Cereal production in 2016 to reach its lowest level in five years
Harvesting of the 2016 second season safrinha maize crop is currently underway. Despite an increase in the area planted, severe dry weather, associated with the El Niño phenomenon during the growing season significantly reduced yields in major producing states of Parana, Sao Paulo and Mato Grosso. Output is forecast to decline by 15 percent compared to the same season last year and the 2016 aggregate maize production (first and second season harvests) is anticipated at 73.5 million tonnes, 14 percent lower than a year earlier and the lowest level in five years. By contrast, wheat production in 2016 is anticipated to increase sharply to a five-year high of about 6.4 million tonnes. This mainly reflects higher sowings as a result of increased demand for wheat, particularly from the feed industry. Total cereal production in 2016 is expected at 95 million tonnes, the lowest level in the past five years.

Cereal imports for 2016 marketing year to increase to their highest level in five years
Cereal imports in the 2016/17 marketing year are anticipated at 9 million tonnes, the highest level in five years. This mainly reflects an increase in maize imports, which are forecast at a record high of 1.5 million tonnes. A tighter supply outlook following high exports earlier in the year, the anticipated reduction in this year’s harvest and strong demand from the feed sector, has led the Government to authorize maize imports from outside the Mercosur at a zero tariff rate.

Yellow maize prices on the increase and at record levels in May, wheat and wheat flour prices stable
Prices of yellow maize in May continued to follow the increasing trend of the past several months and reached record levels. The increase in prices was supported by tightened domestic supplies, following high exports in previous months and strong domestic

**HIGHLIGHTS**
- Cereal production in 2016 to reach its lowest level in five years
- Yellow maize prices reached record levels in March, wheat flour price stable
demand for feed. The expected reduction in the 2016 second season maize crop provided additional support.

Prices of wheat grain and wheat flour remained relatively unchanged. However, those of wheat grain were almost 30 percent above their levels in May last year reflecting a reduced 2015 crop and increased demand from the feed industry, due to the reduced availabilities of yellow maize. By contrast, wheat flour prices were lower as supplies are being maintained by adequate imports.