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Trip Report - Brazil

I just returned this morning from two and a half weeks in Brazil. During that time I traveled all throughout southern Mato Grosso, Mato Grosso do Sul, and Parana. After traveling 5,000 kilometers, here are my observations.

Parana soybeans – The damage to the soybeans in Parana is irreversible. There are some average looking soybeans in the state, but they are in the minority. I would rate most of Parana as poor to very poor. Where the soybeans are bad, they are **VERY BAD**. Parana has some of the worst soybeans I have ever seen in Brazil. Many fields are less than a foot tall and are turning yellow due to the drought. The plant populations in some of those fields are maybe 50% of normal. In many areas of the state, at least 30-40% of the crop is turning yellow prematurely. Once they start to turn yellow, nothing is going to help them. I saw several fields that had already been harvested and I saw two combines last Saturday afternoon harvesting soybeans near Cascavel in western Parana where the beans were 15" tall and the yields could not have been more than 15 bushels per acre. I suspect that the farmers will have a hard time harvesting some of these soybeans because the plants will not be tall enough to get across the cutter bar of the combine. Parana has some of the shortest, sickest looking soybeans you can imagine. The state is in bad shape!

I have been traveling Brazil for more than 30 years and I saw something on this trip I had never seen before and that was soybeans that had been planted at the end of December or early in January that never even germinated. I saw many fields where nothing had germinated at all and other fields where a few soybeans were just coming out of the ground.

There has been some rain in the state over the last few days, but I think it would be a stretch to say that these rains stabilized the crop. I think the crop size is still shrinking, just maybe not as fast as it would have had there not been any rain. Many of these fields are just too damaged and too far along in maturity to make any recovery at all.

Parana corn – If you think the soybeans are bad, the corn is even worse. Many fields never produced any ears whatsoever and the corn was cut for fodder for the cattle. The average height of the corn in Parana is about chest-high to head high and the ears are small, short, poorly pollinated and extremely low yielding. The corn is fired at least up to the ear and in some fields they are fired all the way to the top of the plant. Many cornfields have already been harvested, but I suspect that none of these fields were harvested for grain production because there were no ears. Corn production in the state is going to be down 30-50%, it's hard to even guess a yield when it is this bad.

Mato Grosso do Sul soybeans - As bad as the crops are in Parana, they are even worse in southern Mato Grosso do Sul. The soybean crop in the northern part of the state (the smaller production area) is OK, but the soybeans in the southern part of the state around the city of Dourados are dismal to catastrophic. The average height of the soybeans are less than the foot tall, the plant populations may be as low as 50% of normal. Many of the fields are already turning yellow and I suspect that many of these fields will never see a combine. This region has not seen a good rain for over 60 days and the temperatures during this time have been very hot (90's to 100's) with very low relative humidity, which sucked the crop dry.

Mato Grosso do Sul corn – There is very little full season corn in Mato Grosso do Sul, but what is there is nearly worthless.

Mato Grosso soybeans – First of all, the weather in southern Mato Grosso has been very unusual for this time of the year. During the two and a half weeks I was there, it rained only one time. Most of the days were bright, sunny, few clouds, and extremely hot. I measured several afternoon temperatures in the range of 110-114 degrees with low relative humidity. Over the last few days record high temperatures were being set all across central Brazil and everybody was talking about how hot it was. The evapotranspiration rate had to be off the chart. Normally this time of the year it is rain, rain rain, but not this year. I tracked several fields in the region and I noticed a defiant downturn in condition over the last few weeks.

Now, the soybeans in southern Mato Grosso got off to a good start and the yield potential for the crop was normal. The conditions over the last few weeks have probably taken off the top end of the yield, but the crop is still going to yield about average or maybe a little below average.

In central and northern Mato Grosso the soybean crop looks good and the yields should be normal. Some of the soybeans are already turning yellow naturally and farmers are applying descants to speed up the maturity process. In the end, I suspect that the soybean production in Mato Grosso will be down a little from last season.

Rio Grande do Sul – I did not travel to Rio Grande do Sul, but all reports point a situation in the state very similar to that in Parana. The corn and the soybean crops in the state have been severely affected by the hot and dry conditions. Rain at this point would not help the corn and it would only slow the rate of decline for the soybeans.

Brazilian Soybean Crop Lowered 3.0 Million Tons

As you can see from my comments, the situation in southern Brazil has deteriorated greatly over the last month. So much so that I am lowering the Brazilian soybean crop 3.0 million tons to 55.0 million. The situation is still evolving and these estimates may still move lower in coming weeks.

Soybean yields can be affected more so in Brazil than they can be affected here in the U.S. due to the very high temperatures, strong sunlight, and lower water holding capacity in

many Brazilian soils. Unless you have been there, it is hard to describe just how intense the sun can be when it is directly overhead as it is now in southern Brazil. Just a few days without rain and soybeans will start to wilt under these intense conditions. During the last major drought in southern Brazil in the early 2000's, some soybean fields in Rio Grande do Sul recorded losses as high as 75%. Losses of that magnitude are unheard of in the U.S. I do not know if that will happen again this year, but the situation is still evolving.

Brazilian Corn Crop Lowered 2.0 Million Tons

The full season corn crop in southern Brazil has also been severely affected as well. Therefore, I am lowering the Brazilian corn crop by 2.0 million tons to 48.0 million. I had already made some significant cuts in the crop size several weeks ago, but once again, the situation is evolving and these estimates could move lower in coming weeks.

Argentina And Paraguay?

While I was traveling in Brazil I was "out of the loop" so to speak in regards to the situation in Argentina and Paraguay, but from what I can gather, the situation in Argentina is catastrophic. I will have further comments on Argentina and Paraguay in the next day or two, but I will be lowering my Argentine corn and soybean estimates, it's just a mater of how much.

2008-09 South American Soybean Production

Country	Current Estimate	Maximum	Minimum	2007-08 Production
		million metric tons		
Brazil	55.0	57.0	50.0	60.0
Argentina	49.5	51.0	47.0	46.5
Paraguay	5.5	6.5	5.0	6.8
Bolivia	1.0	1.3	0.8	1.1
Uruguay	0.8	1.0	0.8	0.8
Total	111.8	116.8	103.6	115.2

2008-09 South American Corn Production

Country	Current Estimate	Maximum	Minimum	2007-08 Production
		million metric tons		
Brazil	48.0	50.0	45.0	58.6
Argentina	16.0	18.0	15.0	21.0
Paraguay	1.2	1.5	1.0	1.9
Total	65.2	69.5	61.0	81.5

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