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Argentina

Grain and Feed Update

2012

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Report Highlights:
Post estimates Argentine corn production to drop to 21.8 million metric tons (MMT), significantly lower than USDA's number at 26.0 MMT. A severe drought and high temperature during the flowering stage has irreversibly damaged early plantations. Almost all the corn area was affected, including core production areas in Buenos Aires, Santa Fe and Cordoba. The final output will depend on the rainfall from now onwards, which will determine the production of late planted corn. Exports are projected down at 14.0 MMT, 4.5 MMT lower than USDA. Wheat production for MY2011/12 is estimated at 14.0 MMT and exports at 9.5 MMT, higher than USDA, as ending stocks are expected to decrease as a result of the possible implementation of a new government commercialization scheme. Barley production for MY2011/12 is at 3.9 MMT. Sorghum production

is at 4.0 MMT, 700,000 MT lower than USDA’s number due to the drought.

Post:
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Author Defined:

Wheat: Post is estimating for MY2011/12 a wheat harvest of 4.6 million hectares, 400,000 hectares lower then USDA's number. As a result, production is also lower at 14.0 million metric tons (MMT). Post's export projection for MY2011/12 is at 9.5 million metric tons, one million more than USDA's volume because a significant difference in ending stocks. After several years of significant stocks rolling into the next season because of government controls on exports which negatively affected farmer prices, the government has recently announced that it will introduce some modifications beginning next month. Although still not in operation, the new system basically consists in estimating the crop production volume, subtracting 7 million metric tons to secure the needs for the domestic market (including wheat flour production for exports) and liberating the balance for export without quotas. If this system is implemented and works smoothly, we anticipate a significant reduction in ending stocks. Most players in the sector would prefer a totally free market, but indicate that it is better that the one currently implemented.

Barley: Production for crop 2011/12 is estimated 3.9 MMT, on approximately 1 million hectares. Yields were again high as a result of abundant rain during August-November and good temperatures. Producers continue to explore this alternative as wheat has severe difficulties in its commercialization. Yields are very good and the harvest is finished two weeks earlier permitting producers to plant second crop soybeans. Barley exports in CY2011 were approximately 1.8 MMT, the highest in the past 10 years. Main markets were Saudi Arabia for feed, and Brazil and China for malt.

Corn: Production for crop 2011/12 is estimated down significantly at 21.8 million metric tons, considerably lower than USDA's number and our previous estimate. There is a wide range of production estimates, from 17-23 MMT. After a dry winter, plentiful rain in October and November covered most grain production area. Crops, primarily corn, were in very good condition. However, extremely dry conditions and very high temperatures during December and the first half of January 2012, coinciding with the key period of corn flowering, has diminished production drastically. The most affected areas are Cordoba province, Northwest Buenos Aires and the key "corn belt" area of Southern Santa Fe and Northern Buenos Aires province. In most of Argentina all plantations are somehow affected, but in the central area of the country there are many plantations which were completely lost. Some producers cut them for silage, others have turned cattle out for grazing and others have left them or sown soybeans with a significant risk. Thanks to the new seed technology, planting late corn is gaining in popularity as it skips flowering during the usually hot, dry period of mid-December mid- January. Some 25-35 percent of the corn crop is late planting and has the potential for a good harvest as long as rains, which began again in mid January, continue throughout its crop cycle. Early corn, planted in September to early October has practically no chance of recovery. Post's harvested area is 200,000 hectares lower than USDA's number. Although too early to estimate, there will be some area not sown due to the lack of soil moisture and several thousand hectares, planted originally for grain production, which will not be harvested.

We expect somewhat higher domestic corn consumption as the livestock sector was not able to produce the planned volume of reserves of pastures and grain silage.

Argentine corn exports in 2011/12 will drop to 14.0 MMT. Shipments are expected to be 1.5 million metric tons lower than 2010/11. The government has announced that for corn it will also implement a similar commercialization scheme as in wheat. After estimating the crop season production (in February-March of each year) it will subtract 8 MMT for the domestic market and then liberate the balance for exports, without quota limitations. Argentine corn exports to China are still banned, however, the governments continue to work on solving final differences. Most traders believe that China wants to have an alternative supplier to US corn and that the ban could be lifted any time during this year.

Sorghum: Post estimates Argentine sorghum production at 4.0 MMT, 700,000 MT lower than USDA. Although more tolerant to drought than corn, yields are also expected to be negatively affected by the lack of good rainfall and extremely high temperatures during December and the first half of January. Lower production is expected to force exports down to approximately 2.0 MMT, 200,000 MT lower than USDA's estimate. Ending stocks would also be negatively affected, at nearly 300,000 MT.

Rice: No major changes to current numbers. The harvest began in the Northern part of Corrientes province, with yields between 7.0-7.5 tons per hectare. In most parts of Corrientes the crop is in good condition except for roughly 5 percent of the area which had some problems of irrigation due to the drought. Harvest in Entre Rios will begin in mid-February, with 10-15 percent of the plantations in bad or regular condition.

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	4,000	4,000	4,600	4,600	5,000	4,600
Beginning Stocks	1,285	1,285	2,364	2,364	3,094	2,758
Production	12,000	12,000	16,100	15,800	14,500	14,000
MY Imports	3	3	5	4	5	5
TY Imports	3	3	5	4	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	13,288	13,288	18,469	18,168	17,599	16,763
MY Exports	5,099	5,099	9,500	9,495	8,500	9,500
TY Exports	5,172	5,172	7,738	7,738	9,200	10,200
Feed and Residual	25	25	25	25	25	25
FSI Consumption	5,800	5,800	5,850	5,890	5,900	5,925
Total Consumption	5,825	5,825	5,875	5,915	5,925	5,950
Ending Stocks	2,364	2,364	3,094	2,758	3,174	1,313
Total Distribution	13,288	13,288	18,469	18,168	17,599	16,763

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	2,750	2,700	3,600	3,500	3,800	3,600
Beginning Stocks	976	992	879	895	1,289	900
Production	23,300	23,300	22,500	22,800	26,000	21,800
MY Imports	7	7	10	5	10	6
TY Imports	4	7	7	5	10	6
TY Imp. from U.S.	1	1	1	1	0	1

Total Supply	24,283	24,299	23,389	23,700	27,299	22,706
MY Exports	16,504	16,504	15,000	15,500	18,500	14,000
TY Exports	16,971	16,973	15,159	15,600	17,500	13,000
Feed and Residual	5,000	5,000	5,100	5,300	5,300	5,600
FSI Consumption	1,900	1,900	2,000	2,000	2,100	2,100
Total Consumption	6,900	6,900	7,100	7,300	7,400	7,700
Ending Stocks	879	895	1,289	900	1,399	1,006
Total Distribution	24,283	24,299	23,389	23,700	27,299	22,706

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	800	1,000	950	1,000	1,000
Beginning Stocks	194	194	152	149	552	599
Production	3,629	3,629	4,400	4,400	4,700	4,000
MY Imports	0	1	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	3,824	4,552	4,549	5,252	4,599
MY Exports	1,771	1,775	1,900	1,750	2,200	2,000
TY Exports	1,507	1,509	1,866	1,700	2,300	2,100
Feed and Residual	1,700	1,700	1,900	2,000	2,100	2,100
FSI Consumption	200	200	200	200	200	200
Total Consumption	1,900	1,900	2,100	2,200	2,300	2,300
Ending Stocks	152	149	552	599	752	299
Total Distribution	3,823	3,824	4,552	4,549	5,252	4,599

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	257	257	240	235
Beginning Stocks	120	120	75	75	221	221
Milled Production	706	706	1,136	1,118	1,014	975
Rough Production	1,086	1,086	1,748	1,720	1,560	1,500
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	7	7	5	8	5	8
TY Imports	7	7	5	5	5	7
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	833	833	1,216	1,201	1,240	1,204
MY Exports	488	488	645	630	650	620
TY Exports	468	468	630	615	650	620
Consumption and Residual	270	270	350	350	355	360
Ending Stocks	75	75	221	221	235	224
Total Distribution	833	833	1,216	1,201	1,240	1,204

Not Official USDA Data