

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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GAIN Report Number:

Argentina

Grain and Feed Update

General Report

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Report Highlights:

Post increases forecast marketing year (MY) 2010/11 wheat production to 13.5 million metric tons (MT) due to increased harvested area over MY 2009/10 as producers are expected to put more wheat land into the crop rotation. MY 2010/11 wheat exports are forecast at 8 million MT due to the higher production. Post is making no changes in current USDA production estimates for corn and rice.

Post: Commodities:

Buenos Aires Wheat

Corn

Rice, Milled

Author Defined:

Section I. Situation and Outlook:

Wheat

Post increases its forecast for next year's wheat harvested area, which is expected to grow by 29 percent, to 4.5 million hectares, due to reports that more farmers are rotating wheat with soybeans. The estimated area is above the Ministry of Agriculture July estimate of 4.25 million hectares. Post expects producers to plant more wheat area 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 yields for wheat production are as low as 2.3 MT per hectare. Based on average weather patterns and regular yields, MY 2010/11 production is forecast at 13.5 million MT.

Post has increased its forecast for MY 2010/11 wheat and wheat product exports by 1 million tons to a total of 8 million MT, compared with the 4.5 million MT estimated for MY 2009/10, as increased production will make more wheat available for export.

Post forecasts MY 2010/11 total domestic wheat consumption to increase to 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. The increase in planting area of 1.3 million hectares will result in 130,000 MT more seed used for the current planting season.

Corn

Post changes its estimates for the MY 2010/11 area harvested with corn to 2.7 million hectares due to continued good prices for corn. Based on expected average weather patterns, and yields in-line with the long term trend, MY 2010/11 production is forecast at 21 million MT. A major factor that is expected to influence farmers' decisions to plant corn are the need to rotate to add organic matter to the soil and combat soybean pests. Additionally, higher beef prices will imply higher feed use in the short and medium run. Reportedly, farmers in the central Argentine corn region (Pergamino area) will have a break even yield of a profitable 4.1 MT in MY2010/11.

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

As noted in previous reports, Post forecasts that total domestic corn consumption for MY 2010/11 will increase to 7.5 million MT. Post has increased the feed component of consumption by 300,000

MT over the previous year due to the likely increase in supplemental feeding of cattle on farms, and the need for heavier slaughter weights as a result of a drop in the number of cattle going to slaughter in the coming years and higher cattle prices. Reportedly, the national herd has decreased in the last two years by four million head due to the severe drought in 2008/2009 and low prices. The current high prices are encouraging cattle producers to increase supplemental feeding with corn in order to increase in the slaughter weight. FSI consumption is forecast to increase slightly to 2.0 million MT.

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 | | |
|---------------------------|-----------------------------|-------------|-------------|-----------------------------|-------------|-------------|-----------------------------|-------------|-------------|
| | 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 | 4,300 | 4,000 | 4,500 |
| Beginning Stocks | 2,351 | 3,067 | 2,324 | 385 | 426 | 357 | 1,065 | 1,051 | 637 |
| Production | 10,100 | 9,000 | 10,100 | 9,600 | 9,600 | 9,600 | 12,000 | 12,000 | 13,500 |
| MY Imports | 26 | 25 | 25 | 5 | 5 | 5 | 5 | 5 | 5 |
| TY Imports | 46 | 46 | 46 | 5 | 5 | 5 | 5 | 5 | 5 |
| TY Imp. from U.S. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Supply | 12,477 | 12,092 | 12,449 | 9,990 | 10,031 | 9,962 | 13,070 | 13,056 | 14,142 |
| MY Exports | 6,767 | 6,686 | 6,767 | 4,000 | 4,000 | 4,000 | 7,000 | 7,000 | 8,000 |
| TY Exports | 8,627 | 8,598 | 8,627 | 4,500 | 4,500 | 4,500 | 7,000 | 0 | 8,000 |
| Feed and Residual | 25 | 80 | 25 | 25 | 80 | 25 | 100 | 80 | 25 |
| FSI Consumption | 5,300 | 4,900 | 5,300 | 4,900 | 4,900 | 5,300 | 5,000 | 5,000 | 5,400 |
| Total Consumption | 5,325 | 4,980 | 5,325 | 4,925 | 4,980 | 5,325 | 5,100 | 5,080 | 5,425 |
| Ending Stocks | 385 | 426 | 357 | 1,065 | 1,051 | 637 | 970 | 976 | 717 |
| Total Distribution | 12,477 | 12,092 | 12,449 | 9,990 | 10,031 | 9,962 | 13,070 | 13,056 | 14,142 |
| Yield | 2. | 2. | 1.9727 | 3. | 3. | 3. | 3. | 3. | 3. |

| Corn Argentina | 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 | July 2010 |
| Area Harvested (1000 ha.) | 2,500 | 2,500 | 2,500 | 2,700 | 2,500 | 2,700 | 2,600 | 2,600 | 2,700 |
| Beginning Stocks | 2,178 | 1,985 | 2,178 | 492 | 610 | 492 | 2,917 | 1,535 | 2,917 |
| Production | 15,000 | 15,000 | 15,000 | 22,500 | 20,000 | 22,500 | 21,000 | 19,500 | 21,000 |
| MY Imports | 32 | 125 | 32 | 25 | 25 | 25 | 25 | 25 | 25 |
| TY Imports | 108 | 100 | 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 | 17,110 | 17,210 | 23,017 | 20,635 | 23,017 | 23,942 | 21,060 | 23,942 |
| MY Exports | 10,318 | 10,100 | 10,318 | 13,000 | 12,000 | 13,000 | 14,000 | 11,000 | 14,000 |
| TY Exports | 8,458 | 8,458 | 8,458 | 13,000 | 12,000 | 13,000 | 13,500 | 11,000 | 12,200 |
| Feed and Residual | 4,500 | 4,500 | 4,500 | 5,200 | 5,200 | 5,200 | 5,500 | 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 | 7,100 | 7,100 | 7,100 | 7,500 | 7,500 | 7,500 |
| Ending Stocks | 492 | 610 | 492 | 2,917 | 1,535 | 2,917 | 2,442 | 2,560 | 2,442 |
| Total Distribution | 17,210 | 17,110 | 17,210 | 23,017 | 20,635 | 23,017 | 23,942 | 21,060 | 23,942 |
| Yield | 6. | 6. | 6. | 8. | 8. | 8.3333 | 8. | 8. | 7.7778 |

| Rice, Milled Argentina | 2008/2009 | | | 2009/2010 | | | 2010/2011 | | |
|---------------------------|-----------------------------|-------------|-------------|-----------------------------|-------------|-------------|-----------------------------|-------------|-------------|
| | 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 | New Post |
| Area Harvested (1000 ha.) | 194 | 192 | 194 | 211 | 220 | 211 | 230 | 230 | 230 |
| Beginning Stocks | 132 | 132 | 132 | 125 | 70 | 125 | 90 | 70 | 90 |
| Milled Production | 867 | 780 | 867 | 910 | 910 | 910 | 1,040 | 930 | 1,040 |
| Rough Production | 1,334 | 1,200 | 1,334 | 1,400 | 1,400 | 1,400 | 1,600 | 1,431 | 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 | 922 | 1,009 | 1,045 | 990 | 1,045 | 1,140 | 1,010 | 1,140 |
| MY Exports | 554 | 550 | 554 | 625 | 600 | 625 | 700 | 610 | 700 |
| TY Exports | 594 | 600 | 594 | 550 | 550 | 550 | 600 | 560 | 600 |
| Consumption and Residual | 330 | 302 | 330 | 330 | 320 | 330 | 330 | 320 | 330 |
| Ending Stocks | 125 | 70 | 125 | 90 | 70 | 90 | 110 | 80 | 110 |
| Total Distribution | 1,009 | 922 | 1,009 | 1,045 | 990 | 1,045 | 1,140 | 1,010 | 1,140 |
| Yield (Rough) | 7. | 6. | 6.8763 | 7. | 6. | 6.6351 | 7. | 6. | 6.9565 |