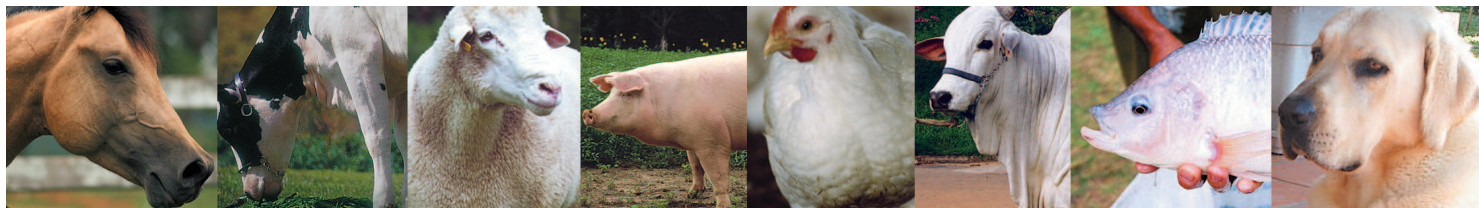


Brazilian Feed Figures

March 2011



FEED INDUSTRY ROSE OVER 5% IN 2010

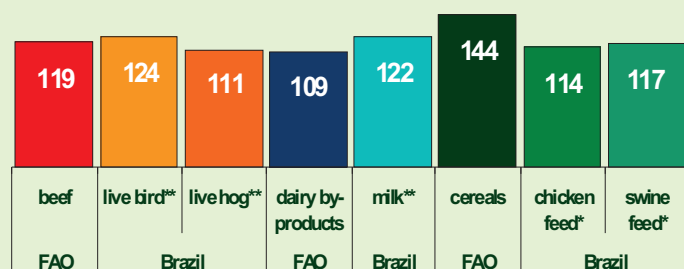
Despite the global economy threatened once more by a new inflationary cycle, livestock producers have resisted bravely after surviving the crisis of confidence triggered in 2008. The proof is that the optimism remained through keeping investments in production as well as implementation of newest technological solutions (use of food additives, fine-tuning nutrition, etc.), despite this scenario that insists to challenge macro economic fundamentals dictated by usual relationship between supply and demand.



Ariovaldo Zani, DVM, MBA

CEO – Brazilian Feed Industry Association/SINDIRAÇÕES
 Agribusiness Director – Sao Paulo State Industry Federation/FIESP
 Director – Animal Nutrition Brazilian College/CBNA
 CFO – Latin American and Caribbean Feed Industry Association/FEEDLATINA
 Board Member - International Feed Industry Federation – IFIF

AGRICULTURE INFLATION INDEX VARIATION - January 2010 through January 2011 (January 2010 = 100)



Source: FAO. Adapted by Brazilian Feed Industry Association.
 * Hypothetical formulation for chicken and swine
 ** live bird and live hog; milk (average price paid to the farmer)

The production of animal feed in Brazil registered an increase of 5.3% in 2010. From January to December were produced 61.4 million MT of feed that handled over \$ 33 billion only in raw materials (excluding costs for packaging, shipping costs and margins) and over 2.15 million MT of mineral supplements.

FEED CONSUMPTION/2010 AND FEED DEMANDA/2011

SEGMENT	FEED PRODUCTION (million MT)				
	2009	2010	% 10/09	2011*	% 11/10
AVIAN	32,64	35,09	7,5	36,75	4,7
CHICKEN LAYER	27,82	30,26	8,8	31,77	5,0
SWINE	15,33	15,37	0,3	15,68	2,0
CATTLE	6,78	7,15	5,5	7,60	6,3
DAIRY BEEF	4,42	4,63	4,8	4,90	5,8
DOGS & CATS	2,36	2,52	6,8	2,70	7,1
EQUINE	1,93	2,06	7,0	2,12	2,9
AQUA	0,56	0,57	1,2	0,59	3,5
FISH SHRIMP	0,380	0,429	12,9	0,489	14,0
OTHERS	0,300	0,345	15,0	0,397	15,1
TOTAL LIVESTOCK FEED	0,080	0,084	5,0	0,092	9,5
SUPPLEMENTS	0,74	0,77	3,6	0,80	3,9
OVERALL	58,4	61,4	5,3	64,0	4,2
	1,80	2,15	19,4	2,35	9,3
	60,2	63,6	5,7	66,4	4,4

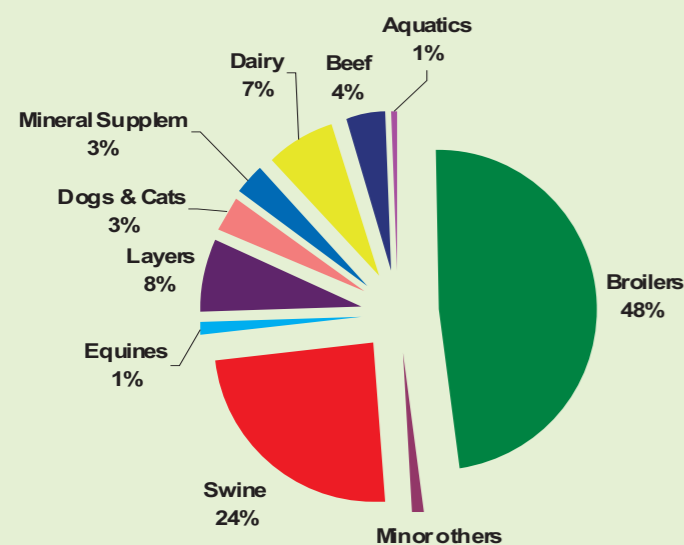
* Forecast
 Source: Brazilian Feed Industry Association

Brazilian Feed Figures

March 2011

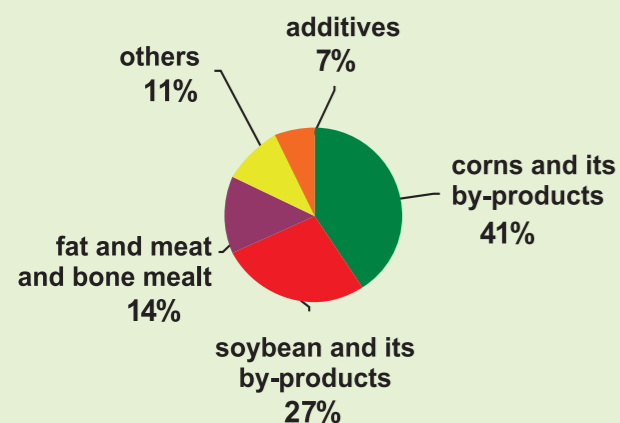


FEED CONSUMPTION SHARE BY SPECIES DURING 2010



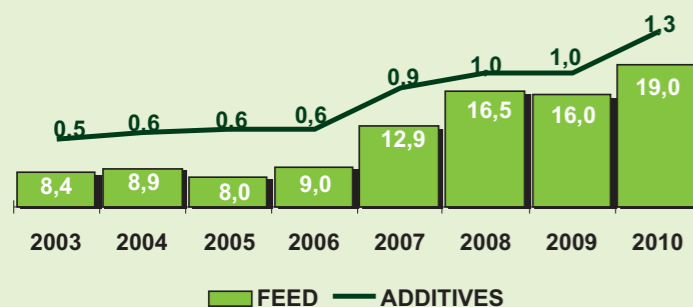
Source: Brazilian Feed Industry Association

FEED COST BREAK DOWN FEEDSTUFFS SHARE



Source: Brazilian Feed Industry Association

FEEDSTUFFS COST AND ADDITIVE IMPORTS DURING 2010 (U\$ billion)



Source: Brazilian Feed Industry Association

MICRO INGREDIENTS CONSUPTION/2010 AND PROJECTION/2011

NUTRITIONAL ADDITIVES	MICRO INGREDIENTS DEMAND - MT																	
	POULTRY				SWINE		CATTLE				OTHERS		FEED		SUPPLEMENT		TOTAL	
	BROILER	LAYER			2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*
VITAMINS	21.974	22.574	3.557	3.666	7.988	8.148	4.705	4.978	3.007	3.223	4.888	5.105	46.119	47.695			46.119	47.695
Vitamin A (1000000 IU/kg)	243	249	25	26	103	105	51	54	28	30	41	43	491	507			491	507
Vitamin D3 (500000 IU/kg)	115	118	9	9	53	54	14	15	8	8	13	13	211	217			211	217
Vitamin E (50%)	1.866	1.916	190	196	447	456	198	209	434	465	616	644	3.751	3.886			3.751	3.886
Vitamin K3 (52%)	133	136	9	9	94	96		0		0	0	0	236	242			236	242
Vitamin B12 (0,1%)	142	146	26	27	346	353		0		0	95	99	609	625			609	625
Riboflavin B2 (80%)	136	140	14	14	77	78		0		0	31	32	258	265			258	265
Thiamine (B1)	48	49	2	2	25	25		0		0	4	5	79	81			79	81
Piridoxin (B6)	63	65	6	6	19	20		0		0	23	24	112	115			112	115
Biotin (2%)	106	109	0	0	98	100		0		0	3	3	207	212			207	212
Vitamin C (35%)	88	91	9	9	29	29		0		0	128	134	254	263			254	263
Nicotinic Acid	656	674	84	87	346	353		0		0	278	291	1.365	1.405			1.365	1.405
Pantothenic Acid (98%)	408	419	42	43	172	175		0		0	82	86	704	724			704	724
Folic Acid (98%)	11	11	1	1	16	16		0		0	3	3	31	32			31	32
Choline Chloride	17.959	18.449	3.139	3.235	6.165	6.288	4.442	4.700	2.538	2.720	3.569	3.728	37.811	39.120			37.811	39.120
TRACE MINERALS	6.403	6.578	1.122	1.157	3.844	3.921	2.779	2.941	1.521	1.630	948	990	16.618	17.217	50.633	55.343	67.251	72.560
Iron Sources	1.922	1.974	337	347	1.154	1.177	834	883	456	489	284	296	4.987	5.167	0	0	4.987	5.167
Cobalt Sources	17	18	3	3	10	11	7	8	4	4	3	3	45	47	240	263	285	309
Copper Sources	841	864	147	152	505	515	365	386	200	214	125	130	2.182	2.261	4.927	5.385	7.109	7.646
Iodine Sources	22	23	4	4	13	13	10	10	5	6	4	4	57	60	223	244	280	303
Manganese Sources	1.290	1.325	226	233	774	790	560	592	306	328	191	200	3.347	3.468	5.130	5.608	8.478	9.076
Zinc Sources	2.304	2.366	404	416	1.383	1.411	1.000	1.058	547	586	341	356	5.978	6.194	13.648	14.917	19.626	21.111
Selenium Sources	8	8	1	1	5	5	4	4	2	2	1	1	21	22	48	53	69	74
Magnesium Sources	0	0	0	0	0	0	0	0		0		0	0	9.191	10.046	9.191	10.046	
Sulfur Sources	0	0	0	0	0	0	0	0		0		0	0	17.226	18.828	17.226	18.828	
AMINOACIDS	8.199	8.423	0	0	13.009	13.270		0		0	0	0	21.208	21.692			21.208	21.692
Threonine	8.199	8.423	0	0	9.889	10.087		0		0		0	18.088	18.510			18.088	18.510
Tryptophan			0	0	3.120	3.183		0		0		0	3.120	3.183			3.120	3.183
ZOOTECNICAL ADDITIVES	3.834	3.938	619	638	2.122	2.164	548	580	0	0	494	516	7.616	7.836			7.616	7.836
Enzymes	1.563	1.606	221	228	758	773	548	580		0	176	184	3.267	3.371			3.267	3.371
Growth Promoters	2.196	2.255	385	396	1.318	1.344	0	0		0	307	320	4.205	4.317			4.205	4.317
Pre/Probiotics	75	77	13	14	46	47	0	0		0	11	11	145	149			145	149
TECHNOLOGICAL ADDITIVES	23.582	24.226	4.160	4.287	14.371	14.659	5.080	5.376	2.601	2.788	3.637	3.799	53.431	55.134			53.431	55.134
Conservants	10.905	11.203	1.938	1.997	6.686	6.820	2.390	2.529	1.213	1.300	1.758	1.836	24.890	25.686			24.890	25.686
Antioxidants	7.903	8.119	1.390	1.432	4.832	4.929	1.676	1.774	881	944	1.215	1.269	17.897	18.467			17.897	18.467
Mycotoxin Binders	4.773	4.904	832	858	2.852	2.909	1.014	1.073	507	543	664	693	10.643	10.981			10.643	10.981
SENSORIAL ADDITIVES	0	0	0	0	370	377	0	0		0	886	925	1.255	1.302			1.255	1.302
COCCITOSTATS	24.117	24.775	4.375	4.510	0	0		0		0		0	28.492	29.284			28.492	29.284
TOTAL ADDITIVES	88.109	90.513	13.833	14.258	41.703	42.539	13.112	13.875	7.129	7.641	10.853	11.335	174.739	180.161	50.633	55.343	225.372	235.504
CARRIERS	34.877	35.829	5.386	5.551	20.857	21.275	5.292	5.600	2.881	3.088	4.596	4.800	73.889	76.143			73.889	76.143
PREMIXTURES	122.986	126.342	19.219	19.809	62.560	63.814	18.404	19.475	10.010	10.729	15.449	16.135	248.628	256.304	50.633	55.343	299.261	311.647

Source: Sindirações

*Forecast

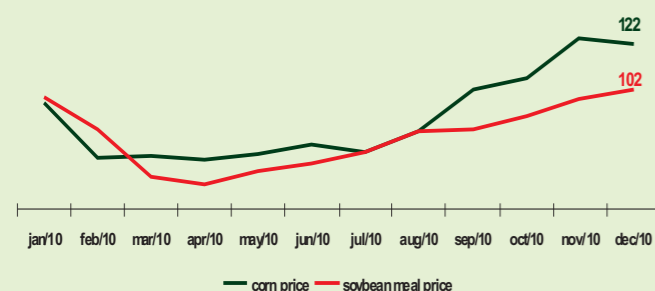
MACROINGREDIENTS CONSUPTION/2010 AND PROJECTION/2011

	MACRO INGREDIENTS - MT																	
	POULTRY		LAYER		SWINE		DAIRY		BEEF		OTHERS		TOTAL FEED		SUPPLEMENTS		OVERALL	
	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*	2010	2011*
CORN	18.262.230	19.173.803	2.943.262	3.034.252	10.481.112	10.720.407	1.505.425	1.593.014	754.834	809.087	2.513.666	2.625.954	36.460.528	37.956.516	0	0	36.460.528	37.956.516
SOYBEAN MEAL (46%CP)	7.485.747	7.859.404	942.614	971.755	2.425.766	2.481.149	554.903	587.188	168.472	180.581	313.887	327.908	11.891.389	12.407.985	0	0	11.891.389	12.407.985
WHEAT and by-products	151.298	158.850	53.148	54.791	307.436	314.455	833.481	881.975	211.592	226.800	231.739	242.091	1.788.693	1.878.961	0	0	1.788.693	1.878.961
MEAT AND BONE MEAL & FAT	2.814.659	2.955.155	231.920	239.089	922.307	943.365	0	0	0	0	231.739	242.091	4.200.625	4.379.699	0	0	4.200.625	4.379.699
SORGHUM	605.526	635.751	0	0	573.154	586.240	0	0	305.880	327.865	135.441	141.491	1.620.001	1.691.347	0	0	1.620.001	1.691.347
COTTON MEAL 40%	0	0	0	0	0	0	470.436	497.807	477.843	512.187	33.691	35.195	981.969	1.045.190	0	0	981.969	1.045.190
CALCIUM	236.025	247.806	434.849	448.292	234.574	239.929	132.894	140.626	95.720	102.600	56.209	58.720	1.190.270	1.237.973	0	0	1.190.270	1.237.973
CORN FEED MEAL (21%)	81.557	85.628	1.135	1.170	0	0	263.045	278.349	114.111	122.313	158.230	165.298	618.078	652.759	0	0	618.078	652.759
CORN GLUTEN MEAL (60%)	151.298	158.850	1.237	1.275	0	0	671	710	129	138	32.555	34.010	185.890	194.983	0	0	185.890	194.983
DICALCIUM PHOSPHATE	33.286	34.947	96.633	99.621	30.744	31.445	23.152	24.499	20.152	21.600	11.584	12.101	215.550	224.214	726.700	794.300	942.250	1.018.514
SALT	114.986	120.726	16.911	17.434	50.727	51.885	23.152	24.499	17.633	18.900	13.712	14.324	237.121	247.768	614.900	672.100	852.021	919.868
CALCIUM CARBONATE & SULFATE	0	0	0	0	0	0	0	0	0	0	0	0	0	0	139.965	152.985	139.965	152.985
UREA AND SULFUR	0	0	0	0	0	0	0	0	47.860	51.300	0	0	47.860	51.300	148.028	161.798	195.888	213.098
BY PRODUCTS FROM RICE, SOY	90.779	95.310	67.611	69.702	153.718	157.227	794.567	840.797	294.718	315.900	77.246	80.697	1.478.639	1.559.633	469.774	513.474	1.948.413	2.073.107
L-LYSINE 98%	55.640	58.417	11.035	11.376	14.124	14.446	0	0	0	0	1.315	1.374	82.114	85.614	0	0	82.114	85.614
DL-METHIONINE 99%	53.554	56.227	11.087	11.430	13.701	14.014	0	0	0	0	1.539	1.608	79.881	83.278	0	0	79.881	83.278
MILK BY-PRODUCTS	0	0	0	0	54.078	55.313	10.453	11.061	0	0	0	0	64.531	66.373	0	0	64.531	66.373
BLOOD PLASMA	0	0	0	0	6.000	6.137	0	0	0	0	0	0	6.000	6.137	0	0	6.000	6.137
PREMIXTURES	122.986	129.125	19.219	19.813	62.560	63.988	18.404	19.475	10.010	10.729	15.449	16.139	248.628	259.270	50.633	55.343	299.261	314.613
TOTAL	30.259.570	31.770.000	4.830.661	4.980.000	15.330.000	15.680.000	4.630.583	4.900.000	2.518.953	2.700.000	3.828.000	3.999.000	61.397.767	64.029.000	2.150.000	2.350.000	63.547.767	66.379.000

Source: Sindirações
* Forecast

Despite having enough stock to supply domestic consumption and export needs the curve of corn price in Brazil has followed an uptrend since July 2010. This leverage gained strength mainly because the assumptions of external origin, such the drop in wheat harvest by weather problems in Russia, the end stocks of grain that dropped year by year, the voracious appetite of China that in a few years will become a major importer of corn, the FAO's alarmist predictions for a mankind explosion and growing consumption by 2050, and the strong movement of speculative investors seeking reliable and profitable assets towards future markets.

INDEX VARIATION (January 2010 = 100)



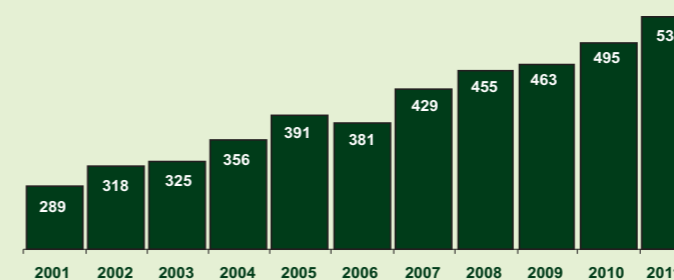
Source: Applied Economic Research Center/CEPEA. Adapted by Brazilian Feed Industry Association

It is noteworthy this rampant curve of corn price affecting domestic landscape has jeopardized the interchanged rings of the production chain, from raiser to consumer, i.e., from farm to table. Too much pressure could be disastrous if it had caused enough gap for the inhibition of demand, since the purchasing capacity of consumers has been tested at the point of retail and determined your level of loyalty to a particular meat or alternatively to replace it.

POULTRY

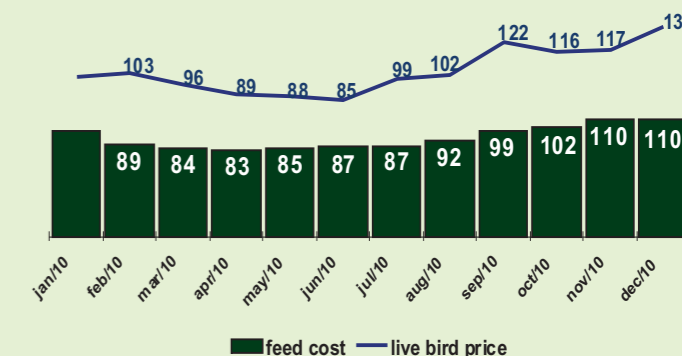
Poultry production has maintained robust growth, it added almost 9% in 2010 and consumed more than 30 million mt of feed. The overvaluation of local currency inhibited the amount of chicken exported which reached less than 5% and totaled 3.8 million tons and revenues of \$ 6.8 billion.

MONTHLY CHICKS HOUSING (million heads)



Source: Foundation for Poultry Science and Technology/APINCO. Adapted by Brazilian Feed Industry Association
*Estimative

POULTRY - INDEX VARIATION (January/2010 = 100)



Source: Agriculture and Livestock Advice Center/JOX (live bird price)
Source: Brazilian Feed Industry Association (hypothetical poultry feed cost)

Chicken's price was anchored in the strong appreciation of beef that had a high of 39% in the year, however the profitability of the producer was in part compromised by the cost of feed that increased significantly. Per capita demand for chicken in Brazil reached 43,5 kg in 2010 in response to production of 12.3 million MT.

For 2011 producers and exporters have projected a growth rate of about 3 to 5%, or 12.9 million tons. The Brazilian Supply Company envisions housing of 6.5 billion broiler chicks and the Brazilian Feed Industry Association has estimated consumption of 31.8 million MT of chicken feed.

Brazilian Feed Figures

March 2011

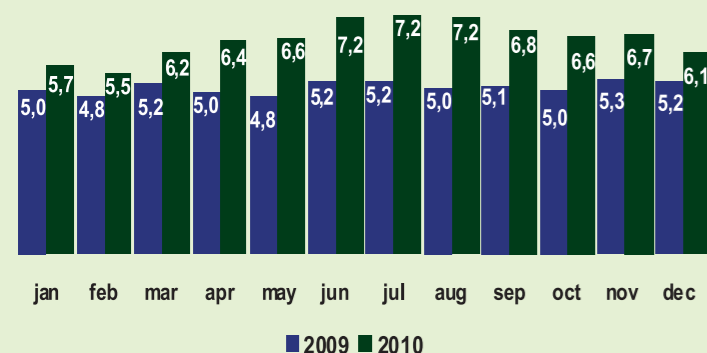


Sindicato

LAYERS

Feed intake of laying hens remained stable and reached slightly over 4.8 million MT in 2010 in response to the housing of 78 million chicks for egg production (herd housed in 2009 supposedly underestimated). High prices of corn and soybean meal to feed hens hurt the producer profitability, since the average price for eggs recorded the lowest value since 2007.

LAYER CHICKS HOUSING (million heads)



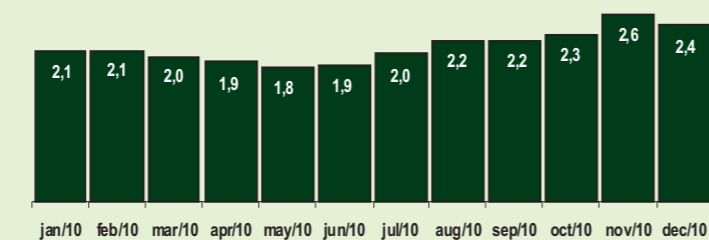
Source: Foundation for Poultry Science and Technology/APINCO. Adapted by Brazilian Feed Industry Association

Forecasts for 2011 follow with caution, since the flock of layers is 29% higher and production cost remains quite high. The Brazilian Feed Industry Association still has estimated a growth rate of about 3% and suitable to reach 4.98 million MT of feed.

BEEF CATTLE

The sector of feed for beef cattle offset the accumulated losses in 2009 and produced just over 2.5 million MT and a growth rate of 6.8% in 2010. Since July there was an improvement in the exchange ratio between live cattle and calves, but less than optimal. Production reached 9,15 million tons and exports of beef got \$ 4.8 billion as well as shipments followed stability reaching 1,8 million tons.

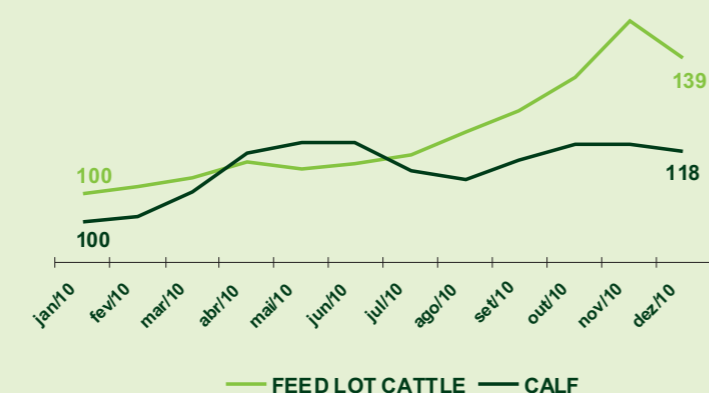
EXCHANGE RATIO (FEED LOT CATTLE AND CALF)



Source: Applied Economic Research Center/CEPEA. Adapted by Brazilian Feed Industry Association

The slaughter of cows in previous years, the decline in the rate of feed lots, the limited supply of live cattle because of the extended drought, the imbalance in trade relations between calf raisers, cattle producers, feed lot enterprises and retail stores, rising domestic consumption and recovery of exports fueled the virtuous cycle of adjustments and leveraged the live cattle price during the peak season.

INDEX VARIATION ON PRICE



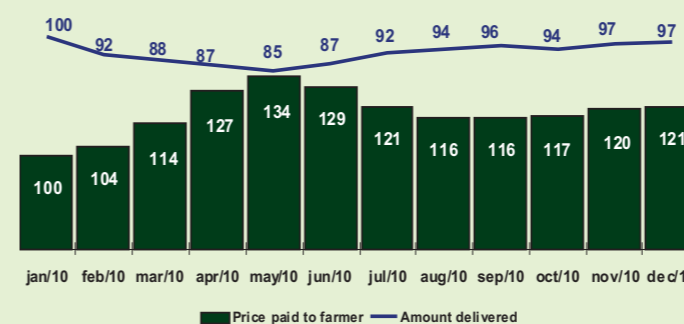
Source: Applied Economic Research Center/CEPEA. Adapted by Brazilian Feed Industry Association

Forecast for 2011 is a 2.5% growth rate in the herd and slaughter activity as well as 1.5% on the price along the year, despite the approach of the livestock cycle reversal. The Brazilian Feed Industry Association has estimated a 7% growth rate increase in food consumption that can reach 2,7 million MT.

DAIRY CATTLE

Despite the growth of almost 5% on consumption and 4,6 million MT of dairy feed in 2010, it was not enough to offset decline found in the previous year. Nevertheless a 5% increase in production which exceeded 30 billion liters, the historical price of milk during the year was unusual and even fell down out the season. The long drought delivered poor quality pasture replaced by complete feed and concentrates inflated by the cost of corn and soybean meal that further impacted profitability of dairy producers.

MILK INDEX VARIATION



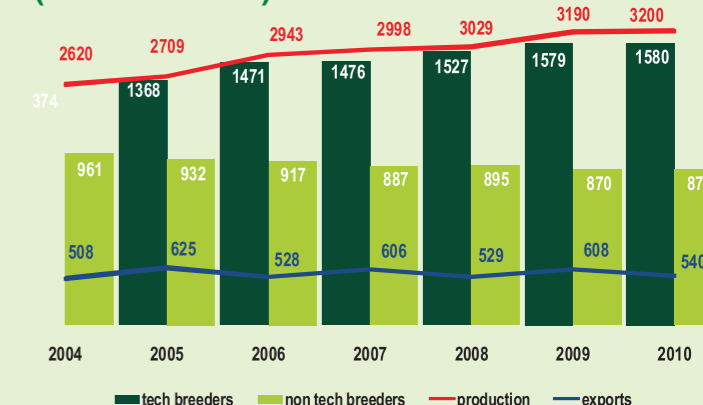
Source: Applied Economic Research Center/CEPEA. Adapted by Brazilian Feed Industry Association

For 2011 it is expected a 4.5% increase on milk production in response to domestic consumption, GDP growth rate and foreign demand. The Brazilian Feed Industry Association has estimated a production of 4.9 million MT of dairy feed, i.e. a growth of almost 6%.

HOGS

Despite the 9% growth in revenues from pork exports, the amount was only 540 thousand tons. Production, in turn, reached 3,2 million tons and consumed 15,4 million MT of feed, because the stability found in the housing of breeder sows.

PORK PRODUCTION AND EXPORTS (thousand tons)



Source: Brazilian Industry Association of Pork Production and Exports. Adapted by Brazilian Feed Industry Association

SWINE INDEX VARIATION (January 2010 = 100)



Source: Sao Paulo Hog Raisers Association/SPCS
Source: Brazilian Feed Industry Association (hypothetical swine feed cost)

The opening of new markets such as United States, European Union and South Korea can put it back to historical levels. In 2011 exports of pork can reach about 600 thousand tons. The domestic market already has consumed almost 15 kg/ capita and can keep growing. The Brazilian Feed Industry Association estimative is to produce 15,7 million MT of swine feed during 2011, i.e. a modest growth of 2%.

DOGS AND CATS

The production of food for dogs and cats grew 7% in 2010, reaching just over 2 million MT. The comfortable situation of the Brazilian economy strongly correlated with high levels of consumer confidence and strengthened with higher incomes, certainly helped in the recovery

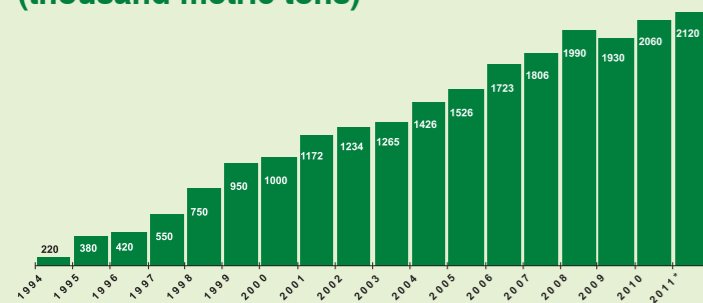
Brazilian Feed Figures

March 2011



of this segment, since 44% of Brazilian households have pets. Despite the large installed capacity for local production, only 45% of the population of dogs and cats in Brazil has been supplied with pet food. The heavy tax charge on products nearing 50% continues to hamper access of million buyers to the consumer edge. During 2011 the supposed restrained inclusion increase of consumers in the middle class sector has taken the Brazilian Feed Industry Association to estimate a 2% growth rate and production of only 2,12 million MT of food for dogs and cats.

DOG AND CAT FOOD PRODUCTION (thousand metric tons)

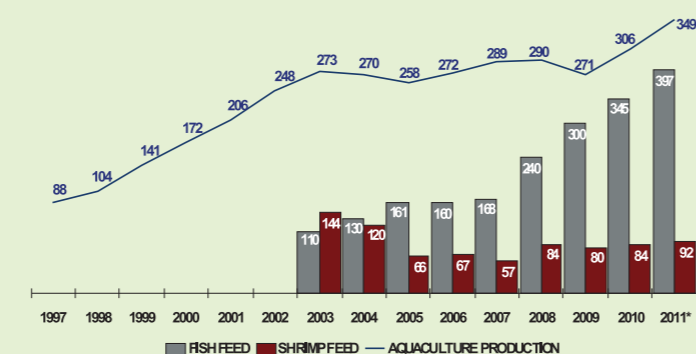


Source: Brazilian Feed Industry Association
*Estimative

FISH AND SHRIMP

The demand for fish feed in 2010 was 345 thousand MT and 15% growth. The demand of shrimp feed increased 5% and reached 84 thousand MT. The consumption of aquatic organisms has reached 7 kg/capita and aquaculture now accounts for 25% of the overall production of 1.2 million MT of fish, crustaceans, mollusks and other aquatic organisms. The Brazilian production could reach 2 million tons in 2020, boosted by favorable climate, availability of freshwater, coastal extension and million hectares of wetlands and reservoirs. The vigorous and progressive development of aquaculture will offset decline in fisheries production that nowadays has much of its activity already explored and exhausted. The Brazilian Ministry of Fisheries and Aquaculture has set target to increase consumption to 12 kg/capita. The Brazilian Feed Industry Association estimative is to produce 489 thousand MT of feed for fish and shrimp, a growth of 14% during 2011.

BRAZILIAN AQUACULTURE PRODUCTION (thousand tons)

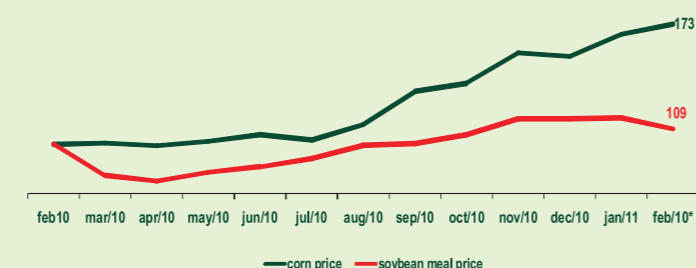


* Forecast
1007 through 2002 (data not available for feed)
Source: FAO (aquaculture production). Adapted by Brazilian Feed Industry Association
Source: Brazilian Feed Industry Association (feed production)

FORECASTS FOR 2011 AND CONSIDERATIONS

Prices may remain pressured by the hypothetical influence of rain delaying or even hindering the collection and shipment of soybean crops in Brazil and Argentina; by the amazing appetite of China that in a few years will become a major importer of corn and the alarmist predictions of FAO for a mankind explosion and growing consumption by 2050.

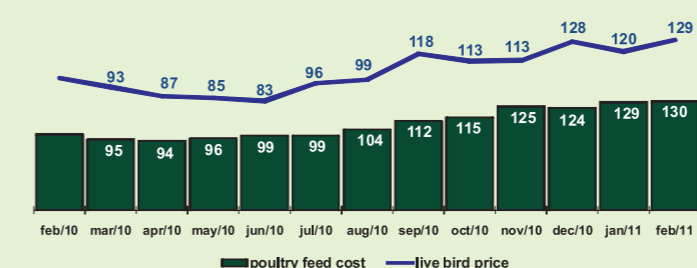
INDEX VARIATION (February 2010 = 100)



* Estimative
Source: Applied Economic Research Center/CEPEA. Adapted by Brazilian Feed Industry Association

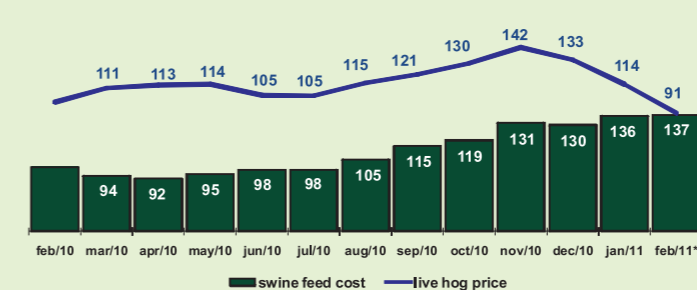
It is also important to be aware in regard to agricultural market movements that can continue to suffer from the extreme volatility caused by investors who took up the interest in commodities due to the abundant global liquidity, tiny economic growth and monetary expansion in the United States, in addition to signs of inflation increase in China.

POULTRY - INDEX VARIATION (February 2010 = 100)



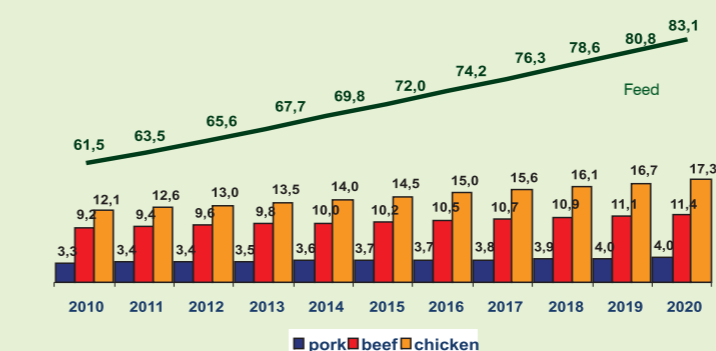
Source: Agriculture and Livestock Advice Center/JOX (live bird price)
Source: Brazilian Feed Industry Association (hypothetical poultry feed cost)

SWINE - INDEX VARIATION (February 2010 = 100)



Source: Sao Paulo Hog Raisers Association/SPCS
Source: Brazilian Feed Industry Association (hypothetical swine feed cost)
*Estimative

GROWTH FORECAST (million MT)



Source: AGE/MAPA - Adapted Sindicatos
Source: Brazilian Feed Industry Association (Feed)

The Brazilian production of feeds throughout 2011 will depend mainly because the growth of poultry and swine industries that has been affected by the performance of exports, since domestic consumption records have set fairly similar to those of developed countries. The feed industry is highly influenced by decisions and purchasing power of consumers and their requirements in relation to supply and food safety. The Brazilian Feed Industry Association, in turn, will continue to promote the economic, social and environmental sustainability of the animal protein production chain, since its mission is to be the voice of the animal feed industry, building an appropriate as well as competitive environment and contributing to food production insurance, advocating ethics in business, fair trade, equality and regulatory efficiency, always making decisions based on scientific evidence. It would be advisable that the Government takes the initiative to control public spending in order to drop the real interest rate and to low taxes, so the private sector could invest more to become the Brazilian products most competitive on the international scenario. ■

About SINDIRAÇÕES

Sindicatos, Brazilian Animal Feed Industry Association was established in 1953 and is currently the main representative of the Brazilian industry suppliers of feedstuffs, premixtures, feed supplements and livestock feed. Established in Sao Paulo and operating in the FIESP building, the entity brings together around 150 members representing more than 80% of the commercial market in feed and it's a member of IFIF - International Feed Industry Federation and FEEDLATINA - Latin America and Caribbean Feed Industry Association, as well.



Sindicato Nacional da Indústria de Alimentação Animal
Av. Paulista, 1.313 - 10º andar
Cjs 1050/1060 - Cerqueira César
Cep: 01311-923 - São Paulo - SP
Fone/Fax: (11) 3541 1212
sindiracoes@sindiracoes.org.br

www.sindiracoes.org.br

