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## **Brazil**

### **Grain and Feed Update**

### **Quarterly Grains Report**

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**Report Highlights:**

Post's 2009/10 corn production estimate remains at 51 million metric tons (mmt). Post has decreased expected rice production for 2009/10 to 8 mmt due to excessive rain in the State of Rio Grande do Sul, which accounts for over 60 percent of national production.

**Post:**  
Brasilia

**Commodities:**  
Corn  
Rice, Milled

## **Corn**

### **Production**

Brazil's 2009/10 corn production is estimated at 51 mmt, the same production level as last year, despite a 7 percent reduction in planted area, the greatest loss of area in 30 years. As of mid-January, the summer corn crop is progressing well in Parana, Mato Grosso and Mato Grosso do Sul. Reported yields are above average due to optimal weather throughout the growing season in most of Brazil's corn regions. In addition, the movement from corn to soybeans resulted in higher average yields for corn since the high-technology producers continued to plant corn while the low-technology producers switched to soybeans. A third factor boosting yields is an increased use in inputs due to a 30 percent cost reduction compared to 2008/09.

The summer corn crop's average yield is expected to reach 3,900 kilograms/hectare, 7.6 percent greater than the drought-reduced 2008/09 harvest. Parana, the top summer corn-producing state, is expecting a dramatic rebound with this season's average projected summer crop yield reaching 7,050 kg/hectare versus 2008/09's 5,140 kg/hectare.

Winter corn production (safrinha) now accounts for one-third of annual corn production in Brazil with planting occurring between late January and early March. Producers opt to plant a safrinha corn crop, despite low prices, to capture inherent benefits of crop rotation, including: breaking life cycles of diseases and pests and reducing soil erosion and moisture depletion.

Mato Grosso, has become the leading producer of safrinha corn in the past few years, comprising approximately 15 percent of Brazil's 2008/09 total corn production and 40 percent of safrinha production. Mato Grosso expects higher yields for second-crop corn in 2009/10 due to earlier planting and adoption of biotechnology varieties. Short season soybeans are being harvested a full month earlier in Mato Grosso providing increased opportunities for second cropping of corn or cotton currently occurring on 60 percent of first season planted area in the state.

Parana also produces a sizable winter corn crop which accounted for nearly 10 percent of the 2008/09 total corn produced in Brazil and 30 percent of safrinha production. In Parana, the trend towards

planting more early-maturing soybean varieties during the main season would allow producers to plant more corn as a second season crop. However, early indications from the Parana State Agricultural Statistics Agency (Deral) signal a slight decrease in planting intentions due to sluggish corn prices.

Winter corn yields tend to be lower than summer corn yields due to shorter-season varieties with lower yield potential coupled with greater weather risks at the end of the growing season, including frost and hail damage in Parana and droughts in Mato Grosso. In 2009/10, Mato Grosso safrinha corn average yields are expected to return to 4,345 kg/hectare, representing a 13 percent drop from a record 5.003 kg/hectare in 2008/09. In contrast, Parana's safrinha yields are expected to average 3,550 up from 17 percent from 2008/09's 3,024. The overall effect is stable safrinha production.

Corn	Brazil	2008		2009		
		2008/2009		2009/2010		
		Market Year Begin: Mar 2009		Market Year Begin: Mar 2010		
		USDA	Post	USDA	Post	
Area Harvested	14,100	14,100	13,300	13,300	(1000 HA)	
Beginning Stocks	12,579	12,559	13,279	12,459	(1000 MT)	
Production	51,000	51,000	51,000	51,000	(1000 MT)	
MY Imports	1,200	1,000	500	500	(1000 MT)	
TY Imports	1,092	1,000	700	700	(1000 MT)	
TY Imp. from U.S.	0	0	0	0	(1000 MT)	
Total Supply	64,779	64,559	64,779	63,959	(1000 MT)	
MY Exports	7,000	7,600	9,000	8,500	(1000 MT)	
TY Exports	7,178	7,200	9,000	8,500	(1000 MT)	
Feed and Residual	37,000	37,000	38,500	38,500	(1000 MT)	
FSI Consumption	7,500	7,500	7,000	7,000	(1000 MT)	
Total Consumption	44,500	44,500	45,500	45,500	(1000 MT)	
Ending Stocks	13,279	12,459	10,279	9,959	(1000 MT)	
Total Distribution	64,779	64,559	64,779	63,959	(1000 MT)	

# Rice

## Production

Post now forecasts Brazil's 2009/10 rice production at 8 mmt, down from 8.4 due to adverse weather conditions. Excessive rains in Rio Grande do Sul, the state which produces over 60 percent of national production, is expected to lower national production by 4.5 percent from last year's 8.6 mmt. The excess moisture adversely affected planting resulting in an 2.5 percent reduction in planted area. More significantly, yields may suffer from delayed planting. Yields in Rio Grande do Sul are expected to drop more than 5 percent from last year's record 7,150 kg/hectare to 6,750.

Rice, Milled	Brazil	2008		2009		
		2008/2009		2009/2010		
		Market Year Begin: Apr 2009		Market Year Begin: Apr 2010		
		USDA	Post	USDA	Post	
Area Harvested		2,909	2,910	2,850	2,830	(1000 HA)
Beginning Stocks		973	973	1,013	1,013	(1000 MT)
Milled Production		8,591	8,600	7,820	8,000	(1000 MT)
Rough Production		12,634	12,647	11,500	11,765	(1000 MT)
Milling Rate (.9999)		6,800	6,800	6,800	6,800	(1000 MT)
MY Imports		550	650	800	800	(1000 MT)
TY Imports		550	550	750	750	(1000 MT)
TY Imp. from U.S.		0	0	0	0	(1000 MT)
Total Supply		10,114	10,223	9,633	9,813	(1000 MT)
MY Exports		625	650	300	300	(1000 MT)
TY Exports		650	550	300	300	(1000 MT)
Consumption and Residual		8,476	8,560	8,460	8,600	(1000 MT)
Ending Stocks		1,013	1,013	873	913	(1000 MT)
Total Distribution		10,114	10,223	9,633	9,813	(1000 MT)