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Prepared By: Kenneth Joseph

Approved By: Rachel Bickford

Report Highlights:

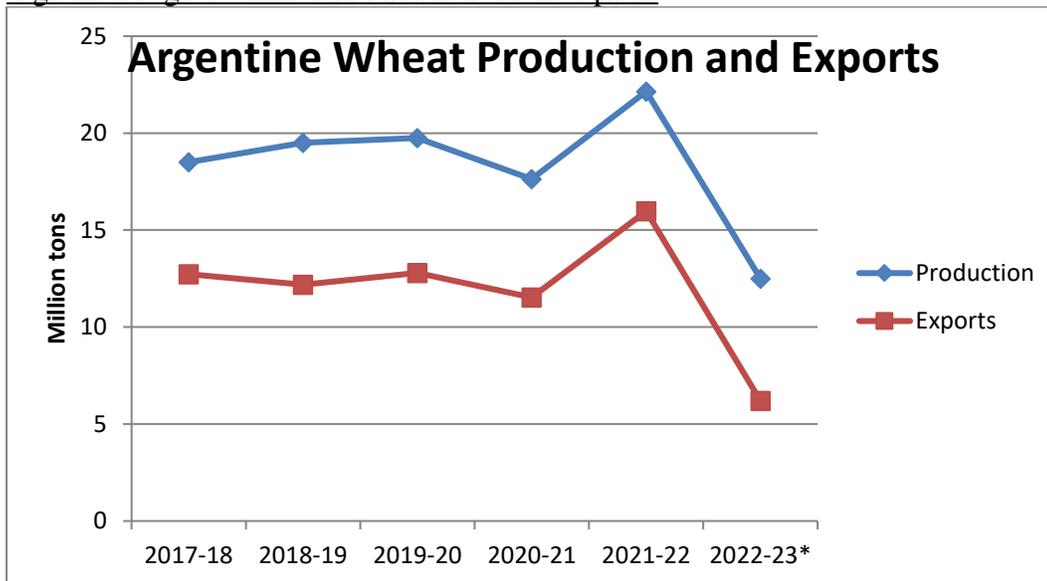
Wheat exports for marketing year (MY) 2022-2023 are forecast at 6.2 million tons (including wheat flour), 1.3 million tons lower than USDA's official volume because of smaller beginning stocks, larger domestic consumption and larger ending stocks. Barley exports in MY 2022-2023 are forecast at 2.3 million tons, 400,000 tons lower than USDA's estimate due to lower output paired with increased domestic consumption. Corn production for MY 2022-2023 is down from last year, coming in at 45 million tons, 7 million tons lower than the official USDA estimate. Very dry conditions have severely affected the early planted corn, while the late corn could still reach almost average production, if rains come in February and March. Due to these poor growing conditions, corn exports are down to 32.2 million tons. Sorghum production and exports in MY 2022-2023 are also reduced. We see the same downward trend for rice as very dry conditions have caused farmers to abandon more than 20,000 hectares of rice.

Wheat

Argentina's marketing year (MY) 2022-2023 wheat harvest ended in early January. Post concurs with USDA's official production of 12.5 million tons, while the market's range is between 10.8-13.5 million tons. Post observed a significant drop in production throughout the planting season due to a very dry winter followed by late frosts.

Due to diminished supplies, wheat exports are expected to reach 6.2 million tons (including wheat flour in its wheat equivalent), significantly lower than earlier estimates and below the average of the past few years. The below chart shows Argentina's wheat production and exports over the past six seasons:

Figure 1: Argentine Wheat Production and Exports



Source: FAS PSD and FAS Buenos Aires, exports include wheat flour

* Post's estimate

In November 2022, just as marketing year 2022-2023 was about to start, the government declared that exporters with shipping permissions for December 2022-February 2023 could extend their shipping date up to a year to take pressure off the domestic market. In 2022 exporters had applied for and received authorization to export 8.9 million tons, but only 3.2 million tons were purchased by exporters with a fixed price. Based on export permits approved earlier, shipments in December 2022-February 2023 would have totaled approximately 8.4 million tons, with large volumes destined for Southeast Asia and African countries. However the new export policy combined with the shortfall in wheat production has changed the export pattern for MY 2022-2023 changed dramatically. Instead of the more than 8 million tons which were registered, exporters estimate that only 2.6 million tons will be shipped during December 2022-March 2023 and then approximately 350,000 tons per month during the rest of the marketing year. Exports of wheat to Brazil normally range between 5-6 million tons a year, but exporters believe that in this current marketing year they will range between 3.0-3.5 million tons because of the short local supply and the large Brazilian wheat crop. Argentine wheat is currently expensive compared to other origins, and exporters believe most of the exports will go to Brazil, Peru, and Chile due to special tariff protections and/or logistical convenience.

There is concern about the quality of the local wheat crop, a side effect of the drought and frosts, which is showing some wheat to have a low hectoliter weight. Local brokers and end users are mixing different lots of wheat to come up with a better product, but it adds costs. Due to the expected shortage, domestic wheat prices are currently high, primarily demanded by local millers.

The domestic consumption for MY 2022-23 is projected at 6.5 million tons, 350,000 tons higher than the official USDA estimate. The local consumption of flour is quite inelastic, although it grows marginally almost every year. The government has recently launched a price control program for several hundred food products, most of which have flour in their formula. In addition, the low quality of local wheat could increase its use for animal feed. Based on recently published data for 2022, the local milling industry processed 6.2 million tons of wheat. The use of seed is estimated to have totaled a little less than 1 million tons with a marginal use of wheat for animal feed. The total consumption of wheat was estimated at 7.3 million tons, of which 800,000 tons of wheat was used to produce wheat flour for export which Post subtracts as USDA includes these figures in the total export volume.

Barley

Post estimates barley production for MY 2022-2023 at 4.0 million tons, 200,000 tons lower than the official USDA estimate. Some local contacts believe production could be slightly lower, especially based on yields in the southeast of Buenos Aires province which were somewhat lower than earlier estimates. Dry conditions and late frosts also negatively impacted the barley crop. Barley production is concentrated in the center and south of Buenos Aires province which had more favorable weather conditions during the production cycle. The quality of barley is good, with somewhat higher than average protein levels.

The photos below show different realities of the barley crop in MY 2022-2023. The one in the left are seed test plots in La Dulce, south of Buenos Aires province, in good conditions. The one to the right is a barley field in northern Buenos Aires province which had problems with plant emergence due to dry conditions.

Figure 2: Differences in Argentine Barley Growing Conditions in MY 2022-2023



Source: www.cebadacervecera.com.ar

Post forecasts barley exports in MY 2022-2023 at 2.3 million tons, 400,000 tons lower than USDA estimates due to a smaller output and a larger domestic consumption. Barley exports were not included in the government's policy of extended export dates as it is not a domestically sensitive a product like wheat. At this time the government has approved export certificates for the MY 2022-2023 marketing

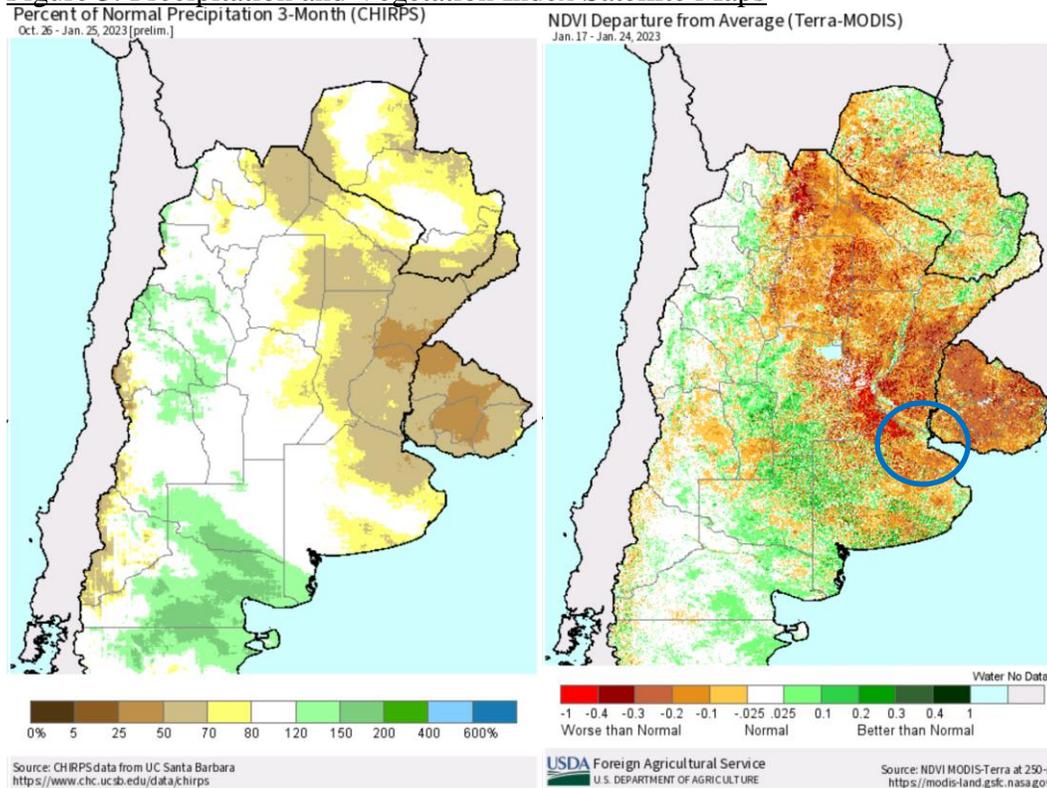
year for 1.07 million tons of feed barley and 400,000 tons of malting barley. Most of the 1.2 million tons of feed barley goes to China, primarily shipped during December 2022-March 2023. Malting barley exports are projected at 1.1 million tons to supply markets in South America.

Domestic consumption is forecast at 1.65 million tons, 10 percent higher than the official USDA estimates. Local malting companies have recently expanded capacity by streamlining processes and working at full capacity. Post estimates that 1.2 million tons of barley will be used for malting.

Corn

Post estimates Argentine corn production for MY 2022-2023 at 45 million tons, 7 million tons lower than the official USDA estimate. Three consecutive years of La Nina weather patterns, causing drought in key growing areas, has caused serious damage on the early planted corn, which usually accounts for 35-40 percent of the total area and an even larger share of the total volume. Roughly 800-900,000 hectares are estimated to be lost (mainly cut for silage for animal feed) and will not be harvested for grain. The late planted corn is also somewhat affected in several areas, but rains as of mid-January have brought relief to farmers and have put a stop on the decline in production. Many farmers still hope to obtain average yields for late planted corn. If dry conditions return, especially in mid/late February, further cuts would be expected. To date, most contacts estimate harvested area between 6.4-6.6 million hectares, of which only 20 percent would be early planted corn and the balance late planted corn.

Figure 3: Precipitation and Vegetation Index Satellite Maps



Source: USDA FAS Crop Explorer

The maps above show the lack of normal precipitation in the past three months and the normalized difference vegetation index (NDVI) departure from average in the week of January 17-24, 2023. Both maps correlate perfectly well and clearly show the conditions of crops in Argentina and which are the most affected areas. Circled in blue is the country's most productive crop area.

Early corn is normally planted during September-October in the most productive areas. During the past planting season farmers had to cut area from their normal fields due to the lack of moisture in the soil. Dry conditions and high temperatures during its development until mid-January when some showers appeared but came too late for early corn as it had already tasseled. The best conditions of the crop are seen to the west of the Corn Belt, but there is very little early corn planted there. Moving to the east, towards Rosario city and Entre Rios province the crop condition drops. Average yields for early corn are expected to drop by 40-50 percent from a normal year.

Late corn is normally planted in early December, this year many fields were planted later than normal (even in mid-late January) because of dry soils. Many fields are not expected to reach potential average yields and will also run the risk of early frosts. If farmers receive normal rainfall in February and March, country average yields for late corn could be in the range of 7.0-7.5 tons per hectare. Late corn is very popular among farmers as its production is usually very stable with tasseling in February, a month in which it normally rains more, and temperatures are lower than in January. Improved seed technology and adapted crop management have allowed this switch.

Production for MY 2021-2022 is set at 52.0 million tons, 2.5 million higher than the official USDA estimate. Harvested area is also higher by 200,000 hectares. Most industry contacts and sources agree upon these levels, which match with trade, stocks, and consumption volumes.

Exports for MY 2022-2023 are set downwards at 32.2 million tons, in direct line with the lowering of expected corn supplies. In 2022 exporters applied for government export certificates for 10.5 million tons of corn for the MY 2022-2023 crop. Approximately eight million tons of exports were predicted for March-May 2023. However, due to the failure of the early corn crop harvest, which normally begins in March, supplies of new production for export will be tight. As with wheat, the government declared that corn export certificates for shipments dated between December 2022-February 2023 could be rolled by 180 days to take pressure off the domestic market and allow local users to buy corn without the pressure of exporters buying large volumes when supplies are tight.

Large carry-over stocks of corn from the MY 2021-2022 could take pressure off this marketing year. However, there is a strong concern that producers will hold on to their grains, particularly corn, as they expect better selling conditions in the future as both soybeans and corn yields will be significantly lower than earlier projected. There will be presidential elections in October 2023, and many farmers believe that there will be a change of government, and thus a change in policies for the agricultural sector, so farmers may wait to sell hoping for more new policies which would be more favorable for the ag export sector, like a reduction in export taxes and an elimination of currency controls. Corn exports in March-May of 2023 are forecast at 5.5 million tons, half of the volume typically shipped during these three months and a time when Argentina is the world's main active source. The leading destinations are Malaysia, Vietnam, Indonesia, Chile, and African countries.

Corn exports for MY 2021-2022 are also reduced to 33.8 million tons, 1.7 million tons lower than USDA's official number. To encourage agricultural exports and collect much needed revenue, the government launched a "soy dollar" (a higher official exchange rate) last September to encourage producers to sell their soybeans and be able to partially replenish Central Bank reserves. When the previous soy dollar was announced, farmers sold large volumes of soybeans and held onto most other grains, including corn. In addition, farmers know that the MY 2022-2023 will be a short crop and do not know how much they will finally harvest so they are reluctant to make large forward sale contracts. Therefore, exports are expected to be lower, but ending stocks of the MY 2021-2022, by March 1, 2023, will be significantly higher than earlier projected and should help to fulfill export commitments at the beginning of MY 2022-2023. Exporters will then wait until the late corn harvest which begins in June 2023.

Domestic consumption for MY 2021-2022 and 2022-2023 will both come in above 14 million tons each, marginally higher than USDA prediction, as the severe three-year-long drought has negatively affected production and conditions of pastures and other feed sources, which were replaced in many cases by feeding more grains and especially corn. In addition, the local corn ethanol industry has been expanding capacity and becoming more efficient. More corn is being used as the local sugar ethanol industry is not fully complying with its mandate and leaves space for the corn ethanol sector to supply additional volumes.

Sorghum

Post's production estimate for MY 2022-2023 is revised downwards at 3.4 million tons, 400,000 tons lower than USDA estimate because of severe dry conditions in production areas, especially in the core area in Chaco, Formosa, northern Santa Fe, and northern Cordoba provinces which accounts for a little over 50 percent of the country's planted area. Although sorghum is known to perform well under dry conditions, yields are expected to be lower than normal. To date the planting period should be finished and no significant loss of area is reported.

Sorghum exports for MY 2022-2023 are projected at 1.8 million tons, 700,000 tons lower than USDA's official number. To date exporters have requested export permits for only 200,000 tons, significantly lower than a year ago. By large, China is the main destination and currently purchases are running very slow. Traders report that it is difficult to estimate what the Chinese demand will be for the rest of the year. Exports in MY 2021-2022 are set at 1.4 million tons, 400,000 tons lower than USDA estimate. Through January 2023 there were roughly 1.37 million tons shipped and only 30,000 tons are listed in February's line up.

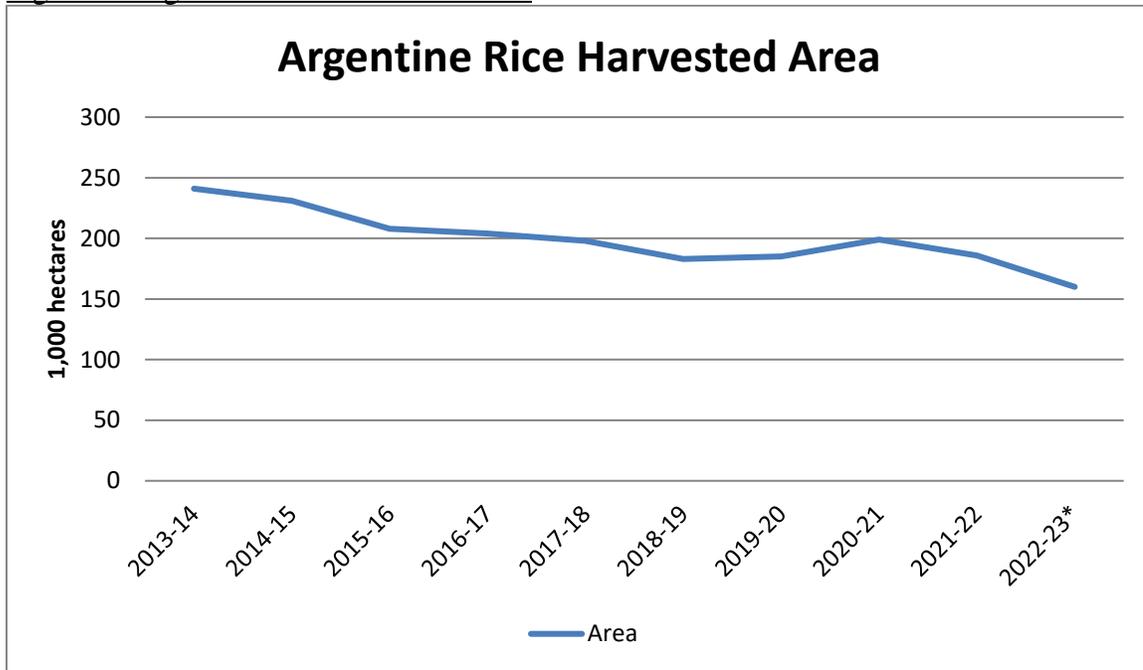
Despite a lower output in MY 2022-2023, significantly lower exports will result in a larger domestic consumption than anticipated, in a year where feed reserves will be tight.

Rice

Argentina's rice production in MY 2022-2023 is forecast at 1.08 million tons, rough base, a significant drop from our previous estimate and USDA's official number. The harvested area will suffer a substantial cut due to a severe drought (in the past three years) which affected the main two producing provinces, Corrientes and Entre Rios. Post estimates harvested area to drop some 20,000 hectares at

160,000 hectares, although there are some contacts who believe that the harvested area could be even lower. Water reservoirs in Corrientes province were not sufficiently full at planting but producers still planted a larger area than recommended with the hope that it would rain throughout the production cycle, but that did not happen. Rainfall in 2022 was half of the yearly average. Some producers in northern Entre Rios had the same problem, while those who irrigate with underground pumps had difficulties to irrigate properly. What was irrigated well is in good condition. The harvest began the second week of January in northern Corrientes province, and roughly 4-5 percent was completed as of the writing of this report.

Figure 4: Argentine Rice Harvested Area



Source: USDA FAS PSD and FAS Buenos Aires, * Post's estimate

With stable domestic consumption at 465,000 tons milled base, and a smaller rice output, export supplies for MY 2022-2023 are forecast to drop at 260,000 tons, milled base, 90,000 tons lower than USDA's official volume. The main destinations are expected to be Chile, the EU and Brazil.

Statistical Tables

Table 1: Wheat Production, Supply and Distribution

| Wheat Market Year Begins | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|------------------------------|------------------|----------|------------------|----------|------------------|----------|
| | Dec 2020 | | Dec 2021 | | Dec 2022 | |
| Argentina | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 6395 | 6395 | 6550 | 6550 | 5350 | 5350 |
| Beginning Stocks (1000 MT) | 2457 | 2457 | 2322 | 2222 | 2351 | 1927 |
| Production (1000 MT) | 17640 | 17640 | 22150 | 22150 | 12500 | 12500 |
| MY Imports (1000 MT) | 6 | 6 | 4 | 4 | 5 | 3 |
| TY Imports (1000 MT) | 6 | 6 | 4 | 4 | 5 | 3 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 20103 | 20103 | 24476 | 24376 | 14856 | 14430 |
| MY Exports (1000 MT) | 11531 | 11531 | 15975 | 15999 | 7500 | 6200 |
| TY Exports (1000 MT) | 9597 | 9597 | 17651 | 17651 | 7500 | 6200 |
| Feed and Residual (1000 MT) | 50 | 50 | 50 | 50 | 50 | 50 |
| FSI Consumption (1000 MT) | 6200 | 6300 | 6100 | 6400 | 6100 | 6450 |
| Total Consumption (1000 MT) | 6250 | 6350 | 6150 | 6450 | 6150 | 6500 |
| Ending Stocks (1000 MT) | 2322 | 2222 | 2351 | 1927 | 1206 | 1730 |
| Total Distribution (1000 MT) | 20103 | 20103 | 24476 | 24376 | 14856 | 14430 |
| Yield (MT/HA) | 2.7584 | 2.7584 | 3.3817 | 3.3817 | 2.3364 | 2.3364 |
| | | | | | | |

(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 2022/2023 = July 2022 - June 2023

Table 2: Barley Production, Supply and Distribution

| Barley Market Year Begins | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|------------------|----------|------------------|-------------|------------------|-------------|
| | Dec 2020 | | Dec 2021 | | Dec 2022 | |
| Argentina | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 1010 | 950 | 1340 | 1250 | 1280 | 1280 |
| Beginning Stocks (1000 MT) | 608 | 608 | 619 | 484 | 469 | 403 |
| Production (1000 MT) | 4035 | 3900 | 5300 | 5300 | 4200 | 4000 |
| MY Imports (1000 MT) | 12 | 12 | 0 | 0 | 0 | 0 |
| TY Imports (1000 MT) | 5 | 0 | 7 | 7 | 0 | 0 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 4655 | 4520 | 5919 | 5784 | 4669 | 4403 |
| MY Exports (1000 MT) | 2336 | 2336 | 3900 | 3831 | 2700 | 2300 |
| TY Exports (1000 MT) | 2458 | 2458 | 3765 | 3765 | 2700 | 2300 |
| Feed and Residual (1000 MT) | 400 | 400 | 250 | 250 | 200 | 250 |
| FSI Consumption (1000 MT) | 1300 | 1300 | 1300 | 1300 | 1300 | 1400 |
| Total Consumption (1000 MT) | 1700 | 1700 | 1550 | 1550 | 1500 | 1650 |
| Ending Stocks (1000 MT) | 619 | 484 | 469 | 403 | 469 | 453 |
| Total Distribution (1000 MT) | 4655 | 4520 | 5919 | 5784 | 4669 | 4403 |
| Yield (MT/HA) | 3.995 | 4.1053 | 3.9552 | 4.24 | 3.2813 | 3.125 |
| (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 Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023 | | | | | | |

Table 3: Corn Production, Supply and Distribution

| Corn Market Year Begins Argentina | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|------------------|----------|------------------|----------|------------------|----------|
| | Mar 2021 | | Mar 2022 | | Mar 2023 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Harvested (1000 HA) | 6550 | 6550 | 7100 | 7300 | 6900 | 6600 |
| Beginning Stocks (1000 MT) | 3619 | 3619 | 1182 | 1182 | 1487 | 5187 |
| Production (1000 MT) | 52000 | 52000 | 49500 | 52000 | 52000 | 45000 |
| MY Imports (1000 MT) | 5 | 5 | 5 | 5 | 5 | 4 |
| TY Imports (1000 MT) | 5 | 5 | 6 | 5 | 5 | 4 |
| TY Imp. from U.S. (1000 MT) | 2 | 2 | 4 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 55624 | 55624 | 50687 | 53187 | 53492 | 50191 |
| MY Exports (1000 MT) | 40942 | 40942 | 35500 | 33800 | 38000 | 32200 |
| TY Exports (1000 MT) | 36544 | 36544 | 38853 | 38853 | 37000 | 31000 |
| Feed and Residual (1000 MT) | 9500 | 9500 | 9800 | 10100 | 10000 | 10300 |
| FSI Consumption (1000 MT) | 4000 | 4000 | 3900 | 4100 | 4000 | 4200 |
| Total Consumption (1000 MT) | 13500 | 13500 | 13700 | 14200 | 14000 | 14500 |
| Ending Stocks (1000 MT) | 1182 | 1182 | 1487 | 5187 | 1492 | 3491 |
| Total Distribution (1000 MT) | 55624 | 55624 | 50687 | 53187 | 53492 | 50191 |
| Yield (MT/HA) | 7.9389 | 7.9389 | 6.9718 | 7.1233 | 7.5362 | 6.8182 |
| (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 2022/2023 = October 2022 - September 2023 | | | | | | |

Table 4: Sorghum Production, Supply and Distribution

| Sorghum Market Year Begins | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|--|------------------|----------|------------------|----------|------------------|----------|
| | Mar 2021 | | Mar 2022 | | Mar 2023 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Argentina | | | | | | |
| Area Harvested (1000 HA) | 750 | 750 | 925 | 925 | 875 | 875 |
| Beginning Stocks (1000 MT) | 266 | 266 | 196 | 196 | 347 | 347 |
| Production (1000 MT) | 3320 | 3320 | 3400 | 3400 | 3800 | 3400 |
| MY Imports (1000 MT) | 1 | 1 | 1 | 1 | 0 | 0 |
| TY Imports (1000 MT) | 0 | 0 | 1 | 1 | 0 | 0 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 1 | 1 | 0 | 0 |
| Total Supply (1000 MT) | 3587 | 3587 | 3597 | 3597 | 4147 | 3747 |
| MY Exports (1000 MT) | 2241 | 2241 | 1800 | 1400 | 2500 | 1800 |
| TY Exports (1000 MT) | 1973 | 1973 | 1800 | 1400 | 2100 | 1800 |
| Feed and Residual (1000 MT) | 850 | 850 | 1200 | 1600 | 1100 | 1450 |
| FSI Consumption (1000 MT) | 300 | 300 | 250 | 250 | 250 | 250 |
| Total Consumption (1000 MT) | 1150 | 1150 | 1450 | 1850 | 1350 | 1700 |
| Ending Stocks (1000 MT) | 196 | 196 | 347 | 347 | 297 | 247 |
| Total Distribution (1000 MT) | 3587 | 3587 | 3597 | 3597 | 4147 | 3747 |
| Yield (MT/HA) | 4.4267 | 4.4267 | 3.6757 | 3.6757 | 4.3429 | 3.8857 |
| (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 Sorghum begins in October for all countries. TY 2022/2023 = October 2022 - September 2023 | | | | | | |

Table 5: Rice Production, Supply and Distribution

| Rice, Milled Market Year Begins | 2020/2021 | | 2021/2022 | | 2022/2023 | |
|---|------------------|-------------|------------------|-------------|------------------|-------------|
| | Apr 2021 | | Apr 2022 | | Apr 2023 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Argentina | | | | | | |
| Area Harvested (1000 HA) | 199 | 185 | 186 | 180 | 190 | 160 |
| Beginning Stocks (1000 MT) | 107 | 107 | 167 | 109 | 74 | 79 |
| Milled Production (1000 MT) | 943 | 840 | 790 | 813 | 830 | 702 |
| Rough Production (1000 MT) | 1451 | 1292 | 1215 | 1251 | 1277 | 1080 |
| Milling Rate (.9999) (1000 MT) | 6500 | 6500 | 6500 | 6500 | 6500 | 6500 |
| MY Imports (1000 MT) | 2 | 2 | 7 | 2 | 5 | 2 |
| TY Imports (1000 MT) | 2 | 2 | 7 | 2 | 5 | 2 |
| TY Imp. from U.S. (1000 MT) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply (1000 MT) | 1052 | 949 | 964 | 924 | 909 | 783 |
| MY Exports (1000 MT) | 385 | 385 | 400 | 385 | 350 | 260 |
| TY Exports (1000 MT) | 400 | 400 | 400 | 385 | 350 | 260 |
| Consumption and Residual (1000 MT) | 500 | 455 | 490 | 460 | 490 | 465 |
| Ending Stocks (1000 MT) | 167 | 109 | 74 | 79 | 69 | 58 |
| Total Distribution (1000 MT) | 1052 | 949 | 964 | 924 | 909 | 783 |
| Yield (Rough) (MT/HA) | 7.2915 | 6.9838 | 6.5323 | 6.95 | 6.7211 | 6.75 |
| | | | | | | |
| (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 Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023 | | | | | | |

Attachments:

No Attachments