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Report Name: Grain and Feed Update

Country: Argentina

Post: Buenos Aires

Report Category: Grain and Feed

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Report Highlights:

Wheat production for marketing year (MY) 2020/21 is forecast at 20 million tons on reduced planted area. Exports are projected at 13.4 million tons. Barley production in MY 2020/21 is forecast at 3.5 million tons on reduced area. Corn acreage in MY 2020/21 is forecast at 5.9 million hectares with production of 47.6 million tons. Conservative producers may substitute soybeans for corn to reduce costs and risks from economic pressures. Sorghum exports in MY 2020/21 are projected at 500,000 tons with recent interest from China.

Wheat: Post projects production for marketing year (MY) 2020/21 at 20.0 million tons, 1.0 million tons lower than USDA's official estimate due to dry weather in some areas which will reduce planted area expectations, particularly impacting the Cordoba and northern provinces. In the key wheat production area in southern Buenos Aires province, high soil moisture levels have delayed the completion of their planting. To date, overall planting is roughly at 90 percent across Argentina. In total, Post projects a total wheat area at 6.35 million hectares, a drop of 180,000 hectares from the previous report and 150,000 hectares lower than USDA. Industry sources estimate MY 2020/21 production ranges between 19.5-20.2 million tons.

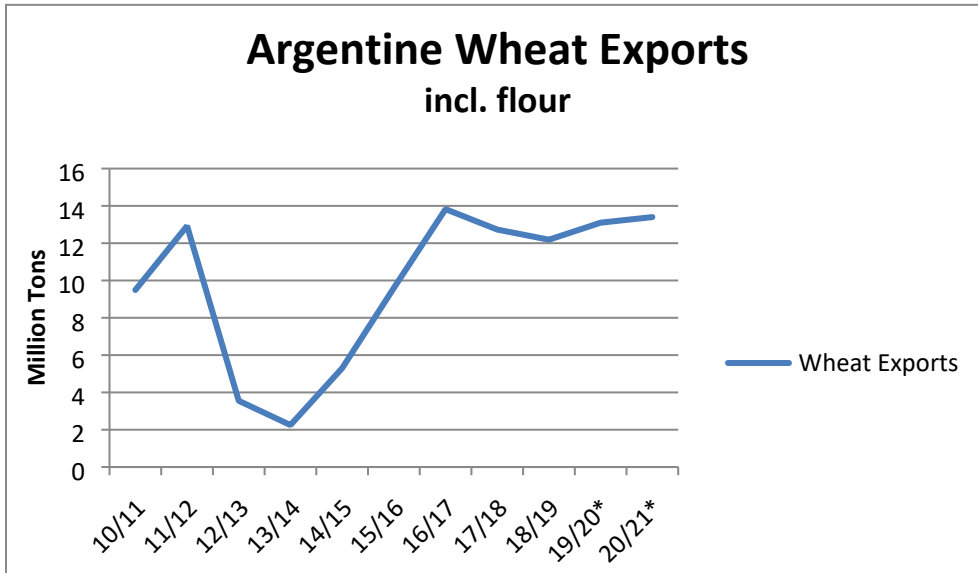
Due to positive global prices, farmer's interest in wheat production is strong and they are expected to utilize good technology and high levels of inputs this year. Except for dry areas, the country's central/eastern fringe has adequate soil moisture. Current weather forecasts predict a somewhat dry spring which normally benefits the quality of wheat prior to harvesting.

For MY 2019/20, Post continues to estimate production at 19.3 million tons, 445,000 tons lower than USDA, primarily due to lower harvested area of 320,000 hectares. Private sources forecast harvested area of 6.3 million hectares and 19.0 million tons of production.

Wheat exports in MY 2020/21 are forecast at 13.4 million tons (including flour), 1.1 million tons lower than USDA based on Post's lower projected output and current declared shipping volumes. Destinations are expected to remain consistent with historical trends, with Brazil accounting for roughly 6 million tons (without flour). South American markets include Chile, Peru and Ecuador. Exports to South East Asia will see significant volumes shipped to Indonesia, Vietnam, Bangladesh, Thailand and Malaysia. Large volumes of wheat are also expected to flow to north African countries.

Wheat exports for MY 2019/20 are forecast at 13.1 million tons (including flour), 400,000 tons lower than USDA. Exports (grain only) from December 2019 through July 2020 totaled 10.9 million tons, and thereafter through November 2020, roughly 1.3 million tons shipped, with Brazil the primary destination. Since December 2019, the wheat shipping declarations for the MY 2019/20 crop have remained unchanged at about 12 million tons. Local traders believe that Brazil will fill the current duty-free quota of 1.2 million tons for countries outside Mercosur, primarily sourced with wheat from the US and at a lower extent, from Russia.

Producers are very worried about the possibility of the government increasing the export tax on wheat from 12 percent to 15 percent, as allowed by Congress. In December 2019 the new government placed a fixed tax of 12 percent (until then the export tax depended on the fluctuation of the exchange rate and at the time of the change it was equivalent to a 6.7 percent tax). The Minister of Agriculture has repeated recently that the Government does not plan to increase the export tax.



* FAS Post estimate

Barley: Post forecasts production in MY 2020/21 at 3.5 million tons, 200,000 tons lower than USDA on slightly lower acreage which industry sources estimate ranges between 850-900,000 hectares. A weakening global demand for feed and malting barley, higher returns for wheat and rainy conditions during planting contribute to the lower area. To date, planting is roughly 80 percent complete with adequate soil humidity across most production areas in the province of Buenos Aires.

Post forecasts barley exports in MY 2020/21 at 2.4 million tons, 100,000 tons lower than USDA and in line with an expected smaller production. Roughly half of the volume will be malting barley with the remaining balance in feed barley. Local traders believe that, due to China's punitive tariffs on Australian barley, Argentina will increase exports of intermediate quality barley (FAQ – fair average quality) to China and reduce its exports of feed barley to Saudi Arabia, which could increase sourcing from Australia. Ecuador and Peru will likely import malting barley from Australia instead of Argentina.

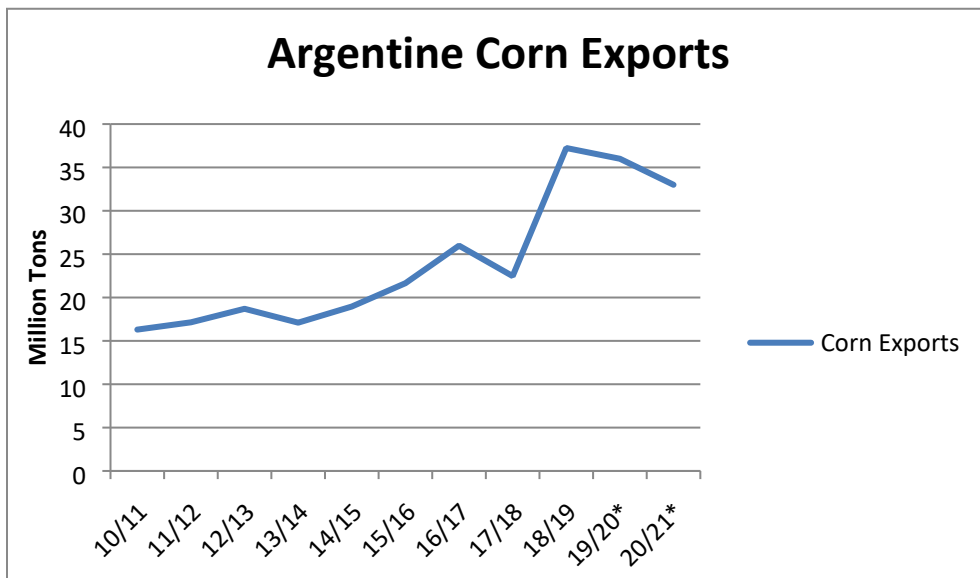
The demand from the local malting industry in 2020/21 is forecast to normalize after a weak 2019/20 due to lower beer demand in the country and the region because of the Covid-19 pandemic. On the other hand, the use of feed barley for the domestic demand is forecast to remain on the low side as corn prices are less expensive than barley.

Ending stocks for MY 2020/21 are forecast at 411,000 tons, below USDA's value. Malting companies hold technical stocks of about 200,000 tons with the balance, which it is normally feed barley, stored by producers and local elevators.

Corn: Despite corn having the best projected profitability among summer crop alternatives (including soybeans and sunflower) in farms near ports or feeding plants, Post projects the MY 2020/21 corn crop will trend down to 47.6 million tons, 2.4 million tons lower than USDA. Post revises planted acreage down at 5.9 million hectares, 300,000 hectares lower than USDA. To date, 90 percent of the MY 2019/20 corn crop has been harvested.

Economic stresses within the farm sector are strengthening a risk-averse environment for planting decisions. With 2-3 months left before planting early corn and 5-6 months to plant late corn, farmers are still debating on the most appropriate mix for financial viability. Corn production costs are 80 percent higher than those for soybeans and this may influence some shifts in planting. Export taxes on corn were increased to 12 percent last December, and farmers suspect they could be increased further at 15 percent. Producers cannot buy dollars in the official market, while its value in the marginal market is 70 percent higher. Other government policies prevent farmers who stock more than 5 percent of their wheat production from accessing credit at preferential interest rates which are available for many businesses due to Covid-19. Also, policies affecting importers' access to dollars to pay foreign suppliers have increased prices of some inputs and/or decreased access. In addition, the government recently announced the expropriation of one of Argentina's largest agricultural businesses (with soybean crush, biodiesel, bioethanol, etc.) and the 6th largest agricultural exporter which was in a bankruptcy proceeding. Following significant outcry across many business sectors, the government is considering other alternatives for the future of the company.

Exports in MY 2020/21 are projected at 33.0 million tons, 1.0 million lower than USDA. The lower projected production is partially offset by an expected larger carry in from MY 2019/20 and a domestic consumption lower than USDA. Vietnam is expected to be the number one destination with 20-25 percent of total corn exports, followed by other southeast Asian markets as well as destinations in Africa. Argentina's main export window is between March, when the harvest begins, and July/August when the Brazilian zafrinha corn enters the commercial market. In the second part of the year, exports diminish each month. Corn exports in MY 2019/20 are forecast at 36.0 million tons, 1.0 million tons lower than USDA. From March through July, exports have totaled 20.5 million tons.



* FAS Post Estimate

Domestic consumption for MY 2020/21 is forecast at 14.2 million tons, 800,000 tons lower than USDA. Post believes a rebound will occur next year, but most analysts expect it to be modest as the domestic economy emerges from the pandemic in a very weak situation. Corn domestic consumption in MY 2019/20 is expected at 13.8 million tons, 300,000 higher than USDA, and the same volume as the

previous year. Early in the year it was expected that the Covid-19 pandemic would have a negative impact on the sector in general. However, beef, dairy and poultry production will finish 2020 with positive numbers while pork, eggs and bioethanol production are expected to suffer.

Sorghum: Argentine exports for MY 2020/21 are forecast at 500,000 tons, 300,000 tons higher than USDA triggered by recent interest from China seeking to diversify sources. However, so far, only two exporters ship from Argentina and neither is a large multinational trading company. In 2014, a bilateral phytosanitary protocol for sorghum established strict protocols and many exporters prefer to avoid the risk of rejection.

Sorghum exports for MY 2019/20 are forecast at 600,000 tons, 400,000 tons higher than USDA. Based on data released by Nabsa, a leading shipping agency, Argentine sorghum exports from March through July 2020 will total 350,000 tons of which 244,000 tons were shipped to China with some exports also to Japan.

In calendar year 2019, Argentina exported 441,000 tons of sorghum with Japan the main destination with 250,000 tons followed by China with 140,000 tons. Exports to China were made by the same two companies. Larger than expected exports will reduced supplies for local feed use.

Rice: Post has no significant differences in area or production for MY 2020/21 or 2019/20 to report as compared with USDA’s official numbers. Producer’s captured higher rice prices in MY 2019/20 which is expected to increase somewhat planting intentions. However, the level of water reservoirs in central Corrientes, the main rice producing province, is quite low and could eventually affect the final planted acreage. Contacts indicate that some producers might plant under dry conditions and hope for more moisture in September or October. Planted area in Entre Rios could expand for producers who can use diesel pumps.

Domestic consumption in MY 2020/21 is expected at 450,000 tons, a slight drop after the increase in consumption during the pandemic in 2019/20. Local mills estimate that rice consumption in calendar year 2020 will grow approximately 6-8 percent under the Covid-19 higher household consumption patterns. Local analysts indicate that measuring the domestic consumption is difficult due to some marginal commercialization, but it is currently estimated at approximately 9-10 kilos per capita.

Exports in MY 2020/21 are forecast at 415,000 tons milled base, higher than USDA, but Argentina will have to be price competitive to ship this amount. The main markets will be Chile, Brazil, Venezuela and Central America, and potentially Iraq.

Contacts relate that rice beginning stocks in April 2020 were low at roughly 20,000 tons milled base due to sales (local consumption and export) during the marketing year and a three-week delay in harvest left stocks depleted. Contacts project March 2021 ending stocks at about 45,000 tons.

Statistical Tables

Wheat Market Year Begins Argentina	2018/2019		2019/2020		2020/2021	
	Dec 2018		Dec 2019		Dec 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Harvested (1000 HA)	6050	6050	6720	6400	6500	6350
Beginning Stocks (1000 MT)	470	470	1737	1737	1692	1641
Production (1000 MT)	19500	19500	19745	19300	21000	20000
MY Imports (1000 MT)	5	5	10	4	5	4
TY Imports (1000 MT)	4	4	10	4	5	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	19975	19975	21492	21041	22697	21645
MY Exports (1000 MT)	12188	12188	13500	13100	14500	13400
TY Exports (1000 MT)	12680	12680	13600	13200	14500	13400
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	6000	6000	6250	6250	6150	6150
Total Consumption (1000 MT)	6050	6050	6300	6300	6200	6200
Ending Stocks (1000 MT)	1737	1737	1692	1641	1997	2045
Total Distribution (1000 MT)	19975	19975	21492	21041	22697	21645
Yield (MT/HA)	3.2231	3.2231	2.9382	3.0156	3.2308	3.0628

(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 Argentina	2018/2019		2019/2020		2020/2021	
	Dec 2018		Dec 2019		Dec 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1200	1100	1000	1000	900	850
Beginning Stocks (1000 MT)	388	388	711	711	711	711
Production (1000 MT)	5060	5060	3800	3800	3700	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	4411	4211
MY Exports (1000 MT)	3237	3237	2500	2500	2500	2400
TY Exports (1000 MT)	3001	3001	2400	2400	2500	2400
Feed and Residual (1000 MT)	300	300	200	200	200	200
FSI Consumption (1000 MT)	1200	1200	1100	1100	1200	1200
Total Consumption (1000 MT)	1500	1500	1300	1300	1400	1400
Ending Stocks (1000 MT)	711	711	711	711	511	411
Total Distribution (1000 MT)	5448	5448	4511	4511	4411	4211
Yield (MT/HA)	4.2167	4.6	3.8	3.8	4.1111	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 Argentina	2018/2019		2019/2020		2020/2021	
	Mar 2019		Mar 2020		Mar 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6100	6100	6200	6200	6200	5900
Beginning Stocks (1000 MT)	2407	2407	2368	2368	1873	2573
Production (1000 MT)	51000	51000	50000	50000	50000	47600
MY Imports (1000 MT)	5	5	5	5	5	4

TY Imports (1000 MT)	5	5	5	5	5	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	53412	53412	52373	52373	51878	50177
MY Exports (1000 MT)	37244	37244	37000	36000	34000	33000
TY Exports (1000 MT)	32879	32879	38000	37000	34000	33000
Feed and Residual (1000 MT)	9700	9700	9500	9800	11000	10000
FSI Consumption (1000 MT)	4100	4100	4000	4000	4000	4200
Total Consumption (1000 MT)	13800	13800	13500	13800	15000	14200
Ending Stocks (1000 MT)	2368	2368	1873	2573	2878	2977
Total Distribution (1000 MT)	53412	53412	52373	52373	51878	50177
Yield (MT/HA)	8.3607	8.3607	8.0645	8.0645	8.0645	8.0678

(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 Argentina	2018/2019		2019/2020		2020/2021	
	Mar 2019		Mar 2020		Mar 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	630	630	575	575	550	550
Beginning Stocks (1000 MT)	515	515	454	454	404	154
Production (1000 MT)	2500	2500	2500	2300	2400	2400
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	2754	2804	2554
MY Exports (1000 MT)	411	411	200	600	200	500
TY Exports (1000 MT)	254	254	350	700	200	500
Feed and Residual (1000 MT)	1800	1800	2000	1650	1900	1400
FSI Consumption (1000 MT)	350	350	350	350	400	400
Total Consumption (1000 MT)	2150	2150	2350	2000	2300	1800
Ending Stocks (1000 MT)	454	454	404	154	304	254
Total Distribution (1000 MT)	3015	3015	2954	2754	2804	2554
Yield (MT/HA)	3.9683	3.9683	4.3478	4	4.3636	4.3636

(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	187	186	190	190
Beginning Stocks (1000 MT)	264	264	184	239	138	249
Milled Production (1000 MT)	774	774	780	806	819	819
Rough Production (1000 MT)	1191	1191	1200	1240	1260	1260
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	973	1054	964	1075
MY Exports (1000 MT)	348	348	315	330	280	415
TY Exports (1000 MT)	388	388	300	300	280	415
Consumption and Residual (1000 MT)	515	460	520	475	530	450
Ending Stocks (1000 MT)	184	239	138	249	154	210
Total Distribution (1000 MT)	1047	1047	973	1054	964	1075
Yield (Rough) (MT/HA)	6.5082	6.5082	6.4171	6.6667	6.6316	6.6316

(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