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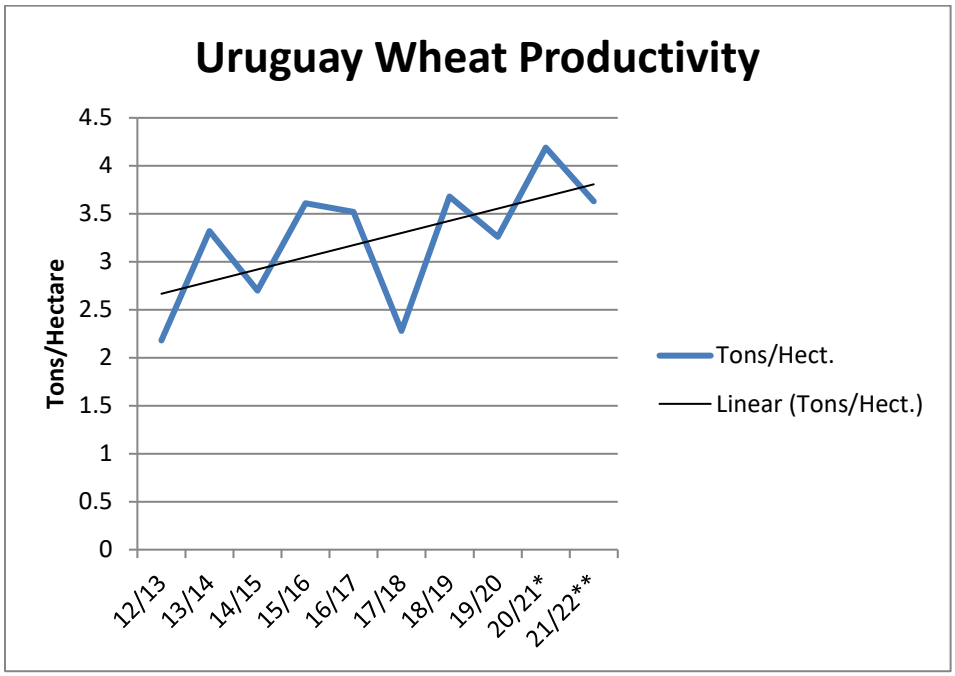
Report Highlights:

In marketing year 2021/22, wheat production and exports are forecast up to 980,000 tons and 500,000 tons, respectively, on increased planted area. Corn production is forecast to rise on high prices lowering import demand but raising export volume to 150,000 tons, a peak volume since MY 2012/13. Sorghum production remains small but securing export access to China could alter that situation. Rice acreage is projected to recover to 158,000 hectares, the highest in four seasons.

Wheat

Production in marketing year (MY) 2021/22 is forecast at 980,000 tons, the highest in 6 years. Nevertheless, overall volume growth will only reach 4 percent as Post utilizes a trend yield which is significantly lower than the MY2021/21 record high. Expected positive returns should stimulate the use of quality inputs, especially seeds and fertilizers, on acreages projected to increase by 20 percent. Wheat planting generally begins in May. Despite recent showers, dry conditions in the south with a possibility of continuing into the next few months could negatively impact planted area and/or yields.

Last year wheat farmers saw high levels of productivity, quality and profitability. Although winter was somewhat dry, a cool spring and well-timed rainfall optimized grain fill. Despite higher input and production costs expected for this year's crop, current future wheat prices are attractive and double cropping with second soybean planting remains a profitable combination.



Source: FAS
*Post Estimation
**Post Projection

Wheat as a cover crop is expected to encourage additional wheat area but faces competition for area from barley and canola which are expected to expand 10-20 percent in MY 2021/22. Barley acreage for MY 2021/22 is forecast at 200-220,000 hectares as recent developments, including expanded malting capacity, market activity to China and strong prices, drives demand. Although Uruguayan barley has had market access to China since 2018, activity has recently jumped with 10 containers (280 tons) shipped in February 2020. Thereafter, 36,000 tons were shipped and another shipment is expected soon. If this sales trend continues, further barley production going forward could be realized.

Wheat exports in MY 2021/22 are projected at 500,000 tons, 50,000 tons higher than in MY2020/21 and the highest since MY2015/16. Generally, around 60 percent of Uruguayan wheat exports are destined for Brazil, loaded in Nueva Palmira and Montevideo ports, with more than half of these shipped to northeastern Brazil.

Uruguayan wheat exports are not fully differentiated in the data supplied by the Central Bank. Exports through some western ports are made from duty free areas and therefore show as exports to Uruguay. According to Agrosud statistics, a local grain broker, from November 1, 2019 to October 31, 2020, Uruguay exported 293,000 tons of wheat, 83 percent to Brazil, 9 percent to Mauritania, 7 percent to Chile and 1 percent to Taiwan. 97 percent shipped via 10 vessels, 2 percent by truck and 1 percent by container.

Wheat demand in MY2021/22 is forecast at 480,000 tons. Uruguay has 8 wheat mills, of which two economic groups account for roughly two thirds of the total utilizing 4 plants. Consumption is quite inelastic with analysts stating that the covid-19 effects have had little impact on wheat consumption patterns. Alur, the local state-owned alcohol company, which produces bioethanol, sometimes processes wheat, but normally uses corn and sorghum. Feedlots generally only consume wheat when it is low quality and priced accordingly.

Corn

Production for MY2021/22 is projected at 960,000 tons, 37 percent higher than expected in MY 2020/21. Commercial corn area, which does not include corn for silage, is forecast to expand to 160,000 hectares. Analysts predict local grain prices will remain strong in MY2021/22 given expected production problems in the region in MY2020/21. High commodity prices are forecast to drive additional planted acreage next year, mostly planted with soybeans. Rising input prices and production costs will partially offset high corn prices. Corn has been displacing sorghum over the past few years as it is more profitable and its demand and use are bigger.

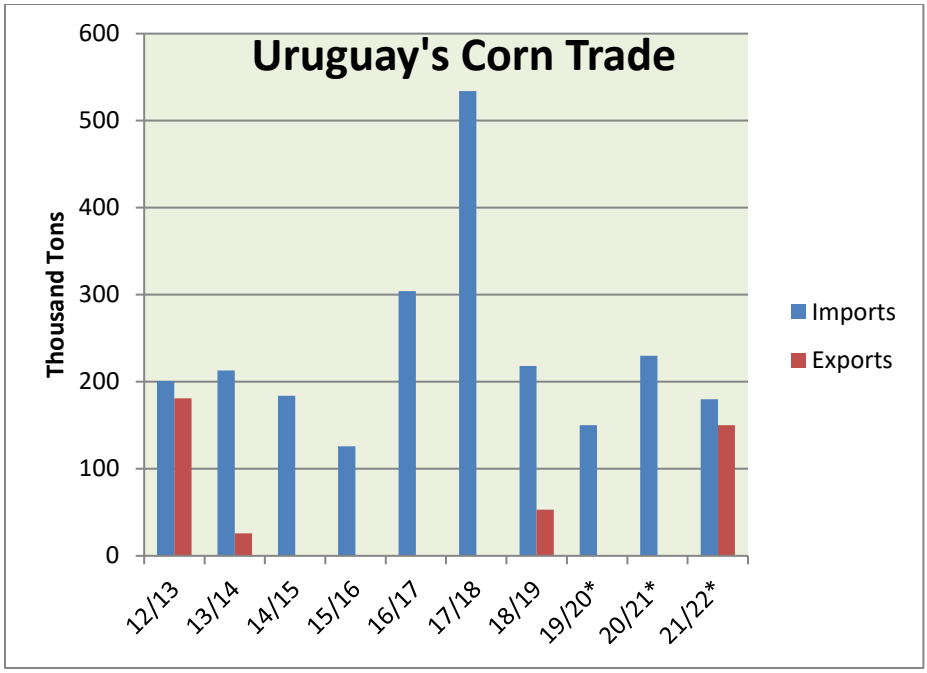
In MY2020/21, planting intentions for corn exceeded actual planted area as an unexpected jump in soybean prices late last year shifted roughly 20,000 hectares from corn to soybean production. In addition, dry weather in December and January negatively affected the condition of most corn fields modifying some area use to silage for beef and dairy production.

Most corn is produced by farmers on their own land using new hybrids and good crop technology. Uruguay has roughly 15,000 hectares under irrigation. Most of this land is devoted to corn.

Uruguay imports corn every year so farmer prices are high as its price is at import parity which includes logistical and transportation costs. Therefore, no significant area increase in the near future is anticipated. The harvest of the 2020/21 crop began in early March on an estimated area of 135,000 hectares with an average yield of 5.2 tons per hectare.

Corn exports for MY 2021-2022 are forecast at 150,000 tons, the highest since MY2012/13 on forecast high output. Imports are projected at 180,000 tons. Despite importing and exporting similar volumes,

the timing throughout the marketing year is different. Most imports are sourced from Paraguay with some recently from Argentina.



Source: FAS
* Post Projection

The domestic demand for corn in MY2021/22 is forecast at 960,000 tons, marginally higher than in MY2020/21 as improved prices for the cattle and dairy sectors lift profitability and thus a stronger feed demand. Many analysts believe that numerous countries, including Uruguay, should begin to see demand trade trends recovering in 2022 after the negative effects of the Pandemic.

Sorghum

Production for MY 2021/22 is forecast at 120,000 tons, 20,000 tons higher than the previous two crop seasons. The area of commercial sorghum is projected to remain unchanged at 30,000 hectares despite losing acreage to corn in the past several years. The Uruguay government is currently negotiating with China for market access for sorghum. Government officials are optimistic that this could happen in 2021. Local grain exporters are somewhat skeptical due to China's strict sanitary protocol, especially for weed seeds. Some speculate that if/when the China market opens; grain sorghum area could expand 10-15,000 hectares.

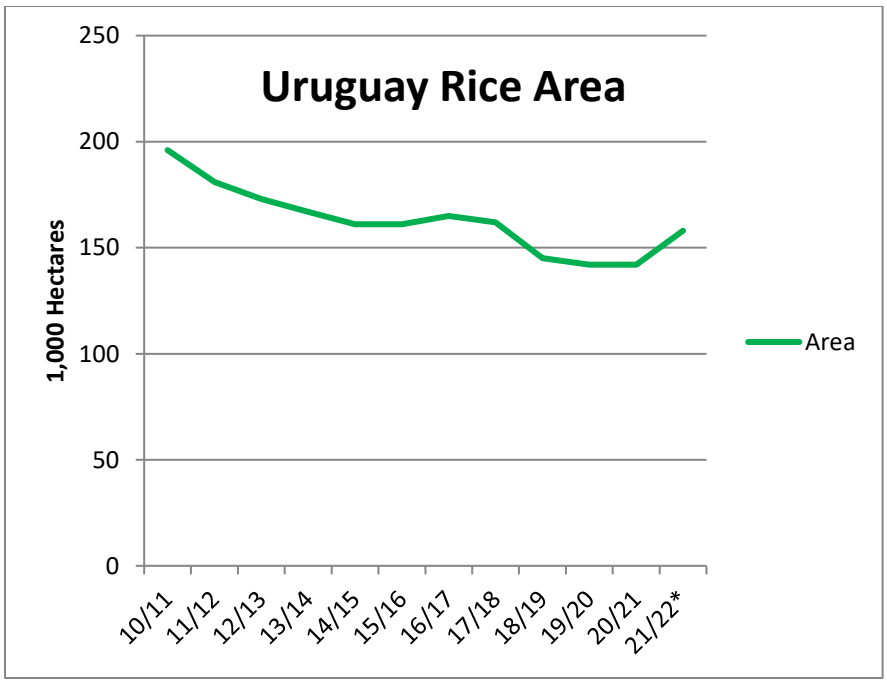
Sorghum production in MY 2020-2021 is forecast at 100,000 tons. Despite sorghum having a good resistance to dry conditions, the unusual attack of several aphids is expected to have damaged plantations, resulting in lower yields than expected. The harvest began a few weeks ago.

Uruguay normally imports between 1-5,000 tons of sorghum every year, mostly sourced from Paraguay and/or Argentina.

Alur, the state-owned alcohol company, is expected to be the main consumer of low tannin sorghum. Every year before the planting season, Alur offers farmer's commercial conditions (price, quality and minimum volume), especially those nearby their bioethanol plant in Paysandu. Although difficult to determine, contacts indicate that between 60-90,000 tons of sorghum are consumed yearly by Alur in its production of bioethanol, which in turn also produces DDGS which are in demand by the dairy, beef and egg sectors.

Rice

Rough production for MY2021/22 is forecast at 1.3 million tons, the highest since MY2017/18, with an 11 percent increase in acreage from last year (crop that is currently being harvested). Based on current and futures prices, next year's crop, which will be planted as of October 2021, would be the third season in a row in which farmers will have positive returns. Previous seasons were very disappointing for producers due to large stocks of rice in the region, low FOB prices and a strong local currency which reduced competitivity. Farmer returns in MY2021/22 are expected to be lower as input prices, such as fertilizers and many crop protection products, have increased. The cost of production is estimated to be around $1,800 per hectare, roughly $100 higher than the previous crop season. The following graph shows planted rice area since MY2010/11 to MY2021/22:

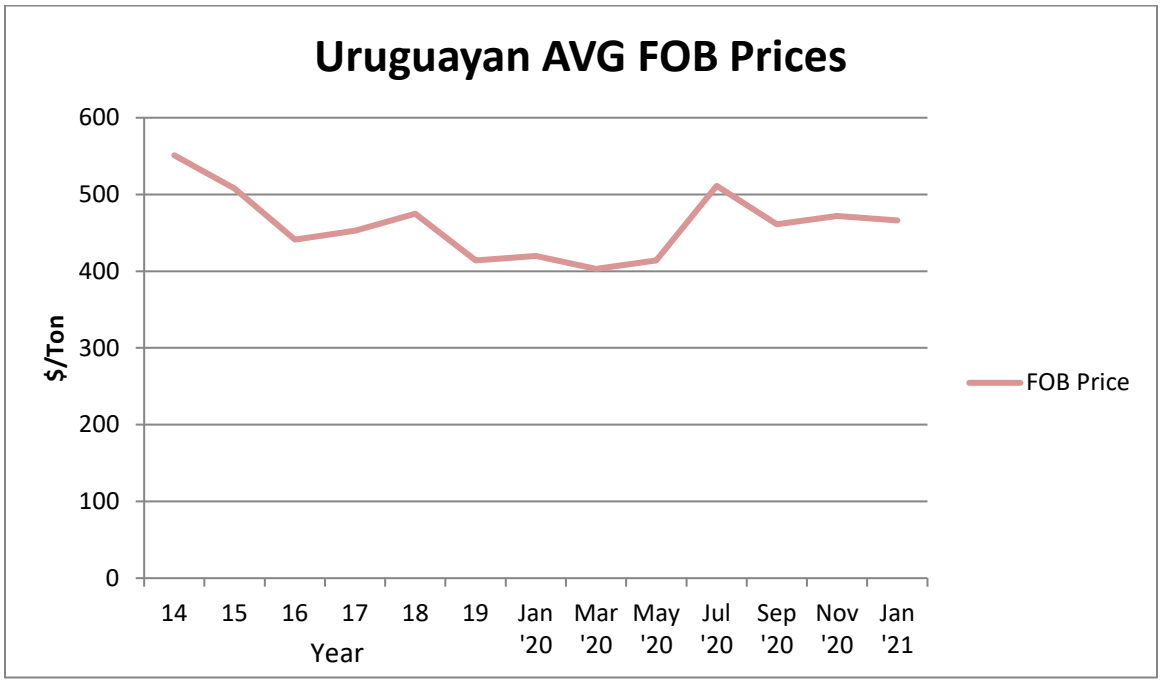


Source: FAS
* Post Projection

Production in MY2020/21 is estimated at 1.22 million tons rough basis on 142,000 hectares. During last year's planting season, the weather was dry and several thousand hectares were not planted. The weather then normalized and producers expected record yields, but wet and cloudy weather in the first two weeks of February 2021 is expected to have negatively affected yields. Contacts indicate that

producers are expecting returns of approximately $300 per hectare. By mid-March, roughly 10 percent had been harvested.

Approximately 80-85 percent of Uruguayan rice is marketed internally through an agreement between the rice producers' association and a few major rice mills. A provisional price is set every June and the definitive price is then established in February, once the crop season ends and just before the new crop is harvested. The price is based primarily on the value of exports of each marketing year as Uruguay ships abroad more than 90 percent of its total rice production. The following graph shows Uruguay's average annual FOB price in the period 2014-2019 and the average monthly price for given months in 2020 and January 2021 (in $/ton):



Source: FAS with Trade Monitor Database

Rice exports in MY2021/22 are projected at 845,000 tons (milled base), marginally higher than the previous two marketing years due to an expected larger output and steady demand. Iraq is expected to continue to be one of the main buyers, taking primarily 50-kilo bags of milled rice with 4 percent broken. Brazil, which in MY2019/20 was very active in sourcing Uruguayan rice, is projected to buy roughly 20 percent of total exports. Peru normally takes 15 percent of the total, similar to Mexico. Both countries normally buy milled rice with 5 percent broken. In the case of Mexico, there are currently two Uruguayan rice mills suspended due to Khapra beetle found in containers transporting rice. The EU is forecast to buy approximately 80,000 tons of parboil rice. Turkey normally buys significant volumes of specialty rice and a few African countries will most likely buy large volumes of broken rice. Exports in MY2020/21 are forecast at 790,000 tons, milled base. Uruguayan rice remained in demand during the pandemic with prices higher than earlier expected.

Domestic rice use in MY 2021-2022 is projected at 68,000 tons, milled base, stable from the previous two years. Rice for human consumption is inelastic with an estimated volume of 48-50,000 tons annually. Demand for seed use is forecast at 15,000 tons and 3,000 tons are projected to be consumed as feed. Domestic consumption in MY2019/20 was somewhat higher than normal because dry conditions during May-December 2020 forced cattle producers to use more feed alternatives, such as rice, as feed imports from the region were limited due to COVID-19.

Beginning stocks in MY 2019-2020 (ending in March 2021) will be negligible, estimated at 12,000 tons, milled base, as rice stocks were mostly exported. Most rice is reported to be in the hands of domestic distributors. Ending stocks in MY2020/21 and MY2021/22 are also expected to be low.

Statistical Tables

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Dec 2019		Dec 2020		Dec 2021	
Uruguay	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	238	238	213	224	0	270
Beginning Stocks (1000 MT)	53	53	114	39	0	61
Production (1000 MT)	776	776	745	940	0	980
MY Imports (1000 MT)	10	7	10	7	0	7
TY Imports (1000 MT)	7	7	10	7	0	7
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	839	836	869	986	0	1048
MY Exports (1000 MT)	225	322	300	450	0	500
TY Exports (1000 MT)	229	322	300	450	0	500
Feed and Residual (1000 MT)	30	22	30	20	0	25
FSI Consumption (1000 MT)	470	453	450	455	0	455
Total Consumption (1000 MT)	500	475	480	475	0	480
Ending Stocks (1000 MT)	114	39	89	61	0	68
Total Distribution (1000 MT)	839	836	869	986	0	1048
Yield (MT/HA)	3.2605	3.2605	3.4977	4.1964	0	3.6296

(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

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Apr 2020		Apr 2021		Apr 2022	
Uruguay	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	117	117	94	135	0	160
Beginning Stocks (1000 MT)	183	183	146	96	0	106
Production (1000 MT)	763	763	675	700	0	960
MY Imports (1000 MT)	200	150	250	230	0	180
TY Imports (1000 MT)	211	150	250	230	0	180
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1146	1096	1071	1026	0	1246
MY Exports (1000 MT)	0	0	0	0	0	150
TY Exports (1000 MT)	0	0	0	0	0	150
Feed and Residual (1000 MT)	850	850	850	780	0	810
FSI Consumption (1000 MT)	150	150	150	140	0	150
Total Consumption (1000 MT)	1000	1000	1000	920	0	960
Ending Stocks (1000 MT)	146	96	71	106	0	136
Total Distribution (1000 MT)	1146	1096	1071	1026	0	1246
Yield (MT/HA)	6.5214	6.5214	7.1809	5.1852	0	6

(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	Apr 2020		Apr 2021		Apr 2022	
Uruguay	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	22	22	20	30	0	30
Beginning Stocks (1000 MT)	11	11	9	9	0	14
Production (1000 MT)	99	99	100	100	0	120
MY Imports (1000 MT)	5	2	10	5	0	2
TY Imports (1000 MT)	4	2	10	5	0	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	115	112	119	114	0	136
MY Exports (1000 MT)	1	1	0	0	0	0
TY Exports (1000 MT)	1	1	0	0	0	0
Feed and Residual (1000 MT)	65	62	70	65	0	80
FSI Consumption (1000 MT)	40	40	40	35	0	40
Total Consumption (1000 MT)	105	102	110	100	0	120
Ending Stocks (1000 MT)	9	9	9	14	0	16
Total Distribution (1000 MT)	115	112	119	114	0	136
Yield (MT/HA)	4.5	4.5	5	3.3333	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 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	
Uruguay	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	140	142	145	142	0	158
Beginning Stocks (1000 MT)	46	46	12	12	0	14
Milled Production (1000 MT)	846	855	879	858	0	915
Rough Production (1000 MT)	1209	1221	1256	1226	0	1307
Milling Rate (.9999) (1000 MT)	7000	7000	7000	7000	0	7000
MY Imports (1000 MT)	0	1	0	1	0	1
TY Imports (1000 MT)	0	1	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	892	902	891	871	0	930
MY Exports (1000 MT)	840	820	800	790	0	845
TY Exports (1000 MT)	960	960	820	790	0	845
Consumption and Residual (1000 MT)	40	70	45	67	0	68
Ending Stocks (1000 MT)	12	12	46	14	0	17
Total Distribution (1000 MT)	892	902	891	871	0	930
Yield (Rough) (MT/HA)	8.6357	8.5986	8.6621	8.6338	0	8.2722

(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