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Argentina

Oilseeds and Products Update

October Lock-up Report

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Report Highlights:
Soybean area for MY2011/12 is maintained at 19 million hectares, 300,000 ha lower than the official USDA estimate. Soybean exports for MY2010/11 are bumped up by 1.2 million metric tons (MMT) to 10.5 MMT due to the strong pace during the first six months of the year. Sunflower area and production for MY2011/12 are expanded to 1.875 million hectares and 3.2 MMT respectively. Post maintains the estimate of sunflower crush for MY2010/11 at 3.4 MMT (up 350,000 from USDA official numbers) due to a sunflowerseed harvest with record yields and higher production than expected.

Post:
Buenos Aires

Commodities:
Oilseed, Soybean (Local)

Meal, Soybean (Local)

Oil, Soybean (Local)

Oilseed, Sunflowerseed

Meal, Sunflowerseed

Oil, Sunflowerseed

Author Defined:

Soybeans:

The main production area of Argentina received several good rain showers over the past few weeks providing adequate soil moisture for advancing crop planting. Soybean planting for the marketing year (MY) 2011/12 is estimated to be about 6 percent complete according to the Buenos Aires Grain Exchanges weekly newsletter dated Oct. 27, 2011. Post maintains its previous estimate for area planted to 19 million hectares (ha) with a production of 51 million metric tons (MMT). This is 300,000 hectares and 2 MMT lower than the USDA Official estimate. Corn area is estimated to increase nearly 10 percent due to high prices and the need to rotate soybean fields to replace nutrients. Corn has taken most of the productive soybean area, and the slight expansion of soybeans from last year is mostly seen in the marginal areas and in the northern part of the country. There is still the lingering threat of another la niña year with hot, dry weather, especially during the second half of November through the second half of January. If it is dry during January, the typical time when corn flowers, yields can decrease. Producers could decide at the last minute to plant soy if they feel that planting corn is too risky. In this case, soybean area would go up.

For MY2010/11, FAS Buenos Aires maintains its final production estimate at 49 MMT. As mentioned in last month's update, soybean exports for MY2010/11 are very strong with 6.7 MMT shipped April 2011 through August 2011 with 3.3 MMT more expected to be shipped by the first week of November based on official port data from the Ministry of Agriculture. This is already higher than the official USDA export estimate of 9.3 MMT. Argentina traditionally exports about 80 percent of its soybeans during the first 6 months of the marketing year. At this pace, FAS Buenos Aires bumps the export estimate to 10.5 MMT (an increase of 1.2 MMT from the official USDA estimate). This estimate is lower than Post's estimate last month. In September there was nearly a 20 percent drop in soybean prices. This caused some producers to hold on to their soybeans until the price went up again and as a result the official port data estimates were actually lower.

Likewise, soybeans sold for processing are reduced because of the price dip. Crush for MY2010/11 is lowered to

37 MMT (down 400,000 tons from the official USDA estimate). Exports for both oil and meal are also adjusted downward. The holding of soybeans in hope of higher prices has naturally caused stocks to increase.

Sunflowerseed:

Sunflowerseed planting for MY2011/12 has reached 35 percent of the total intended 1,740,000 hectares based on Ministry of Agriculture official data. Post estimates that total area will reach 1,875,000 hectares based on updated information from industry contacts (75,000 ha higher than the USDA official estimate). This year, soybean area increased only slightly and corn took over some of the most productive land. Sunflowerseed expansion is being seen in marginal areas such as Chaco, Entre Rios and Southern Buenos Aires province. This growth more than makes up for the drop in area dedicated to corn and soybeans and where pigeons are a serious problem for the sunflowerseed crop such as Santiago del Estero. With average yields, production is estimated at 3.2 MMT.

Planting Progress, October 20, 2011						
Sunflowerseed						
	Local Marketing Year				Area Planted From:	
	10/11	11/12	10/11	11/12	10/6/11	10/13/11
Province	Percentage		Hectares		Percentage	
Buenos Aires	25	19	238,538	178,030	0	0
Córdoba	24	8	10,368	3,700	0	0
Entre Ríos	92	60	16,100	5,440	28	38
La Pampa	27	5	86,022	15,370	0	0
Santa Fe	99	99	172,136	173,550	58	78
Other	64	82	159,744	225,690	52	57
Total	**41%**	**35%**	**682,908**	**601,780**	**24%**	**35%**
Source: MAGyP, Weekly Report, 10/20/2011						

Crush for MY2010/11 is raised to 3.4 MMT, up 350,000 tons from official USDA numbers. Nearly all sunflowerseed produced in Argentina is processed in country and with an exceptional harvest of 3.56 MMT, it is expected that the additional sunflowerseed go to crush. As mentioned in last month's update, official numbers from the Ministry of Agriculture indicate that over 2.1 MMT has already been crushed during the first six months of the marketing year (March through August). Based on the increase in crush, meal and oil are also adjusted with most of the extra supply expected to go towards exports.

Peanuts:

There are no changes to peanut estimates in this report.

Policy:

Cristina Fernandez de Kirchner was re-elected on October 23, 2011, winning with 54 percent of the vote. During her campaign she talked about deepening the current economic model and many are speculating that the agriculture sector in terms of export restrictions, can expect more of the same policies over the next four years. However, it appears that the government is trying to ease some of the conflict with the farm sector. Last week the President attended a lunch with a local farm association who had been one of her major critics over the past 3 years and more importantly, is considering a plan proposed by a local farm cooperative association to change the current system of issuing and regulating export permits for wheat and corn. The government also recently released a strategic agricultural plan with the goal of increasing grain and oilseed production by more than 50 percent to reach 160 MMT by 2020. Another goal in the plan is to more than double agricultural exports by 2020. Although the details are not yet available on how these goals will be reached and what will exactly happen with a change in the export quota systems, if the good weather continues; the grain marketing system becomes more liberated; and the government implements a workable plan to increase grain and soybean production, the future for producers in Argentina will be looking bright.

Oilseed, Soybean (Local) 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 Planted	18,800	18,800	18,300	18,300	19,300	19,000
Area Harvested	18,600	18,600	18,300	18,300	19,300	19,000
Beginning Stocks	4,495	4,298	4,507	4,307	5,167	4,157
Production	54,500	54,500	49,000	49,000	53,000	51,000
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	58,995	58,798	53,507	53,307	58,167	55,157
MY Exports	13,701	13,701	9,300	10,500	11,315	11,000
MY Exp. to EU	112	112	65	65	100	100
Crush	39,190	39,190	37,400	37,000	40,150	40,150
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1,597	1,600	1,640	1,650	1,650	1,650
Total Dom. Cons.	40,787	40,790	39,040	38,650	41,800	41,800
Ending Stocks	4,507	4,307	5,167	4,157	5,052	2,357
Total Distribution	58,995	58,798	53,507	53,307	58,167	55,157
1000 HA, 1000 MT						

Meal, Soybean (Local) 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
Crush	39,190	39,190	37,400	37,000	40,150	40,150
Extr. Rate, 999.9999	1	1	1	1	1	1
Beginning Stocks	1,123	1,486	2,528	2,891	3,531	4,164
Production	30,489	30,489	29,155	29,000	31,320	31,320
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	31,612	31,975	31,683	31,891	34,851	35,484
MY Exports	28,384	28,384	27,425	27,000	30,320	31,500
MY Exp. to EU	14,700	14,700	14,850	14,850	15,000	15,000
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	700	700	727	727	743	750
Total Dom. Cons.	700	700	727	727	743	750
Ending Stocks	2,528	2,891	3,531	4,164	3,788	3,234
Total Distribution	31,612	31,975	31,683	31,891	34,851	35,484
1000 MT, PERCENT						

Oil, Soybean (Local) 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
Crush	39,190	39,190	37,400	37,000	40,150	40,150
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	155	155	206	206	200	371
Production	7,459	7,459	7,110	7,050	7,633	7,633
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	7,614	7,614	7,316	7,256	7,833	8,004
MY Exports	5,180	5,180	4,750	4,600	5,110	5,110
MY Exp. to EU	388	388	425	425	435	435
Industrial Dom. Cons.	1,850	1,850	1,980	1,900	2,133	2,133
Food Use Dom. Cons.	378	378	386	385	390	390
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2,228	2,228	2,366	2,285	2,523	2,523
Ending Stocks	206	206	200	371	200	371
Total Distribution	7,614	7,614	7,316	7,256	7,833	8,004

Oilseed, Sunflowerseed Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,500	1,543	1,695	1,700	1,800	1,875
Area Harvested	1,488	1,489	1,695	1,700	1,800	1,875
Beginning Stocks	812	812	242	162	650	227
Production	2,300	2,220	3,560	3,560	3,060	3,200
MY Imports	19	19	20	20	20	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,131	3,051	3,822	3,742	3,730	3,447
MY Exports	70	70	65	65	65	65
MY Exp. to EU	20	20	20	20	20	20
Crush	2,769	2,769	3,050	3,400	3,050	3,200
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	50	50	57	50	53	50
Total Dom. Cons.	2,819	2,819	3,107	3,450	3,103	3,250
Ending Stocks	242	162	650	227	562	132
Total Distribution	3,131	3,051	3,822	3,742	3,730	3,447
1000 HA, 1000 MT						

Meal, Sunflowerseed Argentina	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: May 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Crush	2,769	2,769	3,050	3,400	3,050	3,200
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	215	215	227	227	244	237
Production	1,218	1,218	1,322	1,480	1,287	1,395
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,433	1,433	1,549	1,707	1,531	1,632
MY Exports	586	586	685	850	665	750
MY Exp. to EU	450	450	500	500	500	500
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	620	620	620	620	620	620
Total Dom. Cons.	620	620	620	620	620	620
Ending Stocks	227	227	244	237	246	262
Total Distribution	1,433	1,433	1,549	1,707	1,531	1,632
1000 MT, PERCENT						

Oil, Sunflowerseed 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
Crush	2,769	2,769	3,050	3,400	3,050	3,200
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	281	281	447	438	347	331
Production	1,146	1,146	1,257	1,400	1,258	1,320
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,427	1,427	1,704	1,838	1,605	1,651
MY Exports	578	587	950	1,100	950	1,100
MY Exp. to EU	180	180	270	270	270	270
Industrial Dom. Cons.	2	2	2	2	2	2
Food Use Dom. Cons.	385	385	390	390	395	395
Feed Waste Dom. Cons.	15	15	15	15	15	15
Total Dom. Cons.	402	402	407	407	412	412
Ending Stocks	447	438	347	331	243	139
Total Distribution	1,427	1,427	1,704	1,838	1,605	1,651
1000 MT, PERCENT						