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ESALQ

# CEPEA NEWSLETTER

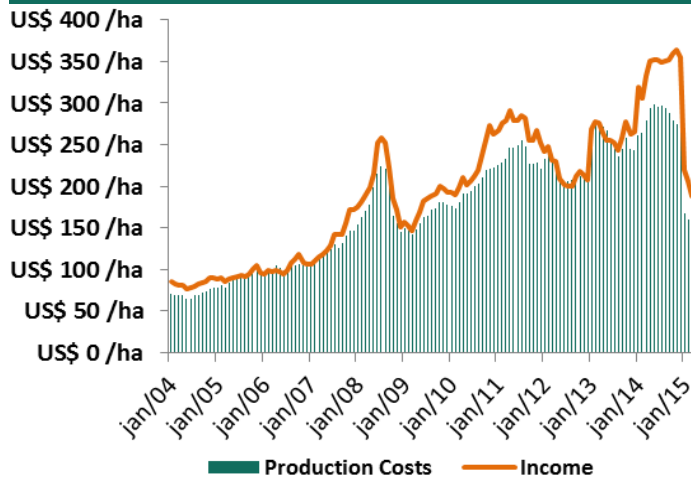
## Comparative Production Costs of Cattle | BRAZIL

UNIVERSITY OF SÃO PAULO | LUIZ DE QUEIROZ COLLEGE OF AGRICULTURE



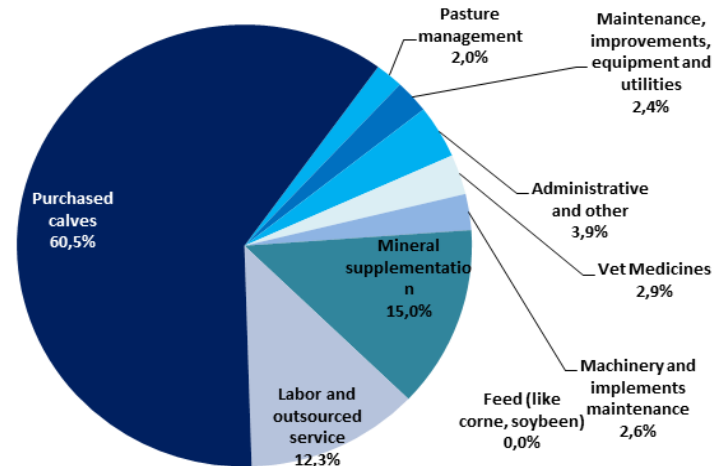
March-15 - 18ª Edição

### COSTS AND INCOME TO PRODUCE COW-CALF AND BEEF FINISHING PER HECTARE



Source: Cepea/CNA

### COMPOSITION OF CASH COSTS - INPUTS



### INPUTS MARKET

Input prices in Brazilian livestock production increase in the first quarter of 2015

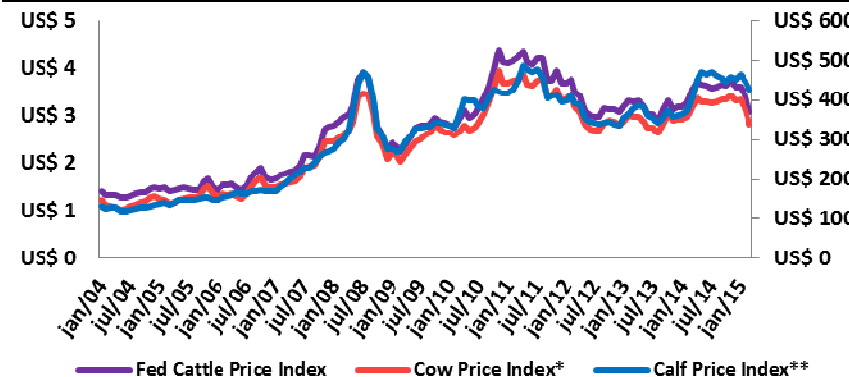
The first quarter of 2015 has been highlighted by the higher input prices of Brazilian cattle production, with emphasis to fertilizers and correctives, feeding and civil construction groups. So, the sector Total Operating Costs increased 4.79% between January and March. Even with the higher prices of slaughter cattle, the raising of production costs added to the countries' economic and political uncertainties has inhibited investments in livestock production. According to CEPEA's collaborators, the inputs' sales dropped sharply in the first quarter compared to the same period last year. Despite the smaller demand, the input prices rose due to the fuel increases and the dollar valorization, which reached 3.24 BRL in March. In Mato Grosso, Mato Grosso do Sul and Paraná states, the large amount of rain in the first quarter of the year favored pastures, reduced the feed purchases, but hindered management activities. Sales dropped specially to fertilizers and seeds. Besides the ending of grazing reform period. In March, cattle farmers started the arrangements to vaccination against foot-and-mouth disease, reducing costs with managements. In Northeastern region, heavy rainfalls registered in the first months of the year hindered animal and pasture managements, and, as a result, the sector investments. In Northern region, the focus was the significant drop in volumes traded in March in Rondonia State, of 30% compared to trades done in February, resulting in six months of negative results.

### Prices

### FUTURE MARKET

	Fed Cattle Price Index	Cow Price Index*	Calf Price Index**
February-15	US\$ 3,39/kg	US\$ 3,13/kg	US\$ 446,91/head
March-15	US\$ 3,08/kg	US\$ 2,83/kg	US\$ 427,87/head
% month	-9,13%	-9,44%	-4,26%

### PRICES IN 31/03/2015 USD/Kg



\*\* São Paulo state

\*\*Mato Grosso do Sul state

Each contract is settled on the last day of the respective month. The financial settlement value is the average of the past five indexes for Feeder Cattle from ESALQ /BM&FBovespa for the month, elaborated by Cepea. This index is based on the physical market of São Paulo state.