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Argentina

Grain and Feed

Lock-Up Report

2008

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Report Highlights:
Post lowers its wheat harvested area estimate to 4.3 million hectares and production to 12 million metric tons (MT) for 2008/2009. Wheat exports are expected to reach 7 million MT while domestic consumption will remain at levels similar to those in 2007/2008 at 5.48 million MT. Corn harvested area in 2008/2009 is expected to drop to 2.5 million hectares due to higher production costs, shifting land into other less-risky crops. Total 2008/2009 corn production is forecast to decrease to 18 million MT due to lower harvested area 1.1 million MT below previous estimates. Market Year (MY) 2008/09 exports are expected to fall 30 percent from the previous year to 10.5 million MT while domestic consumption will likely increase to 7.5 million MT.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Trade Report
Buenos Aires [AR1]
[AR]

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Wheat

Post lowers its overall wheat production forecast for Argentina to 12 million metric tons (MT) in 2008/2009 as climatic and export policy factors impacted negatively on this crop this year. A reduced harvested area and lower yields together are the cause of this drastic drop in production from the previous year.

Total wheat harvested area is forecast to drop to 4.3 million hectares. Intended planted area fell because of lack of moisture and farmers' uncertainties about domestic prices. Farmers expect that in 2008/2009 the Argentine Government (GOA) will continue to restrict wheat exports to guarantee domestic supplies and that is expected to have a significant impact on domestic prices.

Unfavorable climatic events including a long-lasting drought that affected nearly 75 percent of the wheat area, and a series of severe frosts that hit the poorly established plantations, determined that around six percent of the planted fields in a vast area will not reach harvest. In central northern and western Buenos Aires and Entre Rios provinces, it is estimated that 300,000 hectares will not be harvested to allow soybeans to be planted in November 2008.

Post forecasts a decrease in the overall wheat yields to 2.79 MT per hectare. Yields in the central northern area will likely only reach 2.0 - 2.5 MT per hectare due to dry conditions. However, in the main wheat area, southeast of the province of Buenos Aires, lack of rain has not been a problem and all the fields look good, giving no reason to speculate that yields will be lower than their potential. Post forecasts that average yields in this area will be close to 4.0 MT per hectare.

On October 8, 2008 the National Office of Agricultural Trade Control (ONCCA) published in the Federal Register Resolution 4786/08, which allows exporters to request export licenses (ROE) for 1,763,063 MT of wheat to be exported to any market in the world. According to ONCCA, wheat exports in 2007/2008 will be at 11 million MT. Based on the information available, post estimates total wheat exports for 2007/2008 at 10 million MT. 2008/2009 exports are forecast to decrease to 7 million MT due to lower production. Domestic consumption of wheat is estimated at 5.48 million MT.

Corn

Total corn production in 2008/2009 is expected to drop to 18 million MT due to a decrease in harvested area.

Post is lowering the 2008/2009 harvested area of corn to 2.5 million hectares. The main cause for the reduction has been the higher production cost compared with the previous season and relative to alternative crops such as soybeans. Also, uncertainty about prices in 2009, due to the potential suspensions of the export registration process, has also been a key factor in farmers deciding to plant alternative corps such as soybeans and sorghum, both crops with lower domestic demand than corn. Planting seed companies have reported that 25 per cent of their purchasing orders for corn hybrids have been turned back in the last month.

Weekly rains since early October have supplied the soil of all the corn planting area with enough moisture to ensure a normal establishment of the crop. Although fertilizer (urea) price has skyrocketed to nearly US$1000 per MT, those who have made the decision to plant corn will use that technology to assure the potential yield of the hybrid. Post forecasts average corn yields at 7.2 MT per hectare.

Corn domestic consumption in 2008/2009 is forecast to reach to 7.5 million MT. Corn domestic consumption for 2007/2008 is estimated at 7 million MT.

Exports are expected to drop 30 percent from the previous year, reaching 10.5 million MT in 2008/2009 due to less production and more pressure to control the stock balance by the GOA.

On October 20, 2008, ONCCA's president announced that his agency will accept export permit licenses (ROE) due to the fact that the Argentine corn stock was larger than the needs for domestic consumption. The announcement established current corn stocks at 4,322,773 MT which, when added to the 2,061,633 MT already used between January and October 2008, would sum up to 6,384,406 MT. According to ONCCA, the Argentine domestic consumption is 6.1 million MT. ONCCA states that 227,525 MT of corn will be the surplus allowed for export. Post estimates total corn exports for 2007/2008 at 15 million MT.

Relevant Reports

AR8016: Argentina Grain and Feed, Annual 2008
http://www.fas.usda.gov/gainfiles/200804/146294412.pdf

AR8033 Argentina Grain and Feed, Lock-Up Report
http://www.fas.usda.gov/gainfiles/200808/146295331.pdf

Statistical Tables

Corn Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Mar 2007			Market Year Begin: Mar 2008			Market Year Begin: Mar 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Harvested	2800	2800	2800	3210	3100	3210	2700	2850	2500	(1000 HA)
Beginning Stocks	1156	1156	1156	1657	1657	1657	157	157	157	(1000 MT)
Production	22500	22500	22500	20500	21000	20500	19000	19000	18000	(1000 MT)
MY Imports	10	10	10	0	0	0	0	0	0	(1000 MT)
TY Imports	8	8	8	0	0	0	0	0	0	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	23666	23666	23666	22157	22657	22157	19157	19157	18157	(1000 MT)
MY Exports	15309	15309	15309	15000	15000	15000	11000	11000	10500	(1000 MT)
TY Exports	15693	15693	15693	15500	0	15500	10500	0	10500	(1000 MT)
Feed Consumption	4800	4800	4800	5100	5600	5100	5600	6100	5600	(1000 MT)
FSI Consumption	1900	1900	1900	1900	1900	1900	1900	1900	1900	(1000 MT)
Total Consumption	6700	6700	6700	7000	7500	7000	7500	8000	7500	(1000 MT)
Ending Stocks	1657	1657	1657	157	157	157	657	157	157	(1000 MT)
Total Distribution	23666	23666	23666	22157	22657	22157	19157	19157	18157	(1000 MT)
Yield	8.0	8.0		6.0	7.0		7.0	7.0		(MT/HA)
TS=TD			0			0			0	
Comments										
AGR Number										
Comments To Post										

Wheat Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Dec 2006			Market Year Begin: Dec 2007			Market Year Begin: Dec 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Harvested	5285	5285	5285	5680	4800	5680	4320	4450	4300	(1000 HA)
Beginning Stocks	500	500	500	305	305	305	879	305	879	(1000 MT)
Production	15200	15200	15200	16000	13000	16000	12000	12620	12000	(1000 MT)
MY Imports	5	5	5	4	0	4	5	0	5	(1000 MT)
TY Imports	5	5	5	4	0	4	5	0	5	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	15705	15705	15705	16309	13305	16309	12884	12925	12884	(1000 MT)
MY Exports	10500	10500	10500	10000	8100	10000	7000	7120	7000	(1000 MT)
TY Exports	12210	12210	12210	10218	9500	10218	7500	7120	7500	(1000 MT)
Feed Consumption	80	80	80	80	80	80	80	80	80	(1000 MT)
FSI Consumption	4820	4820	4820	5350	4820	5350	5400	5420	5400	(1000 MT)
Total Consumption	4900	4900	4900	5430	4900	5430	5480	5500	5480	(1000 MT)
Ending Stocks	305	305	305	879	305	879	404	305	404	(1000 MT)
Total Distribution	15705	15705	15705	16309	13305	16309	12884	12925	12884	(1000 MT)
Yield	3.0	3.0		3.0	3.0		3.0	3.0		(MT/HA)
TS=TD			0			0			0	
Comments										
AGR Number										
Comments To Post										