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Report Name: Grain and Feed Annual

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Report Highlights:

For MY 2024/25, Post estimates that wheat area harvested will total 195,000 hectares (ha), a 2.5 percent decrease from MY 2023/24 to due to high input costs and low prices. Wheat production will reach 1.17 million metric tons (MMT). Post estimates wheat imports in MY 2024/25 to increase by 3.6 percent over MY 2023/24 and reach 1.45 million metric tons. In MY 2024/25, Post forecasts 630,000 metric tons (MT) of corn production, a 0.3 percent increase from MY 2023/24 due to unchanged area harvested and slightly higher yields. Imports will increase by 3.5 percent and total 2.4 MMT to cover domestic consumption from the pork and poultry industry.

Commodities: Wheat

Table 1: Production, Supply and Demand Data Statistics

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	Dec 2022		Dec 2023		Dec 2024	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	217	217	210	200	0	195
Beginning Stocks (1000 MT)	152	152	277	53	0	60
Production (1000 MT)	1325	1290	1270	1200	0	1170
MY Imports (1000 MT)	1255	1188	1300	1400	0	1450
TY Imports (1000 MT)	1255	1300	1300	1500	0	1500
TY Imp. from U.S. (1000 MT)	290	0	0	300	0	350
Total Supply (1000 MT)	2732	2630	2847	2653	0	2680
MY Exports (1000 MT)	5	10	10	10	0	10
TY Exports (1000 MT)	7	10	10	10	0	10
Feed and Residual (1000 MT)	150	200	250	200	0	210
FSI Consumption (1000 MT)	2300	2367	2380	2383	0	2400
Total Consumption (1000 MT)	2450	2567	2630	2583	0	2610
Ending Stocks (1000 MT)	277	53	207	60	0	60
Total Distribution (1000 MT)	2732	2630	2847	2653	0	2680
Yield (MT/HA)	6.106	5.9447	6.0476	6	0	6

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries. TY 2024/2025 = July 2024 - June 2025

Source: Post estimates

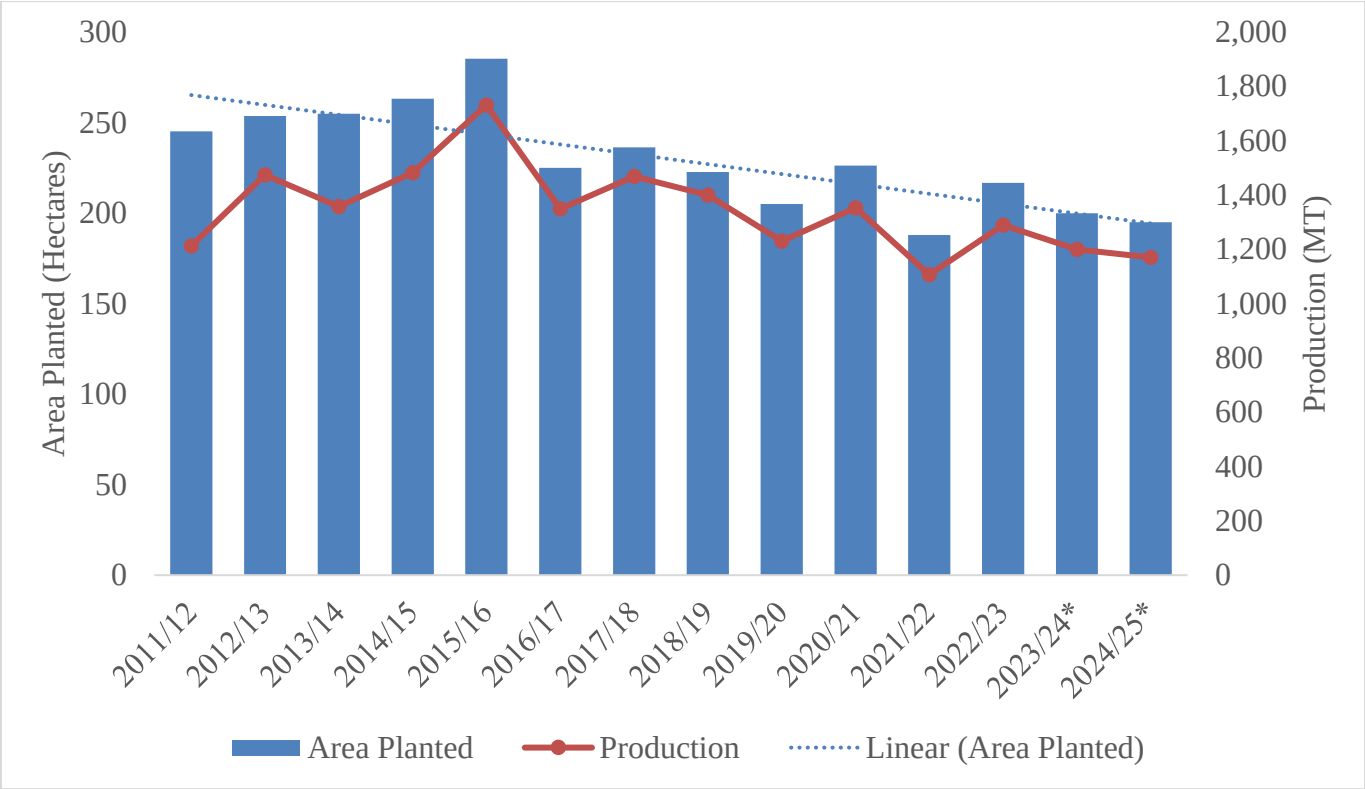
Production:

Wheat area planted in Chile has been trending downward since MY 2015/16 due to high input costs, low prices, and tight margins for producers (Figure 1). For MY 2024/25, Post estimates that wheat area harvested will total 195,000 hectares, a 2.5 percent decrease from MY 2023/24. In MY 2023/24, area harvested decreased by 7.8 percent (Figure 2) due to low wheat prices observed since October 2022. Any increase in wheat prices is offset by the high cost of inputs, such as fertilizers, which will limit the potential increase in harvested area.

For over a decade, Chile faced a drought; however, 2023 marked an end to the drought with high levels of rainfall in the central and southern parts of the country where wheat is grown. Agricultural producers see the drought as a structural problem and recognize the need to adapt to lower rainfall by investing in water storage infrastructure and incorporating technology into production systems.

In MY 2023/24 and MY 2024/25, due to the higher water availability and an increase in efficiency, Post estimates average wheat yields to increase from the 12-year average of 5.84 MT per hectare to 6.00 MT per hectare. Consequently, in MY 2024/25, production will reach 1.17 million metric tons.

Figure 1: Wheat Area Harvested (Thousands of Hectares) and Production (Thousands of MT)



Source: Based in data from Instituto Nacional de Estadísticas (INE) and ODEPA

* Post estimates

Trade:

For MY 2024/25, due to a decrease in production, Post estimates wheat imports to increase by 3.6 percent over MY 2023/24 and reach 1.45 million metric tons. With the drop in production, Chilean industry needs additional imports to cover domestic consumption.

Overall, in MY 2023/24, Post expects imports to increase to maintain the consumption levels demanded by the wheat milling industry. Year-to-date data are insufficient to confirm the increase; however, monthly imports of wheat (Figure 2) in January 2024 show an important increase over the January 2023 import figure.

The main source for Chilean wheat imports is Canada and the United States. In the past, Argentina positioned itself as the main supplier of wheat to Chile, due to its competitive price and proximity. However, with an intense drought in Argentina, imports from that country decreased by 52.77 percent in MY 2022/23 making it now the third top supplier. Conversely, U.S. wheat imports increased by 39.77 percent in MY 2022/23 and by 64.87 percent in MY 2023/24 (data until January) due to its price competitiveness against regional competitors and consistent quality.

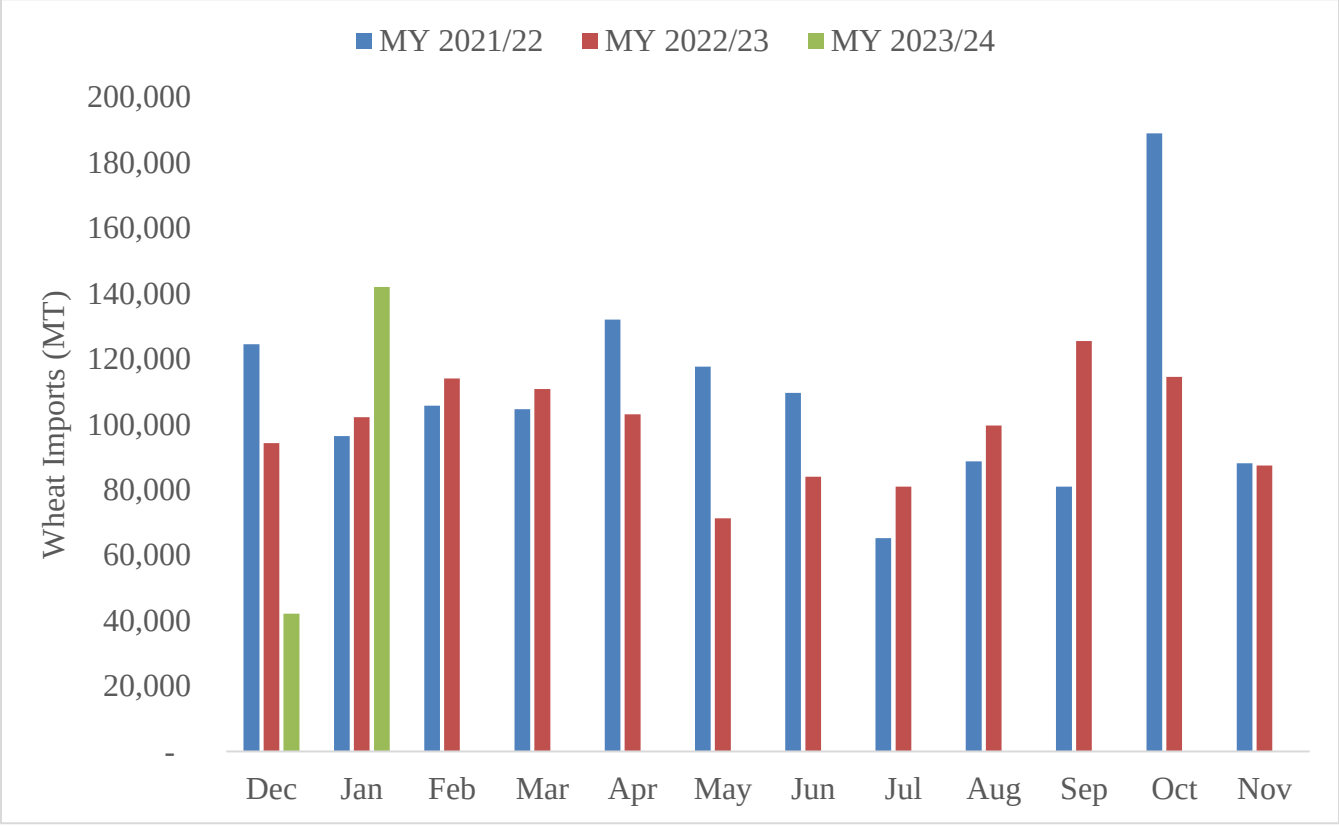
Table 2: Wheat Import Volume (MT) by Country of Origin

Partner Country	Marketing Year			Year to Date		
	2021/22 (MT)	2022/23 (MT)	Variation (%)	Dec 22 - Jan 23 (MT)	Dec 23 - Jan 24 (MT)	Variation (%)
The World	1,302,672	1,187,833	-8.82%	196,446	184,188	-6.24%
Canada	323,588	426,596	31.83%	62,306	50,419	-19.08%
United States	231,219	323,171	39.77%	24,273	40,020	64.87%
Argentina	617,985	291,880	-52.77%	103,371	13,869	-86.58%
Uruguay	43,606	84,579	93.96%	1	70,038	
Others	86,274	61,607	-28.59%	6,495	9,842	51.53%

Source: Trade Data Monitor, LLC

*For details of conversion factors see appendix

Figure 2: Wheat Import Volume (MT) by Month



Source: Trade Data Monitor, LLC

* For details of conversion factors see appendix

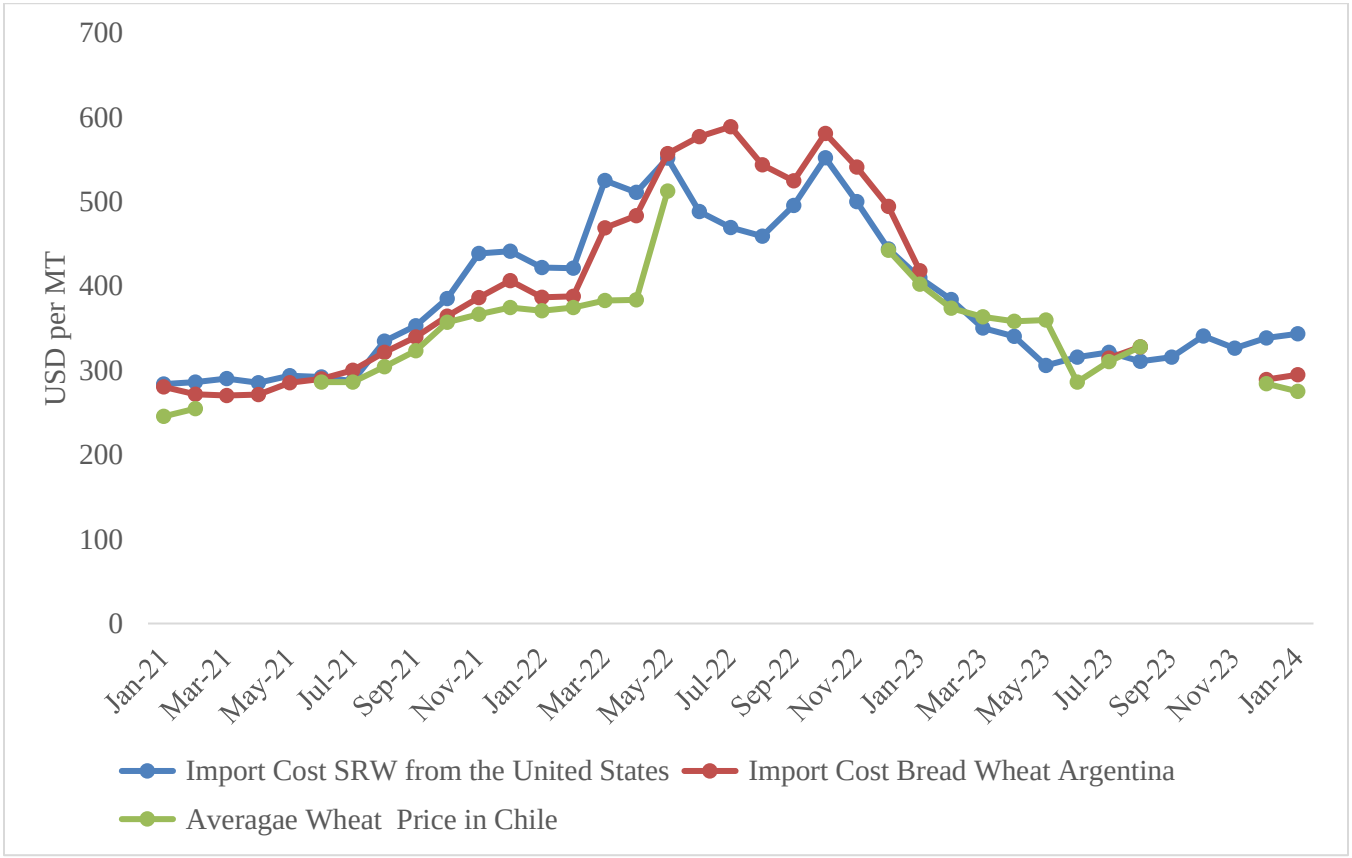
Prices:

The cost of importing wheat from the top suppliers (Canada, United States, and Argentina) drives domestic wheat prices. Figure 3 shows the average wheat producer price in Chile and the cost of importing wheat from the United States and Argentina using a steady exchange rate. These indicators reflect domestic wheat price variations.

The Chilean wheat market generally tracks international prices. The average wheat price in Chile decreased from $442 per MT in in December 2022 to $306 per MT in May 2023, as global prices decreased. In January 2024 wheat price in Chile averaged $275 per MT, the lowest price observed since June 2021.

The cost of importing wheat has remained largely steady since May 2023. Post expects Chilean wheat price to remain steady in MY 2024/25, assuming no relevant shocks create instability in international prices.

Figure 3: Wheat Average Price in Chile by Month and Alternative Import Cost (USD per MT)



Source: Based in data from ODEPA, 2024

*Exchange rate: 1 dollar = 839.07 Chilean pesos

The depreciation of the Chilean peso against the U.S. dollar pushed Chilean wheat prices up in nominal terms. There was a rapid depreciation in MY 2023/24 , moving the Chilean peso from CLP$ 798 per U.S. dollar to CLP$ 963 per U.S. dollar (Figure 4). Since many inputs for Chilean agriculture production are imported, this results in an increase in the cost of agricultural inputs such as chemical products, agricultural equipment, machinery, and seeds. As a result, margins for producers remain relatively tight.

Figure 4: Exchange Rate by Month (Chilean Pesos per U.S. Dollar)

Source: Chilean Central Bank, 2024

Consumption:

In MY 2024/25, food, seed, and industrial consumption of wheat is projected to reach 2.4 MMT, increasing 0.71 percent from MY 2023/24. Wheat is used mainly for bread production. In Chile, bread is considered a staple food, and its demand is inelastic. As a result, Post does not foresee a large increase or decrease in the domestic consumption of wheat. This use of wheat makes up 92 percent of total wheat consumption. Feed represents the remaining 8.0 percent of wheat consumption, and its mainly destined for the salmon farming industry.

In MY 2024/25, Post forecasts a five percent increase in feed consumption, totaling 210,000 MT due to the developments and demand from the salmon industry. In general, the salmon feed industry uses fish oil, fish meal, and vegetable protein concentrates from soy, sunflower and canola. Wheat represents

around 15 percent of the salmon rations. The demand for salmon feed is between 1.32 – 1.65 MMT per year and it is expected to grow at a 3-4 percent rate in the upcoming years.

Stocks:

In MY 2024/25, Post forecasts stocks remain unchanged at 60,000 MT, assuming no major price variations that could incentive an increase or reduction of wheat storage. Importantly, wheat storage capacity in Chile is relatively limited due to lack of infrastructure, and many wheat producers use silo bags to store for short periods of time.

Policy:

The public-private company *Cotrisa* (*Comercializadora de Trigo S.A.*) monitors prices and the cost of importing of wheat. *Cotrisa* has a purchasing program for small wheat producers. In MY 2023/24, due to low wheat prices, *Cotrisa* activated its purchasing program in the *Parral* and *Lautaro* areas allowing for producers to sell limited amount of wheat at a fixed price. These purchasing centers are near the wheat production areas. *Parral* is in the *Maule* region, located in the central-south part of the country. *Lautaro* is in the *Araucanía* region, the top wheat producing region in Chile in the southern part of the country. For further details in Chilean wheat price data see Cotrisa's website.

Commodities:

Corn

Table 3: Production, Supply and Demand Data Statistics

Corn	2022/2023		2023/2024		2024/2025	
Market Year Begins	Mar 2023		Mar 2024		Mar 2025	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	50	49	65	50	0	50
Beginning Stocks (1000 MT)	159	159	114	128	0	83
Production (1000 MT)	550	615	725	628	0	630
MY Imports (1000 MT)	2350	2300	2350	2320	0	2400
TY Imports (1000 MT)	2344	2200	2350	2350	0	2400
TY Imp. from U.S. (1000 MT)	20	190	0	200	0	210
Total Supply (1000 MT)	3059	3074	3189	3076	0	3113
MY Exports (1000 MT)	25	21	20	20	0	20
TY Exports (1000 MT)	21	20	20	21	0	20
Feed and Residual (1000 MT)	2600	2605	2700	2650	0	2700
FSI Consumption (1000 MT)	320	320	320	323	0	325
Total Consumption (1000 MT)	2920	2925	3020	2973	0	3025
Ending Stocks (1000 MT)	114	128	149	83	0	68
Total Distribution (1000 MT)	3059	3074	3189	3076	0	3113
Yield (MT/HA)	11	12.551	11.1538	12.56	0	12.6

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries. TY 2024/2025 = October 2024 - September 2025

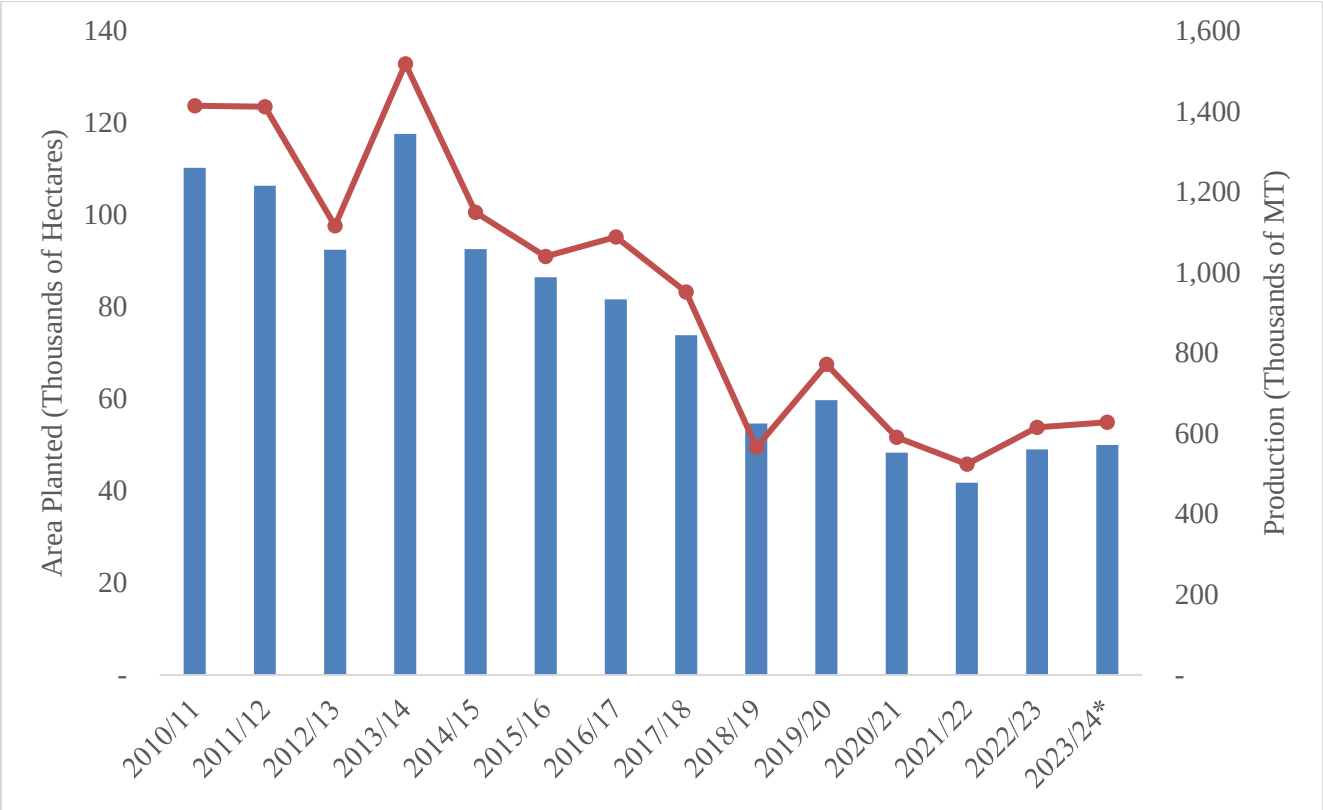
Source: Post estimates

Production:

In MY 2024/25, Post forecasts 630,000 MT of corn production, a 0.3 percent increase from MY 2023/24 due to unchanged area harvested and slightly higher yield (Table 3). Chile faced a decade of drought which ended in MY 2022/23 boosting yields. Post estimates yields will increase to 12.6 MT per hectare due to higher availability of water for irrigation in the corn producing regions.

In MY 2024/25, with a decrease in corn price, harvested area is expected to remain stagnant at 50,000 hectares (Figure 5). Corn area harvested dropped steadily from MY 2010/11 to MY 2018/19 as low margins squeezed out producers. Since MY 2018/19, area harvested has been steady despite low prices and tight margins. Despite facing low prices and high input costs, corn area planted does not decrease drastically because there is a demand for feed and because farmers also use corn for crop rotation. Area planted growth remains limited by the high cost of inputs, such as fertilizers, which are mostly imported.

Figure 5: Corn Area Harvested (Thousands of Hectares) and Production (Thousands of MT)



Source: Based in data from Instituto Nacional de Estadísticas (INE) and ODEPA

* Post estimates

Trade:

In MY 2024/25, Post projects imports to increase by 3.4 percent and total 2.4 MMT to cover domestic consumption. Likewise, in MY 2023/24, Post estimates that imports will total 2.32 MMT, a 0.87 percent increase from MY 2022/23.

Domestic consumption is mostly feed for the pork and poultry industries. Chile imports corn mainly from Argentina and Paraguay which are price competitive due to their proximity to the Chilean market; a critical factor considering the increases in transport costs that have been observed since MY 2021/22.

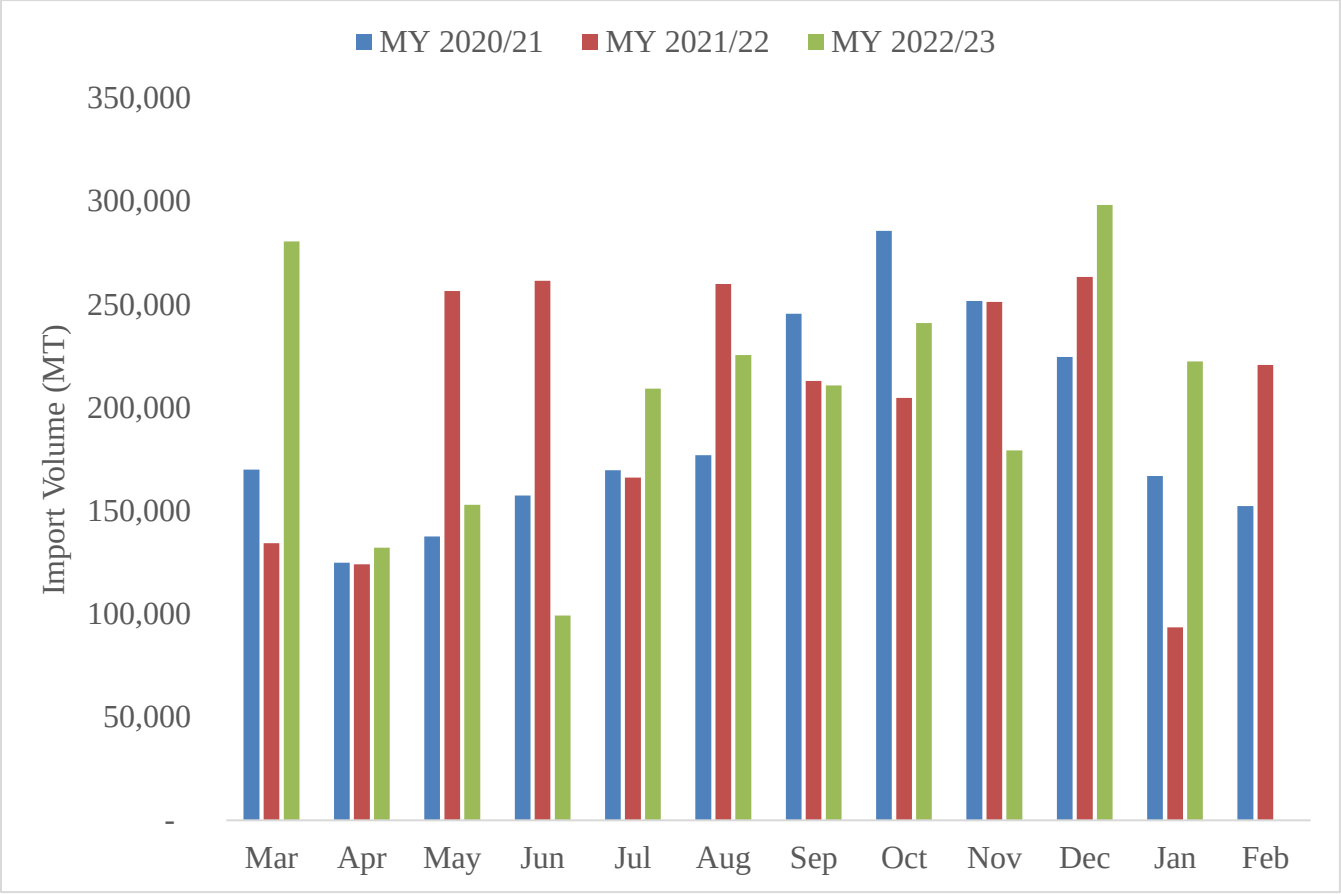
In MY 2022/23, Chilean imports of corn increased by 1.0 percent in from MY 2021/22 (data until January 2023). Argentina was the main supplier of corn with 59.2 percent market share followed by Paraguay with a 37.8 percent market share (Table 4). However, imports from Argentina decreased by 4.0 percent in MY 2022/23 due to drought in that market. During the same period, imports from the United States increased from 1,011 MT to 20,953 MT due to competitive prices.

Table 4: Corn Import Volume by Country (Metric Tons)

Partner Country	Marketing Year			Year to Date		
	MY 2020/21 (MT)	MY 2021/22 (MT)	Variation (%)	Mar 22 - Jan 23 (MT)	Mar 23 - Jan 24 (MT)	Variation (%)
The World	2,263,375	2,448,918	8.2%	2,228,256	2,251,497	1.0%
Argentina	2,129,306	1,433,281	-32.7%	1,388,283	1,333,283	-4.0%
Paraguay	7,668	905,046	11702.9%	821,971	850,515	3.5%
Brazil	533	92,649	17282.6%	135	33,622	24805.2%
Uruguay	0	14,451		14,451	11,763	-18.6%
United States	106,815	1,073	-99.0%	1,011	20,953	1972.5%
Others	19,053	2,418	-87.3%	2,405	1,361	-43.4%

Source: Trade Data Monitor, LLC

Figure 6: Corn Import Volume by Month (Metric Tons)



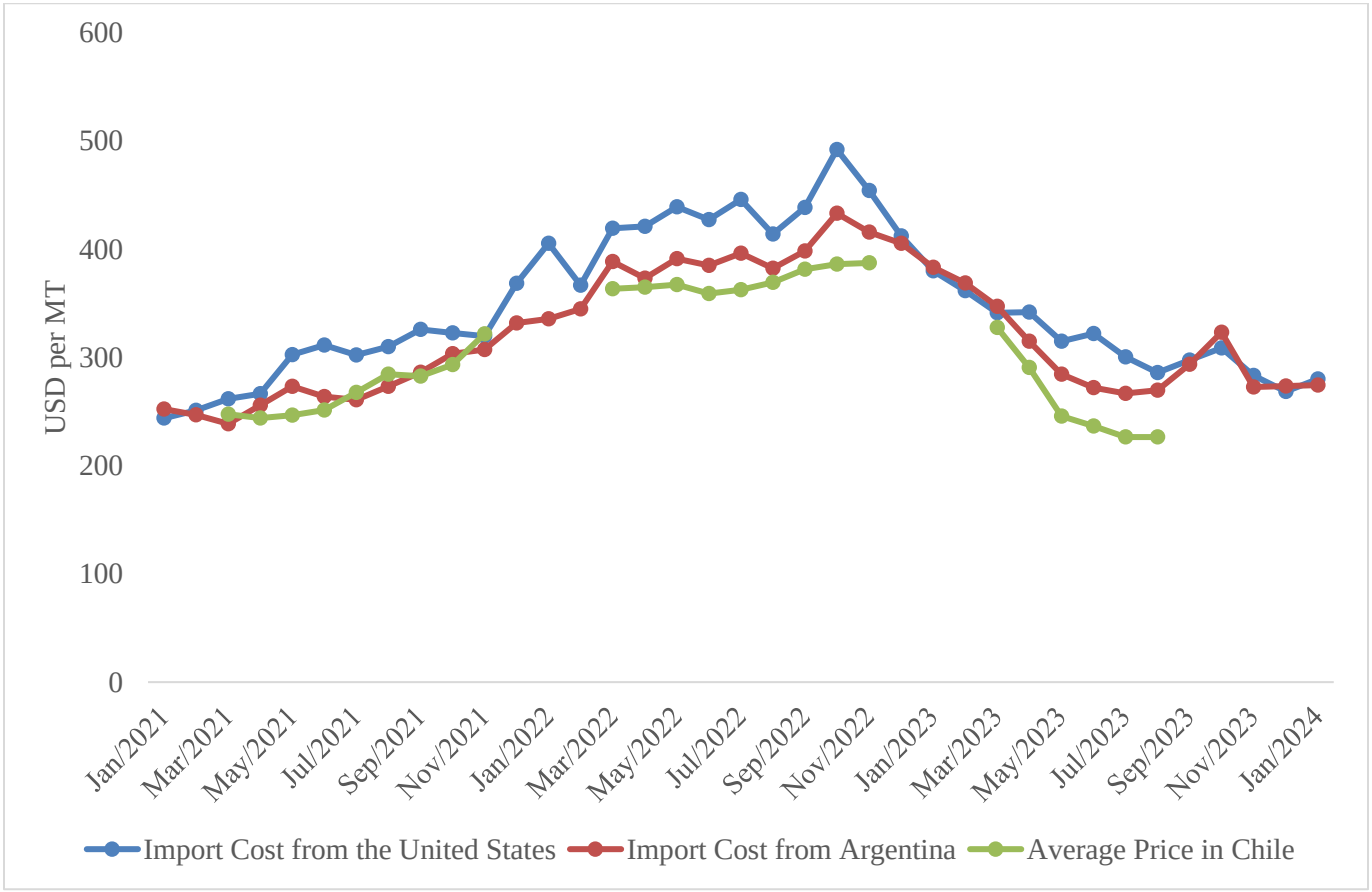
Source: Trade Data Monitor, LLC

Prices:

Figure 7 shows the average corn price in Chile and the corn import cost indicator for Argentina and the United States. Domestic corn price, as well as import costs, increased consistently between January 2021 and October 2022. Since then, corn price decreased rapidly moving down to levels like January 2021. Corn price and import cost decreased, in line with international prices and a decrease in freight costs.

The cost of importing corn from the United States decreased from $492.00 per MT in October 2022 to $280.00 per MT in January 2024. Similarly, importing corn from Argentina went from a $433.00 per MT in October 2021 to $274.00 per MT in January 2023. The Chilean price of wheat, ranged to even lower values moving from $328.00 per MT in March 2023 to $226 per MT in August 2023.

Figure 7: Corn Price and Import Cost Indicator (USD per MT)



Source: Based in data from ODEPA, 2023

* Exchange rate: 1 dollar = 839.07 Chilean pesos

Consumption:

In MY 2024/25, Post forecasts that total consumption will reach 3.025 MMT, a 1.8 percent increase over MY 2023/24. Feed and residual consumption will increase by 1.9 percent over MY 2023/24 and total 2.7 MMT due to a higher demand for feed from the pork and poultry industry. Animal feed constitutes around 90 percent of the corn consumption in Chile. The remaining 10 percent corresponds to food and seed production. FSI consumption will increase by 0.6 percent and reach 325,000 metric tons.

Chilean economic activity and consumption are projected to recover in 2024 after facing a slowdown which resulted in 0.2 percent GDP growth in 2023. In MY 2023/24, Post projects that pork and poultry production in Chile will increase 1.2 percent and 2.7 percent, respectively, raising the demand for corn. This increase in production is mainly due to an increase in yields associated with improvements in feed since there are no plans to build new production facilities.

Stocks:

In MY 2024/25, Post projects Chilean corn stocks will decrease by 18 percent to 68,000 metric tons. Higher consumption from the pork and poultry industry will pull from stocks as corn prices decrease, and thus there will be no need to withhold stocks.

Policy:

On December 11, 2023, the Animal and Plant Service (SAG) from the Chilean Ministry of Agriculture published resolution 7709 that eliminates the emergency inspection measures for corn imports for High Plains Virus (HPV) and Wheat Streak Mosaic Virus (WSMV). This will speed up the customs clearance process, reduce costs, and decrease the number of rejected cargoes.

Appendix

Table 5: Conversion factors to wheat grain equivalent

HS code	Description	Conversion factor to wheat grain equivalent
1001	Wheat and Meslin	1.000
190219	Pasta, Uncooked, Not Stuffed Etc., Nesoi	1.368
1101	Wheat or Meslin Flour	1.368
190230	Pasta, Prepared Nesoi	1.368
190240	Couscous	1.368

Source: FAS reporting instructions

Attachments:

No Attachments