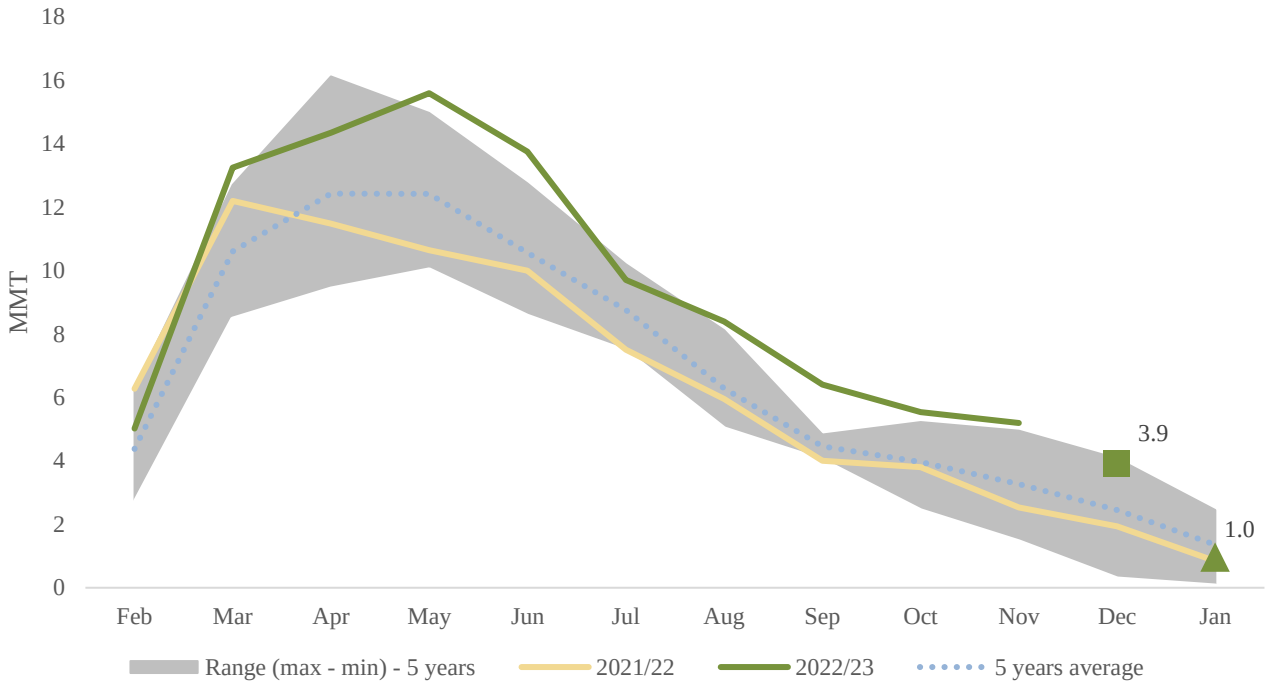
Soybean imports are forecasted to remain at very low levels in MY 2023/24 at 400 thousand MT, mostly to supply crushing industries in specific occasions during soybeans off season. Brazil traditionally sources all its soybean imports from Mercosur partners (mainly Paraguay) due to logistical benefits and trade preferences. As a trade union, intra Mercosur trade is tariff free, meaning that Brazil's imports of Paraguayan soybeans is exempt from the bloc's 6.4 percent *ad valorem* common external tariff.

Brazil's soybean exports largely exceed last marketing year's and five years average's

Post revises up its soybeans export estimate for MY 2022/23 to 102 MMT in the back of a record harvest output, favorable exchange rate and solid international demand. During MY 2022/23, between February and November 2023, Brazil exported 97.1 MMT of soybeans, over 30 percent more than in the same period in MY 2021/22 (i.e. February to November 2022). With a line-up for December indicating additional volumes up to 3.9 MMT, Brazil heads to a record export performance.

Figure 6

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: Values for December 2023 (square) and January 2024 (triangle) reflect, respectively, Brazil's Association of Grains Exporters (ANEC) lined up export shipments estimates (as of December, 5th) and Post's forecast.

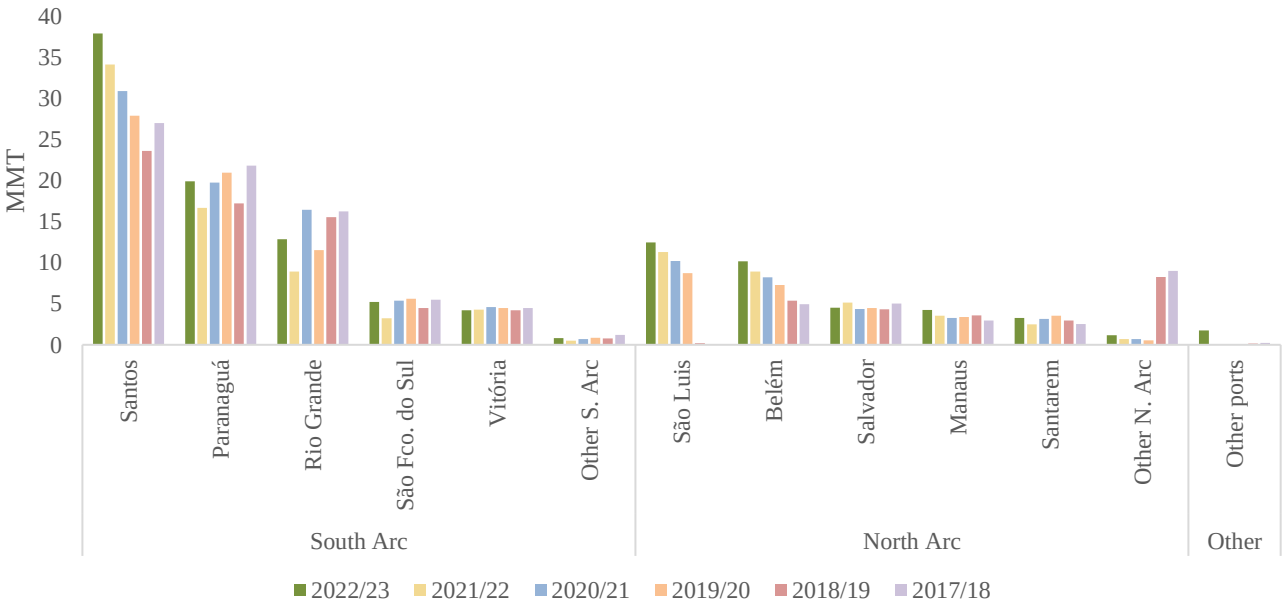
China remains at large the main buyer of Brazil's soybeans, accounting for over 73 percent of all export volumes this MY (i.e. 70.6 MMT until November 2023; a whopping 35 percent increase in purchases

during all 12 months of MY 2021/22). The EU, Argentina (due to significant harvest losses in the current MY), Thailand, Türkiye and Mexico follow the list, combining 16 percent of export destinations so far during the current marketing year.

Ports in the South Arc ("*Arco Sul*" in Portuguese, including the ports of Santo, Paranaguá, Rio Grande, and others) have been dominantly the main export origin, handling over 61.5 MMT of soybeans through its terminals since February 2023. 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 ports in the North and Northeast states of Brazil to meet its potential. For instance, water transport represents a significant part of the transportation between the producing regions to ports in the North Arc. However, a historical drought has severely impacted the main rivers at the Amazon Basin since October 2023, making larger grain ships unable to sail up to the main ports in the North, and redirecting part of the export volumes to ports in the South Arc, mostly Santos and Paranaguá.

Figure 7

Evolution of Soybeans, Soy Meal and Oil 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).

Post revises up MY 2022/23 meal export forecasts to 21.5 MMT. Up until November, Brazil exported 19.3 MMT, and additional two MMT are lined up to reach international markets in December. The EU firmly remains the main buyer, with 46 percent of all exported volumes having reached European ports. For soy oil, Post maintains its export estimate for the current MY at 2.3 MMT. So far, Brazil shipped

2.04 MMT and has a projected lineup of 87 thousand MT for December. India is undisputedly the main soy oil buyer from Brazil (51 percent of all export volumes in MY 2022/23), followed by China (12 percent), Bangladesh (12 percent), Algeria (six percent), Venezuela (four percent), and Egypt (three percent).

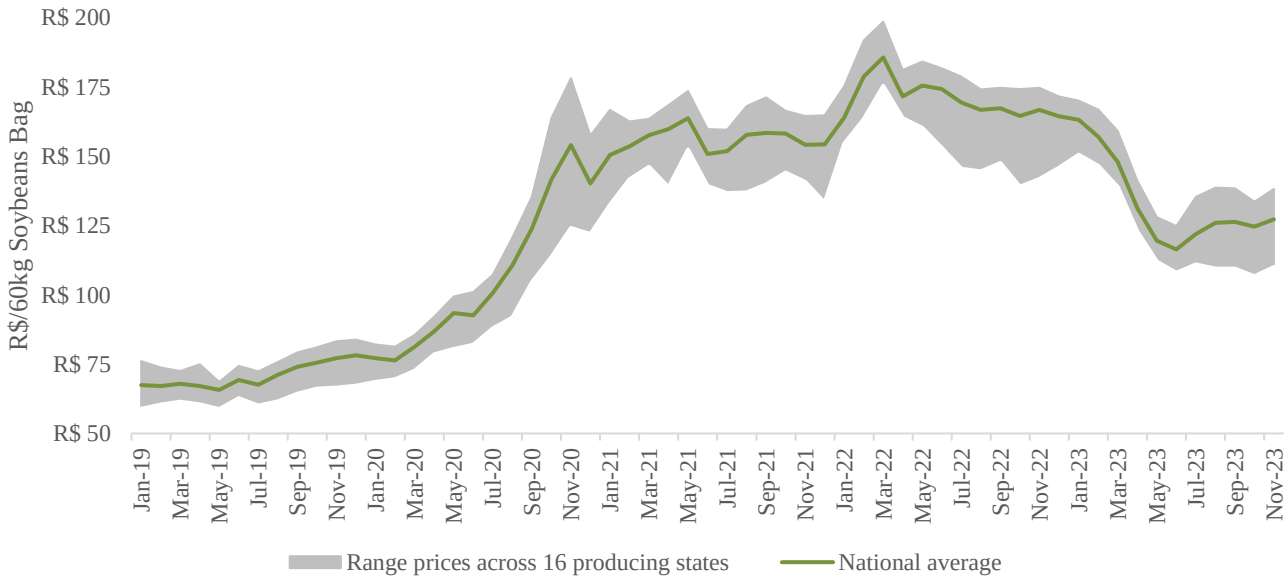
PRICES

Record high harvest pressures prices down, but remain above pre-pandemic levels

Resulting from a record harvest and largely available supplies, prices paid to consumers dropped during MY 2022/23 across all states. According to CONAB, average prices registered in November was on R$ 127 per 60 kg sacs (or R$2,120 per MT), a 23 percent decrease compared to the same month in 2022, at R$ 167/60kg (R$ 2,779/MT). Still, prices are significantly higher than pre-pandemic levels, when producers received approximately R$76/60kg of soybeans in February 2020.

Figure 8

Evolution of Domestic Prices Paid to Brazilian Soybeans Producers (2019 – 2023)



Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Average prices considers spot market prices across the 16 largest soybeans producing states (i.e.Bahia, Distrito Federal, Goiás, Maranhão, Minas Gerais, Mato Grosso, Mato Grosso do Sul, Pará, Piauí, Paraná, Rondônia, Roraima, Rio Grande do Sul, Santa Catarina, São Paulo, and Tocantins).

With lower prices and high uncertainties due to challenging weather, producers have slowed down sales of MY 2023/24 crop. Until December 8th, 2023, only 27 percent of the 2023/24 harvest was committed, compared to 93 percent of the 2022/23 harvest. While commercialization levels for old crop sits

somewhat similar to the historical average of the previous five seasons, sales of the new crop lag behind by over 10 percentage points at this time of the year.

Table 2

Soybeans Commercialization of 2022/23 and 2023/24 Crops

States	NEW CROP 2023/24		OLD CROP 2022/23	
	8-Dec	Five year average	8-Dec	Five year average
Tocantins	47.0	47.0	100.0	99.0
Maranhão	38.0	48.0	100.0	99.4
Piauí	36.0	41.2	99.0	97.4
Mato Grosso	35.0	47.4	97.0	98.2
Goiás	33.0	39.8	87.0	95.8
Minas Gerais	24.0	35.6	92.0	97.4
Mato Grosso do Sul	22.0	36.0	89.0	97.6
Bahia	21.0	37.2	96.0	97.4
São Paulo	20.0	34.4	94.0	97.2
Paraná	17.0	30.8	89.0	93.6
Rio Grande do Sul	14.0	20.0	86.0	90.0
Santa Catarina	11.0	22.6	83.0	86.0
Others	49.0	47.6	100.0	99.2
BRAZIL (x)	**27**	**37**	**93**	**96**

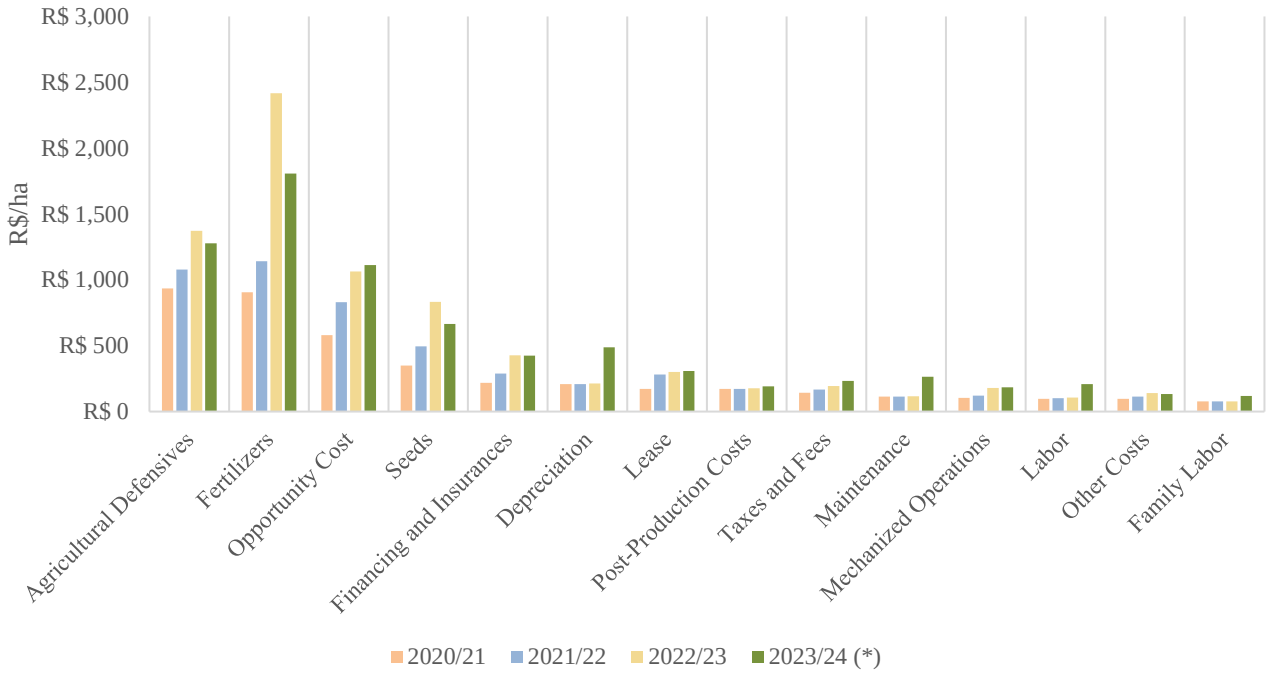
Source: SAFRAS & Mercado. Note: (x) Weighted average.

Lower prices have overshadowed a positive trend for producers: overall reduction in production costs. According to CONAB, average variable costs of production (which includes seeds, fertilizers, machinery, labor, etc) decreased by 26 percent, from R$ 101/60 kg bag in September 2022 to R$ 74/60 kg bag in the same month in 2023 (latest available data from a national perspective).

In Mato Grosso, while overall production costs remain high, at nearly R$ 7,434/ha, expenses with fertilizers and agricultural defensives, which account for over 40 percent of all production costs, decreased by 25 percent and 7 percent, respectively, between seasons 2022/23 and 2023/24.

Figure 9

Costs of Production in Mato Grosso by Type of Expense (2020 – 2023)

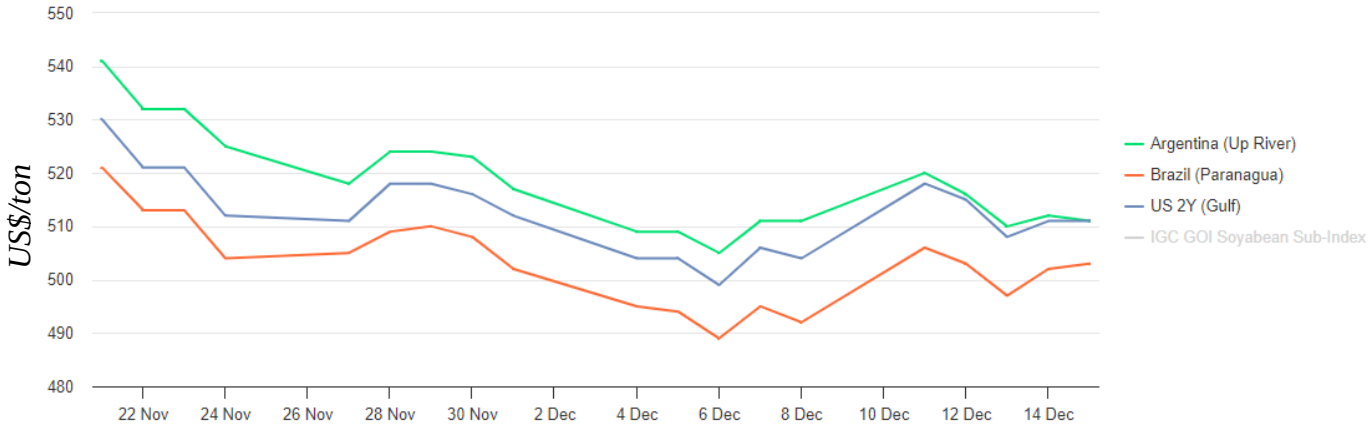


Source: IMEA. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA). Note: (*) refers to costs of production as of November 2023.

With lower prices, decreasing costs of production and a favorable exchange rate, Brazil's soybeans remain competitive vis-à-vis to exports from other key competitors. As the Figure 10 below demonstrates, Brazil's export prices at the Port of Paranaguá (US$ 503/MT) were nearly two percent lower than U.S.'s (Gulf) and Argentina's (Up River), both at US$ 511/MT, as of December 15th, according to International Grains Council (IGC).

Figure 10

Evolution of Export Prices in Brazil, Argentina and the United States (Nov – Dec 2023)

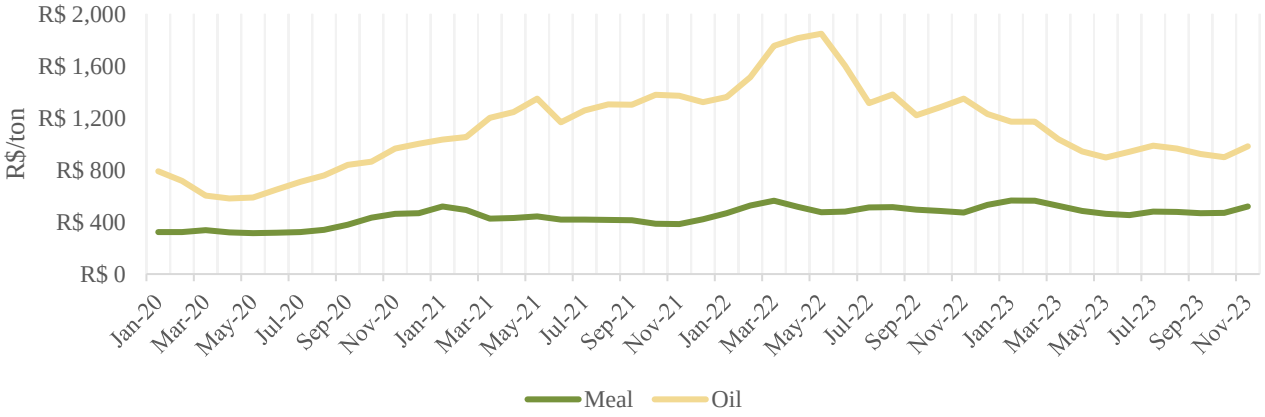


Source: International Grains Council (IGC). Note: Unit of measure = US$/ton. Latest value as of December 15th.

For soybeans products, export prices of meal at the Port of Paranaguá have remained relatively stable at around US$ 500/MT, while soy oil have registered a remarkable fluctuation, closing November at US$ 982/MT – 27 percent less than one year ago.

Figure 11

Evolution of Domestic Prices Paid to Brazilian Soybeans Producers (2019 – 2023)



Source: CONAB. Chart elaborated by: Post Brasilia (Office of Agricultural Affairs – OAA).

STOCKS

Post estimates ending stocks at 1.08 MMT in MY 2022/23 due to record export volumes and crushing levels by the domestic industry. For MY 2023/24, Post forecasts ending stocks registering 683 thousand MT as international demand and growing appetite from national crushers due to higher biofuels blend

mandate will pressure a likely smaller soybean harvest next year. Post also forecasts ending stocks for soy meal at 3.2 MMT in MY 2023/24, and 521 thousand MT for soy oil.

POLICIES

Since the last Update, published in the beginning of October 2023, four policies with possible implications for soybeans productive chain are noteworthy:

Biofuels mandate is anticipated by one year

On December 19th, the National Energy Policy Council (CNPE, in Portuguese) linked to the Ministry of Mines and Energy (MME) approved the anticipation of biofuels mandate increase. As of March 2024, it will increase from the current B12 to B14 and will reach B15 by 2025. The previous mandate stipulated B13 by 2023 with one percentage point increase each year up to B15 by 2026. CNPE also suspended the enforcement of a previous decision from the National Oil Agency (ANP), which allowed biodiesel imports, until a working group under CNPE has assessed its impact.

Brazil plans to recover up to 40 million hectares of degraded pasturelands in the next ten years

On December 5th, 2023, Brazil has published its policies National Program for Conversion of Degraded Pastures into Sustainable Agricultural and Forestry Production Systems (PNCPD, in Portuguese). Headed by the Ministry of Agriculture, Livestock and Supply (MAPA), the program aims to promote and coordinate public policies focused on regenerating degraded pastures into sustainable agricultural and forestry production systems. The Brazilian government aims to regenerate and convert up to 40 million hectares of degraded or low yielding pasturelands over the next ten years. This is particularly relevant as regenerating degraded pastures is often regarded as the main strategy to expand Brazil's available arable land in a sustainable way. An Interagency Managing Committee (IMC) has been installed to establish the program's overall targets, directives and action plans to be published no later than 90 days after the IMC's first formal meeting.

A new soybeans technical standard remains in discussion, though stalemate regarding moisture levels halter progress

Between October 31st and November 1st, 2023, MAPA officials held a public hearing session to discuss a proposed revision of the current soybeans technical and identity standard, in force since 2007. Amongst other proposals, discussions reached a stalemate regarding whether to reduce the grain's allowed 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 each one percentage in moisture levels imply in over 1.15 percent weight loss and cutting sales revenues in over three billion reais. A new standard has not been agreed and discussions will continue into 2024.

Brazil looking for ways to build fertilizer resilience and improve domestic producing capacity

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). By meeting 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'.

Table 3

Soybean Production, Supply and Distribution

Oilseed, Soybean (Local)	2021/2022		2022/2023		2023/2024	
Market Begin Year	Feb 2022		Feb 2023		Feb 2024	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	41,500	41,500	44,300	44,000	45,600	45,200
Area Harvested (1000 HA)	41,500	41,500	44,300	44,000	45,600	45,200
Beginning Stocks (1000 MT)	2,426	2,426	1,783	1,783	2,483	1,083
Production (1000 MT)	130,500	130,500	160,000	158,000	161,000	158,500
MY Imports (1000 MT)	416	416	200	200	450	400
Total Supply (1000 MT)	133,342	133,342	161,983	159,983	163,933	159,983
MY Exports (1000 MT)	77,118	77,118	102,000	102,000	101,000	100,000
Crush (1000 MT)	51,196	51,196	53,700	53,300	55,500	55,500
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3,245	3,245	3,800	3,600	3,950	3,800
Total Dom. Cons. (1000 MT)	54,441	54,441	57,500	56,900	59,450	59,300
Ending Stocks (1000 MT)	1,783	1,783	2,483	1,083	3,483	683
Total Distribution (1000 MT)	133,342	133,342	161,983	159,983	163,933	159,983
Yield (MT/HA)	3.1446	3.1446	3.6117	3.5909	3.5307	3.5066

Table 4

Soybean Oil Production, Supply and Distribution

Oil, Soybean (Local)	2021/2022		2022/2023		2023/2024	
Market Begin Year	Feb 2022		Feb 2023		Feb 2024	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	51,196	51,196	53,700	53,300	55,500	55,500
Extr. Rate, 999.9999 (PERCENT)	0.1925	0.1925	0.1923	0.1951	0.1925	0.1982
Beginning Stocks (1000 MT)	468	468	361	361	298	321
Production (1000 MT)	9,855	9,855	10,327	10,400	10,684	11,000
MY Imports (1000 MT)	33	33	35	50	25	50
Total Supply (1000 MT)	10,356	10,356	10,723	10,811	11,007	11,371
MY Exports (1000 MT)	2,645	2,645	2,650	2,300	2,100	1,800
Industrial Dom. Cons. (1000 MT)	3,450	3,450	3,800	4,340	4,500	5,500
Food Use Dom. Cons. (1000 MT)	3,900	3,900	3,975	3,850	4,050	3,600
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	7,350	7,350	7,775	8,190	8,550	9,100
Ending Stocks (1000 MT)	361	361	298	321	357	471
Total Distribution (1000 MT)	10,356	10,356	10,723	10,811	11,007	11,371

Table 5

Soybean Meal Production, Supply and Distribution

Meal, Soybean (Local)	2021/2022		2022/2023		2023/2024	
Market Begin Year	Feb 2022		Feb 2023		Feb 2024	
Brazil	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	51,196	51,196	53,700	53,300	55,500	55,500
Extr. Rate, 999.9999 (PERCENT)	0.7751	0.7751	0.7750	0.7692	0.7750	0.7568
Beginning Stocks (1000 MT)	4,186	4,186	3,776	3,776	3,411	3,086
Production (1000 MT)	39,682	39,682	41,618	41,000	43,013	42,000
MY Imports (1000 MT)	5	5	17	10	10	10
Total Supply (1000 MT)	43,873	43,873	45,411	44,786	46,434	45,096
MY Exports (1000 MT)	20,297	20,297	21,800	21,500	21,500	21,000
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)	19,800	19,800	20,200	20,200	20,900	20,900
Total Dom. Cons. (1000 MT)	19,800	19,800	20,200	20,200	20,900	20,900
Ending Stocks (1000 MT)	3,776	3,776	3,411	3,086	4,034	3,196
Total Distribution (1000 MT)	43,873	43,873	45,411	44,786	46,434	45,096

Attachments:

No Attachments