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Brazil Expected to Expand Soybean Acreage and Reduce Corn Acreage

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Farmers in Brazil are expected to plant more soybeans and less corn in the 2023-2024 crop season, according to the National Supply Company (Conab), the country's food supply and statistics agency. The reason? Producers find corn prices unattractive relative to soybeans. In addition, the El Niño weather pattern has adversely affected the outlook for corn in Brazil. This article focuses on the first official government estimates for soybean and corn acreage, production in the new crop season, and planting rate to date. In addition, we discuss the latest balance sheets on supply and demand estimates for corn and soybeans that bear watching.

El Niño Weather Pattern Could Affect Yields

Three consecutive growing seasons under La Niña influence generated severe droughts for Argentina and Brazilian southern states (see *farmdoc daily*, [March 31, 2023](#)). However, this crop season will be very different. El Niño has developed in the tropical Pacific Ocean, and its weather pattern is already affecting Brazil's grain outlook. In Rio Grande do Sul, Brazil's southernmost state, heavy rains have considerably delayed the first corn planting in September.

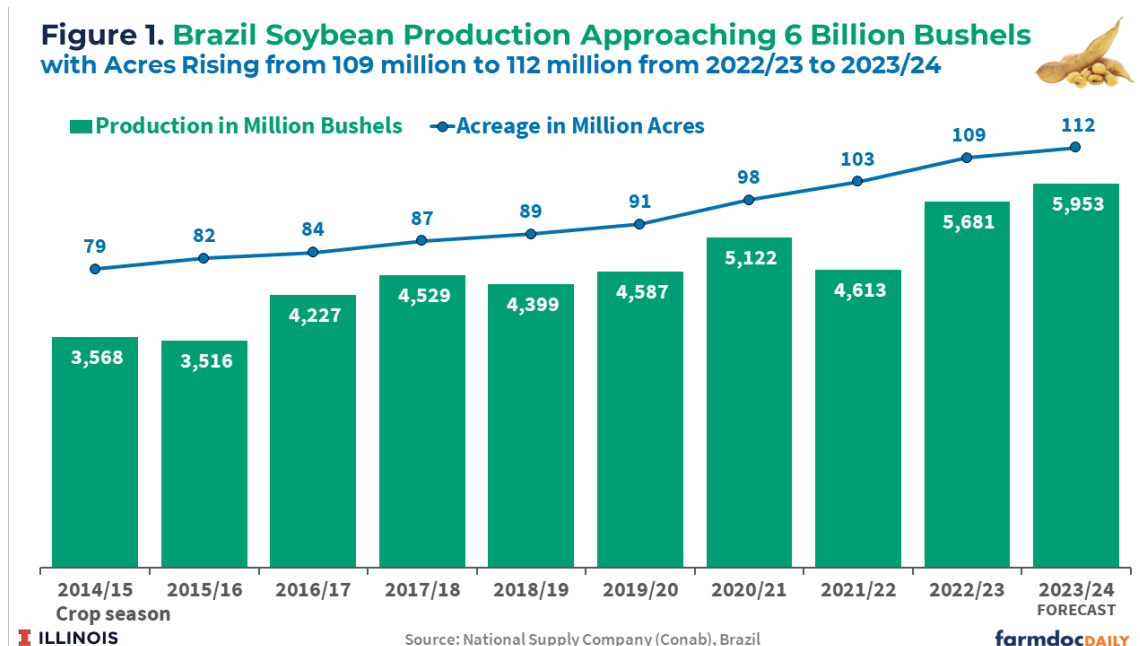
El Niño is a climate pattern characterized by unusual warming of surface waters in the eastern tropical Pacific Ocean. El Niño is the "warm phase" of the larger phenomenon El Niño-Southern Oscillation (ENSO). La Niña, the "cool phase" of ENSO, is a pattern that describes the unusual cooling of the region's surface waters. Generally speaking, the effects of El Niño are the opposite from La Niña for South America.

During the growing season under El Niño influence, northern Brazil usually sees below-normal rainfall, which can also bleed into portions of central Brazil, the main agricultural region. Temperatures also are generally higher, increasing the risk for crops. However, the weather pattern across Argentina and southern Brazil is more active, and rainfall amounts trend above average for the spring and summer (Baranick, 2023).

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Record Year Forecasted for Soybean Area and Production

The 2023/2024 soybean crop is projected to be a record 5,953 million bushels, an increase of 4.8% over the previous harvest. Brazilian soybean acreage is expected to grow 2.5% to 112 million acres, according to Conab (see Figure 1). The largest expansion in percentage terms will be in Brazil's North and Northeast regions, with some expansion coming from the conversion of pasture to crop land while some of the expansion comes at the expense of other crops.



Brazil's soybean prices are at their lowest levels since before the pandemic, yet farmers continue expanding their growing areas. Farmers switching to growing soybeans instead of corn in the first season is the cause. Corn prices are at even lower levels relative to soybeans. Also, this is the first season in several years that the cost of soybean production in Brazil is expected to decrease. The driving factor is the decrease in the price of fertilizers (USDA, 2023).

Brazilian farmers started sowing their 2023/24 soybean crop in the western states around mid-September. As of October 14th, 19% of the final expected soybean crop had been planted in Brazil, just two percentage points less compared to the same period last year, according to data from Conab. In Mato Grosso, the leading grain-producing state, as of October 13th, farmers had planted 35% of their expected total soybean crop, according to the Mato Grosso Institute of Agricultural Economics (Iamea).

Favorable Exchange Rate and Global Demand Fuel Exports

Table 1 shows the latest balance sheets for soybeans released by Conab on October 10th. Brazilian soybean exports in 2023/2024 are forecast at a record 102 million tons, a 5% increase from last season's shipments of 97 million tons. The forecast is based on available supplies, favorable exchange rates, and continued robust global demand. Brazil's Central Bank projects the nation's domestic currency to trade at about or above Real \$5 to the U.S. dollar into 2024. A weak Real means that Brazil's agricultural commodities continue to be of great relative value in international markets.

Table 1. New-Crop 2023/24 Brazilian Balance Sheets for Soybeans

Crop Season	Quantity in million metric tons					
	Beginning stocks	Production	Imports	Total Use	Exports	Ending Stocks
2020/21	4.2	139.4	0.86	49.5	86.1	8.8
2021/22	7.6	125.5	0.9	51.3	78.7	4.7
2022/23	4.7	154.6	0.2	56.7	97.4	5.3
2023/24*	5.3	162.0	0.2	59.1	102.1	6.2

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Source: Conab and Ministry of Economy

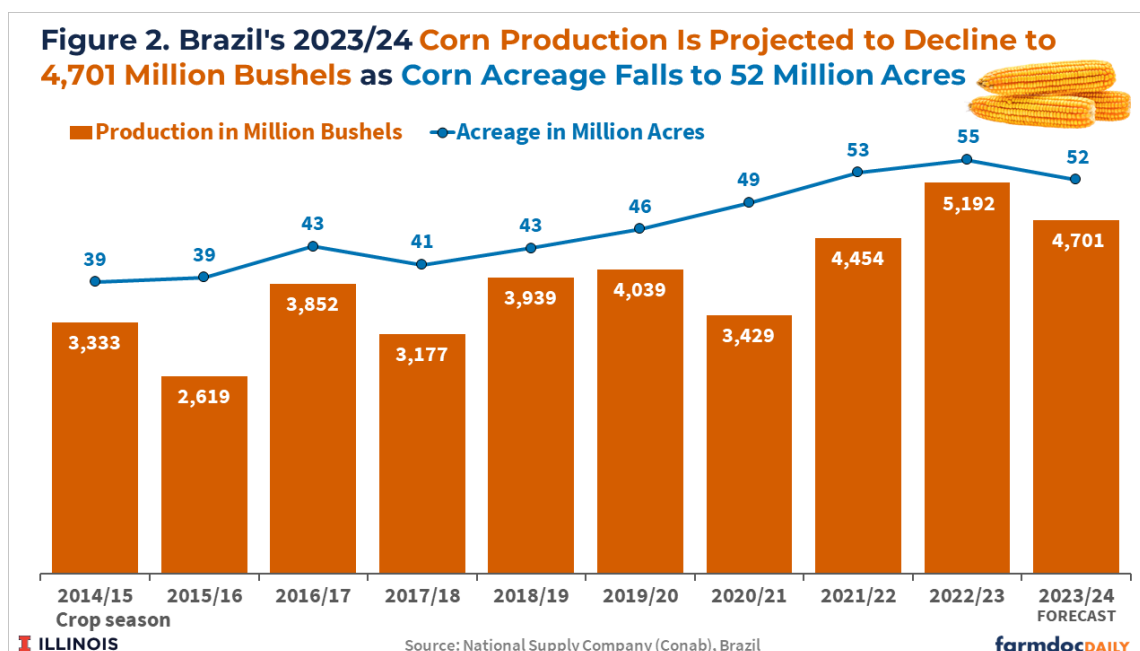
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The 2022/23 crop season has seen record soybean exports, with several months hitting monthly record highs. Brazil's August and September soybean exports were records, nearly 50% better than a year ago. From February to August 2023, Brazil exported 80 million metric of soybeans compared to 64 million tons during the same period the previous year. This can be attributed to record production in Brazil, continued demand from China, and significantly lower soybean production in Argentina (see *farmdoc daily*, [March 31, 2023](#))

Meanwhile, total domestic use of soybeans in Brazil is estimated to be 59.1 million tons, as a result of an increase in soybean oil for biodiesel production, since the Brazilian government has raised national biodiesel blending mandate to 13% from the existing 12% from April 2024. The crushing expansion is also based on the available soybean supply and rising demand for both soy oil and soy meal domestically.

Corn Acreage and Production is Expected Smaller

Brazilian total corn acreage is expected to decrease by 5% to 52 million acres, according to Conab. The 2023/2024 corn crop is projected to be down to 4,701 million bushels, a 9.5% drop from last season, reflecting a smaller planted area and the initial effects of the El Niño weather pattern (see Figure 2). Brazilian farmers find soybean prices relatively more attractive than corn prices and the El Niño weather pattern as a factor limiting corn yields since the cereal is more sensitive to possible lack of rain in the Central-West States.



Brazil's first and second crop corn planted area are expected to decline by 6.7% and 4.5%, respectively, in the 2023/24 cycle, according to the Conab forecast. Brazilian farmers have started sowing their 2023/24 first corn crop in September in the nation's south. Brazil's corn planting reached 30% of the planned area as of October 14th, the same pace as the previous year. More than 70% of the corn produced in Brazil is from the second corn crop (known as the *safrinha*), planted typically in January and February in the Center-West states.

Brazil Could Lose Its Top Corn Exporter Title in 2024

After overtaking the United States this year as the world's top corn exporter, Brazil is expected to reduce its shipments in the 2023/24 marketing year. Brazilian corn exports are forecast at 38 million tons, a 27% decrease from the record shipments of 52 million tons in the 2022/23 marketing year. Table 2 shows the latest balance sheets for corn released by Conab on October 10.

Table 2. New-Crop 2023/24 Brazilian Balance Sheets for Corn



Crop Season	Quantity in million metric tons					
	Beginning stocks	Production	Imports	Total Use	Exports	Ending Stocks
2020/21	15.3	87.1	3.1	71.2	20.9	13.5
2021/22	13.5	113.1	2.6	74.5	46.7	8.1
2022/23	8.1	131.9	1.9	79.6	52.0	10.3
2023/24*	10.3	119.4	2.1	84.5	38.0	9.3

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Source: Conab and Ministry of Economy

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The United States lost its position as the world's No. 1 corn exporter to Brazil last year when Brazil harvested a record crop after China opened its market to Brazilian corn in November 2022. Consequently, in the first eight months of 2023, about 18% of Brazil's corn exports went to China compared with none in previous years. Over that same period, just 13% of all American corn shipments were destined for China, compared with 26% a year earlier.

Although Chinese interest in U.S. corn has slowed significantly in the past year, the lower projection of the Brazilian harvest and the greater supply of corn in the United States will potentially allow plentiful U.S. supplies to regain a share in global trade. However, comparing trade forecasts can be tricky since local marketing years differ in the United States and Brazil. On an October-September basis, the U.S. Department of Agriculture projects 2023-24 Brazilian corn exports at 59 million tons versus 53.7 million in 2022/2023. U.S. shipments are estimated at 52.5 million tons in 2023/2024 versus 43 million in 2022/2023.

Conclusion

The first forecast for the 2023/2024 crop season from Conab projects that Brazilian farmers will expand their planted area to soybeans by 2.5% and reduce their planted area to corn by 4.8%. Corn acreage will be reduced as farmers find corn prices unattractive relative to soybeans. Also, the El Niño weather pattern already is affecting Brazil's corn outlook. Brazilian soybean exports are forecast to hit record highs, based on available supplies, favorable exchange rates, and continued robust global demand. At the same time, Brazil is expected to reduce its corn shipments in the 2023/2024 marketing year after overtaking the United States this year as the world's top corn exporter. If that happens, Brazil could return the corn export crown to the United States.

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