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Grain and Feed Update

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Report Highlights:
Argentine wheat production for the 2017/18 season is forecast at 16.65 million tons, 850,000 tons lower than USDA as Post estimates a smaller area. This will lower exportable supplies. Post estimates barley area at 750,000 hectares, slightly lower than USDA, and production at 2.8 million tons, 200,000 tons lower than USDA. Post forecasts corn production for 2017/18 at 40.5 million tons, slightly higher than USDA because of a larger production area. Corn is currently the most profitable crop for many producers. Exports are expected at 29.5 million tons, 1.0 million tons higher than USDA. Sorghum exports for 2017/18 and 2016/17 seasons are expected to be small. Rice acreage in 2017/18 is forecast at 190,000 hectares, 10,000 hectares lower than USDA. This will lower production and exports for rice.

Wheat: Post projects wheat harvested area for crop 2017/18 at 5.2 million hectares, lower than USDA's. This difference is the result of Post having a smaller 2016/17 crop area and the expectation that 100-150,000 hectares, primarily located in the southwest and southeast of Buenos Aires province, may not be planted due to excess rain which affected soils and/or roads. Planting in this region is delayed. Wheat planting in the country is almost 90 percent complete. Post projects wheat production at 16.65 million tons, 850,000 tons lower than the official number due primarily to a lower area. Most contacts indicate that the crops in general are in good condition and farmers are using good technology.

Post's estimate for 2016/17 harvested area is lower than USDA's by 300,000 hectares, but production is increased to 17.5 million metric tons, 500,000 tons higher than USDA. There is a significant difference with average yields, which in the central part of the country were record high. This area covers a little less than 3 million hectares. Yields in the southeast of Buenos Aires, a very important wheat area due to the number of hectares and its high quality wheat, were lower than normal because of weather problems. However, this area is covered by about half a million hectares. Local analysts estimate wheat production for crop 2016/17 between 16.0-18.0 million tons.

Wheat exports in 2017/18 are forecast at 10.5 million tons, 1.0 million tons lower than USDA's. This is a direct consequence of Post estimating lower wheat output than USDA. Roughly half of the exports are expected to be shipped early in the marketing season to South East Asian markets and to North African countries. The other half would be shipped to Brazil, which many traders believe will have to increase its imports due to a crop affected by recent weather problems in Parana, where there was too much rain followed by harsh frosts. Shipments to Brazil are duty free (as members of Mercosur) and enjoy logistical advantages because of the close proximity. Farmer selling of 2017/18 crop is extraordinarily high, with reported volumes of over 2.5 million tons to date.

Through July 2017, Argentina is expected to ship approximately 9.5 million tons of wheat in marketing year 2016/17. Exports during the next few months normally slow down as Brazil begins to harvest its wheat crop, the same as Paraguay which naturally also exports to its neighbor. Some traders are speculating that the final export volume (including flour) for the current crop year could be somewhat closer to 11.5 million tons. There could be some shipments to Algeria over the next few months.

Barley: Post estimates barley harvested area for 2017/18 at 750,000 hectares, somewhat lower than USDA. As in wheat, the southern part of Buenos Aires province has been affected by excess rain in the past months, limiting the possibility of some farmers to plant barley. A smaller area sets Post's expected production 200,000 tons lower than USDA's volume, with a negative impact on exports of 100,000 tons lower than the official forecast. Of the total, 800-900,000 tons are expected to be malting barley while the balance would be feed barley. Post projects total domestic consumption for 2017/18 at 1.2 million tons, 100,000 tons lower than USDA. Malt exports to the region, especially Brazil, are quite slow as beer demand in that country has dropped. The use of barley for animal feed in the local market is expected to be small as producers are expected to use less expensive feed alternatives.

Barley harvested area in 2016/17 is estimated at 820,000 hectares, somewhat lower than USDA official area. However, total production is unchanged. Local traders estimate total barley exports for the current crop at 2.5 million tons, of which 900,000 tons would be malting barley and the balance feed barley. Larger-than-expected

exports limited the supply of barley as feed in the local market. Post estimates barley total domestic consumption in 2016/17 at 1.2 million tons, 100,000 tons higher than USDA. Contacts indicate that ending stocks will be small.

Corn: Post forecasts Argentina's corn crop area for marketing year 2017/18 at 5.2 million hectares, 300,000 hectares higher than USDA. Most contacts believe that planted area will increase between 5-10 percent from last year, as corn, in many areas of the country is the best economic alternative. The investment in dollars per hectare is more than 60 percent higher than planting soybeans, but many producers, who most are in a good financial situation, will prefer to continue to recover their area with corn and go back to a crop rotation scheme which is more sustainable. In the past decade, soybeans were the preferred crop by far, with many producers planting them year after year. The rapid expansion of weeds resistant to the agricultural chemicals normally used in the recent past is also a key factor that encourages producers to incorporate more corn. Also, after three rainy years in a row, soils in vast areas in the production region have excess humidity, with very high water tables which in most cases provides a very good start for corn production.

Post forecasts corn production in marketing year 2017/18 at 40.5 million tons, 500,000 tons higher than USDA. Post projects a larger harvested area, while USDA forecasts a higher average yield.

Farmers are expected to continue to use good technology in their corn fields, with high quality hybrids, a larger use of fertilizers and new crop protection strategies to overcome more aggressive diseases and weeds. Second corn crop continues to expand (it already accounts for more than 50 percent of the country's corn crop). Also corn planted with low plant density is gaining popularity, especially in more fragile environments.

Post forecasts Argentine corn exports in 2017/18 at 29.5 million tons, 1.0 million tons higher than USDA. This is as a result of a larger expected crop and lower domestic consumption which would provide a bigger export surplus than what USDA currently reports. Post projects total corn domestic consumption at 11.2 million tons, 600,000 tons lower than USDA. Many analysts believe the local economy will continue to grow 2-4 percent in 2018. Most livestock sectors are growing, except for the dairy sector which is in a crisis and many operations have closed in the past couple of years. The final export volume will also depend on the farmer selling and the stocks producers decide to keep from one marketing year to the other. In general, local farmers are in a good financial situation and it is normal for them to keep stocks (typically in silo bags at the farm). It could well happen that by late February 2019 they decide to keep larger stocks which will directly impact negatively on exports.

Corn production for marketing year 2016/17 is set at 40.5 million tons, just below USDA's. Yields have been incredibly high in many parts of the country, which in most cases were record. Productivity in the center-north of Argentina was very good thanks to the combination of good soil humidity and rains with better technology. During the development of the crop many producers increased their yield expectations 3-4 times. The harvest is currently around 70 percent, finishing with the last fields of late planted corn. Cordoba province and the Northern provinces still have several more weeks to go. Due to the same reasons as in marketing year 2017/18, Post expects domestic corn use to be at 10.7 million tons, 300,000 tons lower than USDA. Corn exports are raised to 28.0 million tons, 500,000 tons higher than USDA as Post expects a lower domestic consumption and a somewhat lower ending stock.

Sorghum: Exports in marketing year 2017/18 are projected at 500,000 tons, 100,000 tons lower than USDA.

Exports in 2016/17 are lowered to 200,000 tons (exports in March-May 2017 totaled 64,000 tons). Traders indicate that foreign buyers are substituting sorghum by other feed alternatives.

Sorghum production for marketing year 2016/17 is estimated at 3.3 million tons, 200,000 tons lower than USDA's official number as Post estimates a lower average yield.

Rice: Harvested area for marketing year 2017/18 is forecast at 190,000 hectares, 10,000 hectares lower than USDA. Most contacts coincide in that due to excess rain in Corrientes there will be several thousand hectares which will not be able to be planted. The preparation of fields in general is delayed due to the excess rain. Also, returns are very slim, and therefore, some small and medium producers are expected to stop producing rice especially in Entre Rios province. There, most producers have the possibility of producing other crops. A smaller area will negatively impact on the expected output, which Post estimates at 800,000 tons (milled base), 80,000 tons lower than USDA. A lower output most likely will impact negatively on Argentine rice exports, which Post sets at 400,000 tons, slightly below USDA.

Statistical Tables

Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Dec 2015		Dec 2016		Dec 2017	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3945	3945	5200	4900	5600	5200
Beginning Stocks	4804	4804	616	616	521	721
Production	11300	11300	17000	17500	17500	16650
MY Imports	12	12	5	5	10	10
TY Imports	3	3	15	15	10	10
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	16116	16116	17621	18121	18031	17381
MY Exports	9600	9600	11200	11500	11500	10500
TY Exports	8750	8750	12000	12300	11500	10500
Feed and Residual	200	200	100	100	100	100
FSI Consumption	5700	5700	5800	5800	5900	5900
Total Consumption	5900	5900	5900	5900	6000	6000
Ending Stocks	616	616	521	721	531	881
Total Distribution	16116	16116	17621	18121	18031	17381
Yield	2.8644	2.8644	3.2692	3.5714	3.125	3.2019
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2015/2016		2016/2017		2017/2018	
Market Begin Year	Dec 2015		Dec 2016		Dec 2017	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested	1250	1250	870	820	800	750
Beginning Stocks	340	340	603	603	203	203
Production	4940	4940	3300	3300	3000	2800
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	5280	5280	3903	3903	3203	3003
MY Exports	3077	3077	2600	2500	1700	1600
TY Exports	2836	2836	2600	2500	1800	1700
Feed and Residual	500	500	100	150	200	100
FSI Consumption	1100	1100	1000	1050	1100	1100
Total Consumption	1600	1600	1100	1200	1300	1200
Ending Stocks	603	603	203	203	203	203
Total Distribution	5280	5280	3903	3903	3203	3003
Yield	3.952	3.952	3.7931	4.0244	3.75	3.7333
(1000 HA) ,(1000 MT) ,(MT/HA)						

Corn	2015/2016		2016/2017		2017/2018	
Market Begin Year	Mar 2016		Mar 2017		Mar 2018	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3500	3700	4900	4900	4900	5200
Beginning Stocks	2898	2898	1061	1561	3566	3366
Production	29000	29500	41000	40500	40000	40500
MY Imports	5	5	5	5	5	5
TY Imports	2	2	5	5	5	5
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	31903	32403	42066	42066	43571	43871
MY Exports	21642	21642	27500	28000	28500	29500
TY Exports	21678	21678	26500	27500	27500	28500
Feed and Residual	5900	5900	7300	7000	8000	7300
FSI Consumption	3300	3300	3700	3700	3800	3900
Total Consumption	9200	9200	11000	10700	11800	11200
Ending Stocks	1061	1561	3566	3366	3271	3171
Total Distribution	31903	32403	42066	42066	43571	43871
Yield	8.2857	7.973	8.3673	8.2653	8.1633	7.7885
(1000 HA) ,(1000 MT) ,(MT/HA)						

Sorghum	2015/2016	2016/2017	2017/2018
Market Begin Year	Mar 2016	Mar 2017	Mar 2018

Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	750	750	700	700	760	760
Beginning Stocks	971	971	952	952	952	952
Production	3375	3375	3500	3300	3500	3500
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	4346	4346	4452	4252	4452	4452
MY Exports	494	494	400	200	600	500
TY Exports	772	772	400	200	600	500
Feed and Residual	2500	2500	2700	2700	2500	2700
FSI Consumption	400	400	400	400	400	400
Total Consumption	2900	2900	3100	3100	2900	3100
Ending Stocks	952	952	952	952	952	852
Total Distribution	4346	4346	4452	4252	4452	4452
Yield	4.5	4.5	5	4.7143	4.6053	4.6053
(1000 HA) ,(1000 MT) ,(MT/HA)						

Rice, Milled	2015/2016		2016/2017		2017/2018	
Market Begin Year	Apr 2016		Apr 2017		Apr 2018	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	208	207	204	200	200	190
Beginning Stocks	529	529	398	367	206	207
Milled Production	910	819	863	845	880	800
Rough Production	1400	1260	1328	1300	1354	1231
Milling Rate (.9999)	6500	6500	6500	6500	6500	6500
MY Imports	5	5	5	5	5	5
TY Imports	5	5	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1444	1353	1266	1217	1091	1012
MY Exports	526	526	550	550	450	400
TY Exports	527	527	550	550	450	400
Consumption and Residual	520	460	510	460	520	460
Ending Stocks	398	367	206	207	121	152
Total Distribution	1444	1353	1266	1217	1091	1012
Yield (Rough)	6.7308	6.087	6.5098	6.5	6.77	6.4789
(1000 HA) ,(1000 MT) ,(MT/HA)						