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Brazil

Citrus Semi-annual

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Approved By:
Chanda Berk, Agricultural Consul

Prepared By:
Sergio Barros, Agricultural Specialist

Report Highlights:
The Brazilian orange crop for 2019/20 (MY 2018/19) is projected at 494 million boxes, a 26 percent increase vis-a-vis the previous season. Citrus trees are vegetatively recovered from the previous year and weather conditions supported good blossoming, fruit setting and development. Total frozen concentrate orange juice (FCOJ) production is forecast at 1.397 mmt, a sharp increase in relation to the previous year (1.004 mmt) due to expected higher fruit availability for crushing. Cumulative orange juice exports to the United States during the July 2018 - May 2019 cycle are reported at 185,000 mmt of FCOJ equivalent, significantly down from the previous cycle (302 mmt FCOJ equivalent), due to the recovery of the crop in Florida. FCOJ ending stocks are projected at 240,000 mt, 65 Brix, an increase of 140,000 mt compared to MY 2017/18, due to projected higher juice availability.

FRESH ORANGES

Production

PS&D Tables

The following tables provide revised data for São Paulo state and the total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2017/18, 2018/19 and 2019/20 (July-June)*, which are equivalent to *U.S. MY 2016/17, 2017/18*, and *2018/19*, respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun, 1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US 16/17**	**US 17/18**	**US 18/19**
Item/ Brazilian Marketing Yaer	**2017/18**	**2018/19**	**2019/20**
Area Planted	602.6	601.5	595.8
Sao Paulo	402.6	401.5	395.8
Others	200.0	200.0	200.0
Area Harvested	578.1	571.0	553.5
Sao Paulo	385.5	378.4	360.9
Others	192.6	192.6	192.6
Bearing Trees	226.8	227.3	226.0
Sao Paulo	174.8	175.3	174.0
Others	52.0	52.0	52.0
Non-Bearing Trees	20.9	23.1	25.3
Sao Paulo	16.9	19.1	21.3
Others	4.0	4.0	4.0
Total Trees	247.7	250.4	251.3
Total Production	512.0	391.0	494.0
Sao Paulo	407.0	286.0	389.0
Others	105.0	105.0	105.0
Exports	0.8	0.5	1.0
Imports	0.5	0.6	0.5
Domestic Consumption	116.7	122.1	131.5
Delivered to processors	395.0	269.0	362.0
Sao Paulo (FCOJ + NFC exports)	371.0	245.0	338.0
Others	24.0	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 2019/2020 is equivalent to U.S. MY 2018/2019. As such and to ensure data continuity, the current Brazilian MY 2019/20 will be referred to as U.S. MY 2018/19 throughout this report.*

General

ATO/Sao Paulo forecasts the total Brazilian orange crop for MY 2018/19 (July/June) at 494 Million 40.8-kg boxes (MBx) or 20.16 million metric tons (mmt), an increase of 26 percent relative to the previous season. The commercial area of the state of São Paulo and the western part of Minas Gerais should produce 389 MBx (15.87 mmt), a notable increase relative to the revised figure for MY 2017/18 (286 MBx of oranges or 11.67 mmt). This projection is based on the Defense Fund for Citriculture's (Fundecitrus) first citrus crop forecast, released last May. The forecast takes into account the following varieties: Hamlim, Westin, Rubi, Valecia Americana, Valencia Argentina, Seleta, Pineapple, Pera Rio, Valencia, "Folha Murcha" Valencia, and Natal.

According to Fundecitrus, the lower production from last year's crop supported the vegetative recovery and the increment of nutritional reserves in the trees. Moreover, favorable weather conditions sustained excellent blooming, fruit setting and fruit development, therefore resulting in a higher number of fruits per trees (783 fruits) vis-à-vis the last crop (564 fruits). Note that 84 percent of the harvest will be originated from the first blossoming, following by approximately 10 percent from the second blossoming.

Production for MY 2018/19 from other states is projected unchanged from the previous crop at 105 MBx, according to information provided by the Brazilian Geography and Statistics Institute (IBGE).

In February 2019, the São Paulo State Institute of Agricultural Economics (IEA) released its first survey for the 2019/20 orange crop (equivalent to MY 2018/19), forecasting 331MBx, an increase of 12 MBx compared to the previous season (319 MBx). Figures include production from both commercial and non-commercial areas and are based on data collected in February 2019. Note that IEA takes into account the entire state of São Paulo and all varieties of oranges, while ATO/São Paulo estimates follow the citrus industry's methodology, which takes into account the four major citrus varieties for juice processing and includes the commercial area of the state of São Paulo plus the western part of Minas Gerais. IEA reports that the orange tree inventory in the state of São Paulo is estimated at 182.8 million trees (166.5 million bearing trees and 16.3 million non-bearing trees).

Area, Tree Inventory and Yields

Brazilian agricultural yield for MY 2018/19 is estimated at 2.19 boxes/tree, an increase of 27 percent compared to last season (1.72 boxes/tree), due to the vegetative recovery of the citrus trees in the Sao Paulo commercial citrus area followed by steady blossomings and fruit setting and development. Total orange area for MY 2018/19 is estimated at 595,800 hectares (ha), down 5,700 hectares from previous year.

Total Brazilian tree inventory for MY 2017/18 is projected at 251.3 million trees, up 900,000 tress relative to the previous season. Fundecitrus reports a total of 195.3 million trees in the São Paulo commercial area (174 million bearing trees and 21.3 million non-bearing trees). ATO/São Paulo estimates stable tree population for "other" states based on uniform production figures provided by IBGE.

Producer Prices

The Orange Index price series is published by the University of São Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ), Center for Advanced Studies on Applied Economics (CEPEA) for both the fresh domestic market and product delivered to orange juice processing plants in the state of São Paulo. Both series track orange prices from September 1994. Prices for the fresh market are for fruit on the tree. According to CEPEA, the majority of producers have already set fruit delivery contracts for the upcoming crop. Most of the contracts for the 2019 harvest were set between October and November 2018. On average, contracts were set at R$ 20-24/box of oranges and may or may not include a premium depending on the price of orange juice.

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	2014	2015	2016	2017	2018	2019
Jan	8.45	10.15	13.84	25.84	17.66	21.77
Feb	9.09	10.20	13.82	21.98	16.70	21.19
Mar	9.81	10.24	14.01	21.39	16.24	21.58
Apr	--	11.00	14.72	17.60	16.33	20.61
May	--	10.83	17.23	16.52	17.27	18.21
Jun	--	9.81	18.79	16.11	19.28	--
Jul	10.00	9.83	19.64	18.55	20.55	--
Aug	9.72	11.32	19.99	19.30	22.00	--
Sep	10.14	12.17	20.28	19.13	22.48	--
Oct	10.19	13.07	22.10	19.15	22.29	--
Nov	10.11	13.89	25.35	18.96	22.51	--
Dec	10.21	14.06	25.90	18.64	22.15	--

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	2014	2015	2016	2017	2018	2019
Jan	18.98	15.74	18.39	37.53	20.00	30.42
Feb	21.65	17.47	20.14	43.91	22.51	40.66
Mar	22.06	17.22	22.17	41.86	29.02	42.23
Apr	17.92	16.59	20.63	30.41	29.83	31.80
May	12.59	14.85	21.22	21.15	26.33	21.17
Jun	10.29	12.78	20.36	17.14	25.66	--
Jul	9.62	11.53	19.53	16.15	26.80	--
Aug	9.98	11.71	21.60	16.40	29.08	--
Sep	10.65	13.18	26.88	17.34	31.39	--
Oct	11.91	14.65	32.14	19.27	32.83	--

Nov	13.18	16.38	34.66	19.97	30.24	--
Dec	14.15	17.49	32.77	19.94	27.16	--
Source: CEPEA/ESALQ						

Consumption

ATO/São Paulo projects total Brazilian orange consumption for MY 2018/19 at 5.37 mmt (131.5 MBx), an increase of eight percent relative to the previous year (4.98 mmt or 122.1 MBx) due to the expected large fruit availability. 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 is no official estimate of number of orange boxes crushed for NFC orange juice production, but industry estimates that roughly 5-7 million boxes are used for NFC production.

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

The total fresh orange export forecast for MY 2018/19 is 1 MBx (40.800 mt), a 0.5 MBx (20,400 mt) increase compared to the previous crop due to the expected large availability of fruit. Brazil has limited market access to other countries and the majority of exports are shipped to European countries. Most exports occur during the harvest of the commercial crop, between June and December. The table below shows official fresh orange exports (Nomenclatura Externa do Mercosul - NCM 0805.10.00) by country of destination, for BR MY 2016/17 (July-June), 2017/18 and 2018/19 (July - May), according to the Global Trade Atlas (GTA) based on the Brazilian Secretariat of Foreign Trade (SECEX).

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	Jul 2016 - Jun 2017		**Jul 2017 - May 18**		**Jul 2018 - May 2019**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Portugal	8,274	3,406	8,179	3,974	7,534	3,601
Spain	4,256	2,176	2,948	1,461	3,886	1,975
France	3,175	1,455	5,091	2,859	3,317	1,898
United Kingdom	5,185	1,929	4,987	2,145	2,321	1,156
Ukraine	464	238	1,092	561	898	463
Netherlands	132	58	2,089	876	652	286
Russia	736	396	0	0	312	183
Sweden	534	137	1,065	357	288	106
Malta	125	46	177	82	166	100
Denmark	248	90	223	98	150	67

Others	2,982	1,420	8,704	2,157	304	274
Total	26,111	11,352	34,555	14,571	19,828	10,108
Source : Global Trade Atlas (GTA) based on the Brazilian Secretariat of Foreign Trade (SECEX), NCM 0805.10.00						

Production, Supply and Demand Data Statistics

Oranges, Fresh	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Jul 2017**		**Jul 2018**		**Jul 2019**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	602600	602600	601500	601500	601500	595800
Area Harvested	578100	578100	571000	571000	571000	553500
Bearing Trees	226800	226800	227300	227300	227300	226000
Non-Bearing Trees	20900	20900	23100	23100	23100	25300
Total No. Of Trees	247700	247700	250400	250400	250400	251300
Production	20890	20890	15708	15953	17750	20155
Imports	20	20	20	24	20	20
Total Supply	20910	20910	15728	15977	17770	20175
Exports	33	33	24	20	24	41
Fresh Dom. Consumption	4761	4761	4933	4982	4976	5365
For Processing	16116	16116	10771	10975	12770	14769
Total Distribution	20910	20910	15728	15977	17770	20175
(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) 2017/18, 2018/19 and 2019/20 (July-June)*, which are equivalent to *U.S. MY 2016/17, 2017/18*, and *2018/19*, 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 16/17**	**US 17/18**	**US 18/19**
Item/ Brazilian Marketing Yaer	**2017/18**	**2018/19**	**2019/20**
Delivered to Processors	395.0	269.0	362.0
Sao Paulo (FCOJ + NFC exports)	371.0	245.0	338.0
Others	24.0	24.0	24.0
Beginning Stocks	6.0	185.0	100.0
Total Production	1,447.0	1,004.0	1,397.0
Sao Paulo FCOJ	1,055.0	650.0	1,025.0
Sao Paulo NFC (FCOJ equiv)	292.0	274.0	292.0
Others	100.0	80.0	80.0
Total Supply	1,453.0	1,189.0	1,497.0
Exports	1,230.0	1,049.0	1,217.0
Sao Paulo FCOJ	890.0	710.0	860.0
Sao Paulo NFC (FCOJ equiv)	272.0	274.0	292.0
Others FCOJ	68.0	65.0	65.0
Domestic Consumption	38.0	40.0	40.0
Ending Stocks	185.0	100.0	240.0
Total Distribution	1,453.0	1,189.0	1,497.0

* *There is a one-year lag between the Brazilian (BR) marketing year (MY) and the U.S. marketing year (MY). For example, BR MY 2019/2020 is equivalent to U.S. MY 2018/2019. As such and to ensure data continuity, the current Brazilian MY 2019/20 will be referred to as U.S. MY 2018/19 throughout this report.*

General

ATO/São Paulo projects total Brazilian FCOJ, 65 Brix equivalent, production for MY 2018/19 at 1.397 million metric tons (mmt), up 39 percent vis-a-vis the previous season, due to the expected sharp increase in the number of orange boxes for crushing. The São Paulo industry is expected to process 338 MBx of oranges for orange juice production (263 MBx and 75 MBx for FCOJ and NFC production, respectively), resulting in 1.317 mmt of juice (1.025 mmt and 292,000 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 2017/18 is estimated at 1.004 mmt, a sharp decrease relative to the previous MY (1.447 mmt), due to a significant drop in the number of boxes for processing. Final industrial yields in the São Paulo commercial area are also reported worse than previously expected, down from 254.9 boxes/1 metric ton of FCOJ, 65 Brix equivalent to 269.2 boxes/1 metric ton of FCOJ, 65 Brix equivalent. The São Paulo industry accounted for 245 MBx for crushing (175 MBx and 70 MBx for FCOJ and NFC production, respectively), whereas other states contributed 24 MBx.

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 2017/18 is forecast unchanged at 40,000 mt, 65 Brix, compared to the previous MY, according to information provided by the industry. No official information of actual domestic consumption of FCOJ equivalent is publicly available.

Trade

ATO/São Paulo forecasts total Brazilian FCOJ, 65 Brix equivalent exports for MY 2018/19 at 1.217 mmt, a 16 percent increase relative to MY 2017/18 (1.049 mmt), due to expected higher orange juice availability. The São Paulo industry should contribute 1.152 mt, 65 Brix equivalent, whereas the remainder should come from other processing states.

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 2016/17 (July-June), 2017/18 and 2018/19 (July-May), according to GTA/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.

The European Union remains the major market for Brazilian exports, representing roughly 70 percent of total exports. Note the sharp reduction of exports to the United States, the second major market for Brazilian exports, in all juice categories as a consequence of the recovery of the crop in Florida during the current season.

Frozen / Unfermented Orange Juice Exports (MT and US$ 1,000 FOB)						
	Jul 2016 - Jun 2017		**Jul 2017 - May 18**		**Jul 2018 - May 2019**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	110,570	184,782	110,369	183,976	92,602	173,819
Netherlands	70,400	122,066	89,111	159,637	53,996	99,259
Japan	44,319	75,717	55,812	108,385	36,584	72,932
China	30,511	56,433	34,008	68,622	30,746	61,637
United States	82,103	157,539	164,106	277,100	20,939	40,702
Australia	14,558	25,305	14,220	27,791	11,160	22,588
Israel	9,253	18,361	11,609	21,406	10,449	19,535
Chile	6,160	12,723	4,916	10,965	5,414	11,346
Spain	2,237	4,090	6,021	11,575	3,228	6,113
New Zealand	3,214	5,736	2,888	5,340	2,605	5,518
Others	46,709	86,769	40,461	79,408	30,715	62,018
Total	420,034	749,521	533,521	954,206	298,438	575,467
Source : Global Trade Atlas (GTA) based on the 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)						
	Jul 2016 - Jun 2017		Jul 2017 - May 18		Jul 2018 - May 2019	
Country	Quantity	Value	Quantity	Value	Quantity	Value
United States	397,709	131,370	587,878	204,910	560,623	181,319
Belgium	593,571	209,842	491,336	161,787	489,226	168,588
Netherlands	325,041	102,368	296,902	103,925	354,035	113,295
Chile	382	358	549	545	966	966
Libya		0		0	311	183
Japan	5	6	30	39	135	194
Philippines		0		0	34	44
Singapore		0	23	26	19	25
Angola		0		0	17	18
Malaysia		0	25	40	17	26
Others	1,040	349	2,077	799	38	55
Total	1,317,748	444,292	1,378,820	472,069	1,405,421	464,711
Source : Global Trade Atlas (GTA) based on the Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)						
	Jul 2016 - Jun 2017		Jul 2017 - May 18		Jul 2018 - May 2019	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	114,270	196,441	143,489	268,665	156,370	269,254
Belgium	137,162	270,454	139,851	256,762	122,969	247,591
United States	19,429	30,863	35,771	62,878	67,840	109,538
Japan		0	0	0	9,843	18,455
United Kingdom	9,589	15,576	4,412	8,230	3,874	7,261
Switzerland	7,439	13,839	5,827	11,642	2,830	5,164
Ireland	468	594	468	577	468	657
Paraguay	614	391	89	34	363	331
Kuwait	125	233	275	670	225	522
Lebanon	27	22		0	100	216
Others	2,201	4,270	1,267	2,465	321	569
Total	291,324	532,682	331,449	611,924	365,203	659,558
Source : Global Trade Atlas (GTA) based on the Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						

Stocks

Ending stocks for MY 2018/19 are projected at 240,000 mt, 65 Brix, up 140,000 mt from MY 2017/18, due to expected higher orange juice supply for the upcoming season. 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, for example, in transit and port terminals in the United States, Europe, and Japan.

According to the May 2018 release of the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories are projected at approximately 224,518 mt (66^{o} Brix) on June 30, 2019. 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.

Orange Juice	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Jul 2017**		**Jul 2018**		**Jul 2019**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Deliv. To Processors	16616000	16116000	10771000	10975200	12770000	14769600
Beginning Stocks	6000	6000	185000	185000	97000	100000
Production	1447000	1447000	1041000	1004000	1235000	1397000
Imports	0	0	0	0	0	0
Total Supply	1453000	1453000	1226000	1189000	1332000	1497000
Exports	1230000	1230000	1089000	1049000	1207000	1217000
Domestic Consumption	38000	38000	40000	40000	40000	40000
Ending Stocks	185000	185000	97000	100000	85000	240000
Total Distribution	1453000	1453000	1226000	1189000	1332000	1497000
(MT)						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
January	1.99	2.43	2.66	4.04	3.13	3.16	3.65

February	1.98	2.33	2.88	3.98	3.10	3.24	3.74
March	2.01	2.26	3.21	3.56	3.17	3.32	3.90
April	2.00	2.24	2.98	3.45	3.20	3.48	3.94
May	2.13	2.24	3.18	3.60	3.26	3.74	3.94
June	2.22	2.20	3.10	3.21	3.30	3.86	3.84
July	2.29	2.27	3.39	3.24	3.13	3.75	
August	2.37	2.24	3.65	3.24	3.15	4.14	
September	2.23	2.45	3.98	3.25	3.17	4.00	
October	2.20	2.44	3.86	3.18	3.27	3.72	
November	2.32	2.56	3.85	3.40	3.26	3.86	
December	2.34	2.66	3.90	3.47	3.31	3.87	

Source : Brazilian Central Bank (BACEN) - Last day of month. 1/ June 2019 refers to June 12.