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Brazil

Citrus Annual

Annual Report

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Report Highlights:

The Brazilian orange crop for 2015/16 is forecast at 410 million 40.8-kg boxes, a 10 MBx increase compared to the previous season. Total frozen concentrate orange juice (FCOJ) production for 2015/16 is forecast at 1.092 million metric tons, a 12-percent increase relative to MY 2014/15, due to expected higher availability of fruit for processing and better industrial yields. FCOJ ending stocks for 2015/16 are projected at 195,000 mt, up 17,000 mt from 2014/15 due to projected higher availability of fruit for processing and stable exports.

FRESH ORANGES

Production

PS&D Tables

The following tables provide revised data for São Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY, July-June) 2014/15, 2015/16,* and the *initial forecast for MY 2016/17*, which are equivalent to *U.S. MY 2013/14, 2014/15, 2015/16*, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US 13/14**	**US 14/15**	**US 15/16**
Item/ Brazilian Marketing Yaer	**2014/15**	**2015/16**	**2016/17**
Area Planted	650.0	630.6	623.5
São Paulo	450.0	430.6	423.5
Others	200.0	200.0	200.0
Area Harvested	612.6	596.1	588.6
São Paulo	420.0	403.5	396.0
Others	192.6	192.6	192.6
Bearing Trees	218.0	226.1	223.0
São Paulo	166.0	174.1	171.0
Others	52.0	52.0	52.0
Non-Bearing Trees	29.0	27.7	28.0
São Paulo	25.0	23.7	24.0
Others	4.0	4.0	4.0
Total Trees	247.0	253.9	251.0
Total Production	438.0	400.0	410.0
São Paulo	325.0	286.0	295.0
Others	113.0	114.0	115.0
Exports	0.5	0.5	0.5
São Paulo	0.5	0.5	0.5
Domestic Consumption	147.5	130.5	135.5
Delivered to processors	290.0	269.0	274.0
São Paulo (FCOJ + NFC exports)	270.0	249.0	254.0
Others	20.0	20.0	20.0

**There is a one year lag between the Brazilian (BR) marketing year (MY) and the U.S. marketing year (MY). For example, BR MY 2016/2017 is equivalent to U.S. MY 2015/2016. As such and to ensure data continuity, the current Brazilian MY 2016/17 will be referred to as U.S. MY 2015/16 throughout this report.*

General

The total Brazilian orange crop for MY 2015/16 (July/June) is projected at 410 Million 40.8-kg boxes (MBx), a 10 MBx increase from current crop (MY 2014/15), assuming that normal weather conditions prevail as of mid-December 2015 to support additional blossoming, fruit setting, and development.

The commercial area in the state of São Paulo and the western part of Minas Gerais should account for 295 MBx. Citrus trees benefited from water stress and steady rainfall during August and September 2015 that resulted in steady blossoming. However, excessive dry weather in October significantly affected fruit setting and high fruit drop rates were observed, especially in the northern region, thus decreasing the initial production potential. Rainfall patterns in major growing areas have been above average for November and early December. The aforementioned forecast takes into account the likelihood of a third blossoming in major producing regions as of December.

Production from other states is projected at 115 MBx. It is still early to project orange production for MY 2015/16. More accurate numbers will be available during the first quarter of 2016.

The Brazilian orange crop estimate for MY 2014/15 is estimated at 286 MBx, up seven MBx relative to the previous estimate, based on updated information released by the Citriculture Defense Fund (Fundecitrus). According to Fundecitrus, the size of the fruit is larger than previously expected due to steady rainfall during harvest, thus resulting in larger crop size.

The São Paulo State Institute of Agricultural Economics (IEA) released the September 2015 crop survey for the 2015/16 crop (BR MY 2014/15 on November 2015). The São Paulo state crop, including both commercial and non-commercial areas, is estimated at 295.4 MBx, up two percent from the previous season (290.7 MBx). Note that IEA take into account the entire state of São Paulo and all varieties of oranges, while ATO estimates follow the citrus industry methodology which includes the commercial area of the state plus the western part of Minas Gerais and the four major citrus varieties for juice processing.

Area, Tree Inventory, and Yields

ATO/São Paulo forecasts the Brazilian agricultural yield for MY 2015/16 at 1.84 boxes/tree, up four percent increase compared to current crop (1.77 boxes/tree), assuming normal weather conditions as of December 2015 and the occurrence of a third blossoming in the São Paulo commercial citrus area.

Total Brazilian tree inventory for MY 2015/16 is projected at 251 million tress, down one percent vis-à-vis the previous season, mainly due to eradication of greening affected trees. As a consequence, total orange area for MY 2015/16 is forecast at 623,500 hectares (ha), one percent down vis-à-vis previous year.

São Paulo is the only state that compiles data on trees planted and tree inventory. ATO/São Paulo estimates stable area and tree population for “Other” states based on uniform production figures provided by the Brazilian Institute of Geography and Statistics (IBGE).

Disease

According to the 2015 greening survey conducted by Fundecitrus, 17.89 percent of the trees in the commercial area of the state of São Paulo and western part of Minas Gerais are affected by greening. This figure represents an increase of 2.5 times the number of affected trees compared to the last available data (2012 greening survey). The major measures to control greening are eradicating infected trees from the citrus groves and controlling the vector of the disease, the psilid *Diaphora citri*.

On the other hand, the level of infection of citrus variegated chlorosis (CVC) disease has sharply dropped from 37.57 to 6.77 from the 2012 to the 2015 CVC survey, mainly due to the adoption of protected nurseries for citrus seedlings and the renewal of old infected citrus groves.

Producer Prices

The Orange Index price series is published by the University of São Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) for both the domestic fresh market and product delivered to orange juice processing plants in the state of São Paulo. Prices for the fresh market are for fruit on the tree.

Orange Prices paid by São Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R$, 40.8 kg box, fruits delivered to the processing plant).

Month	2010	2011	2012	2013	2014	2015
Jan	7.70	15.59	n/a	5.85	8.45	10.15
Feb	9.77	15.00	n/a	5.98	9.09	10.20
Mar	10.17	15.00	n/a	6.43	9.81	10.24
Apr	8.24	15.00	n/a	6.78	--	11.00
May	13.00	n/a	n/a	6.50	--	10.83
Jun	14.70	n/a	n/a	6.57	--	9.81
Jul	14.88	n/a	7.00	6.79	10.00	9.83
Aug	14.90	n/a	7.00	6.88	9.72	11.32
Sep	15.19	n/a	7.01	7.10	10.14	12.17
Oct	15.23	n/a	6.97	7.47	10.19	13.07
Nov	15.35	n/a	6.53	8.00	10.11	13.89
Dec	15.66	n/a	5.88	8.32	10.21	--

Source: CEPEA/ESALQ.

Orange Prices received by Producers in the Domestic Fresh Market (Pera Variety, average prices in Reais - R$, 40.8 kg box, fruits on the tree).

Month	2010	2011	2012	2013	2014	2015
Jan	10.89	22.86	8.43	8.94	18.98	15.74
Feb	17.22	25.33	8.41	10.45	21.65	17.47
Mar	19.17	26.32	12.72	13.07	22.06	17.22
Apr	16.50	19.62	12.82	11.66	17.92	16.59

May	14.49	14.78	9.34	7.92	12.59	14.85
Jun	15.13	12.17	6.88	6.67	10.29	12.78
Jul	14.90	11.05	5.99	6.19	9.62	11.53
Aug	14.94	10.15	5.54	7.30	9.98	11.71
Sep	16.83	9.75	5.61	9.28	10.65	13.18
Oct	19.17	10.20	5.65	10.79	11.91	14.65
Nov	19.93	9.92	5.74	12.08	13.18	16.38
Dec	20.15	9.13	6.73	13.60	14.15	--
Source: CEPEA/ESALQ						

Post contacts report that the price per box for contracts during the current harvest have been R$ 12 per box plus a premium depending on the price of the orange juice overseas. Orange prices for growers without long term contracts have R$ 10 and 14 per box during the current crop.

Consumption

Post projects total Brazilian orange consumption for MY 2015/16 at 135.5 MBx, up 5.5 MBx from MY 2014/15. These figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing. Fruit delivered to processors for “not from concentrated (NFC)” orange production for the domestic market is also included in these figures.

Domestic consumption estimates are calculated as the difference between production estimates and the volume of oranges delivered to processors for FCOJ and NFC produced for exports.

Trade

Total fresh orange exports for MY 2015/16 are forecast unchanged at 0.5 MBx, similar to the current season. The majority of exports occur during the harvest of the commercial crop (June-December). The table below shows official fresh orange exports (NCM 0805.10.00) by country of destination, for BR MY 2014/15 and BR MY 2015/16 (July-October), according to SECEX.

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	Jul 2014 - Jun 2015		**Jul 2014 - Out 2014**		**Jul 2015 - Out 2015**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Spain	7,175	3,884	6,420	3,518	4,737	2,299
United Kingdom	4,004	1,879	3,776	1,786	6,083	1,781
France	1,468	789	1,444	778	3,764	1,622
Portugal	1,753	591	1,753	591	3,030	1,121
Denmark	2,359	909	1,698	591	934	408

Sweden	1,054	268	1,054	268	811	191
Netherlands	513	127	486	122	264	128
Malta	180	91	154	77	129	64
Slovenia	0	0	0	0	104	58
Argentina	6	36	0	0	6	46
Others	658	235	396	187	109	29
Total	19,170	8,809	17,180	7,917	19,972	7,748
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						

Production, Supply and Demand Data Statistics

Oranges, Fresh	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jul 2014**		**Jul 2015**		**Jul 2016**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	650000	650000	630600	630600	0	623500
Area Harvested	612600	612600	596100	596100	0	588600
Bearing Trees	218000	218000	226100	226100	0	223000
Non-Bearing Trees	29000	29000	27700	27700	0	28000
Total No. Of Trees	247000	247000	253800	253800	0	251000
Production	17870	17870	16035	16320	0	16728
Imports	15	15	15	15	0	15
Total Supply	17885	17885	16050	16335	0	16743
Exports	20	20	20	20	0	20
Fresh Dom. Consumption	6033	6033	6035	5339	0	5543
For Processing	11832	11832	9995	10976	0	11180
Total Distribution	17885	17885	16050	16335	0	16743
(HECTARES) ,(1000 TREES) ,(1000 MT)						

ORANGE JUICE

Production

PS&D Tables

The following tables provide revised data for São Paulo and total Brazilian orange juice production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2014/15, 2015/16, (July-June)* and the *initial forecast for MY 2016/17*, which are equivalent to *U.S. MY 2013/14, 2014/15, 2015/16*, respectively.

The tables include NFC production for exports converted to Frozen Concentrated Orange Juice (FCOJ), 65 Brix equivalent, using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.6 metric tons of NFC 11.6 Brix.

Brazil: FCOJ PS&D (Jul-Jun)			
(Million 40.8 kg boxes, TMT, 65 degrees brix)			
Item/U.S. Marketing Year	**US 13/14**	**US 14/15**	**US 15/16**
Item/ Brazilian Marketing Yaer	**2014/15**	**2015/16**	**2016/17**
Delivered to Processors	290.0	269.0	274.0
São Paulo	270.0	249.0	254.0
Others	20.0	20.0	20.0
Beginning Stocks - Total	334.0	304.0	178.0
Total Production	1,205.0	974.0	1,092.0
São Paulo FCOJ	920.0	684.0	777.0
São Paulo NFC (FCOJ equiv)	210.0	215.0	240.0
Others	75.0	75.0	75.0
Total Supply	1,539.0	1,278.0	1,270.0
Exports	1,200.0	1,065.0	1,040.0
São Paulo FCOJ	940.0	800.0	750.0
São Paulo NFC (FCOJ equiv)	210.0	215.0	240.0
Others	50.0	50.0	50.0
Domestic Consumption	35.0	35.0	35.0
Ending Stocks - Total	304.0	178.0	195.0
Total Distribution	1,539.0	1,278.0	1,270.0

**There is a one year lag between the Brazilian (BR) marketing year (MY) and the U.S. marketing year (MY). For example, BR MY 2016/2017 is equivalent to U.S. MY 2015/2016. As such and to ensure data continuity, the current Brazilian MY 2016/17 will be referred to as U.S. MY 2015/16 throughout this report.*

General

Post forecasts total Brazilian FCOJ 65 Brix equivalent production for MY 2015/16 at 1.09 million metric tons (mmt), a 12-percent increase compared to MY 2014/15, due to expected higher availability of fruit for processing and better industrial yields. The São Paulo industry is expected to process 254 MBx of oranges for orange juice production (198 MBx and 56 MBx for FCOJ and NFC production, respectively), accounting for 1.017 mmt of juice (777,000 mt and 240,000 metric tons of FCOJ and NFC, respectively). Other producing states should deliver 20 MBx for processing.

Total Brazilian FCOJ 65 Brix equivalent production for MY 2014/15 is estimated at 974,000 mt, down 19 percent compared to MY 2013/14, due to lower availability of fruit for processing and very low industrial yields. The São Paulo industry should account for 249 MBx for crushing, whereas other states should contribute 20 MBx. The crushing season is expected to end in January/February 2016.

Orange juice figures include NFC production for exports converted to FCOJ 65 Brix equivalent. There is no official estimate for NFC supply and demand in Brazil.

Consumption

FCOJ domestic consumption for MY 2015/16 is forecast stable at 35,000 mt, 65 Brix. Many beverage companies changed their formulas to produce orange juice based beverages like sodas and nectars, reducing the use of FCOJ. The slowdown of the Brazilian economy will also likely contribute to stagnant demand for juice.

Trade

Total Brazilian FCOJ 65 Brix equivalent exports for MY 2015/16 are forecast at 1.04 mmt, similar to MY 2014/15 (1.065 mt) which were reduced by 10 percent from the previous estimate, due to expected lower exports to the United States. The São Paulo industry should contribute 990,000 mt, 65 Brix equivalent.

The tables below show official orange juice exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination for BR MY 2014/15 and BR MY 2015/16 (July-October), according to SECEX. The “Others” category includes both FCOJ and NFC exports. Post considers the average monthly price by country of destination for the “Others” category as a criterion to distinguish between FCOJ and NFC exports.

Frozen / Unfermented Orange Juice Exports (MT and US$ 1,000 FOB)						
	Jul 2014 - Jun 2015		**Jul 2014 - Out 2014**		**Jul 2015 - Out 2015**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	190,480	332,459	61,784	111,007	46,229	76,101
Netherlands	79,310	125,491	29,124	47,276	37,495	54,506
United States	148,312	245,439	40,178	68,730	22,921	30,826
Japan	65,698	116,599	20,308	37,036	8,514	13,978
China	32,822	62,871	8,572	17,548	7,336	12,847
Chile	6,168	11,607	2,083	4,075	2,120	3,659
Australia	19,737	36,113	4,540	8,748	1,995	3,608

Israel	6,852	11,925	1,183	2,204	2,212	3,278
Puerto Rico	9,189	15,777	2,017	3,631	1,947	3,213
Saudi Arabia	3,620	6,449	876	1,620	1,324	2,258
Others	36,822	67,170	12,511	23,776	11,991	19,533
Total	599,011	1,031,900	183,176	325,651	144,084	223,806
Source : Brazilian Deparament of Foreign Trade (SECEX), NCM 2009.11.00						

Brazilian Orange Juice Exports, Not Frozen and Brix Under 20 (MT and US$ 1,000 FOB)						
	Jul 2014 - Jun 2015		**Jul 2014 - Out 2014**		**Jul 2015 - Out 2015**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	524,758	200,981	166,524	66,169	164,353	57,771
United States	327,580	110,253	124,891	42,355	106,595	35,361
Netherlands	299,777	113,196	96,458	37,284	66,864	23,619
Chile	200	165	58	53	82	74
Paraguay	0	0	0	0	1	1
Uruguay	0	0	0	0	0	1
Germany	5	5	0	0	0	0
France	8	9	0	0	0	0
Japan	41	32	33	24	0	0
Malaysia	0	0	0	0	0	0
Others	1,015	390	2	2	0	0
Total	1,153,385	425,032	387,966	145,887	337,896	116,826
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)						
	Jul 2014 - Jun 2015		**Jul 2014 - Out 2014**		**Jul 2015 - Out 2015**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Netherlands	198,177	346,345	67,342	120,554	50,688	82,897
Belgium	130,112	234,915	54,135	99,467	45,856	68,333
United Kingdom	5,966	10,592	3,000	5,475	9,249	15,394
United States	36,147	63,935	13,536	24,365	7,562	11,344
Switzerland	6,893	11,919	709	1,205	1,418	2,595
Spain	0	0	0	0	714	1,027
Malta	0	0	0	0	161	234

Italy	331	627	102	199	102	189
Ireland	601	833	390	542	156	179
Paraguay	332	144	0	0	166	53
Others	438	844	314	504	53	59
Total	378,997	670,154	139,527	252,311	116,127	182,303
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						

Stocks

Ending stocks for MY 2015/16 are projected at 195,000 mt, 65 Brix, up 17,000 mt from MY 2014/15 (178,000 mt), due to projected higher availability of fruit for processing and expected stable export volumes. Stock figures include only stocks in the storage tanks of orange juice facilities (processing plants, port terminals, etc) in Brazil. They do not include stocks owned by Brazilian companies abroad, e.g., in transit and port terminals in the United States, Europe, and Japan.

According to the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories were 510,393 metric tons (66 Brix) in June 30, 2015, which includes 333,775 mt of orange juice in storage tanks (processing plants, port terminals, etc) in Brazil. CitrusBr projects global orange juice inventories on June 30, 2016 at 329,700 mt. CitrusBR global inventories include orange juice in storage tanks at processing plants and port terminals in Brazil; and stocks abroad (vessels and port facilities worldwide).

Production, Supply and Demand Data Statistics

The tables include Not From Concentrate (NFC) production for exports converted to Frozen Concentrated Orange Juice (FCOJ) 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.6 metric tons of NFC 11.6 Brix.

Orange Juice	**2013/2014**		**2014/2015**		**2015/2016**	
Market Begin Year	**Jul 2014**		**Jul 2015**		**Jul 2016**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Deliv. To Processors	11832000	11832000	9996000	10975200	0	11179200
Beginning Stocks	334000	334000	319000	304000	0	178000
Production	1215000	1205000	935000	974000	0	1092000
Imports	0	0	0	0	0	0
Total Supply	1549000	1539000	1254000	1278000	0	1270000

Exports	1195000	1200000	1180000	1065000	0	1040000
Domestic Consumption	35000	35000	35000	35000	0	35000
Ending Stocks	319000	304000	39000	178000	0	195000
Total Distribution	1549000	1539000	1254000	1278000	0	1270000
(MT)						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
January	2.32	1.87	1.67	1.74	1.99	2.43	2.66
February	2.38	1.81	1.66	1.71	1.98	2.33	2.88
March	2.25	1.78	1.62	1.82	2.01	2.26	3.21
April	2.18	1.77	1.57	1.89	2.00	2.24	2.98
May	1.97	1.81	1.57	2.02	2.13	2.24	3.18
June	1.95	1.80	1.57	2.02	2.22	2.20	3.10
July	1.87	1.75	1.56	2.05	2.29	2.27	3.39
August	1.88	1.75	1.59	2.04	2.37	2.24	3.65
September	1.78	1.69	1.85	2.03	2.23	2.45	3.98
October	1.74	1.70	1.69	2.03	2.20	2.44	3.86
November	1.75	1.71	1.81	2.10	2.32	2.56	3.85
December 1/	1.74	1.66	1.88	2.04	2.34	2.66	3.77
Source : Brazilian Central Bank (BACEN) 1/ December 2015 refers to December 10.							