

# SECTOR PROJECTS CLOSING 2020 WITH A GROWTH OF APPROXIMATELY 5% AND A TOTAL PRODUCTION OF 81.1 MILLION TONS OF ANIMAL FEED

According to the estimates of the National Union for the Animal Nutrition Industry (Sindicato Nacional da Indústria de Alimentação Animal - Sindirações), the results measured in the feed production chain, accounted for until September of 2020, recorded a growth of 4.7%, vis-à-vis the same period in 2019. Albeit at a slower pace, after totaling 5.2% at the end of the first semester, the result continues to be surprising, with a projection of ending the year maintaining a growth of almost 5% and a total production of 81.1 million tons of feed.

The result is celebrated by the animal feed industry, if we keep in mind the atypical year, ridden with challenges imposed by the new coronavirus pandemic which strongly impacted the global economy, with a drop of GDP in most of the world's largest economies.

According to Ariovaldo Zani, CEO of Sindirações: "The production chain withstood the effects of the pandemic, considering it was able to attain a growth of 5.2% during the first semester of the year. However, between July and September, there was the perception of a slowdown in pace. Despite the fact the relative decrease of shipments to China and, above all, the cut in 50% of the emergency stipend, which may determine a lower rhythm of growth, the greater desire for animal protein due to the dinners

celebrated during Christmas and New Year's may have a repercussion of almost 5% on growth, that is, on top of the demand for an additional 81 million tons of feed and mineral salt".

"It is important to underscore that the steep cost of production, resulting from corn, soybean meal and other imported inputs, with inflated domestic prices due to the exchange rate devaluation invariably influence the interest in housing and confinement, or even that of retaining or slaughtering animals earlier on, or to dispose of those that are less productive. Attempts have been made to contain expenses due to the corrosion of profitability and when compared to the prices received by producers who market beef, eggs and milk, predominantly or exclusively in the domestic market", analyzes Zani.

The period put to test the resilience of the exporting chain, mainly during the months with multiple uncertainties in the months of compulsory confinement, reinforces the executive of the entity: "The good performance of the sector throughout the year was also due to its capacity to fully service exporters, favored by the competitive prices of the Brazilian cattle raising portfolio abroad, committed with supplying traditional clients and always attentive to international alternatives".

The executive continues stating that the Covid-19 pandemic ratified the most important asset of this sec-

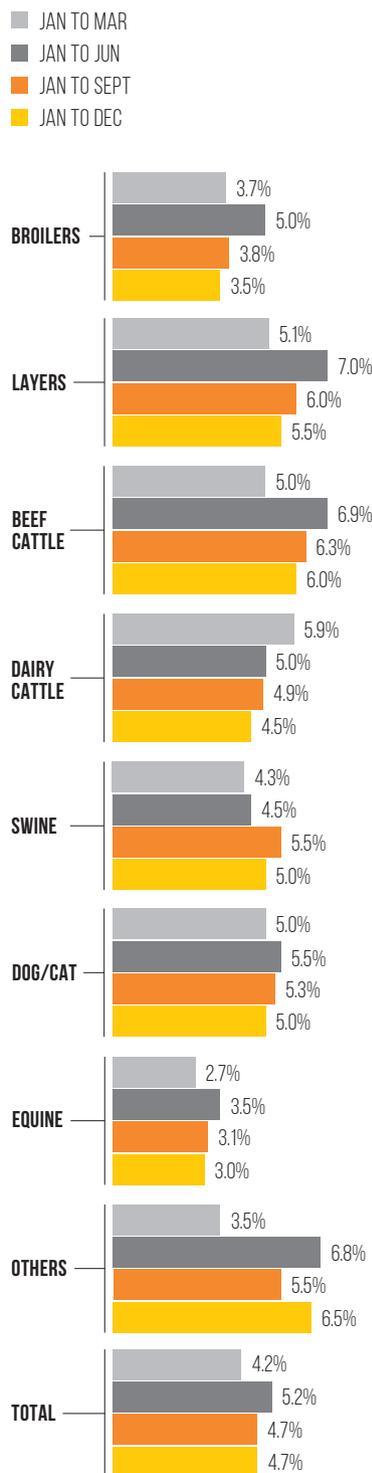
tor, its' people, a fact proven by the collective mobilization of entrepreneurs who did not save efforts to elaborate and immediately put in place specific protocols for the prevention of exposure and contagion, the acquisition of PPE's, professional guidance to associates and support to health care and treatment of their respective families", highlights Zani. ■

## FEED PRODUCTION AND MINERAL SALT (MILLION TONS)

	JAN/SEPT*	%	JAN/DEC**	%
BROILERS	25,6	3,8	34,1	3,5
LAYERS	5,2	6	7,2	5,5
SWINE	13,2	5,5	18,6	5
DAIRY CATTLE	4,7	4,9	6,5	4,5
BEEF CATTLE	4,4	6,3	5,5	6
DOGS AND CATS	2,2	5,3	2,9	5
EQUINE	0,46	3,1	0,61	3
AQUACULTURE	1,10	10,9	1,43	10
OTHERS	0,64	1,5	0,85	1
SUBTOTAL	57,5	4,7	77,7	4,6
MINERAL SALT			3,45	7,5
GENERAL TOTAL			81,1	4,7

\*Estimate; \*\*Forecast / Source: Sindirações

# EVOLUTION IN FEED PRODUCTION (2020/2019)



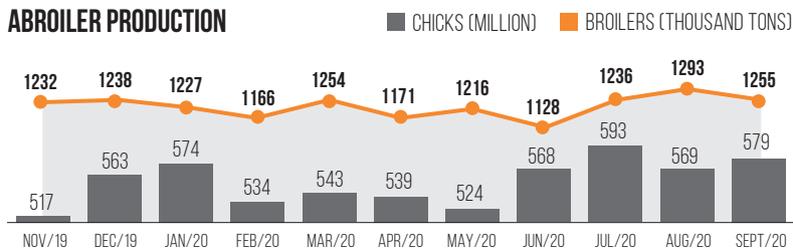
Source: Sindirações / \*Forecast

## BROILERS

Despite the significantly adverse scenario provoked by the Covid-19 pandemic, it is a fact that the production of animal feed withstood this “unprecedented event” and guaranteed the necessary supply of the chain of production and Brazilian exports for animal protein. Broiler breeders demanded 25.6 million tons of feed between January and September, an increase of almost 4%, a mark aligned with that foreseen before the pandemic, that is, anchored in the perception of an ever-growing domestic consumption and the continuity of the need for animal protein from China, also with its sights set on

poultry. Although the future scenario points to an economic recession with soaring unemployment rates, the emergency aid released by the federal government to millions and millions of people affected is dropping, but was spent preferably on the purchase of food. Alongside the phenomenon mentioned, and despite the stratospheric cost of the main raw materials (corn and soybean meal, besides the imported additives, pegged to the dollar), the persistent internal deficit in China for meat may maintain the pace aligned in the Brazilian production chain and, as a result, still ensure an advance of 3.5% in feed production for broilers during the year 2020.

## ABROILER PRODUCTION



Source: APINCO, adapted Sindirações

## LAYERS

Egg consumption was intensified, alternatively to that of meat, due to the economic effects generated by the pandemic, and because of this, the growing and continuous housing of layers, measured during most of the year, reached something like

5.2 million tons of feed, a growth of about 6%, when compared to the same nine months of last year. The disposal of older poultry due to a surplus should naturally adjust production to the demand and the forecast is that feed production for layers will increase by 5.5% and represent 7.2 million ton the current year.

## LAYERS IN PRODUCTION (MILLION)



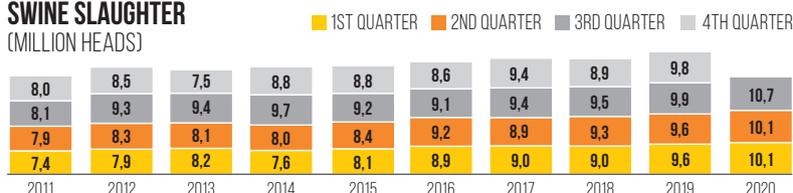
Source: ABPA, adapted Sindirações

## PORK

The record destination of Brazilian pork to China and the concomitant increase in domestic consumption, impelled by the emergency stipend have increased the dynamism of the production chain that demanded, in the pe-

riod between January and September, 13.2 million tons of feed for pork, vis-à-vis the same period in 2019. Although this stipend has been reduced in half for the more needy people, the good pace still verified in shipments abroad allows us to forecast that demand may exceed 18.6 million tons and grow 5%.

## SWINE SLAUGHTER (MILLION HEADS)



Source: SIGSIF/MAPA, adapted Sindirações

**BEEF CATTLE**

From January to September, the production of feed and concentrates for beef cattle reached 4.4 million tons, an increase of 6.3%, that continues to be stimulated by the good prices paid for finished and mainly leveraged because of the exporting performance. Although the scenario hampers prof-

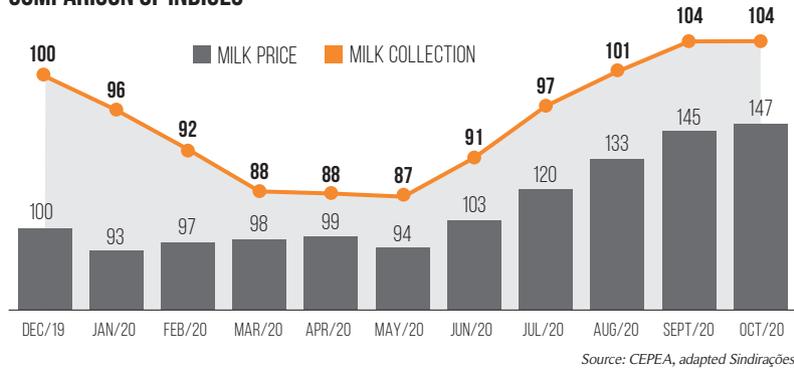
itability of restockers and breeders, resulting from the appreciation of calves and the price of concentrates and mineral salt and calves respectively, the worsening of pastures has required a complementation with corn, soybean meal and cotton, DDGS, etc. During the twelve months of the current year, it is probable to assess production at 5.5 million tons, an increase of 6%.

**DAIRY CATTLE**

The dairy cattle herd required 4.7 million tons during the first nine months of the year, an increase of about 4.9%, vis-à-vis the same period last year. That year, the production chain for milk was and continues to be modulated by different factors influencing its productivity, among which, the sustained appetite of consumers for the emergency stipend, the slaughter of cows in response to the valuation of the value received by the breeder,

the drought in the Southern region of the country, a greater volume of milk powder imported, higher cost of feeding animals due to the steep increase in the price of soybean meal, corn and imported raw materials, etc. Despite the improved condition of pastures, due to the period's rainfall, and the eventual retraction of the habit of purchasing dairy products, once again because of the reduction in the emergency stipend, it is still possible to estimate a growth of 4.5% and count on 6.5 million tons during the 2020 exercise.

**COMPARISON OF INDICES**



“ THE COVID-19 PANDEMIC RATIFIES THAT THE MOST IMPORTANT ASSET FOR THE SECTOR IS ITS PEOPLE, A FACT PROVEN BY THE COLLECTIVE MOBILIZATION OF ENTREPRENEURS WHO DID NOT SAVE ON EFFORTS TO IMMEDIATELY ELABORATE AND PUT IN PLACE THE SPECIFIC PROTOCOLS ”

**ARIOVALDO ZANI, CEO OF SINDIRAÇÕES**



**FISH AND SHRIMP**

Brazil has been deemed to be the fourth largest global tilapia producer and aquaculture continues to advance, mainly in the State of Paraná, where the integrated production system prevails, in which the integrator provides feed and technical assistance to the producer and, ensuring this, collects the product, which is processed industrially and commercialized, internationally as well. Additionally, the vertical and independent producers continue to populate, motivated by the better prices being paid for fish and, contrary to previous years, by consumers demand that has had no retraction, even after Easter Week. In the case of shrimp farming, small and medium size producers concentrate their efforts in direct sales in the Northeastern region, thus being able to sustain their businesses during the most acute phase of the pandemic. From January to September, the production of feed for fishery has represented 1.1 million tons, amount which may increase up to 10%, totaling 1.43 million tons in the current year.

**DOGS AND CATS**

Dogs and cats are already residents in half of the Brazilian homes and this close interaction under the same roof, accentuated even further by the pandemic has reinforced the perception of owners that their health is as important as that of any other member of the family. Accordingly, the practicality of complete and balanced food has growingly contributed to the continuous interest in offering the industrialized alternative. From January to September, the demand has progressed 5.3%, while the forecast is to produce around 2.9 million tons during the year 2020. ■