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Report Name: Oilseeds and Products Update

Country: Argentina

Post: Buenos Aires

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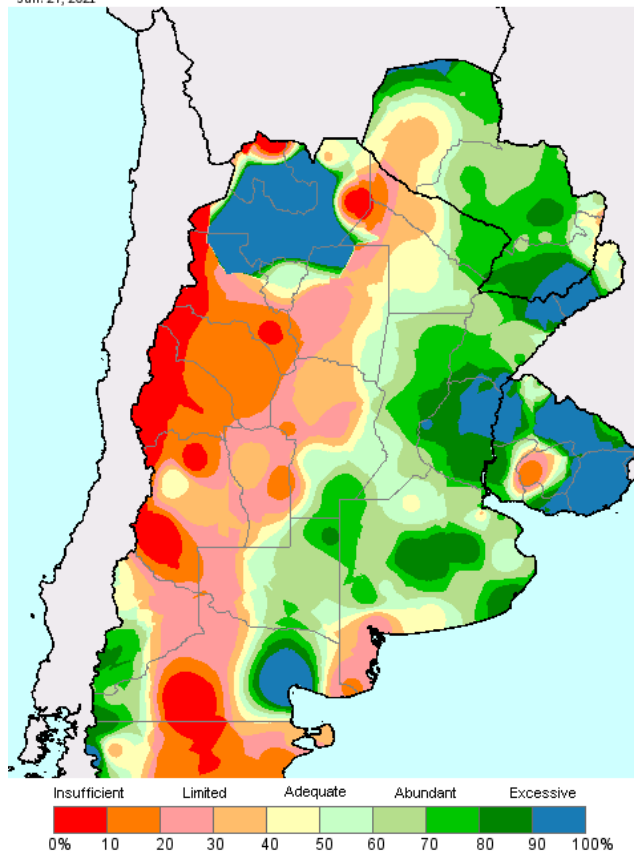
Approved By: Melinda Meador

Report Highlights:

With the MY 2020/2021 harvest season almost complete, Post lowers its soybean production estimate 500,000 tons, to 44.5 million metric tons (MMT), 2.5 MMT below USDA Official. Soybean exports are lowered 500,000 tons to 5.0 MMT. Sunflowerseed production is left unchanged at 2.65 MMT, 0.25 MMT below USDA Official, exports are raised to 180,000 MT matching USDA Official. Peanut production is projected at 1.3 MMT, down 50,000 MT, matching USDA Official, and peanut exports are projected at 880,000 to MT, 100,000 MT below USDA Official.

Since [Post's Annual Report in April](#) Argentina has completed its MY 2020/2021 soy and sunflowerseed harvests and the peanut harvest is approximately 75% complete. Post's production estimates for these commodities are slightly lowered or unchanged, with soybeans estimated at 44.5 million metric tons (MMT), down 0.5 MMT (and 2.5 MMT below USDA Official); sunflowerseed is unchanged at 2.65 MMT (0.25 MMT below USDA Official); and peanuts at 1.3 MMT, down 50,000 MT, matching USDA Official. Peanuts yet to be harvested are not thought to have been damaged by recent cold weather across most of the country and snow in the chief peanut producing Province of Cordoba. Seasonal rains have improved soil moisture levels across most growing regions, providing a good basis for early development of winter grains.

Percent Soil Moisture (WMO)
Jun. 27, 2021



USDA Foreign Agricultural Service
U.S. DEPARTMENT OF AGRICULTURE

Source: World Meteorological Organization
<http://www.nws.noaa.gov/iscs/nwsgtfs.html>

For MY 2021/2022 producers are facing substantial rent increases as landlords seek to benefit from higher crop prices. In the core growing region, rents for row crops are already the highest in the country and there landlords are seeking increases of 5-10%, with larger increases occurring in southern Santa Fe Province and eastern Cordoba Province where yields were highest this year. Increases are less pronounced in northwestern Buenos Aires province where drought reduced yields. However, more substantial (in percentage terms) increases in rent of 15-20% are reported in more marginal farmland in southwest Buenos Aires Province as well as the Provinces of La Pampa and San Luis. These rent increases (if realized) will likely reduce profitability for farmers and encourage them to plant more corn, which under current price scenarios offers higher expected returns, and has proven more drought tolerant in recent years. Another factor affecting farmer profitability in the coming year will be rising input costs, principally fertilizer, through agri-chemical prices have also risen.

Post reduces its projected soybean planted area by 100,000 hectares to 17.5 million hectares, matching USDA official. This in turn reduces total expected production to 51.2 MMT, 0.8 MMT lower than USDA official. Sunflowerseed projected planted acreage is unchanged at 1.675 million hectares, with an estimated production of 3.4 MMT, matching USDA official. Peanut planted acreage is reduced 10,000 hectares to 340,000 hectares. Production is projected 1.3 MMT, 100,000 tons below USDA official. Peanut acreage is largely contracted in advance and peanut prices have not risen in concert with row

crop prices over the last year. This means that it will be more difficult for peanut processors to contract peanut production early in the season when landlords are still optimistic about higher rents.

Year over year increases in commodity prices have boosted farmer income and Argentine export revenues. Despite the benefits of higher prices, which have helped insulate Argentine farmers from the 10% decline in GDP experienced by the country in 2020, there remains considerable producer discontent over currency and export controls. Some independent farm groups are planning a nationwide protest demonstration for July 9th, Argentina's Independence Day. Perspectives among farmers differ on the utility of such measures. A two-week long producer initiative to withhold cattle from markets in May did not succeed in changing government policy to reverse a beef export ban. Mid-term congressional elections are scheduled for November 2021, and a recent poll conducted by AmplificAGRO showed that 61% of farmers surveyed believe that if the ruling coalition were to lose seats in congress, the government is likely to become more interventionist in agricultural markets. As a result, producers have accelerated sales of grains especially corn and sorghum, but momentum is slowing for soybeans sales after the initial post-harvest surge. Argentine farmers view soybeans as hedge against inflation and currency depreciation.

Low water levels on the Parana River and considerable policy uncertainty around the future of river dredging is concerning exporters with Up River facilities in the greater Rosario area. A lack of rainfall in the Parana River basin in Brazil has led water levels to fall below even last year's low levels and many points along the river are registering their lowest levels since 1944, the worst year since records began in 1884. Dredging operations along the river have permitted continued navigation, albeit with reduced cargo volumes. However, a recent decision by the government to transfer responsibility for river maintenance to the General Port Administration (AGP) for the next twelve months has sparked concern from the Argentine grain and oilseed export chamber CIARA-CEC as to whether the government has the technical capacity or resources to assume management of the river. For the past 25 years, a private company has been contracted to collect river tolls and provide dredging services. Under the new policy, the AGP would collect tolls and award a concession to a company to dredge the river. Following expiration of the current commercial contract in April 2021, Argentina awarded a short-term contract allowing the incumbent dredging company to continue operations, and the new implementing resolution provides AGP with authority to enter into additional short term contracts in anticipation of a long term contract to be awarded in 2022. However it is not clear what approach AGP will take to continue river dredging in the interim. With such low water levels, there is little margin for error.

Logistical difficulties, the return of the differential export tax between soybeans and soy products, and producers' desire to stockpile beans will continue to reduce the competitiveness of Argentine whole soybeans versus other origins. Post reduces its forecast for 2020/2021 exports by 500,000 tons to 5.0 MMT, 1.35 MMT less than USDA official. Sunflowerseed exports are forecast up 30,000 to 180,000 tons, matching USDA Official. Peanut exports are lowered 880,000, 100,000 tons below USDA Official on expected lower exports to the EU. MY 2021/2022 projected exports for all three commodities are unchanged.

Oilseed, Soybean (Local) Market Year Begins	2019/2020		2020/2021		2021/2022	
	Apr 2020		Apr 2021		Apr 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted (1000 HA)	16700	17200	16740	17300	17500	17500
Area Harvested (1000 HA)	16700	16800	16500	16700	17200	17000
Beginning Stocks (1000 MT)	9850	9850	11920	13828	7720	11828
Production (1000 MT)	48800	48800	47000	44500	52000	51200
MY Imports (1000 MT)	4940	4940	4700	5000	4800	4500
Total Supply (1000 MT)	63590	63590	63620	63328	64520	67528
MY Exports (1000 MT)	6660	6662	6350	5000	6350	6500
Crush (1000 MT)	37870	37700	42250	41000	42500	42500
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	7140	5400	7300	5500	7370	5600
Total Dom. Cons. (1000 MT)	45010	43100	49550	46500	49870	48100
Ending Stocks (1000 MT)	11920	13828	7720	11828	8300	12928
Total Distribution (1000 MT)	63590	63590	63620	63328	64520	67528
Yield (MT/HA)	2.9222	2.9048	2.8485	2.6647	3.0233	3.0118
(1000 HA) ,(1000 MT) ,(MT/HA)						

Oilseed, Sunflowerseed Market Year Begins	2019/2020		2020/2021		2021/2022	
	Mar 2020		Mar 2021		Mar 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted (1000 HA)	1560	1625	1410	1370	1600	1675
Area Harvested (1000 HA)	1530	1575	1375	1300	1600	1625
Beginning Stocks (1000 MT)	987	987	980	1256	690	316
Production (1000 MT)	3235	3235	2900	2650	3400	3400
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4222	4222	3880	3906	4090	3716
MY Exports (1000 MT)	183	184	180	180	165	190
Crush (1000 MT)	2750	2473	2700	3100	2900	2900
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	309	309	310	310	315	315
Total Dom. Cons. (1000 MT)	3059	2782	3010	3410	3215	3215
Ending Stocks (1000 MT)	980	1256	690	316	710	311
Total Distribution (1000 MT)	4222	4222	3880	3906	4090	3716
Yield (MT/HA)	2.1144	2.054	2.1091	2.0385	2.125	2.0923
(1000 HA) ,(1000 MT) ,(MT/HA)						

Oilseed, Peanut Market Year Begins	2019/2020		2020/2021		2021/2022	
	Mar 2020		Mar 2021		Mar 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Argentina						
Area Planted (1000 HA)	368	340	350	360	350	340
Area Harvested (1000 HA)	367	340	350	360	350	340
Beginning Stocks (1000 MT)	572	572	559	535	489	500
Production (1000 MT)	1285	1350	1300	1300	1400	1300
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1857	1922	1859	1835	1889	1800
MY Exports (1000 MT)	985	985	980	880	994	950
Crush (1000 MT)	235	227	310	280	310	300
Food Use Dom. Cons. (1000 MT)	56	90	57	90	58	90
Feed Waste Dom. Cons. (1000 MT)	22	85	23	85	24	85
Total Dom. Cons. (1000 MT)	313	402	390	455	392	475
Ending Stocks (1000 MT)	559	535	489	500	503	375
Total Distribution (1000 MT)	1857	1922	1859	1835	1889	1800
Yield (MT/HA)	3.5014	3.9706	3.7143	3.6111	4	3.8235

(1000 HA) ,(1000 MT) ,(MT/HA)

Attachments:

No Attachments