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Brazil

Livestock and Products Semi-annual

Semi Annual Livestock

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Report Highlights:

Post forecasts 2014 beef production to increase to 9.9 million metric tons, up 2.5 percent. Higher beef production reflects current industry optimism with an estimated record in beef exports mostly due to the depreciation of the Brazilian currency, which makes Brazilian beef highly competitive in the world market. Pork production and exports are also forecast to rebound in 2014 by nearly two percent after a decline in production and exports last year. Driving forces behind higher pork production are lower feed costs due to record soybean and corn crops and higher exports due to the weaker Brazilian real and the reopening of new export markets. In general, high indebtedness of Brazilian consumers is the main constraint for the smaller growth path for domestic demand for animal protein, although packers view the World Cup Soccer matches in June-July as a way to increase sales to the domestic food industry.

Commodities:

Animal Numbers, Cattle

Production:

Post maintains its previous 2014 forecasts of a nearly 2.5 percent increase in cattle inventories and 1.5 percent increase in the calf crop. The expansion of the Brazilian cattle herd is supported by higher investments in productivity, mostly in pasture improvements and higher use of quality genetics. In addition, current high cattle prices can allow producers to purchase more feed and other ingredients during the dry season to maintain cattle weights. Post also holds firm on its estimated increase of 4 percent in feedlots. However, a prolonged dry spell in the first quarter of 2014 could reduce the availability of cattle for slaughter throughout the year.

Trade:

Post forecasts an increase of 10 percent in 2014 cattle exports due to a sustained increase in shipments to Lebanon, Venezuela, and other minor markets, such as Jordan, Turkey and the Congo. The increase in cattle exports is supported by the devaluation of the Brazilian currency.

Production, Supply and Demand Data Statistics:

Animal Numbers, Cattle Brazil	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Cattle Beg. Stks	197,550	197,550	203,273	203,273	208,628	207,959
Dairy Cows Beg. Stocks	37,676	37,676	38,259	38,259	38,854	38,854
Beef Cows Beg. Stocks	52,669	52,263	52,986	52,986	53,809	53,809
Production (Calf Crop)	49,690	49,690	50,185	50,185	51,300	50,938
Total Imports	0	0	0	0	0	0
Total Supply	247,240	247,240	253,458	253,458	259,928	258,897
Total Exports	512	512	550	689	550	758
Cow Slaughter	11,170	11,170	11,490	11,490	11,622	11,840
Calf Slaughter	300	300	300	300	300	300
Other Slaughter	28,735	28,735	29,270	29,800	30,220	30,115
Total Slaughter	40,205	40,205	41,060	41,590	42,142	42,255
Loss	3,250	3,250	3,220	3,220	3,200	3,200
Ending Inventories	203,273	203,273	208,628	207,959	214,036	212,684
Total Distribution	247,240	247,240	253,458	253,458	259,928	258,897
1000 HEAD, PERCENT						

Commodities:

Meat, Beef and Veal

Production:

Post revised 2014 beef production upward by 2.5 percent due mostly to higher international demand and a small increase in domestic demand. The 17 percent depreciation of the Brazilian “real” over the past 12 months is likely to maintain Brazilian beef at competitive prices and improve margins for packers.

Domestic Consumption:

Post projects domestic beef consumption to increase only by a half percent in 2014. The factors affecting domestic consumption of beef are: higher beef prices, as compared to other meats (pork and broiler), and higher inflation combined with higher indebtedness of Brazilian consumers. However, some trade sources also believe that domestic beef consumption could benefit from an increase in animal protein consumption due to World Soccer Cup tourism.

Trade:

Post revised upwards 2014 beef exports to increase due mostly to the depreciation of the Brazilian “real” which makes the Brazilian product highly competitive in the world market. Brazilian exporters are optimistic about continued shipments to major markets such as the Russian Federation, Hong Kong, the European Union, Egypt and Iran, as well as the recovery in other import markets (e.g., China and Saudi Arabia) that had banned Brazilian beef last year due to the atypical BSE case in Parana.

Production, Supply and Demand Data Statistics:

Meat, Beef and Veal Brazil	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	40,205	40,205	41,060	41,590	42,142	42,255
Beginning Stocks	0	0	0	0	0	0
Production	9,307	9,307	9,600	9,675	9,900	9,920
Total Imports	62	62	60	59	40	35
Total Supply	9,369	9,369	9,660	9,734	9,940	9,955
Total Exports	1,524	1,524	1,800	1,849	1,940	2,030
Human Dom. Consumption	7,845	7,845	7,860	7,885	8,000	7,925
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	7,845	7,845	7,860	7,885	8,000	7,925
Ending Stocks	0	0	0	0	0	0
Total Distribution	9,369	9,369	9,660	9,734	9,940	9,955

1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG

Export Trade Matrix

Country

Brazil

Commodity

Meat, Beef and Veal

Time Period	Jan-Dec	Units:	Metric Tons
	2012		2013
U.S.	17,978	U.S.	22,742
Others		Others	
Angola	15,695		19,997
Algeria	11,463		20,961
Canada	2,299		2,401
China	16,913		188
Chile	67,841		76,248
Egypt	135,854		136,594
European Union	108,611		119,640
Hong Kong	99,764		217,367
Iran	67,768		58,963
Iraq	5,604		306
Israel	14,657		17,138
Lebanon	12,884		15,220
Libya	18,834		15,609
Japan	1,514		0
Jordan	13,398		17,550
Phillippines	4,804		13,911
Russian Federation	253,924		303,615
Saudi Arabia	34,577		50
Singapore	5,905		9,685
Ukraine	2,750		2,327
UAE	10,772		15,103
Venezuela	87,199		156,952
Total for Others	993,030		1,219,825
Others not Listed	46,365		48,467
Grand Total	1,057,373		1,291,034

HTS:0201,0202,021020,160250

Quantity in Product Weight Equivalent (PWE)

Updated: Feb 15, 2014

Commodity

Meat, Beef and Veal

Time Period	Jan-Jun	Units:	Metric Tons
Imports for:	2012		2013
U.S.	0	U.S.	0
Others		Others	

Argentina	7,027		6,194
Australia	2,364		3,082
Paraguay	22,004		21,512
Uruguay	12,793		11,492

Total for Others	44,188		42,280
Others not Listed	101		0
Grand Total	44,289		42,280

HTS: 0201,0202,021020,160250
 Quantity in Product Weight Equivalent (PWE)
 Updated: Feb 15, 2014

Commodities:

Animal Numbers, Swine

Production:

Post revised 2014 hog production to increase by 1.5 percent as a function of higher pork exports and a small increase in domestic demand. Hog producers will likely benefit from record soybean and corn crops estimated for the 2013-14 crop year, but will continue with their strategy of adjusting supply and demand to ensure profit margins.

Commodities:

Meat, Swine

Production:

Pork production is forecast to grow by 1.5 percent in 2014, which contrasts with Post's revised downward 2013 production level. The 2014 production estimate of 3.3 million metric tons reflects the current expectations of producers to continue with the strategy (similar to poultry producers) to adjust supply and demand for pork to ensure profitability. Producers also expect to benefit from reduced production costs in 2014 based on estimated record soybean and corn crops combined with higher exports. However, similar to the poultry industry, there are some constraints that could hamper this year's increase in pork production, of which the most important are: the uncertainty of the economic outlook and rising inflation which could slow down the growth path of domestic consumption; the continued level of indebtedness of Brazilian consumers; greater competition with poultry and to a lesser degree with beef; and the ongoing drought in the Center-South that could affect the current soybean and corn crops, and lead to shortages in some producing regions of the country, as well as higher energy costs.

Post revised 2013 pork production down by 1.5 percent to reflect the multiple problems faced by hog producers. They were forced to adjust to supply and demand because of the high costs of production during 2012 and throughout the first quarter of 2013. Another key factor was the drop in 2013 pork exports due to Ukraine's ban on Brazilian pork shipments.

Consumption:

Post forecasts 2014 pork consumption to increase by nearly 2 percent because of higher demand from the food service industry mostly due to increased tourism related to the World Soccer Cup matches in June-July. In addition, pork prices in the domestic market are expected to remain competitive with beef prices.

Trade:

After a significant drop of nearly 12 percent in 2013 pork exports, Post forecasts 2014 pork shipments to increase by two percent. Pork exporters are optimistic that the depreciation of the Brazilian currency will make their product more competitive in the world market. In addition, they also expect to increase sales to Ukraine after the reopening of that market. Japan is also a promising market, but there are some constraints regarding increased sales there due to logistics problems, mostly involving maritime distance and costs.

Post revised 2013 pork exports to bring them in line with final export data. The significant drop in pork exports is mostly attributed to the decline in pork shipments to Ukraine (-51 percent) due to the ban early in 2013.

Production, Supply and Demand Data Statistics:

Animal Numbers, Swine Brazil	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	38,336	38,336	38,578	38,577	38,648	38,844
Sow Beginning Stocks	2,920	2,920	2,920	2,910	2,910	2,910
Production (Pig Crop)	37,700	37,700	38,100	37,900	38,795	38,470
Total Imports	1	1	1	1	1	1
Total Supply	76,037	76,037	76,679	76,478	77,444	77,315
Total Exports	2	2	4	4	4	4
Sow Slaughter	150	150	150	150	150	150
Other Slaughter	36,107	36,108	36,677	36,280	37,349	36,550
Total Slaughter	36,257	36,258	36,827	36,430	37,499	36,700
Loss	1,200	1,200	1,200	1,200	1,200	1,200
Ending Inventories	38,578	38,577	38,648	38,844	38,741	39,411
Total Distribution	76,037	76,037	76,679	76,478	77,444	77,315
1000 HEAD, PERCENT						

Meat, Swine Brazil	2012		2013		2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	36,257	36,258	36,827	36,430	37,499	36,700
Beginning Stocks	0	0	0	0	0	0
Production	3,330	3,330	3,370	3,280	3,435	3,330
Total Imports	1	1	1	1	1	1
Total Supply	3,331	3,331	3,371	3,281	3,436	3,331
Total Exports	661	661	600	585	620	597
Human Dom. Consumption	2,670	2,670	2,771	2,696	2,816	2,734
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2,670	2,670	2,771	2,696	2,816	2,734
Ending Stocks	0	0	0	0	0	0
Total Distribution	3,331	3,331	3,371	3,281	3,436	3,331
1000 HEAD, 1000 MT CWE, PERCENT, PEOPLE, KG						

Export Trade Matrix Country

Brazil

Commodity

Meat, Swine

Time Period

Jan-Dec

Units:

Metric Tons

Exports for:

2012

2013

U.S.

0

U.S.

24

Others

Others

Albania	2,344		3,700
Angola	34,497		38,660
Argentina	21,473		11,868
Armenia	5,158		5,590
Azerbaijan	1,685		403
Chile	2,979		4,147
European Union	79		194
Georgia	9,510		10,787
Kazakhstan	373		133
Hong Kong	84,548		83,677
Japan	775		426
Moldova	3,856		7,223
Russian Federation	126,477		134,462
Singapore	27,814		28,709
UAE	5,503		5,772
Ukraine	137,472		67,837
Uruguay	19,360		21,581
Venezuela	6,554		9,822
Total for Others	490,457		434,991
Others not Listed	18,050		14,865
Grand Total	508,507		449,856

HTS: 020311,020312,020319,020321,020322,020329,
and 021011,021012,021019,160241,160242,160249

Quantity in Product Weight Equivalent (PWE)

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