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Prepared By: Kenneth Joseph

Approved By: Chase Mcgrath

Report Highlights:

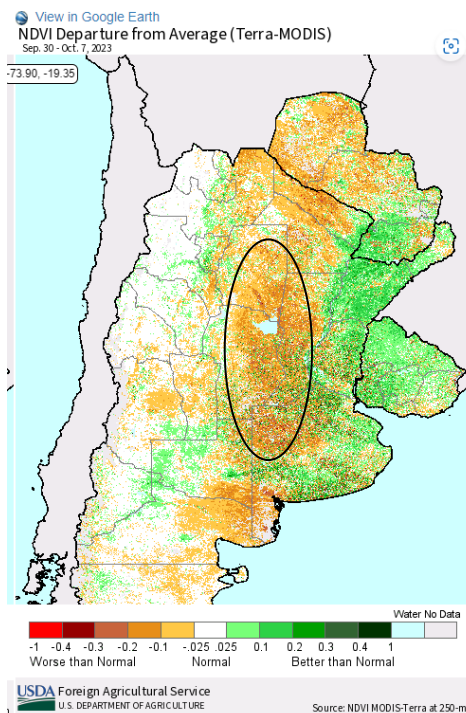
Argentine wheat production in marketing year (MY) 2023/24 is expected to drop to 14.5 million tons, 2 million tons below USDA's official volume due to a dry environment in a vast area of the country. Exports are also adjusted downward at 10 million tons (including flour and products). Barley production for MY 2023/24 is expected at 4.4 million tons, 900,000 tons lower than USDA on smaller area. This also affects the export surplus which Post sets at 2.8 million tons, 600,000 tons lower than USDA. Corn production for MY 2023/24 is down at 53 million tons on an area 200,000 hectares lower than USDA due to dry weather and some shift of area to soybeans which currently have better returns. Exports are forecast at 38 million tons, 3 million tons lower than USDA. Sorghum production in MY 2023/24 is projected at 3.2 million ton, 700,000 tons higher than USDA on a larger area. Exports remain at 1.3 million tons as local brokers believe demand from China will continue. Rice production in MY 2023/24 is forecast at 1.09

Wheat

Argentine wheat production for marketing year (MY) 2023/24 is expected at 14.5 million tons, significantly lower than Post's previous projection and 2 million tons lower than USDA's current volume. Analysts and producers are still evaluating the negative impact of frosts in early-October which could drop production even further. Dry conditions continued for three consecutive years in most of the wheat area, except for the Southeast and part of the Southwest of Buenos Aires province. Projections back in April-May insinuated that the planted area was going to be significant as most weather forecasts predicted that La Niña would give way to El Niño weather pattern, bringing more rain than normal. This has yet not occurred in most of the winter crop area, resulting in a smaller planted area than earlier planned and the loss of some wheat fields which are now being opened to cattle as expected yields are low and producers prefer to at least make use of them to feed cattle. The average yield is currently estimated at 2.6 tons per hectare, 13 percent lower than the average yield of the past decade.

The harvested area in MY 2023/24 is expected at 5.5 million hectares, 1 million hectares lower than Post's first projection back in April, while production is 5 million tons lower than forecast 6 months ago. Several thousand hectares were left unsown in the corn belt due to extremely dry soils, especially in a large area formed by Southeast Cordoba, Northeast La Pampa, Southwest Santa Fe and Northwest Buenos Aires province. Dry conditions also affected areas in northern Santa Fe, Santiago del Estero, and Chaco. Most analysts are hoping that expected rains in late October finally come in an abundant way covering a vast area. If this does not happen, Post expects additional cuts in production. The below map shows in green and brown Argentina's most productive crop area. Circled is a vast area suffering dry conditions and where many wheat fields were left unsown, or crops are in poor condition.

Map 1. – Drought Affected Area – Wheat and Barley



Wheat exports for MY 2023/24 are forecast at 10 million tons (including flour and other wheat-based products in their wheat equivalent), 1.5 million tons lower than USDA's official volume as a result of an expected smaller crop. Following a runoff election in November, a new government will begin their administration in December 2023 with scarce reserves at the central bank, the government will need to export as much as possible in order to generate dollars to start straitening the local economy in a complex situation. There are wheat export certificates issued in MY 2022/23 for 4.5-5.0 million tons which the government allowed exporters to roll over a full year since their date of issue due to last year's also drought-affected crop. These export certificates will be used in the first four months of the new marketing year 2023/24, period in which traders believe Argentina will export some 6-7 million tons. The balance of 3-4 million tons will be shipped along the rest of the marketing year, with Brazil as the main destination. Traders indicate to date, Argentine MY 2023/24 wheat is not price competitive, especially vis-a-vis Russian wheat. Apart from Brazil, probable destinations will be countries in North Africa, South America, and Southeast Asia.

Ending stocks by November 2024 are forecast to reach 1.4 million tons, quite smaller than in past years when the government limited wheat exports in order to have a well-supplied local market to keep domestic food prices the most stable possible.

Exports in MY 2022/23 are forecast at 3.9 million tons, 600,000 tons lower than USDA, and less than one third of the initial estimation as the severe drought during winter 2022 also cut Argentina's wheat production by more than 6 million tons. Wheat exports from December 2022-September 2023 totaled approximately 3.35 million tons, with two more months to end the marketing year.

Barley

Production for MY 2023/24 is estimated at 4.4 million tons, 900,000 tons lower than USDA. Post's contacts in the private sector agree that harvested area will range between 1.1-1.15 million hectares. As shown in the above map 1, barley fields in the west and north of Buenos Aires and northeast of La Pampa are suffering dry conditions with expected yields to be significantly lower than in a normal year. Contacts even report that some barley fields in this area are being grazed or turned into silage for cattle feed. In the main production area, delimited by southwest, southeast and central Buenos Aires province, where more than 80 percent of the barley is found, the crop condition is good. In early October there were a couple of frosts which are reported to have affected barley fields, but not severely as a whole. The below photograph shows barley affected by frost in central-north Buenos Aires province:

Photo 1. Barley Affected by Frost – Junin Area, Province Buenos Aires



Photo: Gustavo Franco – Mid-October 2023

A projected lower output than USDA would have a direct negative impact on MY 2023/24 exports, which Post estimates at 2.8 million tons, 600,000 tons lower than USDA. Despite China resuming barley imports from Australia, local exporters believe it will remain the main destination, with exports of malting and feed barley (including a large portion of fair average quality – FAQ barley). Exports of feed barley to Saudi Arabia, once Argentina’s main destination, are not expected to be significant in MY 2023/24. Roughly 1 million tons of malting barley is forecast to be exported primarily to South American countries.

Domestic consumption of barley in MY 2023/24 is forecast at 1.6 million tons, 150,000 tons lower than USDA as Post cuts in half the consumption of feed barley as future prices are currently indicating that the use of corn would be preferable to barley.

Barley exports in MY 2022/23 are expected at 3 million tons. Exports during December 2022-September 2023 totaled 2.8 million tons, with some additional exports expected for October and November. Larger than expected exports makes Post cut barley feed domestic consumption by 200,000 tons to balance the PSD.

Corn

Production in MY 2023/24 is forecast down at 53 million tons, 2 million tons lower than USDA as Post cuts area by 350,000 hectares from our July projection. The persistent dry weather did not allow many farmers in the corn belt and west of Buenos Aires province to plant all the early corn they planned. The time frame for optimal planting is practically closed, but some additional planting could occur if expected forecast rains for the end of October happen. Some farmers have even planted on dry soil. Of the unsown area of early corn, some will be planted in a later date (mid-November onwards) and the balance is expected to shift to soybeans. The below photograph is early corn planted in Zavalia, in northern Buenos Aires province, showing the dryness of the soil and the damage of the early-October frosts, but with insignificant impact.

Photo 2. Early Corn in Dry Environment and Some Frost Damage



Photo: Gustavo Franco – Mid-October 2023

Early corn, which is mainly planted in the high-yielding corn belt is normally planted in September through mid-October and harvested in March. In this current planting season, with early projections of good rainfall, about 40 percent of the total corn area was expected to be planted early but because of dry conditions it will drop to about 30 percent. Early corn normally yields somewhat higher than late-planted corn, but the latter has proved to provide more production stability. Late corn has a significant inconvenience as it is normally harvested between June-August, competing with Brazil's large safrinha harvest.

Since Post's first projection in April 2023, MY 2023/24 corn economic returns have dropped 30 percent, while those of soybeans only dropped 10 percent. Therefore, it is currently more profitable to plant first soybeans than corn, with the addition of having to invest half the money to produce a hectare of soybeans than one of corn. This helps farmers reduce the total investment drastically, especially after a very poor summer crop season (MY 2022/23) which finds many local producers with greater debt or less financially sound.

Most local weather forecasts agree that El Niño will be present in most of spring and summer, which in Argentina usually means more rain than average, resulting in high corn and soybeans yields.

Corn exports in MY 2023/24 are projected at 38 million tons, 7 percent lower than USDA due to the combination of a smaller corn output and higher local consumption. Sworn export certificates for MY 2023/24 are still insignificant at 430,000 tons. The fact that early corn plantings only account for approximately 30 percent of the total area means that Argentina will not have an abundant volume of corn to export in the March-May window when it normally has a price premium as it is one of the very few world suppliers to have corn at that time.

In mid-2023, Argentina and China signed a sanitary protocol that allows Argentine corn to be exported to China. Shipments must be free of live insects and of a long list of weeds, many of many are not present in Argentina. This will allow China to have market access to import from the top four world exporters. Local brokers believe Argentina will begin exporting corn to China in 2024.

Corn exports in MY 2022/23 are expected at 22 million tons, 1 million tons lower than USDA (sworn export declarations for the current season total to date 21.2 million tons). Post estimates corn consumption in MY 2022/23 at 14.5 million tons, 2.8 million tons higher than USDA. This is one of the main reasons for a smaller export surplus. Ending stocks for MY 2022/23 are expected to be very tight, putting pressure on prices until the new harvest begins to come in in March 2024.

Post continues to estimate Argentine corn production for MY 2021/22 at 52 million tons, 2.5 million tons higher than USDA. Because of the significant difference, Post has rechecked with several contacts which have production at 51-53 million tons. This volume balances well with what was exported in the marketing year, maintained a realistic domestic consumption, leaving high ending stocks to roll over into MY 2022/23. The 2.5 million tons difference allows to partially offset a short output in MY2022/23 but maintaining a domestic consumption of 14.5 million tons. No one in the market estimates corn consumption in MY 2022/23 as low as 11.7 million tons as USDA.

Sorghum

Post projects sorghum production for MY 2023/24 at 3.2 million tons, 700,000 tons higher than USDA on a larger area. Export interest is expected to drive production up, especially after a MY 2022/23 crop which was severely affected by drought and high temperatures. Returns on sorghum are quite good competing with those of soybeans and corn. As in soybeans, the investment per hectare is significantly lower than that of corn. Spot and future sorghum prices are relatively good. Since Argentina is exporting large volumes of sorghum to China, prices have gone from representing 80 percent of the price of corn to even somewhat higher than the spot and future corn prices. This spread can even get wider if there is a vessel close to port that needs to be filled and exporters are short of product.

Sorghum is normally planted in environments which are drier and poorer, where corn would not perform as well. However, on good soils and environments, sorghum also performs very well. The seed technology available for sorghum is far from being as advanced as that of corn. However, in the past few years there have been some important improvements which could help the planted area expand in the future.

As with corn, in mid-2023, Argentina and China signed a sanitary protocol that allows local sorghum to be exported to that market to be used for alcohol production for human consumption. Sorghum exports for animal feed have been permitted since 2014. The shipments must be free of live insects and a long list of weeds, many of which are not present in Argentina. Cargoes must be pre-inspected at the ports by the Argentine Animal and Plant Health Service and must be segregated in individual silos before shipping. Most sorghum production in Argentine is of high tannin, but traders report this is not a limitation as importers mix it with sorghum from other origins.

Sorghum exports in MY 2023/24 are projected at 1.3 million tons, a rebound from last year. There are just a few local exporters involved in shipping sorghum to China and total shipments will depend on Chinese demand. Exports in MY 2022/23 are expected at 900,000 tons. Through the end of October, shipments are roughly 750,000 tons. The balance would be shipped before March 2024. Local brokers report that China is currently looking to buy more sorghum for shipments in November and December, but local exporters are finding difficulties to buy more product as farmers report low stocks or they prefer not to sell expecting that the change in government in the next few months will help them sell with better conditions.

Domestic consumption for MY 2023/24 is forecast at 1.9 million tons, higher than USDA as a result of an expected larger output.

Rice

Argentine production in MY 2023/24 is forecast at 1.09 million tons rough base, 11 percent lower than USDA official. Despite high rice prices and good farmer returns, the low water levels of major reservoirs in Corrientes and Entre Rios province will limit the potential planted area. By the end of August reservoirs were at 10-15 percent capacity, which increased to 30 percent after unusually abundant early-September rains. Even with this recharge, the level of most reservoirs was about half of what is normally needed for planting. During the rest of September and October there was no rain of note. Rice producers in Entre Rios who use groundwater pumps and producers in Santa Fe and Chaco

and Formosa who mostly use water from rivers are expected to somewhat expand their planting intentions. Planting is running well over 75 percent finished.

Rice exports in MY 2023/24 are forecast at 260,000 tons, milled base, smaller than USDA volumes. Contacts report that beginning stocks in the past several marketing years have been insignificant. Therefore, a milled production of 710,000 tons minus a domestic consumption estimated at 470,000 tons milled base, leaves an export surplus of about 240-260,000 tons milled base. Argentina has yet not sold much of the new crop that will be available as of March/April 2024, but traders expect a strong demand for it. Main destinations will be Brazil, Chile, Europe, and organic rice for the United States. Exports to Iran or Iraq are currently not expected.

Domestic consumption for MY 2023/24 is expected to recover somewhat as a new government is projected to start ordering the local economy, with a possible growth in demand. Rice consumption in MY 2022/23 is somewhat weaker than earlier expected as the retail price of rice is high, especially when compared to dry pasta prices.

Local rice brokers forecast rice ending stocks for MY 2023/24 at 20,000 tons milled base.

Photo 3. – Rice Fields in Northeast Entre Rios



Photo: Fabian Francese – Mid-October 2023

Statistical Tables

Wheat Market Year Begins Argentina	2021/2022		2022/2023		2023/2024	
	Dec 2021		Dec 2022		Dec 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	6550	6550	5500	5400	5500	5500
Beginning Stocks (1000 MT)	2322	2322	1926	1926	3431	3481
Production (1000 MT)	22150	22150	12550	12000	16500	14500
MY Imports (1000 MT)	4	4	5	5	3	3
TY Imports (1000 MT)	4	4	5	5	3	3
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	24476	24476	14481	13931	19934	17984
MY Exports (1000 MT)	16000	16000	4500	3900	11500	10000
TY Exports (1000 MT)	17651	17651	4681	4681	10500	9000
Feed and Residual (1000 MT)	250	250	50	50	50	50
FSI Consumption (1000 MT)	6300	6300	6500	6500	6500	6500
Total Consumption (1000 MT)	6550	6550	6550	6550	6550	6550
Ending Stocks (1000 MT)	1926	1926	3431	3481	1884	1434
Total Distribution (1000 MT)	24476	24476	14481	13931	19934	17984
Yield (MT/HA)	3.3817	3.3817	2.2818	2.2222	3	2.6364

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

Barley Market Year Begins Argentina	2021/2022		2022/2023		2023/2024	
	Dec 2021		Dec 2022		Dec 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1340	1340	1565	1300	1400	1150
Beginning Stocks (1000 MT)	619	619	469	388	469	288
Production (1000 MT)	5300	5150	4500	4400	5300	4400
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	7	7	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	5919	5769	4969	4788	5769	4688
MY Exports (1000 MT)	3900	3831	2800	3000	3400	2800
TY Exports (1000 MT)	3765	3765	2850	3000	3400	2800
Feed and Residual (1000 MT)	250	250	300	200	300	150
FSI Consumption (1000 MT)	1300	1300	1400	1300	1450	1450
Total Consumption (1000 MT)	1550	1550	1700	1500	1750	1600
Ending Stocks (1000 MT)	469	388	469	288	619	288
Total Distribution (1000 MT)	5919	5769	4969	4788	5769	4688
Yield (MT/HA)	3.9552	3.8433	2.8754	3.3846	3.7857	3.8261

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Corn Market Year Begins Argentina	2021/2022		2022/2023		2023/2024	
	Mar 2022		Mar 2023		Mar 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	7100	7300	6700	6500	7100	6900
Beginning Stocks (1000 MT)	1182	1182	1798	4295	1108	1805
Production (1000 MT)	49500	52000	34000	34000	55000	53000
MY Imports (1000 MT)	8	5	10	10	5	5
TY Imports (1000 MT)	6	6	10	4	5	5
TY Imp. from U.S. (1000 MT)	4	4	0	0	0	0
Total Supply (1000 MT)	50690	53187	35808	38305	56113	54810
MY Exports (1000 MT)	34692	34692	23000	22000	41000	38000
TY Exports (1000 MT)	38853	38853	25500	24000	34000	32000
Feed and Residual (1000 MT)	10100	10100	7500	10300	9800	10600
FSI Consumption (1000 MT)	4100	4100	4200	4200	4300	4400
Total Consumption (1000 MT)	14200	14200	11700	14500	14100	15000
Ending Stocks (1000 MT)	1798	4295	1108	1805	1013	1810
Total Distribution (1000 MT)	50690	53187	35808	38305	56113	54810
Yield (MT/HA)	6.9718	7.1233	5.0746	5.2308	7.7465	7.6812

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Corn begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Sorghum Market Year Begins Argentina	2021/2022		2022/2023		2023/2024	
	Mar 2022		Mar 2023		Mar 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	700	900	500	600	600	800
Beginning Stocks (1000 MT)	187	187	221	218	181	248
Production (1000 MT)	2883	3200	1610	2000	2500	3200
MY Imports (1000 MT)	1	1	0	0	0	0
TY Imports (1000 MT)	1	1	0	0	0	0
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	3071	3388	1831	2218	2681	3448
MY Exports (1000 MT)	1700	1520	750	900	1300	1300
TY Exports (1000 MT)	1800	1600	800	950	1400	1400
Feed and Residual (1000 MT)	900	1400	700	820	900	1600
FSI Consumption (1000 MT)	250	250	200	250	250	300
Total Consumption (1000 MT)	1150	1650	900	1070	1150	1900
Ending Stocks (1000 MT)	221	218	181	248	231	248
Total Distribution (1000 MT)	3071	3388	1831	2218	2681	3448
Yield (MT/HA)	4.1186	3.5556	3.22	3.3333	4.1667	4

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Sorghum begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Rice, Milled Market Year Begins Argentina	2021/2022		2022/2023		2023/2024	
	Apr 2022		Apr 2023		Apr 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	186	186	173	164	180	168
Beginning Stocks (1000 MT)	274	274	163	149	74	130
Milled Production (1000 MT)	794	780	756	700	800	710
Rough Production (1000 MT)	1222	1200	1163	1077	1231	1092
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	6500	6500
MY Imports (1000 MT)	2	2	5	1	5	2
TY Imports (1000 MT)	2	2	5	1	5	2
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1070	1056	924	850	879	842
MY Exports (1000 MT)	422	422	400	270	355	260
TY Exports (1000 MT)	402	402	400	270	355	260
Consumption and Residual (1000 MT)	485	485	450	450	420	470
Ending Stocks (1000 MT)	163	149	74	130	104	112
Total Distribution (1000 MT)	1070	1056	924	850	879	842
Yield (Rough) (MT/HA)	6.5699	6.4516	6.7225	6.5671	6.8389	6.5

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

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Rice, Milled begins in January for all countries. TY 2023/2024 = January 2024 - December 2024

Attachments:

No Attachments