Required Report - public distribution

Date: 10/29/2012

GAIN Report Number:

Argentina

Grain and Feed Update

October 2012

Approved By:
Melinda Sallyards
Prepared By:
Ken Joseph

Report Highlights:
Posts reduces wheat production for 2012-13 at 10.8 million tons as result of excessive spring rains. This reflects a drop of 0.7 million tons from USDA's. Exports are adjusted downwards accordingly. Post projects barley production for 2012-13 at 5.7 million tons, 100,000 tons lower than USDA. Exports and domestic use are also slightly below USDA's official number. Corn production for 2012-13 is forecast at 28 million tons, the same as USDA. However, there is still uncertainty of the final planted area (currently undergoing) primarily due to excessive rains and saturated soils. Post forecasts 1.0 million tons higher exports than USDA, adjusting ending stocks accordingly. Post increases sorghum planted area for 2012-13 by 100,000 hectares above USDA's acreage, and production by 400,000 tons. Post's exports and domestic consumption are higher than USDA's.

Rice production in 2012-13 remains practically unchanged, but exports are 55,000 tons lower than USDA as higher exports in 2011-12 reduce carry in stocks in 2012-13.

Post:
Buenos Aires

Author Defined:
Wheat: Post forecasts production for 2012-13 to drop to 10.8 million tons, 0.7 million tons less than USDA's official volume. Post's harvested area continues to be below USDA's. The past three months have been very rainy and humid, resulting in serious flooding in the center west of Buenos Aires province. In other provinces the excess rain caused some flooding, but primarily saturated soils. Wheat in these areas is generally in good conditions; however, the humid environment is encouraging the occurrence of diseases, which producers are treating the best way possible given the complicated situation of roads and soil conditions. If rain continues in the next few weeks, as several weather forecasts predict, we could see further quality and yield damage.
Production in the key region of the southeast and southwest of Buenos Aires province is in good condition.
Post's export number is also lower by 0.7 million tons than USDA's projected volume, as a result of anticipated lower output. Despite the government opening a 6 million ton export quota for crop 2012-13, it is unlikely that it will be fulfilled. Most local traders believe that there will be less exports of wheat and flour, which combined would total approximately 4.8 million tons. Post's beginning and ending stocks for crop 2012-13 are 0.5 million tons lower than USDA's. Most players in the market indicate that stocks are currently extremely tight.
However, production of the new crop is already coming in as the harvest is at full swing in the northern part of the country. By the beginning of the 2012-13 crop season (December 2012), there will be about 2.5-3.0 million tons of new crop already harvested.
Post's production for crop 2011-12 is at 15.1 million tons, 0.4 million tons lower than USDA's number. Post's ending stocks are also lower, reflecting a smaller output and what is perceived in the local market. Exports for crop 2011-12 had to be adjusted upwards several times, reflecting higher than expected wheat stocks. Traders estimate that exports of "current crop" in November 2012 could range between 100-150,000 tons of wheat and 100,000 tons of flour (wheat equivalent).

Barley: Post's production for 2012-13 is now at 5.7 million tons, higher than our previous estimate, but marginally lower than USDA's number. Extremely wet weather in the past several months and the possibility of a continuation of this pattern is expected to affect yields somewhat. Because of lower supplies available, Post also forecasts smaller exports than USDA's official numbers. Post continues to estimate a higher production for crop 2011-12 than USDA's, and higher exports, at 3.5 million tons (2.0 million tons of feed barley and 1.5 million tons of malt barley). Domestic consumption is also higher than USDA's official number as the local malting sector operated at full capacity.

Corn: Post forecasts harvested area for crop 2012-13 at 3.7 million hectares, 100,000 hectares lower than USDA. We are in the middle of the planting season and there is still much uncertainty of what the final area will be. Most contacts estimate that the drop in planted area will finally range between 5-10 percent from last year's (harvested area was significantly lower as result of the losses due to a severe drought). Planting intentions have come up significantly in the past four months as result of stronger world prices. In most cases, corn returns are higher than soybean's, but the investment needed is roughly 70 percent more than to produce soybeans. Many farmers and large companies (locally called "pooles") had negative result in the past season due to the severe drought which affected the corn and soybean crops. Therefore, due to their financial situation many will prefer to plant the less expensive soybean (this is especially true in the local corn core area, where corn planting intentions are forecast to drop 15 percent from last year). Although planting is delayed on account of the very wet spring, the amount of water in the soil is likely to guarantee a very good crop. Most players are expecting higher-than-normal yields. Post raises production at 28 million tons, in line with USDA, while local estimations range between 25-30 million tons. Post's export forecast is at 19.5 million tons, 1 million tons higher than USDA as Post projects a smaller ending stock.

Sorghum: Post raises production for crop 2012-13 at 5.2 million tons, 400,000 tons higher than USDA. Last year's good development, significantly lower production costs than corn, and good export and domestic demand are expected to push area up by 100,000 hectares from USDA's acreage. Post also expects an increase in exports by 200,000 tons as the additional output will more than offset a slight increase in domestic use and ending stocks. Post raises sorghum production for 2011-12 by 200,000 tons higher than USDA's as result of higher yields. The additional production is expected to go to higher exports, now at 2.2 million tons, and a larger domestic demand.

Rice: Post's production for crop 2012-13 is practically the same as USDA's. Harvested area is at 210,000 hectares, slightly above USDA's. Planting in Corrientes province is practically finished and water reservoirs are filled due to generous spring rains. However, planted area in Entre Rios is delayed because saturated soils and the bad condition of roads have complicated the access and work in the fields. We could see a smaller planted area in Entre Rios, but it would be offset by a slightly bigger area in Corrientes province. Beginning stocks for crop 2012-13 are lower than USDA's as result of higher exports in crop 2011-12, now at 700,000 tons, 50,000 tons higher than USDA's official number. Brazil is actively buying product in the country and recently a boatload was exported to Iran. Rumors indicate that an additional boat to Iran is intended to follow, but traders are finding difficulties to source 30,000 tons of rice for export. Most mills have stocks just to operate until the new crop begins in early February.

Statistical Information

Wheat Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Dec 2010		Market Year Begin: Dec 2011		Market Year Begin: Dec 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	4,845	4,845	5,170	5,000	3,800	3,700
Beginning Stocks	2,337	2,337	4,107	4,107	962	462
Production	17,200	17,200	15,500	15,100	11,500	10,800
MY Imports	13	13	5	5	5	5
TY Imports	2	2	13	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	19,550	19,550	19,612	19,212	12,467	11,267
MY Exports	9,493	9,493	12,700	12,800	5,500	4,800
TY Exports	7,742	7,742	11,949	11,949	7,300	6,600
Feed and Residual	100	100	100	100	100	100
FSI Consumption	5,850	5,850	5,850	5,850	5,900	5,900
Total Consumption	5,950	5,950	5,950	5,950	6,000	6,000

Ending Stocks	4,107	4,107	962	462	967	467
Total Distribution	19,550	19,550	19,612	19,212	12,467	11,267
1000 HA, 1000 MT, MT/HA						

Barley Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Dec 2010		Market Year Begin: Dec 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	750	750	1,160	1,160	1,500	1,500
Beginning Stocks	329	329	530	530	370	230
Production	2,950	2,950	4,300	4,500	5,800	5,700
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3,279	3,279	4,830	5,030	6,170	5,930
MY Exports	1,614	1,614	3,400	3,500	4,200	4,000
TY Exports	1,531	1,531	3,600	3,700	4,200	4,000
Feed and Residual	200	200	100	100	150	200
FSI Consumption	935	935	960	1,200	1,400	1,300
Total Consumption	1,135	1,135	1,060	1,300	1,550	1,500
Ending Stocks	530	530	370	230	420	430
Total Distribution	3,279	3,279	4,830	5,030	6,170	5,930
1000 HA, 1000 MT, MT/HA						

Corn Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: Mar 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,750	3,750	3,600	3,600	3,800	3,700
Beginning Stocks	2,573	2,573	4,130	4,130	1,440	1,440
Production	25,200	25,200	21,000	21,000	28,000	28,000
MY Imports	6	6	10	10	10	10
TY Imports	7	7	10	10	10	10
TY Imp. from U.S.	1	1	0	0	0	0
Total Supply	27,779	27,779	25,140	25,140	29,450	29,450
MY Exports	16,349	16,349	16,000	16,000	18,500	19,500
TY Exports	15,198	15,198	16,700	17,500	17,500	18,500
Feed and Residual	5,300	5,300	5,600	5,600	6,000	6,000
FSI Consumption	2,000	2,000	2,100	2,100	2,800	2,800
Total Consumption	7,300	7,300	7,700	7,700	8,800	8,800
Ending Stocks	4,130	4,130	1,440	1,440	2,150	1,150
Total Distribution	27,779	27,779	25,140	25,140	29,450	29,450
1000 HA, 1000 MT, MT/HA						

Sorghum Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Mar 2011		Market Year Begin: Mar 2012		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,000	1,000	1,000	1,000	1,050	1,150
Beginning Stocks	152	152	600	600	250	250
Production	4,400	4,400	4,000	4,200	4,800	5,200
MY Imports	0	0	0	0	0	0
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,552	4,552	4,600	4,800	5,050	5,450
MY Exports	1,702	1,702	2,100	2,200	2,400	2,600
TY Exports	1,893	1,893	2,300	2,400	2,200	2,400

Feed and Residual	2,050	2,050	2,050	2,150	2,150	2,250
FSI Consumption	200	200	200	200	250	250
Total Consumption	2,250	2,250	2,250	2,350	2,400	2,500
Ending Stocks	600	600	250	250	250	350
Total Distribution	4,552	4,552	4,600	4,800	5,050	5,450
1000 HA, 1000 MT, MT/HA						

Rice, Milled Argentina	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Apr 2011		Market Year Begin: Apr 2012		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	257	257	235	235	200	210
Beginning Stocks	75	75	145	145	140	90
Milled Production	1,118	1,118	1,008	1,008	910	900
Rough Production	1,720	1,720	1,551	1,551	1,400	1,385
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	2	2	5	5	5	5
TY Imports	8	8	5	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1,195	1,195	1,158	1,158	1,055	995
MY Exports	700	700	650	700	580	525
TY Exports	732	732	650	700	560	500
Consumption and Residual	350	350	368	368	375	370
Ending Stocks	145	145	140	90	100	100
Total Distribution	1,195	1,195	1,158	1,158	1,055	995
1000 HA, 1000 MT, MT/HA						