

USDA's Foreign Agriculture Service (FAS) recently released two preliminary assessments for 2021 from agricultural specialists at the Brazilian Embassy. Those are referred to as GAIN (Global Agricultural Information Network) reports and contain some unofficial estimates. That is, they have not yet been evaluated, etc., by the USDA World Agricultural Outlook Board, and are subject to changes before being made "official." Official updates are scheduled for release October 9th. The two reports are: [Livestock and Products Annual](#) (dated August 20th), and [Poultry and Products Annual](#) (dated August 28th).

The main drivers supporting the 2021 forecasts (paraphrasing the introductions of the two reports) include steady world demand for Brazilian products, and the strengthening in domestic demand due to a rebound in economic activity with GDP growth of 3.5 percent expected for next year. Exports are expected to grow, including continued stellar increases in amounts of beef and pork sold to China. Several production factors fuel optimism, such as stable feed costs, although at a relatively high level, due to projected bumper soybean and corn crops. Fluctuations in exchange rates, the potential for a fragile world economic recovery, and COVID-19 developments are uncertainties for the Brazilian animal protein sectors.

In 2021, the GAIN forecast calls for beef production to be 10.5 million metric tons (MT), a 4.1% annual increase. Relatively strong cattle prices are causing cattle producers to increase numbers. Several government programs also will continue to support herd expansion. Output is forecast to increase from both "grass-fed" and and feedlots. Still, the country remains mostly grass-fed; feedlots currently account for about 10% of beef production. There is apparently the beginning of a trend of Brazilian cow-calf operations improving the genetic make-up of herds by crossbreeding local "Nelore" cattle with U.S. or Argentine Angus genetics.

The GAIN report forecast 2021 beef exports to increase compared to a year earlier by nearly 8.0%. That is slightly above the growth rate projected for 2020 (up about 7.0% year-over-year). In January through July of this year, China represented 45% of Brazilian tonnage

exported, compared to about 30% in 2019.

Pork production in 2021 is forecast to be record-large and to have a year-over-year rise of 4.5%. Domestic consumption is likely to increase, too.

After the China-driven surge (up 22% year-over-year) in 2020's pork tonnage shipped overseas, the growth rate may moderate in 2021. Still, on a tonnage basis, fully a 6.0% jump is forecast. The report noted that "thus far, in 2020, the Brazilian currency lost more than 30 percent of its value, which helped keep the price of pork competitive in the world market."

USDA-FAS specialists noted in the poultry publication some changes to 2020 chicken estimates; they highlighted a shift in consumer purchases away from beef and pork. Also, 2020 export tonnage was revised down from the prior estimate (-4.0%), resulting in a modest 1.0% increase from 2019's level.

The preliminary outlook for Brazilian chicken production in 2021 is for another year of the record-large output. "Increased carcass weights and prospects for another year of high profit margins also support the optimistic outlook." In 2021, the year-over-year increase in chicken production is forecast to be about 4%. Both the tonnage (up 3% year-over-year) and the value of chicken exports are expected to increase. Domestic consumption also is projected to rise again in 2021.

Brazil -- USDA Cattle and Beef Numbers and Forecasts								
Annual (Calendar Year)	2019		2020		2021		Change	
	Official	Post Draft	Official	Post Draft	Official	Post Draft		
Total Cattle Inventory (1000 Head)	238158	238158	244144	244144		252289	103.3%	
Beef Cow Inventory (1000 Head)	57200	57200	58100	58100		58970	101.5%	
Dairy Cow Inventory (1000 Head)	42250	42250	43750	43750		45280	103.5%	
Calf Crop (1000 Head)	50490	50490	51500	51500		52750	102.4%	
Beef & Veal Prod (1000 MT CWE)	10200	10200	10000	10100		10510	104.1%	
Beef & Veal Exports (1000 MT CWE)	2314	2314	2550	2475		2670	107.9%	

Notes: Inventories are for beginning of the year. CWE is Carcass Weight Equivalent. "Post Draft" numbers are not official USDA.

Brazil -- USDA Hog and Pork Numbers and Forecasts								
Annual (Calendar Year)	2019		2020		2021		Change	
	Official	Post Draft	Official	Post Draft	Official	Post Draft		
Total Hog Inventory (1000 Head)	38427	38427	37850	37850		37366	98.7%	
Pig Crop (1000 Head)	42250	42250	43940	43520		44825	103.0%	
Pork Prod (1000 MT CWE)	3975	3975	4030	4100		4285	104.5%	
Pork Exports (1000 MT CWE)	861	861	1050	1050		1115	106.2%	

Notes: Inventory is for beginning of the year. CWE is Carcass Weight Equivalent. "Post Draft" numbers are not official USDA.

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