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Report Name: Grain and Feed Update

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Post: Buenos Aires

Report Category: Grain and Feed

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Report Highlights:

Wheat production in marketing year (MY) 2021/2022 is estimated at a record 21.8 million tons, 1.3 million tons higher than the official USDA number. In consequence, exports are increased to 15.2 million tons (including flour in its wheat equivalent). Barley production in MY 2021/2022 is increased to 5.05 million tons, 250,000 tons higher than the official USDA number. Corn production in MY 2021-2022 is forecast at 51 million tons, 3 million lower than the official USDA number due to dry conditions. Exports are reduced accordingly. Sorghum production is also reduced because of drought, but exports are forecast up at 2.6 million tons, 300,000 tons higher than the official USDA number. Rice exports in MY 2021/2022 are forecast at 390,000 tons (milled basis), 40,000 tons higher than USDA.

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

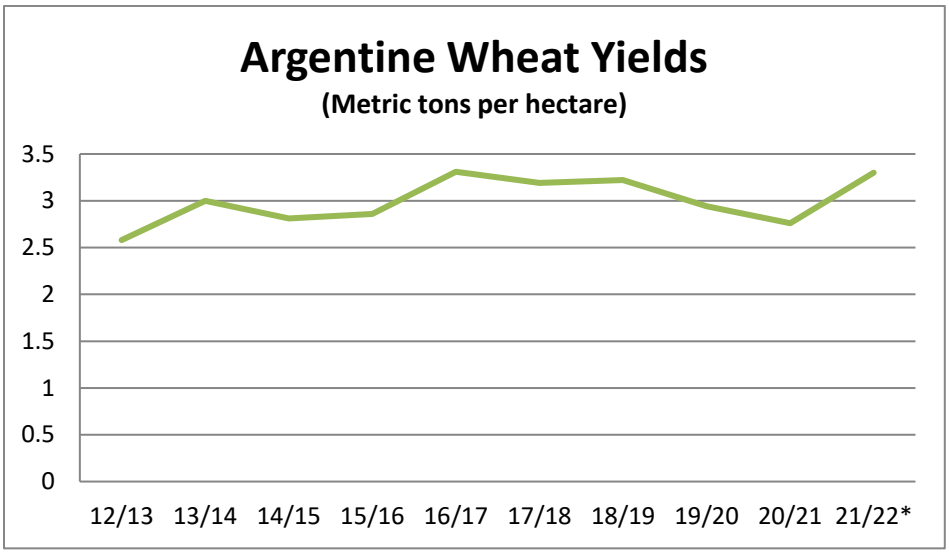
Wheat

Production

Post estimates Argentine wheat production for marketing year (MY) 2021/2022 at 21.8 million metric tons (MMT) 1.3 MMT above the official USDA number. The combination of a marginally higher harvested area, at 6.6 million hectares, and better-than-expected yields have resulted in a record high wheat crop.

In late November and December, as harvest progressed in the core wheat areas, yields were surprisingly high as most farmers were concerned that high temperatures at the end of October had caused damage. Post estimates average yields at 3.3 tons per hectare, the third highest on record. In many areas average yields reached 6-7 tons per hectare.

Figure 1



Source: Post with FAS data
** Post estimate*

High productivity in MY 2021/2022 is explained primarily by the following factors: 1) Heavier than normal use of fertilizer (up 14 percent from last year's crop season) driven by attractive world wheat prices. , Farmers were able to purchase most fertilizer before world prices skyrocketed.2) Excellent weather at planting which was mostly done during optimal dates with good soil moisture; 3) Except for high temperatures in the last week of October, weather throughout the cycle was well suited for wheat. The harvest took place under dry conditions which helped to avoid end of cycle diseases; and 4) the steady adoption of higher-yielding wheat varieties. Despite high yields, exporters are reporting that the quality remains good, with reasonable protein content, mostly supported by the use of adequate nitrogen fertilizer.

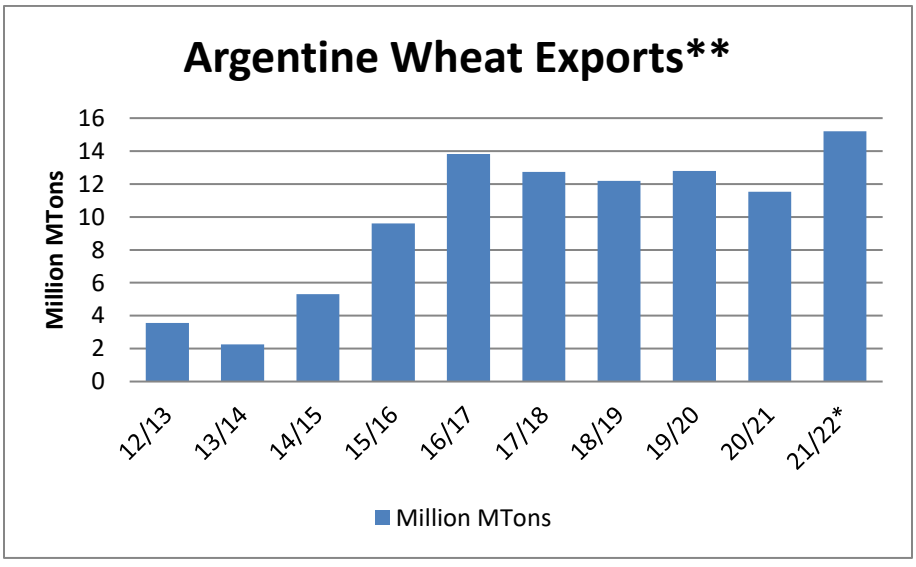
Trade

A larger crop than the official USDA number is expected to provide a bigger exportable surplus, which Post estimates at 15.2 MMT (including wheat flour in its wheat equivalent), 1.7 MMT larger than USDA. Since late 2021, there is a new official policy governing Argentine wheat exports with the objective of keeping pressure off domestic food prices by securing the needs of wheat of the local industry. Resolution 276/2021 established a framework for regulating exports based on a "volume of equilibrium of exports" (VEE) and limiting export permits. The Ministry will publish the VEE for wheat based on the government's projection of production, domestic consumption and stocks. Exporters will be able to request export declarations (DJVE) for up to 90 percent of the VEE. Once this limit is reached, additional export permits will only be granted within 30 days of the export date, and will need to register the name of the vessel and show that the product has been physically purchased.

At the same time, the Ministry of Agriculture published Circular 06/2021 detailing the VEE for wheat for MY 2021/2022 at 12.50 MMT and for MY 2022/2023 at 2.0 MMT (harvest projected in November/December 2022). On January 6, 2022, the Ministry of Agriculture increased the VEE for MY 2021/2022 from 12.5 MMT to 14.5 MMT. To date, the government has issued export certificates for 13.1 million tons for MY 2021/2022. Producers and farm lobby groups have voiced their disagreement with the new policy arguing that they are the primary victims of the lack of competition between buyers (domestic consumers and exporters) which reduce farmgate prices. The association of grain exporters declared that they would prefer to operate without these types of limitations but will do business under the new official policy. The different sectors utilizing wheat also rejected this measure and requested that the government liberalize the market, reduce their tax burden, and eliminate price control imposed by the government. The Ministry has set low initial quotas for the MY 2022/2023 wheat crop and this limit is expected to rise as harvest nears and the government has more certainty over the output of the crop.

The following chart shows Argentina's wheat exports for the past decade, with an expected record high for MY 2021-2022:

Figure 2:



Source: Post with FAS data
***Exports include wheat flour exports in wheat equivalent*

** Post projection*

Exports to Brazil are projected at 6 MMT (not including flour) in MY 2021/2022. Most of the balance will be shipped to Indonesia, Kenya, Algeria, Morocco and other African countries. The shipping pattern is expected to be similar to other years where exports in December and January are the largest, followed by February and March. Thereafter, most wheat exports goes almost exclusively to Brazil.

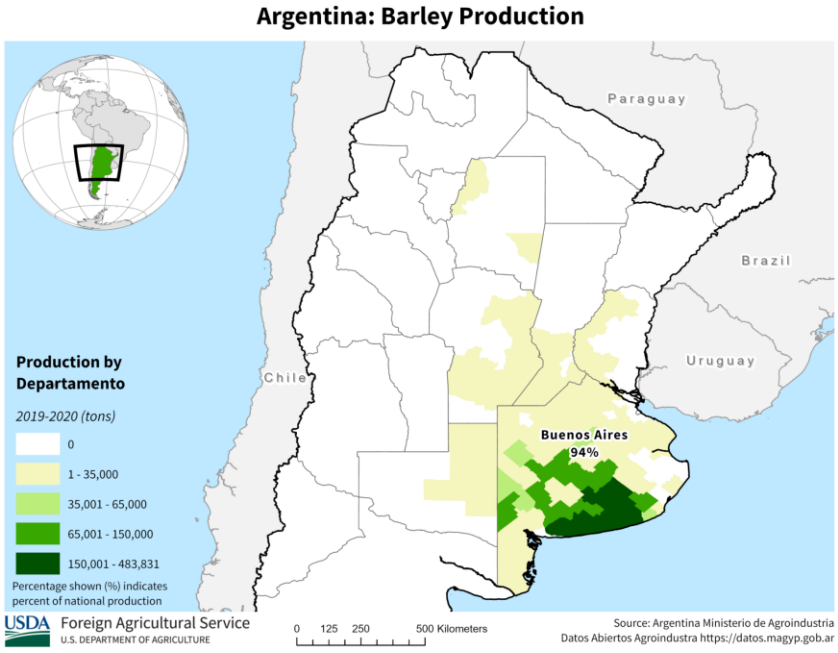
Stocks

Ending stocks for MY 2021/2022 are forecast at 2.3 MMT, 400,000 tons lower than the official USDA volume as post expects larger exports.

Barley

Post estimates MY 2021/2022 barley production at 5.05 MMT, 250,000 metric tons above the official USDA number. Good weather during most of the productive cycle, increased expenditures on inputs (especially fertilizers), and higher yielding varieties, combined to produce high yields in the two main barley areas of southeast and southwest Buenos Aires Province. The secondary area of barley in the central area formed by southern Santa Fe, southeastern Cordoba and northern Buenos Aires Provinces also reported good productivity. Despite high yields, the quality of the barley is good thanks to the wide use of fertilizers.

Figure 3



Barley production for MY 2020/2021 is estimated at 4 MMT, 500,000 metric tons lower than the official USDA number as the harvested area estimated by Post is significantly smaller. Traders, maltsters and exporters report that ending stocks by November 2021 were quite low. In October exporters offered high prices but there was not much barley to buy.

Exports in MY 2021/2022 are forecast at 3.5 MMT, the same as the USDA official number, and the third highest volume on record. Roughly 2.4 MMT of these exports were feed barley, mostly to China and some to the EU, while malting barley exports totaled 1.1 million tons with South America as the main destination, followed by some shipments to China, the US and Europe. These unusual destinations have appeared due to production problem in the northern hemisphere. To date, the Argentine government has issued export certificates for 541,000 metric tons of malting barley and 1.9 MMT of feed barley. Exporters are quite confident that they will ship the remaining 1 MMT to reach the expected export target, especially knowing that China still needs to source a large volume of barley. Feed barley is normally exported early in the season through June, while malting barley exports are spread somewhat more evenly throughout the year.

The local malting industry is operating at full capacity. Although there is no investment in new plants, the existing companies continue to invest in expanding existing plant capacity and improving efficiency.

Corn

Production

Post reduces projected corn production for MY 2021/2022 to 51 MMT, 3 MMT below the official USDA number. Argentina is experiencing the second consecutive year with La Niña, a weather pattern which in most productive crop areas of the country normally results in dry conditions.

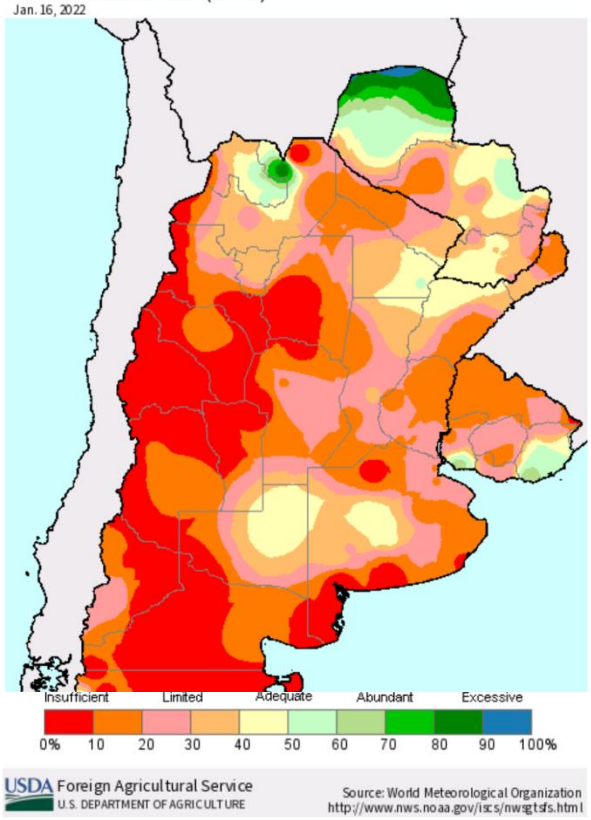
Despite poor soil moisture reserves at planting in September-October, early corn was developing nicely in most areas due to light, but regular rains. However, from late December through mid-January, the lack of rain, severe high temperature and very dry conditions resulted in major stress for crops, especially in early corn which was undergoing key reproductive stages in many key production areas. The most affected areas have been the Province of Entre Rios, the north, northeast and southeast of Buenos Aires Province, the center and north of Santa Fe Province. Crop conditions in southern Cordoba Province and southern Santa Fe Province were variable, while corn in western Buenos Aires Province (Nueve de Julio and west) is in good conditions as rains were practically normal. Yield losses are expected to range from 20 percent to over 50 percent in early corn, which is estimated to account for roughly 45 percent of the total corn area. The other 55 percent is late corn, much of which was planted in December and January. Late corn which was planted in December in drought affected regions is expected to already have some degree of potential yield loss. In mid-January rains returned to most of the production area but in a very uneven fashion and more showers are needed in the short term to improve the crop condition. Local forecasts predict drier-than-normal weather for the rest of January and February (which is the key month for late corn). If conditions continue to be on the dry side, current production projection most likely will have an additional cut.

Figure 4

Early planted corn in Junin and in Tres Arroyos, Province of Buenos Aires

The below map, Figure 5, developed by FAS/USDA, shows the scarce soil moisture in Argentina's main crop areas just before the rains came in mid-January.

Figure 5



Post maintains the same harvested area of 6.8 million hectares of the official USDA number. However, contacts indicate that planted area in MY 2021/2022 would total a little over 7 million hectares, but the drought has forced some farmers to chop their corn into silage to feed their cattle in order to minimize losses and compensate the lack of forage feed availability.

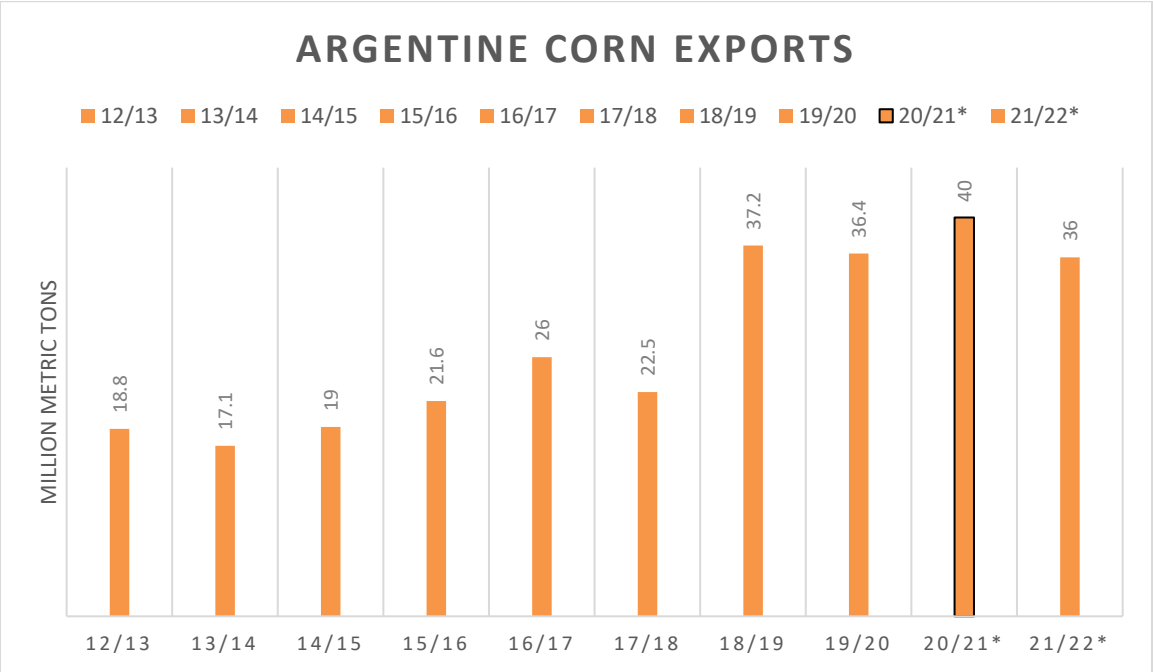
Based on data collected from contacts, Post adjusts upwards the corn harvested area and production in the previous two marketing years. MY 2019/2020 is now at 6.4 million hectares (100,000 hectares higher than the official USDA number) with production at 51.5 million tons (500,000 tons higher than the official USDA number). For MY 2020/2021, harvested area is increased to 6.6 million hectares, 200,000 hectares more than USDA's official acreage with production at 51 million tons, 500,000 tons higher than the official USDA number. These numbers are justified by the large volume of exports expected in MY 2020/2021 at 40 million tons.

Trade

Argentine corn exports in MY 2021/2022 are forecast at 36 million tons, 3 million below the official USDA number, reflecting the cut in production. Exporters are confident that such volume will be marketed. As in wheat, in late 2021 the government announced a new policy for corn exports, with the goal of keeping domestic food prices under control. Resolution 276/2021 established a framework regulating exports based on a "volume of equilibrium of exports" (VEE) and limiting export permits. Going forward, the Ministry will publish the VEE for corn based on the government's projection of production, domestic consumption and stocks. Exporters will be able to request export declarations (DJVE) for up to 90 percent of the VEE. Once this limit is reached, additional export permits will only be granted within 30 days of the export date, and will need to register the name of the vessel and show that the product has been physically purchased. The same day, the Ministry published Circular 06/2021 detailing the VEE for the different marketing years for corn: MY 2020/2021: 41.60 MMT; MY 2021/2022: 25.50 MMT (harvest begins as of March 2022).

To date, the government has issued export certificates for 22.5 MMT of MY 2021/2022 and 40.3 MMT for MY 2020-2021. The following chart shows MY 2020/2021 corn expected record exports and the projected drop in exports in MY 2021-2022 negatively affected by drought.
Argentine corn exports in MY 2021/2022 are forecast to be shipped primarily to countries in Southeast Asia and Africa. Peru and Chile are also expected to be important destinations. Shipments between March and September are expected to range between 3-5 million tons each month, declining thereafter towards the end of the season.

Figure 6



Source: Post with TDM (Trade Data Monitor) database
** Post estimate*

Sorghum

Production

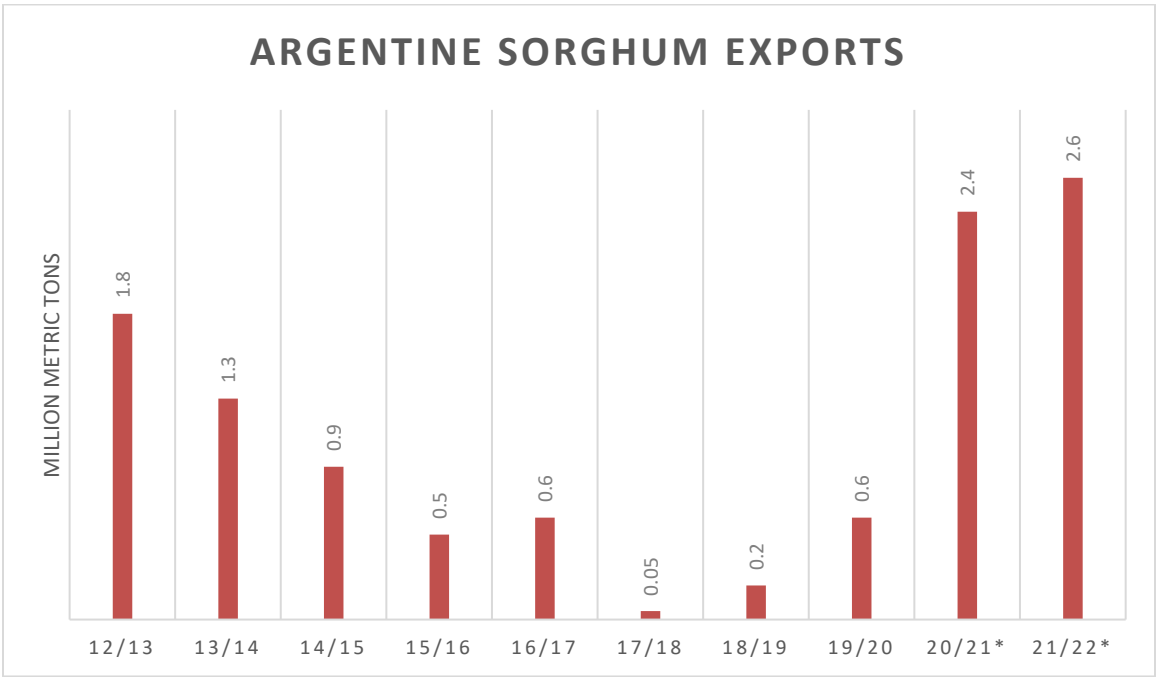
Post projects production in MY 2021/2022 at 3.5 MMT, 250,000 tons lower than the official USDA number but with a very similar harvested area. Sorghum seed companies estimate their sales should cover roughly 980,000 hectares in MY 2021/2022. However, after a very dry and hot early summer, many fields were lost in Entre Rios Province, where some farmers might replant some fields given the current good price. In central Santa Fe Province, central Cordoba Province and in Santiago del Estero Province roughly 50,000 hectares will be turned into silage, especially in farms which have cattle. In Northern provinces there is still time to plant until mid-February. To date, roughly 650,000 hectares have been planted.

Figure 7

Grain sorghum near Morse, Province of Buenos Aires

Argentine sorghum exports for MY 2021-2022 are forecast at 2.6 MMT, 300,000 tons higher than the official USDA number. Brokers believe that China's appetite for sorghum will continue to provide Argentine sorghum the opportunity to increase exports. To date, the Argentine government reports having issued export certificates for 600,000 tons for MY 2021/2022, mostly to be shipped in April-June.

Figure 8



Source: Post with TDM data base
** Post estimate*

Rice

Post is in line with the official USDA rice area and production for MY 2021/2022. Contacts report that 200,000 hectares were planted but due to the harsh, dry summer, more than 10,000 hectares have been abandoned throughout the area, especially fields which were too elevated or far from pumps to irrigate. Rice fields had practically no rain during December/mid-January, and were affected by extreme temperatures and low humidity. Farmers, who had begun the planting season with good levels of water in their reservoirs in Corrientes and northern Entre Rios, saw those reservoirs depleted rapidly due to the need to irrigate and the strong evaporation. The level of the Parana River, which connects with many secondary rivers used for irrigating rice fields, is very low and the water table in Entre Rios, where most farmers use pumps, contracted significantly. In mid-January it started to rain in Santa Fe and Entre Rios where plantations have some space to recover as they were planted later than rice fields planted in the Northern provinces. However, plots in Corrientes, Chaco and Formosa were affected during flowering and will have irreversible yield damage which it is currently difficult to assess.

Figure 9

Abandoned rice field in Corrientes Province. Source: CRA

The rice harvest began in late December in northern Corrientes and Formosa, with fields yielding 1.0-1.5 tons per hectare lower than in an average year and with a larger-than-normal percentage of broken rice.

Rice exports in MY 2021/2022 are forecast at 390,000 tons, 40,000 tons higher than the official USDA number. Brokers are quite confident they will be able to ship such volume due to the need of the local sector to cover costs and finance the next planting season. Chile, Spain, Cuba, Iraq and Brazil are expected to be the leading destinations. Exports for MY 2020/2021 are expected to total 400,000 tons, 50,000 tons higher than the official USDA volume.

Production, Supply, and Distribution Tables

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Dec 2019		Dec 2020		Dec 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6730	6730	6395	6395	6500	6600
Beginning Stocks (1000 MT)	1737	1737	2387	2387	2157	2157
Production (1000 MT)	19780	19780	17645	17645	20500	21800
MY Imports (1000 MT)	5	5	6	6	4	4
TY Imports (1000 MT)	5	3	6	6	4	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	21522	21522	20038	20038	22661	23961
MY Exports (1000 MT)	12785	12785	11531	11531	13500	15200
TY Exports (1000 MT)	13608	13608	9597	9597	14000	15500
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	6300	6300	6300	6300	6400	6400
Total Consumption (1000 MT)	6350	6350	6350	6350	6450	6450
Ending Stocks (1000 MT)	2387	2387	2157	2157	2711	2311
Total Distribution (1000 MT)	21522	21522	20038	20038	22661	23961
Yield (MT/HA)	2.9391	2.9391	2.7592	2.7592	3.1538	3.303

(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

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Dec 2019		Dec 2020		Dec 2021	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1120	1000	1090	950	1250	1200
Beginning Stocks (1000 MT)	723	723	718	618	944	614
Production (1000 MT)	3800	3800	4500	4000	4800	5050
MY Imports (1000 MT)	16	16	12	12	0	0
TY Imports (1000 MT)	16	16	5	0	7	7
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4539	4539	5230	4630	5744	5664
MY Exports (1000 MT)	2421	2421	2336	2336	3500	3500
TY Exports (1000 MT)	2598	2598	2458	2458	3500	3500
Feed and Residual (1000 MT)	200	400	650	400	200	200
FSI Consumption (1000 MT)	1200	1100	1300	1280	1200	1400
Total Consumption (1000 MT)	1400	1500	1950	1680	1400	1600
Ending Stocks (1000 MT)	718	618	944	614	844	564
Total Distribution (1000 MT)	4539	4539	5230	4630	5744	5664
Yield (MT/HA)	3.3929	3.8	4.1284	4.2105	3.84	4.2083

(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 2021/2022 = October 2021 - September 2022

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Mar 2020		Mar 2021		Mar 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6300	6400	6400	6600	6800	6800
Beginning Stocks (1000 MT)	2367	2367	3619	4119	1124	1624
Production (1000 MT)	51000	51500	50500	51000	54000	51000
MY Imports (1000 MT)	4	4	5	5	5	5
TY Imports (1000 MT)	3	3	5	5	5	5
TY Imp. from U.S. (1000 MT)	0	0	2	2	0	0
Total Supply (1000 MT)	53371	53871	54124	55124	55129	52629
MY Exports (1000 MT)	36252	36252	39500	40000	39000	36000
TY Exports (1000 MT)	39917	39917	36544	36544	41500	39000
Feed and Residual (1000 MT)	9500	9500	9500	9500	10000	9600
FSI Consumption (1000 MT)	4000	4000	4000	4000	4000	4100
Total Consumption (1000 MT)	13500	13500	13500	13500	14000	13700
Ending Stocks (1000 MT)	3619	4119	1124	1624	2129	2929
Total Distribution (1000 MT)	53371	53871	54124	55124	55129	52629
Yield (MT/HA)	8.0952	8.0469	7.8906	7.7273	7.9412	7.5

(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	Mar 2020		Mar 2021		Mar 2022	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	575	575	750	750	850	830
Beginning Stocks (1000 MT)	454	454	266	266	161	161
Production (1000 MT)	2500	2500	3320	3320	3750	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)	2954	2954	3586	3586	3911	3661
MY Exports (1000 MT)	638	638	2225	2400	2300	2600
TY Exports (1000 MT)	426	426	1973	1973	2600	2900
Feed and Residual (1000 MT)	1750	1750	900	725	1100	500
FSI Consumption (1000 MT)	300	300	300	300	300	400
Total Consumption (1000 MT)	2050	2050	1200	1025	1400	900
Ending Stocks (1000 MT)	266	266	161	161	211	161
Total Distribution (1000 MT)	2954	2954	3586	3586	3911	3661
Yield (MT/HA)	4.3478	4.3478	4.4267	4.4267	4.4118	4.2169

(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	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	185	185	190	185	190	190
Beginning Stocks (1000 MT)	182	182	107	167	109	216
Milled Production (1000 MT)	795	795	840	897	840	845
Rough Production (1000 MT)	1223	1223	1292	1380	1292	1300
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	6500	6500
MY Imports (1000 MT)	6	6	7	7	7	7
TY Imports (1000 MT)	9	9	7	7	7	7
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	983	983	954	1071	956	1068
MY Exports (1000 MT)	361	361	350	400	350	390
TY Exports (1000 MT)	335	335	360	410	350	390
Consumption and Residual (1000 MT)	515	455	495	455	495	455
Ending Stocks (1000 MT)	107	167	109	216	111	223
Total Distribution (1000 MT)	983	983	954	1071	956	1068
Yield (Rough) (MT/HA)	6.6108	6.6108	6.8	7.4595	6.8	7.027

(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