

**Required Report:** Required - Public Distribution

**Date:** October 24,2020

**Report Number:** AR2020-0038

## **Report Name:** Grain and Feed Update

**Country:** Argentina

**Post:** Buenos Aires

**Report Category:** Grain and Feed

**Prepared By:** Kenneth Joseph

**Approved By:** Melinda Meador

### **Report Highlights:**

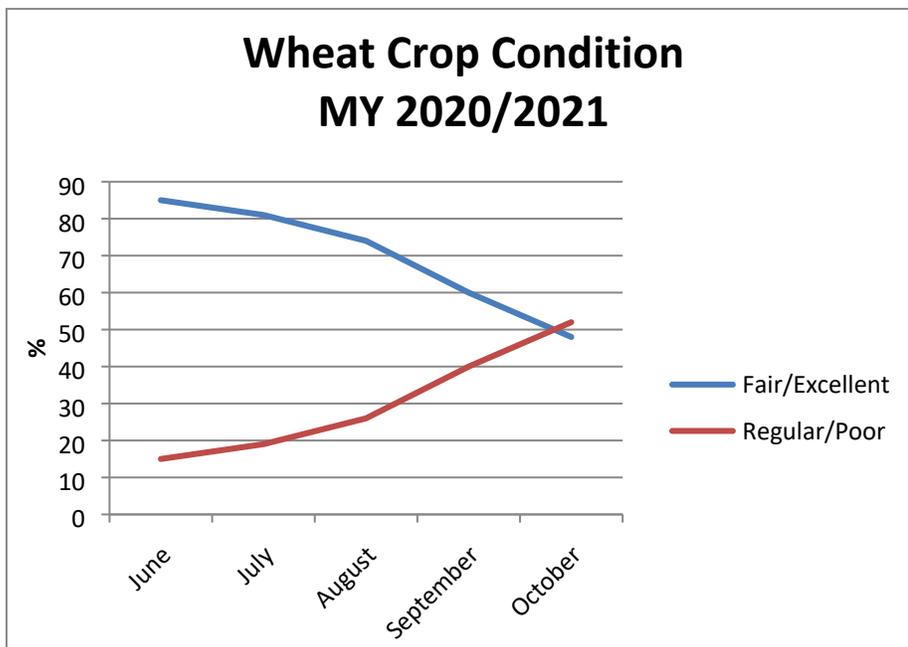
MY2020/21 wheat production is forecast at 17.4 million tons, 8 percent lower than USDA due to weather losses, reducing exports to 11.2 million tons. Corn production in MY 2020/2021 is projected at 48 million tons, 2 million tons below USDA, on expected lower yields which decreases export forecasts to 33 million tons, the lowest since MY 2018/2019. Strong demand from China triggers an 8 percent increase in sorghum production in MY 2020/2021. Rice production in MY 2020/2021 is forecast down 5 percent as low water levels reduce planted area in a main production region.

## Wheat

Post projects wheat production for marketing year (MY) 2020/2021 at 17.4 million tons, 1.6 million tons lower than USDA's official number, due to dry La Nina weather conditions which could cause losses for a couple more months. Local contacts currently project production at between 16.5-18 million tons.

The crop condition varies across production regions in Buenos Aires and La Pampa provinces and the central/northern provinces. In the latter, despite recent rains, rainfall has been scarce during the crop cycle, in many cases less than one third of normal volume, compounded by harsh frosts in late July, mid-August and early October. Apart from projected low yields, production losses in this region will further accrue over several thousand hectares which will not be harvested due to the poor condition of many wheat fields.

Alternatively, yields in the southern and central parts of Buenos Aires province are expected to be high as favorable weather conditions have fostered good to excellent crop conditions.



Source: FAS with Database from "Crop Condition & Development Stages"  
Bolsa de Cereales de Buenos Aires

Post estimates wheat production in MY 2019/2020 at 19.3 million tons, 460,000 tons lower than USDA. Industry contacts estimate production at about 19 million tons on lower harvested area than USDA.

Wheat exports in MY 2020/2021 are forecast at 11.2 million tons (including wheat flour), 1.8 million tons lower than USDA on reduced production. To date, a little over 5.2 million tons of the new crop has been sold as harvest in the northern provinces comes into the market. Harvest will advance toward

the southern regions into next month. November wheat exports are forecast at 500-600,000 tons which includes product from both old and new crops. Exports from December-March are primarily destined to markets in Southeast Asia and Africa. Australia's expected resumption of trade to Indonesia, Bangladesh and Vietnam, however, is expected to negatively impact Argentina's wheat exports to these markets. For regional markets, Argentina is expected to ship 6.0 million tons of wheat and roughly 300,000-400,000 tons of wheat flour (approximately 500,000 tons of wheat) to Brazil with exports to Peru, Chile and Ecuador adding over one million tons in exports.

MY2019/20 wheat exports are expected to close in November at 13.1 million tons (including flour), 400,000 tons lower than USDA. Wheat exports (not including flour) from December 2019 through October 2020 are estimated at 11.6 million tons. In May 2020, concerns about domestic market supply saw exporters reduce the pace of shipments.

In early October 2020, the Ministry of Agriculture extended provisional regulatory approval to an HB4 drought-tolerant wheat, EcoWheat, the first approval of a genetically modified wheat, developed under the Ministry of Science through an Argentine and French partnership. The approval was conditioned on Brazil's acceptance due to its importance as Argentina's primary wheat market, accounting for 47 percent market share in 2019. The company reported that it has initiated the approval process for the HB4 wheat in the United States, Paraguay, Uruguay and Bolivia.

The announcement has already generated resistance amongst the commercial community in both Argentina and Brazil. Representatives across the local wheat value chain coordinated a response expressing that "the commercial approval of HB4 wheat, a local scientific invention, is an extraordinary economic risk." They indicated that local and international food companies in Argentina are requesting only non-GMO wheat and/or flour for domestic and export customers in more than 50 markets. Similarly, last week, Arbitrigo, on behalf of the Brazilian wheat value chain, publicly requested that the Brazilian government not authorize the commercialization of GMO wheat.

## **Barley**

Production for MY 2020/2021 is forecast at 3.5 million tons, slightly higher than USDA. Barley is predominantly planted in the province of Buenos Aires with some in La Pampa province. Soil moisture has been consistent throughout the growth cycle which could lead to higher than average yields, if normal weather conditions continue. Smaller production areas in Cordoba and Santa Fe provinces are, in general, in poor condition.

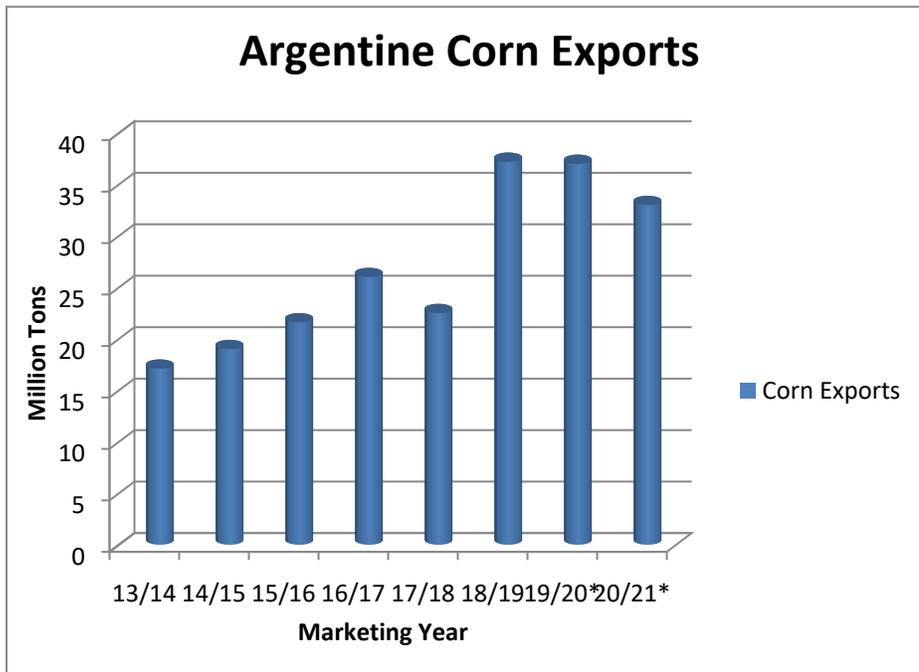
Exports in MY 2020/2021 are forecast at 2.5 million tons, stable from MY 2019/2020. Exporters have already purchased 360,000 tons, more than double the same period last year. Traders indicate that China is actively purchasing barley of different qualities, including FAQ (fair average quality) which is used for malting.

## Corn

Post forecasts production in MY 2020/2021 at 48 million tons, 2 million tons lower than USDA on a reduction in area and yield. Most contacts and analyst forecast a production range between 47-49 million tons. Although corn returns are currently higher than soybeans in the Pampa Humeda, the country's prime production region, dry conditions and the lack of soil humidity are delaying the planting of early corn. In some cases, the dry conditions are forcing farmers, especially in Cordoba, Santa Fe and Entre Rios provinces, to postpone planting to early December and to produce late corn. Under these conditions, farmers may switch from corn to soyb due to its lower investment costs to reduce risk. Planting in Buenos Aires and La Pampa provinces, under better soil moisture, maintains a normal pace. To date, roughly 25-30 percent of the country's total corn has been planted. Due to ongoing plant stress, plus the probability of lower early corn planted area and yield than expected, Post lowers its yield estimate below that of the past two crop seasons and USDA's official yield. Industry sources estimated production of 50 million tons in MY2019/20.

Corn exports in MY 2020/2021 are forecast at 33.0 million tons, 1 million tons lower than USDA, based on smaller projected output. To date, exporters have purchased 8.2 million tons of the future crop, 2.5 million tons lower than a year ago. Slow farmers sales are attributed to caution related to Argentina's economic currency variability and high inflation. Also, the fact that La Nina could negatively affect production further stimulates a conservative approach. Export destinations, such as Vietnam, South Korea, Malaysia, Algeria, Egypt, Morocco, Peru, and Chile are expected to remain key markets.

Exports in MY 2019/2020 are forecast at 37 million tons. Exports through October 2020 are estimated at roughly 31 million tons. From November through February 2021 shipments are expected to range between 1.2-1.6 million tons per month. Corn exports in August 2020 were the highest ever at 4.58 million tons.



Source: Post with TDMonitor Database

\* Post Forecast

Domestic corn consumption for MY 2020/2021 is forecast at 14.2 million tons, 800,000 tons lower than USDA. Although Argentina's economy is expected to recover 5 percent after a significant GDP drop in 2020, most analysts predict economic difficulties in 2021. Therefore, corn consumption is expected to recover in general, but some sectors, such as bioethanol, could still experience profitability problems and thus may operate at a slower pace.

## Sorghum

Post projects sorghum production in MY 2020/2021 at 2.6 million tons, 200,000 tons higher than USDA. China's ongoing demand for sorghum has raised local prices, encouraging additional planted acreage. Post increases sorghum planted area by 75,000 hectares from last year as sorghum's performance under expected dry La Nina summer conditions is superior to other crop choices. In some areas, sorghum will replace late corn and second soybean planting. Some private sources estimate production at 3 million tons with a somewhat higher planted area than Post and indicate that the area could have been larger if it were not due to the shortage of seed due to strong demand.

Sorghum is normally planted in late October-November. The main production region is formed by the provinces of Chaco, Northern Santa Fe, Cordoba, and Santiago del Estero. Entre Rios and Western Buenos Aires/Eastern La Pampa are also important planting regions.

Sorghum exports in MY 2020/2021 are projected at 1 million tons, the highest since MY 2013/2014, driven primarily by China's demand. Through early October, exporters had purchased almost 1 million tons of the future marketing crop (March 2021/February 2022). Local traders indicate that commercial

tensions between China and the United States and Australia have provided an opportunity for Argentine sorghum, one of the few countries eligible to export sorghum.

In late 2014 Argentina and China signed a phytosanitary protocol on sorghum imports, an agreement alleged to contain strict protocols which included being free of more than 20 weeds, including Johnson grass. Sorghum exports in MY 2019/2020 are expected at 700,000 tons, 200,000 tons more than USDA. To date, exporters have declared potential exports of 620,000 tons and purchased 680,000 tons. China is the leading destination by far, followed by Japan. With production growing and exports rising, domestic sorghum demand in MY 2020/2021 is forecast down at 1.7 million tons.

## **Rice**

Rice production for MY 2020/2021 is forecast at 1.2 million tons rough basis or 780,000 milled basis, almost 5 percent below USDA. Total planted area is lowered by 10,000 hectares from the previous projection, resulting in a smaller area than in MY 2019/2020, as severe drought affects a significant production area, especially in Corrientes province where irrigation resources remain strained.

High rice prices paid in MY 2019/2020 brought significant relief to a shrinking sector. Corrientes, the primary rice producing province, was expected to plant more than the 90,000 hectares in MY 2019/2020, but is now expected to plant just over 80,000 hectares. Entre Rios, the second most important production province is expected to expand area by 10 percent, as its main irrigation resource is pumped primarily from deep wells. Rice planted area in Santa Fe province could increase some 2,000 hectares while the area in Formosa and Chaco remains relatively unchanged.

Planting began in the last week of August in northern Formosa province. To date, roughly 75 percent of the area in Corrientes province has been planted, with roughly 50 percent planted in Entre Rios and Santa Fe provinces. Planting is expected to continue into late October/early November as some producers anticipate rains and better soil moisture. The harvest will begin in late January and continue into February.

Exports in MY 2020/2021 are forecast at 305,000 tons milled basis, 25,000 tons higher than USDA. The main destinations are expected to be Chile, Brazil, Spain, Central America and Mexico, and possibly Iraq.

Domestic consumption in MY 2020/2021 is forecast at 475,000 tons milled basis (including rice seed), smaller than USDA. Local rice mills indicate that demand in MY 2019/2020 was larger driven by higher home consumption under Covid-19 lockdown conditions but believe that consumption has stabilized. A kilo of rice costs roughly \$1.0-1.25 at a major supermarket in the city of Buenos Aires.

Rice stocks in April 2020 were estimated at 20-30,000 tons, milled basis. The beginning stock for MY 2020/2021 is estimated at 40-50,000 tons milled basis. Ending stocks by March 2022 could range between 40-60,000 tons milled basis.

## Statistical Tables

Wheat Market Year Begins	2018/2019		2019/2020		2020/2021	
	Dec 2018		Dec 2019		Dec 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Harvested (1000 HA)	6050	6050	6725	6400	6300	6300
Beginning Stocks (1000 MT)	470	470	1737	1737	1702	1642
Production (1000 MT)	19500	19500	19760	19300	19000	17400
MY Imports (1000 MT)	5	5	5	5	5	4
TY Imports (1000 MT)	4	4	3	3	5	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	19975	19975	21502	21042	20707	19046
MY Exports (1000 MT)	12188	12188	13500	13100	13000	11200
TY Exports (1000 MT)	12680	12680	13608	13608	13000	11200
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	6000	6000	6250	6250	6000	6100
Total Consumption (1000 MT)	6050	6050	6300	6300	6050	6150
Ending Stocks (1000 MT)	1737	1737	1702	1642	1657	1696
Total Distribution (1000 MT)	19975	19975	21502	21042	20707	19446
Yield (MT/HA)	3.2231	3.2231	2.9383	3.0156	3.0159	2.7619

(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 Market Year Begins	2018/2019		2019/2020		2020/2021	
	Dec 2018		Dec 2019		Dec 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Harvested (1000 HA)	1200	1100	1120	1000	850	850
Beginning Stocks (1000 MT)	388	388	711	711	711	711
Production (1000 MT)	5060	5060	3800	3800	3450	3500
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	5448	5448	4511	4511	4161	4211
MY Exports (1000 MT)	3237	3237	2500	2500	2500	2500
TY Exports (1000 MT)	3001	3001	2651	2651	2500	2500
Feed and Residual (1000 MT)	300	300	200	200	150	150
FSI Consumption (1000 MT)	1200	1200	1100	1100	1100	1100
Total Consumption (1000 MT)	1500	1500	1300	1300	1250	1250
Ending Stocks (1000 MT)	711	711	711	711	411	461
Total Distribution (1000 MT)	5448	5448	4511	4511	4161	4211
Yield (MT/HA)	4.2167	4.6	3.3929	3.8	4.0588	4.1176

(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 Market Year Begins	2018/2019		2019/2020		2020/2021	
	Mar 2019		Mar 2020		Mar 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Harvested (1000 HA)	6100	6100	6300	6200	6200	6100
Beginning Stocks (1000 MT)	2407	2407	2368	2368	1873	1871
Production (1000 MT)	51000	51000	51000	50000	50000	48000
MY Imports (1000 MT)	5	5	5	3	5	4
TY Imports (1000 MT)	5	5	5	3	5	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	53412	53412	53373	52371	51878	49875
MY Exports (1000 MT)	37244	37244	38000	37000	34000	33000
TY Exports (1000 MT)	32879	32879	39640	39640	34000	33000
Feed and Residual (1000 MT)	9700	9700	9500	9500	11000	10000
FSI Consumption (1000 MT)	4100	4100	4000	4000	4000	4200
Total Consumption (1000 MT)	13800	13800	13500	13500	15000	14200
Ending Stocks (1000 MT)	2368	2368	1873	1871	2878	2675
Total Distribution (1000 MT)	53412	53412	53373	52371	51878	49875
Yield (MT/HA)	8.3607	8.3607	8.0952	8.0645	8.0645	7.8689

(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 Market Year Begins	2018/2019		2019/2020		2020/2021	
	Mar 2019		Mar 2020		Mar 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Harvested (1000 HA)	630	603	575	575	550	650
Beginning Stocks (1000 MT)	515	515	454	454	304	304
Production (1000 MT)	2500	2500	2500	2500	2400	2600
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3015	3015	2954	2954	2704	2904
MY Exports (1000 MT)	411	411	500	700	500	1000
TY Exports (1000 MT)	254	254	400	600	500	1000
Feed and Residual (1000 MT)	1800	1800	1800	1600	1600	1300
FSI Consumption (1000 MT)	350	350	350	350	400	400
Total Consumption (1000 MT)	2150	2150	2150	1950	2000	1700
Ending Stocks (1000 MT)	454	454	304	304	204	204
Total Distribution (1000 MT)	3015	3015	2954	2954	2704	2904
Yield (MT/HA)	3.9683	4.1459	4.3478	4.3478	4.3636	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 2020/2021 = October 2020 - September 2021

Rice, Milled Market Year Begins Argentina	2018/2019		2019/2020		2020/2021	
	Apr 2019		Apr 2020		Apr 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	183	183	185	184	190	180
Beginning Stocks (1000 MT)	264	264	184	239	138	248
Milled Production (1000 MT)	774	774	795	780	819	780
Rough Production (1000 MT)	1191	1191	1223	1200	1260	1200
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
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1047	1047	988	1028	964	1035
MY Exports (1000 MT)	348	348	330	300	280	305
TY Exports (1000 MT)	388	388	315	285	280	305
Consumption and Residual (1000 MT)	515	460	520	480	530	475
Ending Stocks (1000 MT)	184	239	138	248	154	255
Total Distribution (1000 MT)	1047	1047	988	1028	964	1035
Yield (Rough) (MT/HA)	6.5082	6.5082	6.6108	6.5217	6.6316	6.6667

**Attachments:**

No Attachments