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Brazil

Citrus Annual

Approved By:
Michael Fay, Director

Prepared By:
Sergio Barros, Agricultural Specialist

Report Highlights:

Brazilian orange crop for U.S. marketing year 2013/14 (July/June)* is projected at 435 million 40.8-kg boxes (MBx), up 34 MBx from U.S. MY 2012/13, assuming regular weather conditions prevail during fruit setting and development. Sao Paulo and western Minas Gerais commercial areas could produce 320 MBx. Total frozen concentrate orange juice (FCOJ) production (65 Brix equivalent) for U.S. MY 2013/14 is projected stable at 1.22 mmt (65 Brix). FCOJ ending stocks for U.S. MY 2013/14 projected at 93,000 mt, 65 Brix, down 112,000 mt from MY 2012/13.

Post: ATO Sao Paulo

FRESH ORANGES

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) 2012/13, 2013/14, (July-June) and the initial forecast for MY 2014/15*, which are equivalent to *U.S. MY 2011/12, 2012/13, 2013/14*, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(1,000 ha, million trees & million 40.8 kg boxes)			
Item/ U.S. Marketing Year	**US11/12**	**US12/13**	**US13/14**
Item/Brazilian MY	**2012/13**	**2013/14**	**2014/15**
Area Planted	800.0	740.0	715.0
Sao Paulo	600.0	540.0	515.0
Others	200.0	200.0	200.0
Area Harvested	712.6	682.6	657.6
Sao Paulo	520.0	490.0	465.0
Others	192.6	192.6	192.6
Bearing Trees	225.0	214.0	207.0
Sao Paulo	173.0	162.0	155.0
Others	52.0	52.0	52.0
Non-Bearing Trees	46.0	29.0	29.0
Sao Paulo	42.0	25.0	25.0
Others	4.0	4.0	4.0
Total Trees	271.0	243.0	236.0
Total Production	504.0	401.0	435.0
Sao Paulo	390.0	290.0	320.0
Others	114.0	111.0	115.0
Exports	0.5	0.5	0.5
Sao Paulo	0.5	0.5	0.5
Domestic Consumption	173.5	133.5	134.5
Delivered to processors	330.0	267.0	300.0
Sao Paulo (FCOJ+NFCexp)	310.0	247.0	280.0
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 2014/2015 is equivalent to U.S. MY 2013/2014. As such and to ensure data continuity, the current Brazilian MY 2014/15 will be referred to as U.S. MY 2013/14 throughout this report*

General

Total Brazilian orange crop for MY 2013/14 (July/June) is forecast at 435 Millon 40.8-kg boxes (MBx), an 8 percent increase compared to the current crop (MY 2012/13), assuming that good weather conditions prevail as of December 2013 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 320 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 2013/14. More accurate numbers will be available during the first quarter of 2014.

The Brazilian orange crop estimate for MY 2012/13 is estimated at 401 MBx, down 6 MBx compared to the previous estimate (407 MBx), due to a decrease in the production volume from states other than Sao Paulo (111 MBX), according to updated information provided by the Brazilian Geography and Statistics Institute (IBGE).

In August 2013, the National Supply Company (CONAB) and the Sao Paulo State Institute of Agricultural Economics (IEA) released the second orange crop survey for the 2013/14 crop (BR MY 2013/14). The Sao Paulo state crop, including both commercial and non-commercial areas, is estimated at 311.5 MBx. Note that CONAB and 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. CONAB and IEA report that the state of Sao Paulo orange tree inventory is estimated at 201 million trees (181.7 million bearing trees and 19.3 million non-bearing trees).

CONAB has also released the second orange crop survey for the 2013/14 crop in the commercial area of the state of Minas Gerais (the "Triangulo Mineiro"). According to CONAB, the aforementioned region represents 70 percent of the Minas Gerais state production. The crop is estimated at 10.9 MBx. This figure includes 10.7 MBx in commercial areas, and orange losses plus production from non-commercial areas in the amount of 232,800 Bx.

Area, Tree Inventory and Yields

The Brazilian agricultural yield for MY 2013/14 is forecast at 2.1 boxes/tree, a 12 percent increase compared to the current season (1.87 boxes/tree), assuming normal weather conditions as of December 2013.

Total orange area for MY 2013/14 is forecast at 715,000 hectares (ha), down 25,000 ha compared to last season, due to higher number of trees per hectare and substitution of citrus groves by soybean, sugarcane and pasture in the Sao Paulo and Minas Gerais commercial areas. Total Brazilian tree inventory for MY 2013/14 is projected at 236 million trees, down 7 million trees compared to the previous season. Sao Paulo is the only state that compiles data on tree planted and tree inventory. ATO/Sao Paulo estimates report 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 fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo. Both series track orange prices from September 1994. 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	2008	2009	2010	2011	2012	2013
Jan	13.46	6.80	7.70	15.59	n/a	5.85
Feb	12.39	5.92	9.77	15.00	n/a	5.98
Mar	9.66	4.95	10.17	15.00	n/a	6.43
Apr	8.38	4.50	8.24	15.00	n/a	6.78
May	8.27	4.05	13.00	n/a	n/a	6.50
Jun	9.72	3.68	14.70	n/a	n/a	6.57
Jul	10.95	3.65	14.88	n/a	7.00	6.79
Aug	9.71	5.04	14.90	n/a	7.00	6.88
Sep	9.33	5.66	15.19	n/a	7.01	7.10
Oct	9.57	5.86	15.23	n/a	6.97	7.47
Nov	8.63	6.41	15.35	n/a	6.53	8.00
Dec	7.27	6.95	15.66	n/a	5.88	--

Source: CEPEA/ESALQ.

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

Month	2008	2009	2010	2011	2012	2013
Jan	15.38	10.00	10.89	22.86	8.43	8.94
Feb	16.95	9.82	17.22	25.33	8.41	10.45
Mar	17.03	11.13	19.17	26.32	12.72	13.07
Apr	14.65	10.46	16.50	19.62	12.82	11.66
May	12.04	9.13	14.49	14.78	9.34	7.92
Jun	11.39	7.66	15.13	12.17	6.88	6.67
Jul	11.38	6.48	14.90	11.05	5.99	6.19
Aug	11.01	6.47	14.94	10.15	5.54	7.30
Sep	10.64	7.04	16.83	9.75	5.61	9.28
Oct	10.83	7.58	19.17	10.20	5.65	10.79
Nov	10.24	8.48	19.93	9.92	5.74	12.08
Dec	9.70	8.94	20.15	9.13	6.73	--

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 US$

2.75 to US$ 5.29 per box and in some cases, the final price includes a premium depending on the price of the orange juice overseas.

In late October, the Brazilian Government set the minimum price for oranges at R$ 10.10 per box. This price will be used as reference if any measure is taken by GOB to support the sector like the Subsidy Auction (PEP) and Equalization Premium Paid to the Producer (PEPRO) Programs. The GOB has not announced any measure to support citrus growers.

Consumption

Total Brazilian orange consumption for MY 2013/14 is forecast at 134.5 MBx, similar to MY 2012/13 (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. 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 2013/14 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 2012/13 and BR MY 2013/14, according to SECEX.

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	July12-June13		**July12-Oct12**		**July13-Oct13**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Netherlands	7,486	3,146	6,535	2,840	3,463	1,225
Spain	5,970	3,045	5,199	2,689	6,403	3,081
United Kingdom	2,616	989	2,204	806	3,776	1,408
Paraguay	1,611	110	470	30	81	8
Denmark	799	431	404	227	842	369
Russia	443	164	0	0	0	0
Ireland	283	149	231	121	176	72
Germany	263	199	52	30	1,176	624
Greece	223	87	223	87	0	0
Indonesia	166	112	166	112	0	0
Others	472	222	342	144	4,048	1,777
Total	20,332	8,654	15,826	7,086	19,965	8,564
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						
Note : 1/ July - June 2/ July - Oct.						

Production, Supply and Demand Data Statistics

Oranges, Fresh Brazil	U.S. 2011/2012		U.S. 2012/2013		U.S. 2013/2014	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	803,000	800,000	740,000	740,000		715,000
Area Harvested	712,600	712,600	682,600	682,600		657,600
Bearing Trees	225,000	225,000	214,000	214,000		207,000
Non-Bearing Trees	46,000	46,000	29,000	29,000		29,000
Total No. Of Trees	271,000	271,000	243,000	243,000		236,000
Production	20,563	20,563	16,600	16,361		17,748
Imports	12	0	12	0		0
Total Supply	20,575	20,563	16,612	16,361		17,748
Exports	19	20	20	20		20
Fresh Dom. Consumption	7,214	7,079	5,984	5,447		5,487
For Processing	13,342	13,464	10,608	10,894		12,241
Total Distribution	20,575	20,563	16,612	16,361		17,748
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) 2012/13, 2013/14, (July-June) and the initial forecast for MY 2014/15*, which are equivalent to *U.S. MY 2011/12, 2012/13, 2013/14*, 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	**US11/12**	**US12/13**	**US13/14**
Item/Brazilian MY	**2012/13**	**2013/14**	**2014/15**
Delivered to Processors	330.0	267.0	300.0
Sao Paulo (FCOJ + NFC exports)	310.0	247.0	280.0
Others	20.0	20.0	20.0
Beginning Stocks *	440.0	474.0	205.0
Total Production	1,268.0	981.0	1,160.0
Sao Paulo FCOJ	983.0	671.0	840.0
Sao Paulo NFC (FCOJ equiv)	205.0	230.0	240.0
Others	80.0	80.0	80.0
Total Supply	1,708.0	1,455.0	1,365.0
Exports	1,190.0	1,200.0	1,220.0
Sao Paulo FCOJ	905.0	890.0	900.0
Sao Paulo NFC (FCOJ equiv)	205.0	230.0	240.0
Others FCOJ	80.0	80.0	80.0
Domestic Consumption	44.0	50.0	52.0
Ending Stocks	474.0	205.0	93.0
Total Distribution	1,708.0	1,455.0	1,365.0
* Sao Paulo FCOJ equiv stocks only.			

General

ATO/Sao Paulo projects total Brazilian FCOJ 65 Brix equivalent production for MY 2013/14 at 1.16 million metric tons (mmt), an 18 percent increase compared to MY 2012/13, due to higher expected fruit availability for crushing. The Sao Paulo industry is expected to process 280 MBx of oranges for orange juice production (215 MBx and 65 MBx for FCOJ and NFC production, respectively), accounting for 1.08 mmt of juice (840,000 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 2012/13 is estimated at 981,000 mt, a 23 percent drop relative to the previous crop, due to lower availability of fruit for processing and low industrial yields. The Sao Paulo industry should account for 247 MBx for crushing, whereas other states should contribute 20MBx. The crushing season is expected to end in February 2013.

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 2013/14 is forecast at 52,000 mt, 65 Brix, up 2,000 mt from MY 2012/13, 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 2013/14 are forecast at 1.22 mmt, slightly up compared to MY 2012/13 (1.2 mmt), assuming stable exports to western European countries and increased exports to the United States which should offset a drop in exports to emerging markets such as China. The Sao Paulo industry should contribute 1.08 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 2012/13 and BR MY 2013/14 (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)						
	July12-June13		**July12-Oct12**		**July13-Oct13**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	195,685	394,967	68,763	137,413	49,966	93,768
United States	125,977	208,595	31,220	54,599	52,649	89,427
Japan	60,640	119,627	22,245	45,300	4,748	9,502
Netherlands	58,045	97,217	27,786	46,658	13,859	24,054
China	36,053	78,620	11,186	25,524	11,145	22,822
Switzerland	27,654	52,526	5,586	10,408	12,246	22,539
Australia	17,604	34,920	5,318	11,046	2,285	4,658
Puerto Rico	10,124	19,642	2,085	4,170	2,012	3,722
United Kingdom	9,062	18,021	8,373	16,776	660	1,142
Chile	6,075	13,146	1,607	3,616	1,779	3,570
Others	35,199	68,781	12,342	25,061	13,492	25,967
Total	582,118	1,106,062	196,511	380,570	164,840	301,173
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.11.00						
Note : 1/ July - June 2/ July - Oct.						

Brazilian Orange Juice Exports, Not Frozen and Brix Under 20 (MT and US$ 1,000 FOB)

	July12-June13		July12-Oct12		July13-Oct13	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	497,495	194,222	144,277	56,418	158,619	64,744
Netherlands	345,526	150,394	127,366	56,939	90,854	36,785
United States	272,923	107,184	120,219	48,975	84,756	30,218
Switzerland	1,016	470	0	0	2,020	779
Japan	29	32	12	13	12	13
China	6	3	0	0	0	0
French Guyana	2	2	1	1	0	0
Paraguay	1	1	0	0	2	2
France	0	1	0	0	0	0
Germany	0	0	0	0	0	0
Others	0	0	0	0	24	20
Total	1,116,997	452,308	391,874	162,344	336,287	132,560
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						
Note : 1/ July - June 2/ July - Oct.						

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)						
	July12-June13		**July12-Oct12**		**July13-Oct13**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	161,671	313,611	54,797	111,714	47,350	92,329
Netherlands	156,430	291,291	38,094	73,631	70,232	117,779
United Kingdom	36,612	72,846	7,031	15,012	20,840	35,428
United States	31,185	56,440	17,591	35,584	0	0
Japan	2,378	5,232	2,378	5,232	0	0
Ireland	892	1,167	286	381	102	135
Switzerland	733	1,343	283	507	1,990	3,382
Finland	218	240	109	120	0	0
Italy	218	261	55	60	81	96
New Zealand	178	331	27	56	0	0
Others	362	681	230	464	146	245
Total	390,877	743,443	120,881	242,762	140,739	249,394
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						
Note : 1/ July - June 2/ July - Oct.						

Stocks

Ending stocks for MY 2013/14 are projected at 93,000 mt, 65 Brix, down 112,000 mt from MY 2012/13 (205,000 mt). Ending stocks for MY 2011/12 were revised to 474,000 mt based on updated production, supply and demand figures. 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 766,000 metric tons (66o Brix) in June 30, 2013. CitrusBr projects global orange juice inventories in June 30, 2014 at 476,600 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	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	13,341,600	13,464,000	10,608,000	10,893,600		12,240,000
Beginning Stocks	440,000	440,000	456,000	474,000		205,000
Production	1,250,000	1,268,000	1,000,000	981,000		1,160,000
Imports	0	0	0	0		0
Total Supply	1,690,000	1,708,000	1,456,000	1,455,000		1,365,000
Exports	1,190,000	1,190,000	1,200,000	1,200,000		1,220,000
Domestic Consumption	44,000	44,000	44,000	50,000		52,000
Ending Stocks	456,000	474,000	212,000	205,000		93,000
Total Distribution	1,690,000	1,708,000	1,456,000	1,455,000		1,365,000
MT						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
January	2.12	1.76	2.32	1.87	1.67	1.74	1.99
February	2.12	1.68	2.38	1.81	1.66	1.71	1.98
March	2.05	1.75	2.25	1.78	1.62	1.82	2.01
April	2.03	1.69	2.18	1.77	1.57	1.89	2.00
May	1.93	1.63	1.97	1.81	1.57	2.02	2.13
June	1.93	1.64	1.95	1.80	1.57	2.02	2.22
July	1.88	1.57	1.87	1.75	1.56	2.05	2.29
August	1.96	1.63	1.88	1.75	1.59	2.04	2.37
September	1.84	1.92	1.78	1.69	1.85	2.03	2.23
October	1.74	2.12	1.74	1.70	1.69	2.03	2.20
November	1.78	2.33	1.75	1.71	1.81	2.10	2.32
December 1/	1.77	2.34	1.74	1.66	1.88	2.04	2.34
Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ December 2013 refers to Dec 2.							