

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Brazil

Grain and Feed Annual

2014/2015 Grains Forecast

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Report Highlights:

2014/2015 wheat production is forecast at 5 million metric tons (mmt), down 6 percent from the previous year due to lower prices. 2014/2015 corn consumption is expected to increase due to projected expansion in the corn feed industry, which is taking advantage of current low global prices.

Commodities:

Corn

Rice, Milled

Wheat

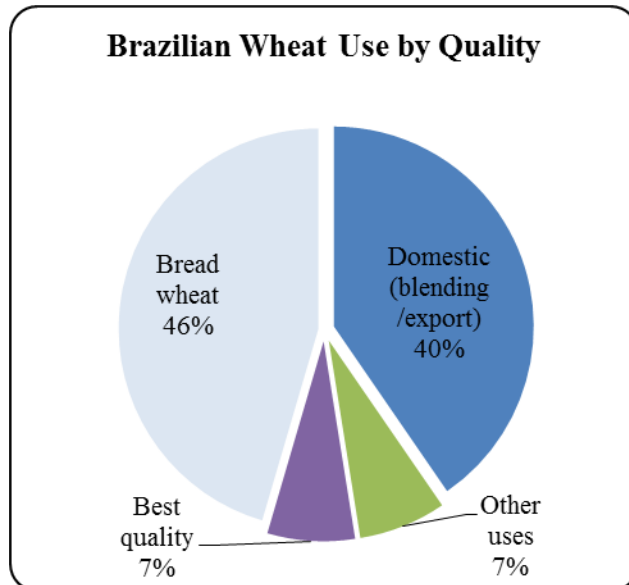
Wheat Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,900	1,900	2,200	2,200		2,000
Beginning Stocks	1,748	1,748	1,002	1,002		1,902
Production	4,380	4,380	5,300	5,500		5,000
MY Imports	7,358	7,358	7,400	7,300		7,300
TY Imports	7,548	7,548	7,500	7,500		7,300
TY Imp. from U.S.	1,278	1,278	0	3000		2000
Total Supply	13,486	13,486	13,702	13,802		14,202
MY Exports	1,584	1,584	500	500		500
TY Exports	1,753	1,753	500	500		500
Feed and Residual	200	200	600	600		600
FSI Consumption	10,700	10,700	10,800	10,800		11,000
Total Consumption	10,900	10,900	11,400	11,400		11,600
Ending Stocks	1,002	1,002	1,802	1,902		2,102
Total Distribution	13,486	13,486	13,702	13,802		14,202

1000 HA, 1000 MT, MT/HA

2014/2015 Wheat Supplies: The 2014/2015 planted area is expected to decrease by nine percent from the previous year to 2 million hectares (mHA). Production is forecast at 5 million metric tons (mmt), down 6 percent from the previous year due to lower prices. Better yields are expected with more normal weather and enhanced seed varieties.

Quality is also expected to increase with better varieties and improved farm management practices. Small to medium-sized Brazilian agricultural firms are developing new seed varieties adapted specifically to the region. seeds are being adapted for the peculiarities of Brazil, such as the high aluminum content in soil, shorter cycles, and the occurrence of rain during the harvest. The aim is to sell the seeds in Argentina, Paraguay, and Uruguay. These varieties are anticipated to be commercially available after testing within the next 5 years.

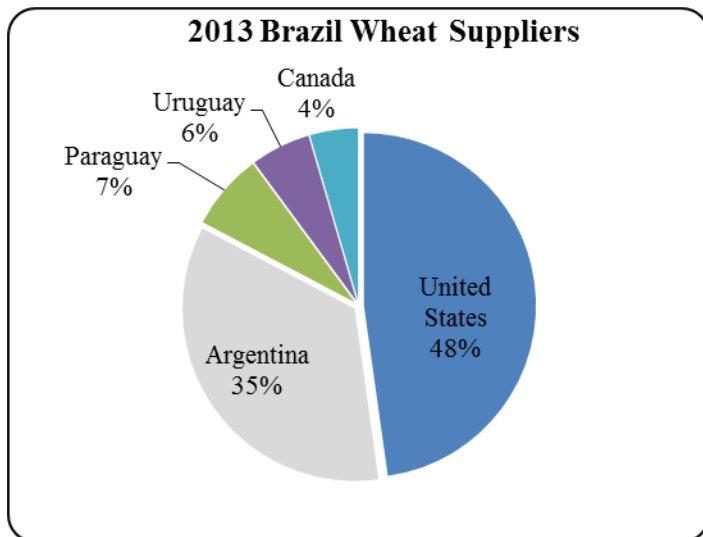
2014/2015 Wheat Consumption: Wheat consumption is expected to increase slightly as the growing middle class includes more processed wheat products in its diet. Consumption of wheat-based products is increasing 4-5 percent per year, despite higher prices paid by consumers. The cracker/cookie sector is expanding based on the expected continued growth of value added products. Warehouse-style stores – like Sam’s Club and CostCo – are offering more “family-sized” products at lower prices, which are also contributing to industry expansion. Consumers have more buying power and are interested in a diverse range of products appealing more toward health and well-being. Investment in the wheat sector is also growing, with new milling facilities planned in the Northeast to meet the growing consumer demand.



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2014/2015 Wheat Trade: 2014/2015 imports are estimated to remain steady at 7.3 mmt. The main anticipated change is a shift in suppliers from Argentina to North America. 2013/2014 saw an influx of North American wheat due to Argentina's – formerly Brazil's traditional supplier – restricting exports to meet domestic demands. It is anticipated that Brazilian millers will continue to purchase North American wheat for its quality and reliability. It typically takes 40 to 60 days for U.S. wheat to arrive at the Port of Santos at an average cost of US\$395/mt. This includes the costs of all taxes and transport. Argentine wheat is currently averaging US\$365/mt at arrival in the Port of Santos. During recent FAS Brasilia crop travel, millers stated that they would continue to buy U.S. wheat, since Argentina is a problematic supplier due to its current economic problems and government intervention in the wheat sector.



2014/15 exports are forecast to remain the same as 2013/2014 at 500,000 mt. Brazilian wheat exports are mainly lower quality grade wheat that are shipped to Africa and the Middle East for flat bread.

2013/14Wheat Supplies: 2013/14 area is up 14 percent from the previous year due to higher prices at the time of planting. Production is estimated at 5.5 mmt, a 20 percent increase from the previous year based on anticipated high prices at planting. However, those prices were not realized at harvest due to record global wheat production. Brazil's demand for wheat

cannot be filled domestically because the domestic wheat must be blended with higher quality imported wheat in order to achieve desired baking qualities. When Brazilian millers use U.S. wheat, it is blended at a ratio of 70 percent imported/30 percent domestic, strongly supporting demand for U.S. wheat.

2013/14Wheat Consumption: 2013/2014 wheat consumption is estimated 11.4 mmt, a four percent increase from the previous year, in line with the current trend of a changing diet resulting from an emerging middle class.

2013/14 Wheat Trade: 2013/2014 imports are estimated at 7.3 mmt, which is in line with historical demand. The largest change this year was in the shift of suppliers from Argentina to the United States. The United States exported 3.48 million mmt to Brazil in 2013 - the highest in 30 years - due to Brazil's demand for imported wheat after its usual supplier, Argentina, was unable to meet this demand. Despite record global production, Argentina, which traditionally supplied most of Brazil's wheat import demand, had the worst crop in a century. Argentina was forced to restrict exports to satisfy its domestic demand. With Argentina out as a supplier, Brazil temporarily reduced its Common External Tariff (TEC) for non-Mercosul countries from ten to zero percent from April to December of 2013 to encourage imports. These market conditions enabled U.S. wheat to effectively meet the needs of Brazilian millers. U.S. wheat constituted 48 percent of Brazil's 2013 wheat imports. In 2013, Brazil became the second largest market for U.S. wheat, just 500,000 mt behind China, the number one market in 2013.

It is possible that Brazil will reduce the TEC again in April to fill demand for wheat and keep prices stable during 2014, as it is a presidential election year. It is estimated that Brazil will import 3 mmt of U.S. wheat with or without the TEC reduction. The window for U.S. wheat imports typically runs from April to August.

Table 1.1: Brazil Wheat Imports

Brazil Wheat Imports HTS 100110 and 100190 Wheat, Group 60 (2012)			
Partner Country	Quantity (Unit: 1,000 mt)		
	2011	2012	2013
World	5,740.45	6,580.43	7,273.28
United States	104.25	54.51	3,475.27
Argentina	4,546.38	5,059.95	2,539.71
Paraguay	363.82	836.26	522.08
Uruguay	686.49	628.69	408.03
Canada	39.49	0.99	328.12

Source : Secretaria de Comércio Exterior

Table 1.2: Brazil Wheat Flour Imports

Brazil Wheat Flour Imports HTS 1101 Wheat Flour, Group 44 (2012)			
Wheat Equivalent (conversion 1.368)			
Partner Country	Quantity (Units: 1,000 mt)		
	2011	2012	2013
World	959.60	870.77	258.95
Argentina	897.79	806.32	137.77
Uruguay	45.70	42.19	50.12
Paraguay	13.07	18.72	65.51
Turkey	0	0	1.62
Canada	2.04	2.17	1.77
Italy	0.49	0.89	1.02
United States	0.19	0.29	.19
United Kingdom	0.15	0.10	.08
France	0.11	0.06	.45

Source : Secretaria de

Table 1.3: U.S. Wheat Exports to Brazil

U.S. Wheat Exports to Brazil (tons)					
2008	2009	2010	2011	2012	2013

906,793	218,145	494,008	104,248	54,508	3,475,270
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Source : Secretaria de Comércio Exterior

Table 1.4: Brazil Wheat Exports

Brazil Wheat Exports HTS 1001 Wheat, Group 60 (2012)			
Partner Country	Quantity (Unit: 1,000 mt)		
	2011	2012	2013
World	2,350.47	2,404.90	1,188.30
Spain	0	188.01	220.20
South Africa	90.85	320.40	209.64
Korea South	0.30	0	183.11
Israel	27.50	0	176.88
Germany	0	0	114.05
Egypt	185.95	193.19	65.89
Saudi Arabia	89.16	181.00	62.54
Iran	0.00	152.93	45.69
Mozambique	41.78	98.30	36.08
Isle of Man (U.K.)	0	0	22.57
Tunisia	178.70	87.75	18.23
United Arab Emirates	61.49	349.82	12.50
Senegal	0	0	11.00
Paraguay	0.09	0.30	9.54
Uruguay	0.03	0.03	0.34
United States	0	0	0.03
Argentina	0	0.01	0.01
Bolivia	0	0	0
Angola	0.02	0	0

Source : Secretaria de Comércio Exterior

Wheat Prices:

Table 1.5: Brazil Wheat Prices

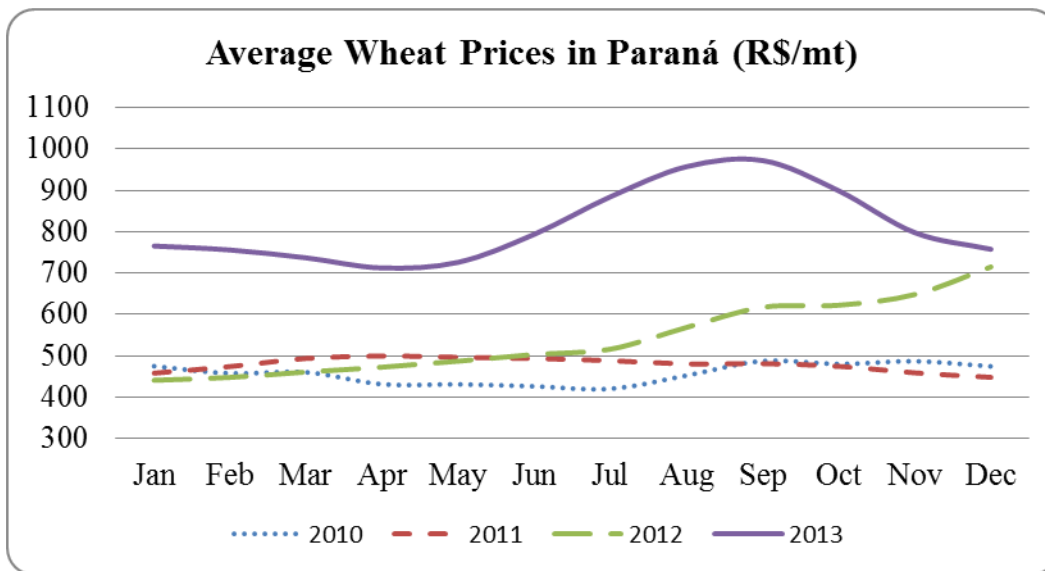
Monthly Average Wheat Prices in Paraná
Prices in R\$ per Metric Ton

(discounted by the NPR tax)

Year	2010	2011	2012	2013
Jan	474.74	457.81	440.54	765.24
Feb	457.22	473.89	447.64	755.78
Mar	460.00	493.59	460.69	736.77
Apr	431.00	499.40	472.41	712.25
May	430.95	496.20	486.87	726.00
Jun	426.00	493.18	503.05	793.94
Jul	420.00	488.19	515.99	884.48
Aug	452.27	480.21	568.48	957.18
Sep	487.14	480.92	617.24	971.96
Oct	480.00	474.28	622.26	898.63
Nov	486.71	458.68	648.13	797.53
Dec	474.29	447.72	714.78	757.39

Source: CEPEA

Graph 1: Wheat Prices



Commodities:
CORN

Corn Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Mar 2013		Market Year Begin: Mar 2014		Market Year Begin: Mar 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	15,800	15,800	14,700	14,900		14,000
Beginning Stocks	9,210	9,210	14,110	14,100		10,900
Production	81,000	81,000	70,000	72,000		71,000
MY Imports	900	890	800	800		800
TY Imports	871	871	800	800		800
TY Imp. from U.S.	0	0	0	0		0
Total Supply	91,110	91,100	84,910	86,900		82,700
MY Exports	25,000	25,000	20,000	21,000		18,000
TY Exports	26,044	26,044	21,000	22,000		19,000
Feed and Residual	44,000	44,000	46,000	46,000		46,500
FSI Consumption	8,000	8,000	9,000	9,000		9,000
Total Consumption	52,000	52,000	55,000	55,000		55,000
Ending Stocks	14,110	14,100	9,910	10,900		9,200
Total Distribution	91,110	91,100	84,910	86,900		82,700
1000 HA, 1000 MT, MT/HA						

2014/2015 Corn Supplies: 2014/2015 corn production is forecast to decrease three percent to 71 mmt, based on decreased area and a second (“safrinha”) crop. Though “safrinha” literally means “smaller crop,” it is expected that the “safrinha” corn crop will be larger than the first crop for the fourth year in a row. For 2013/2014, the “safrinha” is forecast to be 58 percent of the total crop.

The exchange rate could play a role in a smaller crop as well. On the one hand, a weak Brazilian currency (real) encourages greater exports; on the other hand, the price of inputs goes up, thereby making the cost of production more expensive. There is some potential for expanded first crop area in the states of Maranhão (MA), Tocantins (TO), and Piauí (PI). These three states, combined with Bahia (BA), make up the agricultural region often referred to as “Mapitoba.” The Ministry of Agriculture, Livestock and Food Supply (MAPA) believes that grain production in the region could increase 30 percent by 2022. “Mapitoba” currently produces approximately 14 mmt of grains in Brazil.

2014/2015 Corn Consumption: 2014/2015 consumption is expected to increase due to projected expansion in the corn feed industry, which is taking advantage of current low global prices. Most of the first crop corn goes to domestic use, while the “safrinha” corn crop is typically exported. The Brazilian Feed Industry (Sinirações) estimated that corn constitutes 60 percent of total feed, which does not include grass or silage. Only 6-8 percent of cattle are in corn feed lots and this percentage has not changed in the last 12 years.

There are two corn ethanol plants operating in the state of Mato Grosso as “flex plants” that can process both corn and sugarcane. A Brazilian agro-business firm in central Mato Grosso, is investing in an ethanol plant exclusively for corn, which is expected to be operation in 2015. An economic analysis done by a consultancy firm noted that a corn ethanol plant located in Mato Grosso, where corn prices are lowest, could make an estimated 28 percent return at current prices. If prices were to rise to 2012 peak levels, the return would be 3.5 percent. So corn ethanol would still be profitable in Mato Grosso

even at high corn prices. In 2013/2014, only 0.04 percent of national ethanol output was derived from corn.

2014/2015 Corn Trade: 2014/2015 exports are forecast to drop 14 percent to 18 mmt due to a smaller “safrinha” crop and low global prices. The limiting factor to export capacity will continue to be infrastructure in both 2014 and 2015, though to a lesser extent than in 2013, when large corn and soybean crops competed for logistics. 2014 is expected to see reduced bottlenecks for several reasons: fewer corn exports mean less competition with soybean for logistics; new port covers will allow ships to load in the rain; and a system of ship preference will speed up loading at the port of Paranagua. The Port of Santos issued “patios” for trucks waiting to unload, so that the trucks can be called from the patio when they are ready to be loaded.

The main road to the north from Mato Grosso, BR-163, is about 70 percent paved, but the remaining 400km to the Tapajos River needs to be finished by the Brazilian military. Once finished, the road will connect Cuiabá to Santarém, where grains can be barged on the Tapajos River and shipped from the north, thereby freeing logistic space in the southern ports, or exported directly from Santarém. Despite the incomplete state of BR-163, Bunge expects to ship 4 mmt of grains through their port in Itiatuba.

2013/14 Corn Supplies: 2013/2014 production is down 11 percent from the previous year’s record crop to 72 mmt. Most of the decrease is in the safrinha crop, as some farmers are switching to more profitable crops, like cotton and wheat – and even safrinha soy in some cases. Others will continue to plant safrinha corn, but will use second or third tier seeds and reduce the amount of inputs used.

Because land prices are so high, rather than expanding their farms through area, farmers are re-investing in technology, machinery, storage, etc. Machinery sales have increased 15-20 percent this year. There has been an increase in irrigated land, which seems to be trending upwards.

2013/14 Corn Consumption: 2013/2014 consumption is expected to increase five percent to 55 mmt based on expansion in the feed corn sector brought on by low global prices.

2013/14 Corn Trade: 2013/2014 exports are estimated at 21 mmt, a 16 percent reduction from last year’s record corn exports, mainly to Asia and the Middle East. The reduction is caused by a smaller crop and low global prices, though the industry is exploring new markets for corn. In November 2013, the government of Brazil (GOB) signed an SPS agreement with China to export a potential ten million metric tons of corn. This news came during China’s rejection of U.S. shipments containing the MIR162 genetic variety. The GOB signaled that shipments could be immediately, however, the Ministry of Agriculture, Livestock and Food Supply (MAPA) stated that exports could only begin once a list of approved exporters was compiled and published. As of March 2014, this list has not been published and it is unknown when the list will be released. Brazil approved the MIR 162 event in 2009 and the seed variety has been in use in Brazil since 2011.

Table 2.1: Brazil Corn Imports

Brazil Corn Imports

1005, Corn (Maize)			
Partner Country	Quantity (Unit: 1,000 mt)		
	2011	2012	2013
World	656.34	830.44	911.34
Paraguay	619.01	824.31	827.30
Argentina	37.01	5.87	56.03
Uruguay	0	0	27.50
United States	0.32	0.19	.51

Source : Secretaria de Comércio Exterior

Table 2.2: Brazil Corn Exports

Brazil Corn Exports 1005, Corn (Maize)			
Partner Country	Quantity (Unit: 1,000 mt)		
	2011	2012	2013
World	9,486.91	19,801.94	26,624.89
Japan	734.51	3,049.38	3,737.26
Korea South	131.02	2,581.26	3,484.88
Taiwan	1,174.40	1,937.99	2,250.72
Iran	1,905.67	2,966.92	2,168.57
Egypt	446.84	1,846.39	1,592.99
Indonesia	201.20	129.04	1,346.01
Vietnam	119.73	73.42	1,193.54
Saudi Arabia	369.19	754.36	1,132.38
United States	2.53	729.39	1,039.16
Malaysia	567.29	641.17	1,002.29
Morocco	578.74	1,003.98	982.04
Colombia	426.57	467.54	825.29
Spain	401.96	385.96	784.35
Algeria	691.96	211.05	766.44
Netherlands	423.52	24.27	739.85
Dominican Republic	167.77	610.56	549.41
Portugal	124.30	132.56	506.47
Tunisia	82.50	215.00	288.21

Source : Secretaria de Comércio Exterior

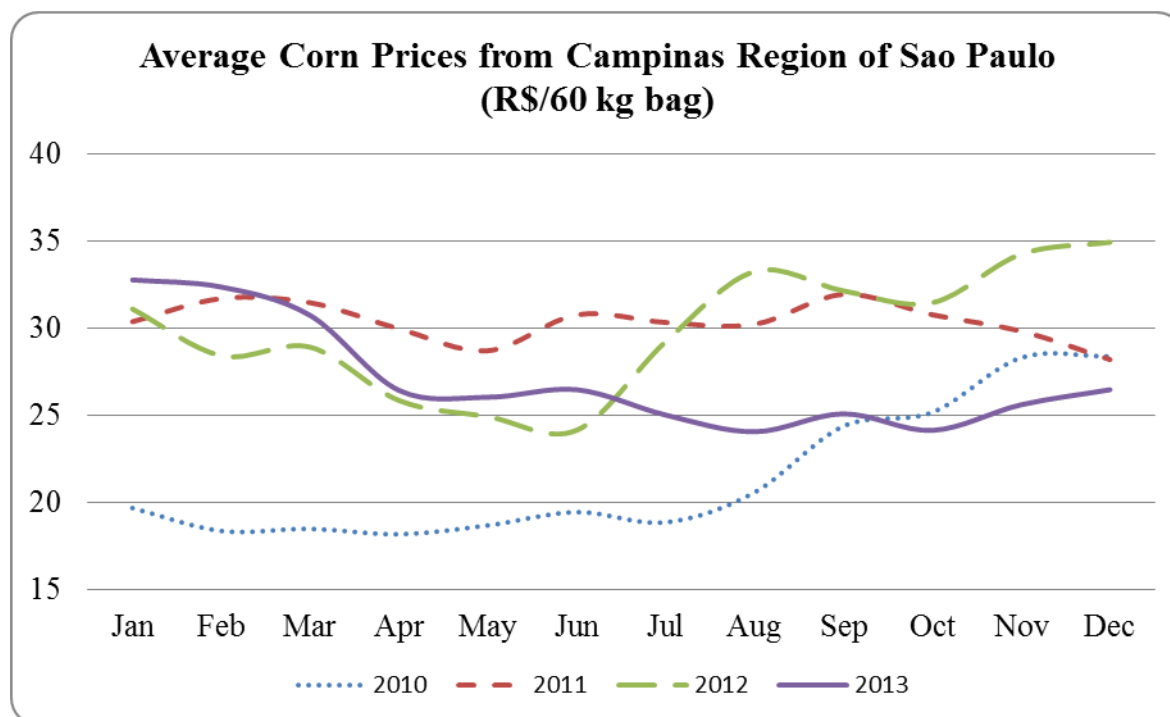
Corn Prices:

Table 2.3: Brazilian Corn Prices

Monthly Average Corn Prices from the Campinas Region of Sao Paulo				
Prices in R\$ per 60 kg bag (discounted by the CDI/CETIP and ICMS taxes)				
Year	2010	2011	2012	2013
Jan	19.66	30.35	31.08	32.75
Feb	18.35	31.68	28.40	32.34
Mar	18.47	31.44	28.89	30.71
Apr	18.16	29.94	25.83	26.41
May	18.67	28.69	24.91	26.02
Jun	19.43	30.75	24.13	26.45
Jul	18.84	30.31	29.21	25.00
Aug	20.56	30.20	33.23	24.04
Sep	24.36	31.92	32.12	25.07
Oct	25.15	30.75	31.44	24.12
Nov	28.29	29.81	34.23	25.59
Dec	28.36	28.18	34.91	26.45

Source: CEPEA

Graph 2: Corn Prices



**Commodities:
RICE, MILLED**

Rice, Milled Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Apr 2013		Market Year Begin: Apr 2014		Market Year Begin: Apr 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,390	2,390	2,420	2,420		2,400
Beginning Stocks	540	540	680	480		730
Milled Production	7,990	7,990	8,300	8,300		8,300
Rough Production	11,750	11,750	12,206	12,206		12,206
Milling Rate (.9999)	6,800	6,800	6,800	6,800		6,800
MY Imports	700	750	750	750		750
TY Imports	750	800	700	800		800
TY Imp. from U.S.	0	0	0	0		0
Total Supply	9,230	9,280	9,730	9,530		9,780
MY Exports	700	950	950	950		900
TY Exports	830	920	850	850		800
Consumption and Residual	7,850	7,850	7,950	7,850		7,850
Ending Stocks	680	480	830	730		1,030
Total Distribution	9,230	9,280	9,730	9,530		9,780
1000 HA, 1000 MT, MT/HA						

2014/2015 Rice Supplies:
2014/2015 rice production area is forecast to decrease one percent from the previous year, based on the assumption

that a few farmers will rotate rice out of their crop rotation cycle. This is standard practice and does not reflect a switch to more profitable crops, but rather is a cyclical change in the crop rotation. Rough production is forecast to be the same as the previous year at 12.2 mmt. Land disputes of 300,000 ha in the northern state of Pará among rice farmers, environmentalists, and indigenous tribes could further reduce area in 2014/2015.

In Rio Grande do Sul, farmers report having to use pesticides on their rice crops for the first time ever because monocropping and BT varieties of corn and soy are forcing pests into the rice fields. Furthermore, rice farmers noted that insects that are predators of various pests are being reduced by the new corn and soy technologies. This could impact planting decisions based on increased use of inputs.

2014/2015 Rice Consumption: 2014/2015 rice consumption is forecast to remain at 7.85 mmt. Rice continues to be a staple food in Brazil, although dietary changes in the emerging middle class are being offset by population growth. The 2014/2015 marketing year does not begin until April 2015, but consumption is expected to follow a gradual trend downward.

The media recently reported on a deal between a U.S. and Brazilian firm to trade fertilizers for ethanol. The Brazilian firm will use a variety of rice recently developed by the GOB's agricultural research service (EMBRAPA) to make rice ethanol. The rice variety is called "giant rice," can not be consumed by humans, and is only used for ethanol and animal feed. The deal includes the construction of 14 rice ethanol plants (one is already built) in Rio Grande do Sul, and the cultivation of 112 thousand hectares of rice, 20 percent of which will be "giant rice." The plants could be expected to come online in 2017 with funding from the Brazilian Development Bank (BNDES), or possibly sooner with private investment.

2014/2015 Rice Trade: 2014/2015 rice imports are forecast to be the same as the previous year at 750,000 mt, which is in line with historic trends. 2014/2015 exports are forecast to drop slightly to

900,000 mt in order to build on already low stocks. The distribution of exports is expected to shift away from Africa and the Middle East toward the Western Hemisphere, mainly Central America. In 2013 Brazil shipped paddy rice to Nicaragua, Costa Rica, and Venezuela.

2013/2014 Rice Supplies: The 2012/2013 rice harvest is set to conclude in May. Excessive heat in the state of Rio Grande do Sul may have had an adverse effect on flowering stage, but the extent of the damage is not yet known. Many rice farmers in the region state that they grow rice as “insurance” against the soy crop and because of heritage. Rough rice is forecast for 2013/2014 is at 12.2 mmt, up 4 percent from 2012/2013, based on improved profitability.

Higher prices this year due to low stocks have benefited the producer. The Rice Growers Association (IRGA) stated that 2014 is expected to be a great year for producers. Increased exports to Latin America, combined with the higher prices, have made producers optimistic.

2013/2014 Rice Consumption: 2013/2014 consumption is forecast to remain at 7.85 mmt, as population growth continues to offset changes in diet for the emerging middle class.

2013/2014 Rice Trade: 2012/13 exports saw a shift away from supplying Africa and the Middle East to shipping more to the Western Hemisphere, mostly due increased sales of paddy rice to Costa Rica, Venezuela, and Nicaragua. The impact of the exchange rate has benefited Brazilian exporters, as the strong dollar makes the Brazilian rice more competitive.

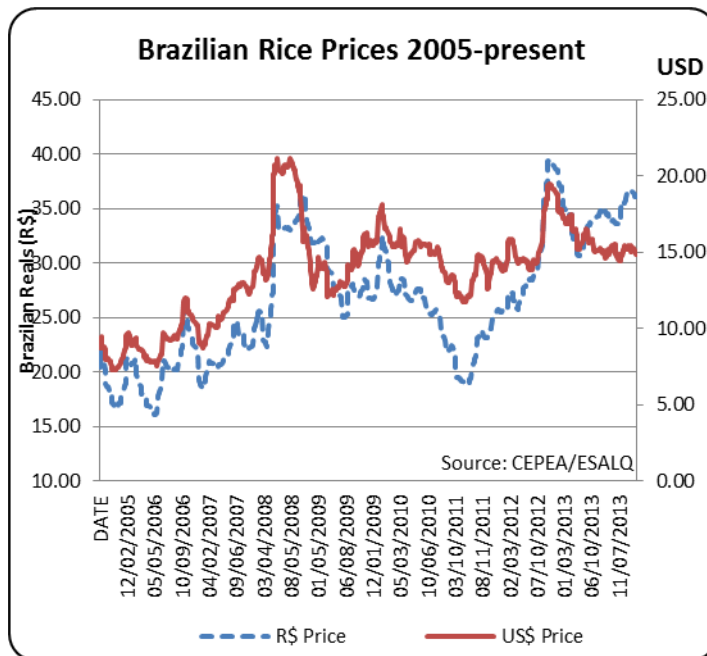


Table 3.1: Brazil Rice Imports

Brazil Rice Imports Rice, Group 58 (2012)			
Partner Country	Quantity (Unit: 1,000 mt)		
	2011	2012	2013
World	621.84	740.37	757.18
Paraguay	185.17	204.22	309.94
Argentina	259.02	281.43	239.54
Uruguay	174.59	229.85	179.83
Vietnam	0	19.97	19.94
Italy	2.31	3.18	3.66
Suriname	0	0	3.14
United States	0.17	0.52	0.59

Source : Secretaria de Comércio Exterior

Table 3.2: Brazil Rice Exports

Brazil Rice Exports Rice, Group 58 (2012)			
Partner Country	Quantity (Unit: 1,000 mt)		
	2011	2012	2013
World	1,350.92	1,152.71	918.05
Venezuela	66.00	103.42	148.07
Cuba	42.00	116.02	107.47
Nicaragua	50.09	47.03	105.43
Senegal	119.21	116.39	95.18
Sierra Leone	77.27	98.75	74.84
Benin	30.77	85.40	73.98
Gambia	95.78	50.39	70.28
Netherlands	30.53	19.62	56.39
Panama	3.94	10.45	27.86
Bolivia	19.19	10.13	25.79
Switzerland	40.04	51.07	20.30
Costa Rica	0.55	0	20.00
Angola	17.56	19.65	16.93
Peru	13.84	29.94	14.81
Trinidad & Tobago	11.84	12.26	9.49
United States	9.45	7.39	8.41

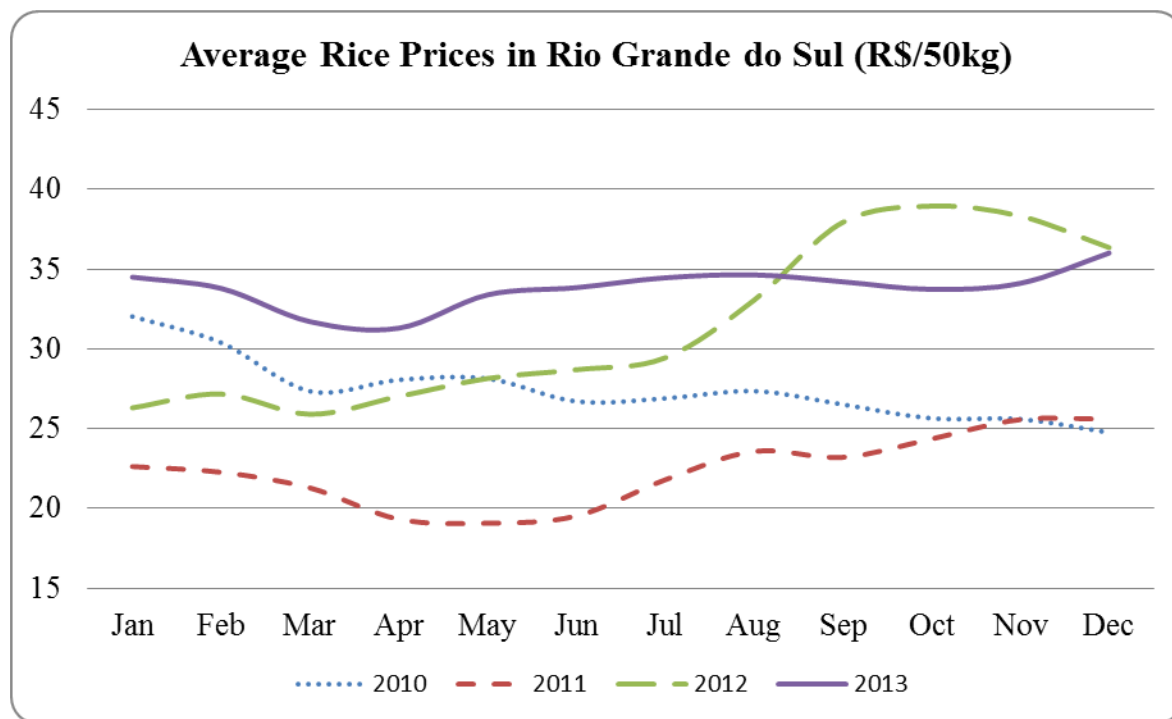
Source : Secretaria de Comércio Exterior

Table 3.3: Brazil Rice Prices

Monthly Rice Prices in Rio Grande do Sul				
Prices in R\$ per 50 kg bag (type 1, Rio Grande do Sul) discounted by the CDI/CETIP tax				
Year	2010	2011	2012	2013
Jan	32.03	22.63	26.31	34.50
Feb	30.39	22.27	27.17	33.79
Mar	27.35	21.29	25.91	31.71
Apr	28.06	19.33	27.02	31.30
May	28.14	19.08	28.15	33.39
Jun	26.71	19.53	28.70	33.84
Jul	26.90	21.80	29.44	34.46
Aug	27.36	23.58	33.05	34.64
Sep	26.52	23.21	37.93	34.21
Oct	25.65	24.36	38.95	33.73
Nov	25.60	25.57	38.32	34.11
Dec	24.76	25.60	36.35	36.01

Source: CEPEA

Graph 3: Rice Prices



Government Support for Commercialization and Export:

Overall, 2013 was a year of relatively small government support for the commercialization and exportation of agricultural commodities. With the exception of corn, prices remained above the minimum price needed to trigger government intervention. Wheat producers requested support when they were unable to sell domestic wheat at the prices they anticipated during planting, but the domestic prices never fell below the minimum.

In December 2013, the government adjusted the formula by which the minimum price is calculated to include the cost of transportation, provided the destination is in certain states. The calculation is now: price + transport cost – 5 percent = minimum price at auction. The government has the opportunity to update the minimum price once a year, and the price varies by commodity and classification, and by region of the country. The minimum price for corn in 2014 in the state of Mato Grosso is R\$13.56/60kg.

Corn received 8.823 mmt of government support, mainly through the Premium Equalizer Paid to the Producer (PEPRO) program, due to low domestic and global prices. The PEPRO program pays farmers directly when commodity prices fall below a certain predetermined price. It is forecast that in 2014 the Brazilian government will once again use the PEPRO program if prices fall below the minimum. 2014 is an election year, and it is unlikely that the current administration will decrease government support. Producers know this and will plant with the assumption the government will purchase their crop if prices drop.

2012/13 rice production received no government support and neither PEP nor PEPRO are expected to be used in 2013/14.

Bucking historic trends, the Brazilian government did not support wheat in 2012/13. It is not forecast that the government will utilize PEP in 2013/14.

Table 4.1: Government Support for Corn (Quantity Unit: 1,000 mt)

Program	2008	2009	2010	2011	2012	2013
Acquisition (AGF)	149.5	587.9	103	1.2	0.0	364
PEP	599.2	4875.1	11,229	0	0	0
PROP	531.4	0	0	0	0	0
PEPRO	0.0	1,295.5	875	0	0	8,459.20
Total	1,280	6,758.5	12,208	1.2	0.0	8,823.20
Production	58,863.7	51,003.9	56,100	57,514	72,979.5	81,000
Participation %	2%	13%	21.6%	0	0	10.9%

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB

2013 VEP CORN Auctions			
	Auctioned (1,000 mt)	Sold (1,000 mt)	Premium (US\$)
July	1000	936.96	\$ 24,382,013.20
July	1000	1000	\$ 26,029,565.22
Aug	1500	1490.07	\$ 31,594,062.52
Aug	1500	1411.26	\$ 30,235,573.91
Aug	1500	1471.39	\$ 29,996,531.07
Sept	550	453.08	\$ 8,540,443.33
Oct	600	599.62	\$ 12,792,988.36
Oct	600	452.72	\$ 9,978,155.43
Nov	800	402.47	\$ 8,377,835.19
Dec	700	644.11	\$ 13,333,999.13
Total	9750	8861.68	\$ 195,261,167.37

*exchange rate: USD 1 = BR 2.3

Table 4.2: Government Support for Rice (Quantity Unit: 1,000 mt)

Program	GOB Year	2008/09	2009/10	2010/11	2011/12	2012/13
	USDA MY	2007/08	2008/09	2009/10	2010/11	2011/12
Acquisition (AGF)		0.3	0	396.3	0	0
PEP		0	143.0	1,538.2	0	0
PROP		0	0	0	0	0
PEPRO		0	0	64.4	0	0
Options		0	0		0	0
- Round 1				982.8		
- Round 2				385.1		
Total		0.3	143.0	2,981.7	0	0
Production		12,602.5	12,059.9	13,613	11,599.5	11,750
Participation %		0%	1%	21.9%	0%	0%

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB

Table 4.3: Government Support for Wheat (Quantity Unit: 1,000 mt)

Program	2008/09	2009/10	2010/11	2011/12	2012/13
Acquisition (AGF)	21.3	373.8	0.2	445.70	0
PEP	1,113.2	3,261.3	1,786	1,594.03	0
PEPRO	0	0	0	86.72	0
Total	1,416.9	3,635	1,786.4	2,126.45	0
Production	4,081.9	5,026	5,881.6	5,788.6	4,380
Participation %	34.7%	72.3%	30.4%	36.7%	0

Source: Brazilian Ministry of Agriculture/SPA/DEAGRO and CONAB