Required Report: Required - Public Distribution **Date:** February 01, 2024

Report Number: AR2024-0002

Report Name: Grain and Feed Update

Country: Argentina

Post: Buenos Aires

Report Category: Grain and Feed

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Report Highlights:

Argentine wheat production for marketing year (MY) 2023/2024 is estimated at 15.4 million tons, 400,000 tons higher than USDA official as yields were higher in the final phase than earlier expected. Corn production for MY 2023/2024 is projected at 57 million tons, 2 million tons higher than USDA official mainly on a larger planted area. Crop conditions to date are very good with beneficial weather forecast in the months to come. Sorghum production for MY 2023/2024 remains the same as USDA, but exports are forecast at 900,000 tons, 400,000 tons lower than USDA official. The final volume will depend significantly on demand from China. Rice production in MY 2023/2024 is projected at 1.1 million tons rough base, significantly lower than USDA official due to smaller harvested area and lower yields. The El Niño weather pattern has so far produced the loss of 5,000 hectares of rice in Corrientes and yields are expected to be lower than USDA official.

Policy

On December 10, 2023, President Milei was sworn in as the new President of Argentina. He is the leader of a new party that favors the elimination of many of the controls and limitations on Argentine citizens and the local economy. However, he has limited support in Congress and is encountering some opposition to his proposals. Milei inherited an economy with many structural problems, such as extreme inflation, large external and internal debt, a growing deficit, and a contracting economy. Implementation of new policies is expected to be slower than desired by the new government.

During the first days of his administration, President Milei strongly devalued the currency which improved the exchange rate for exporters and made imports more expensive. The government sent a bill to Congress which includes changes affecting nearly every sector of the economy. The most important proposed policy for agriculture is the temporary increase of export taxes for most commodities. In the case of grains (wheat, barley, and corn included), they would increase from 12 to 15 percent. Though these may be paused. The final goal of the new government is to eliminate export taxes, but it considers them to be necessary to raise revenue given the country's current weak economic situation. Congress could still make changes to this bill, but could vote on the amended bill soon. Post will report as soon as new policies are finalized.

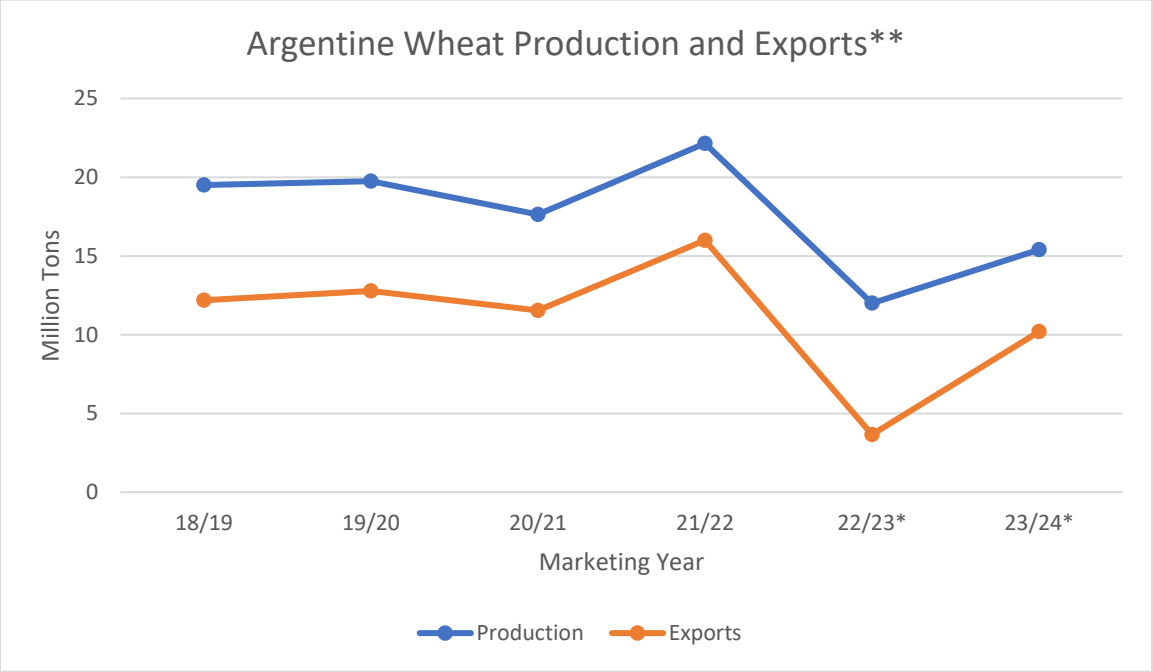
Wheat

Wheat production for marketing year (MY) 2023/2024 is estimated at 15.4 million tons, 2.6 percent higher than the USDA official estimate, on a harvested area of 5.5 million hectares. Most contacts' production estimates range between 14.8-15.5 million tons. With the harvest practically finished, damage from the drought during winter 2023 plus late frosts can be now measured. Roughly half a million hectares were lost throughout the season. Yields in Cordoba and central-North Santa Fe were low, as well as in the west of Buenos Aires province and La Pampa. In contrast, yields in Entre Rios province were high while southern Santa Fe and northern Buenos Aires province saw near normal yields. Yields in the important wheat region of southeast Buenos Aires province, where it rained more than other areas, were higher than last year but somewhat lower than a normal year.

Wheat production in MY 2022/2023 is estimated at 12 million tons, 550,000 tons lower than USDA official. Several local traders believe production was even lower, between 10.8-12.0 million tons. A significant volume of unsold wheat has quality issues and much of it is being mixed with good quality wheat from the new harvest.

Chart 1. shows Argentina's wheat production and exports since MY 2018/2019, showing the drought impact of last two crops:

Chart 1.



Source: FAS data
* Post's estimate
** Exports include wheat flour in its wheat equivalent

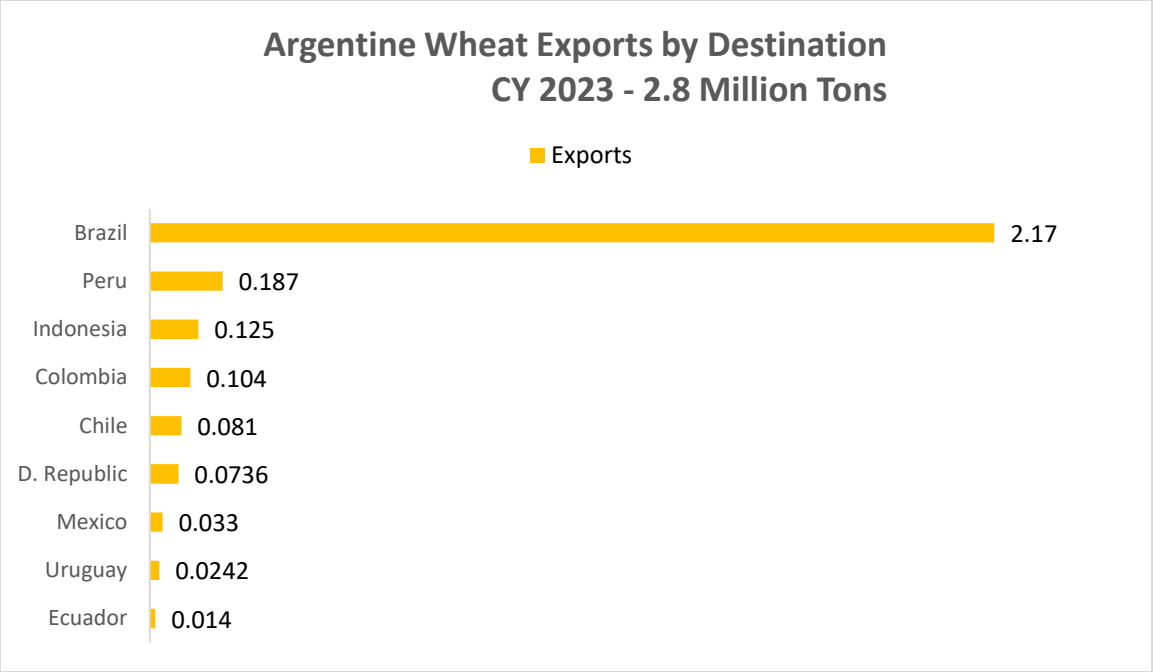
Domestic wheat consumption in MY 2023/2024 is estimated at 6.9 million tons, 200,000 tons higher than USDA official, and similar to Post MY 2022/2023 estimates. Recent official reports indicate wheat milling increased approximately five percent in 2023. Domestic wheat flour consumption grew slowly during the economy's serious difficulties, namely high inflation, at 211 percent in 2023. Many consumers are switching from higher-priced food products to less expensive foods with higher wheat flour content. This is assumed to continue through 2024 resulting in an increase in flour consumption, with inflation expected to continue.

Wheat exports in MY 2023/2024 are projected at 10.2 million tons, 200,000 tons higher than USDA official estimates; these volumes include wheat flour exports in their wheat equivalent. This volume would be a significant rebound from last year's insignificant exports, the lowest since MY 2013/2014. Exports in December 2023-February 2024 are expected to be large, with shipments primarily to Africa and Southeast Asia. The balance will be distributed more evenly throughout the year. Total exports to Brazil, the historic top market, are projected at 5-6 million tons. Argentine traders say Brazil had quality problems in its southern wheat production area due to excessive rain and will need to import significant volumes of good quality wheat. In mid-October 2023 Argentina and China agreed upon a phytosanitary protocol to export wheat to China. To date there have been no exports in CY2023, and line ups for upcoming months do not show any shipment of wheat to China. However, in late January listed several Argentine companies as eligible to ship wheat to China.

Chart 2 shows Argentina's CY 2023 wheat exports by volume and destination based on data made available by Nabsa, a local shipping agent which tracks shipments and shipping line ups. Argentine official trade data does not clearly indicate where each export is destined as it groups part of the exports

under the category of “Confidential” which distorts possible analysis of market trends (data in million tons):

Chart 2.



Source: Post with Nabsa data

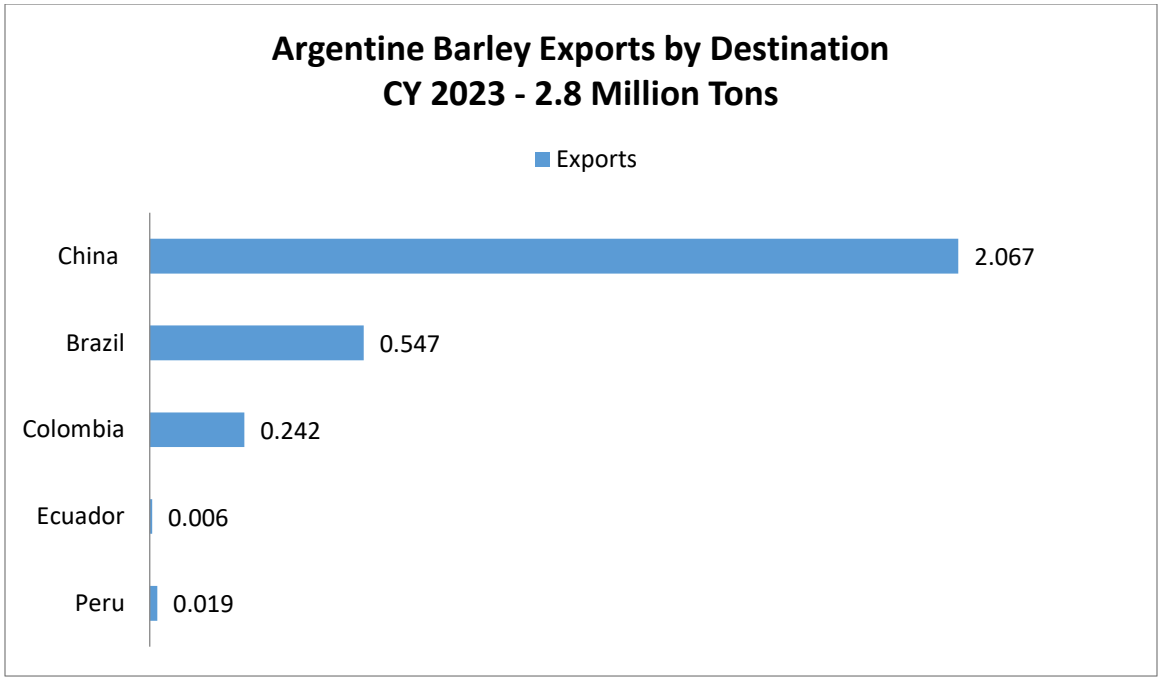
Barley

Argentine barley production in MY 2023/2024 is estimated at 5 million tons, the same as USDA’s official estimate. The harvest is practically complete and as combines advance in the key barley production area of southeastern Buenos Aires province, most analysts have revised their projections upward as yields were higher than earlier expected. Many farmers have produced over seven tons per hectare, significantly higher yields than a normal year. Post estimates a smaller harvested area than USDA official estimate, primarily because of some loss of area in the west of Buenos Aires and Eastern La Pampa where the combination of dry weather and frosts irreversibly damaged some barley fields. On the other hand, every year several thousand hectares never reach harvest as they are sown for silage or used as cover crops.

Barley exports in MY 2023/2024 are projected at 3.2 million tons, of which 1.0-1.2 million tons are malting barley and the balance feed and FAQ (fair average quality) barley. Traders believe the shipping pattern will show a more even distribution throughout the year instead of a high concentration immediately after harvest. With Australian barley flowing back into China, Argentine malting barley exports to China are expected to decrease, but not feed and FAQ barley. Argentina is expected to begin to recover some sales in Ecuador and Peru and once again dominate barley exports in South America. Exports of feed barley to Saudi Arabia, once Argentina’s top destination, are not expected as recently Russia has become competitive in that market.

Barley exports in MY 2022/2023 totaled 2.86 million tons. Chart 3 shows Argentine barley exports during calendar year 2023, based on data provided by Nabsa, a local shipping agent:

Chart 3.



Source: Post based on Nabsa and TDM data

Corn

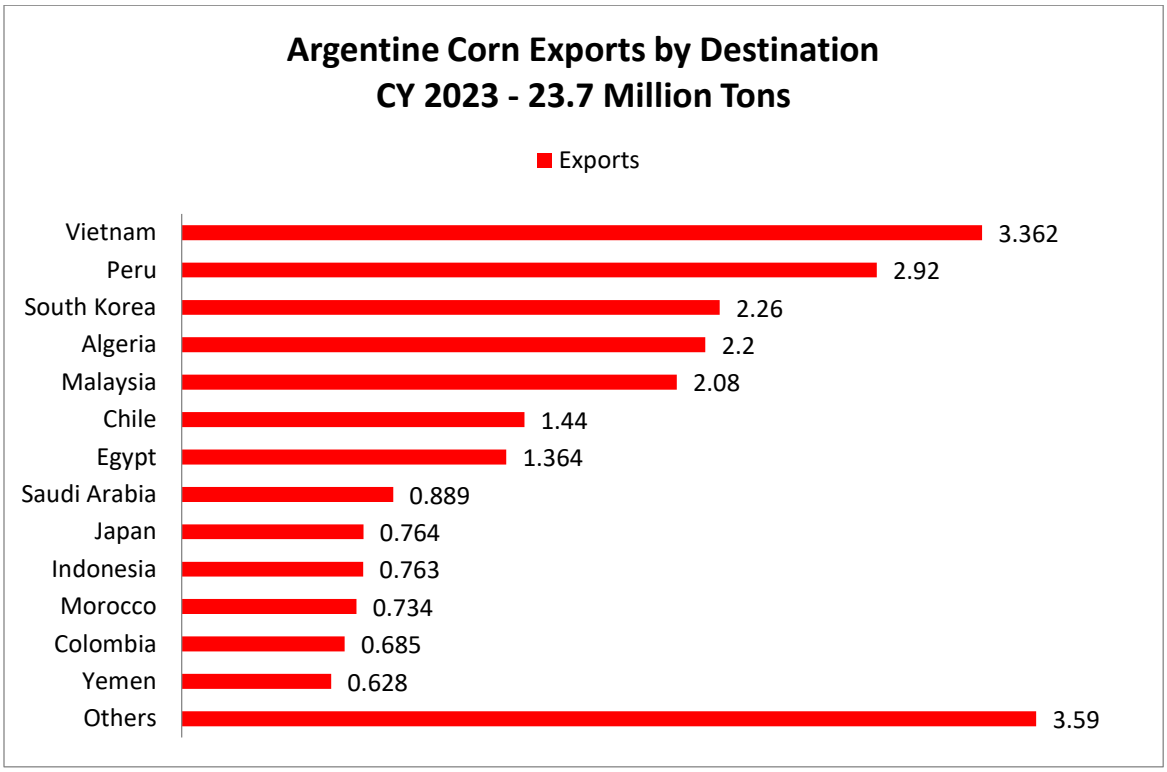
Production in MY 2023/2024 is forecast at 57 million tons, 2 million tons higher than USDA official, on an area 200,000 hectares larger than USDA. A dry environment during planting limited the area of early corn in many regions initially, but the current condition of the crop is very good, after the normalization of rains. Most farmers are also optimistic about the development of late corn which begun planting in late November/early December and will finish in late January in northern provinces. To date, almost 90 percent of sowing was completed. Late corn, which in general yields somewhat lower than early corn, will account for 70 percent of the total area, higher than the usual 55-60 percent. High yields are expected with weather forecasts predicting good rains and temperatures for the rest of the season. Most sources project corn production between 56-60 million tons.

Post's now estimates corn production in MY 2022/2023 at 35 million tons, 1 million tons higher than USDA official. Most contacts' production estimates range between 34-35 million tons.

Exports in MY 2023/2024 are projected at 41 million tons, the same as USDA. Exports in MY 2022/2023 are projected at 23.4 million tons, 400,000 tons higher than USDA. Shipments from March-December 2023 totaled 21.35 million tons, with exports estimated at 1.35 million tons in January 2024 and roughly 600,000 tons to 1.1 million tons in February 2024. Almost 50 countries imported Argentine corn in CY 2023. Since 2023, Argentina has been eligible to export corn to China, but to date shipments have been negligible. Local exporters believe corn exports to China in 2024 will remain insignificant.

Based on Nabsa data, Argentine corn exports in CY 2023 totaled 23.68 million tons:

Chart 4.



Source: Post based on Nabsa data

Domestic corn consumption in MY 2023/2024 is estimated at 14.8 million tons, 700,000 tons higher than USDA official. Corn consumption is difficult to measure accurately because of the many different sectors involved in its consumption and use and the possibility of on-farm use. In general, for 2024, Argentine exports of goods and food will be stronger with a more competitive exchange rate and conditions would more than offset weaker domestic consumption as result of a local economic recession. Corn consumption in the beef and dairy sectors is expected to be flat or somewhat lower, while the ethanol, poultry and pork industries are expected to grow.

Ending stocks in MY 2023/2024 are projected at 2.6 million tons, more than double that of USDA official as users off all sizes and sectors report keeping more than one month of supply on hand to insulate them from potential supply shortages. Average monthly corn consumption is roughly 1.2-1.3 million tons.

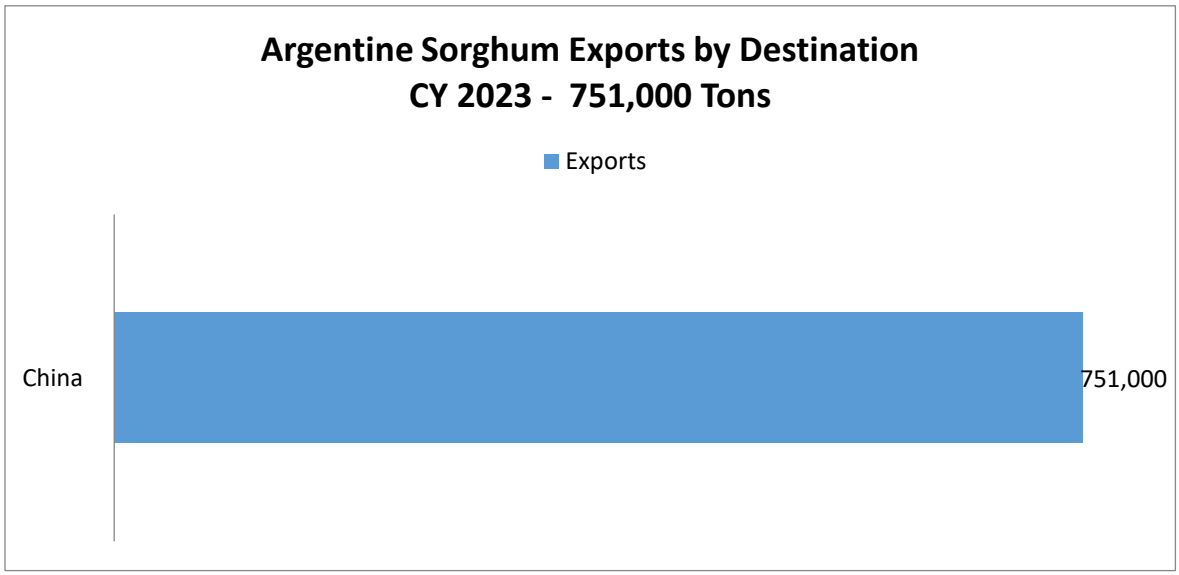
Sorghum

Post projects sorghum production for MY 2023/2024 at 2.5 million tons on 600,000 hectares, the same as USDA official estimates. More than 80 percent of the area has been planted, with only fields in the north and south of production area outstanding. With normal weather and much rainier than the past three crop seasons, yields are expected to be significantly higher.

Sorghum exports in MY 2023/2024 are projected at 900,000 tons, substantially lower than USDA's official projection. The final volume will be dependent upon China's demand which is expected to be the leading destination by far. To date, Argentina sold some 270,000 tons of sorghum to be shipped in May-July 2024. Most exports are expected to China, while smaller shipments could go to Chile and/or Japan.

The following chart shows Argentine sorghum exports in CY 2023. The data was provided by Nabsa, a local shipping agent:

Chart 5.



Source: Post based on Nabsa

Lower exports in MY 2023/2024 than previously projected will make more sorghum available for local consumption, mostly for animal feed in the beef, dairy, swine, and poultry sectors.

Exports in MY 2022/2023 will total approximately 540,000 tons, lower than the 750,000 tons estimated by USDA official. Exports from March to December 2023 totaled 495,000 tons, while the lineup for January 2024 is indicating an additional 20,000 tons and a similar volume could be shipped in February, the last month of the marketing year.

Rice

Rice production for MY 2023/2024 is forecast at 1.1 million tons, rough base, and 715,000 tons, milled base. Significantly lower production than USDA official as Post estimates a smaller area and lower average yield. Initially farmers were unable to plant the full area they wished because conditions were too cold and dry with water reservoirs levels quite low. Despite this situation, many producers planted the same area, knowing the risk they were taking, and hoping that the forecasted El Nino would bring good rains in the rest of the season. In general, contacts agree 180,000 hectares were sown (the last fields were finished in mid-January) but with many complications as plentiful rains during late October through mid-December, made planting difficult. In many cases, fertilization and crop protection had to be done by plane, being less effective than if applied with ground sprayers.

The normal planting window for rice in Argentina ends on November 15, but contacts estimate only 30-35 percent of the total area was planted by mid-November/late-December. Abnormally excessive rains in the first two weeks in January in Corrientes province has already caused the loss of 5,000 hectares of rice and losses could eventually increase if rainy conditions persist. The area with the biggest negative impact is primarily that of the river basin of Corrientes (recent photos below).

Source: J. Fedre

Source: F. Francese

High local rice prices have encouraged farmers to plant as much as they could as potential returns are good thanks to a strong world market. Brazil's demand for rice, especially in a year with production complications plus firm domestic retail rice prices. Some farmers planted rice with low technology, despite knowing it would result in lower yields as they still anticipate good profitability. Yields under the effects of El Niño tend to be on the low side due to lower radiation and thermal amplitude.

Rice exports in MY 2023/2024 are forecast at 280,000 tons milled base, 95,000 tons lower than USDA official as a result of projected smaller rice output. To date there has been little rice negotiated, but local traders are confident that the total rice available for export will be shipped by March 2025. The main destinations are expected to be Chile, the EU (Spain and the Netherlands), and recently Mexico according to Mexican customs data. Exports of organic rice to the United States is expected to continue as usual.

The new government which took office on December 10, 2023, initially announced all exports from Argentina would be taxed at 15 percent tax. This meant rice exports would go from 0 to 15 percent. But in the end, rice was included in a recent revamped list of regional agricultural products which will not be taxed. This is included in a bill which is currently under negotiation in Congress and could yet change again.

Statistical Tables

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Dec 2021		Dec 2022		Dec 2023	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6550	6550	5500	5490	5500	5500
Beginning Stocks (1000 MT)	2322	2322	1926	1926	4067	3319
Production (1000 MT)	22150	22150	12550	12000	15000	15400
MY Imports (1000 MT)	4	4	3	5	3	3
TY Imports (1000 MT)	4	4	3	3	3	3
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	24476	24476	14479	13931	19070	18722
MY Exports (1000 MT)	16000	16000	3662	3662	10000	10200
TY Exports (1000 MT)	17651	17651	4681	4681	9500	9700
Feed and Residual (1000 MT)	250	250	250	150	200	100
FSI Consumption (1000 MT)	6300	6300	6500	6800	6500	6800
Total Consumption (1000 MT)	6550	6550	6750	6950	6700	6900
Ending Stocks (1000 MT)	1926	1926	4067	3319	2370	1622
Total Distribution (1000 MT)	24476	24476	14479	13931	19070	18722
Yield (MT/HA)	3.3817	3.3817	2.2818	2.1858	2.7273	2.8

(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 2023/2024 = July 2023 - June 2024

Barley	2021/2022		2022/2023		2023/2024	
Market Year Begins	Dec 2021		Dec 2022		Dec 2023	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1340	1340	1575	1500	1400	1300
Beginning Stocks (1000 MT)	619	619	538	388	601	381
Production (1000 MT)	5300	5200	4620	4500	5000	5000
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	7	7	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	5919	5819	5158	4888	5601	5381
MY Exports (1000 MT)	3831	3831	2857	2857	3200	3200
TY Exports (1000 MT)	3765	3765	2908	2908	3200	3200
Feed and Residual (1000 MT)	250	250	300	250	300	250
FSI Consumption (1000 MT)	1300	1350	1400	1400	1450	1450
Total Consumption (1000 MT)	1550	1600	1700	1650	1750	1700
Ending Stocks (1000 MT)	538	388	601	381	651	481
Total Distribution (1000 MT)	5919	5819	5158	4888	5601	5381
Yield (MT/HA)	3.9552	3.8806	2.9333	3	3.5714	3.8462

(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 2023/2024 = October 2023 - September 2024

Corn	2021/2022		2022/2023		2023/2024	
Market Year Begins	Mar 2022		Mar 2023		Mar 2024	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	7100	7300	6700	6750	6900	7100
Beginning Stocks (1000 MT)	1182	1182	1798	4298	1113	1413
Production (1000 MT)	49500	52000	34000	35000	55000	57000
MY Imports (1000 MT)	8	8	15	15	15	8
TY Imports (1000 MT)	6	6	10	4	15	8
TY Imp. from U.S. (1000 MT)	4	4	8	0	0	0
Total Supply (1000 MT)	50690	53190	35813	39313	56128	58421
MY Exports (1000 MT)	34692	34692	23000	23400	41000	41000
TY Exports (1000 MT)	38853	38853	25740	25740	34000	34000
Feed and Residual (1000 MT)	10100	10100	7500	10300	9800	10400
FSI Consumption (1000 MT)	4100	4100	4200	4200	4300	4400
Total Consumption (1000 MT)	14200	14200	11700	14500	14100	14800
Ending Stocks (1000 MT)	1798	4298	1113	1413	1028	2621
Total Distribution (1000 MT)	50690	53190	35813	39313	56128	58421
Yield (MT/HA)	6.9718	7.1233	5.0746	5.1852	7.971	8.0282

(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 2023/2024 = October 2023 - September 2024

Sorghum	2021/2022		2022/2023		2023/2024	
Market Year Begins	Mar 2022		Mar 2023		Mar 2024	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	700	700	500	500	600	600
Beginning Stocks (1000 MT)	187	187	221	221	181	192
Production (1000 MT)	2883	2883	1610	1610	2500	2500
MY Imports (1000 MT)	1	1	0	1	0	0
TY Imports (1000 MT)	1	1	0	1	0	0
TY Imp. from U.S. (1000 MT)	1	1	1	1	0	0
Total Supply (1000 MT)	3071	3071	1831	1832	2681	2692
MY Exports (1000 MT)	1700	1520	750	540	1300	900
TY Exports (1000 MT)	1800	1700	800	600	1400	1000
Feed and Residual (1000 MT)	900	1080	700	900	900	1300
FSI Consumption (1000 MT)	250	250	200	200	250	250
Total Consumption (1000 MT)	1150	1330	900	1100	1150	1550
Ending Stocks (1000 MT)	221	221	181	192	231	242
Total Distribution (1000 MT)	3071	3071	1831	1832	2681	2692
Yield (MT/HA)	4.1186	4.1186	3.22	3.22	4.1667	4.1667

(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 2023/2024 = October 2023 - September 2024

Rice, Milled	2021/2022		2022/2023		2023/2024	
Market Year Begins	Apr 2022		Apr 2023		Apr 2024	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	186	186	173	165	195	175
Beginning Stocks (1000 MT)	274	274	163	149	114	132
Milled Production (1000 MT)	794	780	756	682	860	715
Rough Production (1000 MT)	1222	1200	1163	1049	1323	1100
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	6500	6500
MY Imports (1000 MT)	2	2	5	1	5	2
TY Imports (1000 MT)	2	2	5	1	5	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1070	1056	924	832	979	849
MY Exports (1000 MT)	422	422	350	240	375	280
TY Exports (1000 MT)	402	402	350	240	375	280
Consumption and Residual (1000 MT)	485	485	460	460	450	460
Ending Stocks (1000 MT)	163	149	114	132	154	109
Total Distribution (1000 MT)	1070	1056	924	832	979	849
Yield (Rough) (MT/HA)	6.5699	6.4516	6.7225	6.3576	6.7846	6.2857
(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 2023/2024 = January 2024 - December 2024						

Attachments:

No Attachments