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Report Name: Grain and Feed Annual

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Report Highlights:

For marketing year (MY) 2021/22, Post forecasts 230,000 hectares (ha) of wheat planted area totaling 1.4 million metric tons (MMT) of wheat production, which represents a 2.56 percent increase over MY2020/21 due to high price expectations. Wheat consumption is projected to reach 2.83 MMT and stocks are revised down to 306,000 MT to cover domestic consumption. Wheat imports will total 1.4 MMT. For MY 2021/22, Post forecasts 660,000 MT of corn production, a 3.64 percent decrease from MY2020/21, considering planted area will total 65,000 ha and assuming lower yields due to persistent droughts. Total consumption will reach 3.52 MMT and imports are projected to reach 2.885 MMT, pushed by increased demand for animal feed.

Commodities: Wheat

Table 1. Production, Supply and Distribution Data Statistics

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Dec 2019		Dec 2020		Dec 2021	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	205	205	217	226	0	230
Beginning Stocks (1000 MT)	565	565	316	316	0	346
Production (1000 MT)	1231	1231	1365	1365	0	1400
MY Imports (1000 MT)	1300	1300	1450	1450	0	1400
TY Imports (1000 MT)	1239	1239	1450	1450	0	1400
TY Imp. from U.S. (1000 MT)	413	413	0	0	0	0
Total Supply (1000 MT)	3096	3096	3131	3131	0	3146
MY Exports (1000 MT)	15	15	15	15	0	10
TY Exports (1000 MT)	15	15	15	15	0	10
Feed and Residual (1000 MT)	290	290	270	270	0	280
FSI Consumption (1000 MT)	2475	2475	2500	2500	0	2550
Total Consumption (1000 MT)	2765	2765	2770	2770	0	2830
Ending Stocks (1000 MT)	316	316	346	346	0	306
Total Distribution (1000 MT)	3096	3096	3131	3126	0	3146
Yield (MT/HA)	6.0049	6.0049	6.2903	6.0398	0	6.087

(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

Source: Post Estimates

Note: import values in wheat grain equivalent

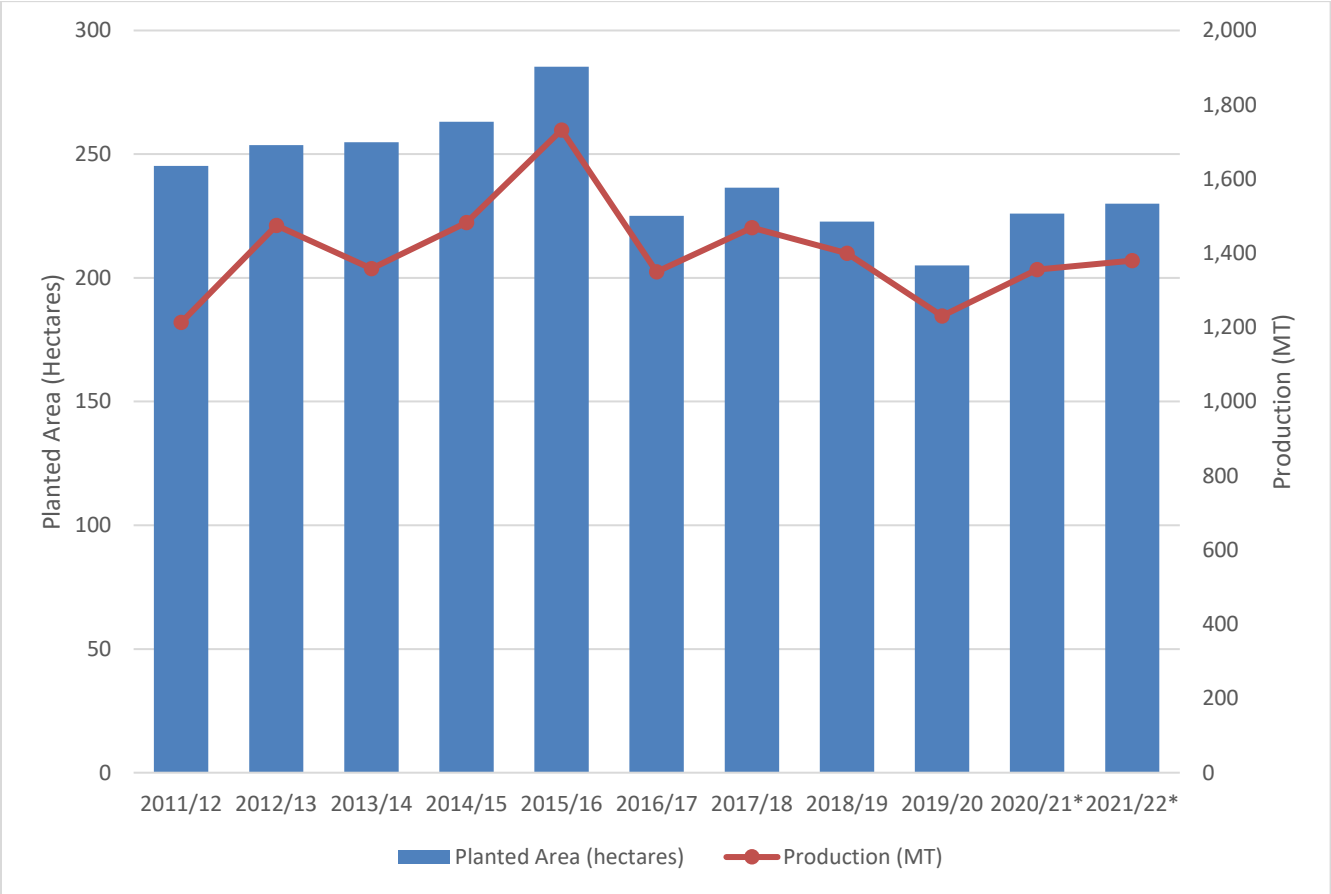
Production:

In MY2020/21, Post estimates wheat harvested area totaled 226,000 ha while production reached 1.365 MMT, which represents a 10.9 percent increase over MY2019/20 (See Graph 1) triggered by high domestic prices and favorable climatic conditions.

For MY2021/22, Post forecasts 230,000 ha of wheat harvested area, and 1.4 MMT of wheat production, which represents an increase of 2.56 percent assuming wheat producers will maintain expectations of high wheat prices (See Table 1).

The *Araucania* region, located in the southern part of Chile, is the top wheat-producing region in the country, holding 45 percent of total wheat planted area. Droughts continue to impact wheat production negatively, keeping planted area and investment-constrained year-to year.

Graph 1. Chile: Wheat Planted Area (thousands of hectares) and Production (thousands of MT)



Source: Based on Instituto Nacional de Estadísticas (INE) and ODEPA
*: Post estimations

Prices:

Wheat prices in Chile increased from $260 per MT in January 2020 to $294 per MT in May 2020, decreased in June 2020 and remained relatively steady at around $278 per MT from July to October 2020 (See Graph 2). Between December 2020 and February 2021, wheat prices increased again to $292 and $296 per MT following the increase of wheat prices in international markets.

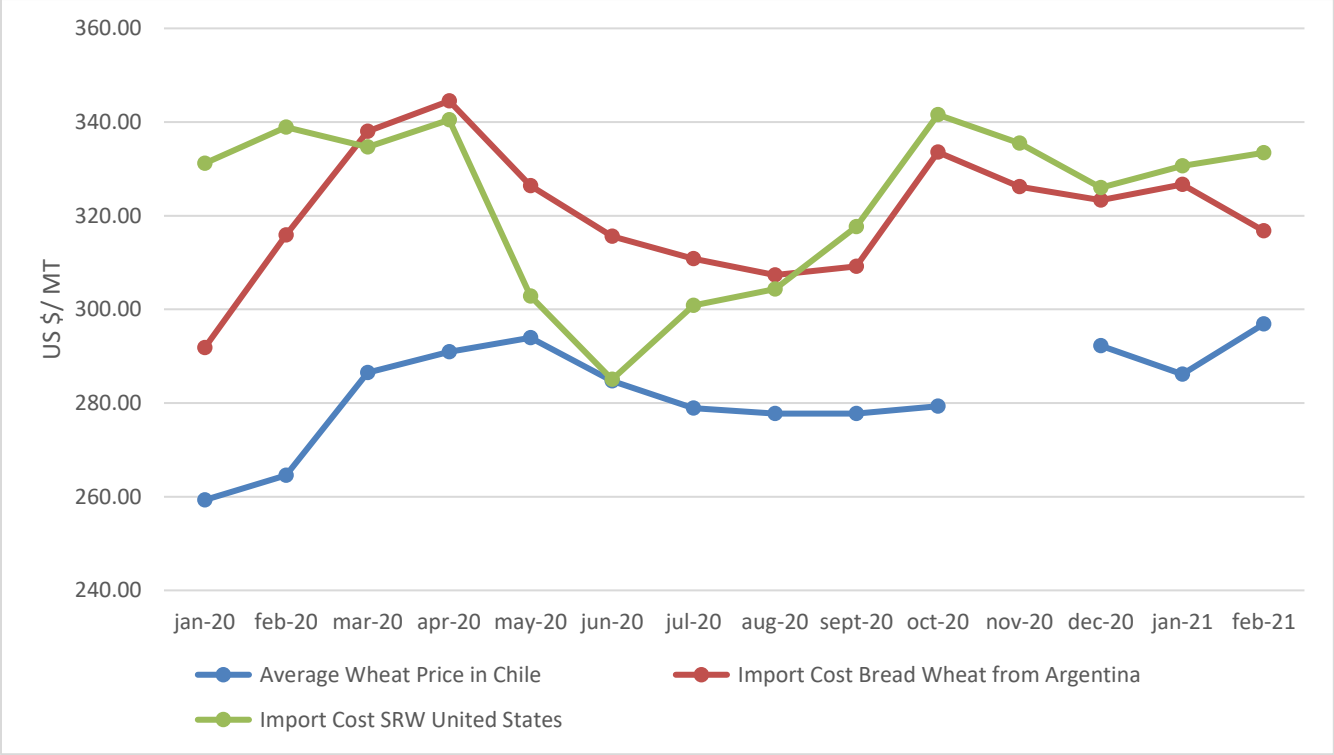
Chile imports wheat from the United States, Canada, and Argentina, in order to fulfill its domestic consumption needs. As a result, international wheat prices influence the domestic wheat price in Chile.

According to Post sources, the depreciation of the Chilean peso played major role in prices in MY2020/2021. Chile faced a civil unrest situation that erupted in October 2019, followed by the economic uncertainty triggered by the global COVID-19 pandemic and leading to the increase in the U.S. dollar (USD) value until October 2020. The USD value increased from 721 Chilean pesos (CLP) in October 2019 to 860 CLP in March 2020. The USD value remained strong at around 800 CLP per

USD until mid-October 2020, when it started to decrease. As of March 2021, the exchange rate is set at 720 Chilean pesos per USD.

For further details in Chilean wheat price data see *Cotrisa's* website.

Graph 2. Wheat Average Price in Chile by Month and Alternative Import Cost (US$ per Metric Ton)



Source: based in data from ODEPA, 2021
**Exchange rate: 1 dollar = 720 Chilean pesos*

Trade:

For MY2020/21, Post estimates wheat imports reached 1.45 MMT following the current import trend and the decrease in the USD value. In MY2021/22, imports will decrease slightly down to 1.4 MMT due to high domestic wheat production (See Table 2).

According to latest data available from Trade Data Monitor (See Table 2), from December 2020 to January 2021 (MY2020/21), wheat import volumes reached 207,997 MT and increased four percent over the same period in MY2019/20 with 39,259 MT or 18.9 percent coming from the United States.

The bulk of wheat imports come to Chile between May and August, when the domestic production decreases. Chile imports wheat mainly from the United States, Canada, and Argentina. While Argentine wheat is cheaper to import than U.S. wheat, the United States offers the widest variety, grades, and types of wheat.

Chilean wheat importers and producers monitor Argentina's policies and market conditions since policy changes will have a direct impact on imports and production decisions.

Table 2. Chile: Wheat Import Volume (MT) by Country of Origin

Partner Country	Unit	Marketing Year			Year to Date		
		2018/19 (MT)	2019/20(MT)	Variation (%)	Dec 2019- Jan 2020 (MT)	Dec 2020- Jan 2021 (MT)	Variation (%)
World	**WGE**	**1,314,685**	**1,263,997**	**96**	**200,351**	**207,997**	**4**
Canada	WGE	352,448	417,687	119	44,751	63,102	41
Argentina	WGE	481,813	382,694	79	129,552	93,556	-28
United States	WGE	413,455	349,352	84	12,439	39,259	216
Peru	WGE	28,227	28,948	103	5,344	2,355	-56
Others	WGE	38,742	85,316	120	8,265	9,725	18

Source: Trade Data Monitor, LLC

**For details of conversion factors see appendix*

Consumption:

Chile is a net importer of wheat since domestic production does not cover the consumption needs. For MY 2021/22, consumption is projected to reach 2.830 MMT considering an average of one percent annual growth rate, following population growth rate in Chile.

According to data from the Chilean Statistics Institute (INE), in February 2021, bread price increased by 5.4 percent over February 2020. Chileans consider bread a staple of first necessity and is at the top of the food basket. Chileans eat bread every day and with every single meal, therefore the demand for bread does not decrease along the price increase.

Post estimates that Chile's Food, Seed and Industrial (FSI) use of wheat makes up 90 percent of total wheat consumption and feed represents the remainder 10 percent. Wheat feed is mainly destined for the salmon farming industry (in the southern part of the country. For MY2021/22, Post forecasts a steady feed consumption set at 280,000 MT.

Stocks:

In MY2019/20, Chilean importers reported a decrease of wheat stocks due to the COVID-19 pandemic (not only wheat, but also other agricultural commodities). Importers stated that they reduced stocks and limited import volumes to cover short-term consumption needs. This behavior suggests that wheat stocks should decrease to cover domestic consumption. Post revised stocks down to 306,000 MT in MY2021/22.

Policy:

Post reports no major policy changes since last year's report. Chile's Minister of Agriculture presides the Chilean Wheat Commission, formed by public and private actors from the sector, including producers, millers, and other wheat related stakeholders . The Chilean Wheat Commission gathers regularly to discuss regulations and areas of collaboration. The private company *Cotrisa (Comercializadora de Trigo S.A.*) monitors prices and imports costs of wheat. Cotrisa has a purchasing program for small wheat producers.

Commodities: Corn

Table 3. Production, Supply, and Distribution Data Statistics

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Mar 2019		Mar 2020		Mar 2021	
Chile	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	65	65	62	66	0	65
Beginning Stocks (1000 MT)	207	207	140	140	0	175
Production (1000 MT)	593	593	685	685	0	660
MY Imports (1000 MT)	2700	2700	2800	2800	0	2885
TY Imports (1000 MT)	2751	2751	2800	2800	0	2800
TY Imp. from U.S. (1000 MT)	155	155	0	0	0	0
Total Supply (1000 MT)	3500	3500	3625	3625	0	3720
MY Exports (1000 MT)	40	40	20	30	0	30
TY Exports (1000 MT)	31	31	20	25	0	25
Feed and Residual (1000 MT)	3000	3000	3100	3100	0	3200
FSI Consumption (1000 MT)	320	320	320	320	0	320
Total Consumption (1000 MT)	3320	3320	3420	3420	0	3520
Ending Stocks (1000 MT)	140	140	185	175	0	170
Total Distribution (1000 MT)	3500	3500	3625	3625	0	3720
Yield (MT/HA)	9.1231	9.1231	11.0484	10.3788	0	10.1538
(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						

Source: Post Estimations

Production:

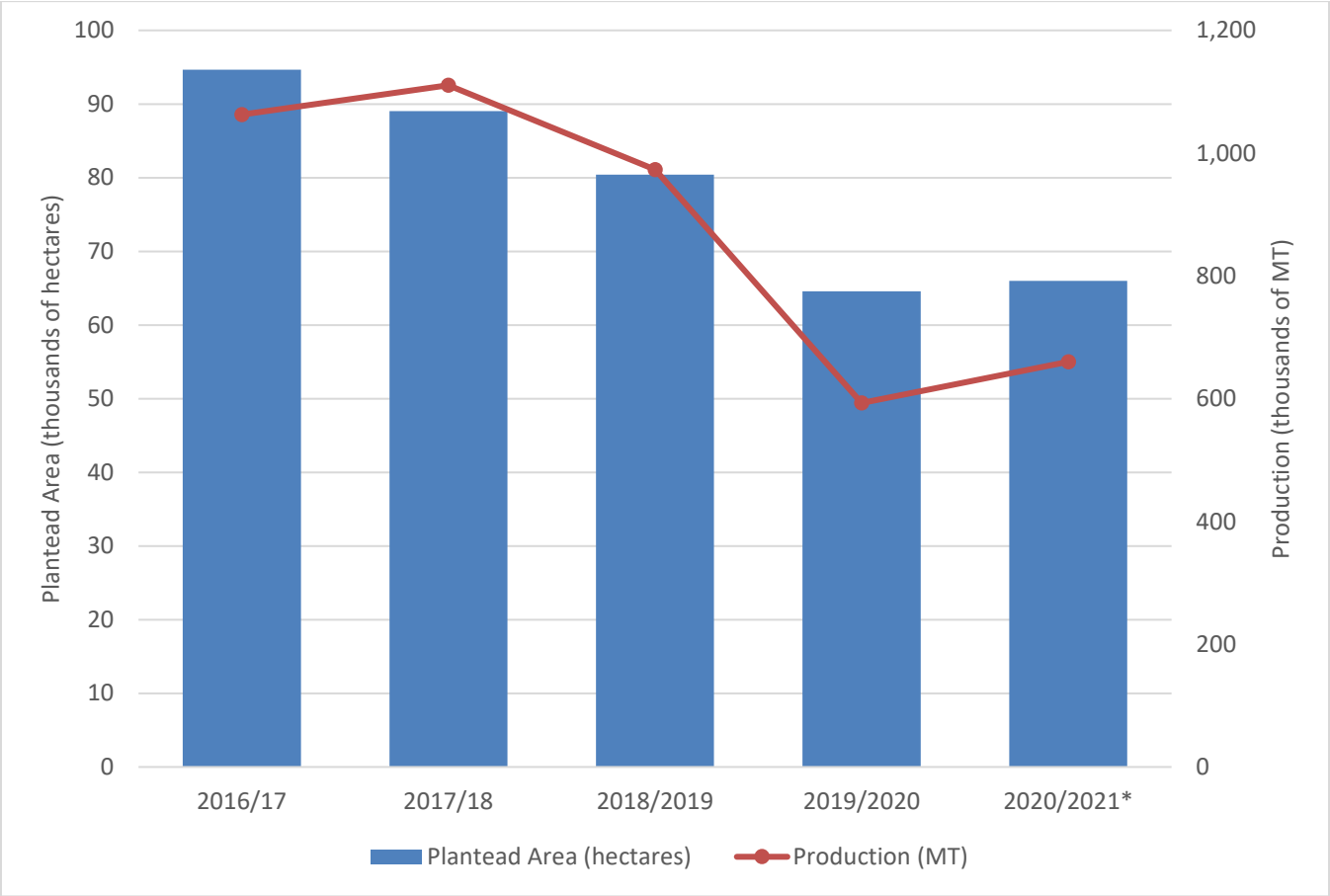
In MY2020/21 corn harvested area reached 66,000 ha, practically unchanged from MY2019/20. Production reached 685,000 MT. Climatic conditions improved during the summer months (December-March) with additional water supplies and moderate temperatures all of which favored an increase in yields.

Despite climatic conditions being particularly positive for corn production in MY2020/21, Chile is still going through a period of droughts that affect the central regions of *O´Higgins* and *Maule*, which make up 70 percent of the Chilean corn planted area and could present limitations for corn production in MY2021/22.

For MY 2021/22, Post estimates 660,000 MT of corn production, a 3.64 percent decrease from MY2020/21, considering planted area will total 65,000 ha, as a response to high price expectations, but assuming lower yields due to the persistent droughts affecting Chile for the past decade (See Graph 3).

Furthermore, corn planted area is not expected to increase drastically due to increased local competition among Chilean corn producers and imports from Argentina, Paraguay, and the United States.

Graph 3: Chile. Corn Planted Area (thousands of hectares) and Production (thousands of MT)

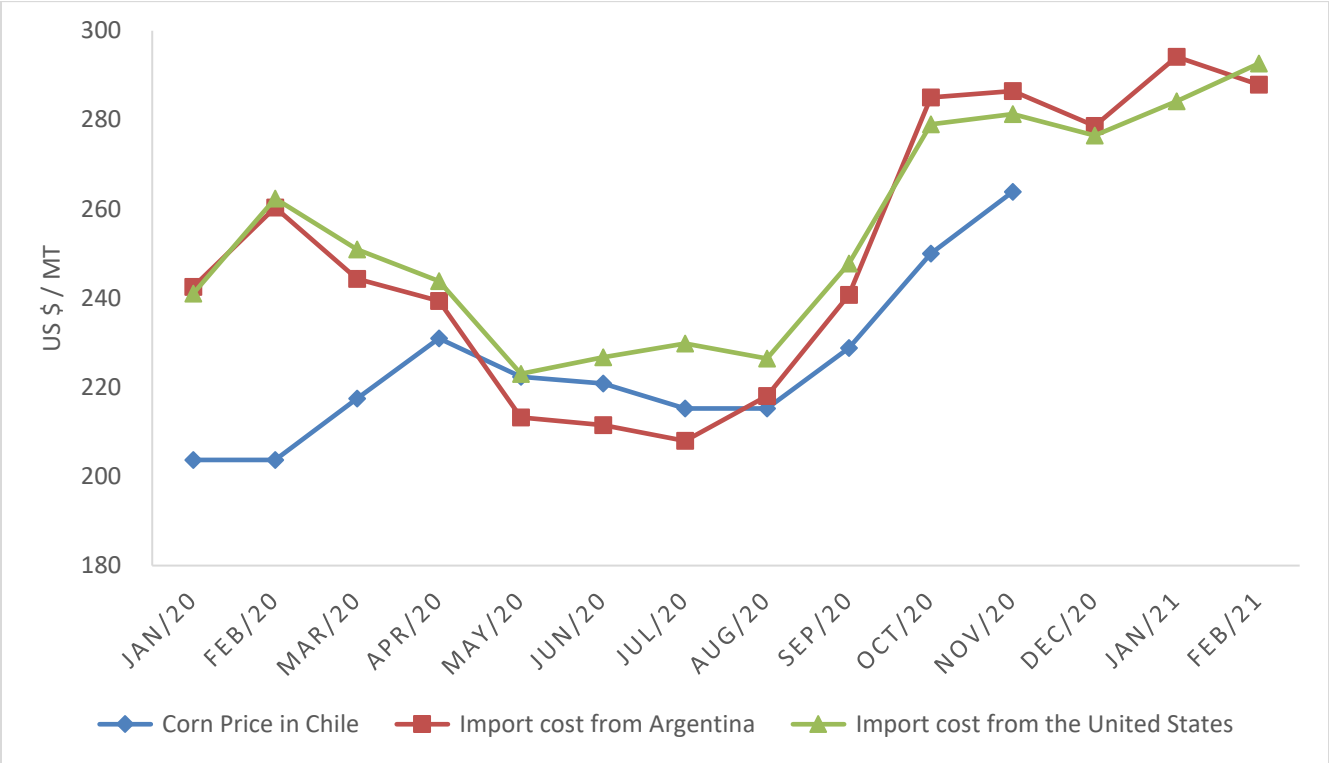


Source: Based on Instituto Nacional de Estadísticas (INE) and ODEPA
**: Estimations*

Prices:

Graph 4 shows average corn prices in Chile and the import cost indicator for corn from Argentina and the United States in U.S. dollars (USD) per metric ton at current prices. Domestic corn prices increased significantly between August and November 2020. The import cost indicator followed the increase and is remained at around $290 per MT until February 2021.

Graph 4. Chile: Corn Price and Import Cost Indicator ($ dollars / MT)



Source: Based in data from ODEPA, 2021
**Exchange rate: 1 dollar = 720 Chilean pesos*

Trade:

For MY2021/22 corn imports are projected to reach 2.885 MMT, a 3 percent increase over MY2020/21 in order to cover domestic consumption and following the decrease in Chilean corn production.

Chile imports corn mainly from Argentina, Paraguay, and the United States. Chilean pork and poultry producing companies import corn and corn gluten meal for animal feed.

Chilean imports of corn increased by 22.23 percent in MY2020/21 over MY2019/20 (data until January). Chile's corn imports from the United States increased from 1,334 MT in MY2018/19 to 154,176 MT in MY2019/20. However, Argentina was the main supplier of corn in MY2019/20 with 82 percent market share (See Table 4). Corn imports from Argentina increased by 16.6 percent in MY2019/20 over MY2018/19 (data until January).

Table 4. Chile: Corn Import Volume by Country (Metric Tons)

Partner Country	Marketing Year			Year to Date		
	2017/18 (MT)	2018/19 (MT)	Variation (%)	March 2019-Jan 2020 (MT)	March 2020-Jan 2021 (MT)	Variation (%)
World	**2,131,664**	**2,302,727**	**8.02**	**2,092,597**	**2,557,883**	**22.23**
Argentina	1,915,902	2,012,771	5.06	1,802,696	2,101,865	16.60
Paraguay	182,213	227,726	24.98	227,726	299,727	31.62
United States	27,748	1,334	-95.19	1,334	154,176	11,457.42
Uruguay	4,707	33,346	608.43	33,346	156	-99.53
Brazil	150	25,317	16778.00	25,317	761	-96.99
Bolivia	23	1,035	4400.00	1,030	24	-97.67
Others	921	1,198	30.08	1,148	1,174	2.26

Source: Trade Data Monitor, LLC

Consumption:

Animal feed constitutes 90 percent of the Chilean corn consumption in Chile. This sector uses corn to produce poultry (chicken, and turkey), pork, and salmon. The remainder 10 percent corresponds to food and seed production.

According to post sources, feed prices (and specifically corn) increased significantly in MY2020/21, following international market trends and the strength of the USD. Although Chilean pork and poultry production keep increasing in volume the capacity of production is still limited due to no new production facilities.

Following the increase trend in poultry and pork production, Post forecasts feed and residual consumption for MY2021/22 will increase 3.2 percent and reach 3.2 MMT. FSI consumption will reach 320,000 MT, and total consumption will reach 3.520 MMT.

Stocks:

Post estimates Chilean corn stocks will decrease to 170,000 MT in MY2020/21 to cover consumption and following the decrease in domestic Chilean corn production.

Policy:

Post reports no policy changes since last year's report. As in the case of the Chilean Wheat Commission, the Ministry of Agriculture presides the Chilean Corn Commission, which gathers government institutions, corn producers, and related stakeholders. The commission's objective is to provide information for decision making and to ensure transparency in the corn market.

Appendix

Table 5: Conversion factors to wheat grain equivalent

HS code	Description	Conversion factor to wheat grain equivalent
1001	Wheat and Meslin	1.000
190219	Pasta, Uncooked, Not Stuffed Etc., Nesoi	1.368
1101	Wheat or Meslin Flour	1.368
190230	Pasta, Prepared Nesoi	1.368
190240	Couscous	1.368

Source: FAS

Attachments:

No Attachments