Required Report - public distribution

Date: 6/9/2017
GAIN Report Number: BR17004

Brazil

Citrus Semi-annual

2017

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Report Highlights:
The Brazilian orange crop for 2017/18 (MY 2016/17) is projected at 471 million boxes, an increase of 34 percent compared to the previous crop, due to citrus groves showing high energy reserves and favorable weather patterns. Total frozen concentrate orange juice (FCOJ) production is forecast at 1.257 mmt, up 55 percent percent relative to the previous year, due to expected higher volume of oranges for crushing. FCOJ ending stocks are projected at 100,000 mt, 65 Brix, up 76,000 mt relative to the previous season, due to projected higher product 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) 2015/16, 2016/17 and 2017/18 (July-June)*, which are equivalent to *U.S. MY 2014/15, 2015/16*, and *2016/17,* respectively.

Brazil: Fresh Oranges PS&D (Jul-Jun, 1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US 14/15**	**US 15/16**	**US 16/17**
Item/ Brazilian Marketing Yaer	**2015/16**	**2016/17**	**2017/18**
Area Planted	630.6	603.9	602.6
São Paulo	430.6	403.9	402.6
Others	200.0	200.0	200.0
Area Harvested	596.1	579.3	578.1
São Paulo	403.5	386.7	385.5
Others	192.6	192.6	192.6
Bearing Trees	226.1	227.5	226.8
São Paulo	174.1	175.5	174.8
Others	52.0	52.0	52.0
Non-Bearing Trees	27.7	20.5	20.9
São Paulo	23.7	16.5	16.9
Others	4.0	4.0	4.0
Total Trees	253.9	248.0	247.7
Total Production	409.7	352.0	471.0
São Paulo	300.7	245.3	364.5
Others	109.0	106.7	106.5
Exports	0.7	0.6	0.7
Imports	0.4	0.4	0.4
Domestic Consumption	127.4	129.8	130.7
Delivered to processors	282.0	222.0	340.0
São Paulo (FCOJ + NFC exports)	262.0	202.0	320.0
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 2017/2018 is equivalent to U.S. MY 2016/2017. As such and to ensure data continuity, the current Brazilian MY 2017/18 will be referred to as U.S. MY 2016/17 throughout this report*

General

The total Brazilian orange crop for MY 2016/17 (July/June) is projected at 471 Million 40.8-kg boxes (MBx), an increase of 34 percent vis-à-vis the previous crop. The commercial area of the state of São Paulo and the western part of Minas Gerais should produce 364.5 MBx, up 49 percent from the revised figure for the previous crop (245.3 MBx). This projection is based on the Defense Fund for Citriculture's (Fundecitrus) first citrus crop forecast, released on May 10. 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, blossoming and fruit setting from August-December 2016 were benefited by reinvigorated groves and plants with steady robustness and rich energy reserves given that the previous crop (2016/17) was the lowest in over 25 years. Weather patterns also favored good fruit development, thus, resulting in better agricultural yields. Fundecitrus estimates that production should be concentrated and uniform from both the first (73 percent of production) and second (18 percent of production) blossomings.

Production for MY 2016/17 from other states is projected at 106.5 MBx, similar to the revised figure for MY 2015/16 (106.7 MBx), according to updated information provided by the Brazilian Geography and Statistics Institute (IBGE).

In February 2017, the São Paulo State Institute of Agricultural Economics (IEA) released its first survey for the 2017/18 orange crop (equivalent to MY 2016/17), forecasting 270.6 MBx, an increase of 10.1 MBx compared to the previous season (260.5 MBx). Figures include production from both commercial and non-commercial areas and are based on data collected in February 2017. 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 175.2 million trees (159.3 million bearing trees and 15.9 million non-bearing trees).

Area, Tree Inventory and Yields

Brazilian agricultural yield for MY 2016/17 is estimated at 2.08 boxes/tree, a 34 percent increase from the previous year (1.55 boxes/tree), based on overall good weather patterns and citrus groves with steady vigor and high energy reserves during blossoming and fruit setting, especially in the São Paulo commercial citrus belt. Total orange area for MY 2016/17 is estimated at 602,600 hectares (ha), similar to the previous year.

Total Brazilian tree inventory for MY 2016/17 is projected at 247.7 million trees, slightly down compared to the previous season. According to Fundecitrus, the São Paulo commercial area tree inventory is 191.69 million trees (174.78 million bearing trees and 16.91 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, fruit delivery contracts for the upcoming crop have been set at R$ 20-25/box of oranges (one year contract) during the second half of 2016. This price is somewhat higher than average because the processing industry initially feared a smaller crop in 2017. However, as of January 2017, with expectations of a higher crop volume, processors dropped their purchasing prices to R$ 16-18/box.

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	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Jan	n/a	5.85	8.45	10.15	13.84	25.84
Feb	n/a	5.98	9.09	10.20	13.82	21.98
Mar	n/a	6.43	9.81	10.24	14.01	21.39
Apr	n/a	6.78	--	11.00	14.72	17.60
May	n/a	6.50	--	10.83	17.23	--
Jun	n/a	6.57	--	9.81	18.79	--
Jul	7.00	6.79	10.00	9.83	19.64	--
Aug	7.00	6.88	9.72	11.32	19.99	--
Sep	7.01	7.10	10.14	12.17	20.28	--
Oct	6.97	7.47	10.19	13.07	22.10	--
Nov	6.53	8.00	10.11	13.89	25.35	--
Dec	5.88	8.32	10.21	14.06	25.90	--
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	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Jan	8.43	8.94	18.98	15.74	18.39	37.53
Feb	8.41	10.45	21.65	17.47	20.14	43.91
Mar	12.72	13.07	22.06	17.22	22.17	41.86
Apr	12.82	11.66	17.92	16.59	20.63	30.41
May	9.34	7.92	12.59	14.85	21.22	--
Jun	6.88	6.67	10.29	12.78	20.36	--
Jul	5.99	6.19	9.62	11.53	19.53	--
Aug	5.54	7.30	9.98	11.71	21.60	--
Sep	5.61	9.28	10.65	13.18	26.88	--
Oct	5.65	10.79	11.91	14.65	32.14	--
Nov	5.74	12.08	13.18	16.38	34.66	--
Dec	6.73	13.60	14.15	17.49	32.77	--
Source: CEPEA/ESALQ						

Consumption

ATO/São Paulo projects total Brazilian orange consumption for MY 2016/17 at 130.7 MBx, relatively stable compared to the previous marketing year (129.8 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

The total fresh orange export forecast for MY 2016/17 is 0.7 MBx, slightly up vis-à-vis the previous year. 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 2014/15 (July-June), 2015/16 and 2015/16 (July- April), according to SECEX.

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	Jul 2014 - Jun 2015		**Jul 2015 - Apr 2016**		**Jul 2016 - Apr 2017**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Portugal	1,753	591	3,030	1,121	6,986	2,857
Spain	7,175	3,884	4,737	2,299	3,980	2,048
United Kingdom	4,004	1,879	6,755	1,926	4,440	1,603
France	1,468	789	3,764	1,622	2,875	1,317
UAE	0	0	0	0	990	461
Russia	0	0	0	0	736	396
Saudi Arabia	0	0	0	0	728	396
Ukraine	0	0	0	0	391	206
Italy	0	0	25	10	365	189
Sweden	1,054	268	1,391	307	535	137
Others	3,717	1,398	7,300	2,005	627	291
Total	19,170	8,809	27,002	9,289	22,652	9,900
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						

Production, Supply and Demand Data Statistics

Oranges, Fresh Market Begin Year Brazil	2014/2015		2015/2016		2016/2017	
	Jul 2015		Jul 2016		Jul 2017	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	630600	630600	603900	603900	603900	602600
Area Harvested	596100	596100	579300	579300	579300	578100
Bearing Trees	226100	226100	227500	227500	227500	226800
Non-Bearing Trees	27700	27700	20500	20500	20500	20900
Total No. Of Trees	253800	253800	248000	248000	248000	247700
Production	16716	16714	14320	14362	18197	19217
Imports	18	16	16	16	16	16
Total Supply	16734	16730	14336	14378	18213	19233
Exports	30	28	28	24	28	28
Fresh Dom. Consumption	5199	5196	4802	5296	5333	5333
For Processing	11505	11506	9506	9058	12852	13872
Total Distribution	16734	16730	14336	14378	18213	19233
(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) 2015/16, 2016/17 and 2017/18 (July-June)*, which are equivalent to *U.S. MY 2014/15, 2015/16*, and *2016/17,* 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 14/15**	**US 15/16**	**US 16/17**
Item/ Brazilian Marketing Yaer	**2015/16**	**2016/17**	**2017/18**
Delivered to Processors	282.0	222.0	340.0
São Paulo (FCOJ + NFC exports)	262.0	202.0	320.0
Others	20.0	20.0	20.0
Beginning Stocks	329.0	147.0	24.0
Total Production	1,006.0	810.0	1,257.0
São Paulo FCOJ	699.0	490.0	920.0
São Paulo NFC (FCOJ equiv)	222.0	240.0	252.0
Others	85.0	80.0	85.0
Total Supply	1,335.0	957.0	1,281.0
Exports	1,153.0	895.0	1,143.0
São Paulo FCOJ	869.0	600.0	826.0
São Paulo NFC (FCOJ equiv)	222.0	240.0	252.0
Others FCOJ	62.0	55.0	65.0
Domestic Consumption	35.0	38.0	38.0
Ending Stocks	147.0	24.0	100.0
Total Distribution	1,335.0	957.0	1,281.0

- *There is a one year lag between the Brazilian (BR) marketing year (MY) and the U.S. marketing year (MY). For example, BR MY 2017/2018 is equivalent to U.S. MY 2016/2017. As such and to ensure data continuity, the current Brazilian MY 2017/18 will be referred to as U.S. MY 2016/17 throughout this report*

General

ATO/São Paulo projects total Brazilian FCOJ, 65 Brix equivalent, production for MY 2016/17 at 1.257 million metric tons (mmt), up 447,000 mt compared to MY 2015/16, due to higher expected fruit availability for crushing. The São Paulo industry is expected to process 320 MBx of oranges for orange juice production (255 MBx and 65 MBx for FCOJ and NFC production, respectively), resulting in 1.172 mmt of juice (920,000 mt and 252,000 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 2015/16 is estimated at 810,000 mt, a decrease of 19 percent compared to the previous season, due to lower volume of fruit for processing and significantly low industrial yields in the São Paulo citrus commercial area (285.7 boxes of oranges/mt of FCOJ, 65 Brix equivalent). Post contacts attribute this to an overall downward trend in industrial yields for orange juice processing (i.e. more fruit required to produce each metric ton of juice) over the past 7-10 years, based on irregular weather and disease-related problems. The São Paulo industry accounted for 202 MBx for crushing (140 MBx and 62 MBx for FCOJ and NFC production, respectively), whereas other states contributed 20 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 2016/17 is forecast stable at 38,000 mt, 65 Brix, according to information provided by the industry.

Trade

Total Brazilian FCOJ, 65 Brix equivalent exports for MY 2016/17 are forecast at 1.143 mmt, up 248,000 mt from MY 2015/16 (895,000 mt), due to expected higher product availability. The São Paulo industry should contribute 840,000 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 (July-June), 2015/16 and 2016/17 (July - April), 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 2015 - Apr 2016**		**Jul 2016 - Apr 2017**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
United States	148,312	245,439	101,272	144,556	74,492	144,771
Belgium	190,480	332,459	133,364	213,168	75,847	124,369
Netherlands	79,310	125,491	70,770	104,003	64,417	111,221
Japan	65,698	116,599	44,716	70,231	31,663	53,318
China	32,822	62,871	25,715	44,934	26,215	47,875
Australia	19,737	36,113	10,813	17,863	10,659	18,340

Israel	6,852	11,925	6,393	9,759	8,820	17,653
Chile	6,168	11,607	5,890	10,050	5,430	11,147
Puerto Rico	9,189	15,777	6,067	9,607	6,142	10,353
Saudi Arabia	3,620	6,449	4,234	6,977	4,583	8,783
Others	36,822	67,170	34,991	56,816	31,356	56,816
Total	599,011	1,031,900	444,225	687,964	339,625	604,646
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)						
	Jul 2014 - Jun 2015		**Jul 2015 - Apr 2016**		**Jul 2016 - Apr 2017**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	524,758	200,981	511,230	177,733	516,444	183,177
United States	327,580	110,253	308,264	101,096	350,847	115,538
Netherlands	299,777	113,196	245,153	84,783	264,403	83,597
Chile	200	165	282	246	333	315
Switzerland	1,000	375	1,000	338	1,002	300
Uruguay	0	0	1	1	35	45
Japan	41	32	0	0	5	6
Hong Kong	0	0	0	0	3	3
France	8	9	0	0	0	0
Paraguay	0	0	1	1	0	0
Other	21	20	0	0	0	0
Total	1,153,385	425,032	1,065,932	364,196	1,133,072	382,982
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 2015 - Apr 2016**		**Jul 2016 - Apr 2017**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Belgium	130,112	234,915	133,975	201,650	105,572	215,907
Netherlands	198,177	346,345	166,357	263,164	90,637	150,426
United States	36,147	63,935	7,639	11,472	14,539	21,328
Switzerland	6,893	11,919	5,633	9,930	7,440	13,839
United Kingdom	5,966	10,592	14,019	22,072	7,801	12,090
Spain	0	0	1,592	2,343	922	1,851
Italy	331	627	232	396	580	1,046
Ireland	601	833	338	390	468	594
Paraguay	332	144	587	232	589	364
Australia	0	0	115	168	189	308

Others	438	844	1,146	1,631	308	568
Total	378,997	670,154	331,633	513,448	229,045	418,322
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						

Stocks

Ending stocks for MY 2016/17 are forecast at 100,000 mt, 65 Brix, up 74,000 mt from MY 2015/16, due to likely higher orange juice production during 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 2017 release of the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories are projected at approximately 70,290 mt (66^{o} Brix) on June 30, 2017 and forecast between 200,000-300,000 mt on June 30, 2018. 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	**2014/2015**		**2015/2016**		**2016/2017**	
Market Begin Year	**Jul 2015**		**Jul 2016**		**Jul 2017**	
Brazil	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Deliv. To Processors	11505000	11506000	9506000	9058000	12852000	13872000
Beginning Stocks	329000	329000	147000	147000	87000	24000
Production	1006000	1006000	848000	810000	1222000	1257000
Imports	0	0	0	0	0	0
Total Supply	1335000	1335000	995000	957000	1309000	1281000
Exports	1153000	1153000	870000	895000	1097000	1143000
Domestic Consumption	35000	35000	38000	38000	38000	38000
Ending Stocks	147000	147000	87000	24000	174000	100000
Total Distribution	1335000	1335000	995000	957000	1309000	1281000
(MT)						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
January	1.67	1.74	1.99	2.43	2.66	4.04	3.13
February	1.66	1.71	1.98	2.33	2.88	3.98	3.10
March	1.62	1.82	2.01	2.26	3.21	3.56	3.17
April	1.57	1.89	2.00	2.24	2.98	3.45	3.20
May	1.57	2.02	2.13	2.24	3.18	3.60	3.26
June 1/	1.57	2.02	2.22	2.20	3.10	3.21	3.28
July	1.56	2.05	2.29	2.27	3.39	3.24	
August	1.59	2.04	2.37	2.24	3.65	3.24	
September	1.85	2.03	2.23	2.45	3.98	3.25	
October	1.69	2.03	2.20	2.44	3.86	3.18	
November	1.81	2.10	2.32	2.56	3.85	3.40	
December	1.88	2.04	2.34	2.66	3.90	3.47	
Source : Brazilian Central Bank (BACEN) 1/ June 2017 refers to June 6							