

Brazil and the United States



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Agricultural &
Consumer Economics

COLLEGE OF AGRICULTURAL, CONSUMER
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farmdocDAILY

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Topics

1. Brazil Overview
2. Soybean Production
3. Corn Production
4. Production Growth Forecast
5. Survey in the US and Brazil
6. Questions



Overview



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Agricultural Powerhouse

- Brazil is the 2nd largest agricultural exporter in the world.
- It is the largest exporter of coffee, orange juice, sugar, soybeans, beef, and chicken.



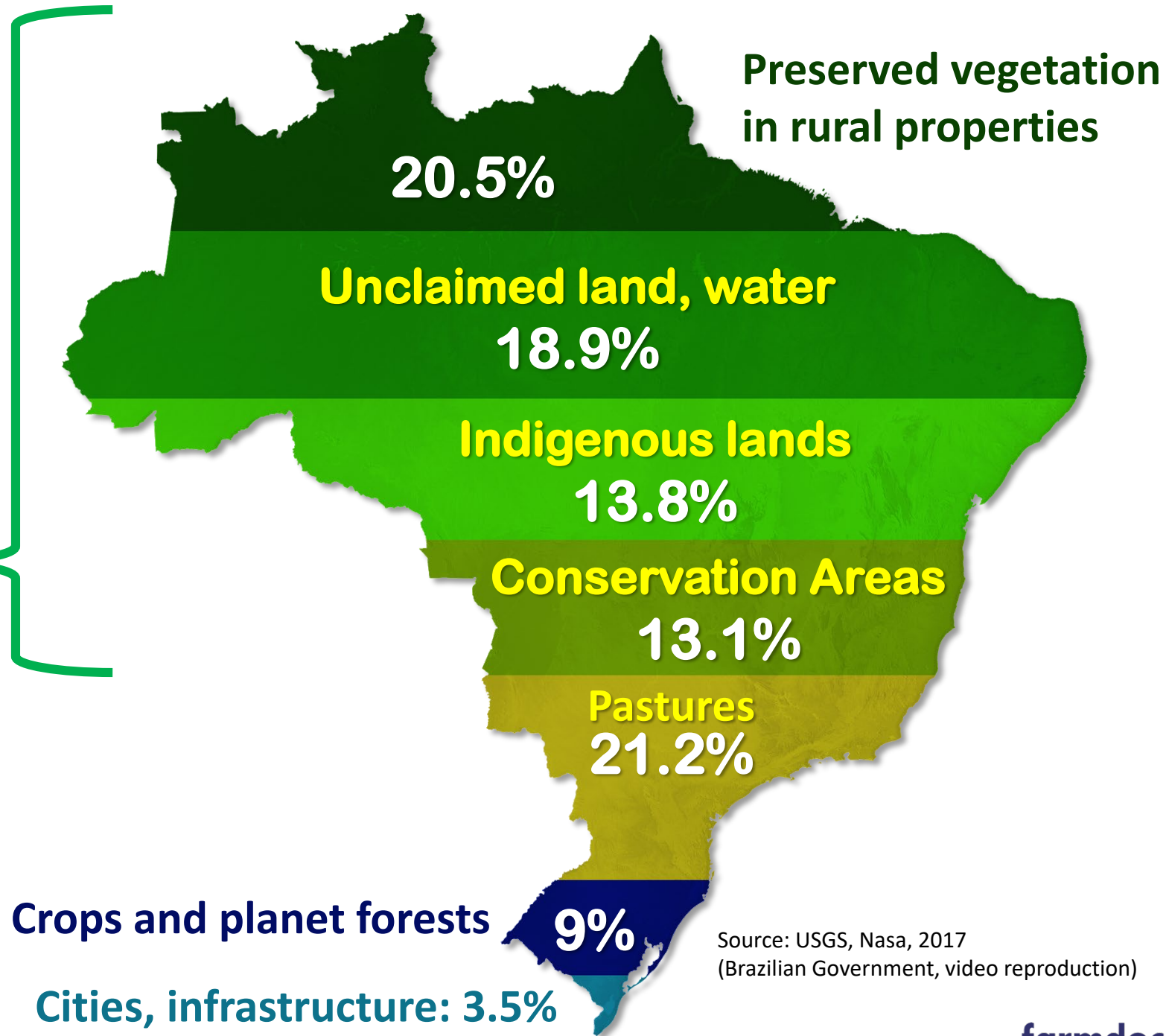
Land Availability

Brazil has the largest agricultural area **capable of expansion** of any country and already is among the largest producer of products



Land use and occupation

66%
of it's
Native Vegetation



Source: USGS, Nasa, 2017
(Brazilian Government, video reproduction)

868 MILLION ACRES

Total rural area in Brazil.

*(About the equivalent
of two Alaskas)*

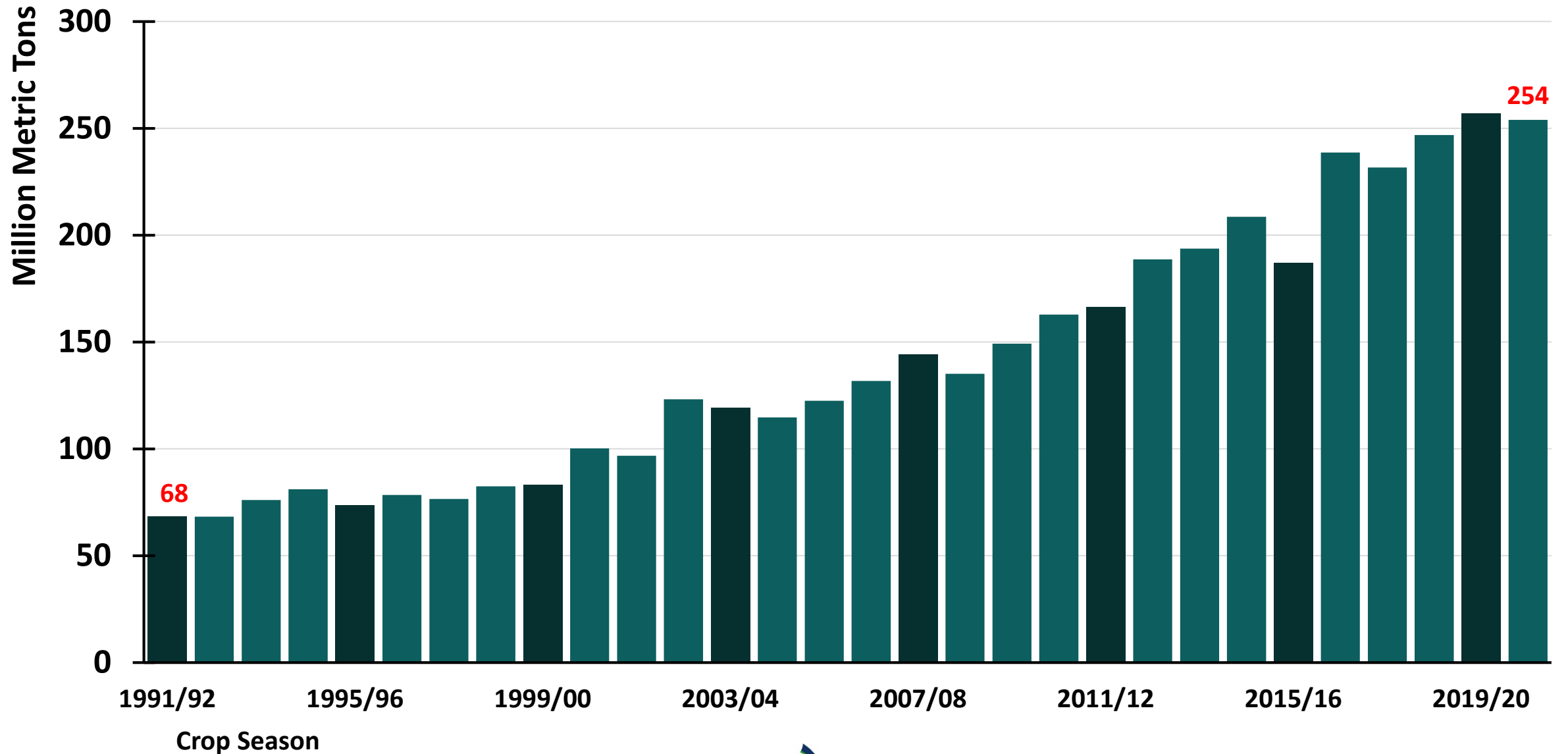
Only 7.5%
are currently
in crop production.



Brazil is about
six times larger
than Alaska.



Grain Production in Brazil



Brazilian Expansion in Agriculture

Will plant of up to 3 crops in on the same area in the same year, the grain production expanded by **344% in 30 years.**

The average yields grew **155%** and the planted area increased **58%.**



Soybean Production



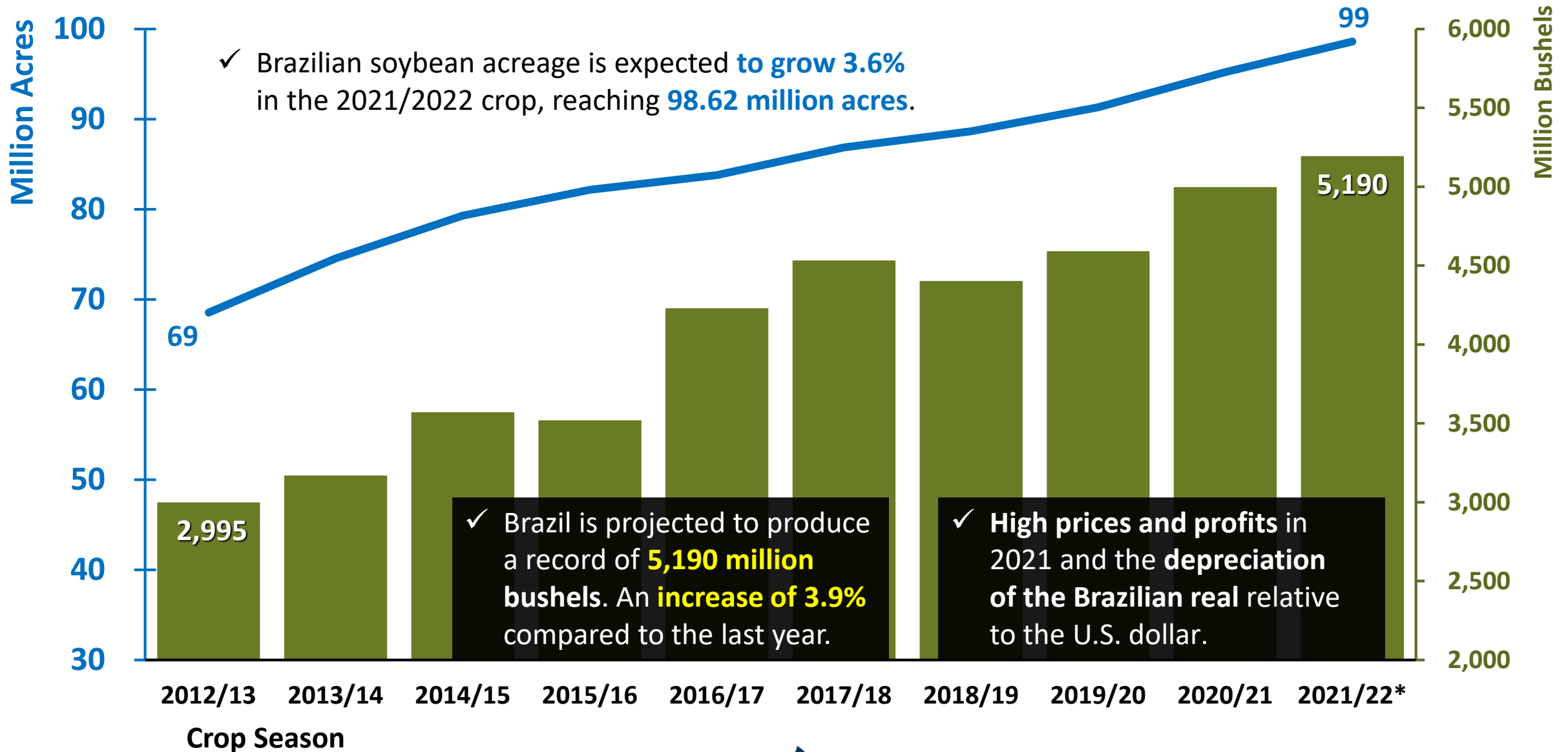
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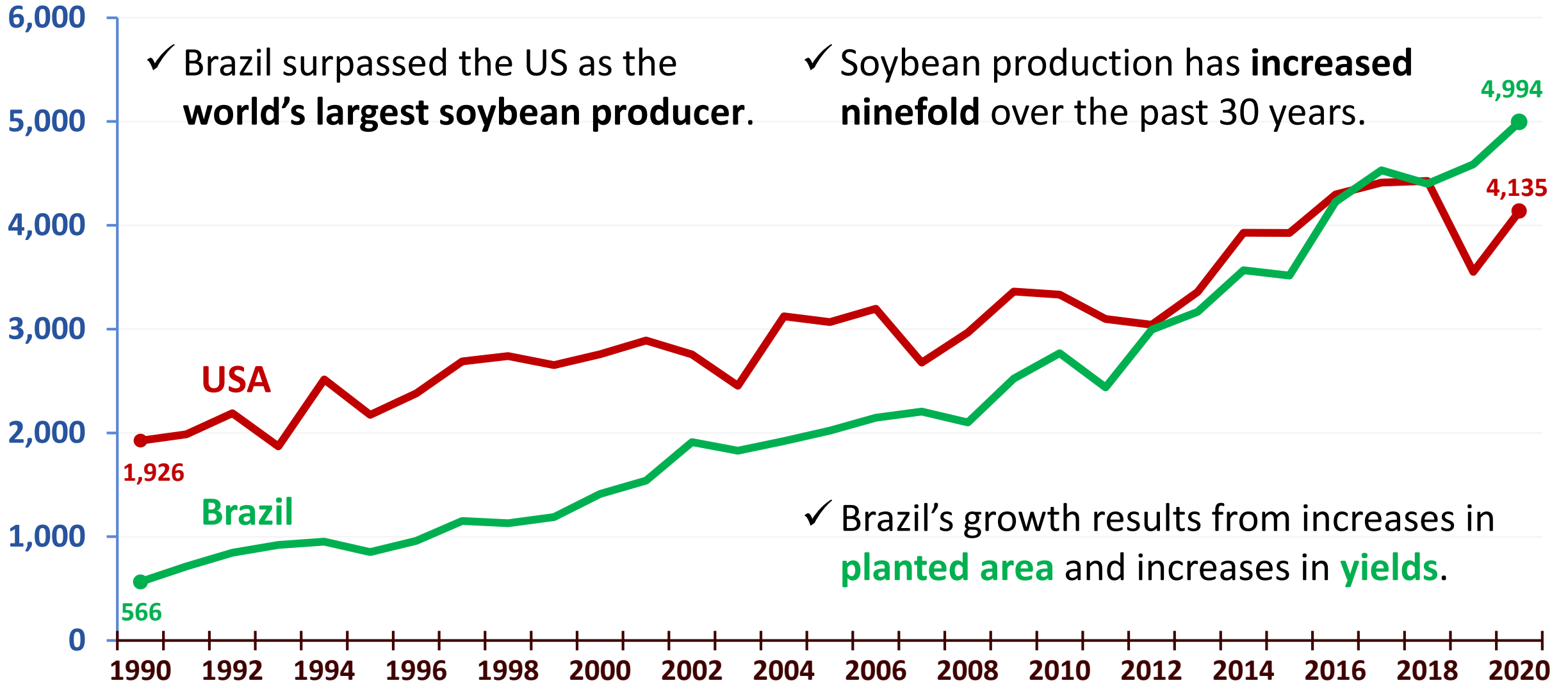
Soybean Acreage and Production



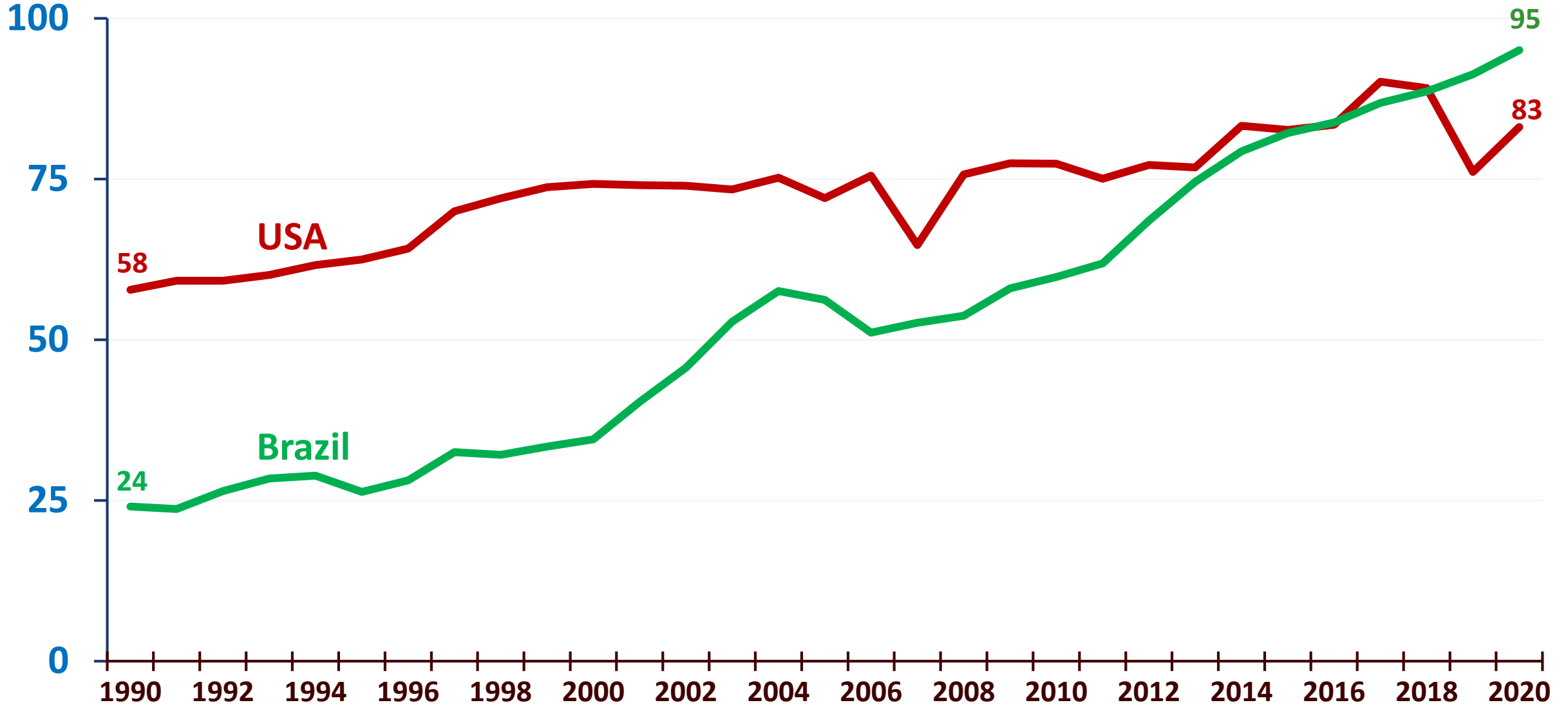
Soybean market in Brazil

- ✓ **Three factors impact price:** international prices, port premium, and the exchange rate
- ✓ These factors are expected to remain high in 2022 driven by the low percentage of **world stock/consumption ratio** and increase of **domestic consumption**.
- ✓ Brazil is expected to increase both **exports** (Chinese demand) and **crush** (biodiesel and meat industry).

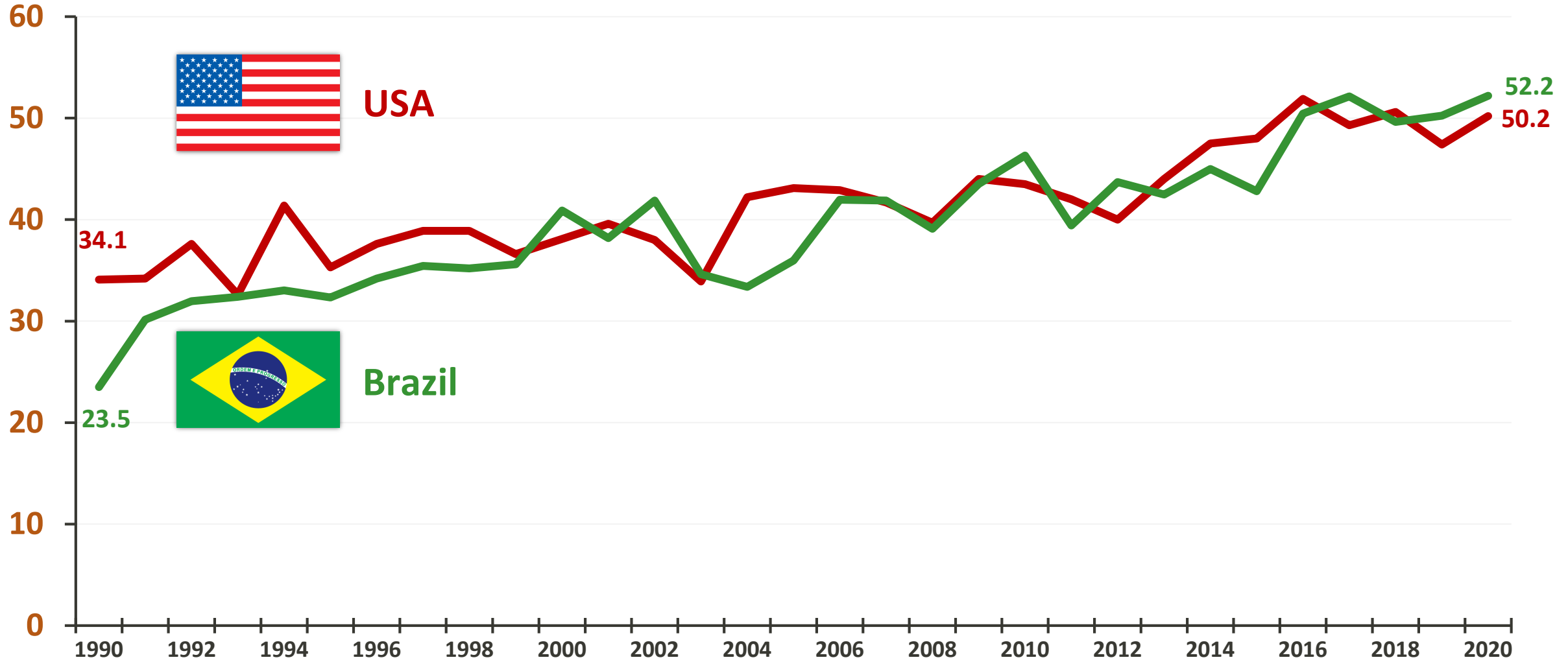
Soybean Production in Million Bushels



Soybean Acres Planted in Million Acres



Soybean Yields in Bushels per Acre



Migration of Soybean Planted Area

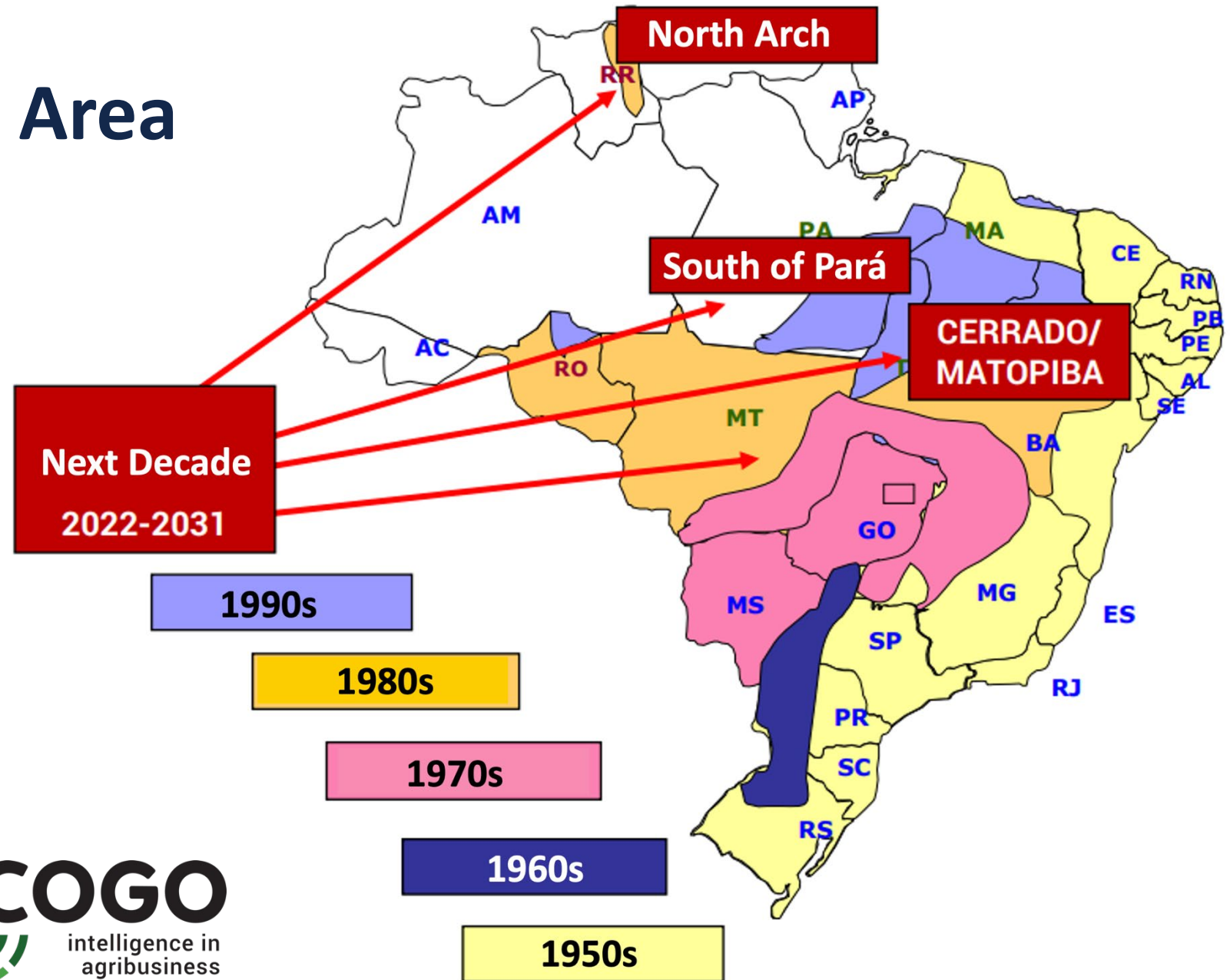
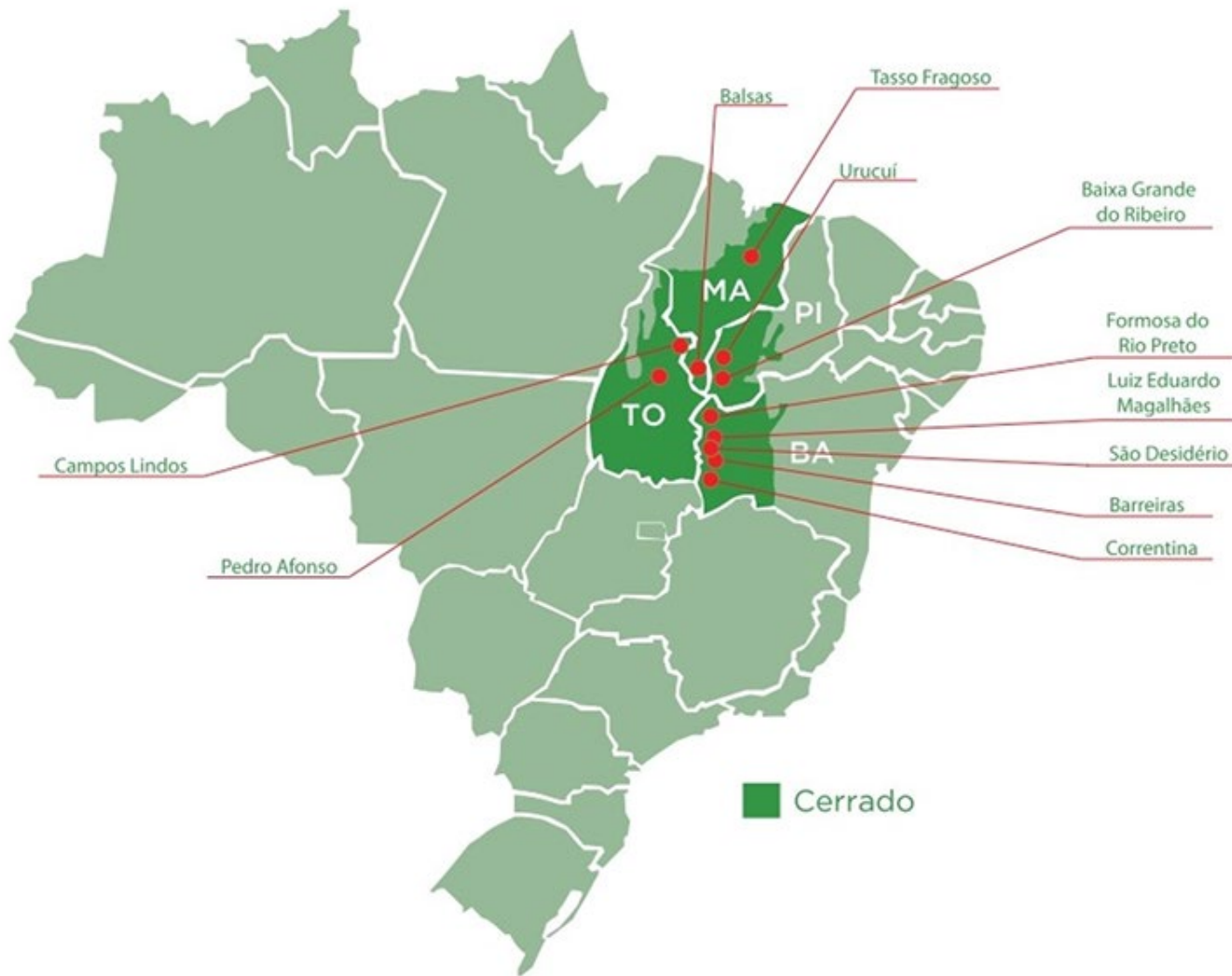


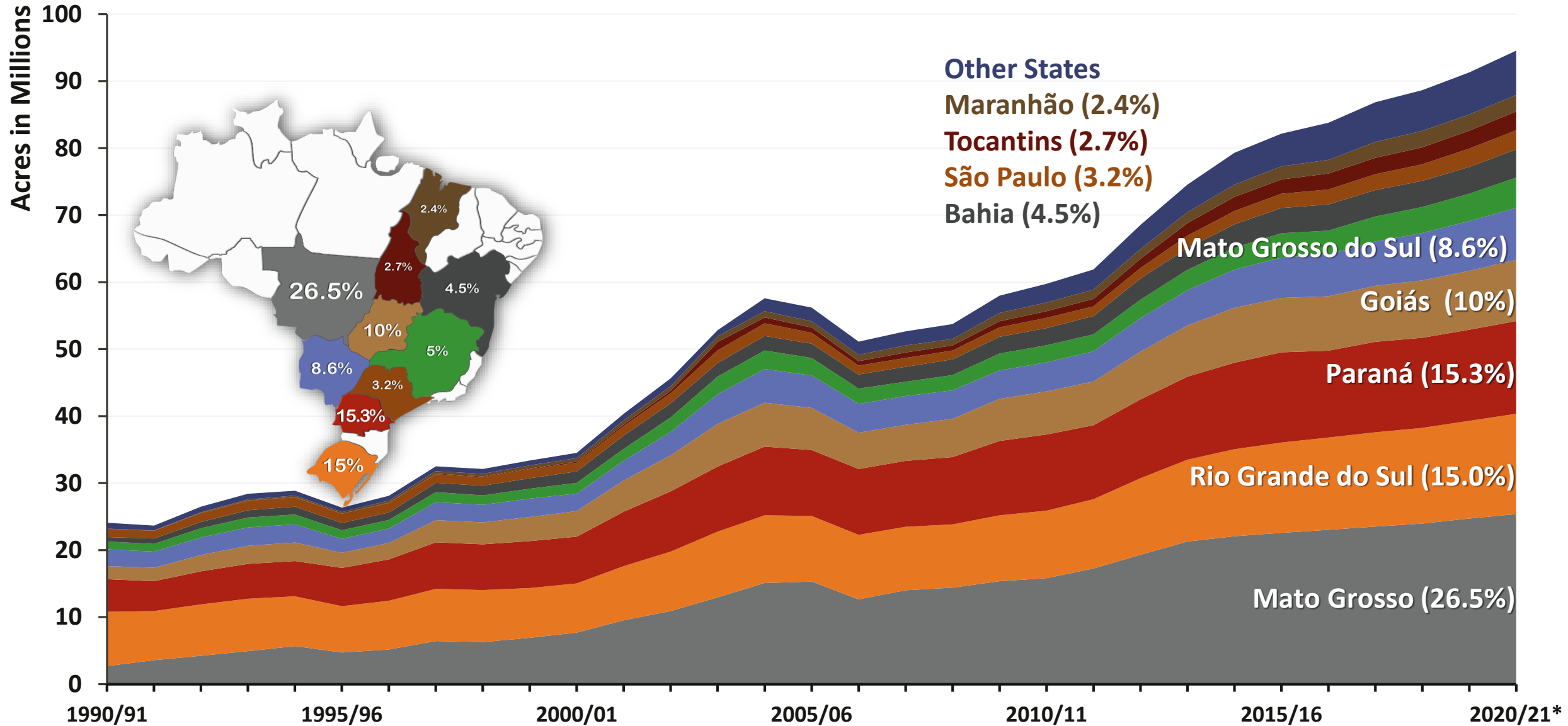
Figure 2. Location of the Matopiba Region



Source: MAPA (2020)

- ✓ The Matopiba is called of the **last agricultural frontier**
- ✓ Composed of Brazilian state of **Tocantins** and parts of the states of **Maranhão, Piauí and Bahia**.
- ✓ In 2020/2021, the soybean production in this region reached **12% of the total harvest** in the country.
- ✓ The expansion of soybeans to Matopiba occurred mainly due to the **low cost of land**, compared to the Midwest and the South of Brazil.

Figure 4: Acres of Soybeans Planted for Top 10 States



*Forecasted number in March

Corn Production



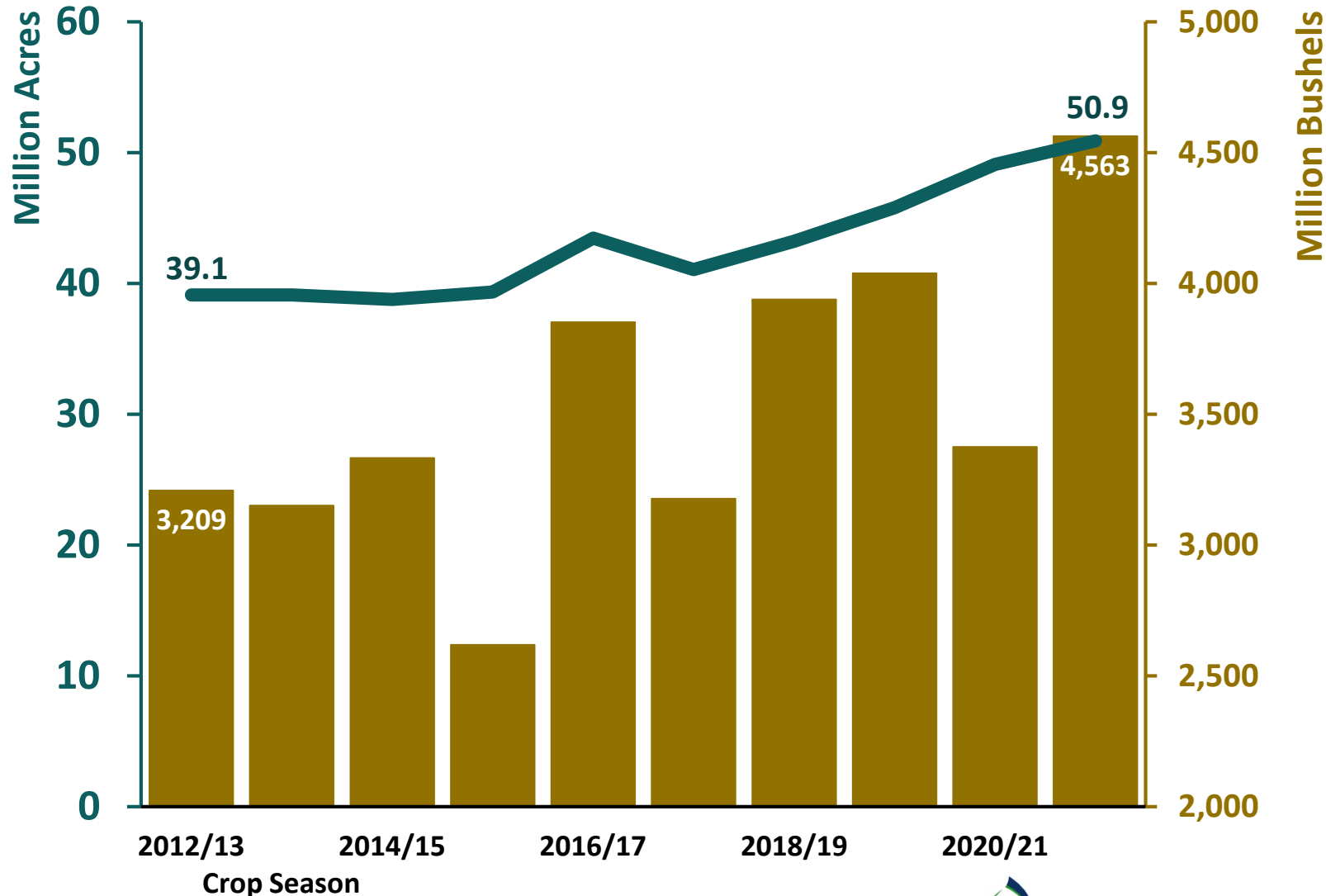
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Corn Acreage and Production



- ✓ The 2021-2022 corn crop in Brazil is expected to increase by 3%, reaching **50.9 million acres**.
- ✓ **High prices and lower corn supplies** in Brazil this year because of weather problems are the main factors.
- ✓ Drought reduced safrinha production **by 20%**.
- ✓ As a result, corn production is expected to increase **33.8%** in the next harvest, producing a record **4,563 million bushels**.

Corn market in Brazil

- ✓ The motivation comes from this year's **attractive prices**.
- ✓ The cash price has risen more than **100% in 12 months**.
- ✓ Domestic grain demand is expected to remain high in 2022 because of the need for **animal feed and for ethanol**.
- ✓ Brazil needs corn to supply **chicken and pork industry** that exported products to Asia and the Middle East.

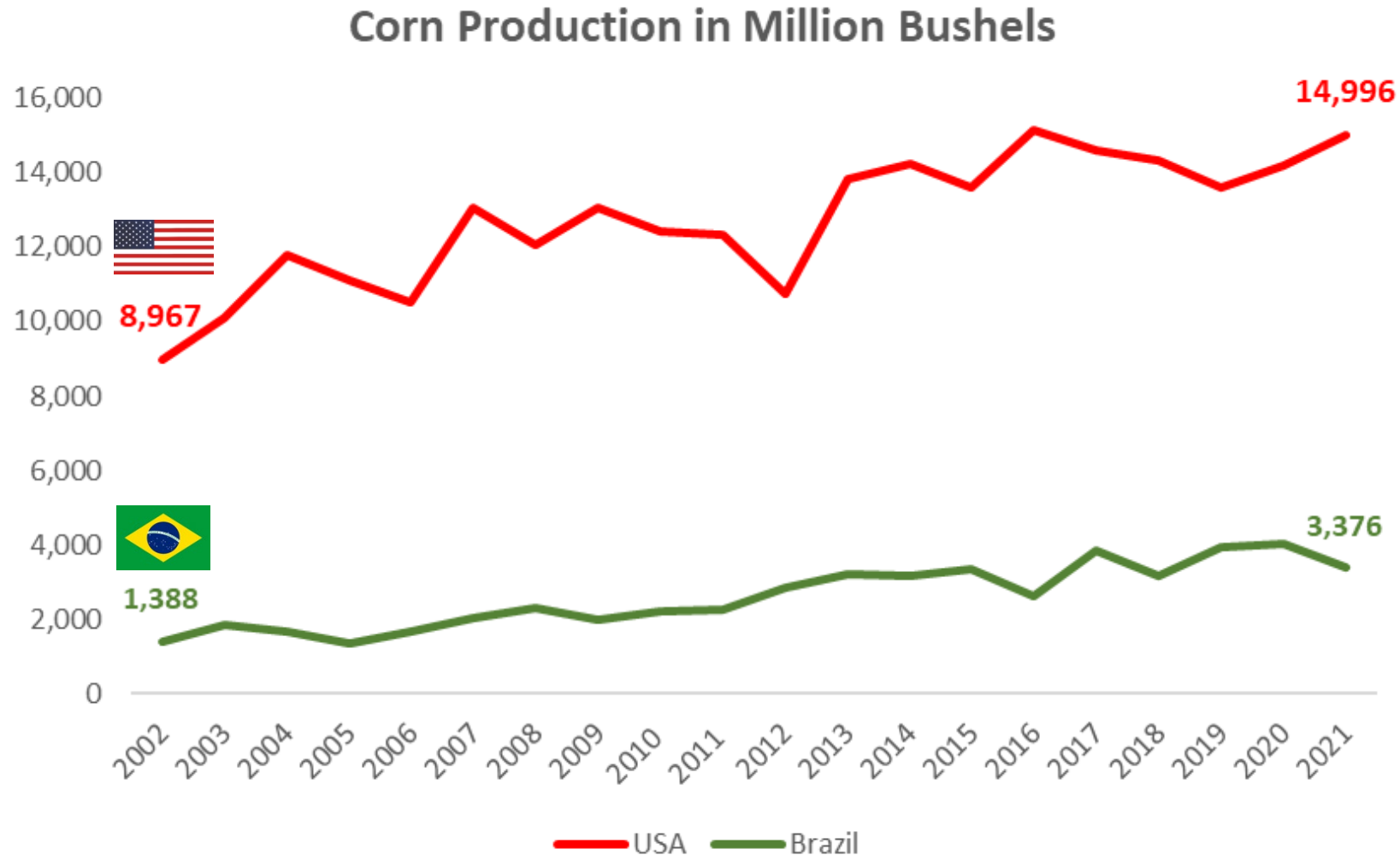
Extraordinary Increase of the Safrinha



- ✓ Over the past 20 years, second-crop corn (safrinha) production has risen **thirteenfold**.
- ✓ The safrinha crop accounts for **71.7% of total corn planted area**, followed by first crop (26.7%) and third crop (1.6%).
- ✓ In recent years, a **third crop corn** season started to emerge in the north and northeast.

Source:  Conab

Corn production in Brazil and the US



Source: USDA and Conab

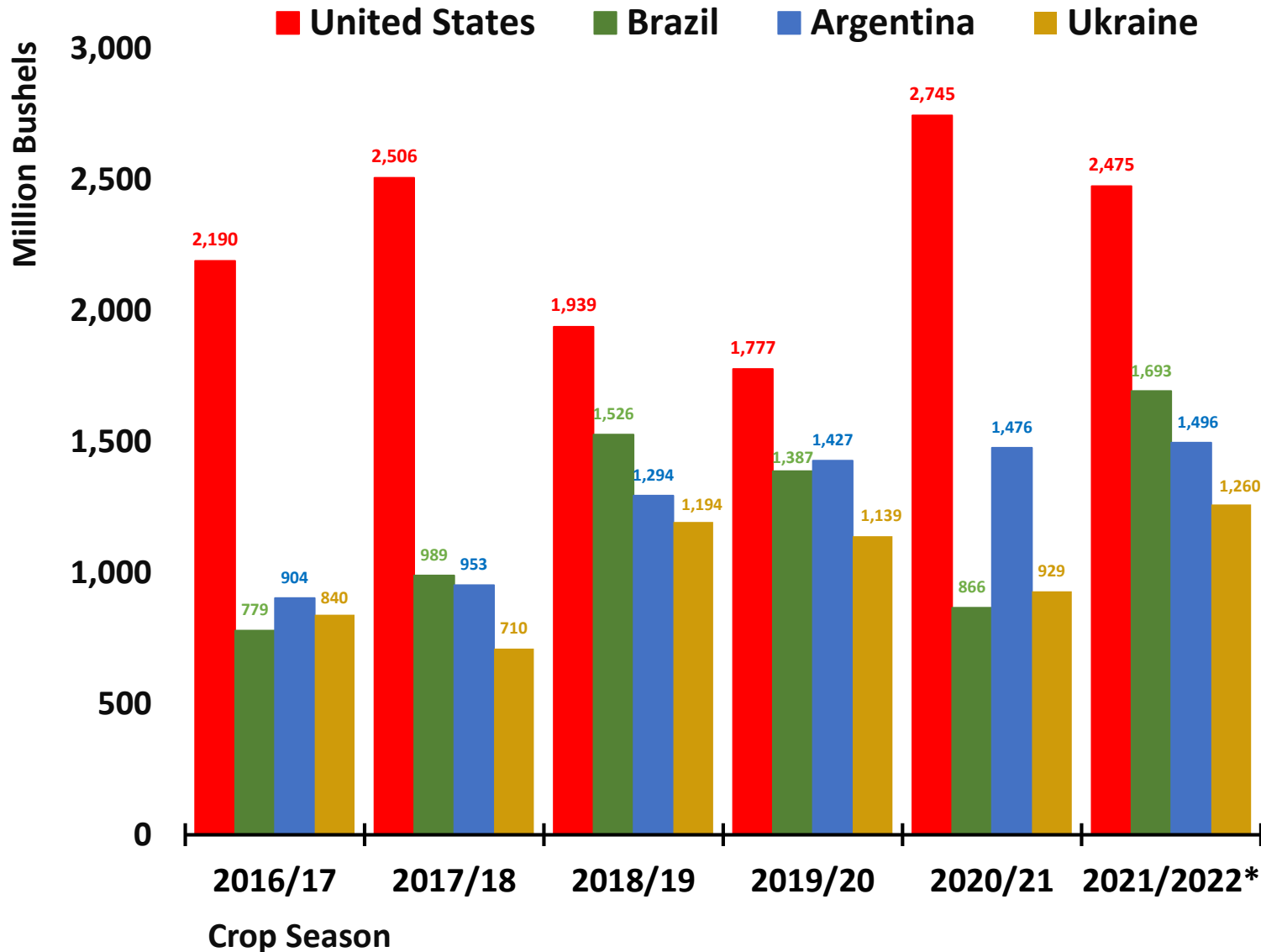
✓ The corn production in Brazil increased **143% in 20 years.**

✓ In the USA, the corn production grew **67% in two decades.**

Growth factors

- Land availability,
- Favorable climate with a long growing season that enables multiple harvests per year,
- Technological advances in soil management and improvements in hybrid corn varieties, and
- Rising global demand and higher international prices.

World Corn Trade



- ✓ Brazil has emerged as the largest U.S. competitor in the **global corn market**.
- ✓ Brazil's share of world corn trade increased from **7.5%** percent in 2010/11 to **22%** percent in 2020/21.
- ✓ Brazil is expected to be the **world's second largest corn exporter** over the next 10 years (USDA projection).

Could U.S. corn exports be affected in the longer term by the emergence of Brazil as a major corn producer?

Yes

No

I do not know

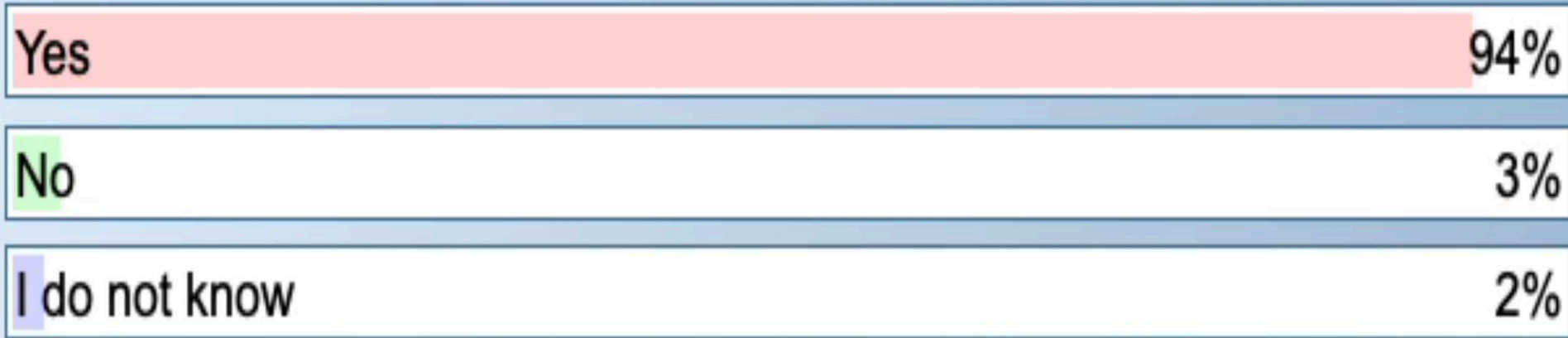
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Could U.S. corn exports be affected in the longer term by the emergence of Brazil as a major corn producer?



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Growth Forecast

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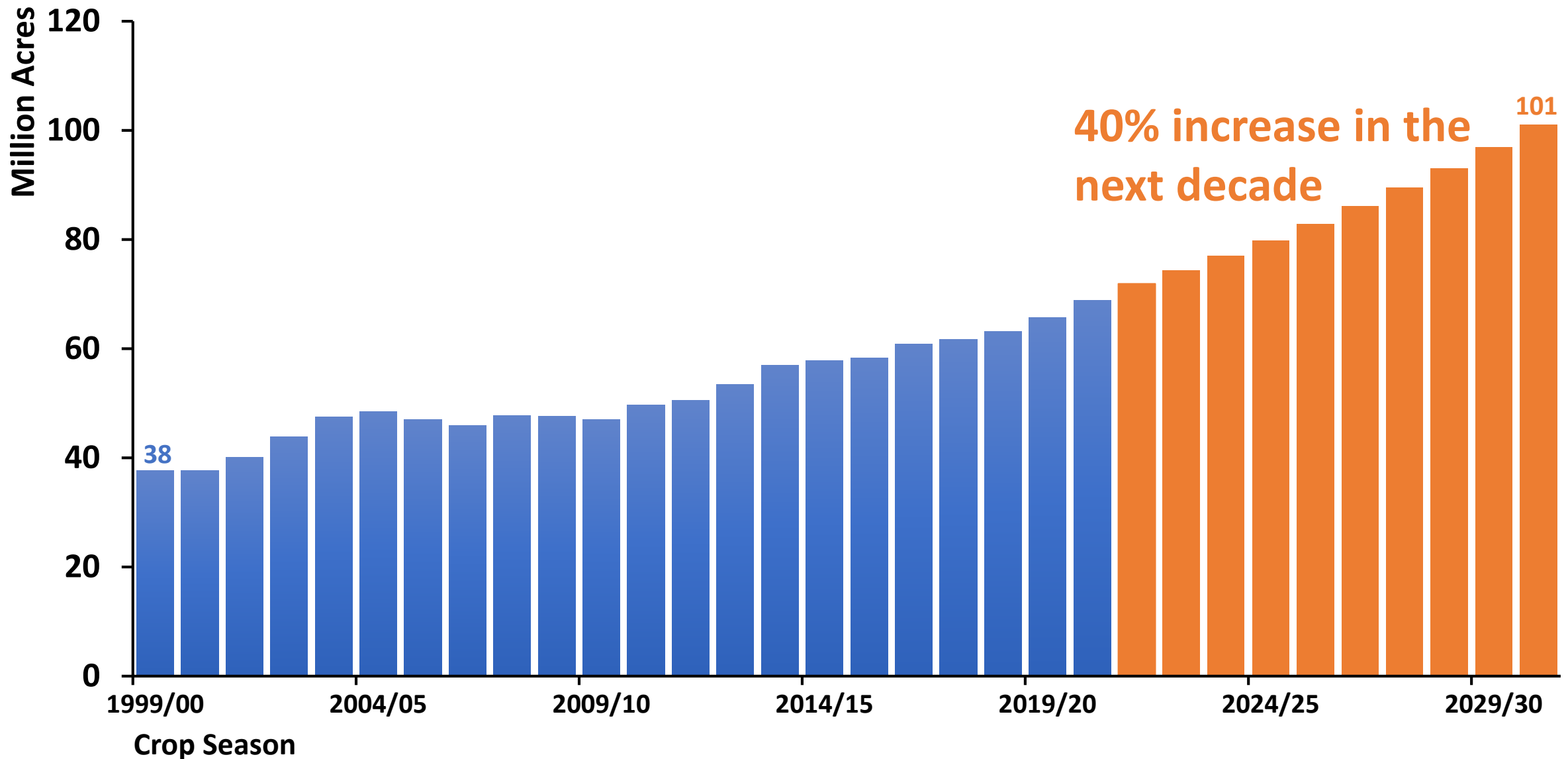


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Image: Diogo Zanatta

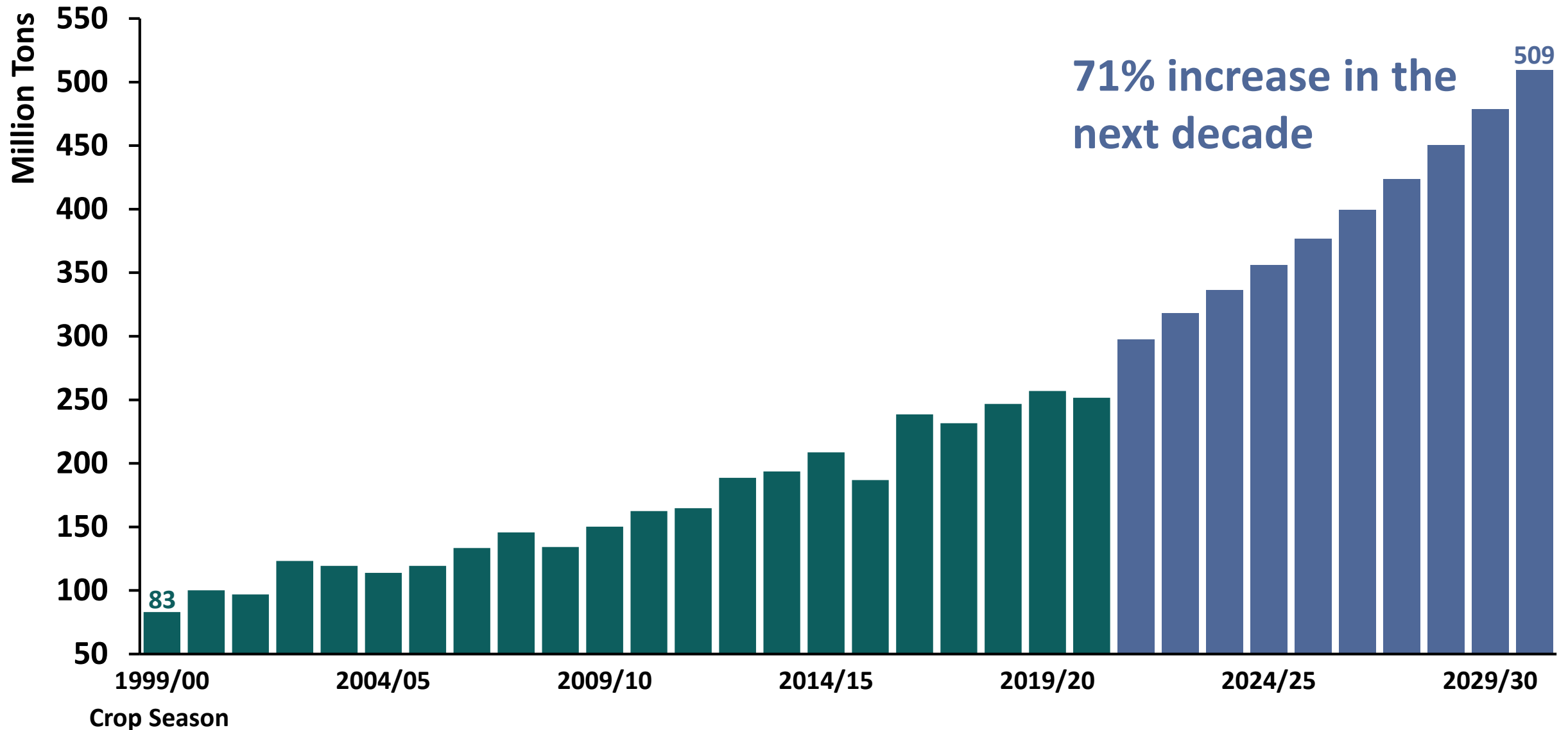
Brazilian grain acreage projection – 2030/31



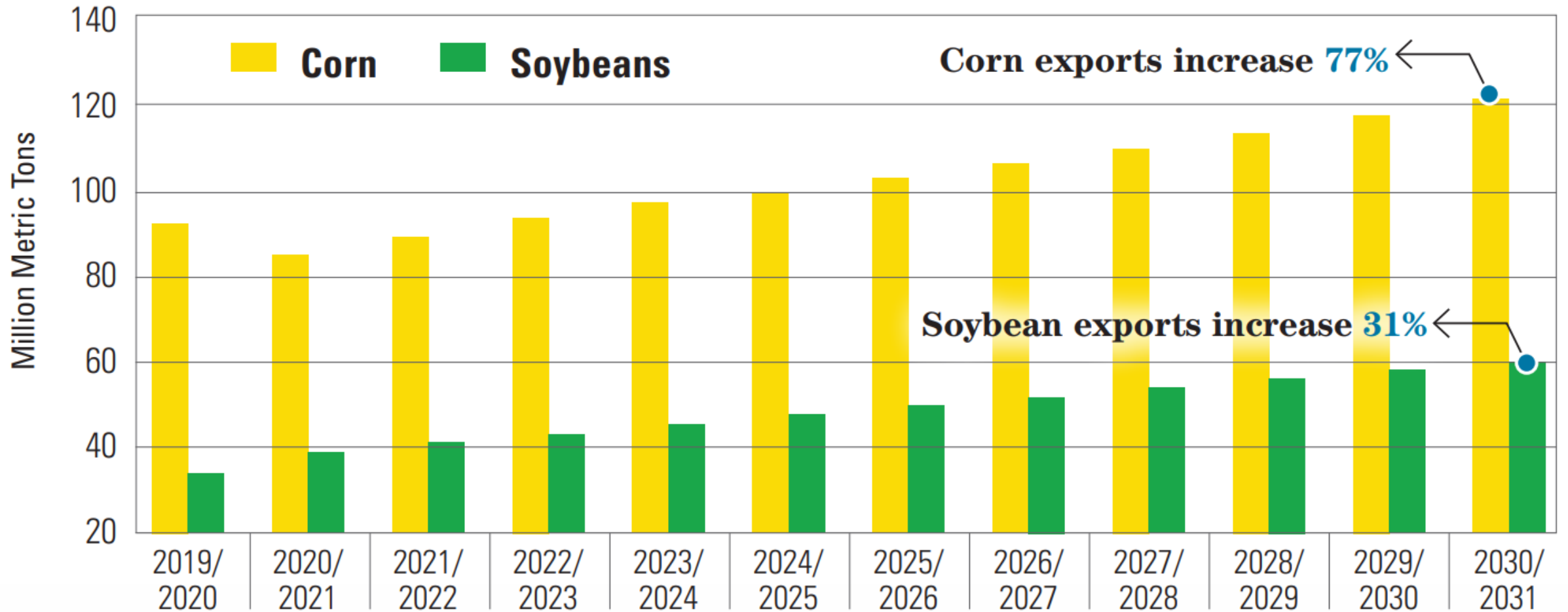
40% increase in the next decade

101

Brazilian grain production projection – 2030/31



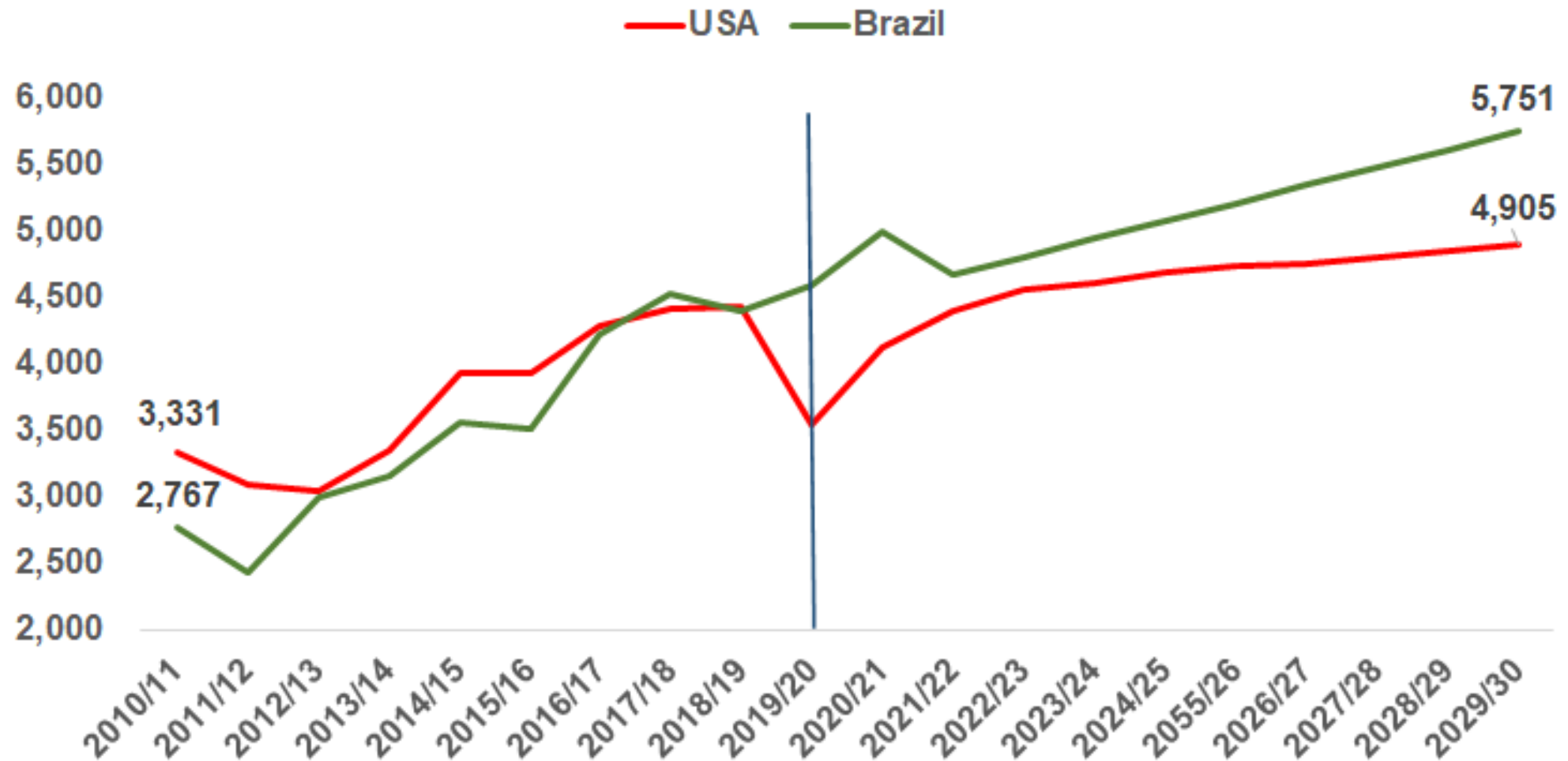
FORECAST FOR BRAZIL EXPORTS



Source: Top Producer with USDA data

Brazil Likely to Remain World Leader in Soybean

Figure 1. Soybean Production in Million Bushels



Source: USDA and MAPA

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The expansion of the area planted in soybeans in Brazil over the next decade is projected to occur as:

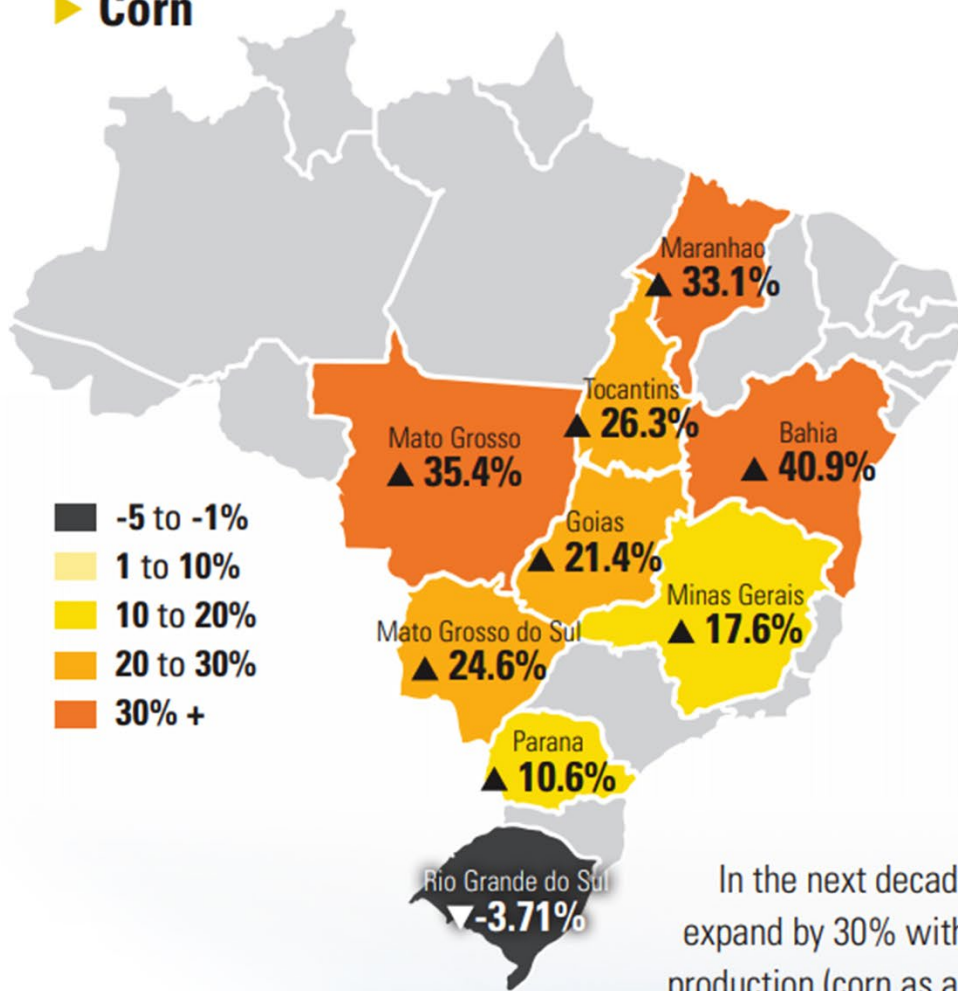


- **Underutilized pasturelands** are converted to soybeans,
- Soybeans are planted in **new agricultural frontiers**,
- Soybeans will **replace other crops** in current agricultural areas, and
- **The increased use of irrigation** will open areas for soybean production.

PERCENT GROWTH IN PRODUCTION BY STATE

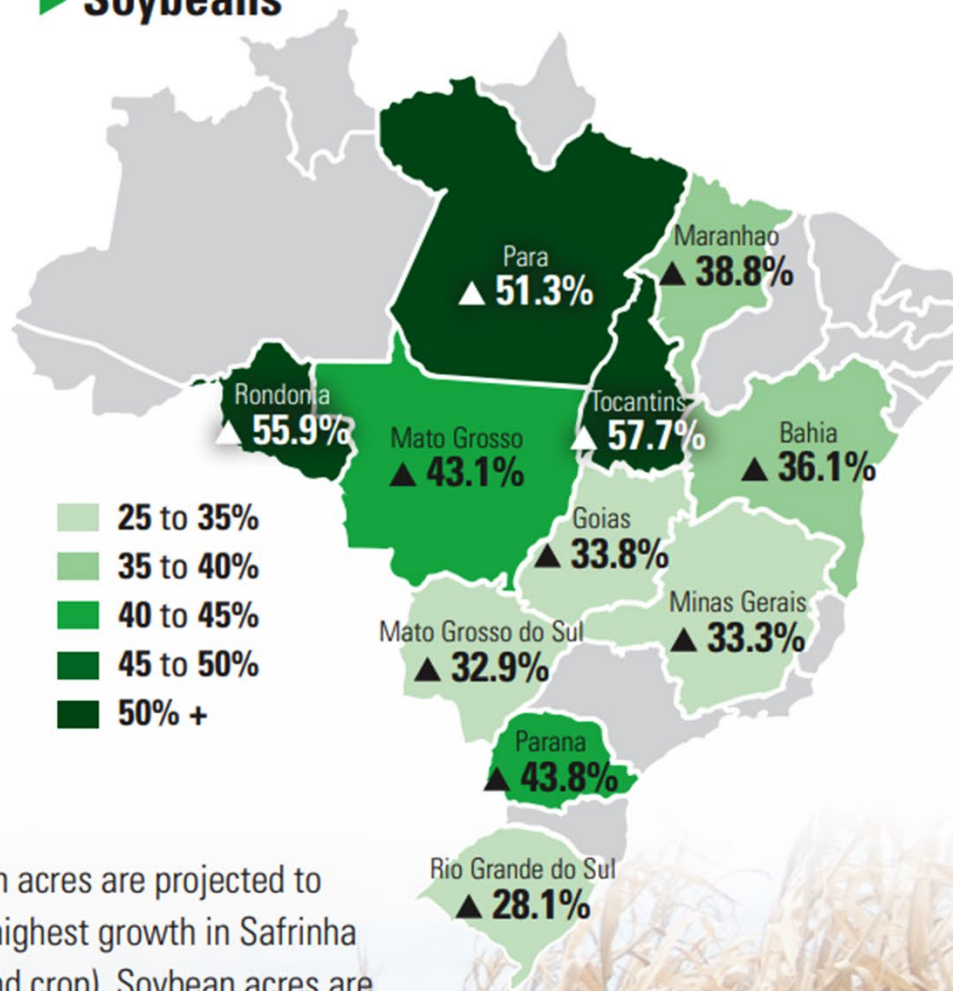
2018/2019 to 2028/2029

► Corn



- -5 to -1%
- 1 to 10%
- 10 to 20%
- 20 to 30%
- 30% +

► Soybeans



- 25 to 35%
- 35 to 40%
- 40 to 45%
- 45 to 50%
- 50% +

In the next decade, corn acres are projected to expand by 30% with the highest growth in Safrinha production (corn as a second crop). Soybean acres are projected to increase by 109% through the conversion of degraded pastureland and clearing of new land.

Source: Top Producer/USDA data

What is the potential of the current soybean area in Brazil to incorporate corn as a second crop?

- Up to 20%
- Up to 40%
- Up to 60%
- More than 60%

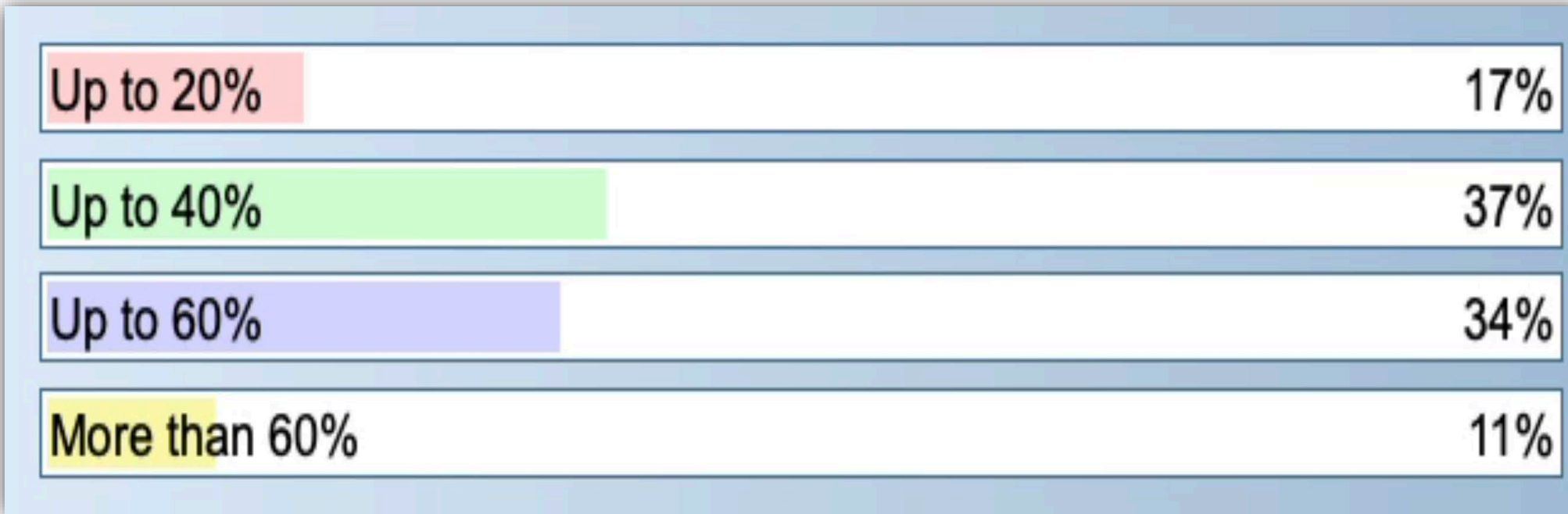
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What is the potential of the current soybean area in Brazil to incorporate corn as a second crop?



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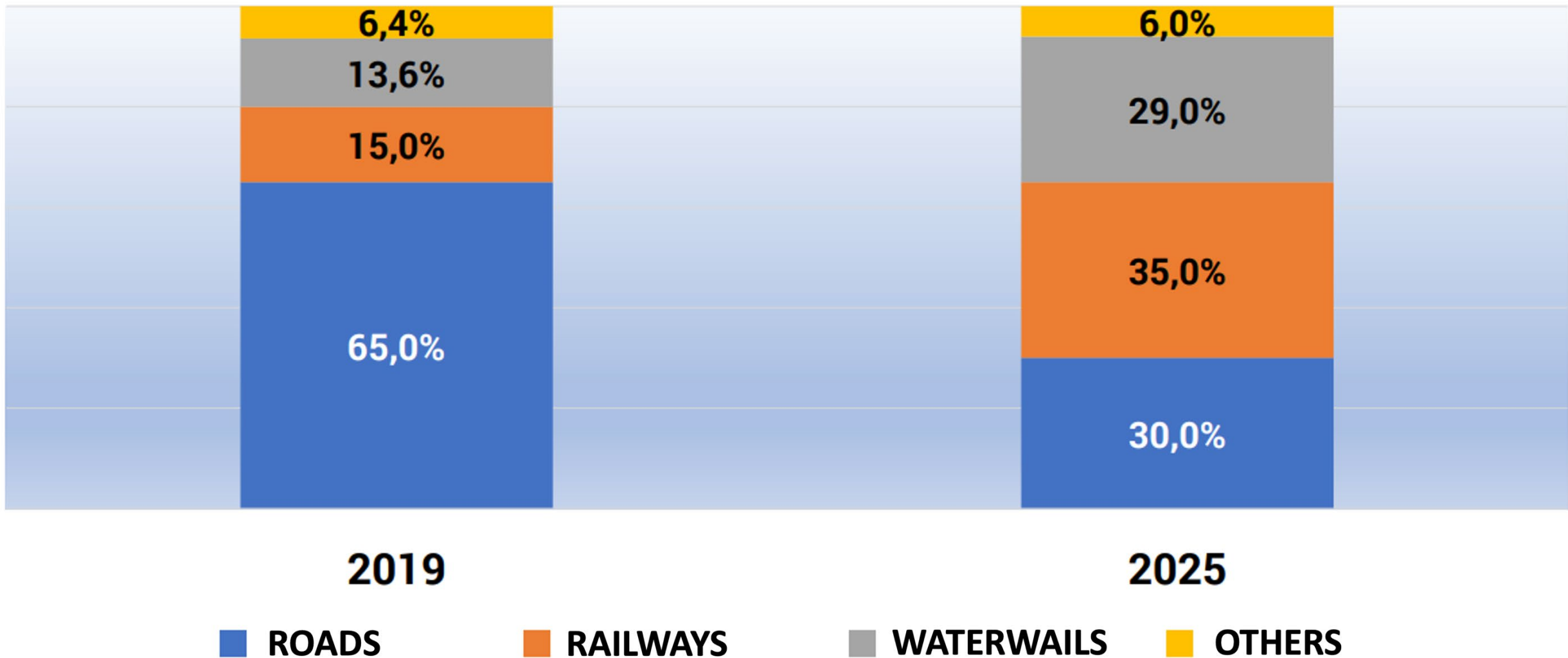


Barriers to growth

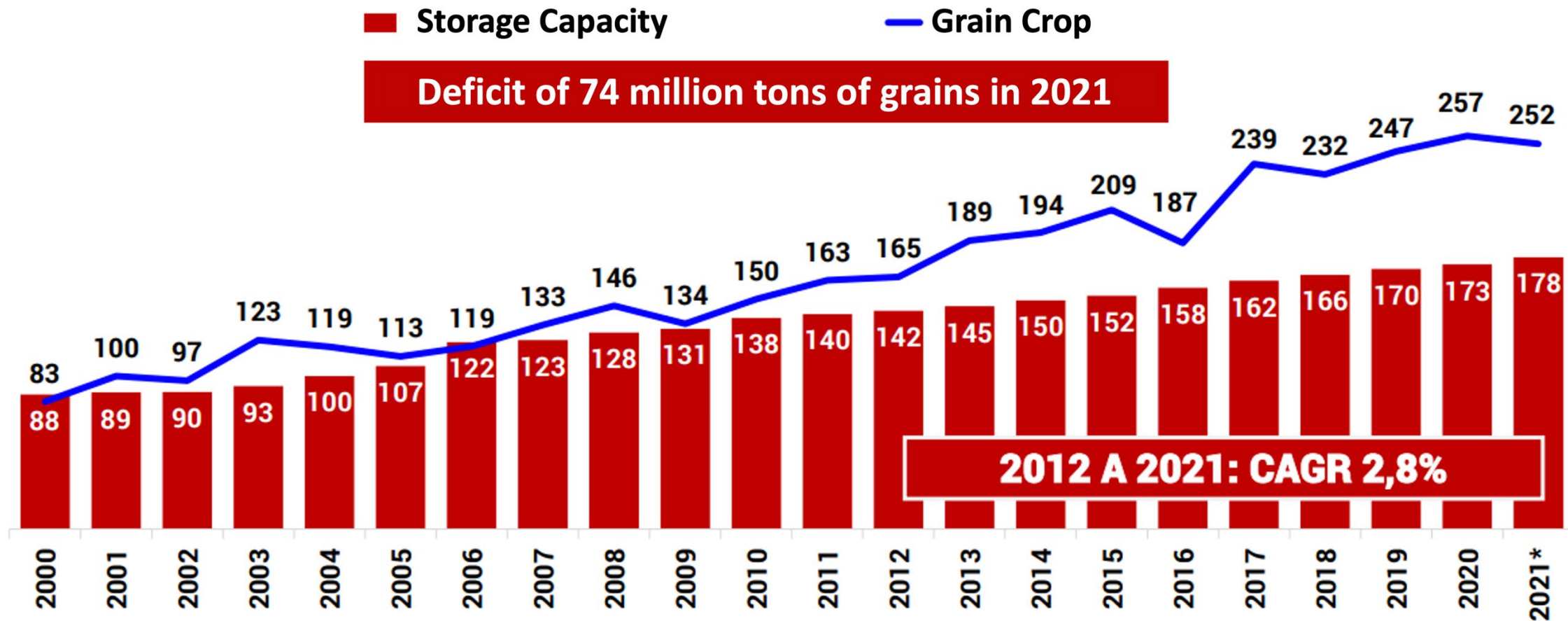
- Dependence on road transport by trucks
- On-farm storage deficit
- Low investments in irrigation



Cargo transportation in Brazil

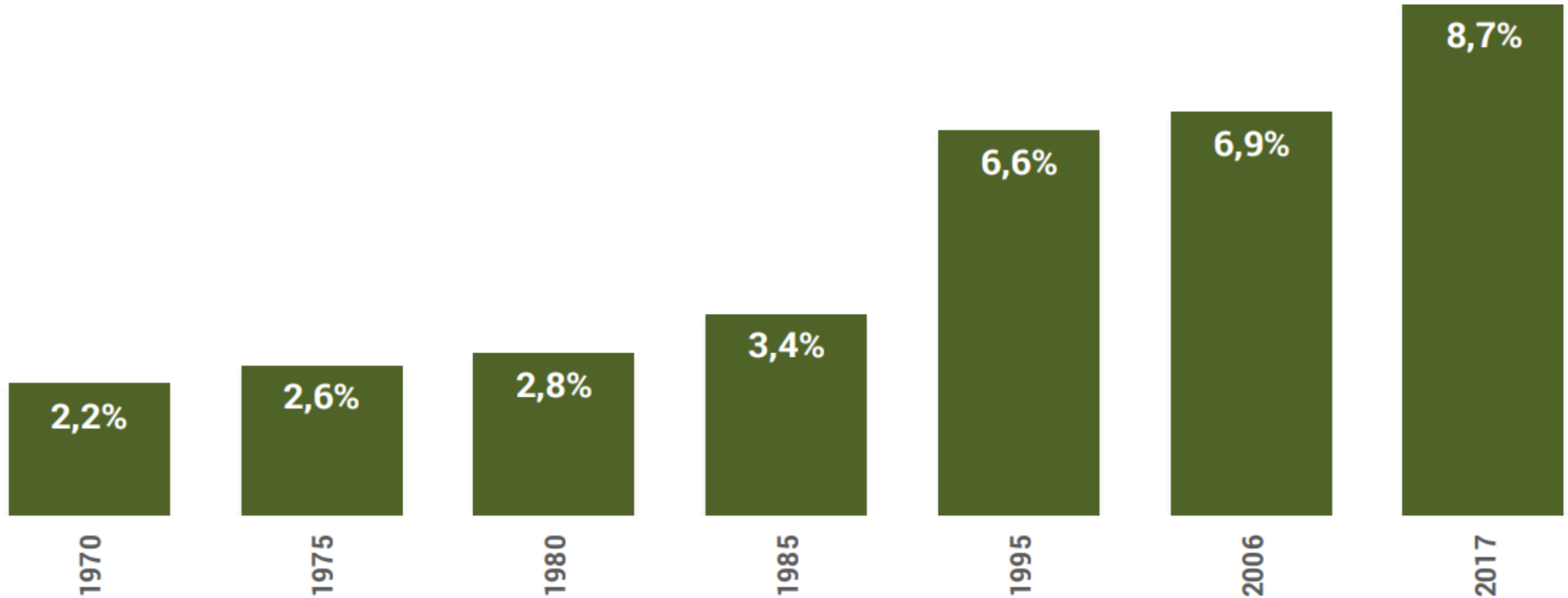


Grain Crop x Static Storage Capacity (MMT)



*2021: PROJEÇÕES COGO INTELIGÊNCIA EM AGRONEGÓCIO

Irrigated Area x Total Planted Area in Brazil (%)



HOW COMMUNICATION AFFECTS THE ADOPTION OF TECHNOLOGIES IN SOYBEAN PRODUCTION

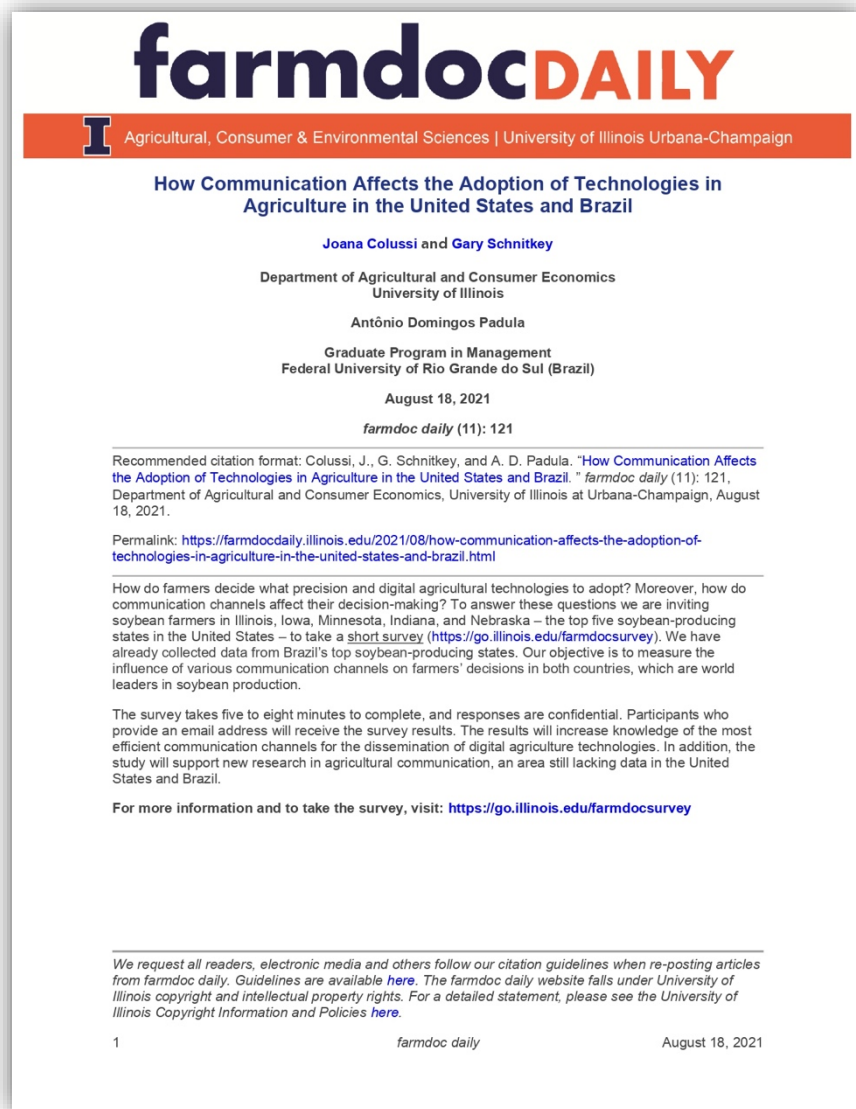
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the online survey



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How Communication Affects the Adoption of Technologies in Agriculture in the United States and Brazil

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August 18, 2021

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Permalink: <https://farmdocdaily.illinois.edu/2021/08/how-communication-affects-the-adoption-of-technologies-in-agriculture-in-the-united-states-and-brazil.html>

How do farmers decide what precision and digital agricultural technologies to adopt? Moreover, how do communication channels affect their decision-making? To answer these questions we are inviting soybean farmers in Illinois, Iowa, Minnesota, Indiana, and Nebraska – the top five soybean-producing states in the United States – to take a short survey (<https://go.illinois.edu/farmdocsurvey>). We have already collected data from Brazil's top soybean-producing states. Our objective is to measure the influence of various communication channels on farmers' decisions in both countries, which are world leaders in soybean production.

The survey takes five to eight minutes to complete, and responses are confidential. Participants who provide an email address will receive the survey results. The results will increase knowledge of the most efficient communication channels for the dissemination of digital agriculture technologies. In addition, the study will support new research in agricultural communication, an area still lacking data in the United States and Brazil.

For more information and to take the survey, visit: <https://go.illinois.edu/farmdocsurvey>

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1 *farmdoc daily* August 18, 2021

- We already collected data in Brazil with almost **500 respondents** in the top five soybean-producing states.
- Now, we are inviting soybean farmers in **Illinois, Iowa, Minnesota, Indiana, and Nebraska** to complete a short survey.
- It takes only **five minutes** and responses are completely confidential.
- You can look for more information about the study in this article published on **Farmdoc Daily in August**.

**Scan here to take this
5 minutes online survey**



You can also access the online survey by visiting the link:

<https://go.illinois.edu/farmdocsurvey>

Are you planning on taking the farmdoc survey?

- Already took it
- Yes
- Yes, please email link and information
- No
- Sorry but I am not a soybean farmer

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Upcoming Webinars

Managing Weeds in Variable Weather: Insights from Data Mining

11:00 to noon CT, Thursday September 30th

by Marty Williams and Aaron Hager

Global climate change is creating challenges for agriculture today and will continue in the future. During the past 50 years in the US Cornbelt, average air temperatures have risen and rainfall has become more variable, including an increase in the total number of extreme rainfall events. These trends are expected to continue. Weather and weeds are two stressors that can act simultaneously to affect crop performance, yet their comprehensive study in tandem is limited. The webinar will discuss the most important relationships among weed control and weather variability on corn yield loss due to weeds.

Is the MRTN Nitrogen Rate for Corn High Enough?

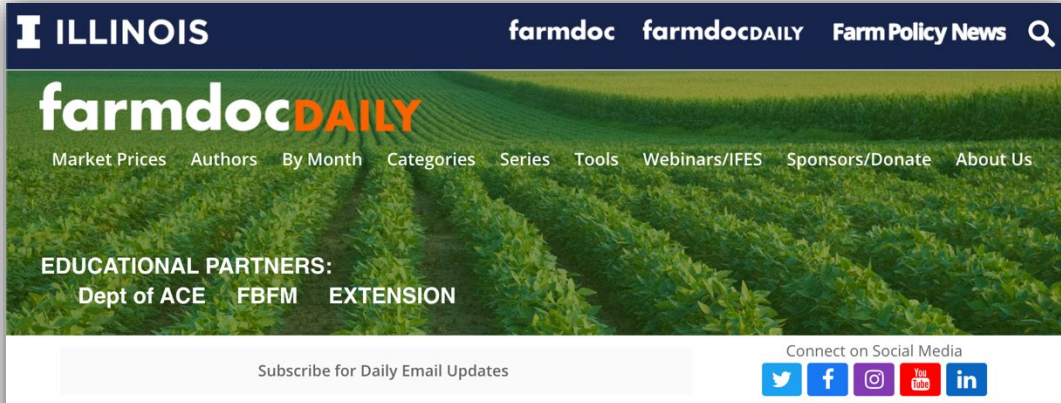
11:00 to noon CT, Thursday October 7th

by Emerson Nafziger and Dan Schaefer

The Maximum Return to Nitrogen (MRTN) is a recommended N rate based on recent N response trials, and is often lower than rates based on expected yields. We'll discuss how much risk this brings, and will introduce a way for producers to check MRTN performance in the field.

Thank You for joining us!

Please submit your questions

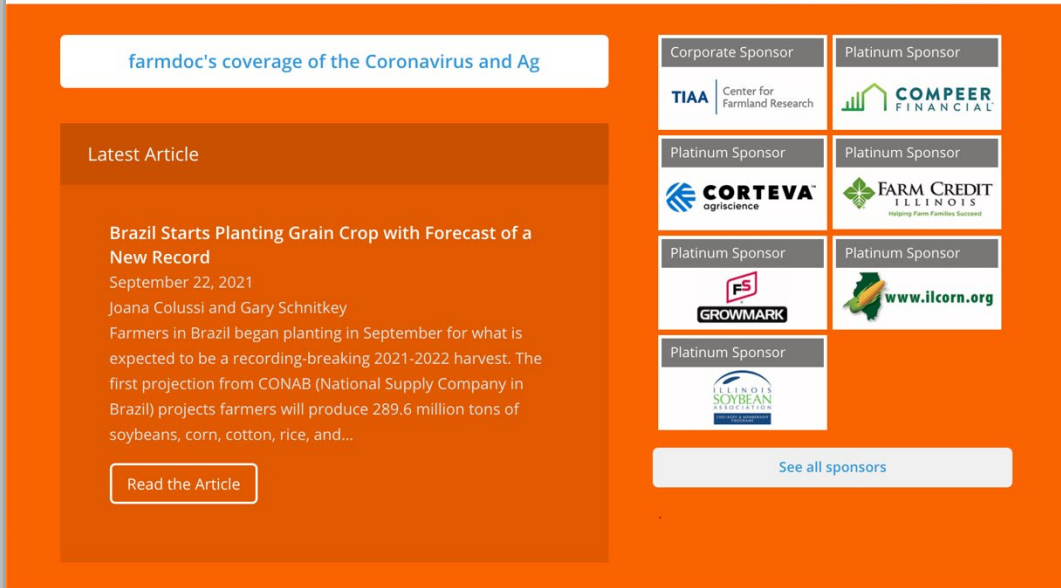


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