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Drought deepens Brazil's north-south farming divide

By Agrimoney.com - Published 09/05/2013

Farm operators and officials flagged a north-south divide in Brazil's farm fortunes which is seeing states in the once-fashionable Mapitoba region miss out on the strong yields being enjoyed by other areas.

Conab, the Brazilian crop bureau, in a report trimming its estimate for Brazilian soybean crop by 400,000 tonnes to 81.5m tonnes, flagged the "negative highlight" of the crops in the north east of the country.

"In particular, the region of Matopiba," or Mapitoba –formed of the states of Maranhão, Piauí, Tocantins and Bahia, and indeed representing an acronym of their first two letters combined - had been "severely affected by drought", Conab said.

Soybean yields in Bahia were seen tumbling 27%, and in Piauí by 31%, in sharp contrast to the national average of a 10.9% increase, and making the states the country's least productive.

'Severe drought'

Mapitoba, while offering poor infrastructure and representing something of an agricultural frontier, has been a popular region for purchases by farm investors reluctant to pay the higher values demanded for entering more southerly regions.

However, two of Brazil's largest farm operators, BrasilAgro and SLC Agrícola, highlighted the setback to their operations in the area from continuing drought.

BrasilAgro, of which three-quarters of its 166,000-hectare portfolio lies within Mapitoba, said that it had faced "severe drought" in its north east farms which "affected nearly 30% of soybean yields and 40% of corn yields".

Yield downgrade

SLC Agrícola said that it was cutting its forecast for soybean yields, for a second time, thanks to "droughts in December and February that affected the production potential of certain plots", particularly in western Bahia and Piauí.

The group cut its soybean yield estimate to 2.82 tonnes per hectare from tonnes per hectare a figure of 3.15 tonnes per hectare set in February, taking it further below the initial forecast of 3.31 tonnes per hectare.

SLC, for which Mapitoba states account for 207,000 hectares of its 386,000-hectare portfolio, estimated its yield of first crop corn, also hurt by the Bahia drought, at 9.10 tonnes per hectare, 12.0% below the initial forecast.

Sugar fortunes

Brazil's north-south divide has also become obvious in sugar cane, of which the harvest in the north east is expected to fall for a second successive season in 2013-14, in contrast to the rising output in the main centre south district.

Estimates last week from US Department of Agriculture staff peg foresee the north east contributing only 8.6% of the domestic cane harvest, down from 11.8% two seasons ago.

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