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Argentina

Grain and Feed Update

2011/12

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Report Highlights:
Sorghum area, production, and exports are adjusted upward for 2011/12 while production for 2010/11 is adjusted downward. Harvested area for wheat is projected slightly down, while barley is expected to go up slightly in 2011/12. There are no major changes for corn or rice estimates.

Post:
Buenos Aires

Author Defined:

Wheat: Harvested area for 2011/12 is reduced slightly from post's previous projection to 4.6 million hectares. Despite good weather and good crop conditions in most areas, some farmers decided not to plant because of ongoing uncertainty in the market and a few due to weather problems in very specific areas. Additionally, barley area is expected to increase further, taking some area away from wheat. This year, many producers in the local "corn belt" prefer to plant corn (or first soybean crop), instead of doing double crop wheat/soybeans. Planting progress is at about 90 percent. Total production is still projected at 13 million tons. Local farmers continue to indicate that planted area could be significantly higher if the domestic wheat market was not dependent on export quotas authorized by the government. The government announces periodic export quotas based on its calculations of supply and demand in order to maintain a well-supplied domestic market. This situation does not make exporters and flour mills compete for the merchandise. Producers claim that because of this, world wheat prices are not reflected in the local market, with additional discounts ranging between US$40-50 per ton. A private estimation indicates that producers are storing about 4 million tons of the 2010/11 crop, as they cannot sell it or they are waiting for better market conditions.

Wheat exports for 2010/11 are forecast up at 9.2 million tons. Based on a recent government announcement of an additional export quota of 450,000 tons, the total volume authorized for export plus the volume consumed by flour mills add up to more than 15 million tons in crop 2010/11. Ending stocks are revised downwards at 1.29 million tons.

Barley: Producers are gaining a lot of interest in barely because it does not operate under a quota system, has projected good returns and it can be harvested an average of 15-20 days earlier than wheat, allowing second crop soybeans to be planted earlier therefore reducing the risk of frost damage towards the end of the season. There is a wide range of estimations of planted area which ranges between 0.85-1.0 million hectares for 2011/12. These estimates are higher than the official USDA data. Until a few years ago, practically all barley was produced under contracts between producers and companies (beer plants and exporters). However, due to a strong domestic and foreign demand, more and more production is done outside these agreements. China has recently authorized imports from Argentina, while exports to Uruguay and Iran have lately increased.

Corn: There are practically no changes from post's previous estimate. Most contacts reaffirm projection growth of 10-15 percent in planted area. In the local "corn belt" planted area is expected to expand between 10-20 percent, while in the rest of the production area, growth will be smaller. Similar to wheat, producers indicate that if there were no export restrictions and quotas in the domestic market, planted area for corn would be significantly higher. Some producers are discouraged as they cannot market properly their corn and claim that they have additional price discounts. Nevertheless, returns are expected to be good (and even higher than soybeans), and many farmers are behind on their rotation schedule, so more corn is expected to be planted. In the main corn producing area, the land which was not planted with wheat will most likely be planted directly with corn. Seed genetics are improving fast, providing significant production stability. New hybrids with much better disease resistance provide a wider planting window, which now goes from September through late December in the main producing area. Many farmers are now doubling up on their land use by planting early in the season and planting a second crop or late corn in December after the first crop is harvested. Second crop or late corn potentially yield less but are more stable and less risky by avoiding the flowering stage in late December-early January which tends to be dry and hot. Some seed companies are developing sub-tropical corn hybrids to expand the area to the west and north of the country.

Sorghum: Planted area for 2011/12 is pushed up 50,000 hectares from the official USDA estimate to 900,000 hectares and up 100,000 tons to 4.1 million tons. New hybrids, lower production costs than corn, and good yields and returns in the past crop are expected to encourage further than expected plantings. Furthermore, sorghum operates similar to soybeans with no export restrictions or quotas and can easily be directed to the livestock sector for feed use. The interest in exports has lately grown. Production for 2010/11 adjusted downward by 300,000 tons to 3.7 MMT, likewise, exports are down by 100,000 to 1.5 MMT.

Rice: The only changes made to post's previous projection are a marginally higher consumption because of a strong economy and a lower ending stock for 2011/12.

Production, Supply and Demand Data Statistics:

Wheat Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Dec 2009		Market Year Begin: Dec 2010		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,650	3,650	4,400	4,400	5,200	4,600
Beginning Stocks	1,285	1,285	1,364	1,364	2,494	1,294
Production	11,000	11,000	15,000	15,000	15,000	13,000
MY Imports	3	3	5	5	5	5
TY Imports	3	3	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	12,288	12,288	16,369	16,369	17,499	14,299
MY Exports	5,099	5,099	8,000	9,200	9,000	7,200
TY Exports	5,172	5,172	7,200	8,000	8,000	6,400
Feed and Residual	25	25	25	25	25	25
FSI Consumption	5,800	5,800	5,850	5,850	5,900	5,900
Total Consumption	5,825	5,825	5,875	5,875	5,925	5,925
Ending Stocks	1,364	1,364	2,494	1,294	2,574	1,174
Total Distribution	12,288	12,288	16,369	16,369	17,499	14,299
Yield	3.	3.0137	3.	3.4091	3.	2.8261
TS=TD		0		0		0

Not Official USDA Data

Corn Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,700	2,700	3,200	3,200	3,400	3,600
Beginning Stocks	976	992	592	934	1,002	1,392
Production	22,800	23,300	22,000	21,000	26,000	26,000
MY Imports	7	7	10	8	10	9
TY Imports	4	7	10	8	10	9
TY Imp. from U.S.	1	1	0	1	0	1
Total Supply	23,783	24,299	22,602	21,942	27,012	27,401
MY Exports	16,491	16,465	14,500	13,250	18,000	18,400
TY Exports	16,971	16,973	14,000	12,800	17,000	17,400
Feed and Residual	4,800	5,000	5,100	5,300	5,400	5,500
FSI Consumption	1,900	1,900	2,000	2,000	2,100	2,100
Total Consumption	6,700	6,900	7,100	7,300	7,500	7,600
Ending Stocks	592	934	1,002	1,392	1,512	1,401
Total Distribution	23,783	24,299	22,602	21,942	27,012	27,401
Yield	8.	8.6296	7.	6.5625	8.	7.2222
TS=TD		0		0		0

Not Official USDA Data

Sorghum Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	751	751	840	840	850	900
Beginning Stocks	194	194	152	152	452	352
Production	3,629	3,629	4,000	3,700	4,000	4,100
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3,823	3,823	4,152	3,852	4,452	4,452
MY Exports	1,771	1,771	1,600	1,500	1,800	1,900
TY Exports	1,507	1,509	1,800	1,700	1,700	1,900
Feed and Residual	1,700	1,700	1,900	1,800	2,200	2,000
FSI Consumption	200	200	200	200	200	200
Total Consumption	1,900	1,900	2,100	2,000	2,400	2,200
Ending Stocks	152	152	452	352	252	352
Total Distribution	3,823	3,823	4,152	3,852	4,452	4,452
Yield	5.	4.8322	5.	4.4048	5.	4.5556
TS=TD		0		0		0

Not Official USDA Data

Rice, Milled Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	215	215	250	250	210	210
Beginning Stocks	120	120	74	74	222	222
Milled Production	706	706	1,118	1,118	901	850
Rough Production	1,086	1,086	1,720	1,720	1,386	1,308
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	8	8	5	5	5	10
TY Imports	7	7	5	5	5	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	834	834	1,197	1,197	1,128	1,082
MY Exports	430	430	625	625	600	600
TY Exports	468	468	600	600	600	600
Consumption and Residual	330	330	350	350	355	380
Ending Stocks	74	74	222	222	173	102
Total Distribution	834	834	1,197	1,197	1,128	1,082
Yield (Rough)	5.	5.0512	7.	6.88	7.	6.2286
TS=TD		0		0		0

Not Official USDA Data