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Brazil

Poultry and Products Annual

Annual Poultry Report

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Report Highlights:

Post forecasts broiler production to increase by 5 percent in 2015 to 13.3 million metric tons as a result of lower feed costs and higher exports due to the depreciation of the Brazilian currency and new opportunities in the Russian market. The slow growth path in domestic demand is due to the high level of indebtedness of Brazilian consumers, higher inflation rates, and greater competition from other meats, mostly beef.

Executive Summary:

Post forecasts broiler production to increase by 5 percent in 2015. This increase will likely be driven by higher exports stimulated by the depreciation of the Brazilian currency, lower feed costs due to forecast record soybean and corn crops estimated for 2014/15 crop year, and higher world demand for the Brazilian product, especially from the Russian Federation. Post sources also identify the high level of consumer debt in Brazil as a constraint to increased domestic demand. The outlook for turkey production and exports is for moderate growth next year.

Commodities:

Poultry, Meat, Broiler

Production:

Broiler production is forecast to grow by 5 percent in 2015. FAS Brasilia believes that a production level at nearly 13.3 million metric tons in 2015 reflects the current expectations of producers to continue with a strategy to adjust supply and demand for boilers and to respond to higher world demand for the Brazilian product, especially from the Russia Federation. Producers are likely to benefit from reduced production costs due to higher soybean and corn crops in the 2014-2015 season. The only constraint affecting next year's forecast is the slowdown in the growth path of domestic consumption due to the high level of indebtedness of Brazilian consumers, higher inflation, and higher competition from beef and pork.

Post maintained 2014 broiler production and exports estimates from our semiannual reporting. Post believes that current production estimates for 2014 are in line with the additional demand from the Russian market until the end of the year.

Production Costs

The cost of broiler production in 2015 is estimated to drop by 5 percent from last year's level, while producer prices will likely recover around 6 percent during the same period. If this materializes, these prices will contribute to improved profit margins next year. These reference prices are for Parana state, the largest broiler producer in Brazil with a market share of nearly 28 percent of total broiler slaughter.

Consumption:

Domestic consumption of broiler meat in 2015 is projected to increase by over 2 percent reflecting a continuing increase in the broiler price (RTC) due to higher expected inflation rates, the high indebtedness of Brazilian consumers, and competition from beef and pork.

Trade:

Post forecasts broiler exports in 2015 to increase by 11 percent. The growth in exports is likely to be driven by a continued devaluation of the Brazilian currency combined with an additional market opportunity for higher sales to the Russian Federation. According to our trade sources, 38 Brazilian slaughter plants are currently eligible to export broilers to the Russian market. This would allow Brazilian poultry processors to increase their supplies up to 30,000 metric tons per month early in 2015. Brazilian trade sources also forecast higher sales of chicken parts to China in view of a higher number of plants (29) approved for that market. Other promising markets for 2015 are Japan, Egypt, Nigeria, and Mexico.

Note: The PS&D table excludes chicken feet and paws exports to China and Hong Kong, as per USDA pawns methodology.

Production, Supply and Demand Data Statistics:

| Poultry, Meat, Broiler Brazil | 2013 | | 2014 | | 2015 | |
|-------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Jan 2013 | | Market Year Begin: Jan 2014 | | Market Year Begin: Jan 2015 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Inventory (Reference) | 53 | 0 | 55 | 55 | | 58 |
| Slaughter (Reference) | 6,400 | 0 | 6,525 | 6,525 | | 6,725 |
| Beginning Stocks | 0 | 0 | 0 | 0 | | 0 |
| Production | 12,308 | 0 | 12,678 | 12,678 | | 13,312 |
| Total Imports | 3 | 0 | 3 | 3 | | 3 |
| Total Supply | 12,311 | 0 | 12,681 | 12,681 | | 13,315 |
| Total Exports | 3,482 | 0 | 3,600 | 3,600 | | 4,024 |
| Human Consumption | 8,829 | 0 | 9,081 | 9,081 | | 9,291 |
| Other Use, Losses | 0 | 0 | 0 | 0 | | 0 |
| Total Dom. Consumption | 8,829 | 0 | 9,081 | 9,081 | | 9,291 |
| Total Use | 12,311 | 0 | 12,681 | 12,681 | | 13,315 |
| Ending Stocks | 0 | 0 | 0 | 0 | | 0 |
| Total Distribution | 12,311 | 0 | 12,681 | 12,681 | | 13,315 |
| | | | | | | |

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

Export Trade Matrix

| Country | Brazil | | |
|--------------------|------------------------|--------|-------------|
| Commodity | Poultry, Meat, Broiler | | |
| Time Period | Jan-Jun | Units: | Metric Tons |
| Exports for: | 2013 | | 2014 |
| U.S. | 0 | U.S. | 0 |
| Others | | Others | |
| Angola | 35,166 | | 40,729 |
| China | 92,252 | | 106,229 |
| Cuba | 16,640 | | 14,151 |
| Egypt | 37,672 | | 46,114 |
| European Union | 119,030 | | 114,725 |
| Hong Kong | 155,775 | | 156,194 |
| Ghana | 18,178 | | 8,907 |
| Iran | 3,524 | | 5,218 |
| Iraq | 50,118 | | 28,266 |
| Japan | 198,176 | | 194,218 |
| Jordan | 25,949 | | 23,413 |
| Kuwait | 61,749 | | 50,644 |
| Oman | 32,562 | | 32,110 |
| Phillippines | 9,197 | | 16,173 |
| Qatar | 32,707 | | 31,094 |
| Russian Federation | 20,240 | | 23,024 |
| Saudi Arabia | 343,047 | | 318,889 |
| Singapore | 35,140 | | 37,467 |
| South Africa | 89,842 | | 74,593 |
| South Korea | 23,160 | | 29,760 |
| UAE | 123,714 | | 124,405 |
| Yemen | 38,760 | | 37,603 |
| Venezuela | 66,138 | | 116,861 |
| Total for Others | 1,628,736 | | 1,630,787 |
| Others not Listed | 177,230 | | 187,111 |
| Grand Total | 1,805,966 | | 1,817,898 |

Note: Includes HTS Codes: 0207.11; 0207.12; 0207.13; 0207.14; and 1602.32

Quantity in Product Weight Equivalent (PWE)

Updated: August 4, 2014.

Commodities:

Poultry, Meat, Turkey

Production:

Turkey production is forecast to increase by 5 percent in 2015, mostly driven by a rebound in exports. Lower feed costs due to forecast record soybean and corn crops during the 2014-2015 season are likely to improve producers' margins. A slowdown in the growth path of domestic demand remains as the main constraint affecting production growth.

Exports

Turkey exports are projected to increase by 11 percent in 2015, mostly caused by the depreciation of the Brazilian currency. Exports are expected to increase to the European Union, Angola, Peru, the Russian Federation, and Chile, and likely Mexico.

Production, Supply and Demand Data Statistics:

| Poultry, Meat, Turkey Brazil | 2013 | | 2014 | | 2015 | |
|------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Jan 2013 | | Market Year Begin: Jan 2014 | | Market Year Begin: Jan 2015 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Inventory (Reference) | 0 | | 0 | 0 | | 0 |
| Slaughter (Reference) | 48 | | 49 | 47 | | 48 |
| Beginning Stocks | 0 | 0 | 0 | 0 | | 0 |
| Production | 520 | | 535 | 470 | | 495 |
| Total Imports | 0 | | 0 | 0 | | 0 |
| Total Supply | 520 | 0 | 535 | 470 | | 495 |
| Total Exports | 175 | | 180 | 120 | | 140 |
| Human Consumption | 345 | | 355 | 0 | | 355 |
| Other Use, Losses | 0 | | 0 | | | 0 |
| Total Dom. Consumption | 345 | 0 | 355 | 0 | | 355 |
| Total Use | 520 | 0 | 535 | 120 | | 495 |
| Ending Stocks | 0 | | 0 | 0 | | 0 |
| Total Distribution | 520 | 0 | 535 | 120 | | 495 |
| | | | | | | |

MIL HEAD, 1000 MT, PERCENT, PEOPLE, KG

| Country | Brazil | | |
|--------------------|-----------------------|--------|-------------|
| Commodity | Poultry, Meat, Turkey | | |
| Time Period | Jan-Jun | Units: | Metric Tons |
| Exports for: | 2013 | | 2014 |
| U.S. | 0 | U.S. | 0 |
| Others | | Others | |
| Angola | 5,639 | | 6,075 |
| Argentina | 46 | | 13 |
| Benin | 8,327 | | 6,071 |
| Chile | 1,356 | | 1,328 |
| Congo | 2,306 | | 2,239 |
| Congo, D.R. | 648 | | 389 |
| Gabon | 385 | | 275 |
| Guinea, E. | 1,317 | | 1,906 |
| European Union | 36,617 | | 27,600 |
| Hong Kong | 288 | | 192 |
| Peru | 1,336 | | 2,605 |
| Russian Federation | 2,310 | | 1,305 |
| Saudi Arabia | 1,109 | | 823 |
| South Africa | 9,845 | | 8,339 |
| Switzerland | 1,225 | | 1,169 |
| Total for Others | 72,754 | | 60,329 |
| Others not Listed | 2,470 | | 1,709 |
| Grand Total | 75,224 | | 62,038 |

Note: It includes HTS Codes: 02072400; 02072500; 02072600; 02072700; 16023100. Quantity in Product Weight Equivalent (PWE)
Updated: Feb 3, 2014