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Argentina

Grain and Feed Update

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Report Highlights:
Post forecasts wheat production for marketing year (MY) 2010/11 at 13.5 million metric tons (MMT), up 1.5 MMT from the official USDA forecast based on good yields, high prices, and increased area. Wheat exports are also up by 1 MMT to 8 MMT for MY 2010/11. Corn feed consumption is up 500,00 MT, to 5.5 MMT for MY 2010/11, and up 700,000 MT, to 5.2 MMT for MY 2009/10, due to increased supplemental cattle feeding and increased poultry production. Post is making no changes in current USDA production estimates for rice.

Post:
Buenos Aires

Commodities:
Wheat

Corn

Rice, Milled

Author Defined:

Author Defined:

Section I. Situation and Outlook:

Wheat

Post maintains its previous forecast for MY2010/11 wheat harvested area at 4.5 million hectares, due to reports that more farmers are rotating wheat with soybeans. The estimated area is above the Ministry of Agriculture October estimate of 4.2 million hectares which was based on a 20.4% increase with respect to the 2009/10 crop. Post estimates that farmers have planted more wheat due to better soil moisture conditions and continued high prices. Producers in the Pergamino area, which has significant double cropping of wheat with soybeans, are reporting that the breakeven yield for wheat production has fallen since our previous report to 1.9 MT per hectare at the current January price of US$/MT166 (export taxes deducted). Based on excellent weather patterns national average yield is expected at 3MT/ha. MY 2010/11 production is forecast at 13.5 million MT. Post has recently visited two of the major production areas in Argentina, northern and southeastern Buenos Aires. According to the experts interviewed, wheat yields should easily reach 4 MT/ha in those areas making up for lower yields in other aeas.

Post maintains its forecast for MY 2010/11 wheat and wheat product exports at 8 million MT, compared with the 5.0 million MT estimated for MY 2009/10, as increased production will make more wheat available for export.

Also, Post keeps its forecasts MY 2010/11 total domestic wheat consumption at 5.425 million MT. Wheat for feed use is estimated at 25,000 MT, while food, seed, and industrial (FSI) consumption is forecast at 5.4 million MT.

Based upon to date wheat export data of 4 million MT (historically 80 percent of the total exports) and total consumption numbers 5.325 MT, Post has adjusted MY2009/10 wheat production in line with USDA numbers to 10.5 million MT (official MAGP numbers are still at 7.59 million MT in 3.068 million ha.) Post forecast overall wheat exports for MY2010/11 at 5.0 million MT. Post expects domestic consumption to remain at 5.325 million MT. The increase in planting area of one million hectares from MY2009/10 to MY2010/11 resulted in 130,000 MT more seed used for the current planting season which will offset a declining in milling for flour for the same amount. Reportedly, more seed per hectare has been use this year as a consequence of delays in the planting of wheat until the end of August beginning of September in southern Buenos Aires province.

Corn

In line with USDA latest estimate, Post updates its forecast for the MY 2010/11 area harvested with corn to 3.2 million hectares due to continued good prices for corn and good weather conditions in the main producing areas. Based on expected average weather patterns, and yields in-line with the long term trend, MY 2010/11 production is revised to match the USDA forecast of 25 million MT. A major factor that is expected to have influenced farmers' decisions to plant more corn is the need to rotate to add organic matter to the soil and combat soybean pests. Additionally, record high beef prices will imply higher feed use in the short and medium run. Corn planting has reached 50 percent of the total estimated area and weather conditions have generally been favorable for planting although there continue to be concerns that a La Niña weather pattern could result in reduced rainfall this growing season.

Post maintains its estimates for MY 2009/10 corn production of 22.5 million MT on a harvested area of 2.7 million hectares in line with USDA and Ministry of Agriculture numbers.

Post estimates total domestic corn consumption of 7.5 million MT for MY 2010/11 (above the current USDA estimate of 7 million) and 7.1 million MT for MY 2009/10 (above the current USDA estimate of 6.4 million MT) due to increased feed use. Increased poultry production and more grain going to supplemental feeding of cattle on farms have significantly increased feed demand. For cattle, producers are going for heavier slaughter weights as a result of a drop in the number of cattle going to slaughter and higher cattle prices. The national herd has decreased by an estimated 8.5 million head from 2008 due to the severe drought in 2008/2009 and liquidation of females as the result of low prices in 2008 and 2009. There are no changes for FSI consumption that is forecast at 2.0 million MT for MY 2010/11.

Corn export numbers for March through September 2010 (based on export inspections) were 13.35 million, in line with meeting or possibly exceeding the current USDA estimate for total exports of 15 million tons.

Rice

Post is making no changes in current USDA forecast for MY 2010/11 milled rice production of 1.04 million MT on 230,000 hectares. The Argentine rice sector is expected to increase slightly its planted area due to good water supply, current international prices, and fewer marketing restrictions than in the other grains.

Post is making no changes in current USDA forecast domestic rice consumption for MY 2010/11 of 330,000 MT. Rice is not a staple product for the Argentine consumer and is not an important part of the Argentine diet. Per capita rice consumption in Argentina is very stable at approximately 7 -8 kilos (rough basis).

Section II. Production, Supply and Demand Data Statistics:

(1,000 metric tons)

Wheat Argentina	2008/2009			2009/2010			2010/2011		
1000 tons	Market Year Begin: Dec 2008			Market Year Begin: Dec 2009			Market Year Begin: Dec 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	Oct. 2010 Post
Area Harvested (1,000 ha)	5,120	5,120	5,120	3,500	3,200	3,500	4,300	4,500	4,500
Beginning Stocks	2,351	2,324	2,351	385	357	385	463	637	563
Production	10,100	10,100	10,100	10,500	9,600	10,500	12,000	13,500	13,500
MY Imports	26	25	26	3	5	3	5	5	5
TY Imports	46	46	46	3	5	3	5	5	5
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	12,477	12,449	12,477	10,888	9,962	10,888	12,468	14,142	14,068
MY Exports	6,767	6,767	6,767	5,500	4,000	5,000	7,000	8,000	8,000
TY Exports	8,621	8,627	8,621	5,172	4,500	5,172	7,000	8,000	8,000
Feed and Residual	25	25	25	25	25	25	100	25	25
FSI Consumption	5,300	5,300	5,300	4,900	5,300	5,300	5,000	5,400	5,400
Total Consumption	5,325	5,325	5,325	4,925	5,325	5,325	5,100	5,425	5,425
Ending Stocks	385	357	385	463	637	563	368	717	643
Total Distribution	12,477	12,449	12,477	10,888	9,962	10,888	12,468	14,142	14,068
Yield	2.	2	1.9727	3.	3.	3.	3.	3.	3.

Corn Argentina	2008/2009			2009/2010			2010/2011		
1000 tons	Market Year Begin: Mar 2009			Market Year Begin: Mar 2010			Market Year Begin: Mar 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	Oct. 2010 Post
Area Harvested (1000 ha.)	2,500	2,500	2,500	2,700	2,700	2,700	3,200	2,700	3,200
Beginning Stocks	2,178	2,178	2,178	492	492	492	1,617	2,917	917
Production	15,000	15,000	15,000	22,500	22,500	22,500	25,000	21,000	25,000
MY Imports	32	32	32	25	25	25	25	25	25
TY Imports	108	108	108	25	25	25	25	25	25
TY Imp. from U.S.	1	1	1	0	0	0	0	0	0
Total Supply	17,210	17,210	17,210	23,017	23,017	23,017	26,642	23,942	25,942
MY Exports	10,318	10,318	10,318	15,000	13,000	15,000	17,500	14,000	17,500
TY Exports	8,458	8,458	8,458	16,800	13,000	16,800	15,000	12,200	15,000
Feed and Residual	4,500	4,500	4,500	4,500	5,200	5,200	5,000	5,500	5,500
FSI Consumption	1,900	1,900	1,900	1,900	1,900	1,900	2,000	2,000	2,000
Total Consumption	6,400	6,400	6,400	6,400	7,100	7,100	7,000	7,500	7,500
Ending Stocks	492	492	492	1,617	2,917	917	2,142	2,442	942
Total Distribution	17,210	17,210	17,210	23,017	23,017	23,017	26,642	23,942	25,942
Yield	6.	6.	6.	8.	8.	8.3333	8.	8.	7.8125

Rice, Milled Argentina	2008/2009			2009/2010			2010/2011		
1000 tons	Market Year Begin: Apr 2009			Market Year Begin: Apr 2010			Market Year Begin: Apr 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	Oct. 2010 Post
Area Harvested (1000 ha.)	194	194	194	212	211	212	230	230	230
Beginning Stocks	132	132	132	125	125	125	90	90	90
Milled Production	867	867	867	910	910	910	1,040	1,040	1,040
Rough Production	1,334	1,334	1,334	1,400	1,400	1,400	1,600	1,600	1,600
Milling Rate (.9999)	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500
MY Imports	10	10	10	10	10	10	10	10	10
TY Imports	10	10	10	10	10	10	10	10	10
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	1,009	1,009	1,009	1,045	1,045	1,045	1,140	1,140	1,140
MY Exports	554	554	554	625	625	625	700	700	700
TY Exports	594	594	594	550	550	550	600	600	600
Consumption and Residual	330	330	330	330	330	330	330	330	330
Ending Stocks	125	125	125	90	90	90	110	110	110
Total Distribution	1,009	1,009	1,009	1,045	1,045	1,045	1,140	1,140	1,140
Yield (Rough)	7.	7.	6.8763	7.	7.	6.6038	7.	7.	6.9565