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Brazil

Citrus Semi-annual

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Report Highlights:
In U.S. MY 2009/10, the Brazilian orange crop is estimated at 398 MBx, down 29 MBx from U.S. MY 2008/09, due to weather related problems and limited investment in crop management. The Sao Paulo and western Minas Gerais commercial areas should produce 296 MBx. Total FCOJ production (65 Brix equivalent) for U.S. MY 2009/10 is forecast at 1.33 mmt (65 Brix), similar to the previous marketing year. FCOJ equivalent exports for MY 2009/10 are projected at 1.32 mmt (65 Brix), relatively stable compared to the previous marketing year.

There is a one year lag between the Brazilian (BR) Marketing Year (MY) and the U.S. Marketing year (MY). For example, BR MY 2010/2011 is equivalent to U.S. MY 2009/2010. As such and to ensure data continuity, the current Brazilian MY 2010/11 will be referred to as U.S. MY 2009/2010 throughout this report.

Commodities:

Oranges, Fresh

Production:

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2008/09, 2009/10 and MY 2010/11 (July-June)*, which are equivalent to *U.S. MY 2007/08, 2008/09 and 2009/10*, respectively.

Note: There is a one year lag between the Brazilian (BR) Marketing Year (MY) and the U.S. Marketing year (MY). For example, BR MY 2010/2011 is equivalent to U.S. MY 2009/2010. As such and to ensure data continuity, the current Brazilian MY 2010/11 will be referred as U.S. MY 2009/2010 throughout this report.

Brazil: Fresh Oranges PS&D (Jul-Jun) (1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US MY 07/08**	**US MY 08/09**	**US MY 09/10**
Item/Brazilian Marketing Year	BR 2008/09	BR 2009/10	BR 2010/11
Area Planted	845.0	853.0	848.0
Sao Paulo	645.0	653.0	648.0
Others	200.0	200.0	200.0
Area Harvested	729.6	727.6	724.6
Sao Paulo	537.0	535.0	532.0
Others	192.6	192.6	192.6
Bearing Trees	218.0	218.0	217.0
Sao Paulo	166.0	166.0	165.0
Others	52.0	52.0	52.0
Non-Bearing Trees	43.0	49.0	48.0
Sao Paulo	39.0	45.0	44.0
Others	4.0	4.0	4.0
Total Trees	261.0	267.0	265.0
Total Production	413.0	427.0	398.0
Sao Paulo	315.0	330.0	296.0
Others	98.0	97.0	102.0
Exports	1.0	0.5	0.5
Sao Paulo	1.0	0.5	0.5
Domestic Consumption	123.0	131.5	116.5
Delivered to processors	289.0	295.0	281.0
Sao Paulo (FCOJ + NFC exports)	276.0	280.0	266.0
Others	13.0	15.0	15.0

General

The Agricultural Trade Office (ATO)/Sao Paulo estimates the U.S. MY 2009/10 (July-June) Brazilian orange crop at 398 million 40.8 kg boxes (Mbx), a 7 percent drop relative to the previous season. The commercial area of the state of Sao Paulo and the western part of Minas Gerais are expected to produce 296 Mbx, down 10 percent from the previous crop (330 MBx). *Note that this figure takes into account the four major varieties of citrus used for processing orange juice (Hamlin, Pera Rio, Natal and Valencia) plus a limited volume (10 million boxes) of other citrus varieties such as Lima, Bahia, Murcorte and Poncan which are used for processing juice.* Production from other states is projected at 102 MBx, according to updated information provided by the Brazilian Geography and Statistics Institute (IBGE).

The projected decrease in production for U.S. MY 2009/10 in the Sao Paulo and Minas Gerais commercial areas is related to adverse weather patterns (excessive rainfall) during blossoming and fruit development, including the third blossoming which was previously expected to be delivered to juice processors. Reduced crop management due to low orange prices in 2009 has also affected the size of the crop.

The Sao Paulo State Institute of Agricultural Economics (IEA) has not released the results of the orange crop survey for the U.S. MY 2009/10 yet.

Area, Tree Inventory and Yields

In U.S. MY 2009/10, the Brazilian citrus yield is estimated at 1.83 boxes/tree, a seven percent drop compared to U.S. MY 2008/09 (1.96 boxes/tree). The Sao Paulo commercial grove yield for U.S. MY 2009/10 is projected at 1.79 boxes/tree, down 10 percent from the previous crop (1.99 boxes/tree).

As reported by the Citriculture Defense Fund (Fundecitrus), 481 inspected nurseries were in operation in December 2009. All nurseries are protected, e.g., they maintain seedlings within screened enclosures, in accordance with Sao Paulo state law. The number of inspected seedlings (all from protected nurseries) amounted to 15,526,843, whereas the number of inspected rootstock totaled 6,401,529. Total Brazilian tree inventory for U.S. MY 2009/10 is estimated at 265 million trees (217 million bearing trees and 48 million non-bearing trees).

Diseases

Last May, Fundecitrus began its annual greening survey. In addition, according to current legislation, the due date for growers to deliver the greening monitoring report to the state of Sao Paulo Secretariat of Agriculture and Supply is July 15th. Results through the two reporting mechanisms will provide a thorough mapping of the spread of the disease in the state of Sao Paulo.

The tables below show the evolution of citrus canker for 2009, according to Fundecitrus. In 2009, cumulative tree eradication from commercial groves was 306,993.

Evolution of Citrus Canker in the State of Sao Paulo, 2009								
	Block				Domestic Grove		Nurseries	
Month	New	Recontamination	Total	Plants Eradicated	Total	Plants Eradicated	Total	Plants Eradicated
Jan-Mar	27	46	73	71,114	407	10,144	0	0
Apr-Jun	73	99	172	152,951	663	13,676	0	0
Jul-Sep	83	47	130	37,685	682	11,579	0	0
Oct-Dec	96	71	167	45,243	391	6,594	0	0
Cumulative	279	263	542	306,993	2,143	41,993	0	0
Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).								

Producers' Prices

The Orange Index price series, published by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ), for both the fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo follow. Both series track orange prices from September 1994.

The Center for Advanced Studies on Applied Economics (CEPEA) reports that contract negotiation for U.S. MY 2009/10 was intense in April and early May 2010. Contracts that have been negotiated were set between R$9.00 and R$16.00/box (US$5.00 and US$8.90/box for U.S. MY 2009/10.

Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R$/40.8 kg box, fruits delivered to the processing plant).						
Month	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Jan	7.08	12.13	15.46	13.46	6.80	7.70
Feb	6.83	9.90	15.50	12.39	5.92	9.77
Mar	6.01	8.66	13.68	9.66	4.95	10.17
Apr	5.85	7.58	8.79	8.38	4.50	8.24
May	6.10	7.21	7.88	8.27	4.05	13.00
Jun	7.14	8.10	7.97	9.72	3.68	--
Jul	8.71	10.06	10.93	10.95	3.65	--
Aug	8.44	10.76	10.16	9.71	5.04	--
Sep	7.94	11.04	9.78	9.33	5.66	--
Oct	7.86	11.52	9.89	9.57	5.86	--
Nov	9.70	12.51	11.77	8.63	6.41	--
Dec	11.53	14.26	12.61	7.27	6.95	--
Source: CEPEA/ESALQ.						

Orange Prices received by Producers in the Domestic Market (Pera Variety, average prices in Reais - R$/40.8 kg box, fruits on the tree).						
Month	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Jan	9.13	15.68	15.08	15.38	10.00	10.89
Feb	9.78	19.53	17.10	16.95	9.82	17.22
Mar	12.64	19.08	19.02	17.03	11.13	19.17
Apr	11.66	13.72	16.60	14.65	10.46	16.50
May	9.36	10.68	13.82	12.04	9.13	14.49
Jun	8.79	9.38	11.28	11.39	7.66	--
Jul	8.97	10.12	10.98	11.38	6.48	--
Aug	9.13	11.47	11.06	11.01	6.47	--
Sep	9.73	12.51	10.48	10.64	7.04	--
Oct	11.04	12.60	11.48	10.83	7.58	--
Nov	12.51	12.76	13.45	10.24	8.48	--
Dec	13.85	13.48	14.10	9.70	8.94	--
Source: CEPEA/ESALQ.						

Consumption:

In U.S. MY 2009/10, total Brazilian orange consumption for is estimated at 116.5 MBx, a 15 Mbx drop from U.S. MY 2008/09. Domestic consumption estimates are taken as the difference between production and the volume of oranges delivered to processors for FCOJ and NFC production for exports. Note that these figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing. Fruit delivered to processors for “not from concentrate (NFC)” orange production for the domestic market is also included in these figures.

Trade:

The total fresh orange export estimate for U.S. MY 2009/10 is estimated at 0.5 Mbx, similar to the previous crop. The table below shows official fresh orange exports (NCM 0805.10.00) by country of destination, according to the Secretariat of Foreign Trade (SECEX).

Fresh Orange Exports by Country of Destination						
(MT, US$ 1,000 FOB)						
	Jan-Dec 2009		July 2008-April 2009		July 2009-April 2010	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	8,461	4,049	9,781	5,003	8,147	3,883
Saudi Arabia	3,864	1,547	3,553	1,771	4,032	1,691
Spain	3,554	1,572	6,399	3,152	3,554	1,572
Portugal	1,992	931	2,664	1,360	1,800	840
Russia	1,495	642	1,416	720	1,495	642
Paraguay	1,149	62	107	7	1,228	67
Ireland	1,243	514	1,716	862	1,219	510
United Kingdom	1,192	548	1,802	917	1,192	548
Kuwait	552	241	714	360	552	241
Italy	552	221	456	198	552	221
Others	2,132	1,016	3,652	1,815	1,395	652
Total	26,185	11,343	32,260	16,166	25,165	10,868
Source : Brazilian Secretariat of Foreign Trade (SECEX). NCM 0805.10.00						
Note: 1/ January-December 2/ July - April.						

Production, Supply and Demand Data Statistics:

Oranges, Fresh Brazil	US MY 2007/08		US MY 2008/09		US MY 2009/10	
	MY begin: July 2008		MY begin: July 2009		MY begin: July 2010	
	Old Post	New Post	Old Post	New Post	Old Post	New Post
Area Planted	845,000	845,000	853,000	853,000	848,000	848,000
Area Harvested	729,600	729,600	727,600	727,600	724,600	724,600
Bearing Trees	218,000	218,000	218,000	218,000	217,000	217,000
Non-Bearing Trees	43,000	43,000	49,000	49,000	48,000	48,000
Total No. Of Trees	261,000	261,000	267,000	267,000	265,000	265,000
Production	16,850	16,850	17,422	17,422	17,748	16,238
Imports	0	0	0	0	0	0
Total Supply	16,850	16,850	17,422	17,422	17,748	16,238
Exports	41	41	20	20	41	20
Fresh Dom. Consumption	5,018	5,018	5,161	5,366	5,100	4,753
For Processing	11,791	11,791	12,241	12,036	12,607	11,465
Total Distribution	16,850	16,850	17,422	17,422	17,748	16,238

Commodities:

Orange Juice

Production:

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian orange juice production, supply and demand (PS&D) for *Brazilian marketing years 2008/09, 2009/10 and MY 2010/11 (July-June)*, which are equivalent to *U.S. MY 2007/08, 2008/09 and 2009/10*, respectively.

Brazil: FCOJ PS&D (Jul-Jun) (Million 40.8 kg boxes; TMT; 65 degrees brix)			
Item/U.S. Marketing Year	**US MY 07/08**	**US MY 08/09**	**US MY 09/10**
Item/Brazilian Marketing Year	BR 2008/09	BR 2009/10	BR 2010/11
Delivered to Processors	289.0	295.0	281.0
Sao Paulo (FCOJ + NFC exports)	276.0	280.0	266.0
Others	13.0	15.0	15.0
Beginning Stocks *	166.0	172.0	113.0
Total Production	1,315.0	1,280.0	1,330.0
Sao Paulo FCOJ	1,100.0	1,060.0	1,110.0
Sao Paulo NFC (FCOJ equiv)	165.0	160.0	160.0
Others	50.0	60.0	60.0
Total Supply	1,481.0	1,452.0	1,443.0
Exports	1,275.0	1,305.0	1,320.0
Sao Paulo FCOJ	1,060.0	1,085.0	1,100.0
Sao Paulo NFC (FCOJ equiv)	165.0	160.0	160.0
Others FCOJ	50.0	60.0	60.0
Domestic Consumption	34.0	34.0	35.0
Ending Stocks	172.0	113.0	88.0
Total Distribution	1,481.0	1,452.0	1,443.0
* Sao Paulo FCOJ equiv stocks only.			

To reiterate, the tables include Not From Concentrate (NFC) production for exports converted to Frozen Concentrate Orange Juice (FCOJ) 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.6 metric tons of NFC 11.6 Brix.

Production

General

ATO/Sao Paulo estimates total Brazilian FCOJ 65 Brix equivalent production for U.S. MY 2009/10 (July-June) at 1.33 million metric ton (mmt), up 50,000 metric tons from the previous season. Industrial yields are expected to be higher than the previous crushing season, thus offsetting the expected lower supply of oranges for processing.

The Sao Paulo industry is forecast to process 266 MBx of oranges for FCOJ and NFC production, yielding 1.27 mmt of juice (1.11 mmt and 160,000 metric tons of FCOJ and NFC, respectively). Other producing states are expected to deliver 15 MBx for processing. Processing plants began operations in May, but the bulk of processing should start as of June-July. The sector has become even more concentrated with the recent merger announcement of two of the top four, Citrovita and Citrosuco.

Total Brazilian FCOJ 65 Brix equivalent production for U.S. MY 2008/09 is estimated at 1.28 mmt, down 35,000 metric tons relative to previous marketing year. The Sao Paulo industry has crushed 295 MBx of oranges for FCOJ and NFC production.

Note that orange juice figures include NFC production for exports converted to FCOJ 65 Brix equivalent. There is no official estimate for NFC supply and demand in Brazil.

Consumption:

The ATO/Sao Paulo estimate for FCOJ domestic consumption for U.S. MY 2009/10 is 35,000 mt, 65 Brix, similar to U.S. MY 2008/09 (34,000 mt, 65 Brix).

Trade:

Total Brazilian FCOJ exports for U.S. MY 2009/10 are projected at 1.32 mmt (65 Brix), similar to U.S. MY 2008/09 (1.305 mmt), due to relatively stable world demand. The Sao Paulo industry is expected to contribute 1.1 mmt of FCOJ (65 Brix) and 160,000 mt of NFC (converted to FCOJ equivalent), whereas other FCOJ producing states are expected to export 60,000 mt. Major destinations include Europe and the United States. As reported by trade sources, current FCOJ export prices to Europe are averaging at US$ 2,200 per metric ton FOB (bulk).

The tables below show official FCOJ exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination, according to the Secretariat of Foreign Trade (SECEX). Note that the "Others" category includes both FCOJ and NFC exports. Post considers the average monthly price by country of destination for the "Others" category as a criterion to distinguish between FCOJ and NFC exports.

Brazil Frozen Concentrated/Non-Concentrated Orange Juice Exports (MT and US$ 1,000 FOB)

	Jan-Dec 2009		July 2008-April 2009		July 2009-April 2010	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	208,605	266,324	253,131	356,268	146,038	192,707
U.S.A.	98,368	114,703	60,219	88,221	102,721	132,665
China	48,900	61,225	24,783	39,783	48,989	55,905
Japan	66,033	82,229	39,159	58,454	41,948	51,111
Switzerland	46,897	59,941	37,274	53,288	35,072	44,530
Netherlands	30,749	29,120	34,845	43,509	28,316	27,496
Australia	12,618	15,090	6,794	10,079	10,465	12,318
South Korea	12,033	16,188	10,353	16,052	9,521	12,364
Israel	4,890	4,587	4,703	6,059	4,219	3,901
Chile	4,091	4,649	3,441	5,687	3,746	3,934
Others	41,604	52,076	30,762	46,718	33,910	40,566
Total	574,788	706,131	505,465	724,119	464,946	577,496

Source : Brazilian Secreatariat of Foreign Trade (SECEX). NCM 2009.11.00
Note: 1/ January-December 2/ July - April.

Brazil Orange Juice Exports, Not Frozen and Brix under 20

(MT and US$ 1,000 FOB)						
	Jan-Dec 2009		July 2008-April 2009		July 2009-April 2010	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	353,410	105,958	299,222	82,693	324,225	102,956
U.S.A.	280,112	92,629	218,267	67,891	217,534	77,129
Netherlands	273,638	107,546	287,622	110,619	186,370	71,414
Switzerland	31,014	9,309	3,986	1,339	25,393	7,714
New Zealand	202	148	0	0	202	148
Chile	386	303	458	349	104	83
Hong Kong	151	106	0	0	50	35
Japan	18	14	237	99	18	14
Guyana	4	3	0	0	14	13
Aruba	5	3	0	0	5	3
Others	503	306	1,439	898	1	2
Total	939,442	316,325	811,230	263,889	753,915	259,511

Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00
Note: 1/ January-December 2/ July - April.

Brazil Orange Juice Exports, Others (MT and US$ 1,000 FOB)
(MT and US$ 1,000 FOB)

	Jan-Dec 2009		July 2008-April 2009		July 2009-April 2010	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	257,918	278,754	164,008	236,429	226,275	224,161
Netherlands	185,520	209,484	151,995	226,621	171,315	167,381
United Kingdom	52,434	49,848	42,730	60,362	46,583	40,832
U.S.A.	34,579	34,572	28,494	38,969	30,215	29,423
Australia	13,602	12,796	9,199	14,317	9,020	7,669
Switzerland	2,207	2,114	2,024	3,191	7,093	6,984
Japan	5,317	5,204	335	533	5,057	4,820
Puerto Rico	1,016	914	2,012	3,219	2,009	1,607
Denmark	558	507	270	368	692	595
Australia	745	1,297	225	386	630	1,136
Others	1,063	1,221	967	1,343	686	681
Total	554,959	596,712	402,258	585,736	499,575	485,288

Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00
Note: 1/ January-December 2/ July - April.

Stocks:

Total ending stocks for U.S. MY 2009/10 are estimated at 88,000 mt, 65 Brix, down 25,000 mt relative to the revised U.S. MY 2008/09 stocks. Actual stocks data are not available

Production, Supply and Demand Data Statistics:

Orange Juice Brazil	US MY 2007/08		US MY 2008/09		US MY 2009/10	
	MY begin: July 2008		MY begin: July 2009		MY begin: July 2010	
	Old Post	New Post	Old Post	New Post	Old Post	New Post
Deliv. To Processors	11,791	11,791	12,240,000	12,036,000	12,607,000	11,465
Beginning Stocks	166,000	166,000	102,000	172,000	58,000	113,000
Production	1,245,000	1,315,000	1,258,000	1,280,000	1,305,000	1,330,000
Imports	0	0	0	0	0	0
Total Supply	1,411,000	1,481,000	1,360,000	1,452,000	1,363,000	1,443,000
Exports	1,275,000	1,275,000	1,268,000	1,305,000	1,260,000	1,320,000
Domestic Consumption	34,000	34,000	34,000	34,000	35,000	35,000
Ending Stocks	102,000	172,000	58,000	113,000	68,000	88,000
Total Distribution	1,411,000	1,481,000	1,360,000	1,452,000	1,363,000	1,443,000

Author Defined:

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
January	2.94	2.62	2.22	2.12	1.76	2.32	1.87
February	2.91	2.60	2.14	2.12	1.68	2.38	1.81
March	2.91	2.67	2.17	2.05	1.75	2.25	1.78
April	2.94	2.53	2.09	2.03	1.69	2.18	1.73
May	3.13	2.40	2.30	1.93	1.63	1.97	1.82
June 1/	3.11	2.35	2.16	1.93	1.64	1.95	1.87
July	3.03	2.39	2.18	1.88	1.57	1.87	
August	2.93	2.36	2.14	1.96	1.63	1.88	
September	2.86	2.22	2.17	1.84	1.92	1.78	
October	2.99	2.25	2.14	1.74	2.12	1.74	
November	2.73	2.21	2.17	1.78	2.33	1.75	
December	2.65	2.26	2.14	1.77	2.34	1.74	
Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ June 2010 refers to June 8.							