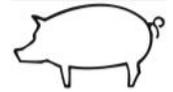




## Brazil



Brazil is the third largest producer of pig meat outside the EU, after China and the US. It is also a major exporter, providing competition for the US and EU, particularly in lower value markets such as Russia. Health issues, including outbreaks of FMD and use of the growth hormone Ractopamine have limited Brazilian access to some major markets in recent years. However, with parts of the country now FMD-free, Brazil is now able to resume exports to countries such as China, Japan and the US, although volumes are expected to remain low in the short-term. Per capita pig meat consumption is relatively low in Brazil but it has risen rapidly in recent years, although it is still well behind consumption of beef and chicken.

### Pig Numbers

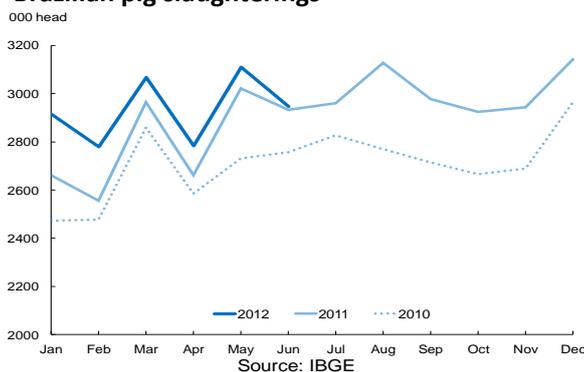
At the start of 2012, the Brazilian pig herd was estimated to total 38.3 million head. This was nearly five per cent higher than a year earlier, largely due to improved sow productivity as the breeding herd was little changed at 2.9 million head. Nearly half of Brazilian pigs are located in the three southern states of Santa Catarina, Rio Grande do Sul and Paraná. These are also the main exporting states, given their proximity to some of Brazil's major ports.

### Production

During the first half of 2012, Brazilian pig slaughterings totalled 17.6 million head, nearly five per cent higher than during the same period last year. This marks the continuation of a strong upward trend in production which has been apparent in recent years; slaughterings in 2011 were seven per cent up on 2010 levels. Pig meat production in the first half of 2011 totalled 1.71 million tonne, also a five per cent year-on-year increase.

Production growth slowed during the spring as the financial situation of producers worsened due to lower prices and rising input costs. Provisional data suggest that supplies have tightened further over the summer, with slaughterings below 2011 levels, particularly in August.

#### Brazilian pig slaughterings



### Trade

The Brazilian pork export trade suffered mixed fortunes during the first nine months of 2012. Overall, exports were 11 per cent higher than in the same period of 2011. However, in the first half of the year, shipments were little changed. In contrast, year-on-year growth of over a third was recorded in the third quarter.

The turnaround was largely due to the gradual recovery of exports to Russia, traditionally the largest market for Brazilian pork. This trade was disrupted by a ban on shipments from the three main exporting regions imposed by the Russian authorities in June 2011. Although it was partially lifted by the start of 2012, the restrictions meant that shipments to Russia in the first half of 2012 were only just over half their level in 2011. By the third quarter, exports were back to around two-thirds of their level in 2010 and were much higher than in this period of 2011.

January – September		2010	2011	2012
EXPORTS		000 tonnes		
<b>Total fresh/frozen pork</b>		<b>356.8</b>	<b>331.8</b>	<b>368.2</b>
to:	Ukraine	32.9	45.6	99.6
	Russia	184.5	115.9	98.1
	Hong Kong	45.8	63.7	60.3
	Angola	15.7	18.5	21.6
	Singapore	20.6	18.5	20.5
	Argentina	19.5	24.4	14.6
	Uruguay	7.8	10.4	14.4

Source: Foreign Trade Secretariat, GTIS

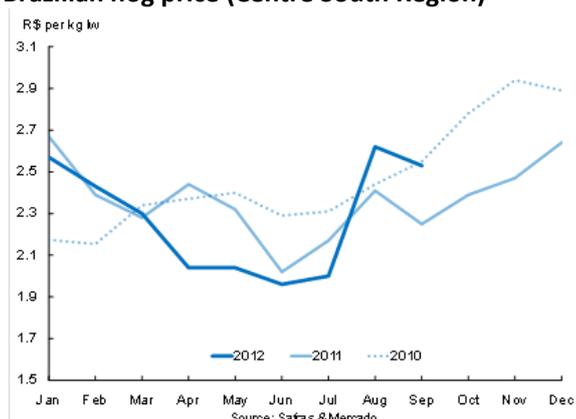
With increased supplies available to ship elsewhere, Brazil expanded its exports to several other markets. Notable among them was Ukraine, which took more than twice as much Brazilian pork as during the same period last year, becoming the largest country market.

In the first quarter, Hong Kong was also a significant growth market, almost matching the quantities taken by Ukraine. However, since then demand has weakened and shipments for the year to date were slightly lower than a year earlier. Smaller growth markets included Angola, Singapore and Georgia. Uruguay also took more Brazilian pork but neighbouring Argentina took much less than last year. Brazil was approved to export to China in January but shipments only amounted to 2,600 tonnes by the end of September.

## Prices

Brazilian pig prices were low through much of the first half of 2012, particularly during the spring when prices were around R\$2.00 (65p) per kg liveweight. This was the result of plentiful supplies, high stock levels in cold stores and subdued export demand, particularly due to the lower shipments to Russia. Prices reached their lowest point for three years and led to severe financial difficulties as production costs increased as a result of the global upturn in feed prices.

### Brazilian hog price (Centre South Region)



Over the Brazilian winter, tightening supplies of pigs coupled with improving export demand combined to push prices higher, reaching about R\$2.60 (80p) per kg liveweight. Prices typically rise in the second half of the

year as export demand peaks in the run up to Christmas. Nevertheless, with input costs remaining high, producers remain financially vulnerable.

## Outlook

The steady increase in Brazilian pig meat production is set to continue over the coming year. Slaughterings are forecast to increase by two per cent for 2012 as a whole with a further increase of four per cent next year. However, with carcase weights gradually diminishing, pig meat production will increase more slowly, with growth forecast to be one per cent this year and two per cent in 2013.

With pork exports now back to the level recorded prior to the Russian import ban, shipments for 2012 as a whole are likely to be higher than in 2011. Further growth can be expected in 2013, assuming that there is no recurrence of health problems which have restricted exports in the past. This will leave only a modest increase in supplies available for domestic consumption, meaning growth will slow to around one per cent per annum.

### Brazilian pig meat production and consumption forecasts

	2011	2012 (f)	% change	2013 (f)	% change
<b>(000 head)</b>					
Slaughterings	34,862	35,560	+2	36,810	+4
<b>(000 tonnes)</b>					
Net production	3,227	3,260	+1	3,330	+2
Consumption	2,644	2,658	+1	2,686	+1

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