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GAIN Report Number:

Argentina

Grain and Feed Update

Lock-Up Report

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Report Highlights:

The corn harvest is advancing, with 56 percent of the area harvested as of April 29, according to the Ministry of Agriculture. Local contacts report generally excellent yields. Post currently estimates the MY2009/10 corn crop at 21 million MT, in line with the current USDA official estimate and slightly above the Agriculture Ministry estimate of 20.5 million tons. Wheat planting will start in May. Due to good soil moisture conditions, Post maintains its MY2010/11 wheat production forecast at 12.0 million metric tons (MT) on a 4.0 million hectare area. Post has increased corn exports for 2008/09 by 218,000 tons to 13.3 million tons due to complete marketing year export numbers now being available.

Post:
Buenos Aires

Commodities:
Wheat

Corn

Author Defined:
Section I. Situation and Outlook

Wheat

Post is making no change in its forecast wheat production for MY2010/11 of 12,000 metric tons (MT) with a harvested area of 4.0 million hectares, a 20 percent increase compared with MY2009/2010. According to sources in the industry, there is plenty of moisture in most of the wheat production area. Planting in May will favor longer term wheat cycles, which should provide higher yields.

The need to rotate soybeans with other crops is favoring an increase in wheat area. Local contacts report that in some fields soybean yields were reduced by 0.5 to 1.0 MT below their potential because of frog eye disease and other diseases in MY2009/10 soybean crop. Rotation will also cut some fungi life cycles and avoid recurring fungicide applications. Local contacts also report that the amount of nematodes has also grown in the last two years due to lack of crop rotation. In northern Buenos Aires province and Central Cordoba province researchers have found that the number of nematodes per 100 grams of soil on some fields increased from 100 in 2008 to 800 in 2010.

Post is reducing its previous MY2010/11 export estimates to 6.5 million MT as a result of more wheat going to domestic consumption, in line with current estimates of seed use and milling for domestic use. Data adjustments to the domestic consumption have resulted in increases in 370,000 MT and 400,000 MT for MY2009/10 and MY2010/11 respectively. MY2009/10 exports are estimated at 4.0 million MT.

Corn

Post continues to forecast MY2010/11 production at 19.5 million MT in a harvested area of 2.6 million hectares. Harvested area is expected to increase slightly as more land will need to enter into

rotation. Post revises upward the 2009/10 corn production numbers to 21 million MT, in line with USDA official numbers, due to reports of excellent yields in areas harvested so far which represents 56 percent of the total area. This is just above the official Ministry of Agriculture estimate of 20.5 million MT.

Post increases its previous MY2010/11 corn exports forecast to 12.2 million MT as a result of the large expected beginning stocks. Government policies focused on maintaining adequate domestic supplies are expected to result in unusually large ending stocks for MY2009/10. MY2009/10 corn exports estimate remains at 12 million MT. So far, 9.42 million MT of MY2009/10 corn have been licensed for export by the National Agricultural Trade Control Office (ONCCA). According to a government announcement in February 2010, the target export quota for MY2009/11 is 10 million MT. Sources in the industry report that the Argentine Corn Association (MAIZAR) will request an increase of 2 million MT beyond the 10 million MT already announced.

Post adjusted MY 2008/2009 exports to 10.318 million MT based on official export data recently made public. As reported in our February annual report, Post expects that current and future beef prices will keep corn domestic feed consumption high in MY2010/11. Calves have doubled in live weight price to two US dollars a kilo and pregnant heifers are being sold for as much as 900 US dollars, while a year ago feeders were sold at 1 US\$/Kg. and breeders did not pay more than 200 for a pregnant heifer.

Section II. Statistical Tables

| Wheat Argentina (1000 MT) | 2008/2009 | | | 2009/2010 | | | 2010/2011 | | |
|------------------------------|-----------------------------|----------|----------|-----------------------------|----------|----------|-----------------------------|----------|----------|
| | 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 | New Post |
| Area Harvested (1000 ha.) | 5,120 | 4,550 | 5,120 | 3,200 | 3,200 | 3,200 | | 4,000 | 4,000 |
| Beginning Stocks | 2,324 | 3,067 | 2,324 | 357 | 426 | 357 | | 1,051 | 637 |
| Production | 10,100 | 9,000 | 10,100 | 9,600 | 9,600 | 9,600 | | 12,000 | 12,000 |
| MY Imports | 25 | 25 | 25 | 5 | 5 | 5 | | 5 | 5 |
| TY Imports | 46 | 46 | 46 | 5 | 5 | 5 | | 5 | 5 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Total Supply | 12,449 | 12,092 | 12,449 | 9,962 | 10,031 | 9,962 | | 13,056 | 13,042 |
| MY Exports | 6,767 | 6,686 | 6,767 | 4,000 | 4,000 | 4,000 | | 7,000 | 6,500 |
| TY Exports | 8,627 | 8,598 | 8,627 | 4,500 | 4,500 | 5,300 | | | 5,400 |
| Feed and Residual | 25 | 80 | 25 | 25 | 80 | 25 | | 80 | 25 |
| FSI Consumption | 5,300 | 4,900 | 5,300 | 4,900 | 4,900 | 5,325 | | 5,000 | 5,400 |
| Total Consumption | 5,325 | 4,980 | 5,325 | 4,925 | 4,980 | 5,350 | | 5,080 | 5,425 |
| Ending Stocks | 357 | 426 | 357 | 1,037 | 1,051 | 637 | | 976 | 717 |
| Total Distribution | 12,449 | 12,092 | 12,449 | 9,962 | 10,031 | 9,962 | | 13,056 | 13,042 |
| Yield | 2. | 2. | 2. | 3. | 3. | 3. | | 3. | 3. |

| Corn Argentina (1000 MT) | 2008/2009 | | | 2009/2010 | | | 2010/2011 | | |
|-----------------------------|-----------------------------|----------|----------|-----------------------------|----------|----------|-----------------------------|----------|----------|
| | 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 | New Post |
| Area Harvested (1000 MT) | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | | 2,600 | 2,600 |
| Beginning Stocks | 2,178 | 1,985 | 2,178 | 803 | 610 | 585 | | 1,535 | 2,510 |
| Production | 15,000 | 15,000 | 15,000 | 21,000 | 20,000 | 21,000 | | 19,500 | 19,500 |
| MY Imports | 125 | 125 | 125 | 25 | 25 | 25 | | 25 | 25 |
| TY Imports | 100 | 100 | 100 | 25 | 25 | 25 | | 25 | 25 |
| TY Imp. from U.S. | 1 | 1 | 1 | 0 | 0 | 0 | | 0 | 0 |
| Total Supply | 17,303 | 17,110 | 17,303 | 21,828 | 20,635 | 21,610 | | 21,060 | 22,035 |
| MY Exports | 10,100 | 10,100 | 10,318 | 12,000 | 12,000 | 12,000 | | 11,000 | 12,200 |
| TY Exports | 8,458 | 8,458 | 8,458 | 12,000 | 12,000 | 12,000 | | 11,000 | 12,200 |
| Feed and Residual | 4,500 | 4,500 | 4,500 | 5,200 | 5,200 | 5,200 | | 5,500 | 5,500 |
| FSI Consumption | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | | 2,000 | 2,000 |
| Total Consumption | 6,400 | 6,400 | 6,400 | 7,100 | 7,100 | 7,100 | | 7,500 | 7,500 |
| Ending Stocks | 803 | 610 | 585 | 2,728 | 1,535 | 2,510 | | 2,560 | 2,335 |

| | | | | | | | | | |
|--------------------|--------|--------|--------|--------|--------|--------|--|--------|--------|
| Total Distribution | 17,303 | 17,110 | 17,303 | 21,828 | 20,635 | 21,610 | | 21,060 | 22,035 |
| Yield | 6. | 6. | 6. | 8.4 | 8. | 8.4 | | 7.5 | 7.5 |