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Report Name: Grain and Feed Update

Country: Argentina

Post: Buenos Aires

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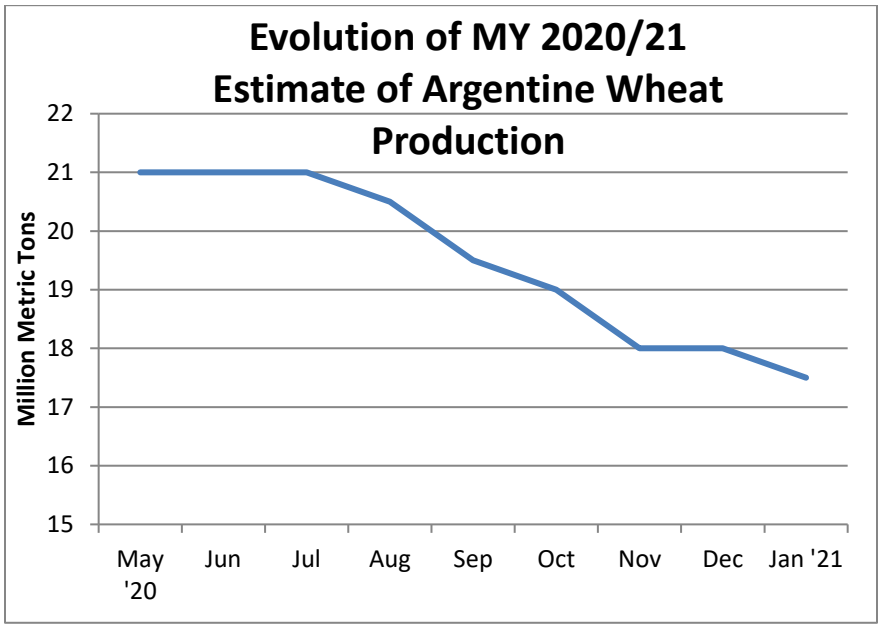
Report Highlights:

Argentine wheat exports (including flour) in marketing year (MY) 2020-21 are projected at 11.3 million tons, 700,000 tons lower than USDA official. Barley production is set at 3.85 million tons, 150,000 tons higher than USDA official following unexpected higher yields, with exports forecast at 2.6 million tons. Post forecasts corn production in MY 2020/21 at 47.0 million tons, 500,000 tons lower than USDA official due to drought damage. Corn consumption is forecast at 14.4 million tons, 600,000 tons lower than USDA official. Sorghum exports in MY 2020/21 are forecast at 1.4 million tons, 400,000 tons higher than USDA official, on strong demand from China. Post projects a downward movement in rice production due to a smaller acreage and expected yield.

Wheat

Production in marketing year (MY) 2020/21 is estimated at 17.5 million tons, in line with USDA official. The wheat harvest, which finished this past week, is the smallest in five years. Unusually dry and cold conditions during much of the production cycle in the central northern wheat area reduced the harvest by 3.5 million tons. In the core production areas in Buenos Aires province, though, adequate soil moisture produced yields higher than in previous years. Industry harvest estimates currently range between 16.5-17.5 million metric tons.



Source: FAS with monthly WASDE data

Post estimates wheat exports at 11.3 million tons, 700,000 tons lower than USDA. [This volume includes wheat flour converted to wheat equivalent.] Exports are being closely monitored by government officials concerned with maintaining domestic supply to avoid higher local prices as export commitments responded strongly to high international prices. Farmers had sold more than 13 million tons of the new crop by January 2020 in anticipation of an export tax increase and the volume of export declarations remained consistent during the marketing year which ended in November 2020. To date, exporters have purchased roughly 7.2 million tons of crop MY 2020/21, almost half the amount purchased a year ago with export declarations also a little less than half the amount in early 2020. Ending wheat stocks are expected to be plentiful.

Post projects that Brazil will remain the top export market for Argentine wheat with roughly 5.5 million tons. Brazil recently passed Decree 10,557 which would reduce Brazil's tariff on non-Mercosur wheat imports from 10.5 to 0% for 750,000 tons of imported wheat. In an article published January 13, 2021, by the Argentine newspaper *La Nacion*, Brazilian President Bolsonaro reportedly reassured the Argentine Ambassador to Brazil, that it would not reduce its purchases of Argentine wheat. East and North African countries are the next largest markets after Brazil. Indonesia and Bangladesh are expected to increase purchases from Australia to Argentina's detriment. Australia's bountiful crop and aggressive pursuit of recent slumps in export market share are expected to challenge Argentina's wheat exports.

Barley

Barley production in MY 2020/21 is estimated at 3.85 million tons, 150,000 tons higher than USDA. Yields in core barley producing areas in parts of Buenos Aires province were higher than expected given dry and cold weather conditions but which benefitted by more rain than in other crop regions. Barley fields in northern Buenos Aires and southern Santa Fe and Cordoba had poor results including some area loss. Sources concur that average yields were close to 4.4 tons per hectare with production estimates ranging between 3.7 and 4.1 million tons.

Exports are projected at 2.6 million tons, 100,000 tons higher than USDA. To date, exporters have purchased almost 1 million tons of MY 2020/21 barley and registered export declarations for 1.3 million tons.

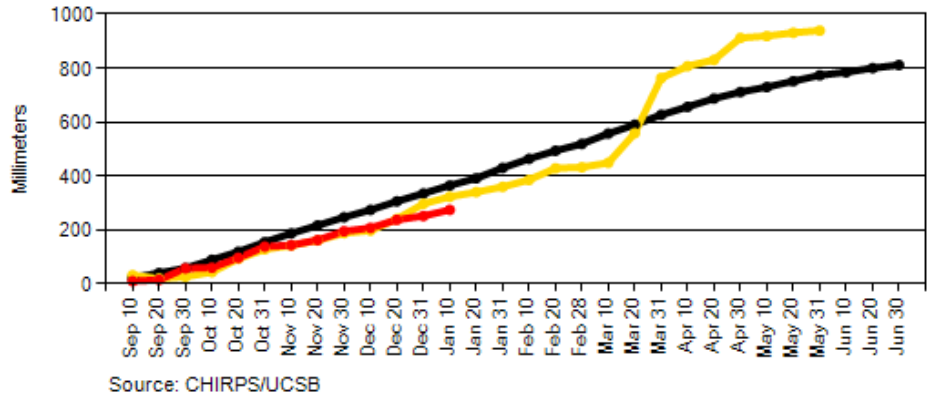
The trade conflict between Australia and China has impacted Argentine barely exports. Argentina began exporting barley to China in July 2020 and China has transitioned to be Argentina's top market for barley. This dynamic has facilitated growth for Australia's barley exports in Argentina's prior markets, such as feed barley to Saudi Arabia. Based on industry trade data, from January-November 2020, Saudi Arabia was Argentina's top market with 28 percent of the total 2.3 million tons shipped, followed by Brazil with 25 percent, Colombia 13 percent and China with 12 percent. For MY 2020/21, local traders expect China to take roughly 180,000 tons of malt barley and 1.0-1.1 million tons of feed barley (including Fair Average Quality – FAQ – barley). Some 600,000 tons of malting barley will be shipped to Brazil with the balance to a few other South American destinations.

Domestic consumption for MY 2020/21 is projected at 1.35 million tons, 50,000 tons higher than USDA. Post's higher projection is based on a larger consumption of feed barley due to high corn prices which are expected to remain high. Some high-yielding barley is reported as having quality problems associated with low-protein content. Consumption in MY 2019/20 is increased to 1.6 million tons. Contacts indicate that ending stocks for 2019/20 were 400-500,000 tons, lower than previously estimated. Vessels loaded in October and November were difficult to fill and contacts linked it to quality problems which saw farmers consuming barley as feed for livestock.

Corn

Post sets corn production for MY 2020/21 at 47.0 million tons, 500,000 tons lower than the recently lowered volume reported by USDA official. Recent rains in January 8-12 avoided a further cut in projected volume due to dryness in key production areas, especially in the corn-belt. Early planted corn is in the grain filling stage. Second crop corn, planted in December, is in good condition so far. To date more than 90 percent of the total corn area has been planted. Based on weather forecasts, the corn will develop in the next few months under dryer-than-normal conditions due to the La Nina weather effect. The below charts show the lower precipitation occurred so far in MY 2020/21 during the early corn planting season in the three main corn producing provinces of Buenos Aires, Cordoba and Santa Fe where roughly 80 percent of the of the country's corn is produced.

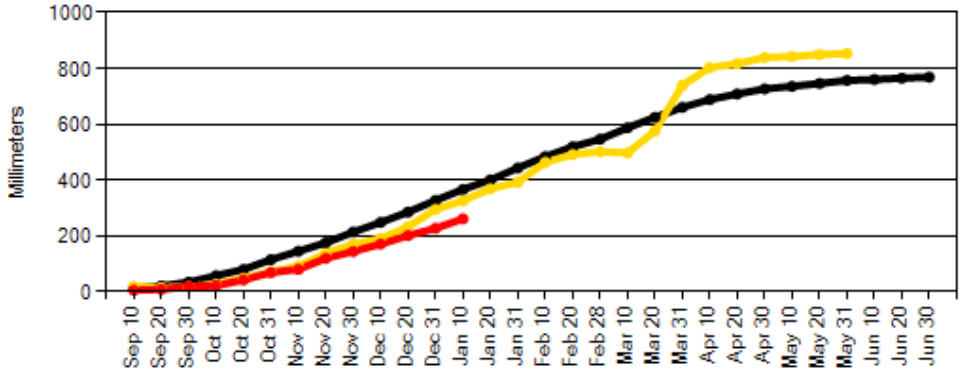
Cumulative Precipitation (CHIRPS) in Buenos Aires



Source: CHIRPS/UCSB

2020 / 2021 2019 / 2020 Normal

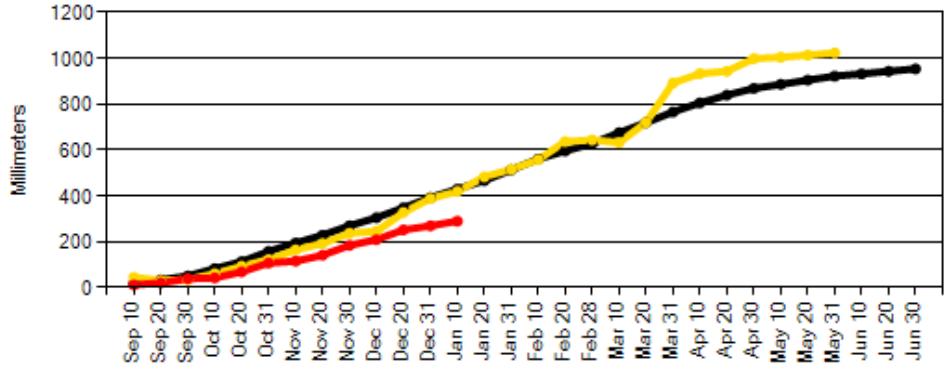
Cumulative Precipitation (CHIRPS) in Córdoba



Source: CHIRPS/UCSB

2020 / 2021 2019 / 2020 Normal

Cumulative Precipitation (CHIRPS) in Santa Fe



Source: CHIRPS/UCSB

2020 / 2021 2019 / 2020 Normal

Post estimates local corn consumption at 14.4 million tons, up 7 percent from the previous year but 600,000 tons lower than USDA's projection. High feed grain prices will limit corn use and drive demand for alternative feed sources, such as pasture. Significantly higher sorghum exports lower supply for domestic use and some will probably have to substitute with corn. The government will try to find mechanisms to decouple the domestic corn price from high international prices an effort to lower food price inflation.

In line with this government policy, on December 30, 2020, the Ministry of Agriculture suspended the registry (DJVE - Sworn Declaration of Export Sale) of new corn exports from the MY 2019/20 crop for shipment prior to March 1, 2021 when the 2020/21 crop season begins. The goal of this measure was to ensure the supply availability for domestic sectors which utilize corn as an input for products primarily destined for use by the dairy, cattle, pork, poultry and egg industries. Farmers reacted negatively to this intervention as they saw it as a precursor to raising export taxes for corn from the current 12 percent to the maximum of 15 percent. Farm groups initiated a three-day strike and after negotiations, the government eliminated the restriction on corn exports and the industry agreed to monitor adequate domestic supply.

Corn exports in MY 2020/21, are projected at 34.0 million tons. However, industry sources believe exports could be somewhat lower. Exports in MY 2019/20 are estimated at 35.5 million tons, but could be somewhat higher, depending on exports in February 2021 and how the private sector administers its agreement with the government. Exports during March-December 2020 were 33.5 million tons, while exports in January 2021 are estimated at about 1.7 million tons. Some traders estimate total exports in MY 2019/20 at 36.2 million tons.

Sorghum

Post projects sorghum production for MY 2020/21 at 3.2 million tons, equal to USDA official. Strong demand by China has driven prices up in 2020, sometimes $10-20 per ton higher than corn. Linking price signals with sorghum's ability to perform well under forecast dry conditions has stimulated an expansion in planted acreage. Production and planted area estimates continue to vary widely across sources.

Sorghum exports in MY 2020/21 are forecast at 1.4 million tons, 400,000 tons higher than USDA official, and the highest in eight years. Local traders have, to date, purchased 1.36 million tons and registered export declarations for almost 1.2 million tons, according to official data.

* Post Projection
Source: FAS/USDA

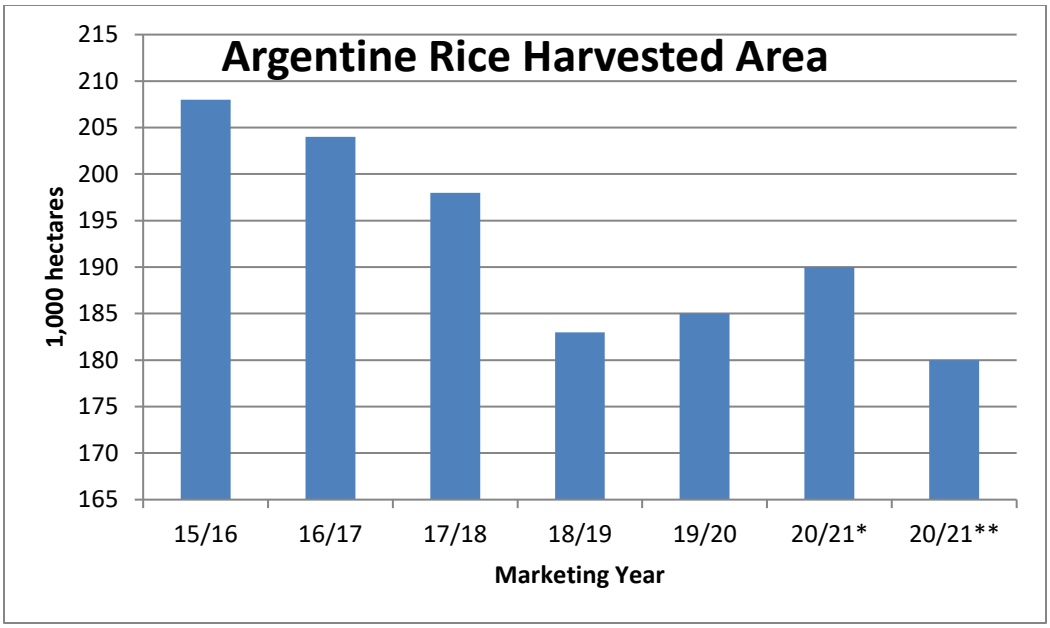
Traders indicate that 95 percent of the shipments projected for MY 2020/21 are for China. Compliance with a bilateral agreement for sorghum export protocols signed in late 2014 proved difficult due to strict sanitary conditions which resulted in limited sales. In 2019, though Argentina successfully shipped 140,000 tons in bulk with MY 2019/20 exports forecast at roughly 500,000 tons primarily for the livestock feed industry. Japan has also imported small volumes of sorghum from Argentina.

Post forecasts domestic consumption for MY 2020/21 at 1.8 million tons, 300,000 tons lower than USDA because of larger exports and lower volumes available for the local market. Part of this lower consumption is expected to be covered with feed barley and corn.

Rice

Argentine rice production for MY 2020/21 is forecast at 1.175 million metric tons rough production and 764,000 tons milled base. This volume is 6.7 percent lower than USDA's official number. Post projects a harvested acreage of 180,000 hectares, 10,000 hectares lower than USDA official. Early December rains encouraged planting some fields late in the season, especially in north east Entre Rios and Corrientes provinces. Following the rains, December turned hot and dry. The expected average yield is somewhat lower than USDA's projection as some fields suffered emergence issues, especially in Santa Fe province which in September/October was very dry. MY2020/21 harvest has begun in northern Corrientes Province and will continue to gain momentum in mid-February. With late plantings, the harvest this year is expected to end in May.

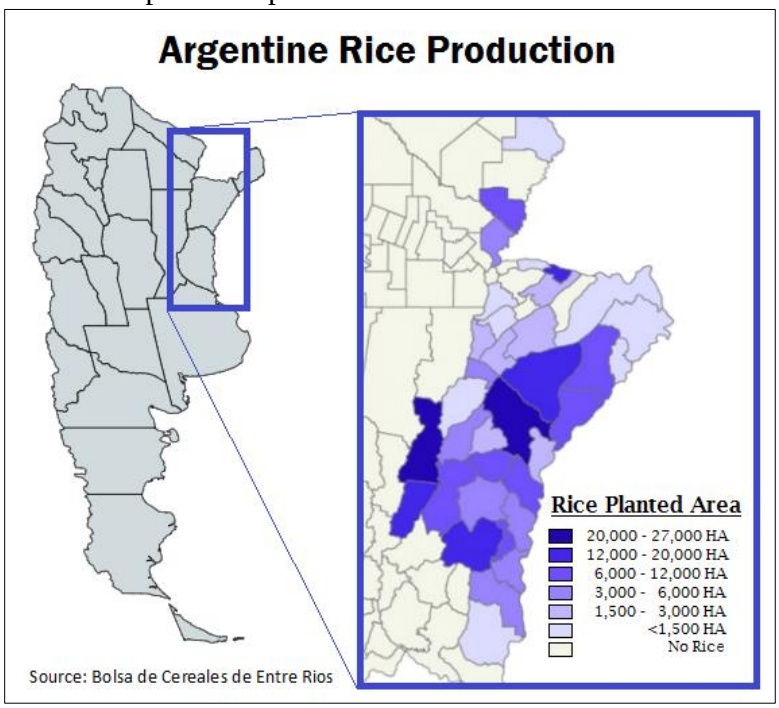
The chart below shows the rice harvested acreage of the past five marketing years and the area projected for MY 2020/21 by USDA and FAS.



* Official USDA projection; ** Post Projection
Source: FAS/USDA

Domestic consumption in MY 2020/21 is forecast to trend down from the high level in MY 2019/20 during the pandemic which prompted a rise in home demand. Trade contacts indicate that ending stocks in March 2021 when MY 2019/20 ends will be close to 30,000 tons milled base. Currently, several mills have suspended operation due to lack of rice for processing.

Rice exports in MY 2020/21 are projected at 300,000 tons, somewhat higher than USDA official. To date, no export sales have been completed but traders expect large shipments to Chile and Brazil followed by smaller exports to Spain and Mexico.



Statistical Tables

Wheat	2018/2019		2019/2020		2020/2021	
Market Year Begins	Dec 2018		Dec 2019		Dec 2020	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6050	6050	6725	6400	6300	6200
Beginning Stocks (1000 MT)	470	470	1737	1737	1702	1974
Production (1000 MT)	19500	19500	19760	19300	17500	17500
MY Imports (1000 MT)	5	5	5	4	5	3
TY Imports (1000 MT)	4	4	3	3	5	3
Total Supply (1000 MT)	19975	19975	21502	21041	19207	19477
MY Exports (1000 MT)	12188	12188	13500	12767	12000	11300
TY Exports (1000 MT)	12680	12680	13608	13608	12000	11300
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	6000	6000	6250	6250	5900	6100
Total Consumption (1000 MT)	6050	6050	6300	6300	5950	6150
Ending Stocks (1000 MT)	1737	1737	1702	1974	1257	2027
Total Distribution (1000 MT)	19975	19975	21502	21041	19207	19477
Yield (MT/HA)	3.2231	3.2231	2.9383	3.0156	2.7778	2.8226

(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 2020/2021 = July 2020 - June 2021

Barley	2018/2019		2019/2020		2020/2021	
Market Year Begins	Dec 2018		Dec 2019		Dec 2020	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1200	1200	1120	1000	915	875
Beginning Stocks (1000 MT)	388	388	711	711	790	490
Production (1000 MT)	5060	5060	3800	3800	3700	3850
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	5448	5448	4511	4511	4490	4340
MY Exports (1000 MT)	3237	3237	2421	2421	2500	2600
TY Exports (1000 MT)	3001	3001	2598	2598	2500	2600
Feed and Residual (1000 MT)	300	300	200	500	200	250
FSI Consumption (1000 MT)	1200	1200	1100	1100	1100	1100
Total Consumption (1000 MT)	1500	1500	1300	1600	1300	1350
Ending Stocks (1000 MT)	711	711	790	490	690	390
Total Distribution (1000 MT)	5448	5448	4511	4511	4490	4340
Yield (MT/HA)	4.2167	4.2167	3.3929	3.8	4.0437	4.4

(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 2020/2021 = October 2020 - September 2021

Corn	2018/2019		2019/2020		2020/2021	
Market Year Begins	Mar 2019		Mar 2020		Mar 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6100	6100	6300	6300	6100	6100
Beginning Stocks (1000 MT)	2407	2407	2367	2367	4372	4371
Production (1000 MT)	51000	51000	51000	51000	47500	47000
MY Imports (1000 MT)	4	4	5	4	5	4
TY Imports (1000 MT)	3	3	3	3	5	4
Total Supply (1000 MT)	53411	53411	53372	53371	51877	51375
MY Exports (1000 MT)	37244	37244	35500	35500	34000	34000
TY Exports (1000 MT)	32879	32879	39917	39917	31500	31500
Feed and Residual (1000 MT)	9700	9700	9500	9500	11000	10200
FSI Consumption (1000 MT)	4100	4100	4000	4000	4000	4200
Total Consumption (1000 MT)	13800	13800	13500	13500	15000	14400
Ending Stocks (1000 MT)	2367	2367	4372	4371	2877	2975
Total Distribution (1000 MT)	53411	53411	53372	53371	51877	51375
Yield (MT/HA)	8.3607	8.3607	8.0952	8.0952	7.7869	7.7049

(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 2020/2021 = October 2020 - September 2021

Sorghum	2018/2019		2019/2020		2020/2021	
Market Year Begins	Mar 2019		Mar 2020		Mar 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	630	630	575	575	730	730
Beginning Stocks (1000 MT)	515	515	454	454	304	284
Production (1000 MT)	2500	2500	2500	2500	3200	3200
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3015	3015	2954	2954	3504	3484
MY Exports (1000 MT)	411	411	600	620	1000	1400
TY Exports (1000 MT)	254	254	426	426	1000	1400
Feed and Residual (1000 MT)	1800	1800	1750	1750	1700	1450
FSI Consumption (1000 MT)	350	350	300	300	400	350
Total Consumption (1000 MT)	2150	2150	2050	2050	2100	1800
Ending Stocks (1000 MT)	454	454	304	284	404	284
Total Distribution (1000 MT)	3015	3015	2954	2954	3504	3484
Yield (MT/HA)	3.9683	3.9683	4.3478	4.3478	4.3836	4.3836

(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 2020/2021 = October 2020 - September 2021

Rice, Milled	2018/2019		2019/2020		2020/2021	
Market Year Begins	Apr 2019		Apr 2020		Apr 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	183	183	185	185	190	180
Beginning Stocks (1000 MT)	264	264	184	184	138	188
Milled Production (1000 MT)	774	774	795	795	819	764
Rough Production (1000 MT)	1191	1191	1223	1223	1260	1175
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	6500	6500
MY Imports (1000 MT)	9	9	9	9	7	7
TY Imports (1000 MT)	7	7	8	8	7	7
Total Supply (1000 MT)	1047	1047	988	988	964	959
MY Exports (1000 MT)	348	348	330	320	280	300
TY Exports (1000 MT)	388	388	335	335	280	300
Consumption and Residual (1000 MT)	515	515	520	480	530	465
Ending Stocks (1000 MT)	184	184	138	188	154	194
Total Distribution (1000 MT)	1047	1047	988	988	964	959
Yield (Rough) (MT/HA)	6.5082	6.5082	6.6108	6.6108	6.6316	6.5278

(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 2020/2021 = January 2021 - December 2021

Attachments:

No Attachments