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Prepared By: Kenneth Joseph

Approved By: Melinda Meador

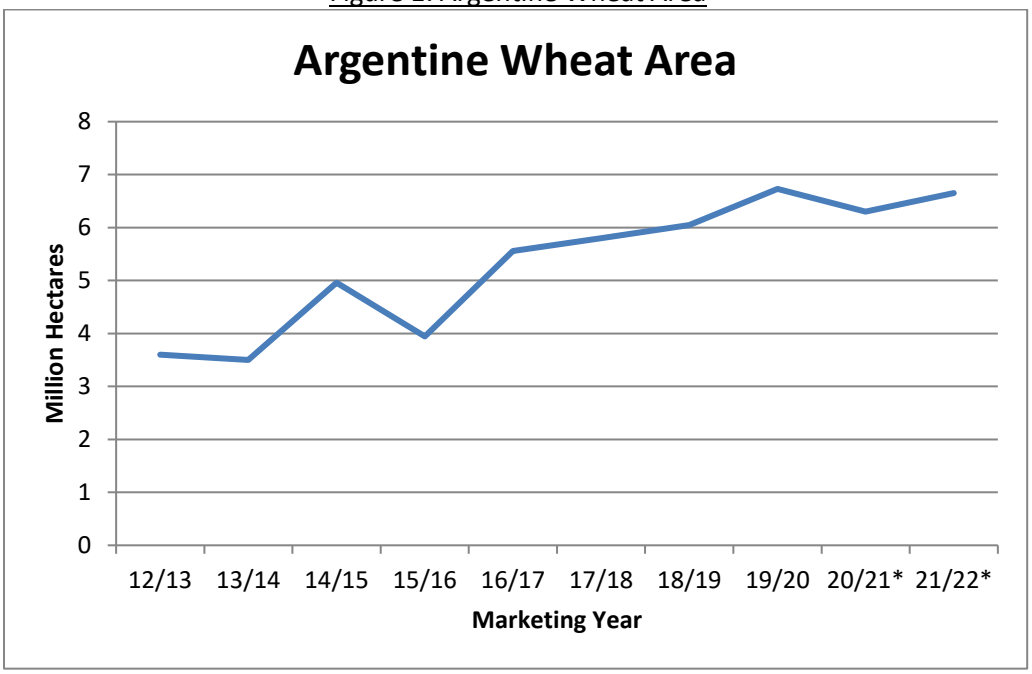
Report Highlights:

In marketing year 2021/22, wheat production is projected at a record 20.5 million tons with exports of 13.9 million tons (including wheat flour). Barley production is also forecast on an upward trend to 4.8 million tons on increased area with exports expected to rise to 3.2 million tons. Corn production is forecast at 50.0 million tons, the third largest crop in history, and exports are projected to grow to 35.0 million tons. Similarly sorghum area, production, and exports are forecast to rise with rice area and production showing positive growth trends as well.

Wheat

Production for marketing year (MY) 2021/22 is forecast at a record 20.5 million metric tons (MMT) on planted area expansion primarily in the Provinces of Cordoba and Chaco. Post forecasts acreage at 6.65 million hectares, an increase of 350,000 hectares or 5.5% from the previous year (Figure 1). The area increase will be limited somewhat by the expansion of barley area and farmers' concern over potential government export control policies.

Figure 1: Argentine Wheat Area



Source: PSD & FAS Buenos Aires
** Post Estimate and projection*

Given current costs and futures prices, average returns are projected at 8 percent higher than the same period last year. Although wheat futures prices increased significantly, input costs, especially for fertilizer which saw prices jump 40-50 percent from a year ago and glyphosate up 10 percent, offset some of this gain. In addition, wheat returns in MY 2020/21 will likely fall below returns for barley, a reversal from last year when wheat returns were higher, which may see farmer's planting intentions favoring barley over wheat especially in the southeast of Buenos Aires province.

Favorable weather has improved soil moisture in key production areas after dry conditions last spring and summer. New seed options are resulting in higher yields with a shorter production cycle and earlier harvest, a key timing element pivotal to maximizing opportunities for second crop soybeans for producers in the center/south of the province of Buenos Aires.

Exports in MY 2021/22 are forecast at 13.9 MMT (including wheat flour), just surpassing the previous record in MY2016/17, in response to record production and a moderate increase in domestic consumption. Brazil is expected to be the principal export market with more than 6.0 MMT, including flour, with the balance to markets in South East Asia, Africa and other Latin American countries.

Exports in MY 2021/22 will depend not only on Argentina's exportable supplies and quality, but also on Australia's supply status in global trade. In the past 1-2 years, Argentine wheat has been in demand in markets which Australia lost due to drought-related supply reductions. MY 2021/22 forward wheat contracts through February 2021 total 770,000 metric tons, significantly lower than 4.7 MMT in the same period a year ago (MY 2020/21).

Wheat flour exports in MY 2021/22 are forecast at approximately 600,000 metric tons, the equivalent of roughly 800,000 metric tons of wheat. Bolivia and Brazil are expected to be the main markets, followed by Chile.

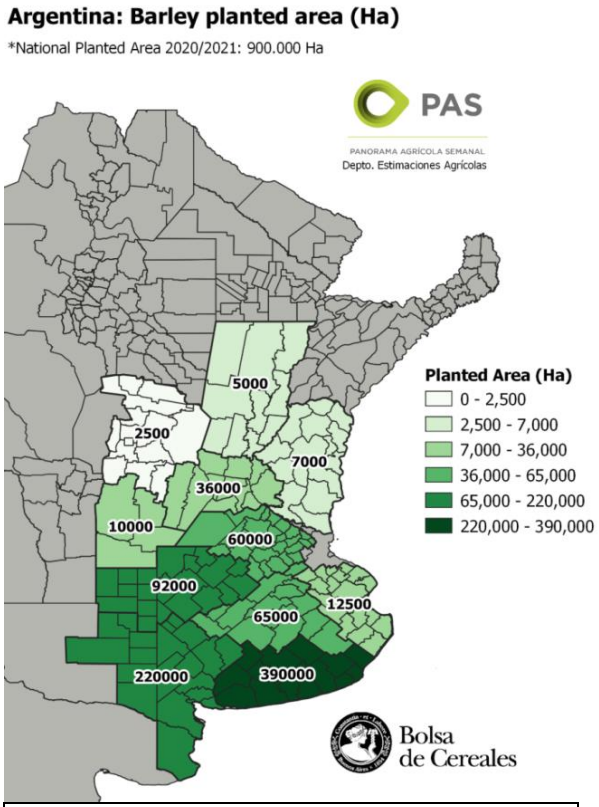
Wheat exports for MY 2020/21 are estimated at 11.0 MMT, including flour. Through March 2021, exporters have declared 9.5 MMT of wheat exports in MY 2020/21, per official data. Most industry sources believe there will be additional sales in the next several months due to abundant stocks. However, the government is monitoring domestic supplies in light concerns over food price inflation and has indicated it will consider limiting export licenses as a tool to protect domestic supply.

Domestic consumption for MY 2021/22 is projected at 6.4 MMT, a marginal increase over the previous two years. Wheat flour consumption is fairly stable, roughly 4 million tons a year, equivalent to 5.5 MMT of wheat. Per capita flour consumption ranges between 85-90 kilos per year. Argentina has approximately 170 flour mills with a total wheat processing capacity of 11.5 MMT. Three provinces in the main production area account for over 80 percent of the mills: Buenos Aires province with 77 mills, Cordoba province with 36 and Santa Fe province with 25. Roughly 700,000 metric tons of seed is used every year.

Barley

Argentine barley production for MY 2021/22 is forecast at 4.8 MMT, the largest volume since MY 2018/19 on expanded acreage. Post forecasts acreage at 1.2 million hectares, an increase of 250,000 hectares from the previous year (although estimates for MY202/21 harvested area range between 890,000-1,200,000 hectares). Despite increased production costs, primarily due to a spike in fertilizer prices, current high barley futures prices should result in returns that are significantly higher than last year. During the past year, malting barley futures prices increased 31 percent; feed barley increased 36 percent while wheat increased 17 percent. Through the end of March 2021, for the first time, farmers sold forward contracts for 400-500,000 metric tons of the MY 2021/22 crop.

Barley production, located in central, south east and south west Buenos Aires province, should expand in these areas in MY 2021/22. Some additional acreage is projected also near a large malting plant in Rosario. Nevertheless, farmers



Source: Buenos Aires Grain Exchange

planting intentions when considering barley with soybeans, an advantage barley had had over wheat, may now be influenced by new wheat varieties with higher yields and a shorter production cycle which facilitates planting second crop soybeans. The map above produced by the Bolsa de Cereales de Buenos Aires shows the main areas of barley production in MY 2020/21.

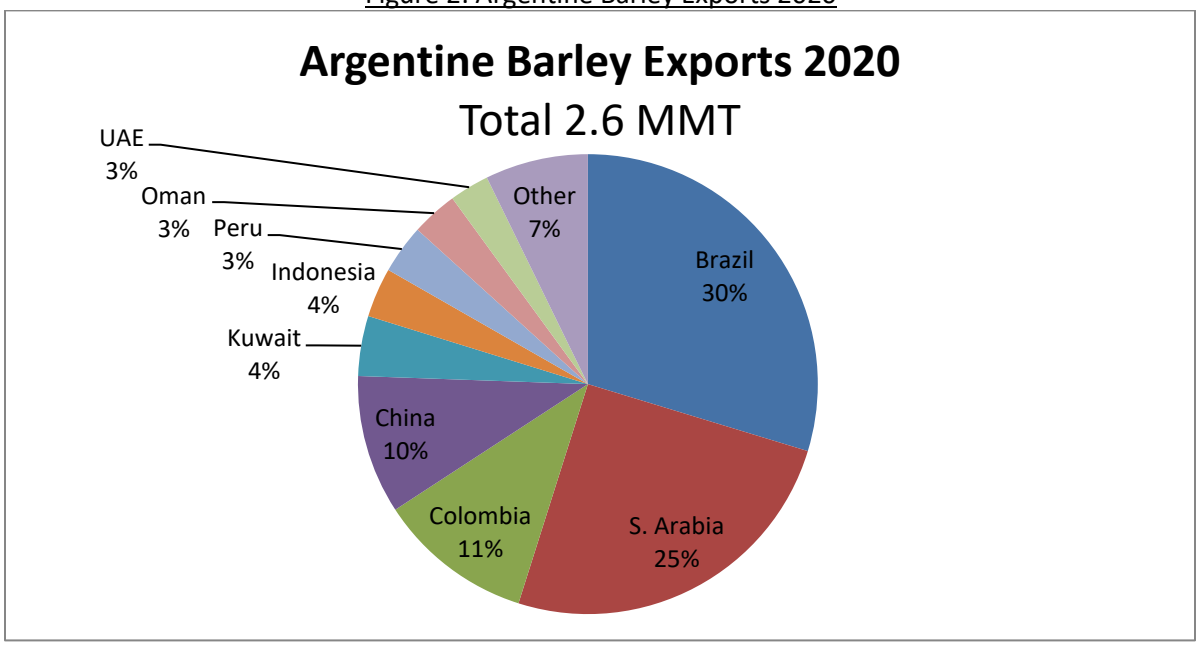
Barley has historically been produced under contract with local malting companies. However, sources indicate a trend where farmers prefer to focus on yield rather than quality as demanded by processors and thus are planting barley without a contract. Sources indicate a large processor is currently offering $10 per ton above the price of wheat in the Rosario market for the coming crop.

Barley production in MY 2020/21 is estimated at 4.1 MMT, 400,000 metric tons lower than USDA, primarily due to an estimated lower harvested area. Yields in the core production areas of southeast and southwest Buenos Aires province were good following timely November rain and cool weather.

Barley exports for MY 2021/22 are forecast at 3.2 MMT, significantly higher than the past two marketing years due to expectations of a larger exportable surplus. Brokers anticipate exports of roughly 1.1-1.3 MMT of malting barley and 2.0-2.1 MMT of feed barley (including Fair Average Quality – FAQ barley). Malting barley is commonly exported to South American countries such as Brazil, Colombia, Peru, Ecuador and Chile. However, some importers with Pacific Ocean ports, like Ecuador and Peru, may source barley from Australia. Feed barley exports are expected to be shipped primarily to China, a key market for Argentine barley. Through February 2021, China dominates forward contracts for MY 2021/22 as the export destination.

Recent changes in Argentina's data collection definition and public access to data complicate export analysis. Official barley exports in calendar year 2020 totaled 2.18 MMT, of which 1.05 were "Confidential". The following Figure 2 shows Argentine barley exports in calendar year 2020 taking data published by Nabsa, a local freight agency, based on shipping information:

Figure 2: Argentine Barley Exports 2020



Source: FAS Buenos Aires with Nabsa data

Barley exports in MY 2020/21 are expected at 2.5 MMT, of which 1.0-1.1 MMT are for malting and shipped to South American countries and China. The balance is for feed barley, including FAQ, shipped primarily to China. Traders indicate that currently Argentine barley prices are high and not competitive compared to other suppliers such as France, Canada and Ukraine.

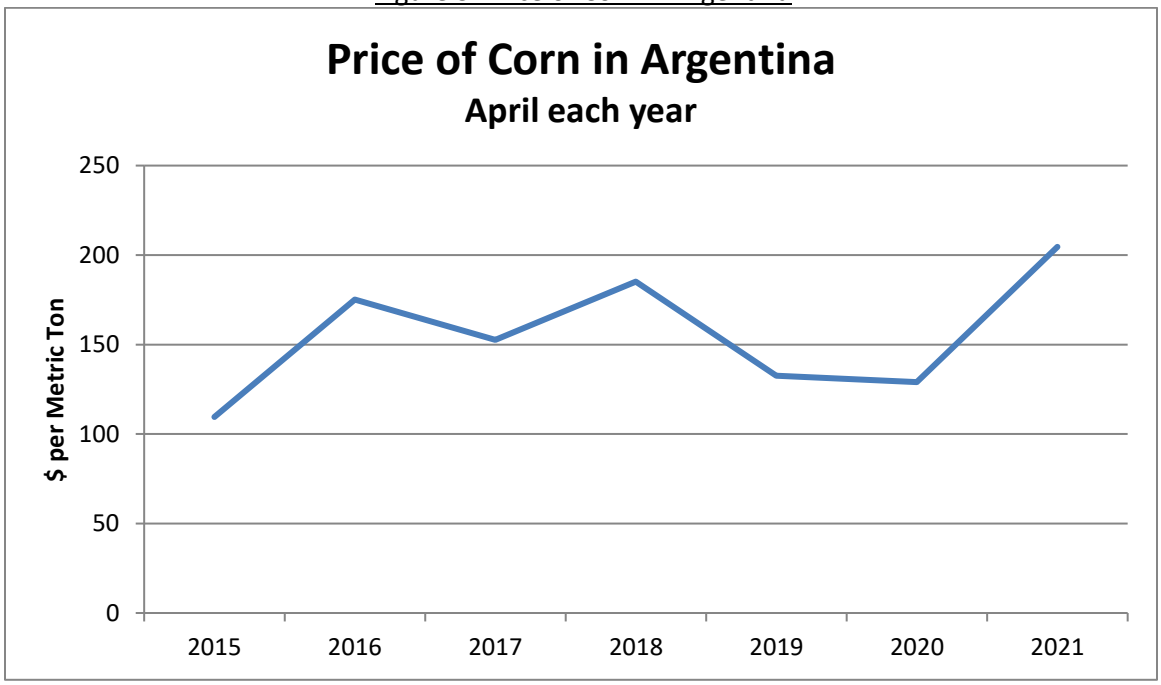
Domestic consumption of barley in MY 2021/22 is projected at 1.45 MMT, in line with the previous two seasons. The local malting industry continues operating at full capacity, demanding 1.08 MMT of barley, with three large and one smaller plant in 3 Arroyos. Malt exports are expected to climb in response to recovering beer consumption in the region. Feed barley consumption will depend mostly on the crop quality. Consumption is normally stronger when quality is poor and prices low so that farmers either consume on-farm or sell locally for cattle feed. Seed use is forecast at roughly 160,000 metric tons.

With one of the highest production levels in the past decade, ending stocks in MY 2021/22 are expected to rise, but final stocks will depend primarily on world demand.

Corn

Production in MY 2021/22 is forecast up at 50.0 MMT, 3.0 MMT higher than the previous marketing year's production that suffered lower-than-normal yields. Acreage is forecast to grow marginally at 6.2 million hectares, an area similar to the past three crop seasons. Current high corn futures prices project an expectation of grower profitability. Corn returns are almost 20 percent higher than first crop soybeans in the main core production area of Argentina. However, production costs for corn continue to be 60-80 percent higher than those for soybeans, thus, many producers who lease land opt to plant soybeans. The following Figure 3 shows the annual April spot price for corn in the Rosario market from 2015 and reflects current high returns:

Figure 3: Price of Corn in Argentina



Source: Bolsa de Comercio de Rosario, FAS Buenos Aires

Despite favorable returns, corn area is forecast to grow only 100,000 hectares in MY 2021/22 tempered by several factors, including a rise in input costs, primarily fertilizers, a possibility of a government policy to limit exports and projected acreage growth in sunflower and sorghum.

In MY 2015/16, for one hectare planted to corn (for commercial use) 5 hectares were planted to soybeans. Over the past two seasons, the ratio has narrowed to 1:2.6. Corn production offers producers some advantages vis-à-vis soybeans. The most important is advances in seed technology that provide yield and production stability, especially under dry conditions when corn outperforms soybeans. In recent years, the vast adoption of late-planted corn has also opened the possibility of incorporating thousands of hectares to corn as an alternative to second crop soybeans. Corn requires less monitoring for pests and weeds, especially in controlling glyphosate-resistant weeds which have become a severe problem, and is a viable crop for soil rotation.

Corn production in MY 2020/21 is estimated at 47.0 MMT, in line with USDA and market expectations. With a dry spring and irregular summer rains, average yields are expected to fall 5 percent below last year. In general, early corn, estimated at around 40 percent of total planted area, received rain just in time in the development cycle. Yields for late corn, accounting for almost 60 percent of the area, are expected to be in line with the 5 year average due to favorable weather and moisture, especially in Cordoba, the primary corn producing province. Rains in Chaco province came too late, however, to positively influence yields. The corn harvest is delayed, running between 15-18 percent at the national level, as most farmers have switched to harvesting soybeans instead of corn.

Corn exports for MY 2021/22 are projected at 35.0 MMT, higher than the previous crop season, as production is forecast to increase by 3.0 MMT while domestic consumption increases by only 500,000 metric tons, resulting in a larger supply for exports. Local brokers are confident Argentina can ship this volume and maybe even more, depending on market conditions. Vietnam, Egypt and Algeria, which together accounted for 40 percent of Argentina's corn exports in MY 2019/20, have in the past several years been the top destinations. Argentine corn is exported to more than 50 markets.

Exports in MY 2020/21 are projected at 33.5 MMT, 500,000 metric tons lower than USDA. To date, export declarations for the current year totaled 21.2 MMT, stable from last year. Export declarations for March-July 2021 total 17-18 MMT, per official data.

Domestic consumption for MY 2021/22 is projected at 14.5 MMT, a 3.5 percent increase from the previous year. Local analysts believe that by 2022 the world economy should start to normalize from the setbacks from Covid 19 disruptions. The future of corn demand for bioethanol plants in currently in flux as Argentina's biofuels law requiring a minimum fuel mix mandate will expire in May. The legislative response for renewal or modification of the mandate is unclear at this time. Increased sorghum inventory available to the market will likely limit higher corn demand.

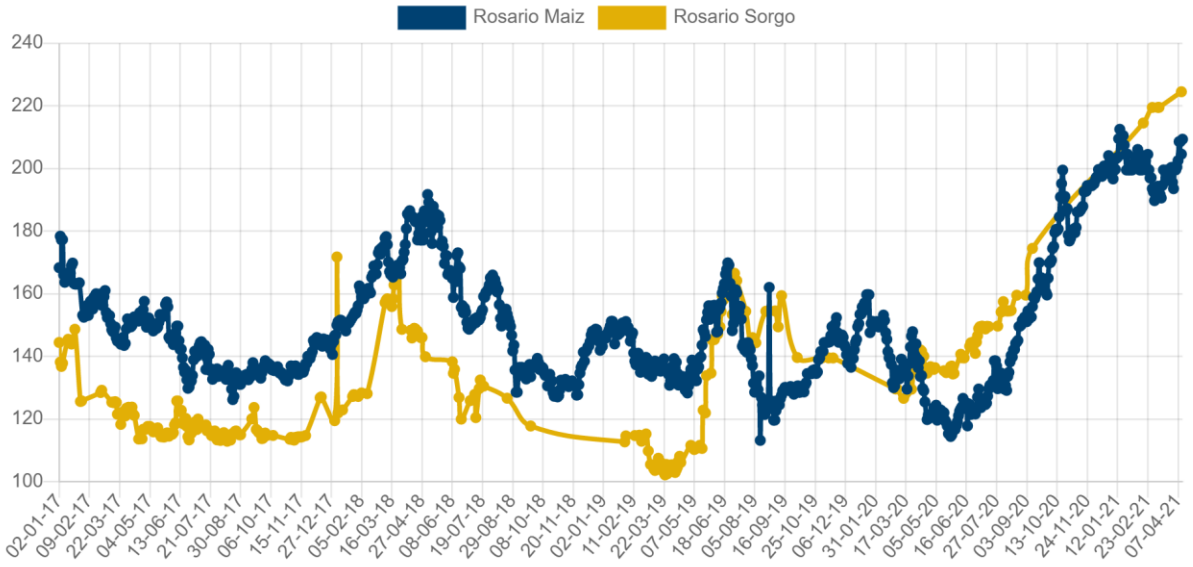
Corn stocks in MY 2021/22 are forecast to remain around 3-4 MMT as the government wants sufficient supplies in the local market to avoid upward pressure on prices due to tight availability.

Sorghum

Production for MY 2021/22 is forecast at 4.5 MMT, the highest in almost a decade on projected planted area of 950,000 hectares, a 30 percent increase from last year. Since mid 2020, consistent demand from China has generated a new dynamic where local sorghum prices exceed those for corn.

Projected sorghum returns for MY 2021/22 are just below those for soybeans and corn in many areas. In mid-April 2021, sorghum futures (April 2022) price is $200 per ton versus corn at $175 per ton. Total production costs for sorghum are $250 per hectare, roughly half that of corn due to lower input costs for seed and fertilizer. Figure 4 below shows local spot sorghum prices (yellow) and corn prices (blue) in dollars per ton from January 2017 to date.

Figure 4: Argentine Sport Sorghum Prices



Source: Agrofy with Bolsa de Comercio de Rosario data

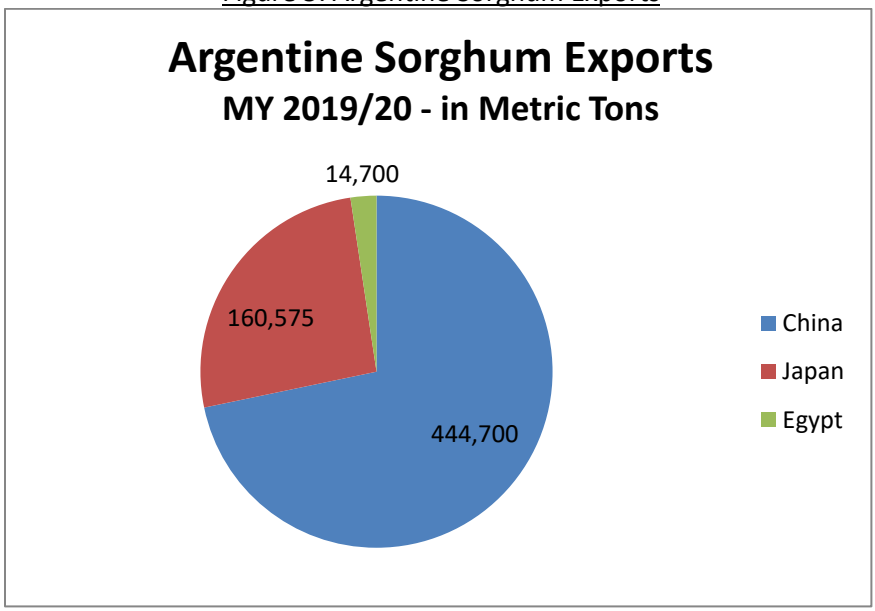
Sorghum area is expected to grow within Santa Fe, Cordoba, Santiago del Estero and Chaco provinces as well as southwest Buenos Aires, La Pampa, San Luis and Entre Rios provinces.

Production in MY 2020/21 is projected at 3.2 MMT. Following an attack of yellow aphids under dry conditions, yields in Entre Rios province are expected to drop significantly. Harvest is about 10 percent complete as of mid-April.

Sorghum exports in MY 2021/22 are forecast at 1.6 MMT assuming Chinese demand volume remains consistent with the previous two seasons. Argentina has recently become the second largest sorghum supplier to China after the United States. Between 100-200,000 metric tons of sorghum are normally exported to Japan annually.

Exports in MY 2020/21 are forecast at 1.5 MMT, with export declarations, primarily to China, already at 1.26 MMT. Exports in MY 2019/20 were 445,000 metric tons, according to official data, but private sector reports show 620,000 metric tons. Figure 5 reflects export destinations in MY 2019/20.

Figure 5: Argentine Sorghum Exports



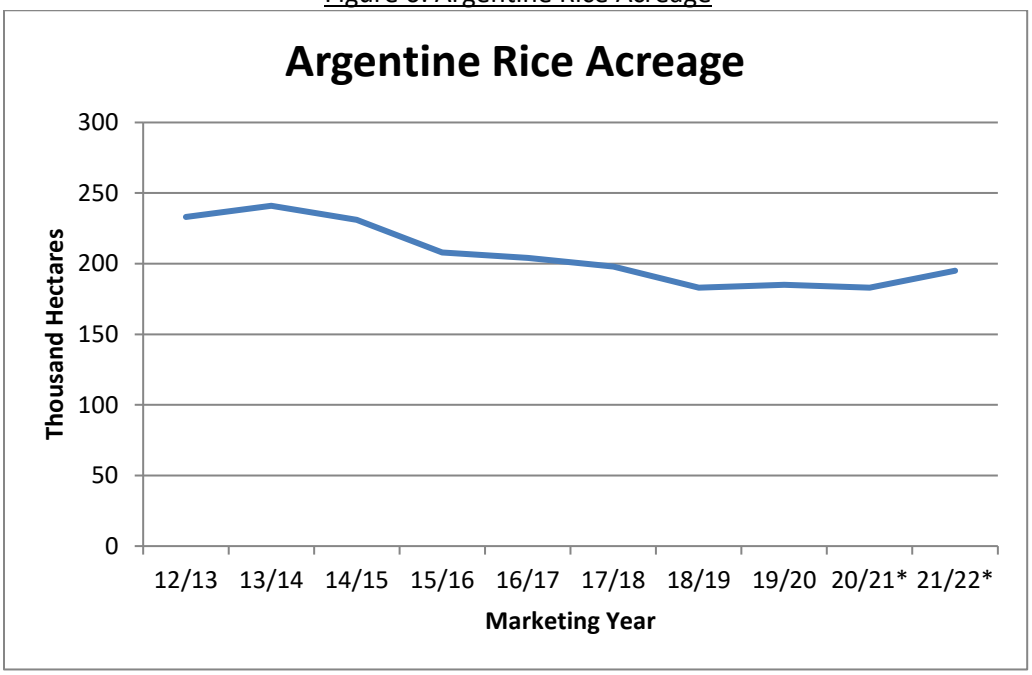
Source: FAS Buenos Aires with Nabsa database

Domestic consumption for MY 2021/22 is projected up at 2.7 MMT on larger production and product availability. Most sorghum is consumed close to the areas of production and a significant share is consumed on-farm.

Rice

Production in MY 2021/22 is forecast up at 1.28 MMT rough base, the highest in four years. Planted area is forecast to expand by 12,000 hectares (6 percent) to 195,000 hectares, given favorable weather and irrigation resources (Figure 6). High world prices in 2020 and 2021 are expected to stimulate planted area. Additionally, Corrientes Province, which failed to plant the total projected area last year under dry conditions and low water levels, is expected to return to a normal planted area this year. Additional area is also expected in Formosa, Chaco and Santa Fe provinces.

Figure 6: Argentine Rice Acreage



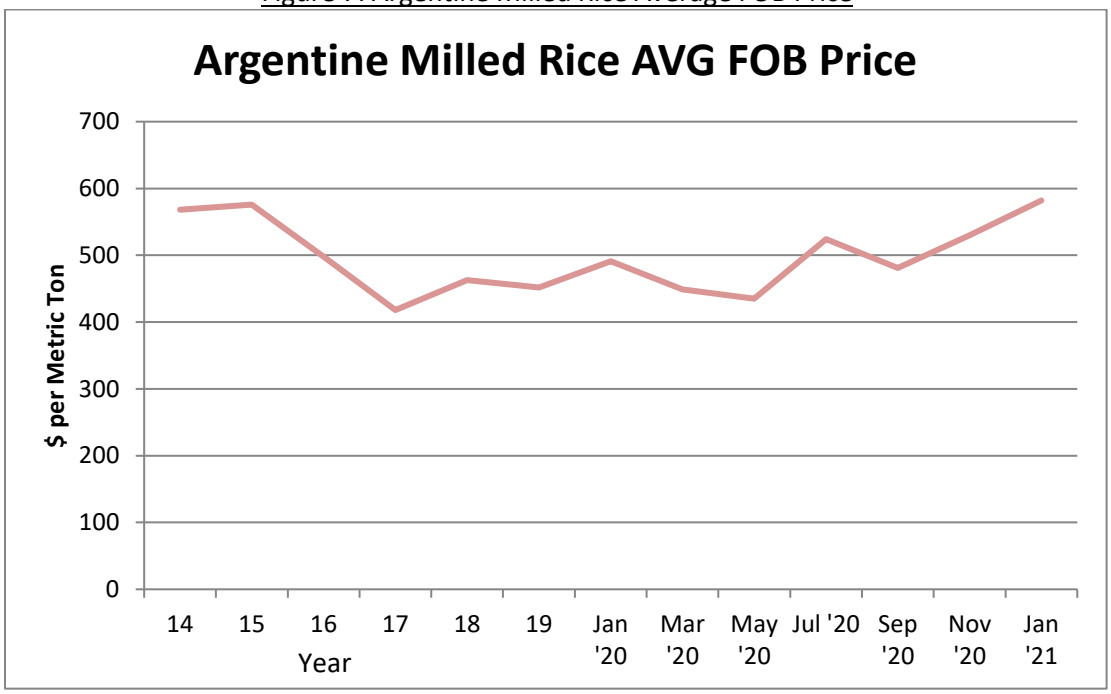
Source: PSD & FAS Buenos Aires
** Post Estimate, Post Projection*

The cost of production for the upcoming planting season is estimated to rise more than 20 percent (in dollar terms), due to strong increases in fertilizers prices, rent and, to a lesser extent, crop protection products. Nevertheless, high world prices have brought relief to the sector which now is enjoying profitability after several years of low or negative returns. Farmer rice prices in May 2020 were roughly $190 per ton. In August they spiked to $310 per ton before falling recently 10 percent to $280 per ton. Most local analysts foresee firm prices for the end of the year.

Rice production in MY 2020-21 is estimated at 1.24 MMT, rough base, moderately higher than USDA's volume. Sources indicate that December 2020 rains refilled water reservoirs in Corrientes late in the planting season, which along with positive price signals, emboldened some producers to risk planting. By mid-April the rice harvest was running at close to 70 percent. Fields planted early were in very good condition, as it generally happens in La Nina years which tend to be on the dry side. Solar radiation was generally positive with moderate temperatures. The remaining 30 percent, which was planted later, was developing nicely but March's cloudy weather is expected to negatively affect yields. The harvest is expected to end by late April-early May, 2-3 weeks later than normal. Producer returns are expected to exceed that of recent years.

Rice exports for MY 2021/22 are forecast at 345,000 metric tons, milled base, in line with the past 3-4 years. Local exporters believe international demand will remain steady in 2022. Argentina exports primarily milled and broken rice and approximately 70-90,000 metric tons of brown rice annually. Although Argentina has exported rice to more than 30 countries, Brazil and Chile consistently remain the main destinations. The following Figure 7 shows Argentine milled rice (HTS 100630) average FOB prices from 2014 to January 2021.

Figure 7: Argentine Milled Rice Average FOB Price



Source: FAS Buenos Aires with Trade Data Monitor data

Argentine rice exports in MY 2021/22 are forecast to be shipped primarily to Chile (milled and broken rice), Brazil (milled and brown rice), and Cuba (milled). Other destinations are projected to be Mexico (milled), Spain and Turkey (both brown rice), and African countries (broken rice). Exports to the United States are projected to range between 6-10,000 metric tons of organic brown and milled rice produced by three local suppliers.

Domestic consumption for MY 2021/22 is forecast marginally up at 470,000 metric tons, milled base. Companies selling locally expect a small but constant growth in sales especially at the retail level as Argentines incorporate more rice in their diets as a natural, healthy and versatile option. The price of rice at a supermarket is close to $1 per kilo bag (includes 21 percent VAT), with the government closely monitoring and limiting price increases in an attempt to fight inflation. Rice snacks are also slowly but consistently gaining market share.

Industry contacts concur that ending stocks for MY 2021/22 are forecast to remain at 10-20,000 metric tons milled base, lower than USDA, but the same as the previous two marketing years due to steady local and foreign demand.

PSD Tables

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Dec 2019		Dec 2020		Dec 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6730	6730	6390	6300	0	6650
Beginning Stocks (1000 MT)	1737	1737	1722	1722	0	1877
Production (1000 MT)	19780	19780	17630	17400	0	20500
MY Imports (1000 MT)	5	5	5	5	0	4
TY Imports (1000 MT)	3	4	5	5	0	4
Total Supply (1000 MT)	21522	21522	19357	19127	0	22381
MY Exports (1000 MT)	13500	13500	11500	11000	0	13900
TY Exports (1000 MT)	13608	13608	10500	10000	0	13900
Feed and Residual (1000 MT)	50	50	50	50	0	50
FSI Consumption (1000 MT)	6250	6250	6200	6200	0	6350
Total Consumption (1000 MT)	6300	6300	6250	6250	0	6400
Ending Stocks (1000 MT)	1722	1722	1607	1877	0	2081
Total Distribution (1000 MT)	21522	21522	19357	19127	0	22381
Yield (MT/HA)	2.9391	2.9391	2.759	2.7619	0	3.0827

(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 2021/2022 = July 2021 - June 2022

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Dec 2019		Dec 2020		Dec 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1120	1000	1090	950	0	1200
Beginning Stocks (1000 MT)	723	723	718	618	0	728
Production (1000 MT)	3800	3800	4500	4100	0	4800
MY Imports (1000 MT)	16	16	0	0	0	0
TY Imports (1000 MT)	16	16	0	0	0	0
Total Supply (1000 MT)	4539	4539	5218	4718	0	5528
MY Exports (1000 MT)	2421	2421	3000	2500	0	3200
TY Exports (1000 MT)	2598	2598	2900	2400	0	3200
Feed and Residual (1000 MT)	200	400	200	250	0	200
FSI Consumption (1000 MT)	1200	1100	1200	1240	0	1250
Total Consumption (1000 MT)	1400	1500	1400	1490	0	1450
Ending Stocks (1000 MT)	718	618	818	728	0	878
Total Distribution (1000 MT)	4539	4539	5218	4718	0	5528
Yield (MT/HA)	3.3929	3.8	4.1284	4.3158	0	4

(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 2021/2022 = October 2021 - September 2022

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Mar 2020		Mar 2021		Mar 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6300	6300	6100	6100	0	6200
Beginning Stocks (1000 MT)	2367	2367	3619	3601	0	3105
Production (1000 MT)	51000	51000	47000	47000	0	50000
MY Imports (1000 MT)	4	4	5	4	0	4
TY Imports (1000 MT)	3	3	5	4	0	4
Total Supply (1000 MT)	53371	53371	50624	50605	0	53109
MY Exports (1000 MT)	36252	36270	34000	33500	0	35000
TY Exports (1000 MT)	39917	39917	32000	31500	0	35000
Feed and Residual (1000 MT)	9500	9500	10500	10000	0	10400
FSI Consumption (1000 MT)	4000	4000	4000	4000	0	4100
Total Consumption (1000 MT)	13500	13500	14500	14000	0	14500
Ending Stocks (1000 MT)	3619	3601	2124	3105	0	3609
Total Distribution (1000 MT)	53371	53371	50624	50605	0	53109
Yield (MT/HA)	8.0952	8.0952	7.7049	7.7049	0	8.0645

(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 2021/2022 = October 2021 - September 2022

Sorghum	2019/2020		2020/2021		2021/2022	
Market Year Begins	Mar 2020		Mar 2021		Mar 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	575	575	730	730	0	950
Beginning Stocks (1000 MT)	454	454	266	284	0	184
Production (1000 MT)	2500	2500	3200	3200	0	4500
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2954	2954	3466	3484	0	4684
MY Exports (1000 MT)	638	620	1000	1500	0	1600
TY Exports (1000 MT)	426	426	1000	1500	0	1600
Feed and Residual (1000 MT)	1750	1750	1700	1400	0	2300
FSI Consumption (1000 MT)	300	300	400	400	0	400
Total Consumption (1000 MT)	2050	2050	2100	1800	0	2700
Ending Stocks (1000 MT)	266	284	366	184	0	384
Total Distribution (1000 MT)	2954	2954	3466	3484	0	4684
Yield (MT/HA)	4.3478	4.3478	4.3836	4.3836	0	4.7368

(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 2021/2022 = October 2021 - September 2022

Rice, Milled	2019/2020		2020/2021		2021/2022	
Market Year Begins	Apr 2020		Apr 2021		Apr 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	185	185	180	183	0	195
Beginning Stocks (1000 MT)	184	184	148	173	0	186
Milled Production (1000 MT)	795	795	775	806	0	830
Rough Production (1000 MT)	1223	1223	1192	1240	0	1277
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	0	6500
MY Imports (1000 MT)	9	9	7	7	0	5
TY Imports (1000 MT)	9	9	7	7	0	5
Total Supply (1000 MT)	988	988	930	986	0	1021
MY Exports (1000 MT)	320	360	300	340	0	345
TY Exports (1000 MT)	335	335	300	340	0	345
Consumption and Residual (1000 MT)	520	455	510	460	0	470
Ending Stocks (1000 MT)	148	173	120	186	0	206
Total Distribution (1000 MT)	988	988	930	986	0	1021
Yield (Rough) (MT/HA)	6.6108	6.6108	6.6222	6.776	0	6.5487

(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 2021/2022 = January 2022 - December 2022

Attachments:

No Attachments