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Brazil

Poultry and Products Semi-annual

Semi Annual Poultry Report

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Report Highlights:

Post revised broiler production estimates for 2011 to reach a record of 12.9 million metric tons, up 5 percent from record and surprising production in 2010. The increase in production is mostly driven by strong domestic demand and another record estimated for broiler exports. Post also revised 2010 turkey estimates to reflect new revised production and export data.

Commodities:

Poultry, Meat, Broiler

Production:

Broiler production for 2011 is estimated at 12.9 million metric tons, up 5 percent from the record production of 12.3 mmt in 2010. This reflects continued optimism from industry leaders for higher exports and firm domestic demand, although profit margins for 2011 may show some decline because of higher soy and corn prices, which likely will increase production costs. The overvalued Brazilian currency also remains a concern to the industry, but it did not prevent record exports in 2010. Post revised 2010 broiler production to 12.3 million metric tons, nearly 12 percent higher from 2008. The major increase in production last year is due mostly to a major jump in domestic demand due to higher disposable income. An additional and surprising contribution to higher domestic demand was the exceptional higher beef prices which forced consumers to switch to chicken meat. Also, record exports contributed to increased production. During the period 2009-2010 Brazil had an annual average increase in broiler production of 5.6 percent.

Consumption:

Domestic consumption of broiler meat is expected to continue strong in 2011 with a projected increase of 3.5 percent to 9.6 million mmt, mostly driven by the continuing increase in disposable income of Brazilian consumers and expected higher beef prices. Post also revised 2010 consumption level. The exceptional performance of the Brazilian economy in 2010 with a 7.5 percent growth rate, inflation around 4.5 percent and the strong employment numbers on record, and a shift from more costly beef, contributed to a major jump in consumption of chicken meat. Economic analysts also emphasize that in the past five years a significant amount of the population, estimated at 30 million people, moved from the lower classes to the middle class in Brazil, driving consumption of food and other goods.

Trade:

The outlook for broiler exports in 2011 calls for a 4 percent increase over the 3.6 mmt of record exports last year, including chicken feet and paws. The growth in exports is likely to be driven by higher sales of whole broilers in general and chicken parts to China and Hong Kong. Currently, Brazilian officials are negotiating an increase in certified Brazilian plants to export to China from 25 to 44. Brazilian exporters also estimate an increase in sales to Russia as they expect that the new quota system should benefit Brazil. Brazil will also continue to target Africa for market promotion in 2011. The Brazilian government also expects to close a sanitary agreement to export chicken meat to Malaysia this year. Although exports to Egypt account for only 3.4% of total exports, Brazilian exporters are concerned with the political situation in the Middle East. Exporters are particularly concerned with terms of payments, import logistics and the increase in the cost of insurance.

Post updated trade data for 2010 to include final official export numbers. In 2010, total volume of broiler meat exports reached 3.6 million mmt, an increase of 5.6 percent from 2009. However, the value of exports increased by 17.8 percent to US\$6.3 billion due to the increase in the average price of broiler meat in the world market. This data includes all types of broiler products, including feet and paws.

Broiler export markets with major increases in 2010 were China (+407%), Iran (+311%), Egypt (+130%), Russia (+98%), and Japan (+26%), while markets with major declines were Iraq (-26.4%), Hong Kong (-22.6%), Middle East countries (-15.3%) and the European Union (-9.6%).

Note: The S&D table excludes chicken feet and paws exports to Japan and Hong Kong, as per USDA export methodology.

Policy:

According to trade sources, Brazil is getting ready to confront the European Union at the World Trade Organization (WTO) regarding EU restrictions on imports of Brazilian chicken (changes in marketing standards for broiler meat).

As per Federal Law No. 12,350 of December 20, 2010 the Brazilian poultry and swine sectors are eligible to receive a tax credit of 30% on the social tax PIS-COFINS (9.25%) for exports of chicken meat. However, this law is pending a government regulatory instruction to be applied on exports.

Commodities:

Poultry, Meat, Turkey

Commodity Outlook, Turkey:

Post also updated 2010 data to reflect final numbers for production and trade. The outlook for 2011 remains unchanged.

Production, Supply and Demand Data Statistics:

**PSD tables:
Commodity Outlook: Broiler**

Poultry, Meat, Broiler Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	45	45	49	50	54	54	(MIL HEAD)
Slaughter (Reference)	5,560	5,560	5,760	6,050	5,960	6,350	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	11,023	11,023	11,420	12,312	11,750	12,928	(1000 MT)
Whole, Imports	1	1	1	1	1	1	(1000 MT)
Parts, Imports	0	0	0	0	0	0	(1000 MT)
Intra-EU Imports	0	0	0	0	0	0	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
Total Imports	1	1	1	1	1	1	(1000 MT)
Total Supply	11,024	11,024	11,421	12,313	11,751	12,929	(1000 MT)
Whole, Exports	1,399	1,399	1,340	1,488	1,380	1,555	(1000 MT)
Parts, Exports	1,823	1,593	2,010	1,693	2,070	1,753	(1000 MT)
Intra EU Exports	0	0	0	0	0	0	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
Total Exports	3,222	2,992	3,350	3,181	3,450	3,308	(1000 MT)
Human Consumption	7,802	8,032	8,071	9,132	8,301	9,621	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	7,802	8,032	8,071	9,132	8,301	9,621	(1000 MT)
Total Use	11,024	11,024	11,421	12,313	11,751	12,929	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	11,024	11,024	11,421	12,313	11,751	12,929	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

**Commodity Outlook, Broiler, Exports
Export Trade Matrix**

Country	Brazil		
Commodity	Poultry, Meat, Broiler		
Time Period	Jan-Dec	Units:	Metric Tons
Exports for:	2009		2010
U.S.	0	U.S.	0
Others	Others		
Angola	70,952		71,816
Canada	18,699		19,728
China	23,989		121,522
Cuba	31,305		39,293
Egypt	54,134		124,451
European Union	311,762		281,878
Hong Kong	428,397		331,466
Iran	10,932		44,984
Iraq	142,084		104,469
Japan	307,856		386,476
Jordan	53,911		51,179
Kuwait	204,975		174,670
Oman	52,632		45,015
Qatar	58,439		48,771
Russia	72,814		144,328
Romania	22,082		12,628
Saudi Arabia	496,401		550,969
Singapore	73,509		72,312
South Africa	160,766		181,445
South Korea	35,485		32,674
UAE	212,039		208,333
Yemen	68,717		64,232
Venezuela	164,810		164,408
Total for Others	3,076,690		3,277,047
Others not Listed	361,238		352,554
Grand Total	3,437,928		3,629,601

Note: Includes HTS Codes: 0207.11; 0207.12; 0207.13; 0207.14; and 1602.32
Quantity in Product Weight Equivalent (PWE)
Updated: Jan 18, 2011

Commodity Outlook, Turkey

Poultry, Meat, Turkey Brazil	2009		2010		2011		
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Inventory (Reference)	0	0	0	0	0	0	(MIL HEAD)
Slaughter (Reference)	44	44	45	45	47	47	(MIL HEAD)
Beginning Stocks	0	0	0	0	0	0	(1000 MT)
Production	466	466	485	485	510	510	(1000 MT)
Whole, Imports	0	0	0	0	0	0	(1000 MT)
Parts, Imports	0	0	0	0	0	0	(1000 MT)
Intra-EU Imports	0	0	0	0	0	0	(1000 MT)
Other Imports	0	0	0	0	0	0	(1000 MT)
Total Imports	0	0	0	0	0	0	(1000 MT)
Total Supply	466	466	485	485	510	510	(1000 MT)
Whole, Exports	4	4	0	3	0	2	(1000 MT)
Parts, Exports	160	160	164	155	165	163	(1000 MT)
Intra EU Exports	0	0	0	0	0	0	(1000 MT)
Other Exports	0	0	0	0	0	0	(1000 MT)
Total Exports	164	164	164	158	165	165	(1000 MT)
Human Consumption	302	302	321	327	345	345	(1000 MT)
Other Use, Losses	0	0	0	0	0	0	(1000 MT)
Total Dom. Consumption	302	302	321	327	345	345	(1000 MT)
Total Use	466	466	485	485	510	510	(1000 MT)
Ending Stocks	0	0	0	0	0	0	(1000 MT)
Total Distribution	466	466	485	485	510	510	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
CY Exp. to U.S.	0	0	0	0	0	0	(1000 MT)

Commodity Outlook, Turkey, Exports

Export Trade Matrix

Country	Brazil	Units:	Metric Tons
Commodity	Poultry, Meat, Turkey		
Time Period	Jan-Dec		
Exports for:	2009		2010
U.S.	0	U.S.	0
Others	Others		
Angola	8,611		9,326
Benin	11,552		8,901
Congo	3,349		3,356
Gabon	3,157		2,882
European Union	95,643		87,241
Hong Kong	1,956		2,499
Peru	1,860		2,567
Russia	5,992		7,923
South Africa	12,724		16,006
Total for Others	144,844		140,701
Others not Listed	18,730		17,119
Grand Total	163,574		157,820

Note: It includes HTS Codes: 02072400; 02072500; 02072600; 02072700; 16023100. Quantity in Product Weight Equivalent (PWE)
 Update: Jan 18, 2011