Soybean and corn production in Brazil: an overview of the current production systems, perspectives and challenges to farmers

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Agenda

1. What is *agri benchmark*?

2. Brazilian soybean and corn markets

3. Double cropping - production systems

4. Economics of soybean and corn

5. Summary
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Who we are and what we do

1. **agri benchmark** is a global, non-profit network of agricultural economists, advisors, producers and specialists in key sectors of the value chains.

2. We use internationally standardized methods to analyze farms, production systems and their profitability.

3. We combine our farm-level knowledge with our expertise in international commodity markets and value chains.

4. Thereby we are able to provide scientifically consistent and soundly based answers on strategic issues to decision makers in agribusiness, policy and farming.
Present in all major countries and crops

Crop coverage:
- Corn
- Soybeans
- Wheat
- Sugar beet
- Rice
- Rapeseed
- Oats
- Rye
- (Malting) barley
- Sunflower
- Sorghum
- Cotton
- Peas
- Beans
- Palm oil
- Sugar cane

Countries participating in agri benchmark Cash Crop
Countries to come online 2014/15
Priorities for new partnerships
Major clients and research partners

- Food and Agriculture Organization of the United Nations (FAO)
- European Commission
- International Institute for Applied Systems Analysis (IIASA)
- John Deere
- Bayer
- Federal Ministry of Food and Agriculture (Germany)
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
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World trade of soybean (whether or not broken)

- Brazil exports around 50% of its soybean – 2nd largest exporter
- Brazil and USA account for ca. 80% of the world traded soybeans

(source: ITC, 2015)
World trade of corn

- Brazil is the second largest corn exporter
- Brazilian exporters account for ca. 15% of the world traded corn
Brazilian soybean production (million t)

- Brazil is expected to produce 100 million t of soybean in this season
- The Cerrado region increased its soybean acreage 5-folds in the last 20 years
Cerrado the agricultural powerhouse in Brazil
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Double cropping of soybeans and corn
Double cropping of soybeans and corn

Soybean
Cotton
Livestock integration
Cotton
Soybean

Spraying
Beg. Fev

P.P. Herbicide
Beg. Mar

Harvest
Mid. Jun

Seeding
Beg. Fev

Fertilizer
Mid. Feb

P.P. Fungicide
End. Mar

Transport

Jan/Feb
Jun/Jul

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Double cropping of soybean and corn

Climatic conditions in Sorriso - MT. Source: Climate-data.org (2015)
Double cropping in the South Center region (BR)

- Second season corn already represents 40% of the total corn acreage in BR
- Allows higher utilization of fixed assets, crop rotation, cash flows, etc.
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Soybean yields in t/ha – average 2008-14

- Considerable yield differences among countries
- The BR1300MT yields around 3.3t per ha – comparable to US, CA and AR
• BR has higher direct costs than AR but much lower Land Costs
• US tends to have the highest land costs in a per ton basis
Key cost components in USD/t of soy – av. 2008-14

- AR has relatively low farm-gate prices (ca. USD 100/t)
- Soybean is the cash cow of BR-farms
Soybean and Corn production in Brazil
Balieiro, 2015

Perspectives & Challenges for farmers

Soybean prices CBOT (World Bank, 2015)

- Soybean prices have been falling in the recent years
- Due to the devaluation of currency (R$), farmers facing a “bullish” market
- Short to medium term cash inflow to farmers

Soybean prices Bovespa (CEPEA, 2015)
Great devaluation of R$ in the recent months

As showed, a direct impact in farmers revenues (in R$) but it is expected to increase also in imported inputs costs (e.g. fertilizer, crop protection, etc.)
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Summary

I. *agri benchmark* provides a suitable platform to analyze competitiveness of agricultural products worldwide.

II. Production systems’ knowledge provide us with much better understanding of the actual situation behind the numbers.

III. Brazilian grains industry is competitive but farmers face higher risks from world market prices.

IV. Corn as second crop is a very important alternative to farms and Brazil is able to adjust in the very short-term to changes in the market.
Knowledge is our business

Thank you for your interest in *agri benchmark*.

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- Member of *agri benchmark* Cash Crop team -

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