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Brazil

Grain and Feed Update

Wheat Update

Approved By:

Alan D. Hrapsky, Agricultural Counselor

Prepared By:

Julie Morin, Agricultural Attaché

Report Highlights:

Brazilian feed wheat 2009/2010 exports may exceed 1 million metric tons.

Post: **Commodities:**
Brasilia Wheat

Exports:

Of the 5 million tons of wheat produced in the country's 2009 harvest at least 30%, or about 1.5 million tons, had serious quality problems due to rain at harvest. This poor quality crop, which brought widespread dissatisfaction to the milling industry, will increase Brazilian wheat exports to record levels this year. In the first quarter, wheat shipments of products, mostly intended for animal feed, were three times higher than the same period in 2009.

According to the Foreign Trade Secretariat (Secex) between January and March 2010 exports totaled 755,460 tons, against 232,000 in the first quarter of 2009. The market sources expect that exports will exceed 1 million tons in 2010.

Since Brazilian wheat is not competitive in global markets, government support via the Premium for Marketing of Products (PEP) program is being used to export low-quality supplies and support domestic producers. The PEP assists in the flow of grain from production areas to consumption areas (both inside of Brazil and overseas). It is expected that all exports this year will be executed under PEP. The PEP is not considered an export subsidy since the recipient is not required to export the product.

Wheat Exports (Jan-March 2010)

Country	Tons	Value
Vietnam	192,500	\$29,292,000
USA	140,000	\$21,138,000
South Africa	112,620	\$19,780,000
Philippines	111,600	\$17,250,000
Other	198,740	\$30,655,000
TOTAL	755,460	\$118,115,000

Source: Secex

Wheat Brazil	2008/2009		2009/2010		2010/2011		
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	2,400	2,200	2,450	2,450		2,450	(1000 HA)
Beginning Stocks	447	447	1,227	1,347		847	(1000 MT)
Production	5,880	6,000	4,800	5,000		5,000	(1000 MT)
MY Imports	6,000	6,000	6,500	6,500		6,300	(1000 MT)
TY Imports	6,367	6,367	6,500	6,500		6,200	(1000 MT)
TY Imp. from U.S.	432	432	0	0		0	(1000 MT)
Total Supply	12,327	12,447	12,527	12,847		12,147	(1000 MT)
MY Exports	400	400	600	1,000		400	(1000 MT)
TY Exports	369	600	600	1,000		400	(1000 MT)
Feed and Residual	200	200	500	500		200	(1000 MT)
FSI Consumption	10,500	10,500	10,700	10,500		10,500	(1000 MT)
Total Consumption	10,700	10,700	11,200	11,000		10,700	(1000 MT)
Ending Stocks	1,227	1,347	727	847		1,047	(1000 MT)
Total Distribution	12,327	12,447	12,527	12,847		12,147	(1000 MT)
Yield	2.	2.7273	2.	2.0408		2.0408	(MT/HA)