Required Report - public distribution

Date: 12/5/2014

GAIN Report Number: BR14008

Brazil

Citrus Annual

Approved By:
Michael Fay, Director

Prepared By:
Sergio Barros, Agricultural Specialist

Report Highlights:
Brazilian orange crop for 2014/15 is projected at 400 million 40.8-kg boxes, down 13 million boxes from the previous year. Total frozen concentrate orange juice (FCOJ) production for 2014/15 is forecast at about1 million metric tons, a 10 percent decrease compared to previous season. FCOJ ending stocks for 2014/15 are projected at 107,000 metric tons, down 62 percent from 2013/14 due to expected reduced availability of fruit for processing.

Oranges, Fresh

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2013/14*, *2014/15*, *(July-June) and the initial forecast for MY 2015/16*, which are equivalent to *U.S. MY 2012/13, 2013/14, 2014/15*, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US 12/13**	**US 13/14**	**US 14/15**
Item/ Brazilian Marketing Yaer	**2013/14**	**2014/15**	**2015/16**
Area Planted	740.0	715.0	715.0
Sao Paulo	540.0	515.0	515.0
Others	200.0	200.0	200.0
Area Harvested	682.6	657.6	657.6
Sao Paulo	490.0	465.0	465.0
Others	192.6	192.6	192.6
Bearing Trees	209.0	205.0	205.0
Sao Paulo	157.0	153.0	153.0
Others	52.0	52.0	52.0
Non-Bearing Trees	29.0	29.0	29.0
Sao Paulo	25.0	25.0	25.0
Others	4.0	4.0	4.0
Total Trees	238.0	234.0	234.0
Total Production	401.0	413.0	400.0
Sao Paulo	290.0	300.0	285.0
Others	111.0	113.0	115.0
Exports	0.5	0.5	0.5
Sao Paulo	0.5	0.5	0.5
Domestic Consumption	132.5	133.5	135.5
Delivered to processors	268.0	279.0	264.0
Sao Paulo (FCOJ + NFC exports)	245.0	255.0	240.0
Others	23.0	24.0	24.0

- *There is a one year lag between the Brazilian (BR) marketing year (MY) and the U.S. marketing year (MY). For example, BR MY 2015/2016 is equivalent to U.S. MY 2014/2015. As such and to ensure data continuity, the current Brazilian MY 2015/16 will be referred to as U.S. MY 2014/15 throughout this report*

General

Total Brazilian orange crop for MY 2014/15 (July/June) is projected at 400 Million 40.8-kg boxes (MBx), a 13 MBx drop relative to the current crop (MY 2013/14), assuming that normal weather conditions prevail as of December 2014 to support fruit setting and development. The commercial area in the state of Sao Paulo and the western part of Minas Gerais should account for 285 MBx. This figure takes into account the four major varieties of citrus used for processing orange juice (Hamlin, Pera Rio, Natal and Valencia) plus a limited volume of other citrus varieties such as Lima, Bahia, Murcorte and Poncan which are used for processing juice. Production from other states is projected at 115 MBx. It is still early to project orange production for MY 2014/15. More accurate numbers will be available during the first quarter of 2015.

The Brazilian orange crop estimate for MY 2013/14 is estimated at 413 MBx, down 12 MBx compared to the previous estimate (425 MBx), due to a decrease in the production volume mainly from the commercial area in the state of Sao Paulo and the western part of Minas Gerais (300 MBX). According to updated information from the industry the dry weather that has prevailed in the growing areas has affected the size of the fruit, thus reducing total production.

The National Supply Company (CONAB) has not announced any orange crop survey for the 2014/15 crop (BR MY 2014/15). The Sao Paulo State Institute of Agricultural Economics (IEA) released the fourth orange crop survey for the 2014/15 crop (BR MY 2014/15). The Sao Paulo state crop, including both commercial and non-commercial areas, is estimated at 292.9 MBx, up 2 percent from the previous season (286.3 MBx). Note that IEA take into account the entire state of Sao 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. IEA report that the state of Sao Paulo orange tree inventory is estimated at 186.9 million trees (165.8 million bearing trees and 21.1 million non-bearing trees).

Area, Tree Inventory and Yields

The Brazilian agricultural yield for MY 2014/15 is forecast at 1.95 boxes/tree, a 3 percent decrease compared to the current season (2.01 boxes/tree), assuming normal weather conditions as of December 2014.

Total orange area for MY 2014/15 is projected stable at at 715,000 hectares (ha). Total Brazilian tree inventory for MY 2014/15 is projected unchanged at 234 million trees. Sao Paulo is the only state that compiles data on tree planted and tree inventory. ATO/Sao Paulo estimates stable area and tree population for “Other” states based on uniform production figures provided by IBGE.

Producers' Prices

The Orange Index price series is published by the University of Sao 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 Sao Paulo. Prices for the fresh market are for fruit on the tree.

Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R$, 40.8 kg box, fruits delivered to the processing plant).						
Month	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Jan	6.80	7.70	15.59	n/a	5.85	8.45
Feb	5.92	9.77	15.00	n/a	5.98	9.09
Mar	4.95	10.17	15.00	n/a	6.43	9.81
Apr	4.50	8.24	15.00	n/a	6.78	--
May	4.05	13.00	n/a	n/a	6.50	--
Jun	3.68	14.70	n/a	n/a	6.57	--
Jul	3.65	14.88	n/a	7.00	6.79	10.00
Aug	5.04	14.90	n/a	7.00	6.88	9.72
Sep	5.66	15.19	n/a	7.01	7.10	10.14
Oct	5.86	15.23	n/a	6.97	7.47	10.19
Nov	6.41	15.35	n/a	6.53	8.00	10.11
Dec	6.95	15.66	n/a	5.88	8.32	--
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	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Jan	10.00	10.89	22.86	8.43	8.94	18.98
Feb	9.82	17.22	25.33	8.41	10.45	21.65
Mar	11.13	19.17	26.32	12.72	13.07	22.06
Apr	10.46	16.50	19.62	12.82	11.66	17.92
May	9.13	14.49	14.78	9.34	7.92	12.59
Jun	7.66	15.13	12.17	6.88	6.67	10.29
Jul	6.48	14.90	11.05	5.99	6.19	9.62
Aug	6.47	14.94	10.15	5.54	7.30	9.98
Sep	7.04	16.83	9.75	5.61	9.28	10.65
Oct	7.58	19.17	10.20	5.65	10.79	11.91
Nov	8.48	19.93	9.92	5.74	12.08	13.18
Dec	8.94	20.15	9.13	6.73	13.60	--
Source: CEPEA/ESALQ						

A significant share of the producers does not have long term contracts with the orange juice (OJ) processors. Post contacts report that the price per box for those with contracts range from R$ 11 to 12 per box and in some cases, the final price includes a premium depending on the price of the orange juice overseas. Average orange prices for growers without long term contracts have ranged between R$ 8 and 10.50 per box during the current crop.

In October 2014, the Brazilian Government reenacted the Equalization Premium Paid to the Producer (PEPRO) Program for citrus growers. PEPRO is a premium granted to the citrus growers which sells its products at public auction, where the government pays the difference between the minimum reference price set at R$ 11.45/box of orange and the prevailing market price (the price paid by the orange juice processors). A total of R$ 50 milllion is available for the 2014/15 crop and each individual grower can sell up to 20,000 boxes of orange through the programs.

Consumption

Total Brazilian orange consumption for MY 2014/15 is forecast at 135.5 MBx, similar to MY 2013/14 (133.5 MBx). 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. There are no official statistics on domestic NFC consumption, however the citrus industry estimates between 70,000 and 100,000 mt of orange juice consumed as NFC which represents from 3 to 4.5 MBx of oranges for processing.

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 2014/15 are forecast 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 2013/14 and BR MY 2014/15 (July-October), according to SECEX.

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	July13-June14		July13-Oct13		July14-Oct14	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Spain	7,234	3,542	6,403	3,081	6,420	3,518
United Kingdom	4,172	1,621	3,776	1,408	3,776	1,786
Netherlands	3,733	1,316	3,463	1,225	486	122
France	2,094	1,022	2,094	1,022	1,444	778
Denmark	1,521	691	842	369	1,698	591
Germany	1,176	627	1,176	624	108	29
Sweden	1,162	397	1,162	397	1,054	268
Saudi Arabia	312	151	312	151	0	0
UAE	347	116	347	116	0	0
Paraguay	1,048	80	81	8	0	0
Others	310	168	309	163	2,194	827
Total	23,108	9,731	19,965	8,564	17,180	7,917
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						

Production, Supply and Demand Data Statistics

Oranges, Fresh Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	740,000	740,000	715,000	715,000		715,000
Area Harvested	682,600	682,600	657,600	657,600		657,000
Bearing Trees	209,000	209,000	205,000	205,000		205,000
Non-Bearing Trees	29,000	29,000	29,000	29,000		29,000
Total No. Of Trees	238,000	238,000	234,000	234,000		234,000
Production	16,361	16,361	17,340	16,850		16,320
Imports	15	15	15	15		15
Total Supply	16,376	16,376	17,355	16,865		16,335
Exports	20	20	20	20		20
Fresh Dom. Consumption	5,421	5,421	5,788	5,462		5,544
For Processing	10,935	10,935	11,547	11,383		10,771
Total Distribution	16,376	16,376	17,355	16,865		16,335
HECTARES, 1000 TREES, 1000 MT						

Orange Juice

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian orange juice production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2013/14, 2014/15, (July-June) and the initial forecast for MY 2015/16*, which are equivalent to *U.S. MY 2012/13, 2013/14, 2014/15*, 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 12/13**	**US 13/14**	**US 14/15**
Item/ Brazilian Marketing Yaer	**2013/14**	**2014/15**	**2015/16**
Delivered to Processors	268.0	279.0	264.0
Sao Paulo	245.0	255.0	240.0
Others	23.0	24.0	24.0
Beginning Stocks - Total	509.0	334.0	284.0
Total Production	980.0	1,120.0	1,010.0
Sao Paulo FCOJ	695.0	825.0	710.0
Sao Paulo NFC (FCOJ equiv)	195.0	205.0	210.0
Others	90.0	90.0	90.0
Total Supply	1,489.0	1,454.0	1,294.0
Exports	1,110.0	1,125.0	1,140.0
Sao Paulo FCOJ	875.0	880.0	890.0
Sao Paulo NFC (FCOJ equiv)	195.0	205.0	210.0
Others	40.0	40.0	40.0
Domestic Consumption	45.0	45.0	47.0
Ending Stocks - Total	334.0	284.0	107.0
Total Distribution	1,489.0	1,454.0	1,294.0

General

ATO/Sao Paulo projects total Brazilian FCOJ 65 Brix equivalent production for MY 2014/15 at 1.01 million metric tons (mmt), a 10 percent drop compared to MY 2013/14, due to lower expected fruit availability for crushing. The Sao Paulo industry is expected to process 240 MBx of oranges for orange juice production (186 MBx and 54 MBx for FCOJ and NFC production, respectively), accounting for 920,000 mmt of juice (710,000 mt and 210,000 metric tons of FCOJ and NFC, respectively). Other producing states should deliver 24 MBx for processing.

Total Brazilian FCOJ 65 Brix equivalent production for MY 2013/14 is estimated at 1.12 mmt, up 14 percent relative to the previous MY, due to higher availability of fruit for processing and good industrial yields. The industrial yield for MY 2014/15 (246 box of orange per 1 ton of FCOJ 65 Brix) has been significantly better than the previous crop (280 box of orange per 1 ton of FCOJ 65 Brix) due to the dry weather during the harvest season. The Sao Paulo industry should account for 255 MBx for crushing, whereas other states should contribute 24MBx. The crushing season is expected to end in January 2015.

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 2014/15 is forecast at 47,000 mt, 65 Brix, up 2,000 mt from MY 2013/14, due to steady growing trend in consumption of ready to go orange juice and nectars.

Trade

Total Brazilian FCOJ 65 Brix equivalent exports for MY 2014/15 are forecast at 1.14 mmt, slightly up compared to MY 2013/14 (1.125 mmt), assuming stable FCOJ exports and increased NFC exports to the United States and western Europe. The Sao Paulo industry should contribute 1.1 mmt, 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 2013/14 and BR MY 2014/15 (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)						
	July13-June14		July13-Oct13		July14-Oct14	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	145,609	266,483	49,966	93,768	61,784	111,007
United States	151,038	252,041	52,649	89,427	40,178	68,730
Japan	50,917	91,106	4,748	9,502	20,308	37,036
China	39,906	81,255	11,145	22,822	8,572	17,548
Netherlands	34,399	58,924	13,859	24,054	29,124	47,276
Switzerland	30,918	56,820	12,246	22,539	3,338	5,826
Australia	14,537	27,663	2,285	4,658	4,540	8,748
Israel	11,914	22,611	5,015	9,301	1,183	2,204
Puerto Rico	7,916	14,349	2,012	3,722	2,017	3,631
Chile	6,210	12,414	1,779	3,570	2,083	4,075
Others	32,828	63,826	9,137	17,808	10,050	19,570
Total	526,193	947,491	164,840	301,173	183,176	325,651
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.11.00						

Brazilian Orange Juice Exports, Not Frozen and Brix Under 20 (MT and US$ 1,000 FOB)						
	July13-June14		July13-Oct13		July14-Oct14	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	528,579	209,368	158,619	64,744	166,524	66,169
Netherlands	305,267	118,452	90,854	36,785	96,458	37,284
United States	192,213	66,025	84,756	30,218	124,891	42,355
Switzerland	6,020	2,269	2,020	779	0	0
Chile	131	114	24	20	58	53
Japan	25	28	12	13	33	24
United Kingdom	8	8	0	0	0	0
Germany	5	5	0	0	0	0
Others	4	3	2	2	2	2
Total	1,032,252	396,272	336,287	132,560	387,966	145,887
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)						
	July13-June14		July13-Oct13		July14-Oct14	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Netherlands	202,154	345,027	70,232	117,779	67,342	120,554
Belgium	111,700	213,066	47,350	92,329	54,135	99,467
United Kingdom	30,729	52,485	20,840	35,428	3,000	5,475
United States	27,324	51,232	0	0	13,536	24,365
Switzerland	3,998	6,797	1,990	3,382	709	1,205
Turkey	327	553	0	0	243	413
Italy	261	451	81	96	102	199
Denmark	212	361	118	200	0	0
Ireland	258	340	102	135	390	542
Norway	109	191	0	0	0	0
Others	98	179	28	44	71	91
Total	377,170	670,682	140,739	249,394	139,527	252,311
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						

Stocks

Ending stocks for MY 2014/15 are projected at 107,000 mt, 65 Brix, down 177,000 mt from MY 2013/14 (288,000 mt), due to projected reduced 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 U.S., Europe and Japan.

According to the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories were 534,000 metric tons (66 Brix) in June 30, 2014. CitrusBr projects global orange juice inventories on June 30, 2015 at 364,000 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 Brazil	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2013		Market Year Begin: Jul 2014		Market Year Begin: Jul 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	10,975,200	10,934,400	11,791,200	11,383,200		10,771,200
Beginning Stocks	509,000	509,000	299,000	334,000		284,000
Production	960,000	980,000	1,078,000	1,120,000		1,010,000
Imports	0	0	0	0		0
Total Supply	1,469,000	1,489,000	1,377,000	1,454,000		1,294,000
Exports	1,125,000	1,110,000	1,170,000	1,125,000		1,140,000
Domestic Consumption	45,000	45,000	47,000	45,000		47,000
Ending Stocks	299,000	334,000	160,000	284,000		107,000
Total Distribution	1,469,000	1,489,000	1,377,000	1,454,000		1,294,000
MT						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
January	1.76	2.32	1.87	1.67	1.74	1.99	2.43
February	1.68	2.38	1.81	1.66	1.71	1.98	2.33
March	1.75	2.25	1.78	1.62	1.82	2.01	2.26
April	1.69	2.18	1.77	1.57	1.89	2.00	2.24
May	1.63	1.97	1.81	1.57	2.02	2.13	2.24
June	1.64	1.95	1.80	1.57	2.02	2.22	2.20
July	1.57	1.87	1.75	1.56	2.05	2.29	2.27
August	1.63	1.88	1.75	1.59	2.04	2.37	2.24
September	1.92	1.78	1.69	1.85	2.03	2.23	2.45
October	2.12	1.74	1.70	1.69	2.03	2.20	2.44
November	2.33	1.75	1.71	1.81	2.10	2.32	2.56
December 1/	2.34	1.74	1.66	1.88	2.04	2.34	2.58
Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ December 2014 refers to December 4.							